Article

# Conceptualisation of Nation Brands to Attract Foreign Direct Investment: An Integrated Model

IIFT International Business and Management Review Journal
2023, 1(2) 132–150
© The Author(s) 2024
DOI: 10.1177/jiift.231219371
ift.spectrumjps.com

**Shyam V. S.**[1], **Bilal Mustafa Khan**[1] **and Kanwal N. Kapil**[2]

**Abstract**

A nation brand is defined as a brand of a country. Nations are not only political and sovereign entities, but also business entities that conduct foreign trade, promote talent and innovation, create knowledge, levy taxes and enact laws. As a whole, nations accumulate wealth, power and status and leverage their brand identities to further their strategic interests. This article looks at the theories of nation branding and its implications on attracting foreign direct investment (FDI). FDI inflow has been studied by various researchers. The impact of nation branding on FDI has not been studied from an integrated perspective. This article analyses all the papers published in the field from 1969 when the genre of research was first mentioned in management literature and the factors presented by various researchers and place brand practitioners up to 2022 and combines them all into one integrated statistically testable model. The article analyses the factors from three perspectives—that of the governments and investment promotion agencies, external brand analysts and ranking consultancies as well as that of the investors.

**Keywords**

Nation branding, place branding, foreign direct investment, investment promotion agencies, place brand ranking, foreign trade, trade promotion, investment promotion, guidelines for place promotion, integrated model for place branding

## Introduction to Nation Brands

Can a country ever be treated as a brand? If yes, who is the brand's owner? How will the brand personality and identity be determined? How will the brand manager function? What will the KRAs be for the designated brand managers?

[1]Aligarh Muslim University, Aligarh, Uttar Pradesh, India
[2]Management Development Institute, Gurgaon, Haryana, India

**Corresponding author:**
Shyam V. S., Aligarh Muslim University, Aligarh, Uttar Pradesh 202001, India.
E-mail: me@shyamvasudevan.com

What is the brand meant to accomplish? How will the country regulate communication-related factors? Will every citizen have the right to use the national brand?

Visa-free or visa-on-arrival travel was possible for Americans in 186 countries (as of June 2023), including to a majority of the countries in Europe and South America. Indians and Georgians, in comparison, can enter 59 countries without a visa or with a visa that is valid upon arrival (as of June 2023). What does this fact reveal about India, Georgia and America to the world?

Nations compete for investment, tourism, trade, global recognition and much more. Looked in that perspective, a nation is a business entity that tries to aggregate private and public business, service its citizens, impose taxes and levies and pay for its own existence and the common good of its citizens.

## Nation Branding Is the Process of Applying the Principles of Branding to Nations

A nation brand can be defined as 'the unique, multi-dimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all of its target audience' (Dinnie, 2016).

Furthering the ideas of Roll (2006) and Holt (2004), nation brands are seen to have deeper and richer cultural resources than any other kind of brand because of the roots of their national identity. According to Keller (2003), the strategic brand management process entails a series of activities ranging from the creation of marketing strategies and plans, the execution of these plans, the development of brand image-building initiatives and the measurement and management of brand equity.

While the brand manager may start the branding process where the brand is viewed as an input, de Chernatony and McDonald (2003) caution that it is the audience and users that define the brand as an output or the brand value as a sum of the experience. Nations do not belong to brand managers and therefore extreme caution should be exercised in handling them at all levels.

### *Nation Brand Versus Nation Branding*

It has been observed that the phrases 'nation/place branding' and 'nation/place brand' have been used interchangeably in literature dealing with nation brand. The fact remains, however, that the former is a by-product of the latter and has a separate technical definition. This line, however, has been smudged by expert publications and research papers. We have limited ourselves to the outcome of nation branding for the sake of this study—and so stay to the precincts of nation brand as an already established entity and a product of the branding activity. In the previous four decades, over 1,700 papers have been produced on the subject. More about the literature will be explored in the literature survey. Table 1 summarises the constructs of a nation brand.

