

**The mediating role of Place Brand Image in the  
relationship between place branding communication  
strategies and Foreign Direct Investment**

دور الوسيط العلامة التجارية للاماكن في العلاقة بين استراتيجيات الاتصال  
للعلامات التجارية للاماكن و عملية جذب الاستثمار الأجنبي المباشر

by

**MOHAMED EISA ALANSAARI**

**A thesis submitted in partial fulfilment  
of the requirements for the degree of  
DOCTOR OF PHILOSOPHY IN BUSINESS MANAGEMENT**

at

**The British University in Dubai**

**February 2022**

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## **ABSTRACT**

The main aim of this study was to identify and examine the mediating role of place brand image in the relationship between place brand communication strategies and FDI attraction. This quantitative study intended to bridge the gap of research regarding the relationship between place brand image, place branding and FDI attraction. In this regard, this thesis will explore how place branding, place brand image impacts the attraction of FDI. The study develops a novel model to understand the relationship between the concepts. Using the investment path development paradigm (IDP) as a starting point for this study. The thesis will specifically look into the five factors classified as to having an effect on FDI attraction: cost factors, market factors, infrastructure and technological factors, political and legal factors, social and cultural factors and examine how they relate to place branding and place brand image. Noting that the IDP model does not incorporate 'soft factors' in the model specifically place brand image this thesis incorporated the theories of corporate branding which developed a place brand communication model that includes three types of place brand communication strategies which effect place brand image and utilised the place brand image scale of past research to understand the relationship of the concepts. This holistic approach is seen to be highly rewarding in having a stronger view on FDI attraction factors and has not been applied by scholars before. One of the main anticipated contributions to knowledge is that it verifies that place brand image is an important factor that needs to be incorporated in the FDI attraction model. This study is of importance because it makes several contributions to the place branding literature. First, it will provide significant data on the impact of place brand communication strategies on a place brand image. Moreover, undertaking the research will enable governments to adopt various policies and strategies aimed at creating a positive place brand and ultimately enable countries to understand the dimension and scope of place branding and its relationship to attracting foreign direct investments. Thus, the research will provide a theoretical and practical guide to the best practices place branding communication strategies in a cities's context. Looking at the past studies in the area, it can be seen that this kind of research is lacking.

## نبذة

الهدف الاساسي والرئيسي لهذه الرسالة هو تعريف ودراسة دور العلامة التجارية للاماكن كوسيط في العلاقة بين استراتيجية الاتصال للماكن وعملية جذب الاستثمار الاجنبي المباشر. وفي هذا الخصوص تأمل هذه الدراسة في ان تبين وتبحث عن دور العلامة التجارية للاماكن واستراتيجية الاتصال للعلامات التجارية للاماكن في التأثير على جذب الاستثمار الاجنبي المباشر. وقد وضعت الدراسة نموذج بحثي مبتكر في هذا الخصوص لمعرفة العلاقة بين المصطلحات المذكورة. تم توظيف نظرية "المسيرة من الاستثمار الى التنمية" كنقطة انطلاق اساسية لهذه الدراسة. بشكل محدد تم النظر الى الخمس عناصر التي تم تصنيفها على ان لها دور في التأثير على جذب الاستثمار الاجنبي المباشر وهي: عنصر التكلفة، عنصر الاسواق، عناصر البنية التحتية والتكنولوجية، عناصر السياسية والقانونية وأخيرا العناصر المرتبطة بالمجتمع والثقافة ودراسة تفاعل هذه العوامل مع استراتيجية الاتصال للاماكن والاعلام التجارية للاماكن. وتم ذلك من خلال دمج نموذج استراتيجيات الاتصال للاماكن التي انبثقت من نظريات العلامات التجارية المؤسسية ونموذج العلامة التجارية للاماكن المبني على الدراسات السابقة في هذا المجال. ومن خلال هذا النهج تهدف الدراسة لوضع تصور اكثر شمولية لمعرفة العوامل المؤثرة على جذب الاستثمار الاجنبي المباشر. من اهم النتائج المرجوة لهذه الدراسة هي تأكيد أهمية دور العلامة التجارية للاماكن كعامل مهم ومؤثر في جذب الاستثمار الاجنبي المباشر. وتأتي أهمية هذه الدراسة كونها ستضيف مادة مهمة لادبيات مادة الاعلامات التجارية للاماكن. وذلك من خلال تقديم البيانات و الاحصاءات المهمة في هذا الشأن ووضع تصور لأفضل الممارسات الحكومية في هذا الجانب. الدراسة ستكون لها اضافات مهمة من الجانب النظري والتطبيقي في المجال علما ان الدراسات المختصة في هذا الجانب تكاد تكون معدومة.

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## LIST OF DEFINITIONS

Foreign Direct Investment	The standard definition is an investment by a firm in one country into business activities located in another country	(Galan et al., 2007)
Place	at its most macro level the place "is space imbued with meaning in the context of power," Cresswell (2004)	Cresswell (2004)
Soft Power	this is the 'ability to get what you want by attraction rather than coercion or recompense.	Nye (2004)
Hard power	as 'the ability of a nation to compel as a function of its military and economic might'	Nye (2004)
Brand	a name, term, sign, symbol, design, or a combination of them, that intends to identify and differentiate goods and services of a seller from their competitors.	The American Marketing Association (2010))
Place Brand	is the cumulative information of perceptions of the place and the interaction with the information resource network of the place and to measure it there needs to be an analysis on the groups that think of the place.	Sevin (2014)
Place Branding	involves a number of spatial scales of places such as a country, region or city.	Chan and Marafa (2013)
Investment promotion	is whereby nations aim to depict or highlight local investment opportunities besides promoting the positive image of a place whereby investors would feel safe to invest	Matiza & Oni (2014)
. Primary Place Brand communication	mainly includes the infrastructure, architecture, design and city behavior.	Kavaratzis (2004,2008)

secondary place brand communication	communication in form public relation campaigns, the use of slogans and logos and advertising.	Kavaratzis (2004,2008)
tertiary place brand communication	Communication related to the word of mouth and media mainly outside the control of place branding practitioners.	Kavaratzis (2004,2008)
eclectic paradigm of international production (OLI model)	Dunning's approach is considered the first real attempt to understand the determinates that drive companies to undertake FDI in other host countries. Based on the OLI model it maintains that FDI decisions are strongly linked with three advantages, ownership, localization and internalization. Ownership advantages are related to the set of internal resources the investing firm in comparison with its potential competitor. Localization advantages are linked to the advantages possessed by the places that receive FDI. While Internalization relates to the transaction costs associated with FDI.	Dunning (1977)
the investment path development paradigm (IDP)	The model maintains that that the economic development of countries can be categorized into five stages. Where least developed countries are in the first two stages of IDP, and newly industrial countries are in the third stage of IDP and finally developed countries are in the final two stages of. The model suggests that after understanding the level of economic development of host and recipient countries it will be easier to identify the factors that affect FDI attraction.	Narula (1993) and Narula and Dunning (2000).

## CHAPTER ONE: INTRODUCTION

The advancement of globalization, technology and the rise of social media has created a framework of unprecedented level of competitiveness between places, cities and nations. The changing landscape of the market has made places, cities and nation's very competitive in their aim to attract local, investments, manpower and tourists. Thus, policy makers have deployed place branding techniques in order to better position a place, city or nation in the perception of different target groups (Braun, 2012; Kavaratzis & Ashworth, 2007; Zenker & Beckmann, 2013). The notion of "place branding" has risen to become an integral part for places to gain a competitive edge on their competitors and a crucial tool being invested in by governments worldwide. As argued by Braun (2012) that in response to the growing competition there is a deep interest in establishing places as brands.

Place branding, which includes place promotion and place marketing, continues to dominate many debates when it comes to ideas behind improving the place image. It has become a tool for managing perceptions and projecting images about places (Eshuis & Edwards, 2013; Klijn, Eshuis, & Braun, 2012; Peel & Lloyd, 2008; Zhang & Zhao, 2009). As Braun (2014) claims Place branding has become a tool for a place (district, city, nation or nation) to achieve its objectives. In summary, the objectives are the attraction of different target groups such as tourists, workforce, students, investors, companies and others has been the main purpose of places in implementing place marketing and branding strategies (Anholt, 2008; Hospers, 2003; Van den Berg & Braun, 1999; Zenker et al., 2012). As Outhavong (2007), claims the brand of a place has an integral role in the ability to diversify global market shares in terms of consumers, investors, exports and tourists.

This thesis is interested in the intersection between place branding in attracting the investor target group, specifically in attracting foreign direct investment (FDI). In this regard, this thesis will explore how place branding, place brand image impacts the attraction of FDI. The rationale of the current research is to understand the role of place brand image, place branding in attracting FDI. Therefore, the study delved deeper into comprehending concepts such as place branding, investment promotion, and image building. Some of these terms seem unclear thus, it will become significant to understand their meanings and their role in improving place brand image. Precisely, such terms will help comprehend their relation with the attraction of foreign direct investment.

Papadopoulos et. al. (2016) states that although there is a growing interest in the intersection of the two fields but both concepts are riddled with considerable research gaps, especially as there is no viable “universal model” of the factors that affect FDI attraction. The investment path development paradigm (IDP) will be utilised as a starting point for this study. The thesis will specifically look into the five factors Galan et. al. (2007) classified as to having an effect on FDI attraction: cost factors, market factors, infrastructure and technological factors, political and legal factors, social and cultural factors and examine how they relate to place branding and place brand image. As Papadopoulos et. Al (2016) claimed there are ‘hard/tangible’ and ‘soft/intangible’ factors that affect FDI attraction and place brand image is an important soft factor in FDI attraction. Thus, incorporating place branding and place brand image in the model will be highly rewarding in having a stronger view on FDI attraction. This will be done by incorporating the theories of corporate branding which developed a place brand communication model that includes three types of place brand communication strategies which were named primary communication, secondary communication and tertiary communication (Kavaratzis, 2004, 2008) and utilising the place brand image scale developed by Gilboa et. al. (2015).

This quantitative study intended to bridge the gap of research regarding the relationship between place brand image, place branding and FDI attraction. This study is of importance because it makes several contributions to the place branding literature. First, it will provide significant data on the impact of place brand communication strategies on a place brand image and consequently its relationship to FDI attraction. Moreover, undertaking the research will enable governments to adopt various policies and strategies aimed at creating a positive place brand and ultimately enable countries to understand the dimension and scope of place branding and its relationship to attracting foreign direct investments. Thus, the research will provide a theoretical and practical guide to the best practices place branding communication strategies in a countries context. Looking at the past studies in the area, it can be seen that this kind of research is lacking (Kavaratzis, 2018).

## **1.1 Research context**

This thesis intends to understand how place branding relates to attracting the investor target group and more specifically how it applies to FDI. Place branding has become a tool for a place (district, city, nation or nation) to achieve its objectives of attracting different target groups as claimed by Braun (2014). That said Avraham (2004) suggests that place

branding communication strategies has an effect on place brand image and which in effect place brand image will have an effect on attracting target groups. The way in which place branding relates to place brand image can be understood through the lens of the theories of corporate branding and the place brand communication model. The model suggests that there are three types of place brand communication strategies (primary communication, secondary communication and tertiary communication) which have an on effect on the place brand image (Kavaratzis, 2004, 2008).

Research has shown that FDI is regarded as a catalyst for greater economic growth in the host country (Hoshi & Kiyota 2019). The standard definition of FDI is an investment by a firm in one country into business activities located in another country (Galan et al., 2007). Generally, the inflow from foreign direct investment has an important role in the economic development of countries that receive the investor input. Festervand (2011) claims that the benefits of foreign capital have been widely recognized by governments, business, and society at large. Jacobsen (2009) discusses the potential benefits to foreign countries which include the increase of inflow of equity capital, the improvement of national employment opportunities for citizens and the potential to benefit from new technology and better expertise. This had made attracting FDI an important goal for many economies and resulted in expanded activities in FDI attraction (Miskinis and Byrka, 2014). Having said that FDI has seen an important growth in the global economy since the 1990s (Villaverde and Maza, 2015). However, the 2008 global financial crisis and later the COVID-19 pandemic severely impacted FDI flows (Bretas et. al. 2021). According to the UNCTAD (2009) investment report in 2008 the global FDI experienced a decline of 14%. In 2020, the global FDI fell further by 42% (UNCTAD, 2021). Thus, attracting FDI has become a major concern of governments and in effect led to a rise in the interest of research in the topic after 2008 (Bretas et. al. 2021).

According to Chakrabarti (2001) there is limited consensus on the factors that affect FDI decisions and on their impact. There is an abundance of theories and models in the FDI literature that try to explain the FDI decisions however as stated in the introduction there still is no consensus on a “universal model” for the factors that affect FDI decisions (Papadopoulos et. al., 2016). In their comprehensive bibliometric review on FDI attractiveness factors, Bretas et. al. (2021) organised and detailed the literature developments of the topic up to 2021. Their review of the literature shows that numerous studies has tried to explain the FDI attractiveness factors (Bretas et.al. 2021). The findings of review revealed

that the main research on the topic focused on five categories of FDI attractiveness factors: structure for FDI, market conditions, entry conditions, institutional framework, and resources offer. The most prominent research sub-theme is related to market-related determinants (Bretas et.al. 2021). Their review suggests the need for future research to use new methodologies and incorporate machine learning and need to understand the impact of COVID-19 to understand and evaluate the FDI attractiveness factors (Bretas et.al. 2021).

In their integrative review on nation branding and FDI Papadopoulos et. al. (2016) pointed out that most studies on FDI have focused on the “hard” factors (tax policy, political stability, market factors.etc.) instead of the “soft” factors (place image). Kalamova & Konrad (2010) state that studies on FDI focused on the tangible drivers of FDI flows and have not factored the intangible drivers such as place brand image. In their study Kalamova and Konrad (2010) show the importance of place brand image in FDI attraction, and that FDI flows rise as its image, the value of its intangibles improves. Similarly, the comprehensive literature review conducted by Bretas et. al. (2021), show that most FDI attractiveness factors discussed in the literature between 1994 and 2007 were market size, human capital, technology, democracy and democratic institutions, political instability and governance infrastructure and were predominately focused on western countries. Meanwhile between 2008 and 2021 more regions and countries started to be investigated such as Malaysia, India, Singapore, Vietnam, Africa, Japan, and South Korea still under the focus of ‘hard factors’ (Bretas et. al. 2021).

Having said that, different theoretical frameworks attempted to explain FDI, with the work of Dunning (1998, 1997) as the most essential theoretical foundation for FDI studies (Bretas et. al. 2021). This thesis will utilise one of the two most widely cited models for FDI decisions, the investment path development paradigm (IDP) and examine how place brand image can be incorporated to the five categories that affect FDI attraction: cost factors, market factors, infrastructure and technological factors, political and legal factors, social and cultural factors as categorise by Galan et. al. (2007).

## **1.2 Research problem**

Specifically, this thesis is interested in understanding how place branding and place brand image can affect the attraction of Foreign Direct Investment. Papadopoulos et. al. (2016) states that although there is a growing interest in the intersection of the two fields but both concepts are riddled with considerable research gaps, especially as there is no viable

“universal model” of the factors that affect FDI attraction. Moreover, the concept of place branding still remains a complicated and somewhat confused construct even with the growing number of interest among academics and research in the field (Fan, 2006; Dinnie, 2008). As the existing literature suggests the concept of place branding, still confused as many studies have not delineated the differences between nation branding, place marketing, region branding, and city branding (Gilboa et al., 2015). Only a few studies have acknowledged the fact that region branding, nation branding, and city branding are concepts that fall under the umbrella term of place branding (Lucarelli & Berg, 2002). Moreover, Kavartzis (2018) claims the major challenge that effects the place branding domain is the confused terms between marketing, branding, and promotion. More importantly Braun et. al. (2014) points to the limited amount of quantitative empirical research in this domain. Thus, this thesis presents a empirical study that will add to the place branding literature. The question that therefore arises is what is the relationship between place branding, place brand image and FDI attraction?

### **1.3 Research purpose**

The main purpose of this study is to identify and examine the mediating role of place brand image in the relationship between place brand communication strategies and FDI attraction. In effort to do this the thesis will look into developing a model that incorporates Place brand communication strategies and Place Brand Image into the FDI attraction factors. The model will guide practitioners and theoreticians in understanding the complex relationship between the fields.

### **1.4 Research questions**

In keeping with the aim and objectives of the present research and to aid the overall research goals of this study a set of research questions were developed:

- How important is place brand image in FDI attraction?
- What is the role place brand communication strategies on the relationship between place’s brand image and FDI attraction?

Moreover, to have a better understanding on practical applications of place branding, an additional research question was added to understand the perceptions of the strategy makers and their targeted customers:

- Are there any differences in the perception of employees working in the field of FDI from the standpoint of the government sector which mainly seeks to attract FDI and the private sector which mainly seeks to decide on the location, in regards to the importance of place brand image and place branding communication strategies in attracting FDI? Having said that the thesis is interested in the employees who are involved in the FDI process whether decision makers or juniors but not the employees working in other fields in the institution. In term of the government sector employees, they should be specifically working in FDI attraction, while in the private sector the employees are working are have worked in the field of choosing location for the FDI. Having said that the thesis is interested in the employees who are involved in the FDI process whether decision makers or juniors but not the employees working in other fields in the institution.

Ultimately the questions will support the research in exploring the best practices in place brand communications in enhancing place image and in effect attract FDI.

## **1.5 Research objectives**

Research on the importance of place branding has gained a lot of foothold in the current academic scene. The literature illustrates the significant need to understand the intersection between the field of place branding and FDI. The field of place branding has been dominated by practitioners and consultants and has unfortunately been limited in terms of theory. Dinnie's (2008) observation that there are limited theories in this area still holds true.

While there is vast information and clear characteristics of hard factors that influence FDI attraction, little information is available to clearly illustrate the extent to which the soft factors such as place brand image influence FDI. There is thus a need to perform research that would evaluate the extent to which soft factors especially place branding on the level of FDI. That said limited amount of quantitative research has been conducted to explore the impact of place branding communication strategies on place brand image and ultimately on FDI attraction. As noted different communication strategies may have different impacts in affecting a place brand image and ultimately its relation to FDI attraction. Thus, the main objective of this study is to understand the relationship between place brand communication strategies and FDI attraction and the impact of place brand image as a mediator variable on the relationship.

## **1.6 Research strategy**

The research approach that will be used for the study will be a deductive research approach. The researcher will formulate some hypotheses that will be either be supported or unsupported by the data collected. The starting point of the research will, therefore, be identification and listing of some statements that the research needs to test and support either right or wrong and make relevant conclusions and recommendations regarding place branding. The hypothesis that will be formulated will be based on existing literature and past research as well have already formulated theories related to the topic in question. The deductive research approach will be appropriate for the study because there is a couple of main studies that can be used to develop hypothesis to be tested.

The theoretical framework developed by Kavaratzis (2004,2008) and the works of Braun, Eshuis and Klijn (2014) which incorporated the theories of corporate branding will be used as the basis of this thesis. Although there are a few frameworks that worked to understand the relationship between place brand communication strategies and place brand image, the framework developed by Kavaratzis (2004, 2008) is one of the most cited works in this domain. Along with the works of Braun et. Al. (2014) which is one of the first quantitative empirical studies addressing the effectiveness of place branding in attracting

targeted groups. Incorporating the theories of corporate branding Kavaratzis (2004, 2008) developed a place brand communication model that includes three types of place brand communication strategies which were named primary communication, secondary communication and tertiary communication. Primary communication, mainly includes the infrastructure, architecture, design and city behaviour. While secondary communication deals with the communication in form public relation campaigns, the use of slogans and logos and advertising. Finally, tertiary communication is related to the word of mouth and media mainly outside the control of place branding practitioners. Following the works of Kavaratzis (2004,2008), Braun, Eshuis and Klijn (2014) used the model and conducted an extensive quantitative, empirical research that addressed the effectiveness of place branding communication strategies by assessing how three different strategies used for place brand communication affect in attracting residents and visitors, which creates a good source of hypothesis formulation for this thesis. This thesis will assess the impact of three types of place branding communication strategies on the relationship between place brand image and FDI attraction. Moreover, it incorporated the place brand image scale developed by Gilboa et. al. (2015) and how it relates to the IDP paradigm and the factors of FDI attraction categorized by Galan et. al. (2007). The conceptual model states that there is a relationship between place brand communication strategies and FDI where place brand image serves as mediator variable.

The recent world investment report conducted by (UNCTAD, 2016) developing countries have become the primary recipients of annual cross-border investment flows. In this regard, the UAE is classified by the UN report as a (2019) developing country and according to the 2017 Global Investment Report published by UNCTAD (2016), the United Arab Emirates is the 9th largest FDI recipient in Asia making the cities of the UAE an important case study in analysing the importance of place brand image in attracting FDI.

Moreover, the UAE serves as significant case study as it has invested widely in all the aspects of place brand communication strategies. In terms of 'physical infrastructure' or primary place brand communication strategies it is reported according to Davis (2005), that Dubai, a city in the UAE with a populace of 1.5 million people at that time was the world's largest construction site. Nicolson (2006) estimated that Dubai, housed one-fifth of the world's cranes as a result of the frenzied development activity.

Since Dubai has promoted itself as an economically developed city-state and transformed itself into a transportation hub, the present airport is being extended and an international runway is proposed that will have six terminals and the ability to accommodate 120 million people annually. For the first time in history, the world's largest first 'logistics city' will be served by a freight rail airstrip at the new airport. According to Castillo-Villar (2016), a symbol must be capable of representing the specific qualities of a city in order to be successful. For instance, Dubai is an example of a UAE city that has increased its physical infrastructure while also drawing major amounts of foreign direct investment.

In terms of secondary place brand communication strategies, the UAE has launched several campaigns including the recent “united global emirates” campaign to attract foreign investment (WAM, 2021). Moreover, Dubai has been noted to be the most viewed destination in the popular social media platform TikTok as per the TikTok travel index published by Bounce (2022) making it also an important case study in terms of tertiary place brand communication strategies.

In order to test the conceptual model a structured survey will be distributed among two sets of groups (a) government officials who are working in the field of FDI and (b) private investors in the United Arab Emirates. The perceptions of these groups will give us insights from professionals who have already invested not those who are thinking of investing. The questions will be measured using a five-point Likert scale. The respondents will be asked about the degree to which they agree or disagree with a statement (from 1 = strongly disagree to 5 = strongly agree) and the data will then be analyzed using Partial least squares regression (PLS). The two groups will be asked of the relevance of the factors in their FDI decision rather than explaining a specific factor or a specific investment.

## **1.7 Conclusion**

In Summary, the notion of “place branding” has risen to become an integral part for places to gain a competitive edge on their competitors and a crucial tool being invested in by governments worldwide. Place branding has become a tool for a place (district, city, nation or nation) to achieve its objectives (Braun, 2014). The objectives of attracting different target groups such as tourists, workforce, students, investors, companies and others has been the main purpose of places in implementing place marketing and branding strategies (Anholt, 2008; Hospers, 2003; Van den Berg & Braun, 1999; Zenker et al., 2012). This thesis is interested in how place branding is related in attracting investors specifically

foreign direct investment. In this regard, this thesis will explore how place branding, place brand image impacts the attraction of Foreign Direct Investment (FDI). Papadopoulos et. al. (2016) states that although there is a growing interest in the intersection of the two fields but both concepts are riddled with considerable research gaps, especially as there is no viable “universal model” of the factors that affect FDI attraction. More importantly Braun et. al. (2014) points to the limited amount of quantitative empirical research in this domain.

In effort to bridge the gap of research regarding the relationship between place brand image, place branding and FDI attraction this thesis will incorporate the theories of corporate branding which developed a place brand communication model that includes three types of place brand communication strategies which were named primary communication, secondary communication and tertiary communication (Kavaratzis, 2004, 2008) and the place brand image scale developed by Gilboa et. al. (2015) and the IDP paradigm and factors categorized by Galan et. al. (2007).

The study’s main research questions are: how important is place brand image in FDI attraction? What is the role place brand communication strategies on the relationship between place’s brand image and FDI attraction? is there any differences in the perception of employees working in the public sector and the private sector in regards to the importance of place brand image and place branding communication strategies in attracting FDI?

While there is vast information and clear characteristics of hard factors that influence FDI attraction, little information is available to clearly illustrate the extent to which the soft factors such as place brand image influence FDI. There is thus a need to perform research that would evaluate the extent to which soft factors specifically place brand image have on the level of FDI. Thus, the study’s main research objectives is to understand the relationship between place brand communication strategies and FDI attraction and the impact of place brand image as a mediator variable on the relationship.

In terms of the research strategy, the research approach that will be used for the study will be a deductive research approach. The hypothesis that will be formulated will be based on existing literature; past research as well have already formulated theories related to the topic in question. The deductive research approach will be appropriate for the study because there is a couple of main studies that can be used to develop hypothesis to be tested. Moreover, the city branding scale developed by Gilboa et. al. (2015) provides an initial understanding to how place brand image may be perceived among the investors. The works of Galan et. al. (2007) which looked at the factors that affect FDI attraction and Braun et.

al. (2014) research on the how three different strategies used for place brand communication affect FDI attraction, creates a good source of hypothesis formulation. So using the model developed by Braun et. al. (2014) we can understand the relationship between place brand communications and place brand image and ultimately its effects in attracting FDI.

Additionally, the deductive approach will be appropriate for the study because it will help achieve the set aims. To support or un-support established theoretical ideas, deductive arguments rely on the re-formulation of an established model or presupposition (Blaikie, 2010). An important characteristic of a deductive approach is the development and hypothesis testing in an orderly way to guarantee that the assessment is highly repeatable, which is crucial for demonstrating the coherence of a research, as per Saunders et al. (2018).

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

In keeping with the aim and objectives of the present research, the current chapter will focus on the literature review and highlight the main studies relevant to the study. First it attempts to delineate the concept of a place and seeks to define it in the context of the present study. Following this, the concept of soft power will be discussed as it relates to the area of public diplomacy and it might be necessary to understand how that field intersects with place branding. The intersection between public diplomacy and place branding will be discussed further in the section on place branding and nation/city branding. The concept of place brand image is outlined and discussed in the next section. Place branding is the next aspect touched upon in this chapter wherein the differences between place branding and nation/city branding are outlined as well as the differences between place branding and investment promotion are outlined. Some of these terms seem unclear thus, it will become significant to understand their meanings and their role in improving place brand image.

Following this, the chapter focuses on foreign direct investment. It also establishes a connection between the concepts of place brand image and foreign direct investment attraction and outlines the notion of place brand communication strategies. Finally, the chapter also draw the hypotheses that will be tested and supported in the present research.

### **2.2 The concept of Place**

Place is a major theme in the study of spatial geography, and thus, it is essential to define this term exactly from the commencement of the investigation in this research. Cresswell (2004, p.12) contends that "making sense of it has become one of the core problems of human geography". A strong connection between human geography and the study of places will indeed be established, since it is impossible to study places without a solid grasp of geography. In the case of a multidisciplinary concept like "place branding", it is critical to make explicit that this issue is being approached from a human geography viewpoint. In turn, since the notion of place image has origins in organizational literature and has already been explored from a variety of perspectives, it is important that it be apparent that this should be treated from industrial and regional perspective. For this reason, the idea of place branding is difficult to approach from any one theoretical standpoint, as

defined by Sayer (2010). As a result, in order to construct a theoretical foundation that solves the shortcomings revealed in place branding, several of the core geospatial literature must be consulted.

Place is understood to be a highly dynamic spatial element in the investigation. According to Cresswell (2004), who provides a detailed review of places that have been inspired by Yi-Fu Tuan's (1977) thinking, this is true. At the outset of this undertaking, it is critical to clarify exactly what "place" means. Place at its most macro level "is space imbued with meaning in the context of power," according to Cresswell (2004, p.12). Because of the strong emotional attachments that people have to a particular location, they are said to have a sense associated with the place. This study also emphasises the relevance of social power dynamics and the manner that they are articulated may form and modify a particular city or area. Place may also be seen as a malleable geographical term, as Cresswell (2004, p. 40) asserts that "place as an event is defined by permeability and transformation rather than by boundedness and stability." Accordingly, a view comparable to the spatial viewpoint in urban geography sees place as a flexible spatial phenomenon and dismisses assertions that towns and cities are too confined by borders.

Amin (2004) proposes a contextual perspective, stating that "when countries and cities are seen in this light, they do not come with an inherent guarantee of physical or systemic stability, since they are constructed via the spatial configuration of flow, parallelism, permeability, and spatial connectedness" (p.34). According to this view, a place is more than the sum of its physical boundaries; it is a fluid, dynamic system that is constantly being reshaped by natural stimuli such as urbanization. A jurisdictional perspective of place, in comparison, sees spatial units as increasingly inflexible and strictly delineated by their borders (Jonas, 2012). Nevertheless, this study argues that these notions are not mutually exclusive and may be used simultaneously to get a better understanding of states and areas.

An additional concept related with an awareness of location is the contraction of spatial and temporal components. As industrialization have made it easier to travel, Harvey (1996) claims that the reduction of the place barrier between any two locations has transformed a "place" into a "product". In other words, a " place" is described as "centrally diverse, fluid assemblages of comparative "permanencies" inside the overarching spacetime patterns of socio-ecological systems," by Harvey (1996, p. 296) Such a concept sees place as a dynamic and ever-changing element that may be shaped by environmental stimuli and manifested geographically to impact the outcomes of urbanisation. An administrative to

innovative transition in governance may help "places" promote themselves more effectively (Harvey, 1996); this concept of "place" is the foundation of the concept of place marketing. On the other hand, while speaking about Harvey (1996), it is Creswell (2004) who states "places are continually required to conform to circumstances without their borders due to the inherent conflict between place's stability and capital's freedom to move. Organizations are allowed to venture in a certain kind of rigidity in order to get a greater portion of the transportable investment" (p. 58). The research on place marketing, which later evolved into place branding, has indeed established connections to these ideas.

This parallels Massey's (1997) explanation of globalisation's rising influence on the specific urban organism at the turn of the nineteenth century. "What gives place its character is not some lengthy assumed account of the place's history but the reality it is built out of a particular constellation of social interactions, assembling and intertwining together at a particular locus," Massey (1997, p. 22) observed. That's why this perspective of places is that they're always evolving, constantly redefining themselves, this helps to build and develop a particular identity for them. Places are seen as flexible notable characteristics from this perspective, as well, since they aren't confined by limits that can be clearly drawn around them. As stated by Massey (1997, p. 322), "places might thus be conceived as coherent activities in systems of social interactions and intuitions, rather as locations with bounds surrounding." Rather of being considered as a static concept, the notion of place may be regarded as a dynamic one that is subject to the influence of globalization. Massey's (1997) study has been extensively quoted as a "call for a new conceptualisation of place as open and hybrid - a result of interconnected flows – of pathways rather than roots," according to Creswell (2004, p. 54). Almost all think that location is a fluid notion rife with power struggles (Creswell, 2004), which might be valuable in building a theoretical foundation for the present research.

Based on the physiological, economic, and topographical limits of a region to the social occurrences and preconceived notions and representations that occur inside those boundaries and change over time (Warnaby & Medway, 2013; Kalandides, 2011), the subject of this debate has broadened considerably. Neural pathways in individuals linked to locations and geospatial data are triggered by external and emotional cues (Lengen & Kistemann, 2012).

Many scholars have agreed that the location should be seen as flexible and dynamic (Cresswell & Hoskins, 2008; Kalandides, 2011); but ambiguous (Massey, 1994; Warnaby & Medway, 2013). Place definitions vary widely, based on the characteristics, features, or attributes that diverse researchers assign to the location (e.g., Cresswell & Hoskins, 2008; Roosvall, 2017; Warnaby & Medway, 2013). Concreteness, practises, organizations, portrayal, and dominance are the five main components of place discussed by Kalandides (2011). Many academics also embrace Agnew's (2015's) three components of place, which are the place, the locality, and the feeling of place, such as Warnaby and Medway (2013) and Cresswell and Hoskins (2008). It has been suggested by Agnew (2015) that place is characterised by the "meta" of locations in "connection to one another, locality by the area wherein daily life occurs, and place identity by the "psychological perspective that might be created due to residing in a place" (p.6). As Agnew (2015) points out, spatial refers to the "identification formed by the location" when defining the concept of a person's "feeling of belonging" (p.6).

This study, thus, employs this concept of geographical entities to build a comprehensive assessment of "place branding". In this study, hence, place may be characterised as an unconstrained idea impacted by the extraneous environment. Pike (2009) examines the ramifications of extending the interpersonal and jurisdictional argument to place branding. "Polarised conceptions that oppose either territorial or relational concepts of space and location are ill suited to examine the frequently complicated and overlapping ways in which conflicts are present in the interwoven geographies of brands and branding", says Pike (2009, p. 634). Furthermore, this acknowledges Warnaby and Medway's (2013, p. 58) argument regarding place branding research, which might rely upon "social constructionist and hermeneutic features of place" according to the premise of Cresswell (2004).

### **2.3 Soft Power**

Soft power is a concept originating in the domain of international relations, more particularly public diplomacy, in political science. A country's standing may be enhanced via soft power simply by positioning itself as an attractive option to other nations. According to Nye's (2004, p. 256) definition, this is the 'ability to get what you want by attraction rather than coercion or recompense.' Another phrase for this is "a nation's potential to accomplish its goals by attraction to its policies and culture, rather than through coercion," as Cox puts

it (2012, p. 170). Consider soft power as an intangible approach for promoting economic growth in a particular place. As a result, a location's capacity to control the more intangible aspects of its reputation, such as its culture and aesthetic appeal, is even more critical. Fan (2008:5) repeats that soft power is 'context-dependent, relative, and intangible' (p. 5). Due to the diversity of its sources, soft power is difficult to assess and control. A city's reputation for antiquated views may continue even after major changes to its more obvious assets, such as the physical environment, have been made. Soft power has a number of critical characteristics. Nye (2008, p. 95) argues that there are intangible assets such as an endearing personality, culture, political convictions, and organisations and policies that are seen to be genuine or have moral authority. Given that soft power is an everchanging dynamic concept and hard to regulate, it must be controlled closely. Hard power, in which governments enforce their will by the use of force, might be seen as the polar opposite of soft power. He defines hard power as 'the ability of a nation to compel as a function of its military and economic might' (Nye, 2004, p. 256). However, as Van Ham (2010) argues, seeing soft and hard power as mutually incompatible is erroneous. While a nation may demonstrate both soft and hard power in order to climb the global rankings, he views the two concepts as mutually compatible. For instance, it is governments could prioritise intangible assets such as public relations while maintaining a sizable military presence. According to Nye, power in the global period would entail a soft dimension of appeal in addition to the hard dimensions of coercion and enticement (2008, p. 107). Nations are obviously mixing soft and hard power in the current global environment in order to achieve their objectives and expand their influence. Even though they have amassed great soft power, the Chinese continue to maintain an outstanding military presence. Due to the fact that such operations are intended to display military might, nations may simultaneously raise their image and seem more desirable. American involvement in the Iraq war in 2003 demonstrates how physical power may have an effect on a nation's more intangible and soft characteristics. By invading Iraq with military action, the US's attractiveness to other nations plummeted substantially (Nye, 2004).

## **2.4 Place Brand Image**

The relevance and importance of brands and branding has been extensively researched in the corporate world and many of the strategies developed in that domain has been applied by professionals on places (nations and cities). The American Marketing

Association (AMA, 2010), identifies a brand as a name, term, sign, symbol, design, or a combination of them, that intends to identify and differentiate goods and services of a seller from their competitors. While, Aaker (1996) states that a brand is a “multidimensional assortment of functional, emotional, relational and strategic elements that collectively generate a unique set of associations in the public mind”. Branding can also be seen as the process of emotionally connecting a product with the perception of a consumer (Hislop, 2001).

When places are involved, the term becomes more complex and the process of place branding becomes even more of an issue. As Anholt (2007) explains when a place is named several concepts are invoked. The act of promoting a place image to attract talent, visitors, investors and influential people in general is not a new phenomenon (Anholt, 2010). In the 70's many scholars have pointed to the potential and the need for places to create a positive image like those implemented in the corporate world (Trout, 1987). Fan (2006) suggests place brands exist even when place branding strategies are not practiced, this is because most regions, nations and cities have an image associated with them among the international audience, be it strong or weak, clear or vague. According to Hermann (2010), there are six distinct categories of images that help identify any nation. These images include a positive image, weak image, mixed image, overly attractive image, contradictory images, and negative image. Moreover, the research stated that long-term place branding strategies need to be adopted alongside concrete developments and tangible improvements.

That said Sevin (2014) claims that a place brand is the cumulative information of perceptions of the place and the interaction with the information resource network of the place and to measure it there needs to be an analysis on the groups that think of the place. One of the most cited works in this regard is Simon Anholt's City brand index. Anholt (2006) claims that there are six dimensions of city image. The Presence (the cities international standing, its familiarity amongst outsiders), The Place (perceptions of the psychical aspects of the city ie; climate, infrastructure, attractions), The potential (perceptions of economic and educational opportunities; ease of doing business, job and education oppurtunities), The pulse (urban lifestyle, ease of finding interesting things to do), The people (language, culture) and The prerequisites (quality of life in the city). Gilboa et al (2015) states that determining the image is the first step in a city branding campaign. In their study Gilbao et. al. (2015) analyzed papers on city branding from 2001-2013 to understand the main components of city brand image. The paper developed a scale from 36 items describing the

city image concept in the literature review. They then distributed these 36 questions to two sets of groups residents and tourists in three different cities. Item analysis and screening were conducted on the sample resulting, residents 18 items grouped into four factors and tourist 19 items grouped into 5 factors. The city branding scale developed by Gilboa et. al. (2015) provides an initial understanding to how place brand image may be perceived among investors.

## **2.5 Place Branding**

At this stage there seems to be little consensus among scholars on the definition and scope of the discipline of place branding (Zavatarro, 2012; Kavartzis,2015). Place branding still remains a complicated and somewhat confused construct even with the growing number of interest among academics and research in the field (Fan, 2006; Dinnie, 2008). As Kavartzis (2018) claims the major challenge that effects the place branding domain is the confused terms between marketing, branding and promotion. Moreover, the challenges in the field of place branding mainly exist because of the involvement of different groups of “consumers” & “stakeholders” in a process that is also deemed new and multi-disciplinary. At times the differences between terms such as public relations (PR), marketing, place branding, place promotion, destination marketing, nation branding and public diplomacy looks like a turf war as explained by Zavatarro (2012).

However, it could be stated that place branding is the overall main subject of the field while region, nation and city branding are the sub fields. According to Lucarelli & Berg (2002) place branding has emerged to become an umbrella term that encompasses region, nation and city branding. As Chan and Marafa (2013) state place branding involves a number of spatial scales of places such as a country, region or city. In the literature it can be noticed that place, city and nation branding are often used interchangeably (Oguztimur & Akturan, 2016).

Generally, place branding has also been defined as the notion of creating a brand for a geographic entity (Go & Govers, 2010). The terminology is similar when it comes to city and nation branding. Lucarelli & Berg (2011) along the same line defined city branding to be the ‘purposeful symbolic embodiment of all information connected to a city in order to create associations around it’. Browning (2016) has posited that nations deploy the nation branding concept by deploying marketing techniques and strategies to improve and strengthen a country's image and reputation globally. Fan (2006) described nation branding

as the process of applying branding and marketing methods to promote and manage a nation's image. Anholt (2010) describes place branding as a process that enhances place image through the experience of an authentic place identity and the change of mindsets of place consumers. The aims of nation branding were also expanded by Bellosso (2010) to include: help eliminate misconceptions, aiding in the recovery of the country's international investor trust and credibility, help in getting rid of wrong perceptions and stereotypes as well as helping in changing the perception of a new government. Ultimately place branding as Jacobson (2012) maintains seeks to build brand equity (knowledge of the consumer of the brand) which can be summed up as the value of the brand (positive/negative associations), the awareness of the brand (differentiation of the brand) and brand loyalty (consistency of the messaging, communication of the brand). Therefore, place branding seeks to build a strong brand equity through a recognizable brand with positive associations which is consistent over time.

While most scholars have added the element of communication to the definition. For example, Kotler, Haider, & Rein (1993) state that place branding is the process of building and communicating a competitive image of a place. Place branding strategies apply visual and non-visual communications in the goal of consistent, memorable and marketable places (Porter, 2013). On the same line, Ruash (2008) explains that the main functions of place branding include (a) positioning the place in global markets (b) communication strategies that support development of place (c) stakeholder engagement (d) differentiating the place from competitors. Thus place branding is a dynamic process that seeks to build the brand of a geographic entity and communicate it to all stakeholders and consumers.

Hall & Hubbard (1998) linked the rise of interest in place branding with the rise of the "entrepreneurial city" and the consequent rise of private sector strategies. Vela (2013) further describes the origin of place branding from the historical times where monarchs were concerned with the images they portrayed to other nations and how they would perceive of them. In order to clarify the concept of place branding, Vela (2013) additionally distinguishes between commercial branding and place branding where the strategies to achieving the objectives of the brand are different as well as the dimensional implications. His study proposes different types of place brands that have emerged in the present era and are used to relate to the function of the brand. One of the types is the place brand found in the geographical space whose function is determined by the image of the place. The inadequacy of the geographical space as a place brand is identified through its lack of a sense

of identity which improves the uniqueness of the place (Vela, 2013). The nation brand on the other hand is a type of place brand that focuses in improving its global image for the sake of alliances, investment and showing a sense of stability. The urban brand is competitive in nature as it seeks recognition as the best city while the destination brand promotes the influx of tourists. Today all kind of places whether regions, nations, cities, specific sites or clusters seek to be branded. Oguztimur & Akturam (2016) state that even within the cities place branding strategies are used because of the growing competition between shopping malls, urban centers, clusters and main streets.

### **2.5.1 Place Branding/Nation Branding**

In a comprehensive review of the literature on nation branding from the 90s till 2009 Kaneva (2011) states that the sources discussing nation branding can be separated into 3 categories. technical-economic, political, and cultural approaches. The technical-economic category according to Kaneva (2011) is the most used when discussing nation branding. This approach takes nation branding as a strategic tool for enhancing the competitive advantage of nations. Which is similar to the works of Kavaratzis (2004) and Balakrishnan (2009) that state that city branding can be used as a strategic tool to enhance cities economic, political and cultural value. Kotler et. al. (1993) made the case for utilizing nation branding as a mechanism to attract investments and tourism. Similarly, Anholt (2007) defines the concept of nation branding in more strategic terms: “the systematic process of aligning the actions, behaviors, investments, innovations and communications of a country around a clear strategy for achieving a strengthened competitive identity”. City branding strategies also aim to support in a place’s attractiveness for business, tourism and attracting students and residents (Andersson & Ekman, 2009). The city branding strategies are not only utilized to gain competitive advantage but also to increase investment, tourism and economic development (Kavaratzis, 2004). Moreover (Kavaratzis & Ashworth (2009) claim that city branding is a tool that supports cities in creating positive perceptions in the minds of key audiences and position themselves globally.

As for the political approaches they tend to focus on “public diplomacy” and discuss how nation branding relates to it. Mostly, political approaches see nation branding as a form of reputation management for nations. Fundamentally Lee (2011) argues public diplomacy is focused on the relationship of countries with international communities. Consequently, scholars have conducted studies highlighting the relationship between public diplomacy and

nation branding (e.g., Gilboa, 2008; Szondi, 2008). In this regard two schools of thought have emerged, one stating that the two notions are distinct but related to each other while the other view is that they are essentially the same (Kaneva,2011). The cultural approach is the least spread of the approaches. The focus is on elaborating a critique of nation branding's discourses and practices as they relate to national identity, culture, and governance. Except for the latter approach, most agree that nation branding is a tool for competitive advantage. The same applies to the city branding literature where its seen as an instrument to communicate the city's competitive advantage, the quality of the place, its history, lifestyle and culture (Björner, 2013). Nonetheless it can be argued that the major difference between city, nation and region branding is that cities branding strategies are smaller in scale (Oguztimur & Akturan, 2016).

### **2.5.2 Place Branding/ Investment Promotion**

According to Matiza & Oni (2014), investment promotion is whereby nations aim to depict or highlight local investment opportunities besides promoting the positive image of a place whereby investors would feel safe to invest. Investment promotion is a technique used by nations to attract investors or retain the existing ones. Countries found in lesser-known markets also tend to use investment promotion to attract investors (Sassi, 2010). However, the study has also pointed out that investment promotion cannot be used as a substitute for reforms and policy. It can also not be used to camouflage for fundamental economic weaknesses.

A body of literature has argued that many nations are now practicing marketing for a country for investment promotion reasons. This is now the technique that many nations are deploying in order to attract more investors into the nation. According to Sawaki (2019), the promotion techniques to attract investors encompass creating an attractive image, provision of services to investors, and provision of information to potential investors. The research claimed that the majority of African nations are in need of showing attractive images to potential investors because Africa, in general, has negative associations in the minds of many people, particularly those that have not visited the continent (Sassi, 2010).

However, research claims that it is challenging to separate investment promotion from image building (Sachs, 2009). One cannot manage to promote investment and fail to improve the image of a place. Therefore, place branding has also been associated a lot with the idea of investment promotion. However, the major difference is that place branding deals

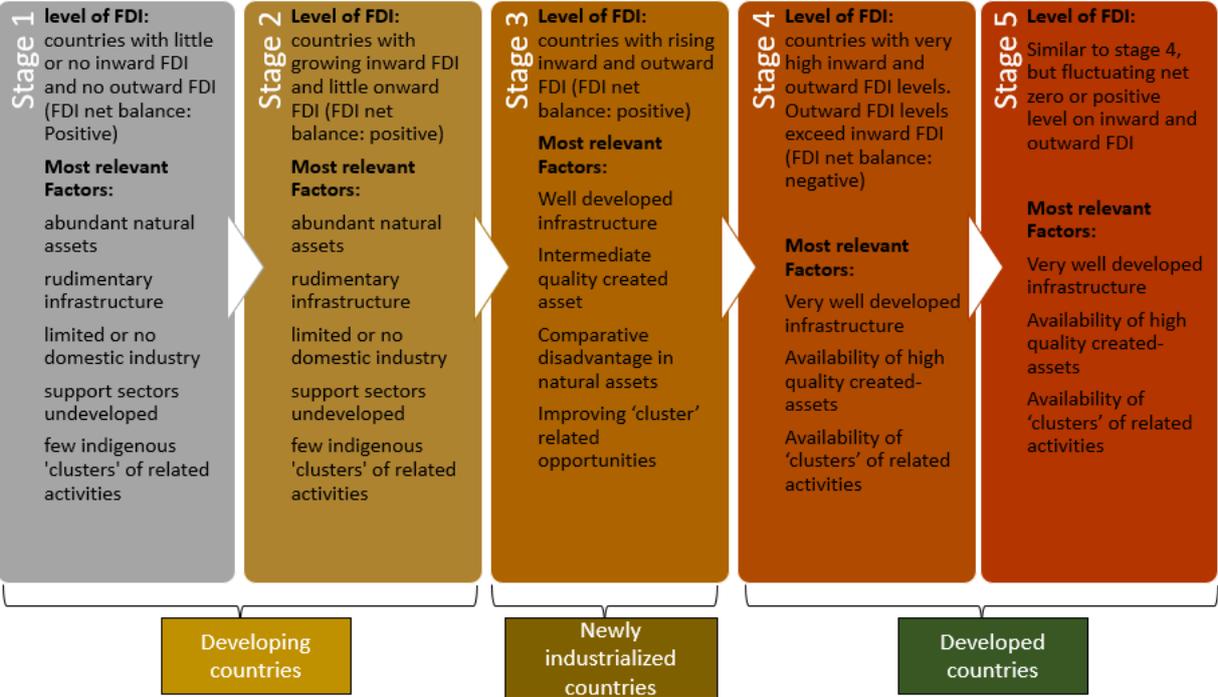
with the issue of place image while investment promotion mainly deals with highlighting the investment opportunities (Browning, 2016; Matiza & Oni 2014).

## **2.6 Foreign Direct Investment (hard / soft Factors)**

Foreign direct investment encompasses the investment into ventures located in a different country from the investor's place of origin (Borensztein et. al., 1998). The business is therefore foreign in nature as the assets acquired as well as ownership is in the foreign region. Foreign direct investment has been made easier through economic co-operations in an international platform where different nations agree on trade policies that are mutual and beneficial to all investing countries. Foreign direct investment occurs in different forms which are determined by the type of business established in the foreign country. The horizontal form of direct investment involves the establishment of a business that is similar to the home country investment (Herger and McCorrison, 2016). This means that if the investor trades in electronics then the same business will be carried out in the foreign country. On the other hand, vertical investment in a foreign region involves investment where the business is slightly differentiated but within the context of the general industry. Conglomerate investment encompasses the investment into a totally different business from the one that is operational at the home country (Herger and McCorrison, 2016). The type of FDI and the sector of investments is of importance because it affects the FDI decision (Papadopoulos et. al., 2016).

According to Chakrabarti (2001) there is still no consensus on the factors that affect FDI decisions and on their impact. There is an abundance of theories and models in the FDI literature that try to explain the FDI decisions however as stated in the overview there still is no consensus on a "universal model" for the factors that affect FDI decisions (Papadopoulos et. al., 2016). That said the two most widely cited models for FDI decisions are Dunning's (1977) eclectic paradigm of international production (OLI model) and the investment path development paradigm (IDP) (Galan et. al., 2007). Dunning's approach is considered the first real attempt to understand the determinates that drive companies to undertake FDI in other host countries (Papadopoulos et. al., 2016). Based on the OLI model it maintains that FDI decisions are strongly linked with three advantages, ownership, localization and internalization. Ownership advantages are related to the set of internal resources the investing firm in comparison with its potential competitor. Localization advantages are linked to the advantages possessed by the places that receive FDI. While Internalization

relates to the transaction costs associated with FDI. The changing nature of the economic environment and the need to incorporate the levels and stages of economic development of countries receiving FDI (less developed countries vs developed countries) has paved way for the development of the IDP paradigm. The IDP paradigm can be traced by the works of Narula (1993) and Narula and Dunning (2000). The approach incorporates the FDI recipient’s international investment position international investment position/ level of economic development in the FDI decision making process. The model maintains that that the economic development of countries can be categorized into five stages (see figure 1). Where least developed countries are in the first two stages of IDP, and newly industrial countries are in the third stage of IDP and finally developed countries are in the final two stages of IDP (Galan et. al., 2007). The model suggests that after understanding the level of economic development of host and recipient countries it will be easier to identify the factors that affect FDI attraction. Using the empirical studies at that time Galan et. al. (2007) classified the factors that affect FDI attraction into five categories: cost factors, market factors, infrastructure and technological factors, political and legal factors, social and cultural factors (see table 1).



**Figure 1: Main features of IDP (Narula and Dunning, 2000, 146-147)**

**Table 1: Main factors of FDI based on empirical studies of Galan, et. al. 2007**

<b>Main Factors (Galan et. al. 2007)</b>	<b>Statements</b>
<b>Cost factors</b>	Low labour costs (workforce)
	Low transportation/logistics costs (supply and distribution)
	Low cost of raw materials, energy and water
	Availability and low costs of land
<b>Market Factors</b>	Large size of host market
	Growing demand in host markets (potential growth)
	Low level of competition in host markets
<b>Infrastructure and technological factors</b>	Very well-developed infrastructures
	High industrial concentration (industrial parks, technology networks, etc.)
	Availability and expertise of workforce
	Access to reliable and cooperative suppliers
	Technologically advanced country (learning opportunities)
<b>Political and legal factors</b>	Political stability
	International trade agreements
	Tax reduction incentives in host markets
	Grants and tax reductions in the home country
	More benign environmental legislation
<b>Social and cultural factors</b>	Standard of living and public services
	Attitude of the community towards the firm
	Cultural affinity

According to Papadopoulos et. al. (2016) generally it can be said that there are hard and soft factors that affect FDI flow into a country. According to Clodnițchi (2017), hard place factors are objective measures as opposed to the soft factors. Hard factors are the main

issues considered by FDI investors while the soft factors only supplement the hard factors. Mainly, the soft factors constitute perception which may directly or indirectly influence investment decisions (Papadopoulos et. al., 2018). Therefore, in as much as the hard factors are the most critical to FDI investment decisions, the soft factors are also important as they can influence decisions in favor or against investments.

Looking at the literature it could be stated that hard factors could be grouped into categories which include; country factors, institutional factors, economic factors and infrastructural factors (see table 2). For example, the size of the market is one of the significant factors that determine whether foreign direct investment will occur as it signifies the potential consumers in the market (Petrović-Randelović, 2017). The location of the foreign country and its distance to the home country is an additional factor with relevance as it determines the ease of movement and enables potential intervention of the actual owners in the event of crisis (Amighini et al, 2013). Institutional factors are also considered, mainly looking at the laws of the country especially regarding foreign direct investment. Different countries have particular laws on FDI and these laws may be restrictive or productive for the investors involved (Amighini et. al., 2013). Moreover, economic factors are also considered mostly looking at the costs of labor, rates of taxes and technological levels. Tax policies such as operational and profit tax, is another essential hard location factor that determine the profitability of a business in a specific region or country. Therefore, states should institute favorable taxation policies and infrastructure, among other factors to attract foreign direct investments (Papadopoulos et. al., 2016). Further, Buettner et. al. (2018) provide that multinational companies prefer making investments to countries with lower corporation tax rates because of increased profitability chances. According to Gnanon (2017), trade barriers that are characterized by rigid tariffs, non-harmonized rules, stiff regulation on movement of people and goods make regions less desirable for FDI investors. Also, Vernon (2017), provides that host countries with strong exchange rates are less desirable because the cost of assets is significantly higher. The costs of rent, construction, and raw material also make up hard factors of FDI. Cost is also associated with hard factors such as the cost of logistics, water and electricity which are essential elements in most businesses operations. Additionally, transportation costs are also critical factors considered by investors (Buettner, Overesch, & Wamser, 2018). Further, the author asserts that investors may be encouraged against an investment due to high transportation costs even though the labour costs might be relatively low. Matiza & Oni (2014) have also investigated the impacts of people on FDI.

They claimed that the stereotypes that people of a particular nation (labour) hold may impact potential investors' decision to invest in a destination (Matiza & Oni, 2014). Factors such as skill levels, abilities and motivation levels, and primary education or professional qualifications have a bearing on investment programs' operations. The availability of labour in the potential destination can make or break the investment process. Culture has also been studied as another factor that impacts the behaviour of investors. A country that is known for creativeness, innovation, and research excellence may create positive associations in potential investors' minds.

Jeong et. al. (2018) states that the quality of institutions in the host country, political stability, and government policies are significant hard factors that affect FDI attraction. Researchers have indicated that political and macroeconomic stability is a crucial park attracting potential foreign investors (Kim, 2010). However, there is somewhat a mixed empirical result concerning the impacts of politics. For example, one of the studies of political stability (Osunkwo, 2020) has found out that U.S firms' decisions are rarely affected by political risk and administrative efficiency. On the other hand, studies Mohanty & Sethi (2019) and Schneider Vu (2020) found out that political instability does affect the FDI inflows significantly. This is particularly common to emerge economies. In more specific, it is difficult to attract investors in developing countries that have political instability. There have also been researchers that have investigated the impact of institutions of the host countries on the flow of FDI. It was found out that institutions' quality could be one of the key determinants of FDI, particularly when it comes to developing nations due to various reasons (Sabir, Rafique & Abbas, 2019). A study by (Vu 2020) argued regulatory framework, red tape judicial transparency, and bureaucratic hurdles in the host countries rarely affect investors' decisions. However, the study (Wach & Wojciechowski, 2016) shows that corruption significantly impedes FDI inflows due to additional firm costs.

Pikkujämsä (2018) also introduces the issue of non-physical infrastructures such as information and communication technologies, other than physical infrastructures such as new road and railways systems. According to Pikkujämsä (2018), foreign investors would prefer to invest in countries that have a well-planned technological upgrade plan. Regions that have favorable production costs are thus more desirable for investors as they increase the profitability of their investments. Overall, profitability is the primary issue that concerns FDI decisions where investment decisions are made only when individuals see that there are higher probabilities of gaining profits.

Soft factors on the other hand are subjective and can play an important role in the FDI attraction. The factors include the perception of people towards a region, and include recreational value, social climate, image location, and the local government (Clodnițchi, 2017). The study of Sykianakis and Bellas (2005) look into the personal characteristics of firm’s leadership (age, education and experience) as another factor. Moreover, from the limited studies available on the subject some authors confirmed that FDI decisions are affected by investors’ image of potential locations and cultural distance between them (Thomas and Grosse, 2001) and the target countries’ reputations (Fan, 2010). Moreover, Murphy and Redmond (2009) found that there is a positive relationship between urban aesthetics with FDI. They assert that cities that are historically considered creative such as London and Paris received hosts of FDI hence they have experienced economic growth and development over the years.

**Table 2: Additional Hard vs Soft factors of FDI attraction based on recent empirical studies**

<b>FDI Attraction</b>	<b>Hard Factors</b>	<b>Soft Factors</b>
	Country factors (size of market, political stability)	Place Image
	Location (distance from host country)	Cultural distance
	Institutional factors (laws)	Firms leadership characteristics
	Economic Factors (Tax and Costs)	
	Quality of institutions	
	Infrastructure factors (psychical/non psychical)	

As can be seen the scales developed by Galan, et. al. (2007) still incorporate most of the factors except for the place image as a factor. Thus after incorporating place image as a factor can be highly relevant to this study.

**2.7 Place Brand Image and FDI attraction**

In their integrative review on nation branding and FDI Papadopoulos et. al. (2016) pointed out that most studies on FDI have focused on the “hard” factors (tax policy, political stability) instead of the “soft” factors (place image). Kalamova & Konrad (2010) state that studies on FDI focused on the tangible drivers of FDI flows and have not factored the

intangible drivers such as place brand image. In their study Kalamova and Konrad (2010) show the importance of place brand image in FDI attraction, and that FDI flows rise as its image, the value of its intangibles improves. In the works of Metaxas and Petrakos (2004) a place needs to ensure its competitiveness to attract FDI as seen in **figure 2**.



**Figure 2: Place Branding “competitiveness as a goal” Metaxas and Petrakos (2004).**

Metataxas (2010) discusses how the role of the internationalized environment has shaped the branding of regions. In this regard, there has been local effort from respective regions to improve the image and the attractiveness of their locality due to the benefits of foreign direct investment. Foreign direct investment therefore influences the branding of places in order to increase their suitability to attract investment. Thus a places image could be considered as one of the critical “soft” or “intangible” factors of FDI attraction. In this regard many nations and cities have undertaken place branding initiatives to attract foreign investors (Papadopoulos and Heslop, 2002). Vuignier (2017) argues that studies on place branding relation to FDI promotion has received limited attention when compared to tourism, labor and resident attraction.

Pasquinelli, C. & Vuignier, R. (2019) claim over the past decades FDI promotion has evolved significantly and can be separated into four different phases. The first phase of FDI promotion policy (1980-1990) they claim is linked to the liberalization of economies. This phase involves creating favourable economic and financial conditions in order to advance the attractiveness of the domestic market. The second phase (1999-2000) they argue is the move of local markets from liberalization policies to active promotion strategies to attract investments. The third phase (2000-2010) is a selective targeted approach where the main focus is on which type of investment is desirable for a specific territory in relation to the local market. While the current phase they argue is based on a relationship approach where image building is seen to play a greater role in influencing investor decisions much more than labour, infrastructure, financial incentives and investment promotion techniques. Therefore, place branding may be seen as an important element in FDI attraction.

Place branding strategies can be viewed as an important tool that is used by various places in order to promote, create and change the place image (Moilanen & Rainisto, 2009). A strong place brand strategy will enable a nation to bridge the gap between brand perception and brand reality and in essence allow for a more sustainable development of nations. In their analysis, Mamuti and Özgüner (2014) insist that nation branding is a tool that is essential in helping countries improve their FDI, which consequently reflects in general economic performance. Higher visibility increases the inflow of FDI, which speeds up the economic growth attraction more capital investments and creates more employment. Moreover, Matiza and Oni (2014) approve that place branding is a strategic approach to regain foreign investors' trust and credibility while also building an image that attracts foreign investors. For example, Kalandides (2011) examined the case of Bogota and how they aimed to bridge the gap between perceptions and the realities of the city. The city underwent a serious transformation however perceptions of the city lagged behind many associating the city with crime and drugs. As Kalandides (2011) showed although the city fared high in international indicators and statistics the city had a hard time attracting major international events, and investments because of their image. As a result, Mamuti and Özgüner (2014) have suggested place branding as a strategy to build the right image while also eradicating the negative labels. In this case, branding is manifested as promotions as a preferred approach of creating the right image and eliminating stereotypic views that discourage FDI (Papadopoulos et. al., 2016). The place brand is thus essential in eliminating stereotypes and influencing investors' decisions on FDI. Moreover, after examining the criteria for FDI in Asia Kindra et. al. (1998) concluded that the ASEAN region attracted FDI after it enhanced its image as competitive region.

Thus Lee (2009) considers place branding as key concept in the sustainable competitiveness of nations. Thorough the literature view on the topic states it can be argued that as a result of globalization, place branding has become an essential strategic tool for countries to compete in the world stage (Kotler et.al., 1993, Anholt, 2002, Jaffe – Nebenzahl, 2006). As Ruzzier, (2012) maintains that nations have understood the importance of a proactive marketing approach to enhance their presence in the world. More importantly, Van Ham (2001) claims that the unbranded state has a more difficult task when it comes to attracting economic and political interest. That is why more countries are managing and monitoring their branding (Kotler and Gertner, 2002) and why Lee (2011) sees place branding playing a larger role in creating and sustaining national competitiveness both

locally and globally. The most important goal is to increase tourism, investment and exports (Papadopoulos, 2004). Temporal (2002) suggests that nation branding can also help in currency stability, ensure international credibility, stimulate partnerships and enhance nation building. Moreover, research shown that place branding plays an important role in sustainable development of a place (Maheshwari et. al. 2011). Research has also shown how donation behavior is effected by the perception of place brands (Helmi & Mulyangera, 2009).

As Szondi (2008), explains place branding has emerged as a key strategy for attracting investments. For instance, through place branding, regions, countries and cities are able to diversify their global market share in terms of consumers, investors, exports and tourists. This is achieved through effective place brand communication strategies and enhancing the place image.

## **2.8 Place Brand Communication Strategies**

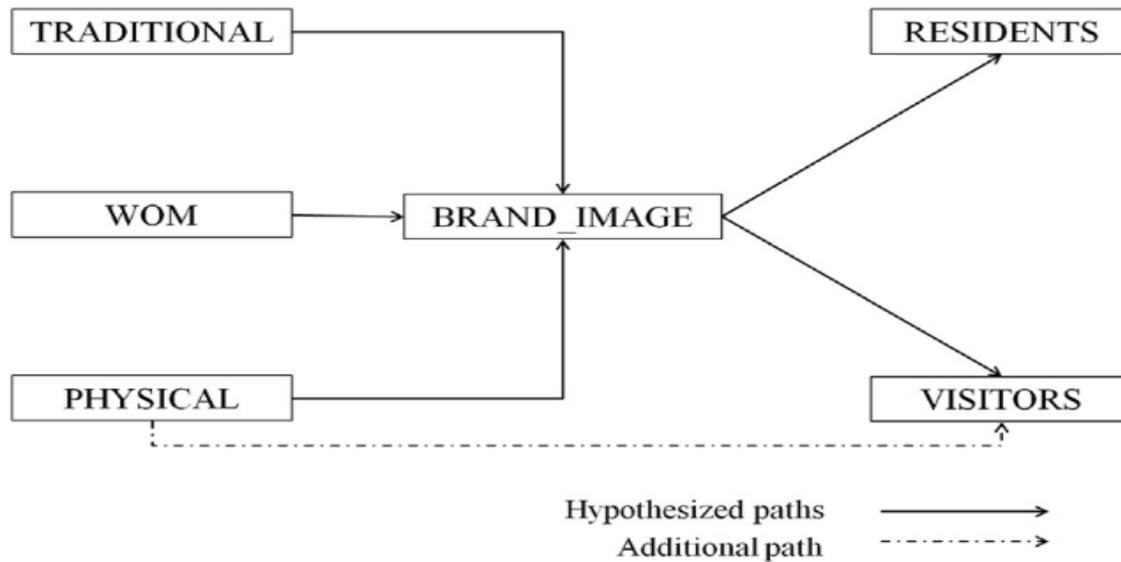
Feldwick (2003) asserted that everything a brand does is communication. Sevick (2011) suggested that cities are best understood by the global world through a narrative. Thus the communications and stories of a place is of high importance to the place's image. As Kavartzis (2004) suggests the best indicator for place branding success is through place brand image. Holloway & Hubbard (2001), note that people perceptions of a place may be through direct interaction or through indirect media representations. Thus its of extreme importance to understand how the brand image of a place is formulated in the consumer mindset. Fan (2007) advocates for nation branding in essence is to align the nation's image to the reality. It is the task of place branding to narrow the gap between the place images perceptions and the reality of the place. Thus branding seeks to influence these perceptions and this act of bridging reality with perceptions is an indirect way of sustaining the competitiveness of nations. In this regard the consumer perceptions of a place may come in from different channels and can be effected by different factors. Thus the strategies should be based on holistic communications that have a variety of coordinated communicative acts (Porter, 2013). Llyod and Peel (2008) raised questions on how a place can strategically communicate their image. Kavartzis (2004) separated place brand communications into three types: Primary, secondary and tertiary communication. Primary communication includes infrastructure, architecture of a city, monuments and also the peoples and government behavior. Castillo-Villar (2016) highlighted the importance of urban icons in

creating the brand image of a place, however he also mentioned the importance of having local identity represented in the icons for them to be effective. Secondary communication mainly entails the formal direct communication strategies employed by the government. As can be seen in the literature review the bulk of research has been concentrated in this form of communication. While the tertiary communication, refers to perceptions, word of mouth of people, the media coverage...etc. things that are beyond the control of the brand marketers. As Freeman & Nguyen (2012) suggest media plays an in important role in shaping the image and public perceptions of places. Braun et. al (2014) followed the same line as Kavaratzis (2004) however named them physical, traditional and word of mouth and suggested that strong place brand communications will have a positive effect on place brand image and ultimately attract more target groups (see table 3).