**Table 1.** Conceptual Model of Nation Brand Identity and Image.

| | |
|---|---|
| Factors of nation brand identity | History, language, territory, regime, politics, sports, literature, arts, religion, scientific achievements, education, icons, landscape, music, food, folklore, etc. |
| Communicators of nation brand identity | Branded exports, sporting achievements, diaspora, marketing communications, brand ambassadors, musicians, artists, cultural artefacts, foreign policy and prominent personalities |
| Nation brand image—audience groups | Domestic customers, external customers, domestic firms, external firms, inward investors, governments, media, multilateral organisations and international funds and rating agencies |

Nations use a variety of techniques to influence public image, including military uniforms, national and international television networks and paid content in impartial magazines. Creating a place brand is no laughing matter. It is similar to putting together an orchestra with instruments from all stages playing different tunes. Creating a succinct brand perception in an age of media frenzy is a challenging task. When deconstructing the idea of national brand identity, literature refers to the aspects that make up the components of national brand identity.

Table 2 is a summary of the works of researchers Roll (2006), Lehu (2006), Kapferer (2004), Elliott and Percy (2007) and Buchholz and Wordemann (2000).

## The Importance of Attracting Inward FDIs

While the reasons for pursuing nation branding and its role in achieving sustainable competitive advantage across a wide array of fields including tourism and trade have been discussed previously, this study focuses solely on the relationship between the nation brand and foreign direct investment (FDI). FDI attractiveness is a co-discovery process facilitated by competitiveness mapping. Attracting FDI remains a top priority for nations, regions and communities around the world. Answers to the following questions are attempted in the study:

1. Is nation branding and place marketing effective as tools in attracting FDI?
2. What are the prerequisites for place marketing to successfully attract FDI?
3. Is branding effective in the overall FDI promotion?
4. What are the factors upon which the nations pitch for investment?

**Table 2.** Brand Identity Components and Their Nation Brand Manifestations.

| Identity Component | Nation Brand Manifestation |
|---|---|
| Brand vision | A strategy document drawn up by the nation brand development team comprising of private subject experts, consultants, policy makers and members of the civil society |
| Brand scope | A broad outline of the verticals in which the nation brand can compete with confidence—industry sectors, talent and the arts. This must include the segmentation strategies and a list of priorities committed by the state |
| Name of the brand | Some countries and regions are known by one name only. Others are known by several names such as Japan (Nippon). Nations must examine if the name is either diluting the brand proposition or strengthening it |
| Codes of expression | National flag(s), languages, icons |
| Everyday behaviour | • Political activity, decisions and manifestations<br>• Military actions, decisions, and manifestations<br>• Diplomatic conduct<br>• International relations<br>• Policies in multilateral frameworks |
| What makes the brand different? | The uniqueness of the nation—as a product of its people, their culture and beliefs including history, food, dances, dressing and all forms of cultural expression |
| Narrative identity | National myths and heroes, stories of emerging independence, thought leaders, martyrs |
| Advocate an ideology | Human rights, sustainable development, pursuit of happiness etc. (for example, India's pursuit of high targets in renewable energy earns it a niche in the global market) |

5. What do investors look for in a place brand before investing?
6. What is the role played by non-state actors like the World Bank and their knowledge resources in the FDI location process?
7. Are the place brands' offerings in sync with what the industry wants?
8. Can the process of matching be influenced by more targeted advertising and communication?
9. Do nation brands have an advertising and outreach strategy?
10. Can we fine-tune model for a nation's FDI attractiveness and validate the same?

This study aims to develop a model to help investors, nation brands and third-party knowledge partners make decisions and understand the relationships between variables such as offerings, wants and needs of both the investor and the place's stakeholders. The research will look at the strategies and operations of investment promotion agencies (IPAs), FDIs and independent agencies, as well as gatekeepers and other influencers like place ranking agencies.

There is a lot of activity in the domain of place branding and investment communication, but there is little evidence or theory to back it up. There has been very few empirical research in this field. Several previous researchers have emphasised this aspect and have called for universally testable models. This study discovers and quantitatively analyses the statistical correlations between components from various perspectives.