**Table 3: Types of Place branding communication strategies**

	Type of Branding communication strategy	Description
Kavaratzis (2004)	Primary	Place infrastructure, Place architecture, monuments and also the Place people and Place government behavior.
Braun et. al. (2010)	Physical	
Kavaratzis (2004)	Secondary	Formal direct communication strategies employed by the Place (place marketing campaigns)
Braun et. al. (2010)	Traditional	
Kavaratzis (2004)	Tertiary	Perception, media coverage and Word of mouth
Braun et. al. (2010)	Word of mouth	

So using the model developed by Braun et. al. (2014) below as a starting point **Figure 3.** we can understand the relationship between brand communications and brand image and ultimately its effects in attracting external groups.



**Figure 3: Conceptual model prepared by Braun et. al. (2014)**

Place branding is no longer just focused on attracting new, profitable customers, but also on retaining existing ones via public engagement efforts. Community spirit and devotion may have a positive impact on a place's capacity to attract visitors from across the world. There are distinctions between companies and places in that the intricacy of a product and the relevant parties appears to expand in a place branding setting, but the concept of corporate branding has been deemed beneficial in explaining the complicated tactic of concurrently developing community and marketing location (e.g., Hankinson 2007; Kavaratzis and Ashworth 2005; Therkelsen, 2015; Kavaratzis and Ashworth 2005). Considering the dual role of individuals since they are both shareholders in a specific area and prospective customers for place branding initiatives that are also aimed at visitors, which means that they will be expecting a broad array of services and experiences from a number of establishments. In order to reach equally long-term and short-term place customers, it is necessary to create brand communication that is both useful and emotionally appealing (Ren and Gyimóthy 2013; Colomb and Kalandides, 2010). Thus, engaging in effective place brand communication strategies is a way to improve the perceptions and reputations of a place.

While advocates of place marketing think that different marketing and advertising activities may help to the development and portrayal of the place identity overall, these efforts are just a subset of the advertising and sales objectives and strategic branding process for the place. A brand must represent both the tangible and intangible aspects of the place (physical stimuli like insignia, logo, message or moniker) as well as the intangible and value-based features (place image) of the area in order to be successful (Hanksinson, 2001).

Additionally, brand qualities "assist in determining and shaping both competitiveness and the personality of the activities that supply the brand" (Gnoth, 2002).

It is essential that a location be able to give investors, companies, and tourists a unique advantage or benefits. Symbols, logos, and slogans (in other words, mottos) may be used as a beginning point for differentiating a place's competitive edge. Though it may seem counterintuitive, in theory an unforgettable tagline, visual identity, or renowned international icon for the place might indeed aid in eliminate negative stereotypes and contribute to the promotion and recognition of the place, situating it locally and globally; well-established favourable slogans or mottoes and logotypes are beneficial as they help to acknowledge towns. Taglines and insignia may be useful in a place branding; however, they cannot be considered as the strategy in and of itself, according to Kavaratzis and Ashworth (2005). If "a logo is simply a logo," as Sinek (2009) says, then it's time to ask "why?" (Sinek, 2009). On the contrary, Sarson (2005), believes that "cities are a brand in and of themselves".

The perception of a place is supported and enhanced by the emblem, which is why it ought to be exclusive to a single area. Cai (2002), on the other hand, claims that visual marketing stimuli like logos and phrases have not been thoroughly explored to see if they contribute to the creation of a unique image or place brand. No one will dispute the difficulty of condensing a location and its most important features into a tagline of one or two lines. The city's diverse nature must be reflected in the tagline. According to Lynch (1960), "The city is constructed in reality like a work of architecture, and city planning is thus a temporal art" (Lynch, 1960). This means that logos, trademarks, and mottoes as components of a place's identity are also ephemeral and will evolve as the situation changes. Most travellers get their knowledge about a place from family or close friends, not from other sources, as Tasci and Kozak (2006) claim. This is especially true for tourist attractions, where word-of-mouth referrals and previous trips play a large role in building a brand's reputation. Distinctive qualities make the place and areas in general appealing to companies and individuals as per Visdeloup (2010). Emotional bonding is the term Vandewalle (2010) uses to describe the occurrence. A place's brand's image is defined as "attitudes regarding the place as represented by visitor memories" according to Cai (2002).

While many researchers have agreed that governments are responsible for initiating and implementing place branding, Kavaratzis et al. (2013) argue that brand managers are in charge of leading the initiative (Acharya & Rahman, 2016). This is why studies emphasise the need of place brand management, even when locations already developed brands with

very little actual branding engagement (Kavaratzis and Hatch, 2013; Giovanardi et al., 2013). For the sake of simplicity, Van Ham (2008) compares the emblem, symphony, and sovereignty of a country to a company's brand, logo, and mission of the company, which is an overreach. Many authors, including Fan (2006), believe branding will not solve a country's problems, but others (e.g., Konecnik Ruzzier & de Chernatony, 2013; Cleave et al., 2016; Jones & Kubacki, 2014) argue that place branding ought to be a top priority for government agencies and therefore should not be flummoxed with its functionality (de Noronha, Coca-Stefaniak, & Morrison, 2017). People's confidence is not only increased when place branding is made official, but their engagement is as well, as per Zhao, Sun, and Kakuda (2017). According to Jones and Kubacki (2014), a comprehensive study, state support is crucial to the growth of place branding in locations with socioeconomic challenges. As Anholt (2006) warned: "What advertising and marketing cannot ever achieve, is to make a terrible city appear good: it is propaganda, not brand management, and it is as wasteful as it is ineffective," they also stress that focusing on branding while neglecting social issues would not provide the desired results (p.31). Rose (2010) agrees that branding is not an endeavour to act as a bridge between the brand personality of a place, but instead is quality control, a pledge that if not met may cause significant harm to the overall brand (De Chernatony, 2008; Egan, 2008; Papadopoulos, 2004). Along those lines this thesis is interested in the impact of the three types of brand communications on place image and ultimately on its ability to attract FDI.

## **2.9 Conclusion**

In conclusion, the literature review emphasised the main aspects and terms relevant in the study. The literature review highlighted the main arguments around the concepts of place brand image and the need to understand the evolving and dynamic nature of the concept of place in general and place brand image specifically. Laying out the main arguments on the concept will help set the cornerstone to understand the field of place branding. Additionally, it categorised the main literature on the concept of place branding and how it relates to the notions of nation branding, public diplomacy, investment promotion and image building. It also highlighted the main aspects of FDI and noted the lack of consensus on a viable "universal model" of the factors that affect FDI attraction.

Further to understanding the terms and concepts and the main arguments on how the both fields are riddled with unclarity on definitions the literature review looked into the

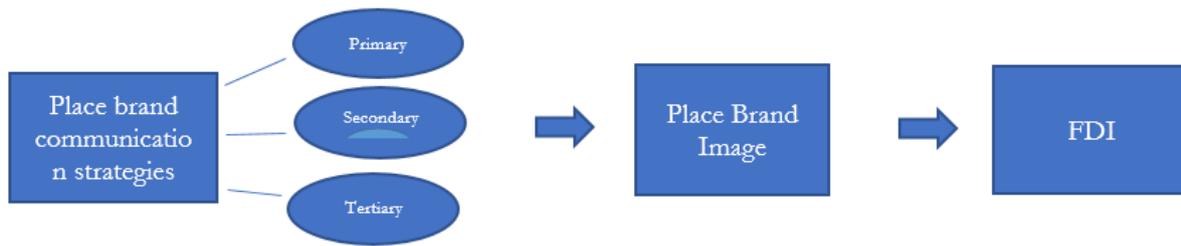
intersection between the two fields. The literature review presented the main research and studies that paved the way to understand the relationship between the fields and also highlighted the importance and need for further research to understand how to better understand the intersection of these fields.

## CHAPTER THREE: CONCEPTUAL FRAMEWORK

### 3.1 Proposed Framework

As noted in the previous chapters the main goal of the current research is to understand the role of place brand image, place branding in attracting FDI. The literature review laid the foundations to comprehending the main concepts and terms such as place branding, investment promotion, and image building and their role in improving place brand image and ultimately how it may affect FDI attraction. That said the theories of corporate branding and the works of Kavartzis (2004,2008), Braun, Eshuis and Klijn (2014) creates a good source of hypothesis formulation for this thesis. Following their work, the model will assess the impact of three types of place branding communication strategies on the relationship between place brand image and FDI attraction. As can be noted in the literature review the works of Braun et. al. (2014) took the perceptions of only the government officials and professionals to understand the effects of the mediator variable place brand image and only looked at the effects of place image on attracting external groups (visitors and residents). This study will intend to look at place brand communication strategies as a mediator variable in the relationship between place brand image and FDI attraction and the model above will be the basis of this study' conceptual framework which will be discussed in this chapter. Moreover, it incorporated the place brand image scale developed by Gilboa et. al. (2015) to further understand the interplay between place brand communication and place brand image. Finally, the FDI attraction factors scale developed by Galan et. al. (2007) from the IDP paradigm serves as an indicator on how the soft facto place brand image and place branding communication strategies can be incorporated in the model. The conceptual model states that there is a relationship between place brand communication strategies and FDI where place brand image serves as mediator variable.

Thus the proposed model will be as seen in **Figure 4:**



**Figure 4: Proposed Conceptual model**

### 3.2 Research Hypothesis

Using the proposed conceptual framework above this study developed the following hypotheses:

H1: Place Brand image is an important soft factor in FDI attraction

H2: Place brand image mediates the relationship between place brand communication strategies and inward FDI

H3: Place brand image mediates the relationship between primary place brand communication and inward FDI

H4: Place brand image mediates the relationship between secondary place brand communication and inward FDI

H5: Place brand image mediates the relationship between tertiary place brand communication and inward FDI

H6: Place brand communication strategies have a positive impact on attracting FDI

H7a: Government sector perceive place brand image to be an important soft factor in FDI attraction

H7b: Private sector perceive place brand image to be an important soft factor in FDI attraction

H8a: Government Sector perceive Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.

H8b Private Sector perceive Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.

H9a Government sector perceive primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H9b: Private sector perceive primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H10a: Government sector perceive secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H10b: Private sector perceive secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H11a: Government sector perceive tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H11b: Private sector perceive tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H12a: Government sector perceive place brand communication strategies to have a positive impact on attracting FDI

H12b: Private sector perceive place brand communication strategies to have a positive impact on attracting FDI

In the following sections, the hypothesis above will be explored. Each hypothesis will be supported by the arguments in the literature review. Accordingly, each hypothesis will be empirically tested. A quantitative methodology will then be utilised to gather and analyse the data. The research design and methodology will be discussed in detail in the following chapter.

### **3.3 First Hypothesis**

#### **H1: Place Brand image is an important soft factor in FDI attraction**

As discussed in the literature the place brand image is said to have an impact on FDI attraction (Papadopoulos et. al., 2016). The literature review suggests that there are 'hard/tangible' and 'soft/intangible' factors that affect FDI attraction and place brand image is an important soft factor in FDI attraction (Papadopoulos et. al., 2016). Outhavong (2007), claims the brand of a place has an integral role in the ability to diversify global market shares in terms of consumers, investors, exports and tourists. Research by Kalamova and Konrad (2010), Metataxas (2010), Metaxas and Petrakos (2004), Vuignier (2017), and Papadopoulos and Heslop (2002) have indicated that place brand image has a positive influence on FDI attractiveness of a place. Place brand image contributes to FDI attractiveness by fundamentally altering stakeholder views of the location's features, which may impact stakeholders' and consumers' decisions to operate in the nation (Henninger et al., 2016). The objective of branding is to communicate what separates an establishment from its rivals (Konecnik & Go, 2008). Competitiveness among national brands reassures potential investors about the service and product quality; it also helps develop alternatives of varying degrees of quality to meet the desires and preferences of visitors from all over the world (Shao et al., 2016). Additionally, the provider's nation brand must be credible, recognisable, and passionate in order to develop an emotional connection with clients. Additionally, it should strike a chord with visitors (Manhas et al., 2016). To distinguish itself from other areas, a site must be able to promote itself via positive image building (Ekinici, 2003). As destinations gain prominence, they will need innovative marketing and development of critical services and amenities to ensure their sustainability (Manhas et al., 2016). Additionally, a strong national identity fosters corporate investment and promotes the demands of export-oriented industries (Moilanen and Rainisto, 2008).

What is crucial to note here is that, although national and global plans address the broad picture when it comes to place branding, local government decision makers also play a vital role for positive outcomes (Björner, 2014). Additionally, this involvement allows communities to put a premium on physical characteristics that comply to global standards in order to distinguish themselves from established megacities (Björner, 2014). Place branding and its success are predicated on a city's uniqueness. If not done correctly, this might result in a city losing its distinct character. This issue has been widely researched in the literature on place branding and demonstrates what occurs when a city seeks to comply to globalised aesthetic and functional norms while still attempting to distinguish itself via its own distinctive local characteristics (Pasquinelli, 2014).

Perceptions and assumptions may impact investors' location picks directly or indirectly (Kalamova and Konrad, 2010). Given the abundance of data on how individuals view other nations and their goods, it is obvious that almost all sorts of "consumers," including purchasers, manufacturing bids, travellers, retail chains, multinational vendors, and investment organisations, are impacted by their assumptions about foreign markets.

Place branding is being adopted by more nations, and research into the concept is advancing to capitalise on the rising demand for global positioning in an intensely competitive market. While national branding is widely used and investigated in sectors like as tourism and shipping, little research has been undertaken on the economic function of immaterial features, particularly their potential impact on incoming FDI. Numerous studies have shown that investors' perceptions of a nation are influenced by its public reputation, despite the fact that Kalamova et al. (2010) found that the better a country's image, the more foreign investment it may attract. Thus, this investigation closes this gap by clarifying the influence of site branding on the attraction of FDI. In other words, it can be hypothesised that:

H1: Place Brand image is an important soft factor in FDI attraction

### **3.4 Second Hypothesis**

**H2: Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.**

Adopting a comprehensive communication strategy over time is crucial for developing a market-recognized brand identity. The message of the country must be consistent with the brand's mission and reputation. By asserting that "the brand exists only via communication," Kapferer (1991) highlights the key communication patterns for businesses. Through communication, every brand develops a psychological and cognitive life. Without this, businesses will have significant obstacles in terms of maintaining and developing their brand, as well as exposing their products. Bowersox and Morash (1989) bolstered this position by stating that one of communication's objectives is to educate the customer about their trademark, product, or service and to function as a distinguishing feature, hence promoting the establishment of a unique brand identity. Additionally, Fill (2009) asserts that communication is critical to brand development since it is the method through which commonplace products transform into brands and attain remarkable success.

It is a strategy that educates consumers about the uniqueness of a brand and the advantages of interacting with it. As a result, one of the primary objectives of brand communication is brand expansion. It is important to remember, however, that branding is more than just adding a sign or a label to a product; it is also a collection of meaningful characteristics, a vision, and the power to create connections with the goods (Pickton and Broderick, 2005).

Brand recognition is seen as a proxy for a brand's effectiveness in the eyes of the consumer. According to Xu, Li, and Zhou, a strong brand capital and a strong brand are often associated with a high level of brand awareness (2015). Customers who are familiar with a location are more likely to choose it. Due to stakeholders' diverse brand perceptions, a country's ability to increase its brand equity requires an in-depth understanding of how consumers and tourist corporations perceive its image. Kaya and Marangoz (2014) highlighted the impact of the natural environment on commercial prospects, communication, and public services. As a consequence, these thoughts influenced their behaviour toward the brand. As a result, brand awareness helps both visitors and investors via educational, contemplation, and selection opportunities. The popularity of well-known brands has an effect on investment and purchasing choices. This is because consumers associate well-known brands with high-quality items. Apart from the fact that increased knowledge helps consumers to link marketed items with greater quality, it is also often seen as a customer advantage (Rubio, Oubia, & Villaseor, 2014).

Thus, in today's industry, building a long-term, comprehensive communication plan is critical for establishing a well-known brand identity. Place brand communication strategies, thus, have a direct effect on how desirable FDI is considered by prospective investors. Therefore, the following hypothesis is developed:

H2: Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.

### **3.4 Third Hypothesis**

**H3: Primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.**

In addition to this, there is also an indirect effect of the specific primary secondary and tertiary strategies that a place adopts in the generation of higher FDI attractiveness.

Thus, the above discussion indicates that consumer views of a location may be influenced by a variety of variables, including the mode of transportation utilised to get there. Tactics should be constructed around a set of coordinated communicative acts and should conform to a comprehensive communication strategy (Porter, 2013). Llyod and Peel (2008) explored the problems inherent in conveying an accurate impression of a place. Kavartzis (2004) identified three levels of communication: primary, secondary, and tertiary. The primary mode of communication in a city is via its infrastructure, architecture, monuments, and the residents' and administration's behaviour. According to Castillo-Villar (2016), a symbol must be capable of representing the specific qualities of a city in order to be successful. For instance, Dubai is an example of a UAE city that has increased its physical infrastructure while also drawing major amounts of foreign direct investment.

Another necessary element of infrastructure is the country's financial infrastructure. When comprehensive brand communication strategies are used to generate a favourable place brand image, it may suggest the presence of a solid financial infrastructure, signalling investors that the country is prepared for investment and capital inflows. As a result, governments often organise programmes and make efforts to guarantee that foreign cash flows effectively (Bluedorn, Duttagupta, Guajardo, & Topalova, 2013). Among these activities and programmes are significant financial reforms, the adoption and dissemination of financial technology, effective financial intermediation systems, effective economic resource mobilisation, and the transformation of financial assets (Fratzscher et al., 2012; Volz, 2012).

H3: Primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

### **3.5 Fourth Hypothesis**

#### **H4: Secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.**

Cai (2002) cites Old Country Area in New Mexico as an instance. During the 1990s, a total of 11 settlements along the Des Moines River in Iowa began promoting their identities as "the Communities of van Buren," attracting additional people who came to witness these 11 settlements, thereby leading to an increase in the tourist appeal of the area. Jensen (2005) shows a representation of Aalborg, Denmark's fourth-largest town. Aalborg is another instance of a community transforming from rapid industrialization to one

that is culturally, creatively inventive. The rebranding effort for Aalborg began in 1998 with conversations about the city's continued expansion and culminated in a 2005 implementation strategy. The Aalborg Municipality has authorised 1 million Danish Kroner each year for the subsequent five years to maintain this branding operation, which encompasses a "digital marketing toolkit" on the Branding Aalborg webpage with design manuals, advertising, and frameworks for visual annual conferences. Additionally, a rebranding workshop was given at a nearby elementary and middle school; courseware, picture and essay contests were being developed. "Aalborg - seize the world" was the tagline and emblem, which incorporates four parameters: multiculturalism, broad horizons, cooperation, and ambition.

Based on the insights of Greenberg (2008), the budgetary instability in New York in the 1970s spurred the state's 1977 creation of a new identity, "I love New York," which was undoubtedly amongst the smartest urban successful strategy. In 1971, Alitalia, the Italian airline, conducted a series of frightening advertising depicting the Statue of Liberty by including a tear falling into the sea and warning that New York would vanish, while simultaneously promoting non-stop trips to the United States sans landing in New York City. They reinforced pre-existing troubling portrayals in the advertising (particularly in the film and TV industries) "depicting New York City as a decaying, withering metropolis" (Greenberg, 2008). The first official "I love New York" advertising campaign debuted in the post-industrial period and then became a worldwide hit. As per Greenberg (2008), this was "a fresh and dominant, persuasive and alluring picture" of New York that was "preserved as a national icon." New York began to recover in 1978. Before this, in 1967, New York newspaper was started, promoting the metropolis as a "cool destination to dwell, study, and shopping for youthful, high society urban residents" (Chan, 2008). Therefore, the following hypothesis can be drawn:

H4: Secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

### **3.6 Fifth Hypothesis**

**H5: Tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.**

Tertiary communication refers to elements outside the direct control of brand marketers, such as how people perceive a product or service. According to Freeman and

Nguyen (2012), the media has a substantial impact on how people perceive and think about specific topics. As with Kavartzis (2004), Braun et al. (2014) used the same method, but alluded to them as palpable, customary, and word-of-mouth rather than physical, conventional, and word-of-mouth. Word-of-mouth refers to informal talks about a product or brand aimed towards other customers (Westbrook, 1987). The term "word-of-mouth" or "communication" refers to the transmission of information between people regarding a product or brand (Brown et al., 2005). Positive behavioural intentions or brand loyalty have been linked to an organization's capacity to elicit the following behaviours from its customers: a) positive word-of-mouth; b) referrals; c) commitment; d) higher spending; and, e) increased price (Cronin et al., 2000). On the basis of the cognition-affect conation pattern, Oliver (1999) suggests four phases of brand loyalty. The first level of brand loyalty is cognitive loyalty, which is defined by how well-known the brand is. Emotional loyalty refers to customers who have an emotional connection to a favourable impression of a brand. In the third phase, we explore conative loyalty, or a person's behaviour. Indeed, this is a transaction conducted with "benevolent purpose." There is a chance that this desire may have unintended consequences. Customers bring the process to a close by transforming their intentions into actions. At this point, clients are gripped with inertia and a desire to overcome barriers in order to finish a transaction.

In recent years, word of mouth has gotten a lot of attention for a variety of reasons, including its influence on marketing technique (Smith, Coyle, Lightfoot, & Schott, 2007), its impact on consumer purchasing decisions (Gajendra et al., 2012; Soares et al., 2012), and its role as a source of valuable information (Allsop, Bassett, & Hoskins, 2007; Valck, Bruggen, & Wierenga, 2009). As a consequence of these advantages, as well as the economic downturn, companies are increasingly resorting to word-of-mouth marketing, which helps firms cut marketing and advertising expenditures and is seen as a more successful marketing technique that provides better results (Sweeney et al., 2012).

The bulk of research on national image focuses on its impact on consumer assessments of specific items or services (Ahmed et al., 2002; Peterson and Jolibert, 1995; Pharr, 2005). Thus, nation image incorporates customers' preconceived notions and opinions about a country, which they utilise as information processing shortcuts and decision-making heuristics (Kotler and Gertner, 2002). As a consequence, the location brand image creates a 'halo effect,' in which buyers infer product and service characteristics based on their perception of the location (Ahmed et al., 2002; Han, 1989). This effect is amplified when

the client is assessing a new brand (Lin and Kao, 2004), which happens often when investors decide where to invest.

Tertiary place brand communication may be used to enhance a location's image in order to attract foreign direct investment (FDI). Tertiary site branding is insignificant in terms of attracting direct foreign investment. However, these signals have a considerable impact on foreign direct investment (FDI). For a variety of reasons, word-of-mouth marketing has garnered a lot of attention in recent years. The national image incorporates consumers' perceptions and opinions about a country. Individuals make assumptions about the features of products and services based on their perceptions of the place of origin, which leads in an increase in foreign direct investment (FDI) into the country. Thus, the following hypothesis was derived:

H5: Tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

### **3.7 Sixth Hypothesis**

#### **H6: Place brand communication strategies have a positive impact on attracting FDI**

Taking the three hypothesis above in consideration it is acceptable to derive a hypothesis that incorporates all the three elements of place brand communication strategies and explore their impact on attracting FDI. Thus the following hypothesis was derived:

H6: Place brand communication strategies have a positive impact on attracting FDI

### **3.7 Additional Hypothesis**

#### **Differences in Perceptions of Government Vs Private Sector**

Branding provides a vision that takes into account the diverse demands of stakeholders. There are both intrinsic (consumers, businesses, and governments) and extrinsic (such as the media) constituents (Balakrishnan, 2008). When it comes to building a brand image, the place needs to build a range of products that it offers the consumers (domestic and foreigners). These range of products include the architecture of the place, the facilities and amenities offered, the historical and cultural resources, as well as the natural assets that the place possesses (Hankinson, 2004). Every shareholder should be aware of the

company's goal and its image. In addition, all stakeholder must be included in the branding process in order for it to succeed (Cvijic and Guzijan, 2013). According to Balakrishnan (2008), branding should begin with the destination's residents, since they may participate to good word-of-mouth, so enhancing the brand image. On the basis of their findings, Merrilees et al. (2012) say that various stakeholders have distinct connections with a place's brand.

In addition, the various stakeholders that are involved may lead to the development of the place brand in differing manners. The public sector may use one of two approaches to developing a place brand. One is reliant on the government's involvement in building and supervising the development of the place brand of a political initiative (Hernandez-Alonso, 2012). It is referred to as a 'top-down' approach because it corresponds to a type of public sector place branding management in which stakeholders are subjugated to the public sector's vision, purpose, and strategy. While this strategy has several benefits, such as expediting decision-making and minimising stakeholder participation, it does have certain drawbacks (Go and Triunfo, 2012). The second function is a more horizontal or participative "bottom-up" method that asserts that any place brand should be produced collaboratively by the public and private sectors (Warnaby et al, 2015). According to some, all stakeholders should be included in the process of developing a place brand (Kavaratzis and Hatch, 2013). However, if not handled appropriately, it may become a source of contention, since it enhances stakeholder participation and the place brand's long-term survival.

Profit-driven firms, whether active or passive participants, are crucial in building a link between a place brand and private sector commercial organisations. Private enterprises may use strong local brands to bolster their own brand positioning (or the disadvantages of badly positioned place brands). Passive branding may occur for the host nation wherein the association with a global private company can appear as a legitimising factor for the place brand. For instance, when it comes to reducing foreign customers' perceived risk of private brands, this second function may also be advantageous - as demonstrated by the so-called "country of origin effect," in which the strengths and limitations of a territory contribute to or detract from the value of a commercial brand (Lui, 2012). The ambassadors of a place brand are well-known commercial enterprises having a strong link to the locality (Seisedos and Mateo, 2010). Place brands may benefit from businesses' strategic position as "public diplomats" as a focal point for institutional and international interactions that impact and are affected by the place brand's image in its birthplace (White, 2012). Thus, since the role of

the public and private sector is crucial to the development of place brand image and can thus affect the generation of FDI, it is necessary to consider the perspective of these two groups of stakeholders. Thus, the following hypotheses are developed:

H7a: Government sector perceive place brand image to be an important soft factor in FDI attraction

H7b: Private sector perceive place brand image to be an important soft factor in FDI attraction

H8a: Government Sector perceive Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.

H8b Private Sector perceive Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.

H9a Government sector perceive primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H9b: Private sector perceive primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H10a: Government sector perceive secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H10b: Private sector perceive secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H11a: Government sector perceive tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H11b: Private sector perceive tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H12a: Government sector perceive place brand communication strategies to have a positive impact on attracting FDI

H12b: Private sector perceive place brand communication strategies to have a positive impact on attracting FDI

### **3.8 Conclusion**

In summary the main hypothesis of the study is:

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H1: Place Brand image is an important soft factor in FDI attraction

H2: Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.

H3: Primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H4: Secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H5: Tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H6: Place brand communication strategies have a positive impact on attracting FDI

H7a: Government sector perceive place brand image to be an important soft factor in FDI attraction

H7b: Private sector perceive place brand image to be an important soft factor in FDI attraction

H8a: Government Sector perceive Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.

H8b Private Sector perceive Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.

H9a Government sector perceive primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H9b: Private sector perceive primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H10a: Government sector perceive secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H10b: Private sector perceive secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H11a: Government sector perceive tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H11b: Private sector perceive tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.

H12a: Government sector perceive place brand communication strategies to have a positive impact on attracting FDI

H12b: Private sector perceive place brand communication strategies to have a positive impact on attracting FDI

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## **CHAPTER FOUR: METHODOLOGY**

### **4.1 Introduction**

The main aim of this study is to identify and examine the mediating role of place brand image in the relationship between place brand communication strategies and FDI attraction. The research methods choices and the justifications for those choices are outlined in the present chapter. These will aid the researcher in achieving the aim and objectives of the study. The chapter first outlines the research philosophy and justifies the philosophical stance undertaken. Following this, the ideal research approach adopted in this study is outlined and discussed as well as the research strategy adopted is outlined. In addition, the sampling strategy, sampling size, and the data collection process are presented. Furthermore, the ideal steps adopted for the data analysis are described, along with discussions on essential issues such as reliability, validity, and ethical considerations.

### **4.2 Research philosophy**

Researchers need to adopt specific philosophical stances that can direct how they perceive reality and what form of knowledge is considered acceptable (Saunders et al., 2018). In other words, researchers need to place their study on the basis of ontology and epistemology. Ontology deals with the nature of reality and asks the central question of whether the social reality is constructed by actors present within the reality or is it fixed regardless of who participates in the reality (Bryman, Bell, & Hartley, 2018). On the other hand, epistemology questions about the most acceptable form of knowledge whereby the central premise is whether subjective or objective knowledge is more acceptable (Saunders et al., 2018). In the present research, the ontological perspective that has been adopted is that the nature of reality is subjective whereby the reality is said to be created by social actors. In the present study, this is because place brand image, FDI attraction, and place brand communication strategies are dependent on the perceptions of the respondents.

In terms of epistemology, despite the fact that a subjective ontological perspective has been adopted, in terms of the most acceptable knowledge, the present study has adopted an objective stance. In other words, this is due to the primary aim of the research wherein the relationship between the latent constructs such as place brand image, FDI attraction, and

place brand communication strategies needs to be quantified. Thus, objective knowledge is the ideal and most suited to this study.

Having selected the subjective ontology and objective epistemology, the researcher chosen the positivist paradigm. There are a total of four paradigms that are most commonly used by researchers: positivism, interpretivism, critical realism, and pragmatism. Positivism allows researchers to adopt a reductionist stance and measure reality using an objective approach that is often accompanied by statistical evidence (Easterby-Smith et al., 2015). On the other hand, interpretivism entails a non-reductionist stance whereby reality is perceived to be composed of many truths and perceptions that need to be wholly understood using a rather subjective approach (Saunders et al., 2018). Critical realism, in contrast, facilitates the researcher to distinguish between the real and the observable, which are considered to be mutually independent. Finally, the final research paradigm, pragmatism, underlies that reality can be both subjective and objective and advocates the use of pluralistic methods of conducting the research (Tashakkori and Teddlie, 2010).

In the present study, the positivist paradigm was adopted whereby the quantification of the relationship between the latent constructs was of primary interest in the present research. Thus, in order for establishing a causal link between the constructs, there is a need to adopt positivism in the present research.

The research will use the positivism philosophy to achieve the set aims and goals. This philosophy will see to it that the researcher is objective while conducting the research. The objectivity of the researcher will involve the researcher dissociating himself from the opinions and the values that he or she may associate with the issue being investigated. The philosophy requires that a researcher develop hypotheses that are tested so that they can either be supported or not. Therefore, the researcher in the study will develop hypotheses and later use the data collected to either support or un-support the statements. The philosophy also requires that studies use structured methodology, a standard which the researcher will work to ensure it is met.

The positivism philosophy will be appropriate for the study because it is meant for studies that intend to use large samples. The study will feature many participants in order to ensure that there are high levels of accuracy in the data collected. The philosophy will therefore match the plan that the researcher has in place in regards to the study. Furthermore, the philosophy will be appropriate for the study because it is meant for quantitative studies. It supports the collection of numerical data, which aligns with the aims and objectives of the

study that require numerical data to be achieved. Moreover, it supports the use of scales that will be relevant to the study and achieving its aims and objectives. Thus, the study will incorporate scales in the data collection methods. The philosophy is appropriate for studies that seek to find out the correlational relationships between variables, which is part of the aims and objectives of the study. Therefore, through using the principles of the philosophy, the research will find out how the place brand image affects FDI attraction.

### **4.3 Research approach**

The research approach that will be used for the study will be a deductive research approach. The researcher will formulate some hypotheses that will be either be supported or unsupported by the data collected. The starting point of the research will, therefore, be identification and listing of some statements that the research needs to test and make relevant conclusions and recommendations regarding place branding. The hypothesis that will be formulated will be based on existing literature, past research as well have already formulated theories related to the topic in question. The deductive research approach will be appropriate for the study because there is a couple of main studies that can be used to develop hypothesis to be tested. Moreover, the city branding scale developed by Gilboa et. al. (2015) provides an initial understanding to how place brand image may be perceived among the investors. The works of Galan et. al. (2007) on the basis of the IDP paradigm, which looked at the factors that affect FDI attraction and Braun et. al. (2014) research derived from the theories of corporate branding and the works of Kavaratzis (2004, 2008) on the how three different strategies used for place brand communication affect FDI attraction, creates a good source of hypothesis formulation. So using the model developed by Braun et. al. (2014) we can understand the relationship between place brand communications and place brand image and ultimately its effects in attracting FDI.

Additionally, the deductive approach will be appropriate for the study because it will help achieve the set aims. To confirm or disprove established theoretical ideas, deductive arguments rely on the re-formulation of an established model or presupposition (Blaikie, 2010). An important characteristic of a deductive approach is the development and hypothesis testing in an orderly way to guarantee that the assessment is highly repeatable, which is crucial for demonstrating the coherence of a research, as per Saunders et al. (2018). The deductive framework's emphasis on generalising conclusions is also another noteworthy aspect of the approach (Easterby-Smith et al., 2015). While the inductive

approach aims at developing theory as emerging from data, it does not follow a structured or prescriptive pathway to achieve the same (Saunders et al., 2018; Ketokivi and Mantere, 2010). Because the inductive approach is based on subjectivity and is not deterministic, unlike deductive approach, the researcher of the present study did not find it appropriate for this research. Two different ways of looking at the same problem are available: descriptive and exploratory. Both of these approaches follow a different path. To build conceptual or holistic theories, a scholar uses deductive reasoning and empirical facts to examine them (Creswell 2013; Saunders et. al, 2012). However, the inductive technique is the exact polar opposite of the deductive strategy. For example, the inductive technique starts with particular instances of discoveries and ends up with a general research conclusion or understanding.

It is also possible for academics to use an abductive reasoning method; however, this is not appropriate for the current study since it seeks first to understand and then to develop new propositions that are evaluated experimentally (Kovács & Spens, 2005; Wheeldon, 2010). Real-world outcomes are the starting point of an abductive technique, which concludes with empirical investigations (Kovács & Spens, 2005). However, genuine research starts with objective validation. Consequently, an abductive method is not applicable for this investigation. Because the major purpose of the research is to evaluate the theory and the postulated correlations, the current study has used a deductive approach.

#### **4.4 Research Method**

Three primary research methodologies are discussed by Saunders et al. (2019), including quantitative and mixed methods. Interpretivism is supported by Creswell & Poth (2016) in qualitative research. It is subjective in the sense that researchers must rationally interpret the event under study's qualitative and socially established meanings (Saunders et al., 2019). In addition, qualitative analysis is mostly associated with an inductive research strategy, according to Saunders et al. (2019). Qualitative research has a number of advantages over quantitative research, including the ability to work with small samples, the inability to draw conclusions that can be observed as objective, the ability to collect specific, interpretable, subjective data, and the ability to collect qualitative data from a wide range of participants. When comparing quantitative and qualitative research, the main benefit of qualitative is that it provides an in-depth description and analysis of a study topic without restricting the size of a sample size (Collis & Hussey, 2013). A researcher's talents and skills

are critical to the value of qualitative analysis, yet the results cannot be considered accurate since they are dependent on the researcher's own beliefs and expectations. For this reason, findings from small samples of qualitative sampling should not be interpreted as representing the views of a larger population (Bell, 2014).

The qualitative approach differs substantially from the quantitative technique in terms of methodology. Most quantitative studies use pre-established and highly structured data collection procedures, which are generally connected with positivist research philosophy (Saunders et al., 2019). In quantitative research, however, two types of data must be distinguished: data pertaining to the characteristics of people or organisations, and data based on the expectations of specific individuals (qualitative data). Saunders et al. (2019) state that while using quantitative analysis, researchers frequently use a deductive research strategy in which the major focus is on analysing a hypothesis or logical construct. Measuring effects and outlining processes are the primary concerns of quantitative methods (McMillan & Schumacher, 2010).

One of the most important advantages of quantitative analysis is that it enables the researcher to gather data from large surveys, verify a hypothesis, and develop an analytical and empirical link between two variables (Creswell & Creswell, 2017). It is believed that participants' differing viewpoints and experiences would match within a pre-built verified measure when using quantitative approaches. In order to generalise the conclusions from the acquired data, i.e., generalisation, the quantitative analytic technique normally involves a random selection of a large sample that embodies the core of the study (Creswell & Creswell, 2017). Quantitative research uses a logical technique and does not allow participants to express themselves in their native language, which is not a need for other forms of analysis. Quantitative analysts are meant to remain objective throughout the data collection phase (Patton, 2014). The research design that will be used for the study is the quantitative research design. This will involve the collection of statistical data regarding the issues being investigated. The data collected in the field will be tallied to create data that numerically makes sense to the use of place branding to promote FDI attraction. The use of the quantitative research design will help generate data that will be effective in either disproving or proving the hypothesis developed beforehand. The appropriateness of the design will be demonstrated by the fact that it matches the chosen research approach since they both support research that analyze information to either support or unsupport the hypothesis. Furthermore, the design will help in ensuring that the aims and objectives of the study are achieved.

Accordingly, the current study has concentrated on the use of the quantitative methodology since this approach allows for numerical evaluations and comparisons among a large number of respondents. The findings of the closed-ended survey enabled the researcher identify a consistent pattern in the responses of the participants. Quantitative techniques helped the researcher collect a comprehensive and generalizable collection of data, as well as clearly summarise the results (Muijs, 2010). Thus, for the above stipulated reasons, and since the present study is seeking to identify an empirical relationship between place brand communication strategies, place brand image, and FDI attractiveness, the use of the quantitative method is ideal and well-suited.

#### **4.5 Research Strategy**

Saunders, Lewis, and Thornhill (2012) underlined the importance of having a well-defined research plan for all types of research that is directed by the study's core purpose and question. According to Johannesson and Perjons (2014), a research strategy is an overall plan that enables researchers to work toward and monitor the achievement of a study objective. Saunders, Lewis, and Thornhill (2012) classify techniques as follows: survey, case study, experiment, ethnography, grounded theory, action research, and archive research.

Personal questionnaires, drop-off studies, and digital surveys could all be used to gather information. After weighing the benefits and drawbacks of each of these choices, web-based surveys were chosen as the primary data collection technique for this study. Surveys can be completed quickly by responders, saving managers both time and cost (Easterby-Smith et al., 2015). The number of people who participate in questionnaires may rise as a result of follow-up alerts, according to study (Bethlehem & Biffignandi 2011). Notwithstanding a faster response time, digital surveys tend to have smaller sample sizes than traditional formats of surveys due to several reasons such as the survey being from an unknown sender, respondents having survey fatigue, and forgotten surveys (Wu, Zhao, & Fils-Aime, 2022). Self-reported surveys have the advantage of eliminating researcher bias. Respondents' replies may be influenced by factors such as their ethnicity, sex, and social context. Apparently, potential effects from the researcher are excluded from self-completion questionnaires since no researcher is involved throughout the process of filling out online surveys (Bryman & Bell, 2018). A substantial majority of the self-report surveys may be sent out at the same time by mail or another method of distribution. A large number of

surveys may be sent in by electronic mail, but this will take a very long time for investigators to conduct surveys with the specified sample size, often with the assistance of a team (Saunders et al., 2018).

Thus, the present research conducted a survey wherein the survey instrument was shared with the sample population. The thesis first set out to get the consent of institutions for the research to be distributed to their employees. The set consent form along with the online questionnaire was then sent to human resource department of each institution. The requirements for the potential participants to be working in the field of FDI was clearly stated to the HR department of each institution to ensure the requirements of the research. The potential respondents also were required to sign a consent form to be included in the study.

The survey was based on a five-point Likert scale in order to ensure an appropriate degree of variability to the responses. Further, it made the questionnaire easier to comprehend for the responders (Thanasegaran, 2009). The Likert scale was useful in this regard since it allowed for the collection of interval data. To apply cutting-edge data analysis methods, such information must be collected. In addition, having a well-defined scale allows for the ability of checking for leniency mistakes, which are characterized by overly positive or negative evaluations. Due to the point-by-point labelling that improved the classifier of the scale, respondents were able to make more accurate and well-informed judgments.

## **4.6 Time Horizons**

The researchers have access to both longitudinal and cross-sectional time spans. Long-term experiments continuously monitor the examined phenomena in order to ascertain long-term progress. The longitudinal design is often used to answer basic questions such as "Has there been progress through time?" (1995; Bouma & Atkinson). For instance, a researcher may undertake an organisational survey over a period of years to see if structural changes have happened in areas such as human resource management and organisational relations.

Cross-sectional research, in compared to longitudinal studies, is a form of 'snapshot,' occurring at a particular moment in time (Saunders et al., 2012). According to Bryman (2006), nearly 200 social science studies employed a cross-sectional strategy. This is because the bulk of academic study on leadership and management is conducted within a finite period of time. Despite the fact that cross-sectional data study is time-independent, a

survey technique is often utilised (Easterby-Smith et al., 2015). As a consequence, the design was cross-sectional.

Due to the fact that the majority of cross-sectional studies include a single respondent, this kind of study is considered particularly sensitive to the method's likely frequent variance (Jap and Anderson, 2004). Longitudinal studies are often recommended as a solution because they restrict cognitive access to previously collected predictor answers, reducing the possibility that these earlier responses may impact present reactions to outcome variables (Hawk & Aldag, 1990; Podsakoff & Organ, 1986). It is critical to stress that this proclivity is a product of the whole research process, including evaluation procedures, participant selection, and study environment (Ostroff, Kinicki, & Clark, 2002). As Podsakoff et al. (2003) found, the likelihood of these three aspects occurring may be minimised by using a range of survey design options, all of which can be used in a cross-sectional study.

#### **4.7 Sampling strategy and size**

Two of the most often used sampling techniques are probability sampling and non-probability sampling. The sample population is chosen randomly in a probability sampling approach. As a result, researchers may be certain that their results accurately reflect the population at large. In comparison, a non-probability sampling strategy selects the sample population based on known characteristics. This research employs probability sampling.

The researcher may choose a random sample, a stratified sample, a cluster sample, or a systematic sample. A "simple random sample" is one in which each instance in the population has an equal chance of being included. While generalizability is strong, when this sampling strategy is utilised, the standard error is considerable. Despite this, this sampling technique is very externally valid and facilitates data processing (Acharya et al., 2013). Random samples are taken from each stratum (or subgroup) of the population in stratified sampling. Natural subgroups exist. When constructing subgroups, the size of the firm, the gender of the workers, and the vocation of the employees should all be considered (to name but a few). When a population is very variable, stratified sampling may be employed to collect data. It was founded to guarantee that everyone has a voice (Ackoff, 1953). Cluster sampling is a two-step technique that divides people into clusters or groups according to geographical regions or districts such as villages, schools, and wards/blocks. It is more often employed in epidemiological research than in clinical research. The first

subject is chosen at random, while subsequent individuals are selected by a periodic sampling method. Systematic sampling involves selecting the  $k$ th item from the target population after dividing the total number of items within the population by the sample size required. The initial beginning point is determined randomly, and then the  $k$ th number on the list is picked.

Given the difficulties of covering the whole population, sampling becomes a critical component of research (Creswell & Clark, 2010). Using a basic random selection procedure, researchers selected the study's sample. As Easterby-Smith et al. (2015) emphasise, simple random sampling is a very effective strategy for selecting quantitative research samples. Using this strategy, each individual in the population has an equal chance of getting selected and becoming a part of the sample. This sampling approach facilitates the collecting of a large number of well-aligned samples with respect to the study's goals. In terms of the procedure for selecting the sample, the researcher first created a database of potential respondents using the database of freezones (free zones are zones in which foreign investors can have full ownership of companies in the UAE), the UAE ministry of economy and planning and FDI government bodies (i.e Dubai FDI, Sharjah FDI office). The database served as a directory which shows the set of companies that have invested in the UAE and the government agencies working in the field of FDI. Secondly, the thesis got the consent of the potential institutions for the research to be distributed to their interested employees. The requirements for the potential participants to be working in the field of FDI was clearly stated to the HR department of each institution to ensure the requirements of the research. The potential respondents also were required to sign a consent form to be included in the study. This dataset was assigned a random number and the survey was sent to the randomly selected individual from the dataset. In addition, to increase the sample size and response rate for the survey, the survey link was shared for interested individuals to participate in.

Additionally, Saunders, Thornhill, and Lewis (2012) observed that a simple random sampling strategy is useful since it minimises the possibility of researcher bias influencing sample selection. In other words, the researcher's sample of respondents taken from family-owned businesses is not guided by any pre-established subjective criteria, and so the technique is effective for picking the study's sample.

Tabachnick and Fidell (2001) suggested that a sample size of 200 is appropriate and reasonable. The author indicated that the greater the number, the better; yet, for a quantitative investigation, a sample size of 200 may be considered enough. Following this,

the sample size for the study has been set at 200. The formula for calculating the sample size is provided below.

$$S = \frac{x^2 N P (1-P)}{d^2 (N-1) + x^2 P (1-P)}$$

Where,

S = Sample size needed

N = Total population being studied

P = Population ratio at 0.5

d = Degree of accuracy at 0.05

x<sup>2</sup> = 3.84 at degree of freedom 1 and 95% level of Confidence

Based on the above formula, the minimum sample size needed would be 384 for a population of 1 Million or more.

However, since the population size is unknown, sample size can be determined based on the number of latent variables (Pallant, 2016). In other words, the sample size needs to be,

$$N > 50 + 8k \text{ (where k is the number of independent variables)}$$

$$N > 50 + 8 (6)$$

$$N > 98$$

Therefore, the minimum sample size that is needed for this study is 98. However, in order to obtain a higher degree of accuracy, a larger sample size is established. Thus, in the present study, the chosen sample size is 200 based on the above information.

## 4.8 Data Collection

Surveys are the most frequently used kind of analysis, and they are beneficial in exploratory, informative studies that seek to reflect certain truths and circumstances. When using a survey-based questionnaire, only a small segment of the target population will be reached. It is important to choose a survey testing method that is both cost-effective and of high utility. Based on a review of the philosophical conceptions and positivist theories

employed in this study, the survey approach is considered a viable option since it is cost-effective compared to alternative options (Bell, 2002). Using surveys to gather information was chosen for this study since it is a simple and efficient method that has been widely adopted by researchers in business and management fields (Saunders et al., 2019). In addition, surveys enable the researcher to increase the generalizability of the data collected (Majis, 2010). Moreover, it has the ability to cover a large range of responses. Two types of surveys are utilised in business and management research: self-administered and researcher-administered (Easterby-Smith et al., 2015). The current research used a survey questionnaire for a variety of reasons. To begin, survey questions enable the collection of accurate and trustworthy data. As a consequence, Türel (2011) asserts that the study's findings are more believable. Due to the fact that many of the research's results had never been reviewed before, this was a critical factor to consider in this particular study. Due to the ease with which questionnaire surveys may be assessed in comparison to other methodologies, such as interviews, quantitative findings can be obtained more quickly and precisely. Quantitative simplicity is required for studies requiring the input of vast volumes of data into statistical analysis systems (e.g., SmartPLS). Finally, questionnaires enable scientific data analysis, which enhances the study's objectivity.

As a researcher, the main objective is to collect high-quality data that will enable to adequately and totally address all of the research questions. When a researcher strives for greatness, a delicate balance between quality and cost must be struck. The researcher established data collection procedures in this regard in order to maximise survey response rates and minimise instances of respondents omitting certain questions. According to Zikmund et al. (2010), characteristics such as clear and understandable questions, the use of a Likert scale, the presence of an effective cover letter are critical for delivering a high-quality survey.

**Table 4: Questionnaire on the mediating role of place brand image in the relationship between PBSC and FDI**

Item scale	Survey Questions	Measurement	Label	Source
PBCS	In your opinion does Place branding via promotional activities (advertising, public relations) effect place brand image	1 = Strongly disagree; 5 = strongly agree	SECONDARY	Braun, E., Eshuis, J. & HansKlijn, E. (2014). The effectiveness of place brand communication. Cities: Vol 41, Part A, December

				2014, Pages 64-70.
PBCS	In your opinion does Place branding via marketing campaigns (logo design, catch phrases) effect place brand image	1 = Strongly disagree; 5 = strongly agree	SECONDARY	Braun, E., Eshuis, J. & HansKlijn, E. (2014). The effectiveness of place brand communication. Cities: Vol 41, Part A, December 2014, Pages 64-70.
PBCS	In your opinion does the "Place" leadership/government behavior effect place brand image	1 = Strongly disagree; 5 = strongly agree	PRIMARY	Braun, E., Eshuis, J. & HansKlijn, E. (2014). The effectiveness of place brand communication. Cities: Vol 41, Part A, December 2014, Pages 64-70.
PBCS	In your opinion does the "Place" monuments natural/man-made effect place brand image	1 = Strongly disagree; 5 = strongly agree	PRIMARY	Braun, E., Eshuis, J. & HansKlijn, E. (2014). The effectiveness of place brand communication. Cities: Vol 41, Part A, December 2014, Pages 64-70.
PBCS	In your opinion does media representation of the place effect place brand image	1 = Strongly disagree; 5 = strongly agree	TERTIARY	Braun, E., Eshuis, J. & HansKlijn, E. (2014). The effectiveness of place brand communication. Cities: Vol 41, Part A, December 2014, Pages 64-70.
PBCS	In your opinion does word of mouth/people perceptions effect place brand image	1 = Strongly disagree; 5 = strongly agree	TERTIARY	Braun, E., Eshuis, J. & HansKlijn, E. (2014). The effectiveness of place brand communication. Cities: Vol 41, Part A, December 2014, Pages 64-70.

FDI attraction	Low labour costs (workforce) attracts FDI	1 = important 5= not very important	FDI_Labour	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. <i>Journal of International Business Studies</i> 38, 975–997
FDI attraction	Low transportation/logistics costs (supply and distribution) attracts FDI	1 = important 5= not very important	FDI_logistics	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. <i>Journal of International Business Studies</i> 38, 975–997
FDI attraction	Low cost of raw materials, energy and water attracts FDI	1 = important 5= not very important	FDI_materials	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. <i>Journal of International Business Studies</i> 38, 975–997
FDI attraction	Availability and low costs of land attracts FDI	1 = important 5= not very important	FDI_land	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. <i>Journal of</i>

				International Business Studies 38, 975–997
FDI attraction	Large size of host market attracts FDI	1 = important 5= not very important	FDI_market	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	Growing demand in host markets (potential growth) attracts FDI	1 = important 5= not very important	FDI_growth	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	Low level of competition in host markets attracts FDI	1 = important 5= not very important	FDI_competition	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	Very well-developed infrastructures attract FDI	1 = important 5= not very important	FDI_INFRA	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs:

				an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	High industrial concentration (industrial parks, technology networks, etc.) attracts FDI	1 = important 5= not very important	FDI_INFRA1	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	Availability and expertise of workforce attracts FDI	1 = important 5= not very important	FDI_workforce	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	Access to reliable and cooperative suppliers attracts FDI	1 = important 5= not very important	FDI_suppliers	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	Technologically advanced country (learning opportunities) attracts FDI	1 = important 5= not very important	FDI_Tech	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007).

				Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	Political stability attracts FDI	1 = important 5= not very important	FDI_POL	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	International trade agreements attract FDI	1 = important 5= not very important	FDI_trade	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997
FDI attraction	Tax reduction incentives in host market attracts FDI	1 = important 5= not very important	FDI_Tax	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies 38, 975–997

FDI attraction	Standard of living and public services attracts FDI	1 = important 5= not very important	FDI_SOL	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. <i>Journal of International Business Studies</i> 38, 975–997
FDI attraction	Attitude of the community towards the firm attracts FDI	1 = important 5= not very important	FDI_attitude	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. <i>Journal of International Business Studies</i> 38, 975–997
FDI attraction	Cultural affinity between the firm and the host country attracts FDI	1 = important 5= not very important	FDI_culture	Galan, J., Gonzalez-Benito, J. and Zuniga-Vicente, J. (2007). Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. <i>Journal of International Business Studies</i> 38, 975–997
FDI attraction	Place Brand Image attracts FDI	1 = important 5= not very important	FDI_PB	Fan, Y. (2009) “A conceptual model for nation image and its implications for future research”.
Place brand image dimensions	I perceive place brand image through the Environment of the place (pollution)	1 = strongly agree 5= strongly disagree	PI_pollution	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R.

				(2015) A summated rating scale for measuring city image Cities 44, pp 50–59
Place brand image dimensions	I perceive place brand image through the Green Spaces of the place	1 = strongly agree 5= strongly disagree	PI_enviroment	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50–59
	I perceive place brand image through architecture of the place			
	I perceive place brand image through infrastructure of the place			
	I perceive place brand image through the people of the place			
	I perceive place brand image through the government behaviour			
Place brand image dimensions	I perceive place brand image through the Availability of Tourism facilities (restaurants, parks)	1 = strongly agree 5= strongly disagree	PI_tourism	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50–59
Place brand image dimensions	I perceive place brand image through its Historical sites	1 = strongly agree 5= strongly disagree	PI_historical	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50–59

Place brand image dimensions	I perceive place brand image through its Cultural activities	1 = strongly agree 5= strongly disagree	PI_culture	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50-59
Place brand image dimensions	I perceive place brand image through the Availability of Recreational Facilities	1 = strongly agree 5= strongly disagree	PI_recreation	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50-59
Place brand image dimensions	I perceive place brand image through the Safety of the place	1 = strongly agree 5= strongly disagree	PI_safety	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50-59
Place brand image dimensions	I perceive place brand image through the crime rate of the place	1 = strongly agree 5= strongly disagree	PI_crime	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50-59
Place brand image dimensions	I perceive place brand image through the number of Bank branches in the place	1 = strongly agree 5= strongly disagree	PI_PS1	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50-59

Place brand image dimensions	I perceive place brand image through the number of Medical Facilities in the place	1 = strongly agree 5= strongly disagree	PI_PS2	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50–59
Place brand image dimensions	I perceive place brand image through the number of post office branches in the place	1 = strongly agree 5= strongly disagree	PI_PS3	Gilboaa,S. , Jaffea, E., Vianellib, D., Pastorec, A. & Hersteind, R. (2015) A summated rating scale for measuring city image Cities 44, pp 50–59

#### 4.9 Data Analysis

Identifying missing values and outliers will be the first step in the research. The remaining missing data will be restored using the mean imputation approach if the percentage of missing data is more than 5%. A variety of statistical properties including normality, multicollinearity, and homoscedasticity will be scrutinised. A single factor test and Partial Correlation with a Marker Variable will be used to check for common technique bias in this study. Furthermore, non-response bias will be investigated. Additionally, construct validity and reliability will indeed be evaluated, as well as discriminant validity.

SEM (search engine marketing) enables researchers to evaluate characteristics that are not readily apparent (Hair et al., 2017). SEM may be used as an additional approach by the researcher to correct for any measurement errors in the independent data (Chin 1998). Because inaccurate predictions and conclusions may be made by decoupling concept from observation, this allows for simultaneous evaluation of theory and evaluation (Lowry & Gaskin 2014). Regression-based approaches like SEM (Lowry and Gaskin, 2014) seem unable to evaluate nonlinear frameworks because of this.

The two most common SEM models in data gathering are covariance-based (CB-SEM) and variance-based (PLS). In order for CB-SEM to operate, it is necessary to use a big dataset to determine hyperparameters like the conceptual covariance matrix provided by the supplied model's structural equations framework (Henseler et al., 2012, p. 252).

Measurements are equally balanced when applied to exogenous concepts. In light of this premise, CB-SEM is predicated on (Hair et al., 2019). SEM may be done using AMOS and LISREL.

Variance-based PLS has been more popular in recent decades (Henseler, Ringle & Sinkovics, 2009; Sambamurthy & Chin, 1994). While CB-SEM uses a component-based method, PLS uses a component-based approach to soft modelling. PLS must be used in research to identify new basic principles since models are complicated and the sample size is small (Henseler et al., 2009; Hair et al., 2019). Among the many higher-order constructs in the model's structure is a mixture of reflecting and generating structures. Theoretical frameworks may be used by researchers to construct prediction perspectives while also conducting studies to analyse the many relationships between the factors (Fornell & Bookstein, 1982; Hair et al., 2019; Chin, Marcolin & Newsted 2003; Henseler et al., 2009).

PLS-SEM and SmartPLS 3.3 were used to analyse the data in this investigation (Ringle et al., 2015). The hypothesised model's numerous interconnected linkages led to this conclusion. The research also requires a somewhat more robust prediction framework, which cannot be achieved with CB-SEM. As a result of its resilience, PLS-SEM has become a prominent management and strategy research tool (Gruber et al., 2010; Bontis et al., 2007; Sattler et al., 2010). As a consequence, it was also utilised in this inquiry.

#### **4.10 Reliability and Validity**

The degree to which a study's results are truthful and trustworthy is determined by the validity and reliability of the questionnaire used to gather data. The degree to which the researcher's selected test instruments accurately measured the study qualities he or she desired to examine is known as validity (Drost, 2011). As a contrast, dependability relates to how accurate and consistent the study's results are throughout time (Silverman, 2016). There are three types of validity in questionnaires: material, concept, and external validity. When it comes to content validity, a researcher aims to guarantee that all aspects and qualities of the phrase in question have been considered (Saunders et al., 2009). The inclusion of previously validated measures helped to assure the study's validity in terms of its content.

However, construct validity refers to the extent to which the questionnaire's examined questions accurately reflect the questionnaire's theoretical components. According to Hair et al. (2010), the questionnaire questions should be used to measure and describe

how the instrument functions and how its implementation is seen. In accordance with Hair et al. standards, a PLS-based SEM was performed to evaluate concept validity (2017). There were also evaluations of the product's interior performance and durability, as well as its composite dependability. Additionally, the recovered average variance was used to evaluate convergent validity. Finally, the Fornell-Larcker and heterotrait-monotrait ratios were used to examine discriminant validity (Hair et al., 2017).

#### **4.11 Pilot Study**

A pilot study is the foundation of a solid research design. In reality, a pilot study is a crucial first step in all sorts of research, and this is true for all types of research investigations. A pilot study is a small-scale test of the techniques and processes that will be used on a larger scale (Saunders et al., 2018). Thus, a pilot study is essentially a test run of the full-scale research to be conducted later (Bell et al., 2022). This is done both to evaluate a research instrument and to see whether a proposed research process is appropriate for the study (van Teijlingen & Hundley, 2001). Feasibility research will examine the original research's operational limitations and detail the necessities, including time and cost (Gudmundsdottir & Brock-Utne, 2010). As per Bryman and Bell, following conducting pilot tests, the researchers are expected to assess the precision and efficacy of the recommended research methods (2016). In this sense, the pilot phase of a study is crucial for determining the feasibility of the whole investigation and reducing the potential for problems and setbacks to occur. Concerns regarding the survey instrument's reliability and validity, such as those affecting face, concept, and convergent and discriminant, might well be revealed through this investigation (Bell et al., 2022).

In terms of the sample size, there are few published recommendations about the sample size necessary for pilot research. According to the research by Billingham et al. (2013), while all investigations must have a sample size rationale, some types of research do not need a sample size determination. Their research, nevertheless, found that a formalized sample size calculation may not be adequate for preliminary studies. Typically, 10–20% of the primary sample size is sufficient for completing the pilot research (Baker, 1994). Thus, in the present study, the researcher conducted the pilot study with 25 responses. The researcher obtained organisational approval to conduct the study and shared the survey questionnaire link with the HR department who then forwarded the survey to the employees.

The demographic characteristics of the respondents (N=25) are depicted in the below table.

**Table 5: Demographics of the study**

Age	Frequency	Percent
18-24 years old	1	4.0
25-35 years old	8	32.0
36-45 years old	7	28.0
46-55 years old	7	28.0
Above 56	2	8.0
Total	25	100.0
Gender	Frequency	Percent
Male	15	60.0
Female	10	40.0
Total	25	100.0
City of Work	Frequency	Percent
Abu Dhabi	7	28.0
Dubai	8	32.0
Sharjah	10	40.0
Total	25	100.0
Education	Frequency	Percent
High School	2	8.0
Graduation	14	56.0
Post Graduate	9	36.0
Total	25	100.0
Government vs Private	Frequency	Percent
Government	22	88.0
Private	3	12.0
Total	25	100.0

Furthermore, FDI attraction had a mean of 73 (SD=10.28), place brand communication strategies had a mean of 23.92 (SD=4.13), and place brand image had a mean of 40.72 (SD=7.99). For testing the reliability of the measures, the use of Cronbach's Alpha was employed. The results indicated that the reliability and validity of the constructs was appropriate. For instance, the Cronbach's Alpha value for FDI attraction ( $\alpha=0.921$ ), for place brand image ( $\alpha=0.927$ ), and for place brand communication ( $\alpha=0.902$ ) were above the threshold of 0.7 thereby indicating strong internal consistency. Thus, there was no need to make changes to the survey questions or items as they were well-understood by the respondents and the reliability was robust. One change that did occur was in relation to the research process which involved the HR managers sending the surveys to their employees. This led to a high waiting time as the HR managers have their own administrative duties, which led to delays in them sharing the survey link to the employees. Furthermore, retrospectively, there could be a potential influence of social desirability bias when the survey was shared by the HR managers. To mitigate these issues, the researcher signed an NDA with the organisation and was provided with the direct email of the employees. This led to the researcher contacting the respondents themselves for the survey in a streamlined

manner. Since the email details are personal identifiers, the data has already deleted as per the policy of data confidentiality and privacy.

#### **4.12 Ethical considerations**

This research will be conducted with the strictest ethical standards to assure the participants' health and ethical behaviour. Numerous precautions will be made to guarantee that the testing technique is ethical. The first and most critical step would be to notify prospective responders of the study's purpose. This will be done via the use of an informed consent form that will ensure respondents are aware of the study's purpose and are eager to participate. The ethical standards that the research will meet will further include informed consent. This will be a process in which each participant will be required to voluntarily confirm that he or she is willingly and voluntarily participating in the study (Yip, Han and Sng, 2016, pp. 685). The survey will therefore include an informed consent form that the participants can read through and click that they agree to be part of the study. The information in the informed consent form will include the aims and objectives of the study and the kind of information that the participant will be required to share. The language used to communicate this information will be simple to ensure that everyone understands before clicking that they agree. The ethical standards that the study will meet will further include getting approval from the different boards. Every regulatory body that is involved in the issue of FDI will be sought to give their approval to ensure that the study is legal and that the results obtained can be published. This will be done before the research process begins, a move that will help ensure that the findings and report are not dismissed or disqualified. The study will work within the regulations set by the different boards to ensure that the participants are protected from any form of harm.

The second stage will be to advise responders that their information will be used purely for educational reasons and will be treated with the strictest confidentiality and anonymity possible. The research will not collect personal data such as names or national identification numbers. Furthermore, any data that could be used to identify the participants will not be published in the research report. The protection of the identity of the participants will also involve the researcher ensuring that the data collected is only accessed by the people involved in the analysis process. These precautions will help ensure that participation in the study does not in any way harm the participants. The researcher will communicate clearly to

the participants about the precautions that will be undertaken to protect their identity. This will help instil confidence in the participants and increase their chances of being honest in the answers they share, thus, increased accuracy of the study. Thirdly, responders will be informed that their data will not be shared with any other parties. The fourth purpose of the data is to preserve the respondents' personal information in order to safeguard their privacy and confidentiality. Additionally, no remuneration will be paid to respondents who choose to engage in this study, and no damage will be done to respondents who decline to participate in this research. Furthermore, participation will be completely discretionary. Finally, respondents will be told that if they choose to withdraw their data at any point throughout the research, they may do so without incurring any negative consequences or consequences.

### **4.13 Conclusion**

To summarise the main points of this chapter. As stated by Saunders et. al. (2018) researchers need to adopt specific philosophical stances that can direct how they perceive reality and what form of knowledge is considered acceptable. That said this study will adopt the ontological perspective. Since the nature of reality is subjective whereby the reality is said to be created by social actors. In the present study, place brand image, FDI attraction, and place brand communication strategies are dependent on the perceptions of the respondents. In terms of epistemology, despite the fact that a subjective ontological perspective has been adopted, in terms of the most acceptable knowledge, the present study has adopted an objective stance. In other words, this is due to the primary aim of the research wherein the relationship between the latent constructs such as place brand image, FDI attraction, and place brand communication strategies needs to be quantified. Thus, objective knowledge is the ideal and most suited to this study. That said the positivist paradigm was adopted by the researcher. The positivism philosophy will aid the research in achieving the set aims and goals.