## Survey of Literature

In 1969, Kotler and Levy recognised location branding as a separate field of research (Mariutti, 2017) and recommended the investigation of marketing techniques apart from other business contexts. Over two decades later, Kotler et al. (1993) and Kotler and Gertner (2004) conducted considerable research on the subject, applying the notion of branding to places as well as other products and services. Authors (Braun et al., 2011; Jansen, 2008; Kavaratzis, 2005; Kotler & Keller, 2012; Maheshwari, 2010; Moilanen & Rainisto, 2009; Rainisto, 2003; Stachow & Hart, 2010; Szondi, 2007) agree that the nation brand can be a product of branding agencies' communication and marketing efforts and can advance the cause of the nation.

Simon Anholt is also credited for having coined the term 'Nation Branding' in 2007. Anholt's Index quickly established the standard for countries to follow. He ranked countries according to their reputation and wealth. In his work on identity and public diplomacy, he established the hexagon model, which includes aspects such as tourism, exports, governance, investment and migration, culture and heritage and people and dubbed it the Competitive Identity Matrix for nations. Many writers regard Anholt's 'Nation Brands of the Twenty-First Century' (Anholt, 1998) as a seminal work in the topic. For the first time, it distinguishes between the phrases 'place marketing' and 'place branding'. The term 'country branding' was also coined in the report.

According to Mariutti (2017), the role of brand management as a component of national strategy is linked to public diplomacy, governance objectives and political integration. Both Dinnie (2004) and Papadopulous (2004) endorse this view.

Gertner's (2011) search for a meta-analysis of field papers returned 3,040 items published between 1990 and 2009. Between 1990 and 2009, the majority of these published publications were qualitative research, with a perceived scarcity of empirical investigations. Approximately 200 of the 212 articles he read were based on the author's personal experiences and were purely anecdotal.

Gertner (2011) observes a paucity of publications on different forms of competition between places in terms of investors, firms, talent, events (such as hosting the World Cup or Olympics) and international students. According to

Zenker (2009), the presence of the creative class is a crucial determinant for a place's economic success.

During this period, there has been an unparalleled increase in the worldwide volume and importance of FDI. It has risen from \$200 billion in 1990 to \$1.52 trillion in 2017. The share of developing economies has likewise increased from 20% in 1990 to over 52% presently (UNCTAD, 2017).

### *The Relationship Between Nation Brand and FDI*

Several articles have examined the movement of FDI between countries. FDI has been thoroughly researched from an economic and other viewpoints—both empirically and qualitatively. All of these studies looked at FDI as an activity conducted by enterprises and between business-to-business transactions.

Nation Brand, on the other hand, is a new idea with very few empirical investigations (Papadopoulos et al., 2016). States, trade associations, international organisations and other stakeholders own national brands. The nature of the synergies derived from these relationships necessitates an intriguing examination of the dynamic partnerships and transactions on both sides. Nation brands strive towards objectives such as socioeconomic growth and resource conservation.

FDI, on the other hand, seeks wider markets, plentiful resources, cheaper manufacturing and service costs, access to technology and intellectual abilities, and risk mitigation due to geographical concentration, among other objectives. While these synergies exist on a global scale, businesses are looking for enabling environments with reduced tax rates, smaller regulatory impediments and simple compliances.

However, the positive impact of FDI on local economies and the expansion of investors' businesses have been demonstrated without doubt. These characteristics have been widely acknowledged by governments, corporations, academia and society at large (Festervand, 2011). This acknowledgement has resulted in an exponential expansion in the activities and rivalry for FDI, as well as the amount of investment itself. FDI has the potential to boost trade, create new jobs for the citizens and improve the living conditions of the local population.

Governments have thus taken an active interest in lowering the cost of doing business, improving infrastructure, enabling better market access, deploying tax and other financial incentives and attempting to entice more investors into their home markets than previously (Young, 2005). Thus, place branding has taken on a new dimension with the advent of the branded state as a corporate destination (van Ham, 2001). The *New York Times* named 'Nation Branding' one of the year's most remarkable business innovations.

Despite these synergies, both of these notions are marked by significant research gaps. Efforts to develop a universal model for FDI drivers have failed (Bitzenis, 2003), and Chakrabarti (2001) emphasises that there is no agreement on what these elements are.

## *FDI Decision-making and Location Selection*

Investors' perspectives on where to invest appear to shift from year to year. This is due to the individual countries' economic fortunes and the associated internal investment attractiveness factors (Ernst & Young, 2015). Existing studies have not done justice to foreign investors' continual search for the best FDI sites. Despite the extensive work that has gone into it, the idea is still in its infancy (Tamasay & Taylor, 2008). Worse, there is no agreement among researchers on the optimal technique to evolve a model.

An analysis of FDI literature reveals the following prominent FDI models and theories:

1. International product lifecycle (Vernon, 1966)
2. Internationalisation theory (Buckley & Casson, 1976)
3. Market imperfections (Hymer, 1976)
4. Incremental internationalisation (Johanson & Vahlne, 1977)
5. Behavioural economics (Hosseini, 2005)
6. The institutional environment (Amal, 2010)
7. Dunning's eclectic paradigm (Dunning, 1977)

While these theories can be used independently, they contradict each other and have been criticised by professionals (Dunning & Rugman, 1985; Hosseini, 2005; Markusen, 2002).

According to Ali and Guo (2005), the factors that drive FDI vary by sector. Dunning's paradigm was built on a location's 24 OLI (ownership, location and internationalisation) advantages. According to a content analysis of advertisements for investment attraction (Wilson & Baack, 2012), the IPAs that ran advertisements in American Business Magazines did not consider these 24 OLI characteristics to be relevant. Another key factor influencing choice is the fact that locations are, by definition, place-bound, whereas investors have the option of selecting from a variety of locales. Firms have the advantage in this decision. However, once an investment is made, businesses are at the mercy of local policymakers. Policymakers have the upper hand over everyone else in determining the working conditions of the place. A few of the factors used by policy makers according to the existing literature are:

- Tax holidays
- Special grants
- Advantageous worker compensation
- Fringe benefit regimes
- Office space
- ISDN connections
- Lower tax rates for expat workers
- Consulting and legal assistance, etc.

All these just call for extraordinarily little differentiation and long-term sustainable competitive advantage owing to the fact that these offers are easily replicable.

Their effectiveness also depends on how these sops are combined with the natural strengths and weaknesses of the nation.

## The Role of IPAs

Several states have dedicated entities called IPAs that counsel investors and conduct place marketing efforts (Miskins & Byrka, 2014). They are in charge of managing place positioning, recognising investment objectives, selecting target audiences, market segmentation and rolling out the multi-stage campaign and disseminating the correct message to the right audience within the group. The World Association of Investment Promotion Agencies (WAIPA) had approximately 170 members from 130 countries as of September 2016. Each state or territory in some nations has its own IPA. Switzerland has seven IPAs, one for each of its cantons. The primary goal of establishing an IPA is to communicate with potential investors. However, the process entails more than simply communicating with prospective investors. IPAs organise the following to disseminate their message and attract investors:

- Seminars and events
- Workshops and communication campaigns
- Tradeshows
- Direct one-on-one marketing
- Facilitation of local visits
- Marketing campaigns
- Investor matching
- Project preparation assistance
- Legal assistance to prospective investors
- Handholding services
- Servicing investors whose projects are up and running.

The stages at which the IPA can intervene and provide services are critical here. The IPA may offer a wide range of services, from workshops for state authorities to hand-holding investors who have already constructed facilities and factories in the IPA's territory. However, most IPAs are ill equipped to provide a full range of services. IPAs are typically understaffed and overwhelmed with ordinary departmental coordinating work. Money is spent in spurts, and there is frequently a lack of coordination between the IPA and the relevant department. Most IPA personnel require training in the aspects of managing and seeking FDI. Despite the lack of theoretical and scientific guidance, some IPAs do an excellent job of controlling investment factors and are supported by political intent to help them thrive.