The research approach that will be used for the study will be a deductive research approach. The researcher will formulate some hypotheses that will be either be supported or not by the data collected. The starting point of the research will, therefore, be identification and listing of some statements that the research needs to test and prove either right or wrong and make relevant conclusions and recommendations regarding place branding. The hypothesis that will be formulated will be based on existing literature, past research as well have already formulated theories related to the topic in question. The deductive research

approach will be appropriate for the study because there is a couple of main studies that can be used to develop hypothesis to be tested. Thus, for the above stipulated reasons, and since the present study is seeking to identify an empirical relationship between place brand communication strategies, place brand image, and FDI attractiveness, the use of the quantitative method is ideal and well-suited. In terms of the sampling method the research will employ probability sampling and will use structured surveys to collect the data. The data will then be analysed using SmartPLS. The hypothesised model's numerous interconnected linkages led to this conclusion. As a result of its resilience, PLS-SEM has become a prominent management and strategy research tool (Gruber et al., 2010; Bontis et al., 2007; Sattler et al., 2010). As a consequence, it was also utilised in this inquiry.

This research will be conducted with the strictest ethical standards to assure the participants' health and ethical behaviour. Numerous precautions will be made to guarantee that the testing technique is ethical. The first and most critical step would be to notify prospective responders of the study's purpose. The second stage will be to advise responders that their information will be used purely for educational reasons and will be treated with the strictest confidentiality and anonymity possible. Thirdly, responders will be informed that their data will not be shared with any other parties. Finally, respondents will be told that if they choose to withdraw their data at any point throughout the research, they may do so without incurring any negative consequences or consequences.

## **CHAPTER FIVE: DATA ANALYSIS**

### **5.1 Introduction**

The present chapter presents the results of the data analysis that was carried out to evaluate the relationships between place brand communication, place brand image, and attracting FDI. To this end, the response rate and completeness of the data were analysed first, followed by a preliminary analysis. Following this, an EFA and reliability analysis was conducted, which was followed by a common method bias analysis. Having done so, the chapter also presents the descriptive analysis and moves on to conduct the structured equation modelling. In this, the chapter outlines the outer model, the construct reliability and validity, as well as the convergent & discriminant validity. Finally, the chapter conducts hypothesis testing and outlines the results of the direct and mediating influences, multi-group analysis, and group differences.

### **5.2 Response Rate and Completeness**

The survey was sent to a total of 500 potential respondents as an online survey. Out of 500 respondents, a total of 238 respondents completed and returned the survey, thereby generating an effective rate of 47.6%. To take part in the survey the respondents had to highlight that they are working in the field of FDI.

The data were evaluated for missing values, and it was identified that there were no missing values in the data. Following this, an outlier analysis was carried out. Outliers are instances within a data collection that have values that are substantially different from those seen elsewhere in the data set (Pallant, 2012). Due to the strong correlations created by outliers, the research findings may be significantly distorted (Pallant, 2012). Outliers may exist for one of three reasons: they may reflect erroneous data input, missing values classified as real values, or a sample population that is not included in the study's sample (Tabachnick & Fidell, 2012). Outliers are classified as multivariate or univariate in most cases. Univariate outliers are those that occur in a single variable of the research, while multivariate outliers occur in several variables of the study. Multivariate outliers have the potential to inflict more harm than univariate outliers (Tabachnick & Fidell, 2012). The Mahalanobis distance was employed in this research to identify any possible outliers. Multiple linear regression analysis was used to determine this distance. The Mahalanobis distance analysis revealed

that this data set lacked multivariate outliers. As a result, the existence of outliers was not addressed in this study.

### **5.3 Preliminary Analysis**

In multivariate analysis, it's essential to estimate whether or not the data distribution is normal. This is because one of the basic premises of multivariate studies is that the distribution is normal. Using multivariate analytic methods that presume normalcy in the face of non-normality may provide inaccurate or useless findings (Tabachnick, Fidell & Ullman, 2007). Testing for normality is possible using methods such as the Kolmogorov-Smirnov and the Shapiro-Wilk tests. Using these tests, it can be determined whether or not the data follows a certain distribution. The findings are shown in the table below.

**Table 6: Tests of Normality**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
PBCS_Marketing	.380	238	.000	.721	238	.000
PBCS_Promotion	.446	238	.000	.592	238	.000
PBCS_behaviour	.429	238	.000	.639	238	.000
PBCS_Monuments	.416	238	.000	.675	238	.000
PBCS_WOM	.410	238	.000	.684	238	.000
PBCS_Media	.434	238	.000	.635	238	.000
FDI_INFRA	.375	238	.000	.666	238	.000
FDI_INFRA1	.402	238	.000	.644	238	.000
FDI_tech	.394	238	.000	.636	238	.000
FDI_SOL	.413	238	.000	.610	238	.000
FDI_Labour	.296	238	.000	.710	238	.000
FDI_workforce	.296	238	.000	.719	238	.000
FDI_market	.303	238	.000	.691	238	.000
FDI_competition	.308	238	.000	.702	238	.000
FDI_growth	.280	238	.000	.729	238	.000
FDI_tax	.312	238	.000	.689	238	.000
FDI_trade	.308	238	.000	.703	238	.000
FDI_logistics	.429	238	.000	.561	238	.000
FDI_materials	.415	238	.000	.577	238	.000
FDI_land	.404	238	.000	.605	238	.000
FDI_suppliers	.417	238	.000	.582	238	.000
FDI_POL	.319	238	.000	.691	238	.000
FDI_attitude	.425	238	.000	.604	238	.000
FDI_culture	.413	238	.000	.613	238	.000
PI_pollution	.437	238	.000	.606	238	.000
PI_enviroment	.429	238	.000	.624	238	.000
PI_historical	.448	238	.000	.598	238	.000
PI_cultural	.427	238	.000	.632	238	.000
PI_safety	.441	238	.000	.613	238	.000
PI_crime	.437	238	.000	.601	238	.000
PI_public_services1	.463	238	.000	.554	238	.000
PI_public_services2	.459	238	.000	.585	238	.000
PI_public_services3	.468	238	.000	.535	238	.000
PI_recreation	.468	238	.000	.549	238	.000
PI_tourism	.457	238	.000	.564	238	.000

As the results presented in the above table are significant, the hypothesis that the data does not follow a normal distribution is accepted. However, although the Kolmogorov-Smirnov and Shapiro-Wilk tests conduct bootstrapping processes that are regarded as very robust when the data does not follow a normal distribution, the tests do not provide insight into the extent to which the data deviates from a normal distribution (Hair et al., 2017). When evaluating a dataset for normalcy and identifying specific patterns, a variety of metrics

should be used, such as skewness and kurtosis. Skewness measures the data's symmetrical arrangement, while kurtosis measures the data's 'peakedness'" (Hair et al., 2017). Skewness and kurtosis values of a data set must be near zero for data to be deemed normally dispersed. It was noted by Hair et al. (2017) that the kurtosis and skewness value should be in the range of +/-1 for normal distribution.

**Table 7: Skewness and kurtosis**

	N		Skewness	Kurtosis
	Valid	Missing		
PBCS_Marketing	238	0	-1.565	2.989
PBCS_Promotion	238	0	-2.028	4.978
PBCS_behaviour	238	0	-1.832	4.639
PBCS_Monuments	238	0	-1.558	3.400
PBCS_WOM	238	0	-1.646	2.837
PBCS_Media	238	0	-1.813	3.805
FDI_INFRA	238	0	-1.442	4.983
FDI_INFRA1	238	0	-1.425	4.306
FDI_tech	238	0	-1.560	5.505
FDI_SOL	238	0	-1.783	6.253
FDI_Labour	238	0	-1.371	4.308
FDI_workforce	238	0	-1.262	3.211
FDI_market	238	0	-1.637	4.766
FDI_competition	238	0	-1.574	4.478
FDI_growth	238	0	-1.024	2.014
FDI_tax	238	0	-1.695	5.291
FDI_trade	238	0	-1.431	4.227
FDI_logistics	238	0	-2.262	7.807
FDI_materials	238	0	-2.088	8.183
FDI_land	238	0	-1.886	7.246
FDI_suppliers	238	0	-1.891	7.296
FDI_POL	238	0	-1.694	4.635
FDI_attitude	238	0	-1.795	5.348
FDI_culture	238	0	-1.769	5.917
PI_pollution	238	0	-2.016	4.780
PI_enviroment	238	0	-1.776	4.678
PI_historical	238	0	-1.956	4.657
PI_cultural	238	0	-1.889	4.558
PI_safety	238	0	-1.891	4.443
PI_crime	238	0	-2.090	5.468
PI_public_services1	238	0	-2.191	5.747
PI_public_services2	238	0	-1.959	4.275

PI_public_services3	238	0	-2.315	5.866
PI_recreation	238	0	-2.131	5.453
PI_tourism	238	0	-2.167	5.592

The following table shows that the skewness values vary from -2.315 to -1.024, while the kurtosis values range from 2.014 to 8.183. Both skewness and kurtosis scores indicate the presence of excess skewness and kurtosis in the dataset. Nevertheless, this does not suggest that the data is problematic and only indicates that parametric tests with assumptions of normality cannot be employed in the present research. Even though the overall skewness and kurtosis values are high, the majority of the values are within acceptable limits.

Numerous studies have suggested that the maximum skewness criteria should be more than 3.00 and greater than 10.00 for kurtosis (e.g., Hu, Bentler & Kano 1992; Schumacher & Lomax 1996). The fact that none of the skewness or kurtosis values surpassed these maximum threshold values indicated that the data were normally distributed—and, as previously mentioned, non-normality was not a significant issue for the dataset utilised in this research. The PLS-SEM technique used in this study, according to Hair et al. (2017), is capable of handling data that isn't perfectly normal and doesn't presume that the data is normally distributed. Still, due to the higher values of kurtosis and skewness, it was considered appropriate to consider tests of non-parametric nature to ensure that the violation of normality does not affect the validity of the results.

#### **5.4 EFA and Reliability Analysis**

To establish the dimension and conceptual structure of the causal variables, an Exploratory Factor Analysis (EFA) was conducted (Hair et al., 2010, 2017). Three latent constructs are assessed in this research using 35 questions drawn from existing literature and developed from the study's underlying theory. Because these items were created independently, an EFA was considered essential to ensure that the assessed constructs included consistent and purified items (Hair et al., 2010).

EFA is a multimodal, interconnected analysis that enables researchers to deduce the underlying dimension of the study's concepts or variables (Hair et al., 2010, 2017). EFA was used to summarise and reduce data, which entails condensing the elements into a more purified collection for primary data analysis (Hair et al., 2009).

While performing the EFA, rather than allowing all of the items to load together, the items believed to belong to a certain latent construct were permitted to load together. This was justified on the grounds that when all variables are permitted to load simultaneously, regardless of their relationship, they may load simultaneously, resulting in the formation of a false association without an adequate theoretical foundation (Field, 2005). Additionally, in order to get the optimal outcome, it is important to become acquainted with the factorial structure prior to performing any additional research.

To ensure that the EFA findings are accurate and trustworthy, the research data must be examined for adequate interrelationships (Hair et al., 2010). As a result, Bartlett's test of sphericity was used to determine the importance of the data matrices' intercorrelations. Then, using the Kaiser-Meyer-Olkin (KMO) method, the "degree of intercorrelations between variables and the appropriateness of factor analysis" were determined (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014, p. 102). This exam verifies sample size and provides knowledge of how to utilise EFA for further investigation. The minimal criterion for the test is 0.6 and, in certain instances, 0.5. (Hair et al., 2014). Values less than 0.5 are regarded as unsatisfactory, and the data is declared unsuitable for EFA.

After determining the suitability of EFA, the researcher needed to choose the technique of extraction to appropriately define the fundamental structure of data; a two-pronged approach for analysing data involves two separate steps: component analysis and common factor analysis (Hair et al., 2010). When it comes to selecting an extraction technique, there are two assumptions that must be made: the first is the assumption of explained and unexplained variance for every given variable, and the second is that the factors influencing the variability must be properly identified. In summary, it is essential to understand how much variance is shared and how much is not shared across variables. One way to think about the total variance of a variable is to think of it as containing three separate but common components: overall variance, specific variance, and error variance (Hair et al., 2014). The overall variance that includes the three variances is assessed in this research.

The component analysis or principal components analysis (PCA) is based on the measure of the total variance. PCA takes into account the entire variance and generates components with low amounts of unique variance and, in certain cases, error variance (Hair et al. 2014, p. 105). PCA has been proposed by Hair et al. (2014) as a means of data reduction and when it is clear that only a tiny part of the overall variance is due to the error variance

and the unique variance. The research fulfils the component analysis requirements; therefore, PCA was chosen as the extraction technique.

There are several fundamental distinctions between PCA and common factor analysis (Fabrigar & Wegener 2012; Widaman 2007). To begin with, PCA was created with the purpose of reducing correlations rather than detecting correlations. In other words, PCA is a process that is best seen as a way of maximising information by choosing a set of useful features to represent the latent variable (Fabrigar & Wegener 2012). While PCA models the unique or specific variance to be zero, the common factor model assumes that all variances are equal (Fabrigar & Wegener 2012).

The next element to consider is the number of variables to extract. Hair et al. (2010) provides various techniques for estimating the number of variables to extract, including latent root analysis, a priori, percentage of variance, scree test, and participant variability. When the data is heterogeneous, the investigators may choose to extract components based on their eigenvalue (more than 1), a set number of factors, a predetermined variance explained (greater than 60%), and the existence of significant common variance. The latent root criterion was used in this study because the researcher desired to determine the number of factors formed per latent construct. The researcher used the PCA technique to extract components and focused on those with an eigenvalue higher than one.

As Hair et al. (2014) propose, the next step is to evaluate the variables. Factor rotation is the most often used technique in factor analysis (Hair et al., 2014). Rotation is a data model optimisation technique that involves rotating the reference axis of the components until they reach a new location (Hair et al., 2014; Thomson, 2004). This rotation creates a more meaningful pattern, which is then utilised to analyse the EFA findings. There are two common rotational methods: orthogonal and oblique (Hair et al. 2014). While orthogonal rotation maintains the reference axes at 90 degrees, oblique rotation does not (Hair et al., 2014). Due to the restricted availability of oblique rotation in statistical programs and the limitations of the underlying analytical methods, it was not selected (Hair et al., 2014). As a result, orthogonal rotations were utilised to accomplish the factor rotation in this research.

There are many kinds of orthogonal rotations, including Varimax, Quartimax, and Equimax. Due to the goal of data reduction and simplicity in this study, Varimax with Kaiser Normalization was selected as the rotational method, which concurrently normalises and de-normalises the data as needed for the specified rotation (Kaiser, 1958). The Varimax rotation method employs a procedure that results in the greatest feasible data simplicity and focuses

only on the columns of the data matrix, resulting in a larger separation of the components (Hair et al., 2014). On the other hand, the Quartimax rotation method is not helpful for data matrix reduction (Hair et al., 2017) since it concentrates only on the rows of the data matrix and results in an item with very high loading on one component and a very low loading on the other factors. Finally, the third method, Equimax rotation, which is a mixture of the previous two approaches and focuses on both the row and column of the data matrix, is not frequently utilised owing to its lack of robustness and was thus omitted from this study. As a result, the Varimax rotation was the optimal rotation for this research.

It is critical to examine the factor loadings at this stage. The factor loadings indicate the degree of connection between each factor and its associated variables (Hair et al., 2014). In other words, factor loadings reflect the significance assigned to each specific component in the study (Brown 2015). Although 0.4 is the widely recognised threshold for factor loading, any factor loading more than 0.5 is regarded as optimum and of greater practical importance (Field 2005; Tabachnick & Fidell 2012). Additionally, Hair et al. (2014) observed that if the factor loading is greater than 0.7, the factor accounts for more than 50% of the variance in the variable. To create a simpler and much streamlined factor matrix, all factor loadings more than 0.5 were examined, while all values less than 0.5 were suppressed. In terms of practical relevance, this research follows Hair et al. (2014) 's recommendation and therefore considers loadings greater than 0.7 to be practically important.

Additionally, the researcher should examine communalities, which are a representation of the variance of a measured item that is carried by all the components that comprise the factor (Hair et al., 2006). Brown (2015) proposed that communality may also be used as a proxy for the dependability of a specific item within the component. Another critical metric for understanding the factor solution is the solution's percentage of variance extracted (Hair et al. 2014). According to the authors, an acceptable solution should account for at least 60% of the variability in a factor model. The communality threshold is set at 0.5. Hair et al. (2014) add, however, that if a poor communality item correlates to a well-defined component, a researcher should consider keeping it. Given that dimension reduction methods are designed to discover items that have a common variance, it is recommended that any item with a communality score greater than 0.2 be preserved (Child 2006). The current research used a criterion for communalities and calculated the proportion of variance based on these established criteria.

Based on the above discussion, it can be determined that in this study, the Bartlett's Test of Sphericity is significant, the KMO is 0.6, PCA is used, and the threshold of total variance explained is set to 60%, factors are chosen using the Kaiser criteria, and the eigenvalues are set to 1, Varimax Rotation is used, and the threshold of factor loadings and communalities is set to 0.5.

Bartlett's Test of Sphericity and KMO's Measure of Sampling Adequacy were all performed prior to undertaking the EFA. Accordingly, the following table summarises the conceptual structure of the studied variables, as well as Bartlett's Test of Sphericity, KMO, eigenvalues, percentage of total variance explained, factor loadings, and communalities.

**Table 8: Exploratory Factor Analysis**

Code	Construct/Item	K M O	Bartlett's Test of Sphericity	Eigen value	Total Variance	Commun alities	Rotated Factor Loadings
<b>Foreign Direct Investment</b>							
		0.9 36	$\chi^2 (153) = 70921.1,$ $p < 0.01$		84.14%		
<b>Component 1 – Macro Factors</b>							
FDI_INFRA	Very well-developed infrastructures attract FDI					0.77	0.795
FDI_INFRA 1	High industrial concentration (industrial parks, technology networks, etc.) attracts FDI					0.852	0.848
FDI_tech	Technologically advanced country (learning opportunities) attracts FDI					0.823	0.854
FDI_SOL	Standard of living and public services attracts FDI					0.831	0.86
FDI_logistics	Low transportation/logistics costs (supply and distribution) attract FDI					0.788	0.759
FDI_materials	Low cost of raw materials, energy and water, attracts FDI					0.804	0.779
FDI_land	Availability and low costs of land attracts FDI					0.805	0.757
FDI_suppliers	Access to reliable and cooperative suppliers attracts FDI					0.798	0.776
FDI_attitude	Attitude of the community towards the firm attracts FDI					0.848	0.844
FDI_culture	Cultural affinity between the firm and the host country attracts FDI					0.816	0.819
<b>Component 2 – Market Factors</b>							
FDI_Labour	Low labour costs (workforce) attracts FDI					0.867	0.853
FDI_workforce	Availability and expertise of workforce attracts FDI					0.902	0.873
FDI_market	Large size of host market attracts FDI					0.899	0.873
FDI_competition	Low level of competition in host markets attracts FDI					0.882	0.848
FDI_growth	Growing demand in host markets (potential growth) attracts FDI					0.904	0.888

FDI_tax	Tax reduction incentives in host market attracts FDI					0.824	0.811
FDI_trade	International trade agreements attracts FDI					0.845	0.819
FDI_POL	Political stability attracts FDI					0.887	0.816
<b>Place Brand Image</b>							
		0.961	$\chi^2 (55) = 3418.18,$ $p < 0.01$			81.73%	
PI_pollution	I perceive place brand image through the Environment of the place (pollution)					0.852	0.923
PI_environment	I perceive place brand image through the Green Spaces of the place					0.763	0.873
PI_historical	I perceive place brand image through its Historical sites					0.849	0.921
PI_cultural	I perceive place brand image through its Cultural activities					0.785	0.886
PI_safety	I perceive place brand image through the Safety of the place					0.836	0.914
PI_crime	I perceive place brand image through the crime rate of the place					0.827	0.91
PI_public_services1	I perceive place brand image through the number of Bank branches in the place					0.806	0.898
PI_public_services2	I perceive place brand image through the number of Medical Facilities in the place					0.818	0.904
PI_public_services3	I perceive place brand image through the number of post office branches in the place					0.816	0.903
PI_recreation	I perceive place brand image through the Availability of Recreational Facilities					0.812	0.901
PI_tourism	I perceive place brand image through the Availability of Tourism facilities (restaurants, parks)					0.832	0.912
<b>Place brand communication strategies</b>							
		0.92	$\chi^2 (15) = 978.73,$ $p < 0.01$			85.68%	
	<b>Component 1 - Primary</b>						
PBCS_Behaviour	In your opinion does the "Place" leadership/government behaviour effect place brand image					0.863	0.799
PBCS_Monuments	In your opinion does the "Place" monuments natural/man-made effect place brand image					0.855	0.796

	<b>Component 2 - Secondary</b>						
PBCS_Promotion	In your opinion does place branding via promotional activities (advertising, public relations) effect place brand image					0.851	0.767
PBCS_Marketing	In your opinion does Place branding via marketing campaigns (logo design, catch phrases) effect place brand image					0.957	0.858
	<b>Component 3 - Tertiary</b>						
PBCS_Media	In your opinion does media representation of the place effect place brand image					0.76	0.763
PBCS_WOM	In your opinion does word of mouth/people perceptions effect place brand image					0.854	0.633

## 5.5 Common Method Bias

Harman's single-factor test is perhaps one of the most often employed methods by studies to address the issue of method variance. Aulakh and Gecturk (2000) and Organ and Greene (1981) recommend researchers who utilise this method should first put all the latent components into exploratory factor analysis and examine the unrounded factor model in order to evaluate how many factors are needed for variance assessment in the model. The technique is predicated on the assumption that when large quantities of common method variation exist, one of two things occurs: either a single dimension emerges via factor analysis, or multiple dimensions cover the majority of the inter-measure correlation. Recently, some researchers who use the method have employed confirmatory factor analysis (CFA) to conduct a more sophisticated test of the hypothesis that a single component can account for all their variations (Iverson & Maguire, 2000; Mossholder et al., 1998).

When a single unrotated variable matrix contains all of the variables in the study, and a single factor accounts for more than half of the variance, common method bias is considered to exist (Harman, 1976). Following this, each latent construct was fed into a PCA, and the answer was not permitted to rotate. In the study given below, the single variable that could load accounted for 34.42 per cent of the total variance. Common method bias seemed unlikely in this instance, given that the explained variable was less than 50%.

**Table 9: Harman's Single Factor Test**

<i>Total Variance Explained</i>						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.047	34.421	34.421	12.047	34.421	34.421
2	8.080	23.084	57.505			
3	5.443	15.551	73.056			
4	3.141	8.973	82.029			
5	1.457	4.163	86.192			
6	.709	2.026	88.218			
7	.588	1.680	89.898			
8	.497	1.421	91.320			
9	.403	1.151	92.471			
10	.332	.948	93.419			
11	.254	.724	94.143			
12	.219	.626	94.769			
13	.197	.564	95.333			
14	.173	.495	95.828			
15	.167	.477	96.305			
16	.148	.422	96.727			
17	.139	.397	97.123			
18	.125	.356	97.479			
19	.109	.311	97.790			
20	.102	.290	98.081			
21	.096	.275	98.356			
22	.084	.239	98.594			
23	.076	.216	98.810			
24	.065	.186	98.996			
25	.056	.161	99.157			
26	.052	.149	99.306			
27	.048	.138	99.444			
28	.044	.127	99.571			
29	.042	.119	99.691			
30	.032	.093	99.783			
31	.023	.065	99.849			
32	.021	.060	99.909			
33	.015	.042	99.951			
34	.010	.028	99.979			
35	.007	.021	100.000			

Extraction Method: Principal Component Analysis.

## 5.6 Descriptive Statistics

The respondents' characteristics were analysed to evaluate the representativeness of the sample. Out of the 238 respondents, 55.9% of the respondents were female (n=133, N=238), and the remaining 44.1% of the respondents were males. In terms of educational characteristics, 72.3% (n=172, N=238) of the respondents were graduates, 26.1% (n=62, N=238) were postgraduates, and the remaining 1.7% (n=4, N=238) had up to a high school education. In terms of the age of the respondents, as depicted in the below table, 40.2%

(n=100, N=238) of the respondents were 25 to 35 years old, 30.3% (n=72, N=238) of the respondents were 36 to 45 years old, 18.9% (n=45, N=238) of the respondents were 46 to 55 years old, 5.9% (n=7, N= 238) of the respondents were older than 56 years, and the remaining 2.9% (n=7, N=238) were 18 to 24 years old.

Furthermore, 69.7% (n=166, N=238) of the respondents worked in Dubai, 19.3% (n=46, N=238) of the respondents worked in Abu Dhabi, 9.2% (n=22, N=238) of the respondents worked in Sharjah, and the remaining 1.7% (n=4, N=238) worked in Ajman. Moreover, 53.4% (n=127, N=238) of the respondents worked in the private sector, while the remaining 46.6% (n=111, N=238) worked in the government sector.

**Table 10: Demographic Characteristics**

<b>Gender</b>				
	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Male	105	44.1	44.1	44.1
Female	133	55.9	55.9	100
Total	238	100	100	
<b>Education</b>				
	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
High School	4	1.7	1.7	1.7
Graduation	172	72.3	72.3	73.9
Post Graduate	62	26.1	26.1	100
Total	238	100	100	
<b>Age</b>				
	<b>Frequency</b>	<b>Per cent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
18-24 years old	7	2.9	2.9	2.9
25-35 years old	100	42	42	45
36-45 years old	72	30.3	30.3	75.2
46-55 years old	45	18.9	18.9	94.1
Above 56	14	5.9	5.9	100
Total	238	100	100	
<b>City of Work</b>				
	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Abu Dhabi	46	19.3	19.3	19.3
Dubai	166	69.7	69.7	89.1
Sharjah	22	9.2	9.2	98.3
Ajman	4	1.7	1.7	100
Total	238	100	100	
<b>Government or Private</b>				
	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Government	111	46.6	46.6	46.6

Private	127	53.4	53.4	100
Total	238	100	100	

## 5.7 Structural Equation Modelling

SEM is a second-generation method that enables researchers to quantify unseen factors through indicators (Hair et al., 2017). Additionally, SEM enables the researcher to adjust for any measurement mistakes in the observed variables (Chin 1998). Additionally, it enables the simultaneous evaluation of measurement and theory, which is advantageous since separating theory and measurement may result in false predictions and conclusions (Lowry & Gaskin 2014). Additionally, Lowry and Gaskin (2014) say that SEM enables researchers to evaluate multistage models—a task that first-generation methods such as regression are incapable of doing.

There are two main kinds of SEM: covariance-based SEM (CB-SEM) and variance-based partial least squares (PLS) route modelling. A big dataset is needed for CB-SEM, which is used to ‘estimate a set of model parameters, the difference between the theoretical covariance matrix indicated by the given model’s structural equations system (Henseler et al., 2012, p. 252). Additionally, CB-SEM has based on the premise that the latent constructs are reflective in character and that the predictors have evenly distributed weights (Hair et al., 2019). CB-SEM is often performed using software like AMOS and LISREL.

In the last several decades, the usage of variance-based PLS has increased in research (Henseler, Ringle & Sinkovics 2009; Lee 1997; Sambamurthy & Chin 1994). PLS is a component-based method to soft modelling that is conceptually distinct from AMOS. PLS is suggested for research that seeks to uncover new theoretical foundations and has a limited sample size and a complicated model (Hair et al. 2019; Henseler et al. 2009). A complex model is made up of several higher-order constructs and a mix of reflecting and formative constructions. PLS is also suggested when the study’s objective is to analyse the different interactions between its variables and when the researcher want to create a predictive direction for the theoretical model (Chin, Marcolin & Newsted 2003; Fornell & Bookstein 1982; Hair et al. 2019; Henseler et al. 2009; Hsu & Field 2003).

Additionally, Sarstedt et al. (2020) performed a critical study and discovered that researchers frequently complement SEM studies with extra regression analyses utilising the PROCESS macro to calculate mediator models. Sarstedt et al. (2020) observed that this contradiction is noteworthy in view of the long-standing awareness of regression analysis’s

shortcomings when assessing models containing latent components. Using SEM in composite samples (such as composite and SEM composites), Sarstedt et al. (2020) were able to show precisely how regression and factor-based SEM techniques both suffer from difficulties when assessing highly complicated mediation models. Additionally, Sarstedt et al. (2020) found that when it comes to calculating mediation and conditional frameworks, composite-based SEM methods such as partial least squares (PLS-SEM) are the preferred and better approach and that the PROCESS methodology is superfluous when using PLS-SEM to evaluate mediator.

The researcher analysed the data in this study using PLS-SEM and SmartPLS 3.3.3. (Ringle et al., 2015). This was determined owing to the hypothesised model being a higher-order model and being very complicated due to the existence of higher-order components that cannot be directly assessed. PLS-SEM has been widely utilised in management and strategy research because of its resilience (Bontis et al., 2007; Drengner et al., 2008; Gruber et al., 2010; Henning-Thurau et al. 2007; Robins et al. 2002; Sattler et al. 2010). As a result, it was also used in this research.

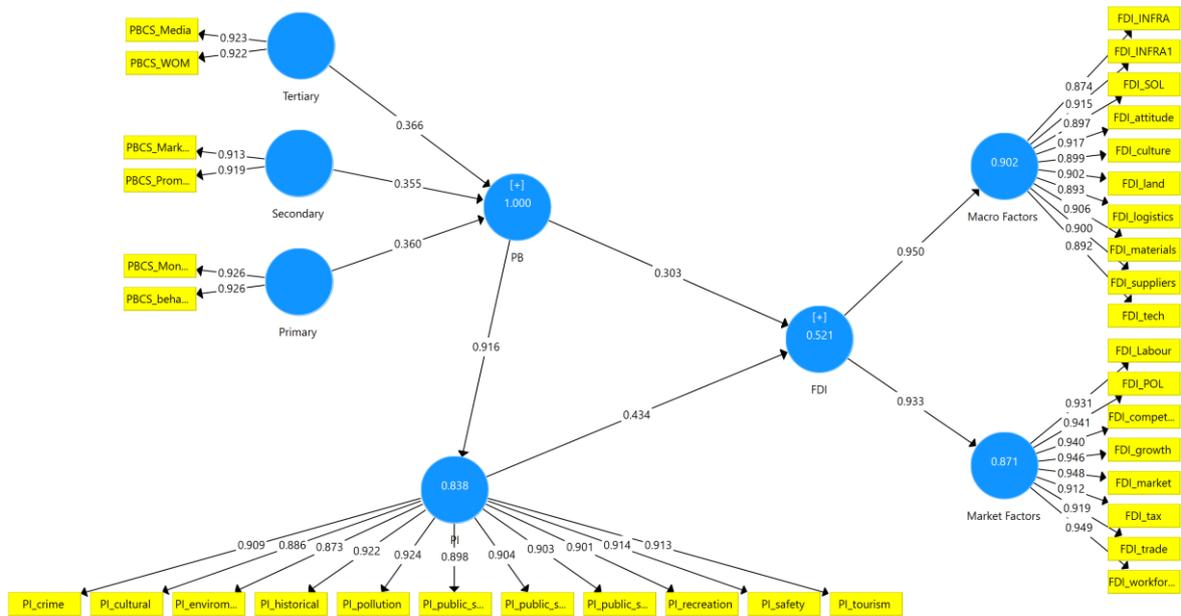
**5.7.1 Outer Model**

Hair et al. (2017) argue that researchers should also examine the path loadings of the outer model in order to ensure that all components in a single construct are strongly linked with the latent construct. The authors consider path loadings greater than or equal to 0.7 to be acceptable. Increased path loadings indicate an improvement in the dependability of the indicator (Hair et al., 2017). Additionally, the scientists discovered that when researchers use relatively new scales, they get lower loadings. Path loadings have been set to a minimum of 0.6, and any items having path loadings less than 0.6 must be deleted. The following table and figure summarise the items’ path loadings in relation to their latent constructions and indicates that all the items in the model depict strong path loadings (>0.8).

**Table 11: Path Loadings of the Model**

	FDI	PI	PBCS Primary	PBCS Secondary	PBCS Tertiary
FDI_INFRA	0.874				
FDI_INFRA1	0.915				
FDI_tech	0.892				
FDI_SOL	0.897				

FDI_logistics	0.893				
FDI_materials	0.906				
FDI_land	0.902				
FDI_suppliers	0.9				
FDI_attitude	0.917				
FDI_culture	0.899				
FDI_Labour		0.931			
FDI_workforce		0.949			
FDI_market		0.948			
FDI_competition		0.94			
FDI_growth		0.946			
FDI_tax		0.912			
FDI_trade		0.919			
FDI_POL		0.941			
PI_pollution		0.924			
PI_enviroment		0.873			
PI_historical		0.922			
PI_cultural		0.886			
PI_safety		0.914			
PI_crime		0.909			
PI_public_services 1		0.898			
PI_public_services 2		0.904			
PI_public_services 3		0.903			
PI_recreation		0.901			
PI_tourism		0.913			
PBCS_Behaviour			0.926		
PBCS_Monuments			0.926		
PBCS_Promotion				0.919	
PBCS_Marketing				0.913	
PBCS_Media					0.923
PBCS_WOM					0.922



**Figure 5: Path Analysis of the Model**

### Construct Reliability & Validity

In 1904, Spearman introduced the concept of consistency into measurement theory. Reliability, as defined by Peter (1979), is the extent to which observations are error-free and reliably produce the same results when successive tests are conducted. Dependability, on the other hand, relates to the consistency and repeatability of empirical measures. When a measure has strong relationships between its components, it is considered very reliable. Internal consistency is a widely accepted method for evaluating the reliability of a metric.

Internal consistency is a term that relates to how homogeneous a collection of measurement items is. Internal consistency may be estimated using two main techniques: the split-half approach and the Cronbach alpha method. The split-half method equally splits the scale's components into two groups. The dependability is calculated by the connection between the scores of the two halves. This approach, however, is not suitable if the scale includes a limited number of items. This is because a scale with an inadequate number of components, particularly fewer than three, is intrinsically unreliable (Peterson, 1994). According to recognised practice, the Cronbach alpha coefficient is used to evaluate dependability in research (Cronbach, 1951), which not only addresses the aforementioned problems but is also the most often used technique in management studies (Narver and Slater, 1990).

Furthermore, the composite reliability (CR) and average variance extracted (AVE) are calculated. According to Hair et al. (2010), AVE values greater than 0.5 are considered acceptable. Discriminant validity measures the degree to which the characteristics of one distinct idea are dissimilar to those of another independent concept (Bagozzi & Phillips 1982). The literature has several techniques for calculating AVE, but according to the literature, the most common method is to pair the components and see whether the AVE matches the square of the correlations between two or more constructs (Fornell & Larcker 1982). When the AVE value surpasses the correlation coefficient, it is considered to have a high degree of discriminant validity (Fornell & Larcker 1981).

The following table summarises the findings of the concept reliability and validity assessment. As seen in the following table, all latent constructs have a Cronbach's Alpha value higher than or equal to the minimal criterion of 0.7. Additionally, the composite reliability analysis indicates that all latent constructs have a coefficient of determination higher than 0.8. Finally, the AVE values in the following table exceed the 0.5 minimum criterion. Thus, it can be stated that the current model has a high degree of construct reliability and validity.

**Table 12: Construct Reliability and Validity**

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Macro Factors	0.974	0.977	0.809
FDI Market Factors	0.98	0.981	0.744
PB	0.98	0.983	0.876
PI	0.925	0.941	0.726
Primary	0.978	0.98	0.818
Secondary	0.834	0.923	0.857
Tertiary	0.809	0.913	0.839
	0.825	0.92	0.851

### 5.7.2 Convergent & Discriminant Validity

Numerous different kinds of validation techniques are often used to assess the robustness of a measure. Construct validity has received the bulk of attention in management research. It reflects the extent to which one measure is related to another in a manner

consistent with theoretical concepts (Hair et al., 2010). Nunnally (1967) suggested that the amount of construct validity may be determined using convergent and discriminate validity.

The convergent validity of two or more measures of the same construct relates to the degree to which they are alike, whereas the discriminant validity of conceptually distinct concepts evaluates the dissimilarity of measures. By performing a statistical test and factor analysis, it is possible to investigate the covariance representation of the model (Bagozzi and Phillips, 1991). To determine the concept validity, either exploratory factor analysis (EFA) or confirmatory factor analysis may be employed (CFA). According to Kelloway (1995), it is irrational to conduct exploratory and confirmatory investigations on the same set of data. As a consequence, the study suggests that CFA is preferable to EFA, as some scholars believe that EFA has inherent limitations. Bollen (1989) noted that EFA is particularly beneficial early in the research process as a preliminary investigation for theory formulation but is inadequate for later theory testing.

Additionally, Anderson and Gerbing (1988) argued that EFA lacks a clear test for uni-dimensionality, the degree to which a collection of signals reflects a single underlying idea. On the other hand, CFA provides a much more detailed and precise assessment of the model’s inferred one-dimensionality (Anderson and Gerbing, 1988; Kline, 2010). In conclusion, it can be shown that CFA is the most effective method for determining the convergent and discriminant validity of concepts.

Hair et al. (2017) suggested analysing cross-loadings to further demonstrate the model’s discriminant validity. When discriminant validity is confirmed, analysing the cross-loadings would show that an item’s associations with its related latent constructs are greater than its associations with unrelated constructs (Hair et al., 2017). If this criterion is not fulfilled, it is stated that a discriminant validity issue exists. The following table summarises the cross-loadings and demonstrates that no item association is higher than the correlation with its latent parent variable.

**Table 13: Cross-Loadings**

	Macro Factors	FDI	Market Factors	PB	PI	Primary	Secondary	Tertiary
FDI_INFRA	0.874	0.83	0.675	0.563	0.561	0.504	0.539	0.519
FDI_INFRA	0.874	0.83	0.675	0.563	0.561	0.504	0.539	0.519
FDI_INFRA1	0.915	0.863	0.695	0.577	0.591	0.529	0.552	0.52

FDI_INFRA1	0.915	0.863	0.695	0.577	0.591	0.529	0.552	0.52
FDI_Labour	0.707	0.861	0.931	0.615	0.628	0.579	0.573	0.553
FDI_Labour	0.707	0.861	0.931	0.615	0.628	0.579	0.573	0.553
FDI_POL	0.776	0.905	0.941	0.662	0.664	0.614	0.618	0.605
FDI_POL	0.776	0.905	0.941	0.662	0.664	0.614	0.618	0.605
FDI_SOL	0.897	0.829	0.647	0.584	0.58	0.489	0.561	0.569
FDI_SOL	0.897	0.829	0.647	0.584	0.58	0.489	0.561	0.569
FDI_attitude	0.917	0.863	0.693	0.616	0.621	0.529	0.602	0.578
FDI_attitude	0.917	0.863	0.693	0.616	0.621	0.529	0.602	0.578
FDI_competition	0.732	0.88	0.94	0.627	0.639	0.582	0.589	0.568
FDI_competition	0.732	0.88	0.94	0.627	0.639	0.582	0.589	0.568
FDI_culture	0.899	0.854	0.695	0.619	0.617	0.532	0.62	0.566
FDI_culture	0.899	0.854	0.695	0.619	0.617	0.532	0.62	0.566
FDI_growth	0.695	0.861	0.946	0.571	0.599	0.536	0.521	0.528
FDI_growth	0.695	0.861	0.946	0.571	0.599	0.536	0.521	0.528
FDI_land	0.902	0.879	0.742	0.593	0.599	0.563	0.536	0.545
FDI_land	0.902	0.879	0.742	0.593	0.599	0.563	0.536	0.545
FDI_logistics	0.893	0.866	0.726	0.608	0.622	0.553	0.554	0.579
FDI_logistics	0.893	0.866	0.726	0.608	0.622	0.553	0.554	0.579
FDI_market	0.713	0.873	0.948	0.646	0.656	0.607	0.607	0.58
FDI_market	0.713	0.873	0.948	0.646	0.656	0.607	0.607	0.58
FDI_materials	0.906	0.869	0.718	0.572	0.584	0.529	0.526	0.531
FDI_materials	0.906	0.869	0.718	0.572	0.584	0.529	0.526	0.531
FDI_suppliers	0.9	0.865	0.717	0.596	0.591	0.533	0.552	0.569
FDI_suppliers	0.9	0.865	0.717	0.596	0.591	0.533	0.552	0.569
FDI_tax	0.717	0.857	0.912	0.614	0.63	0.566	0.568	0.568
FDI_tax	0.717	0.857	0.912	0.614	0.63	0.566	0.568	0.568
FDI_tech	0.892	0.826	0.648	0.574	0.569	0.5	0.542	0.551
FDI_tech	0.892	0.826	0.648	0.574	0.569	0.5	0.542	0.551
FDI_trade	0.733	0.87	0.919	0.604	0.634	0.568	0.537	0.571
FDI_trade	0.733	0.87	0.919	0.604	0.634	0.568	0.537	0.571
FDI_workforce	0.718	0.876	0.949	0.624	0.65	0.578	0.6	0.555
FDI_workforce	0.718	0.876	0.949	0.624	0.65	0.578	0.6	0.555
PBCS_Marketing	0.535	0.577	0.552	0.825	0.771	0.671	0.913	0.707
PBCS_Marketing	0.535	0.577	0.552	0.825	0.771	0.671	0.913	0.707
PBCS_Media	0.571	0.601	0.561	0.868	0.792	0.748	0.735	0.923
PBCS_Media	0.571	0.601	0.561	0.868	0.792	0.748	0.735	0.923
PBCS_Monuments	0.549	0.596	0.576	0.851	0.773	0.926	0.684	0.751
PBCS_Monuments	0.549	0.596	0.576	0.851	0.773	0.926	0.684	0.751
PBCS_Promotion	0.601	0.626	0.577	0.855	0.776	0.696	0.919	0.759
PBCS_Promotion	0.601	0.626	0.577	0.855	0.776	0.696	0.919	0.759
PBCS_WOM	0.562	0.594	0.556	0.864	0.799	0.73	0.742	0.922
PBCS_WOM	0.562	0.594	0.556	0.864	0.799	0.73	0.742	0.922
PBCS_behaviour	0.534	0.585	0.57	0.849	0.77	0.926	0.699	0.733

PBCS_behaviour	0.534	0.585	0.57	0.849	0.77	0.926	0.699	0.733
PI_crime	0.59	0.649	0.636	0.79	0.909	0.727	0.733	0.731
PI_cultural	0.613	0.653	0.619	0.78	0.886	0.695	0.725	0.745
PI_enviroment	0.574	0.609	0.574	0.806	0.873	0.724	0.741	0.77
PI_historical	0.603	0.645	0.613	0.858	0.922	0.793	0.782	0.804
PI_pollution	0.669	0.706	0.661	0.861	0.924	0.78	0.817	0.792
PI_public_services1	0.593	0.63	0.593	0.854	0.898	0.779	0.779	0.812
PI_public_services2	0.615	0.652	0.613	0.825	0.904	0.743	0.76	0.785
PI_public_services3	0.542	0.606	0.605	0.841	0.903	0.781	0.771	0.781
PI_recreation	0.544	0.605	0.599	0.831	0.901	0.748	0.759	0.798
PI_safety	0.589	0.639	0.617	0.819	0.914	0.722	0.78	0.769
PI_tourism	0.625	0.674	0.646	0.839	0.913	0.789	0.75	0.789

The Fornell-Larcker criterion, along with cross-validation, is the second most often used measure of discriminant validity. Fornell-Larcker is predicated on the assumption that the variance of a construct is larger than the variation of its associated indicators (Hair et al., 2017, p. 116). On the other hand, Hair et al. (2017) found that discriminant validity evaluations using cross-loadings and the Fornell-Larcker criteria are unsuccessful due to a variety of limitations. For example, the Fornell-Larcker criterion is ineffective when the indicator loadings are only slightly different (Hair et al., 2017). When two variables are highly connected, cross-loadings perform badly. Nonetheless, a Fornell-Larcker analysis is performed, and the results are given in the following table.

**Table 14: Fornell-Larcker Criterion**

	Macro Factors	Market Factors	PI	Primary	Secondary	Tertiary
Country Infrastructure and Conditions	<b>0.9</b>					
Market Conditions and Accessibility	0.774	<b>0.936</b>				
PI	0.66	0.681	<b>0.904</b>			
Primary	0.585	0.619	0.833	<b>0.926</b>		
Secondary	0.621	0.616	0.845	0.746	<b>0.916</b>	
Tertiary	0.614	0.605	0.862	0.801	0.8	<b>0.923</b>

As shown in the above table, the Fornell-Larcker analysis shows no inherent problems with the discriminant validity of the model. However, owing to the limits of cross loading and Fornell-Larcker analysis, further tests are performed to establish confidence in the latent components' discriminant validity.

Henseler et al. (2015) suggested the use of the heterotrait-monotrait ratio (HTMT) to close the discriminant validity gap (Hair et al., 2017). HTMT computes the disattenuated correlation—a measure of the real correlation between two constructs—on the premise that both constructs are fully trustworthy. The maximum result for HTMT is 0.9 (0.85 is a more conservative value that is sometimes used); values higher than this indicates a lack of discriminant validity (Hair et al. 2017; Henseler 2015). The results are present in the below table and indicate that there are some constructs that have values greater than 0.9, thereby indicating that there is low discriminant validity.

**Table 15: HTMT**

	Macro Factors	Market Factors	PI	Primary	Secondary
Country Infrastructure and Conditions					
Market Conditions and Accessibility	0.792				
PI	0.676	0.696			
Primary	0.649	0.685	0.92		
Secondary	0.699	0.692	0.95	0.909	
Tertiary	0.686	0.673	0.96	0.966	0.979

However, in cases such as the above, Hair et al. (2017) have noted that the results need to be anchored using the bootstrapping method. For optimum discriminant validity, the HTMT confidence interval should exclude the value one. While Hair et al. (2017) stated that using HTMT as a test of discriminant validity is satisfactory in isolation, this study provided the results of cross-loadings and the Fornell-Larcker criteria and found that the current study had enough convergent and discriminant validity.

**Table 16: HTMT Bootstrapped**

	Original Sample (O)	Sample Mean (M)	2.50%	97.50%
FDI -> Macro Factors	0.975	0.974	0.956	0.985
Market Factors -> Macro Factors	0.792	0.786	0.684	0.854
Market Factors -> FDI	0.949	0.948	0.919	0.967
PB -> Macro Factors	0.691	0.685	0.537	0.802
PB -> FDI	0.735	0.729	0.606	0.836
PB -> Market Factors	0.697	0.691	0.565	0.791
PI -> Macro Factors	0.676	0.669	0.517	0.782
PI -> FDI	0.726	0.72	0.592	0.818
PI -> Market Factors	0.696	0.691	0.568	0.784
PI -> PB	0.963	0.962	0.932	0.983
Primary -> Macro Factors	0.649	0.642	0.485	0.772

Primary -> FDI	0.705	0.699	0.557	0.814
Primary -> Market Factors	0.685	0.679	0.534	0.787
Primary -> PI	0.922	0.92	0.839	0.982
Secondary -> Macro Factors	0.699	0.691	0.526	0.819
Secondary -> FDI	0.737	0.73	0.581	0.848
Secondary -> Market Conditions and Accessibility	0.692	0.684	0.534	0.807
Tertiary -> Macro Factors	0.686	0.681	0.53	0.802
Tertiary -> FDI	0.72	0.716	0.584	0.828
Tertiary -> Market Factors	0.673	0.668	0.527	0.785

## 5.7 Hypothesis Testing

### 5.8.1 Direct and Mediating Influences

It was hypothesised that place brand image is an important soft factor in FDI attraction (H1). Based on the results of the analysis, it can be stated that this hypothesis is supported whereby place brand image significantly influences FDI attraction ( $\beta=0.434$ ,  $t=3.11$ ,  $p<0.01$ ). Furthermore, it was hypothesised that place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image (H2). The results indicated that there is support for the hypothesis wherein place brand communication strategies significantly influence FDI attraction in the present research ( $\beta=0.303$ ,  $t=2.089$ ,  $p<0.01$ ). Furthermore, the indirect effect of place brand communication strategies on FDI through place brand image was also significant ( $\beta=0.397$ ,  $t=3.093$ ,  $p<0.01$ ). Thus, it can be stated that the stronger the place brand communication strategies, the stronger is the perceived FDI attraction due to the strengthening of place brand image. This is a partial mediation effect as place brand communication strategies can be seen influencing FDI individually as well.

Moreover, it was hypothesised that primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H3). As indicated in the below table, there is no significant relationship between primary place brand communication strategies and FDI, such that the former does not have an influence on FDI attraction ( $\beta=0.111$ ,  $t=1.080$ ,  $p=0.280$ ). However, the indirect effect of primary place brand communication is positive and significant. In other words, there is a full mediation effect that has been identified wherein primary place brand strategies only influences FDI if it enhances the place brand image ( $\beta=0.128$ ,  $t=2.393$ ,  $p<0.05$ ).

It was hypothesised that secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H4). Similar to H3, a full mediation effect has been identified. In other words, secondary place brand communication does not have a significant influence on the FDI of the country ( $\beta=0.166$ ,  $t=1.117$ ,  $p=0.264$ ). However, as indicated, there are a significant mediating effect wherein secondary place brand communication influences FDI only when increasing the extent of place brand image ( $\beta=0.149$ ,  $t=2.176$ ,  $p<0.05$ ).

In addition, it was hypothesised that tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image. The results outlined that tertiary place brand communication did not have a significant direct influence on FDI ( $\beta=0.052$ ,  $t=0.526$ ,  $p=0.599$ ). However, there is a significant indirect influence of tertiary place brand communication on FDI through place brand image. In other words, tertiary place brand communication can only influence FDI when mediated through place brand image ( $\beta=0.152$ ,  $t=2.762$ ,  $p<0.01$ ).

**Table 17: Tests of Mediation effects**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
PI -> FDI	0.433	0.438	0.138	3.13	0.002
Primary -> FDI	0.111	0.1	0.103	1.08	0.28
Primary -> PI	0.296	0.297	0.073	4.05	0
Secondary -> FDI	0.166	0.165	0.149	1.117	0.264
Secondary -> PI	0.343	0.35	0.098	3.499	0
Tertiary -> FDI	0.052	0.059	0.099	0.526	0.599
Tertiary -> PI	0.351	0.342	0.069	5.076	0
Secondary -> PI -> FDI	0.149	0.154	0.068	2.176	0.03
Primary -> PI -> FDI	0.128	0.13	0.054	2.393	0.017
Tertiary -> PI -> FDI	0.152	0.149	0.055	2.762	0.006

It was also hypothesised that place brand communication strategies have a positive impact on attracting FDI (H6). The results indicate support for the hypothesis whereby there

is a positive impact of place brand communication strategies on attracting FDI ( $\beta=0.152$ ,  $t=2.762$ ,  $p<0.01$ ). In other words, place brand communication strategies adopted can be a positive force for attracting FDI.

### **5.8.2 Multi-Group Analysis**

A multi-group analysis approach was used to identify whether government employees and private sector employees that participated in this research had any differences in their opinion of the impact of place brand image and place brand communication strategies on attracting FDI.

It was hypothesised that the government sector perceives place brand image to be an important soft factor in FDI attraction (H7a). The results indicated that there is support for this hypothesis, such that based on the respondents who worked in the government sector, place brand image influences attracting FDI ( $\beta=0.56$ ,  $t=3.89$ ,  $p<0.01$ ). Thus, this hypothesis is supported, and it can be concluded that the government sector employees perceive that there when the place brand image is enhanced, it attracts more FDI. Furthermore, it was also hypothesised that the private sector perceives place brand image to be an important soft factor in FDI attraction (H7b). The results indicate that there is no support for this hypothesis as the private sector respondents did not produce significant results ( $\beta=0.196$ ,  $t=0.848$ ,  $p=0.396$ ). Thus, the private sector employees did not perceive that place brand image enhances the extent of FDI flows into the country.

Similarly, it was hypothesised that the government sector perceives place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image (H8a). The results indicated that there is support for the hypothesis wherein government sector employees perceived that there is a mediating influence of place brand image in the relationship between place brand communication strategies and FDI ( $\beta=0.453$ ,  $t=3.146$ ,  $p<0.01$ ). It was also hypothesised that the private sector perceives place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image (H8b). The results indicated that there is no support for this hypothesis as the private sector respondents did not perceive that place brand image plays a mediating role in the relationship between place brand communication strategies and FDI ( $\beta=0.184$ ,  $t=0.844$ ,  $p=0.399$ ).

Furthermore, it was hypothesised that the government sector perceives primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H9a). The results indicated support for this hypothesis, such that the

government sector perceives that place brand image has a full mediating effect on the relationship between primary place brand communication and FDI ( $\beta=0.178$ ,  $t=1.978$ ,  $p<0.05$ ). Furthermore, it was hypothesised that the private sector perceived primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H9b). The results did not support the hypothesis wherein the private sector do not perceive the mediating effects of place brand image on the relationship between primary place brand communication strategies and FDI ( $\beta=0.061$ ,  $t=0.89$ ,  $p=0.373$ ).

Furthermore, it was hypothesised that the government sector perceives secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H10a). The results provided support for this hypothesis, such that government sector respondents perceived that place brand image mediates the relationship between secondary place brand communication and FDI ( $\beta=0.214$ ,  $t=2.395$ ,  $p<0.05$ ).

In addition, the private sector perceives secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H10b). The results indicated no support for this hypothesis, such that based on the perception of the respondents, place brand image does not mediate the relationship between secondary place brand communication and FDI ( $\beta=0.065$ ,  $t=0.728$ ,  $p=0.467$ ).

It was hypothesised that the government sector perceives tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H11a). This hypothesis was not supported as government sector employees did not perceive that tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image ( $\beta=0.153$ ,  $t=1.84$ ,  $p=0.067$ ). Furthermore, it was hypothesised that the private sector perceives tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H11b). There was no support for this hypothesis, such that the relationship between tertiary place brand communication and FDI is not mediated by place brand image based on the private sector ( $\beta=0.094$ ,  $t=1.068$ ,  $p=0.286$ ).

In addition, it was hypothesised that the government sector perceives place brand communication strategies to have a positive impact on attracting FDI (H12a). This hypothesis was not supported as the government sector employees did not perceive that there is a direct impact of place brand communication strategies on FDI ( $\beta=0.132$ ,  $t=1.066$ ,  $p=0.28$ ). Finally, it was hypothesised that the private sector perceives place brand communication strategies to have a positive impact on attracting FDI (H12b). This

hypothesis was supported such that the private sector employees perceived that place brand communication strategies positively influence attracting FDI ( $\beta=0.55$ ,  $t=2.343$ ,  $p<0.05$ ).

**Table 18: Group-Based Results**

<b>Direct Effects - Government</b>					
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
PI -> FDI	0.578	0.539	0.14	4.135	0
Primary -> FDI	0.079	0.068	0.102	0.777	0.438
Primary -> PI	0.308	0.286	0.127	2.425	0.015
Secondary -> FDI	-0.061	-0.032	0.134	0.455	0.649
Secondary -> PI	0.37	0.38	0.159	2.333	0.02
Tertiary -> FDI	0.12	0.107	0.096	1.248	0.212
Tertiary -> PI	0.265	0.243	0.131	2.026	0.043
<b>Direct Effects - Private</b>					
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
PI -> FDI	0.221	0.25	0.223	0.994	0.32
Primary -> FDI	0.189	0.17	0.163	1.159	0.247
Primary -> PI	0.277	0.273	0.087	3.207	0.001
Secondary -> FDI	0.403	0.368	0.171	2.356	0.019
Secondary -> PI	0.292	0.313	0.116	2.512	0.012
Tertiary -> FDI	-0.022	0.003	0.183	0.118	0.906
Tertiary -> PI	0.426	0.408	0.083	5.131	0
<b>Mediating Effects - Government</b>					
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Secondary -> PI -> FDI	0.214	0.2	0.089	2.395	0.017
Primary -> PI -> FDI	0.178	0.16	0.09	1.978	0.048
Tertiary -> PI -> FDI	0.153	0.139	0.084	1.835	0.067
<b>Mediating Effects - Private</b>					
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Secondary -> PI -> FDI	0.065	0.082	0.089	0.728	0.467

Primary -> PI -> FDI	0.061	0.069	0.069	0.891	0.373
Tertiary -> PI -> FDI	0.094	0.097	0.088	1.068	0.286

A multi-group analysis was also conducted to identify if there was any difference in the perceptions of the impacts between the government and private sector. As is indicated in the below table, differences in perceptions of the impact of place brand communication on FDI and of place brand image on FDI differ significantly. In other words, government sector employees perceive these effects to be significant while private-sector employees do not.

**Table 19: A multi-group analysis**

	Path Coefficients Original (Government)	Path Coefficients Original (Private)	Path Coefficients Mean (Government)	Path Coefficients Mean (Private)	STDEV (Government)	STDEV (Private)	t-Value (Government)	t-Value (Private)	p-Value (Government)	p-Value (Private)
PBCS -> FDI	0.132	0.555	0.128	0.543	0.123	0.227	1.077	2.445	0.282	0.015
PBCS -> PI	0.803	0.939	0.765	0.939	0.137	0.014	5.854	65.404	0	0
PI -> FDI	0.564	0.196	0.539	0.202	0.153	0.222	3.695	0.885	0	0.376

## 5.8 Group Differences

Group difference tests such as independent samples t-test and one-way ANOVA were used to evaluate the group differences in the perceptions of the responses following the above multi-group analysis. For instance, the below t-test indicates that there is a significant difference between the perceptions of the respondents for FDI, place brand image, and place brand communication based on whether they work at government or private institutions. Based on the below results, it can be concluded that there is a significant difference between the respondents, such that government employees perceive a greater extent of FDI as compared to private employees (MD=5.84, SD=1.37, t=4.27, p<0.05). Similarly, government employees also perceive higher levels of place brand image relative to private employees (MD=3.47, SD=0.98, t=3.53, p<0.05). Finally, in terms of place brand communication, a similar trend was noted in that the government employees perceived

higher levels of place brand communication strategies relative to those working in the private sector (MD=1.79, SD=0.54, t=3.29, p<0.05).

**Table 20: Independent Samples Test for Government and Private Employees**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
FDI_Total	Equal variances assumed	.015	.903	4.276	236	.000	5.84181	1.36632	3.15007	8.53355
	Equal variances not assumed			4.333	234.986	.000	5.84181	1.34811	3.18589	8.49773
PI_Total	Equal variances assumed	33.263	.000	3.533	236	.000	3.46818	.98167	1.53423	5.40214
	Equal variances not assumed			3.661	202.294	.000	3.46818	.94744	1.60005	5.33632
PBCS_Total	Equal variances assumed	32.107	.000	3.289	236	.001	1.79428	.54561	.71940	2.86917
	Equal variances not assumed			3.418	195.075	.001	1.79428	.52494	.75900	2.82957

A similar analysis was conducted the evaluating the perceived differences between the respondents based on their gender. The results indicated that there were no differences based on the gender for perception of FDI (MD=1.47, SD=0.1.42, t=1.037, p=0.305), place brand image (MD=0.88, SD=1.01, t=0.871, p=0.385), and place brand communication strategies (MD=0.43, SD=0.56, t=0.768, p=0.443).

**Table 21: Independent Samples Test for Gender Differences**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
FDI_Total	Equal variances assumed	.015	.901	1.037	236	.301	1.47469	1.42170	-1.32616	4.27553
	Equal variances not assumed			1.042	226.885	.299	1.47469	1.41539	-1.31431	4.26368
PI_Total	Equal variances assumed	.336	.563	.871	236	.385	.87970	1.01042	-1.11090	2.87030
	Equal variances not assumed			.872	224.938	.384	.87970	1.00848	-1.10757	2.86697
PBCS_Total	Equal variances assumed	.632	.427	.768	236	.443	.43008	.55990	-.67297	1.53312
	Equal variances not assumed			.773	228.617	.440	.43008	.55606	-.66558	1.52573

A one-way ANOVA was conducted to identify the differences between the perceptions of respondents based on the Emirate in which they worked. The below table represents the summary of the effects that were identified. As depicted, there was no significant difference between the respondents based on which Emirate they worked at for attracting FDI [ $F(3, 234) = 1.514, p=0.211$ ], place brand image [ $F(3, 234) = 0.877, p=0.454$ ], and place brand communication strategies [ $F(3, 234) = 9.18, p=0.685$ ].

**Table 22: One-way ANOVA for Emirate**

<i>ANOVA</i>						
		Sum of Squares	df	Mean Square	F	Sig.
FDI_Total	Between Groups	535.526	3	178.509	1.514	.211
	Within Groups	27581.348	234	117.869		
	Total	28116.874	237			
PI_Total	Between Groups	157.721	3	52.574	.877	.454
	Within Groups	14025.477	234	59.938		
	Total	14183.197	237			
PBCS_Total	Between Groups	27.548	3	9.183	.497	.685
	Within Groups	4324.385	234	18.480		
	Total	4351.933	237			

The below post-hoc analysis also confirms the above-stated result.

**Table 23: Post-hoc results for Emirate**

<i>Multiple Comparisons</i>							
Tukey HSD							
Dependent Variable	(I) City_of_Work	(J) City_of_Work	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
FDI_Total	Abu Dhabi	Dubai	-1.64458	1.80898	.800	-6.3255	3.0363
		Sharjah	-5.90909	2.81426	.156	-13.1912	1.3730
		Ajman	-3.50000	5.65947	.926	-18.1444	11.1444
	Dubai	Abu Dhabi	1.64458	1.80898	.800	-3.0363	6.3255
		Sharjah	-4.26451	2.46328	.310	-10.6385	2.1094
		Ajman	-1.85542	5.49339	.987	-16.0700	12.3592

	Sharjah	Abu Dhabi	5.90909	2.81426	.156	-1.3730	13.1912
Dubai		4.26451	2.46328	.310	-2.1094	10.6385	
Ajman		2.40909	5.90127	.977	-12.8609	17.6791	
	Ajman	Abu Dhabi	3.50000	5.65947	.926	-11.1444	18.1444
Dubai		1.85542	5.49339	.987	-12.3592	16.0700	
Sharjah		-2.40909	5.90127	.977	-17.6791	12.8609	
PI_Total	Abu Dhabi	Dubai	.53379	1.28999	.976	-2.8042	3.8717
		Sharjah	-2.29644	2.00685	.662	-7.4893	2.8965
		Ajman	-.22826	4.03578	1.000	-10.6712	10.2147
	Dubai	Abu Dhabi	-.53379	1.28999	.976	-3.8717	2.8042
		Sharjah	-2.83023	1.75657	.374	-7.3755	1.7150
		Ajman	-.76205	3.91734	.997	-10.8985	9.3744
	Sharjah	Abu Dhabi	2.29644	2.00685	.662	-2.8965	7.4893
		Dubai	2.83023	1.75657	.374	-1.7150	7.3755
		Ajman	2.06818	4.20820	.961	-8.8209	12.9573
	Ajman	Abu Dhabi	.22826	4.03578	1.000	-10.2147	10.6712
		Dubai	.76205	3.91734	.997	-9.3744	10.8985

		Sharjah	-2.06818	4.20820	.961	-12.9573	8.8209
PBCS_Total	Abu Dhabi	Dubai	.39969	.71629	.944	-1.4538	2.2531
		Sharjah	-.72134	1.11434	.916	-3.6048	2.1621
		Ajman	-.13043	2.24094	1.000	-5.9291	5.6682
	Dubai	Abu Dhabi	-.39969	.71629	.944	-2.2531	1.4538
		Sharjah	-1.12103	.97537	.659	-3.6449	1.4028
		Ajman	-.53012	2.17518	.995	-6.1586	5.0983
	Sharjah	Abu Dhabi	.72134	1.11434	.916	-2.1621	3.6048
		Dubai	1.12103	.97537	.659	-1.4028	3.6449
		Ajman	.59091	2.33668	.994	-5.4555	6.6373
	Ajman	Abu Dhabi	.13043	2.24094	1.000	-5.6682	5.9291
		Dubai	.53012	2.17518	.995	-5.0983	6.1586
		Sharjah	-.59091	2.33668	.994	-6.6373	5.4555

A similar analysis was conducted to identify any differences in perception based on the education level of the respondents. The below table outlines that there was no difference in perception of the respondents based on their education levels for attracting FDI [ $F(2, 235) = 1.205, p=0.3.1$ ], place brand image [ $F(2, 235) = 0.895, p=0.410$ ], and place brand communication strategies [ $F(2, 235) = 0.751, p=0.473$ ].

**Table 24: One-way ANOVA for Education Level**

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
FDI_Total	Between Groups	285.495	2	142.748	1.205	.301
	Within Groups	27831.379	235	118.431		
	Total	28116.874	237			
PI_Total	Between Groups	107.232	2	53.616	.895	.410
	Within Groups	14075.965	235	59.898		
	Total	14183.197	237			

PBCS_Total	Between Groups	27.650	2	13.825	.751	.473
	Within Groups	4324.283	235	18.401		
	Total	4351.933	237			

The below post-hoc analysis also confirms the above-stated result.