### *The Image of Places*

The concept of 'location' has a strong emotional component (Papadopoulos et al., 2012). As a result, its impact may outweigh the impact of the physical infrastructure and other amenities provided by the location. It is well known that the simple mention of a place's name has a significant impact on how individuals and corporations view everything linked with that place—all images of the place are coordinated with the imageries created by these associations. This is usually referred to as the 'Country of Origin' (COO) or the 'Product Country Image'. It has been professionally researched, and a large amount of research is already available.

## The Influence of Nation Branding on FDI

Nation branding is studied in several areas, including COO effects, destination branding for tourism, public diplomacy, national identity and investment promotion (Fan, 2010). Some country brands are also used to boost trade and influence in the arts and culture.

Researchers are interested in the topic because of its economic potential and its ability to transform countries and places. Overall, the place brand should be used to improve the country's image, attract more tourists, increase business and FDI and create a favourable economic environment (Anholt, 2003). All researchers have emphasised the importance of places actively managing their brand image rather than allowing it to evolve organically (Kotler & Gertner, 2002). The challenges that the nation brand faces are quite different from those that conventional brands face. Multiple stakeholders with diverse interests, diffuse socio-political events and influence, and difficult-to-measure outcomes all contribute to the problems. Other challenges have already been discussed in the introduction to nation branding.

### *'Soft' Versus 'Hard' Factors in Investment Decisions*

Many studies in the FDI domain have found that business decisions are not always cold, logical outcomes of mathematical and financial considerations. Emotion plays a vital role. Recent psychological research emphasises the importance of emotional components in human decision-making over coldly logical processes. Nonetheless, FDI research continues to focus on hard facts while ignoring soft factors. The soft facts shape the image of the location and influence the decision-making process in the background. While the outcomes of decision-making processes are presented as a completely logical process in boardrooms around the world, the influence of these soft factors is underplayed and thus their true influence is not directly measurable. However, as with all marketing activities, FDI decisions are influenced by the investor's perception of potential locations (Thomas & Grosse, 2001) as well as the reputations of the target countries (Fan, 2010).

Importantly, growing evidence suggests that the IPA's sector-based targeting results in increased investment inflows (Harding & Javorcik, 2011). The IPAs' undifferentiated, 'mass market' one-size-fits-all approach (El Banna et al., 2016) and the relative lack of research in this area both call for innovative studies that examine FDI-related nation branding from a sector-specific as well as cross-sectoral perspective.

World over, FDI investment is driven by three sets of major factors:

1. The effectiveness of IPAs and the brand promise of the national brand that they provide.
2. The prospective foreign investor's decision-making process.
3. And how does the strength of the nation brand influence independent rankings by various ranking agencies such as the World Bank, the FDI Tracker, the AT Kearney FDI report and so on?

### *Examining the Investment Promotion Agency's Variables*

IPAs are primarily marketing managers of the respective place brands they represent. Their vision and role play an important part in the amount of FDI a nation receives. What is the segmentation strategy followed by the IPA? Does the IPA differentiate between the following sets of investors? A few of the segmentation strategies and target groups for investment promotion from the existing literature are given below.

- Resource seeking investors
- Market seeking investors
- Efficiency seeking investors
- Strategic asset-seeking investors
- Cluster movements

Each of these distinct groups of investors has distinct needs and priorities. As a result, the first task is to determine whether the IPAs differentiate and strategise differently for each of these investor groups. The majority of IPAs do not tailor their messages to these audiences. Wilson and Baack (2012) conducted a year-long content analysis study that mapped the content of many IPAs along Dunning's 24-point matrix and discovered that IPAs did not recognise the value of differentiation. This differentiation is only possible if and only if IPAs conduct their own priority and resource mapping exercises. Most IPAs are driven by ambition and lack the ability to set their own priorities. In the pursuit of FDI, countries also try to imitate one another.