**Table 25: Post-hoc analysis for education**

<i>Multiple Comparisons</i>							
Tukey HSD							
Dependent Variable	(I) Education	(J) Education	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
FDI_Total	High School	Graduation	-8.27907	5.50422	.291	-21.2617	4.7035
		Post Graduate	-8.70968	5.61409	.269	-21.9514	4.5321
	Graduation	High School	8.27907	5.50422	.291	-4.7035	21.2617
		Post Graduate	-.43061	1.61206	.961	-4.2329	3.3717
	Post Graduate	High School	8.70968	5.61409	.269	-4.5321	21.9514
		Graduation	.43061	1.61206	.961	-3.3717	4.2329
PI_Total	High School	Graduation	-5.16860	3.91442	.385	-14.4014	4.0642
		Post Graduate	-5.29839	3.99256	.382	-14.7155	4.1187
	Graduation	High School	5.16860	3.91442	.385	-4.0642	14.4014
		Post Graduate	-.12978	1.14644	.993	-2.8339	2.5743
	Post Graduate	High School	5.29839	3.99256	.382	-4.1187	14.7155
		Graduation	.12978	1.14644	.993	-2.5743	2.8339
PBCS_Total	High School	Graduation	-2.37209	2.16963	.519	-7.4895	2.7453
		Post Graduate	-2.66935	2.21294	.451	-7.8889	2.5502
	Graduation	High School	2.37209	2.16963	.519	-2.7453	7.4895

		Post Graduate	-.29726	.63543	.886	-1.7960	1.2015
	Post Graduate	High School	2.66935	2.21294	.451	-2.5502	7.8889
		Graduation	.29726	.63543	.886	-1.2015	1.7960

## 5.9 Conclusion

Overall, from the above analysis, it can be seen that there were no missing values or outliers in the data. In addition, the data was not normally distributed wherein there were high skewness and kurtosis values evident in the data. Conducting the EFA, it was identified that FDI is a higher order factor with two dimensions, place brand communication strategies is a higher order factor with three dimensions, and PI is a lower order construct. Furthermore, it was also identified that there was no common method bias in the present study. The SEM analysis, carried out using Smart PLS due to the non-normality of the data and the presence of higher order factors, revealed that there were no issues in the convergent, discriminant, and construct reliability and validity. Hypothesis testing revealed that most of the hypotheses were supported. The below table outlines which hypotheses were supported and which were not.

**Table 26: Summary of Hypothesis Results**

Hypothesis	Result
H1: Place Brand image is an important soft factor in FDI attraction	Supported
H2: Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.	Supported
H3: Primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.	Supported
H4: Secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.	Supported
H5: Tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.	Supported

H6: Place brand communication strategies have a positive impact on attracting FDI	Supported
H7a: Government sector perceive place brand image to be an important soft factor in FDI attraction	Supported
H7b: Private sector perceive place brand image to be an important soft factor in FDI attraction	Not Supported
H8a: Government Sector perceive Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.	Supported
H8b Private Sector perceive Place brand communication strategies have a positive impact on attracting FDI that is mediated by the place brand image.	Not Supported
H9a Government sector perceive primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.	Supported
H9b: Private sector perceive primary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.	Not Supported
H10a: Government sector perceive secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.	Supported
H10b: Private sector perceive secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.	Not Supported
H11a: Government sector perceive tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.	Not Supported

H11b: Private sector perceive tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image.	Not Supported
H12a: Government sector perceive place brand communication strategies to have a positive impact on attracting FDI	Not Supported
H12b: Private sector perceive place brand communication strategies to have a positive impact on attracting FDI	Supported

## **CHAPTER SIX: FINDINGS AND DISCUSSION**

### **6.1 Introduction**

The main objective of this study is to understand the relationship between place brand communication strategies and FDI attraction and the impact of place brand image as a mediator variable on the relationship. While the previous chapter analysed the results of the survey data collected, the present chapter discusses the results against past research. First, the chapter begins with the discussion on place brand image and its influence on FDI attraction. Following this, the relationship between place brand communication strategies and place brand image are discussed as well as the relationship between place brand communication strategies and FDI. Furthermore, the mediating influence of place brand image on the relationship between each of the three strategies (primary, secondary, and tertiary) is outlined. Finally, the perceptions of the government and private sector are outlined and discussed.

### **6.2 Place Brand Image and FDI Attraction**

In the present study, it was hypothesised that place brand image is an important soft factor in FDI attraction (H1). As was indicated in the preceding chapter, it can be stated that this hypothesis is supported whereby place brand image significantly influences FDI attraction ( $\beta=0.434$ ,  $t=3.11$ ,  $p<0.01$ ). Thus, this research has uncovered empirical proof that there is an influence of place brand image on FDI attraction. This result is contributing to a growing body of research that is exploring the importance of place brand image on FDI attraction. For instance, this result is aligned with the results outlined by Kalamova and Konrad (2010), Metataxas (2010), Metaxas and Petrakos (2004), Vuignier (2017), and Papadopoulos and Heslop (2002).

For instance, Kalamova and Konrad (2010) demonstrate the impact of place brand image in attracting FDI and that FDI flows increase as the image and value of the location's intangibles improve. According to Metaxas and Petrakos (2004), a location must assure its competitiveness in order to attract FDI. Furthermore, Metataxas (2010) analyses how the internationalized environment has influenced regional branding. Local governments have made efforts to boost their region's image and attractiveness as a result of the advantages of foreign direct investment. Foreign direct investment therefore has an effect on the branding

of localities in order to boost their attractiveness to investors. Thus, a location's image may be seen as a crucial "soft" or "intangible" aspect in FDI appeal. Numerous governments and towns have made campaigns to brand their locations in order to attract overseas investment (Papadopoulos and Heslop, 2002). According to Vuignier (2017), research on place branding and its relationship to FDI promotion has gotten less attention in comparison to tourism, labour, and resident attractiveness. Thus, this research is also filling this research gap.

One of the potential reasons for why place brand image influences FDI attraction is by influencing stakeholder perceptions of nature of the place which can aid in the stakeholders' decisions about whether to invest in the country or not (Henninger et al., 2016). The goal of branding is to showcase what sets the location apart from its rivals (Konecnik & Go, 2008). Reassurance for potential investors regarding service and product quality is offered by strong rivalry amongst country brands; it also helps to create alternatives with varying degrees of quality to meet the demands and preferences of visitors from all over the world (Shao et al., 2016). Furthermore, the nation brand must be credible, recognizable, and enthused by the provider in order to successfully create an emotional relationship with consumers. It should also reverberate with visitors (Manhas et al., 2016). To decouple oneself from all other places, a place must be able to sell itself using positive image production (Ekinci, 2003). As places become more well-known, imaginative promotion and development in critical services and amenities are necessary to ensure their sustainability (Ristano, 2005; Manhas et al., 2016). A powerful national identity should also encourage corporate investments, and promote the needs of export sectors (Moilanen and Rainisto, 2008).

From a global viewpoint, effective place branding needs a fusion of many values. These values span from distinct local conceptions of location, such as history, culture, and customs, to more strategic national objectives (Musterd and Kovács, 2013). What's critical to remember here is that, while national and global strategies consider the big perspective when it comes to place branding, local authority decision makers have the most impact over the marketing strategy, making their comprehension of place branding critical for better consequences (Björner, 2014). This engagement also enables towns to place a high value on physical aspects that adhere to transnational norms in an effort to differentiate oneself from established megacities (Björner, 2014). Place branding and its success are built on the distinctiveness of a city. If done incorrectly, this might result in a city which lacks its own distinctiveness. This dilemma is widely discussed in the literature on place brand and

illustrates what occurs when a city seeks to comply to worldwide and international aesthetic and functional criteria while still attempting to differentiate itself via its own local characteristics (Pasquinelli, 2014).

Directly or indirectly, perceptions and preconceptions may influence investors' location selections (Kalamova and Konrad, 2010). In light of the vast amount of research on people's perceptions of other nations and their commodities, it is clear that almost all types of "consumers," including buyers, manufacturing bidders, travellers, retail chains, multinational vendors, and investment firms, are impacted by their preconceptions of international markets.

More nations are using place branding, and study into the concept is expanding to take advantage of this rising necessity to position oneself globally in an extremely competitive context. However, although national branding is widely used and researched in sectors like tourism and shipping, little research has been done on the function of immaterial variables in the economy, particularly in terms of their potential influence on inbound FDI. Study after study has shown that investors' judgments are influenced by a country's public reputation, and this is despite the findings of Kalamova et al. (2010), which revealed that the higher the nation's image, the more overseas investment a nation might acquire. Thus, this research is bridging this gap and identifying empirical evidence of the impact of place branding on FDI attraction.

Due to the worldwide competition for corporate investment, place brands are an essential component of economic expansion plans at the national and regional levels. Not only are place branding an effective strategy for attracting and retaining company, but they also help to portray the location as more business-friendly. The credibility of a community that develops a place brand will be greatly enhanced. Boosting the local economy by recruiting enterprises to the area strengthens the place brand by expanding the amount of promoted commodities and, at the same time, developing a place brand of positive investment. As the company expands in size, the neighbourhood will become more appealing to investment firms by conveying the message of being a desirable area to conduct business (Cleave et al., 2016).

Florida (2002) and Jansson and Power (2006) state that communities that have established strong brands would have an easier time enticing knowledge-based businesses to their areas of residence. While Pantzalis and Rodriguez (1999) claimed that brand awareness of a location has a significant effect on capital mobility and Jansson and Power

(2006) found evidence to support this claim, both authors agreed that brand awareness plays an essential part in the battle to attract investors. While Jacobsen (2009) shared the same idea, he also formulated the theory to explain how location-based marketing influences investing decisions. Place brands have a significant impact on how local consumers behave, which means that the choice of whether or not to engage in a location is impacted by place brands. Metaxas (2010) advanced this theory, that was supported by study undertaken in Lucbeck (Germany), that found that location brands had a beneficial impact on the choice to participate in the cultural economy (Jacobsen, 2012).

According to Chernatony and Dall'Olmo Riley (1998), a brand is a multifaceted construct that encompasses not only what a company does, but also what people think about it. The brand acts as a bridge between these two aspects, facilitating communication between them. Numerous features may be seen both on the outside and inner edges of the brand's architecture. In addition to these traits and helpful characteristics, strategists can opt to emphasize the brand's metaphorical, sensory, emotional and behavioral qualities (Chernatony and Dall'Olmo Riley, 1998) which assist in creating the brand persona as well. This is not enough to promote the brand on its own, nevertheless, since every brand is tied to the user's quality perception and significance in the commodity. To be successful, a company must engage in a two-way dialogue with its customers. This is where branding comes in (Morgan et al., 2002). The idea of the brand is based on the user's judgments of excellence and principles, as well as product attributes and sentiments, and the brand image is important to this concept. Brand management must carefully consider this interplay between the two components of the branding strategy and strive to regulate it.

Therefore, the study has demonstrated that the "soft" or "intangible" aspects of a place's image have a significant role in FDI attraction. Local governments have initiated initiatives to brand their localities in order to attract outside investment. With branding, you're aiming to show off what makes your business unique in comparison to the competition. Effective place branding demands a confluence of several values. These values vary from diverse local perceptions of place, such as history, culture, and traditions, to more strategic national aims.

The uniqueness of a city serves as the foundation for successful place branding. If done wrong, this may result in a city missing its unique character. The greater the country's image, the more international investment a nation may gain. Economic development strategies at the national and regional levels cannot be complete without the use of place

branding. Not only are place branding effective technique for recruiting and maintaining companies, they also assist depict the site as business-friendly. Brand awareness plays a vital aspect in the effort to recruit investors. Place brands have a big influence on how local customers behave, which implies that the option of whether or not to interact in a location is affected by place brands. Brand management must carefully evaluate this interaction between the two components of the branding strategy.

### **6.3 Place Brand Communication Strategies and Place Brand Image**

It was also hypothesized that place brand communication strategies have a favourable influence on attracting FDI, which is mediated by the place brand image (H2). In the current study, the findings suggested that there is evidence for the hypothesis that place brand communication strategies strongly impact FDI attractiveness ( $B=0.303$ ,  $t=2.089$ ,  $p<0.01$ ). It was also hypothesised that place brand communication strategies have a positive impact on attracting FDI (H6). The results indicate support for the hypothesis whereby there is a positive impact of place brand communication strategies on attracting FDI ( $\beta=0.152$ ,  $t=2.762$ ,  $p<0.01$ ). In other words, place brand communication strategies adopted can be a positive force for attracting FDI. In addition, the indirect impact of place brand communication techniques on FDI through place brand image was significant ( $B=0.397$ ,  $t=3.093$ ,  $p<0.01$ ). As a result, the greater the place brand communication methods, the higher the perceived FDI attractiveness as the place brand image strengthens. This is a partial mediation effect, since individual place brand communication techniques may be shown impacting FDI.

Adopting a long-term holistic communication plan is critical for establishing a market-recognized identity. The nation's messaging has to be compatible with the brand's purpose and reputation. Kapferer (1991) demonstrates the critical communication patterns for companies by stating that "the brand lives only via communication." It is through communication that any brand develops a cognitive and psychosocial life. If this does not occur, brands will have significant difficulties in preserving or developing their brand, as well as face challenges in exposing their commodities. Bowersox and Morash (1989) bolstered this viewpoint by stating that one of the aims of communication is to educate the customer about their trademark, commodity, or services, and to function as a distinguishing feature, thereby enhancing the presence of a unique brand identity. Additionally, Fill (2009) asserts that communication is critical to the evolution of brands, because it is the means

through which common things transform into brands, and generate overwhelming success. It is a strategy that educates consumers about the uniqueness of the offering and the advantages of engaging with a brand. Thus, brand development is a primary purpose of brand communication. It is critical to emphasize, nonetheless, that branding is not only the addition of a sign or a title to a commodity; it is also a collection of features that have significance, a vision, and generate linkages with the commodity (Pickton and Broderick, 2005).

Feldwick (2003) claimed that a brand communicates with its customers via everything it does. By telling a story, Sevick (2011) argued that the global community may better comprehend cities. As a result, a place's image is greatly influenced by its communications and tales. For place branding success, Kavaratzis (2004) recommends looking at place brand image. A person's impressions of a location may be formed either via direct engagement with the area or through media depictions. As a result, it is critical to understand how a place's brand image is formed in the minds of consumers. Branding the nation is a way to connect the country's image with the truth, according to Fan (2007). The goal of place branding is to close the gap between the perceptions of a place and its actuality. As a result, branding aims to influence public views, which in turn helps countries maintain their competitiveness. Thus, in the present study this was found to be the truth whereby there was empirical support for the fact that place brand communication strategies do in fact influence FDI attraction. This works by changing the perceptions that “consumers” (which in this case would be investors and MNCs) have with regards to a certain nation and its infrastructure.

Brand recognition is seen as a measure of a brand's effectiveness in the eyes of the customer. Strong brand capital and a powerful brand are generally associated with high brand recognition, as per Xu, Li, & Zhou (2015). Customers are more likely to choose a place if they are aware of it. Due to the diverse brand perception of stakeholders involved, a country's ability to increase its brand equity requires a keen understanding of how consumers and tourist businesses perceive its image. Kaya & Marangoz (2014) noted that the influence of the natural environment, commercial possibilities, communication, and public services. In consequence, these beliefs shaped their actions toward the brand. As a result, both tourists and investors benefit from brand awareness in terms of learning, consideration, and choice. The popularity of well-known brands is a factor in investment and purchasing choices. This is because consumers associate well-known brands with excellent quality. Aside from the

fact that increased knowledge helps consumers link marketed items with quality, it is also a usually perceived for customers (Rubio, Oubia, & Villaseñor, 2014).

Thus, developing a long-term, comprehensive communication strategy is essential to developing a well-known brand identity in today's marketplace. Place branding communication strategies have a direct impact on the perceived attractiveness of FDI to potential investors. To some extent, this is an indirect effect, since specific place brand messaging may be demonstrated to influence FDI. Place branding is to bridge the gap between what people think of a location and what they actually see. Changing the way "consumers" think about a country is the key to this strategy's success. Brand awareness is beneficial to both visitors and investors since it increases knowledge, consideration, and selection.

### **6.3.1 Primary Brand Communication Strategies**

It was hypothesized that main place brand communication has a beneficial influence on attracting FDI through the place brand image (H3). As shown in the table below, there is no statistically significant link between main place brand communication techniques and FDI, implying that the former has no impact on FDI attractiveness ( $B=0.111$ ,  $t=1.080$ ,  $p=0.280$ ). The indirect impact of main location brand communication, on the other hand, is favourable and considerable. In other words, a full mediation effect has been established in which key place brand communication strategies affect FDI only if they improve the place brand image ( $B=0.128$ ,  $t=2.393$ ,  $p<0.05$ ). Thus, in the case that place brand communication strategies do not generate strong place brand image, there will be no impact on the FDI attraction that will be seen. This is a novel finding of this research whereby there has been a limited exploration of the mediating influence of place brand image on the relationship between place brand communication strategies and FDI.

Consumer impressions of a location may be influenced by a variety of variables, such as the channels through which they are accessed (for example popular culture, celebrity endorsements, social media influencers...etc). Built on a range of coordinated communicative activities, the tactics should be based on a holistic communication approach (Porter, 2013). Llyod and Peel (2008) presented problems about how a location might effectively express its image. Primary, secondary, and tertiary communications were classified by Kavartzis (2004). A city's infrastructure, architecture, monuments, and people's and government's conduct are all examples of primary communication. For an icon to be successful, Castillo-Villar (2016) said that it must be able to convey a city's unique

identity. For instance, Dubai is one such city in the UAE that has developed its physical infrastructure and has also attracted strong FDI inflows.

Another infrastructure that is necessary for attracting FDI is the financial infrastructure of the country. With extensive brand communication strategies generating a strong place brand image, it can indicate the presence of a strong financial infrastructure which can signal investors that the country is ripe for investment and capital inflows. As a result, governments often initiate programs and take efforts to facilitate the effective flow of foreign money (Bluedorn, Duttagupta, Guajardo, & Topalova, 2013). These efforts and policies include significant financial reforms, the adoption and dissemination of financial technology, effective financial intermediation systems, effective economic resource mobilization, and the transformation of financial assets (Fratzscher et al., 2012; Volz, 2012).

Numerous variables influence capital movements. These are often classed as push (external, global) and pull (internal, local) influences (which are indicative of the internal financial practices, economic situation, and other parameters of the country). However, studies have not yet shown which of the two factors has the biggest impact on international capital flows. However, academics such as Chinn and Ito (2006) and Baltagi et al. (2009) have demonstrated that investing in the expansion of a country's financial sector creates an inviting environment for capital inflows.

Sustaining financial growth would involve major development of the financial system by assuring the productivity of institutions and the accessibility of critical financial information. When seen from a macroeconomic perspective, this financial development is crucial for the nation's economic growth since it increases capital inflows and expands future investment prospects inside the country. Globalization has resulted in increased financial integration and increased movement of capital across national boundaries, making it one of the most important indicators of the international economy in the last decade.

Rapid development of cross-border capital has resulted in increased industrialisation, particularly in developing nations, with higher GDP and international trade growth. This extensive growth of the country's financial infrastructure, together with increased financial emancipation, systemic removal of information barriers, and fast improvement of financial technology, all contribute to the increased mobility of cross-country capital flows. According to research conducted by Lusinyan (2002), foreign investment in the nation has expanded largely as a result of solid economic growth and the development of financial infrastructure. Thus, cross border financial movements facilitate the effective mobilization of foreign

money, mitigate investment risk, and allow for portfolio diversification. Additionally, the study stated that international capital flow is critical because it increases financial market competitiveness by encouraging competitive pressure, technical progress, and sophisticated entrepreneurship, all of which result in increased benefits for the nation, thereby enhancing development of the economy.

Additionally, the neoclassical economic development model anticipates this and indicates that nations experiencing quicker productivity growth should boost their investment, attracting a larger rate of foreign capital (Kaufman, 2018). Additionally, Gupta and Arti (2018) discovered that the rise of the financial sector results in significant changes to the economic position. Financial instruments evolve in a country's domestic financial markets, resulting in a consolidation of the country's international and domestic capital sector.

### **6.3.2 Secondary Place Brand Communication**

It was hypothesised that secondary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H4). In other words, secondary place brand communication does not have a significant influence on the FDI of the country ( $\beta=0.166$ ,  $t=1.117$ ,  $p=0.264$ ). However, as indicated, there is a significant mediating effect wherein secondary place brand communication influences FDI only when increasing the extent of place brand image ( $\beta=0.149$ ,  $t=2.176$ ,  $p<0.05$ ). The identification of the full mediating effect is a novel finding wherein it has been empirically supported that only when the place brand communication strategies lead to the development of place brand image, can there be an influence on FDI inflows into the nation.

Secondary communication generally consists of the government's use of formal direct communication methods, such as marketing campaigns, press releases, speeches, and so on. As a result of their impact on market inefficiencies, Brewer (1993) discusses a variety of government measures that may influence FDI both intrinsically and extrinsically. Marketplace inefficiencies may be increased or decreased by the same government decisions, which can lead to either a boost or drop in FDI flows. There seems to be little empirical evidence to support claims that selective government actions affect FDI inflows. Capital investments have a favourable influence on inward FDI flows, whereas productivity restrictions placed by the governmental bodies have an adverse influence on inbound FDI flows. According to UNCTAD (1996), subsidies could only have a marginal impact on the attraction of foreign direct investment (FDI). Numerous studies demonstrate that grants do

have an effect on site choices, particularly for export-oriented FDI, while other motivations seem to play a supporting role (Devereux and Griffith 1998; Hines 1996).

Nevertheless, Contractor (1991) found that policy decisions had little impact on FDI influx. FDI subsidies are often inefficient when the role of underlying FDI drivers is taken into consideration, according to Caves (1996) and Villela and Barreix (2002). Hoekman and Saggi (2000) also corroborate this position, concluding that while incentives are beneficial for recruiting certain forms of FDI, they do not seem to work when extended throughout the whole economy. When it comes to drawing in foreign direct investment (FDI), conventional market-related characteristics are still the most important ones, according to Nunnenkamp (2002a).

The question of whether FDI incentives are acceptable for host economies in light of the fact that they involve a transfer of resources from host nations to foreign enterprises was also addressed by Blomstrom and Kokko (2002). As a subgroup of these investigations, a number of researchers have also examined the effect of trade liberalization and economic relations on FDI inflows and discovered them to be significant factors. As Globerman and Shapiro (1999) have shown, CUFTA and NAFTA enhanced both inbound and outbound FDI in Canada and the United States. Both the external effects of economic reform on foreign investment and the direct impact of transformation in business laws associated with regional trade treaties are considered by Blomstrom and Kokko (1997). To them, tariff reductions in the area may lead to greater market expansion and more foreign direct investment (FDI). However, decreasing external tariffs might diminish foreign direct investment in the region. An empirical examination of FDI inflows' reaction to secondary location brand marketing tactics is presented in this thesis. It is the first effort to experimentally examine the importance of the mediating influence between secondary place brand communication techniques, place brand image, and FDI.

FDI decision-making may be influenced by numerous government strategies and policies. With regard to fiscal policy (i.e., choices on allocating government spending and determining taxation policies), it has a direct impact on FDIs since the government is in charge (Jensen, 2012). As an example, a government may implement an expansionary fiscal strategy that would give low tax rates to multinational corporations (MNCs) in order to attract foreign direct investment to an area. MNC FDIs choose locations with low or no tax burdens because they can utilize the additional after-tax earnings to either grow manufacturing capability and market dominance or improve shareholder dividends (Jensen,

2012). As an option, the government may provide incentives to certain businesses. As a government benefit, a rebate lowers the cost of manufacturing for a company. MNCs in the industry sector are much more likely to be drawn to a territory, and hence may grow their footprint and FDI (Göndör & Nistor, 2012).

On this basis, neoclassical economics holds that policymakers should work tirelessly to make attractive investment conditions, and capitalists would naturally search out the greatest chances. Moreover, some evidence has shown that nations which devote more time and resources to promoting their investment opportunities are much more likely to attract FDI (Wells & Wint, 1990). Wells & Wint's original book, 'Marketing a Country,' was the inspiration for the development of investment promotion programs. To describe what an investment is, the categorization of procedures suggested in this work is now accepted as the universal term of reference (Wells, 1999). Many academics utilize Wells & Wint's categorisation (i.e., image-building behaviour, investment-generating function, and leading financial service approaches) when constructing an investment promotion strategy (Wint & Williams, 2002).

According to the UNCTAD (2000) survey, most governments use a combination of incentives to achieve their investment goals. Financial incentives such as grants, subsidies, and government subsidies are more commonly supplied by developed, industrial nations since they come straight from the government's coffers, but they are less common in impoverished nations. Rewards may range from little payments to large sums. For instance, in the 1990s, the Portugal state offers monetary incentives to Volkswagen and Ford plants totaling over \$250,000 per person employed, and Alabama state officials provided Mercedes-Benz with \$160,000 per person employed, while Newcastle upon Tyne subsidized Siemens' plant with about \$50,000 per person employed in the 1990s (Navaretti & Venables 2004). There have been studies that have shown that workers in the countries of Belgium, France, and Luxembourg get roughly 30,000 ECU in incentives. When it comes to government incentives, poorer areas are more likely to utilize those that don't involve the use of public dollars. They also tend to give regulatory incentives, such as permissive environmental, social, or labor market restrictions, according to the OECD's assessment in 2003. As part of spontaneous FDI-luring tactics, such incentives may be offered, although they are more usually provided as part of focused approaches.

The image of a place brand serves as a conduit for attracting foreign direct investment, which benefits from secondary place brand marketing. Only when place brand

communication strategies contribute to the establishment of place brand image can there be an impact on FDI inflows into the country, according to a unique conclusion that has been experimentally validated. Few studies have supported allegations that FDI inflows are affected by government activities. Subsidies have a limited influence on attracting foreign direct investment (FDI). A wide range of government tactics and policies might have an impact on foreign direct investment (FDI). For multinational corporations (MNCs), FDI in countries with low or no tax burdens allows them to use the higher after-tax revenues to either develop manufacturing capabilities and market domination or to boost shareholder dividends. A rebate from the government decreases the production costs of a corporation. Neoclassical economics says governments should strive to create favourable circumstances for investment, and that investors would naturally seek out the best opportunities. Countries that spend more time and money advertising their investment potential are more likely to attract foreign direct investment (FDI), according to research.

### **6.3.3 Tertiary Place Brand Communication**

In addition, it was hypothesised that tertiary place brand communication has a positive impact on attracting FDI that is mediated by the place brand image (H5). The results outlined that tertiary place brand communication did not have a significant direct influence on FDI ( $\beta=0.052$ ,  $t=0.526$ ,  $p=0.599$ ). However, there is a significant indirect influence of tertiary place brand communication on FDI through place brand image. In other words, tertiary place brand communication can only influence FDI when mediated through place brand image ( $\beta=0.152$ ,  $t=2.762$ ,  $p<0.01$ ).

Aspects that are not within the direct control of the brand marketers, such as how consumers perceive a product or service are considered tertiary communication. According to Freeman & Nguyen (2012), the media has a significant impact on how people see and think about certain locations. Similarly, to Kavartzis (2004), Braun et al. (2014) followed the same path, but instead of naming them physical, traditional, and word-of-mouth, they referred to them as tangible, conventional, and word-of-mouth. Informal communications regarding a product or brand that are aimed towards other customers are known as word-of-mouth (Westbrook, 1987). The term "word-of-mouth," or communication, refers to the movement of information about a product or brand from one person to another (Brown et al., 2005). Good behavioral intentions or brand loyalty have been linked to an organization's capacity to elicit the following behaviors from its customers: a) positive word-of-mouth; b)

referrals; c) commitment; d) spending more; and, e) paying higher prices (Cronin et al., 2000). Following the cognition-affect conation pattern, Oliver (1999) suggests four phases of brand loyalty. The first level of brand loyalty is cognitive loyalty, which is based on customers' knowledge of the brand. Customers that have an affection for or favourable view of a brand are said to be showing emotional loyalty. In the third phase, we talk about conative loyalty or a person's behavior. As a matter of fact, this is a "good intention" purchase. There's a chance this ambition may lead to unintended consequences. As the last step, customers turn their intentions into actual acts. Action inertia, mixed with a desire to overcome hurdles to make a purchase, is felt by consumers at this stage.

Word of mouth has received increased attention in recent years for a myriad of purposes, including the influence of word of mouth on marketing technique (Smith, Coyle, Lightfoot, & Schott, 2007), the influence of word of mouth on consumer purchasing decisions (Gajendra et al., 2012; Michelle, 2006; Soares et al., 2012), the origin of valuable information (Allsop, Bassett, & Hoskins, 2007; Valck, Bruggen, & Wierenga, 2009). Due to these advantages, as well as the economic downturn, companies are more inclined to engage in word of mouth marketing, since it helps minimize marketing and cost of advertising and is regarded as a more potent marketing scheme that provides better outcomes (Sweeney et al., 2012).

The majority of study in the topic of country image examines its effect on customer evaluations of particular goods or services (Ahmed et al., 2002; Mohd et al., 2007; Peterson and Jolibert, 1995; Pharr, 2005). Thus, nation image encompasses prejudices and beliefs about a country that consumers use as information processing shortcuts and decision-making heuristics (Kotler and Gertner, 2002). As a result, place brand image has a 'halo effect,' in which customers infer product and service features based on their opinion of the place of origin (Ahmed et al., 2002; Han, 1989). This impact is more pronounced when the customer is evaluating a new brand (Lin and Kao, 2004), which occurs often when investors are deciding where to invest.

In order to attract foreign direct investment (FDI), tertiary place brand communication can be used to generate a favourable influence on the place brand image. Tertiary place branding has little direct impact on foreign direct investment. However, these messages have a substantial impact on foreign direct investment (FDI). In recent years, word-of-mouth marketing has gained a lot of attention for a variety of reasons. Prejudices and ideas about a nation that consumers utilize as information processing shortcuts are

included in the country image. People infer product and service attributes based on their perceptions of the place of origin, which leads to a rise in foreign direct investment (FDI) into the nation.

#### **6.4 Perceptions of the Government and Private Sector**

It was proposed that the government sector considers place brand image to be an essential soft element in attracting FDI (H7a). The findings supported this hypothesis, indicating that place brand image impacts attracting FDI ( $B=0.56$ ,  $t=3.89$ ,  $p<0.01$ ) among respondents working in the government sector. As a result, this hypothesis is validated, and it can be inferred that government personnel believe that when the place's brand image is improved, it attracts more FDI. Furthermore, it was hypothesized that the private sector regards place brand image as a key soft component in attracting FDI (H7b). The findings show that there is no evidence for this hypothesis, since private sector respondents did not offer statistically significant results ( $B =0.196$ ,  $t=0.848$ ,  $p=0.396$ ). As a result, private sector workers did not believe that place brand image increased the amount of FDI flows into the nation. This is a novel finding of this research whereby there is a difference between the perceptions of government workers and those in the private sector on the importance of place brand image in attracting FDI. The findings follow the lines of the work of Merrilees et al. (2012) that various stakeholders have distinct connections with a place's brand. It may suggest that the public sector should incorporate all stakeholders in the process of developing a place brand as stated by Kavaratzis and Hatch (2013). As can be noted in the literature the public sector may use one of two approaches to developing a place brand. One is reliant on the government's involvement in building and supervising the development of the place brand of a political initiative (Hernandez-Alonso, 2012). It is referred to as a 'top-down' approach because it corresponds to a type of public sector place branding management in which stakeholders are subjugated to the public sector's vision, purpose, and strategy. While this strategy has several benefits, such as expediting decision-making and minimising stakeholder participation, it does have certain drawbacks (Go and Triunfo, 2012). The second function is a more horizontal or participative "bottom-up" method that asserts that any place brand should be produced collaboratively by the public and private sectors (Warnaby et al, 2015). The results of this study shows the need to incorporate the relevant stakeholders in the process of developing a place brand.

Similarly, it was hypothesized that the government sector believes place brand communication methods have a favorable influence on recruiting FDI through the place brand image (H8a). The findings supported the hypothesis that government workers perceive a mediation role of place brand image in the link between place brand communication strategies and FDI ( $B = 0.453$ ,  $t = 3.146$ ,  $p < 0.01$ ). It was also hypothesized that the private sector believes place brand communication techniques have a favorable influence on recruiting FDI through the place brand image (H8b). The findings suggested that there is no evidence for this hypothesis, as private sector respondents did not believe that place brand image mediates the link between place brand communication techniques and FDI ( $B = 0.184$ ,  $t = 0.844$ ,  $p = 0.399$ ). Similar to the hypothesis above there seems to be a difference between workers in the public sector and the private sector in the importance of place brand communication strategies and place brand image on the overall FDI attraction.

Furthermore, it was hypothesized that the government sector believes primary place brand communication has a favorable influence on recruiting FDI through the place brand image (H9a). The findings supported this hypothesis, indicating that the government sector believes place brand image has a complete mediation influence on the association between primary place brand communication and FDI ( $B = 0.178$ ,  $t = 1.978$ ,  $p < 0.05$ ). Furthermore, it was hypothesized that the private sector's perception of primary place brand communication had a beneficial influence on recruiting FDI through the place brand image (H9b). The findings did not support the hypothesis that the private sector does not view place brand image as a moderator in the link between main place brand communication techniques and FDI ( $B = 0.061$ ,  $t = 0.89$ ,  $p = 0.373$ ).

Also, it was hypothesized that the government sector regards secondary place brand communication as having a beneficial influence on recruiting FDI through the place brand image (H10a). The findings supported this hypothesis, with respondents from the government sector believing that place brand image mediates the association between secondary place brand communication and FDI ( $B = 0.214$ ,  $t = 2.395$ ,  $p < 0.05$ ).

Additionally, the private sector believes that secondary place brand communication has a favorable influence on recruiting FDI through the place brand image (H10b). The findings provided no support for this hypothesis, indicating that respondents' perceptions of place brand image do not moderate the link between secondary place brand communication and FDI ( $B = 0.065$ ,  $t = 0.728$ ,  $p < 0.467$ ).

It was hypothesized that the government sector believes tertiary place brand communication has a beneficial influence on recruiting FDI through the place brand image (H11a). This hypothesis was not supported because government personnel did not believe that tertiary place brand communication had a favorable influence on recruiting FDI through the place brand image ( $B=0.153$ ,  $t=1.84$ ,  $p=0.067$ ). Furthermore, it was hypothesized that tertiary place brand communication has a beneficial influence on recruiting FDI, which is mediated by the place brand image (H11b). There was no evidence for this hypothesis, indicating that the connection between tertiary place brand communication and FDI is not mediated by private-sector place brand image ( $B=0.094$ ,  $t=1.068$ ,  $p=0.286$ ).

Furthermore, it was hypothesized that the government sector considers place brand communication strategies to be beneficial in recruiting FDI (H12a). This hypothesis was not validated because government workers did not believe that place brand communication techniques had a direct influence on FDI ( $B=0.132$ ,  $t=1.066$ ,  $p=0.28$ ). Finally, it was hypothesized that the private sector considers place brand communication strategies to be beneficial in recruiting FDI (H12b). This hypothesis was validated by the perception of private sector workers that place brand communication methods had a favourable impact on recruiting FDI ( $B=0.55$ ,  $t=2.343$ ,  $p<0.05$ ). Place brands are public brands that are marketed by a diverse group of stakeholders from the governmental, corporate, and civil society sectors (Ashworth et al., 2015). The public sector is critical since it often determines when, how, and why place branding initiatives are begun, as well as the funding that will be allocated (Hankinson, 2001). In general, the fundamental idea is that representatives of the many stakeholders must be aligned. These representatives come from a variety of industries that are active in place branding and territorial development. As stakeholders, they should share or complement one another's perspectives, attitudes, and aims towards the creation of place brands. However, real practice demonstrates difficulties with this seeming alignment, maybe as a result of conflicting aims, divergent tactics and operations, or disagreements regarding what each influencer wishes the other actors would do. This circumstance creates hostile relationships between stakeholders in place brands (Warnaby et al., 2015), which results in difficulties with place brand development.

A source of frustration is the lack of a standardized model or approach to follow. According to Kavaratzis and Hatch (2013), "every location is unique, and there is no such thing as a 'one-size-fits-all' branding approach. (Section 72). Additionally, some writers discuss contradictions between what 'should be done' and what 'is done' (Hanna and Rowley,

2011; Kavaratzis and Hatch, 2013). Despite the critical nature of these issues, no research has been conducted to determine the degree of alignment among stakeholders (as place brand creators) over their views of what a place brand is and its purposes. Nor has any research been discovered that examines their perceptions of the public sector's (recognized as the primary player in place brand creation) especially desired role in place brand development (e.g., Anholt, 2007).

The public sector is comprised of all of the organizations, agencies, and levels of government that work together to make laws and provide essential services to the general public. This group is made up of politicians and public administrators. A politician is a leader and a creator of norms, laws, ideas and suggestions, as well as a decision-maker and planner. It is the role of public managers to ensure that laws and advice are followed, to coordinate and to manage their areas of responsibility (Boyne, 2002; Moore, 2005). The public sector creates public governance, which may be seen as a public management style for the development of the territory. (Eshuis and Klijn, 2012). Creating networks between local, regional, and/or national public administrations and business and social players is referred to as "relational government" in the context of place brand development (Pasquinelli, 2012). (Go and Trunfio, 2012). Consequently, public administration is a necessary and desired precondition for the creation of place brands that are focused on territorial growth (Pasquinelli, 2010; Eshuis and Edwards, 2013).

While 'public governance' refers to the management of government, 'place brand governance' deals with the process of building a place brand via stakeholder involvement (Go and Govers, 2012). The administration of every place brand is unique and requires a participatory approach that gives it credibility (Braun, 2008). (Braun et al, 2010; Anholt, 2014). Thus, it is normal practice to form participatory networks (made up of public and private players) that analyze the issues, resources and prospects of a region and guide the creation of a place brand. A shared territorial identity can be established and solutions that correspond with goals can be implemented because place brand governance is in place. It's important to note that public and place brand governance are not the same things, despite the fact that this method becomes a vital aspect of territorial public government.

Developing a place brand may be approached in two ways by the public sector, according to the literature. One is based on the government's role in defining and leading the development of a political project's place brand (Hernandez-Alonso, 2012). It is described as a 'top-down' method because it responds to a place branding management style in which

stakeholders are subordinated to the public sector's vision, purpose, and planning. There are advantages to this method, such as speeding up the decision-making process and reducing stakeholder engagement, but there are also disadvantages (Go and Triunfo, 2012). The second function is that of a more horizontal or participatory "bottom-up" approach, which believes that any place brand should be produced via a conversation between the public and private sectors (Warnaby et al, 2015). It is argued that a place brand should be co-created by all stakeholders (Kavaratzis and Hatch, 2013). However, it may be a source of conflict if it is not well managed since it increases stakeholder participation and long-term viability of the place brand.

In the private sector, profit-driven corporations play a critical role in the relationship between place brand and commercial enterprises, and they might play an active or passive part in this relationship. To aid in the placement of their own brands, private companies might take advantage of strong place brands (or the disadvantages of badly positioned place brands). Brands in a passive position may benefit from the trustworthiness and goodwill associated with the most well-known private companies and brands. When it comes to reducing the perceived risk of international consumers of private brands, this second role can also help - as can be seen in what is called the "country of origin effect," where the strengths and weaknesses linked to a territory add or subtract from the value supplied by the commercial brand (Lui, 2012). A place brand's ambassadors are well-known commercial businesses that exhibit a clear connection to the location they represent (Seisdedos and Mateo, 2010). Place brands may benefit from the strategic role played by enterprises (particularly the largest corporations) as "public diplomats" because of their institutional and international ties that influence and are impacted by the image of the place brand at its place of birth (White, 2012).

The location brand has a particular position in the hearts and minds of the people who live there (Braun et al, 2010). They were first thought of as passive receivers, but now they constitute an integral part of its "territorial identity" (Kotler et al, 1999). But in recent years they have become more active players in civic society and position brand ambassadors as a result of this. For their part, they legitimize place brand as a publicly owned brand (Kavaratzis, 2004) and the government's role in implementing public policy (Branner et al, 2013). A location brand must thus be developed to create an identity that society in the area believes to be such, rather than only being appealing to external audiences (such as visitors and corporations) (Freire, 2009; Kavaratzis, 2012).

Both a "business" and "relational" approach may be used by the public sector when it comes to strategy selection. Like strategic planning for private corporations, corporate brand development is structured in the same manner (e.g. Kavartzis, 2009; Moilanen and Rainisto, 2009; Balakrishnan and Kerr, 2013). Taking this technique, which is generally vertical, requires one to do a strategic analysis that considers the intended positioning, place brand configuration or future partnerships with other place brands before implementing this strategy (brand architecture). Conversely (e.g. Bamber and colleagues, 2009), the relational approach focuses on developing and directing brand creators—managers and consumers—in a collaborative process of co-creation (e.g. Kavartzis, 2012; Govers, 2012). As a result, the brand of a place is created by the people who interact with it via 'conversation, argument, and contestation' (Kavartzis and Hatch, 2013: p. 82). When it comes to developing a place brand, public sector leadership is focused toward the mobilization of stakeholders' commitment and the establishment of a policy of educating all stakeholders (whether or not they engage in the creation process), regardless of their participation (e.g., Karvelyte and Chiu, 2011; Hanna and Rowley, 2013).

Therefore, in order to bridge the gap between public and private sector conceptions of place branding, organizations and associations must offer a forum for dialogue and reflection. It's important to remember that the place branding project is being funded by the government, and a successful early alignment among stakeholders might save time, money, and effort.

## **6.5 Conclusion**

To conclude it can be noted that that place brand image is an important soft factor in FDI attraction (H1). This research has uncovered empirical proof that there is an influence of place brand image on FDI attraction. This result is contributing to a growing body of research that is exploring the importance of place brand image on FDI attraction. It was also hypothesized that place brand communication strategies have a favourable influence on attracting FDI, which is mediated by the place brand image (H2). In the current study, the findings suggested that there is evidence for the hypothesis that place brand communication strategies strongly impact FDI. Moreover, it was also hypothesised that place brand communication strategies have a positive impact on attracting FDI (H6). The results indicate support for the hypothesis whereby there is a positive impact of place brand communication strategies on attracting FDI. In other words, place brand communication strategies adopted

can be a positive force for attracting FDI. In addition, the indirect impact of place brand communication techniques on FDI through place brand image was. As a result, the greater the place brand communication methods, the higher the perceived FDI attractiveness as the place brand image strengthens. This is a partial mediation effect, since individual place brand communication techniques may be shown impacting FDI.

It was hypothesized that primary place brand communication has a beneficial influence on attracting FDI through the place brand image (H3). As stated, there is no statistically significant link between primary place brand communication techniques and FDI, implying that the former has no impact on FDI attractiveness. The indirect impact of main location brand communication, on the other hand, is favourable and considerable. In other words, a full mediation effect has been established in which key place brand strategies affect FDI only if they improve the place brand. Thus, in the case that primary place brand communication do not generate strong place brand image, there will be no impact on the FDI attraction that will be seen. This is a novel finding of this research whereby there has been a limited exploration of the mediating influence of place brand image on the relationship between primary place brand communication and FDI.

In terms of secondary place brand communication (H4), the study has shown that it does not have a significant influence on the FDI. However, as indicated, there is a significant mediating effect wherein secondary place brand communication influences FDI only when increasing the extent of place brand image. The identification of the full mediating effect is a novel finding wherein it has been empirically supported that only when the place brand communication strategies lead to the development of place brand image, can there be an influence on FDI inflows into the nation. The results for (H5) outlined that tertiary place brand communication did not have a significant direct influence on FDI. However, there is a significant indirect influence of tertiary place brand communication on FDI through place brand image. In other words, tertiary place brand communication can only influence FDI when mediated through place brand image.

In terms of the additional hypothesis developed in the thesis it can be noted that there is a significant difference between the workers of the public sector and the private sector when it comes their perception on the importance of place branding and place brand image on FDI attraction. The findings for (H7a) found that the government sector considers place brand image to be an essential soft element in attracting FDI (H7a). While the results for (H7b) found that private sector workers did not believe that place brand image increased the

amount of FDI flows into the nation. Similarly, government sector believes place brand communication methods have a favorable influence on recruiting FDI through the place brand image (H8a). While the private sector did not believe that place brand image mediates the link between place brand communication techniques and FDI. When it came to primary place brand communication strategies, the government sector believes place brand image has a complete mediation influence on the association between primary place brand communication and FDI (H9a). While the private sector does not view place brand image as a moderator in the link between primary place brand communication techniques and FDI (H9b). The results are similar when it came to secondary place brand communication. The results show that the government sector regards secondary place brand communication as having a beneficial influence on recruiting FDI through the place brand image (H10a). On the other hand, the private sector results indicate that place brand image do not moderate the link between secondary place brand communication and FDI (H10b). When it came to tertiary place brand communication on the other hand both the public sector workers and the private sector did not perceive did that tertiary place brand communication had a favorable influence on recruiting FDI through the place brand image (H11a, H11b). When it came to the overall place brand communication strategies the results were novel as well. As it showed that the public sector did not believe that place brand communication techniques had a direct influence on FDI (H12a). Meanwhile, the private sector perceived that place brand communication methods had a favourable impact on recruiting FDI (H12b). Despite the critical nature of these issues, no research has been conducted to determine the degree of alignment among stakeholders (as place brand creators) over their views of what a place brand is and its purposes. Nor has any research been discovered that examines their perceptions of the public sector's (recognized as the primary player in place brand creation) especially desired role in place brand development (e.g., Anholt, 2007). The results clearly show the need to bridge the gap between public and private sector conceptions of place branding and their desired outcomes. This is a field in need for more dialogue and reflection. It's important to note that the place branding project is being funded by the government, and a successful early alignment among stakeholders might save time, money, and effort and understanding of how best to achieve the desired outcomes.

## **CHAPTER SEVEN: RECOMMENDATIONS**

### **7.1 Recommendations**

Finally, this chapter is going to provide the recommendations of the study. The recommendations will be separated into two parts. The first section will discuss the theoretical contributions of the study. The main theoretical contributions to be discussed will be on the IDP paradigm and the importance of incorporating soft factors like place brand image to the FDI attraction model. Moreover, since no study had previously identified the perceptual differences between the government sector and private sector in the context of place brand communication strategies, place brand image, and FDI attraction this study creates an impetus for researchers to evaluate the role of stakeholder perceptions in this research context. In the following section the practical contributions of the study will be discussed. The main recommendations of the study are that governments or decision makers involved in creating place brand communication strategies should always factor place brand image in their planning process. As noted in the findings a strong focus on generating place brand image as a standalone parameter will have a positive impact on FDI attraction. Although it can be seen that place brand communication strategies are crucial for FDI attraction the results show that they can only influence FDI when mediated through place brand image. In other words, only when the place brand communication strategies lead to the development of place brand image, can there be an influence on FDI inflows into the nation. Furthermore, the recommendations include the need for the public sector to factor in the perceptions of the stakeholders in this case the private sector in building of the place brand communication strategies. More specifically, private sector firms need to be made more aware of their role in both creating and enhancing the place brand image, which can then lead to the generation of more FDI inflows into the country. Here, the government sector has the imperative to lead the movement of awareness for the private sector. This can begin with small incentives to private firms that focus on using the country brand in their products and services marketing. In addition, the section will highlight the main limitations of the study and will also discuss the opportunities for further future studies and will conclude by providing a summary of the main aspects of the thesis.

## 7.2 Theoretical Contributions

One of the first and foremost contributions that this study is making is that it is expanding the research area that is exploring the importance of place brand image on FDI attraction. As noted by Bretas et. al. (2021) much of the research up to 2007 conducted in this aspect is contextualised to the Western context and while there was growth in research in other regions between 2008-2021 there still is a limited amount of research on the middle east. Thus, this study is not only making a contextual contribution but is also furthering knowledge in this research field in the context of the UAE.

In addition, the study makes novel contributions in the study of the interplay between place brand communication strategies, place brand image, and FDI attraction. More specifically, no past study has identified the mediating effect of place brand image on the relationship between place brand communication strategies and FDI attraction. Thus, the results of the present study can aid researchers in understanding the mechanism through which place brand communication strategies generate FDI attraction for a country.

In addition, by evaluating the impact of primary, secondary, and tertiary place brand communication strategies, the present research has made a novel contribution to this study area. In other words, the research has indicated that when these place brand communication strategies are broken down to their components, they are only successful in generating FDI attractiveness if they have aided in the development of place brand image. In other words, only when these strategies generate place brand image can they lead to higher FDI attractiveness. This is the first study to identify the same and is thus, generating new knowledge in this research field.

While the present study did not consider the three stages of economic development as it is well-established within the IDP paradigm that the economic development of a country does indeed influence FDI motivations of MNEs, the present study is making a contribution to the IDP paradigm as a whole. In other words, the present study indicates that regardless of the hard factors that are present within a nation, the soft factors play a crucial role in enhancing the FDI attraction of the country. This leads to an enhanced perception in the minds of MNEs and investors looking to invest in emerging markets that offer them better opportunities than developed markets. Thus, the present study furthers the IDP paradigm and indicates the importance of considering soft factors in understanding the motivations underlying FDI attraction.

Finally, no study had previously identified the perceptual differences between the government sector and private sector in the context of place brand communication strategies, place brand image, and FDI attraction. Therefore, this study creates an impetus for researchers to evaluate the role of stakeholder perceptions in this research context.

### **7.3 Practical Recommendations**

One of the main recommendations for practice is to consider the role of place brand image when strategising regarding the best place brand communication strategies to implement. It is without a doubt that place brand communication strategies are crucial. However, when nations develop communication plans aimed at increasing their place brand image, countries may see an inadvertent increase in the overall FDI attractiveness in the country. In addition, a strong focus on generating place brand image as a standalone parameter will also see positive growth in FDI attraction. The results of the study show that although place brand communication strategies are crucial for FDI attraction generally it can only influence FDI when mediated through place brand image. In other words, only when the place brand communication strategies lead to the development of place brand image, can there be an influence on FDI inflows into the nation. Thus, one of the main recommendations of the study is that governments should always factor place brand image in their place branding communication strategies.

Furthermore, the role of the private sector as essential stakeholders needs to be considered. More specifically, private sector firms need to be made more aware of their role in both creating and enhancing the place brand image, which can then lead to the generation of more FDI inflows into the country. Here, the government sector has the imperative to lead the movement of awareness for the private sector. This can begin with small incentives to private firms that focus on using the country brand in their products and services marketing.

### **7.4 Limitations and Future Recommendations**

One of the primary limitations of the present research is that it was performed in an environment that could not be controlled. In other words, the researcher could not have controlled the extent of place brand communication strategies that were employed by the country. This creates limitations due to there being limited causal predictions that can be made of the effect of place brand communication strategies on FDI attraction. While the present study carried out robust statistical analyses, these are only limited to uncontrolled

retrospective analysis. Future research can hence, work in a controlled environment whereby the utilisation of place brand communication strategies is strategically controlled. This can then be measured for having effects on FDI attractiveness.

Furthermore, another limitation of the present study is that it has generated limited outcomes based on the hypotheses that were generated. Due to the quantitative nature of the study, which was in line with the research objectives, an in-depth analysis of all the factors that influence FDI attractiveness was not possible. Future studies can, thus, take a more exploratory route and identify additional factors that lead to the generation of FDI attractiveness in addition to place brand image and place brand communication strategies.

Another limitation of the study was that it employed self-report measures in quantifying the latent constructs of the study. Self-report measures can lead to the generation of bias that might potentially affect the results generated. While self-report measures are commonly applied across all research areas, future studies can work with secondary data to ensure that an unbiased perspective is evaluated in the research. For instance, future studies could utilise the FDI inflows data sets and statistics of countries.

Another limitation of the study is that it was cross-sectional in nature, whereby the results only depict the relationship between the constructs as its true for the particular point in time. Future studies are recommended to include a temporal viewpoint and evaluate how FDI attraction changes based on different levels of place brand image and place brand communication strategies that are implemented.

As per the researcher's knowledge, this study was novel in applying the place brand communication strategies, place brand image in the IDP framework to understand FDI attraction. However, it did not factor in the economic stages of the host and recipient countries. The model maintains that that the economic development of countries can be categorized into five stages. Where least developed countries are in the first two stages of IDP, and newly industrial countries are in the third stage of IDP and finally developed countries are in the final two stages of IDP. The model suggests that after understanding the level of economic development of host and recipient countries it will be easier to identify the factors that affect FDI attraction. For future studies scholars could also factor in that the economic development of a country to understand the influence on FDI motivations of MNEs. A significant issue scholars need to be aware of is that it in many cases due to the development of the present economy it may be hard to pinpoint the country of origin of MNE's and therefore the economic stage that they are in.

In addition, future studies could also use other type of methodologies to delve deeper in understanding the role place branding, place brand image on FDI attraction. A qualitative study on understanding the main differences between the public and private sector may be significant. This study was limited in that it used structured survey while future studies could dive deeper in understanding the dynamics of FDI attraction in the perception of public and private workers. Having said that case studies could be also be a root to consider for future studies.

## **7.5 Summary of the study and Conclusion**

The main aim of this study was to identify and examine the mediating role of place brand image in the relationship between place brand communication strategies and FDI attraction. In order to achieve this aim, the present study was embedded under a positivist paradigm and conducted quantitative research. A survey questionnaire was developed and operationalised. A total of 238 responses were collected through the survey, which was used for further analysis. A total of 12 hypotheses were tested using statistical tools such as SPSS and SmartPLS. The results indicated that there is a significant influence of place brand communication strategies on the FDI attractiveness of the UAE along with the partial mediating effect of place brand image on the relationship between place brand communication strategies and FDI attractiveness. It was also indicated that individual components of place brand communication strategies only influence FDI attraction when they lead to the generation of the place brand image. Furthermore, the role of the stakeholders' perceptions was also identified in the present study. The specific research questions developed at the beginning of the study are further discussed below, and their answers are provided.

The first research question that the present study sought to answer was how important is place brand image in FDI attraction. In answering this research question, the present study hypothesised that place brand image is an important soft factor in FDI attraction. Place brand image has been shown to have a major impact on attracting foreign direct attraction (FDI). This conclusion is matched with the outcomes given by the preceding research as mentioned in the previous chapter. FDI is considerably influenced depending on the branding of place since place branding helps to improve its appeal to investors. This is effective since the purpose of branding is to demonstrate what distinguishes a place from its rivals. In other words, a place must be able to market itself utilising positive image generation if it wants to

build a distinct strategic advantage for itself. A robust national identity would so inspire corporate investments and boost the demands of export industries, consequently leading to better FDI attractiveness. In order to effectively brand a place, it is necessary to integrate many characteristics, such as heritage, tradition, and norms, with national strategic goals. Therefore, place branding is a vital component of economic growth strategies at the national and regional levels.

Not only are place brands an excellent technique for recruiting and keeping FDI, but they may also assist in depicting the region as more business-friendly. In other words, cities and nations that have developed strong brands will find it simpler to attract knowledge-based firms to their jurisdictions. In this context, the brand image is critical since it relies on the judgments of quality and ideals made by the brand's target audience, as well as on the specifics of the product itself.

Place brand management must carefully evaluate this interaction between the two components of the branding strategy and seek to govern it. Place brands have a huge impact on how regional customers behave, which implies that the option of whether or not to interact in a place is affected by place brands. According to the findings of the current research, the "soft" or "intangible" parts of a place's image have an important effect on FDI attraction. Therefore, it may be stated that the larger the country's image, the more foreign investment by means of FDI a nation may obtain. Thus, this study issue was addressed, and it was determined that place brand image does definitely have a vital influence in boosting a country's FDI attractiveness.

The second research question that was focused on was what is the role of place brand communication strategies on the relationship between a place's brand image and FDI attraction. In order to answer this question, the current study hypothesised that place brand communication strategies would play a mediating role in the relationship between place brand image and FDI attraction. This hypothesis was supported whereby it can be concluded that stronger place brand communication strategies lead to the development of a strong place brand image, which then leads to higher FDI attractiveness. It was also identified that there is a direct relationship between overall place brand communication strategies and FDI attractiveness.

Three levels of place brand communication strategies (primary, secondary, and tertiary) were also evaluated for any potential effect on FDI attraction. All of the three strategies were found to be leading to FDI attractiveness only when mediated by place brand

image. In other words, only when primary, secondary, and tertiary place brand communication strategies generate place brand image does it lead to FDI attractiveness. In other words, a full mediation effect of place brand image was identified on the relationship between primary, secondary, and tertiary place brand communication strategies and FDI attractiveness.

Thus, the findings demonstrate the vital need of developing a long-term holistic communication strategy for building a market-recognised identity. Strong brand communication strategies are crucial for countries since it has been shown that only a country's ability to communicate successfully can produce greater FDI attractiveness levels. The more effective the communication strategies used to promote the place brand, the larger the perceived FDI attractiveness produced via place brand image promotion. In effect, the purpose of place branding is to bridge the gap between a place's perceptions and its reality. As a consequence, branding seeks to influence public perceptions, therefore assisting nations in maintaining their competitiveness. This is accomplished through altering "consumers'" impressions about a certain nation. Thus, it can be concluded that the attractiveness of FDI may be increased by the implementation of efficient place brand communication techniques geared toward the development of the place brand image.

An additional finding of the present study is that there are differences in the perception of employees working in the public sector and the private sector. Place brands are collectively owned public brands that are promoted by a broad range of stakeholders. Still, there has been no study conducted to evaluate the degree of alignment among stakeholders about the definition of a place brand and its objectives, and hence this research makes a novel contribution.

While it was discovered that government sector enterprises, on average, had favourable evaluations of the relationship between place brand image, place brand communication methods, and FDI attractiveness, this might be a problem for a nation seeking to improve its place brand image and attract further FDI, given the private sector's proportional prominence. Private businesses have the opportunity to use strong location brands to aid in the positioning of their own brands. Additionally, since private sector enterprises are profit-driven, they may pursue a more aggressive integration of the place brand into their own corporate brand, further enhancing the country's FDI appeal. On the other side, when it comes to developing a place brand, public sector executives are focused on mobilising stakeholder commitment and instituting a policy of education for all

stakeholders. Thus, it is necessary to educate the private sector about the impact that place brand communication techniques and image have on a country's FDI attractiveness.

In terms of limitations and future studies the research suggests incorporating the economic stages of host and recipient countries in the future analysis. As per the researcher's knowledge, this study was novel in applying the place brand communication strategies, place brand image in the IDP framework to understand FDI attraction. However, it did not factor in the economic stages of the host and recipient countries. The model maintains that that the economic development of countries can be categorized into five stages. Where least developed countries are in the first two stages of IDP, and newly industrial countries are in the third stage of IDP and finally developed countries are in the final two stages of IDP. The model suggests that after understanding the level of economic development of host and recipient countries it will be easier to identify the factors that affect FDI attraction. For future studies scholars could also factor in that the economic development of a country to understand the influence on FDI motivations of MNEs. A significant issue scholars need to be aware of is that it in many cases due to the development of the present economy it may be hard to pinpoint the country of origin of MNE's and therefore the economic stage that they are in.

In addition, future studies could also use other type of methodologies to delve deeper in understanding the role place branding, place brand image on FDI attraction. A qualitative study on understanding the main differences between the public and private sector may be significant. This study was limited in that it used structured survey while future studies could dive deeper in understanding the dynamics of FDI attraction in the perception of public and private workers. Having said that case studies could be also be a root to consider for future studies.

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## **Appendix 1 – research consent/ institutions**

**Subject:** Permission to conduct research for PhD studies at the British university in Dubai

To Whom it may concern,

My name is Mohamed Eisa Alansaari and I am a PhD candidate at the British University in Dubai (ID number 2016156010). The purpose of this letter is to request permission to conduct a research study at your esteemed institution. The research is part of a PhD program at the British University of Dubai. The purpose of this research project is to explore the relationship between Place Brand image and Foreign Direct Investment.

The study will invite people working in your institution who have worked in an area related to Foreign Direct Investment to answer a questionnaire. Their participation in this research study is voluntary and their responses will be confidential and identifying information such as name, email address or IP address will not be collected.

A copy of the questionnaire has been attached for your reference and if you have any questions about the research study that requires someone from the University then please contact the business management department at the British University of Dubai.

Approval to conduct research:

Date:

**Date: 19 May 2020**

**Subject: Permission to conduct research for PhD studies  
at  
Department of Economic Development**

To Whom it may concern,

The Department of Economic Development has no objection for Mr. Mohammed Essa Al Ansari, a PhD student at the British University of Dubai, to conduct his research project to explore the relationship between Place Brand image and Foreign Direct Investment.

Any participation from the department staff shall be voluntary and their responses shall be confidential. The views and opinions expressed in the research are those of the participants and do not necessarily reflect the official policy or position of Department of Economic Development. Any formal request for information shall be sent to the following email: [uso@ded.abudhabi.ae](mailto:uso@ded.abudhabi.ae)



Regards,  
Nasser Al Shamsi  
Undersecretary Office

## Appendix 2 – research consent/ participants

Dear Participant,

My name is Mohamed Eisa Alansaari and I am a PhD candidate at the British University in Dubai. I am conducting my thesis on the relationship between Place Brand image and Foreign Direct Investment.

Your participation in this study will be greatly appreciated, and all your responses will be kept confidential and anonymous. Returning the completed questionnaire will be considered an expression of your consent to participate in this study.

Many thanks,

Mohamed Eisa AlAnsaari

[2016156010@student.buid.ac.ae](mailto:2016156010@student.buid.ac.ae)

Demographics	<ul style="list-style-type: none"> <li>• Age             <ul style="list-style-type: none"> <li>- Less than 25 years old.</li> <li>- 25 to 40 years old.</li> <li>- 41 to 60 years old.</li> <li>- Above 60 years old.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Gender             <ul style="list-style-type: none"> <li>- Male.</li> <li>- Female.</li> </ul> </li> <li>• Education             <ul style="list-style-type: none"> <li>- Highschool</li> <li>- Undergraduate</li> <li>- Post graduate</li> </ul> </li> <li>• City of work             <ul style="list-style-type: none"> <li>- Abu Dhabi</li> <li>- Dubai</li> <li>- Sharjah</li> <li>- Ajman</li> <li>- UAQ</li> <li>- RAK</li> <li>- Fujierah</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Work in Field of FDI             <ul style="list-style-type: none"> <li>- Y</li> <li>- N</li> </ul> </li> <li>• Sector             <ul style="list-style-type: none"> <li>- Private</li> <li>- Public/Government</li> </ul> </li> </ul>
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Survey Questions	Measurement
In your opinion does Place branding via promotional activities advertising, public relations) effect place brand image	1 = Strongly disagree; 5 = strongly agree
In your opinion does Place branding via marketing campaigns (logo design, catch phrases) effect place brand image	1 = Strongly disagree; 5 = strongly agree
In your opinion does the “Place” leadership/government behavior effect place brand image	1 = Strongly disagree; 5 = strongly agree

In your opinion does the “Place” monuments natural/man-made effect place brand image	1 = Strongly disagree; 5 = strongly agree
In your opinion does media representation of the place effect place brand image	1 = Strongly disagree; 5 = strongly agree
In your opinion does word of mouth/people perceptions effect place brand image	1 = Strongly disagree; 5 = strongly agree
Low labour costs (workforce) attracts FDI	1 = important 5= not very important
Low transportation/logistics costs (supply and distribution) attracts FDI	1 = important 5= not very important
Low cost of raw materials, energy and water attracts FDI	1 = important 5= not very important
Availability and low costs of land attracts FDI	1 = important 5= not very important
Large size of host market attracts FDI	1 = important 5= not very important
Growing demand in host markets (potential growth) attracts FDI	1 = important 5= not very important
Low level of competition in host markets attracts FDI	1 = important 5= not very important
Very well-developed infrastructures attracts FDI	1 = important 5= not very important
High industrial concentration (industrial parks, technology networks, etc.) attracts FDI	1 = important 5= not very important
Availability and expertise of workforce attracts FDI	1 = important 5= not very important
Access to reliable and cooperative suppliers attracts FDI	1 = important 5= not very important
Technologically advanced country (learning opportunities) attracts FDI	1 = important 5= not very important

Political stability attracts FDI	1 = important 5= not very important
International trade agreements attracts FDI	1 = important 5= not very important
Tax reduction incentives in host market attracts FDI	1 = important 5= not very important
Standard of living and public services attracts FDI	1 = important 5= not very important
Attitude of the community towards the firm attracts FDI	1 = important 5= not very important
Cultural affinity between the firm and the host country attracts FDI	1 = important 5= not very important
Place Brand Image attracts FDI	1 = important 5= not very important
I perceive place brand image through the Environment of the place (pollution)	1 = strongly agree 5= strongly disagree
I perceive place brand image through the Green Spaces of the place	1 = strongly agree 5= strongly disagree
I perceive place brand image through architecture of the place	
I perceive place brand image through infrastructure of the place	
I perceive place brand image through the people of the place	
I perceive place brand image through the government behaviour	
I perceive place brand image through the Availability of Tourism facilities (restaurants, parks)	1 = strongly agree 5= strongly disagree
I perceive place brand image through its Historical sites	1 = strongly agree 5= strongly disagree

I perceive place brand image through its Cultural activities	1 = strongly agree 5= strongly disagree
I perceive place brand image through the Availability of Recreational Facilities	1 = strongly agree 5= strongly disagree
I perceive place brand image through the Safety of the place	1 = strongly agree 5= strongly disagree
I perceive place brand image through the crime rate of the place	1 = strongly agree 5= strongly disagree
I perceive place brand image through the number of Bank branches in the place	1 = strongly agree 5= strongly disagree
I perceive place brand image through the number of Medical Facilities in the place	1 = strongly agree 5= strongly disagree
I perceive place brand image through the number of post office branches in the place	1 = strongly agree 5= strongly disagree