Another factor in the study of IPAs is whether they are a full-service IPA or not. Most IPAs offer a limited bouquet of services to the investor.

### *Examining the Country Variables*

Variables for each country include its size, population and income classification. These variables can affect a country's FDI readiness in various industries. A fishing company, for instance, may wish to establish a base in Iceland, whereas a furniture manufacturer seeking a manufacturing location may choose not to go there. Similarly, market-seeking FDI may not pursue countries with underdeveloped markets. Ideally, nations should be differentiated into categories in accordance with the classification scheme of the World Bank.

### *The Decision Process of the Prospective Investor*

Several variables must be examined in this context. The first is the investor's size and prior experience with foreign investment. Dunning (1977) has proposed 24 factors to determine the flow of investment. These are listed below:

### *Resource Seeking FDI*

- Quality of natural resources
- Ease in processing or transporting output
- Availability of local partners for knowledge sharing
- Availability of local partners for capital expense sharing

### *Market Seeking FDI*

- Large and growing domestic market
- Adjacent to regional markets with barrier-free or prioritised entry
- Availability of skilled/professional manpower
- Price of skilled/professional labour
- Presence of competitive/related firms
- Quality of national/local infrastructure
- Institutional competence and regulatory maturity
- Macroeconomic policies of the host government
- Promotional activities by regional IPAs
- Proximity to users in knowledge-intensive sectors

### *Efficiency Seeking FDI*

- Government restructuring of economic activities
- Government involvement in upgrading human resources
- Availability of specialised spatial clusters
- Opportunity for new initiatives

### *Strategic Asset Seeking FDI*

- Geographic dispersion of knowledge-based assets
- Availability of synergistic assets
- Price of synergistic assets
- Exchange of localised tacit knowledge
- Access to different cultures, institutions and systems
- Access to different consumer demands or preferences

Apart from these, cluster movements between geographies also happen in which large manufacturers frequently cross international borders with their entire manufacturing ecosystem, including ancillary industries. Large movements occur as an increasing number of economies liberalise. The impact of clusters must be analysed independently, as these have not been studied in Dunning's classic paradigm. Apple Inc. moving part of their value chain to India recently is an example of this.

Apart from Dunning's factors, AT Kearney's FDI index (2018) uses the following 20 factors to classify countries according to investor interest:

1. Regulatory transparency and lack of corruption
2. Tax rates and ease of tax payment
3. Cost of labour
4. General security environment
5. Domestic market size
6. Technological and innovation capabilities
7. Domestic economic performance
8. Ease of moving capital in and out of the country
9. Government incentives for investors
10. Strength of the investor and property rights
11. Country's participation in trade agreements
12. Efficiency of legal and regulatory processes
13. Quality of telecommunications infrastructure
14. R&D capabilities
15. Talent and skill level of labour pool
16. Availability of financial capital in domestic market
17. Availability of land and real estate
18. Availability of raw materials and other inputs
19. Quality of transportation infrastructure
20. Quality of electricity infrastructure

## Creating a Comprehensive Model with All the Factors Mentioned Above

In addition to AT Kearney, several other consultants publish state FDI rankings. Typically, however, these rankings are at odds with one another. Several of them lack both reliability and validity, as well as procedural clarity. This is due to the differing perspectives on FDI and the contributing factors. In these reports, the lack of a fundamental model that drives the field is evident. Seasonal and regional economic variations certainly influence investment decisions. However, a logical-emotional framework of individual drivers' motivations and influences has yet to be established.

This model should also be compliant with the foundational principles of SD logic (Vargo & Lusch, 2008) to the factors that drive FDI. The AT Kearney 20-point matrix is an updated and more flexible version of Dunning's 1977 model. It also serves to prevent point repetition. Additionally, AT Kearney fails to link these drivers to national brand characteristics.

### *Listing the Key Factors of This Model and Their Role in the Decision-making Process*

There are two sets of questions that this model combines. The first relates to the variables at the place brand and the marketing strategies of its IPA. The second relates to the decision variables and considerations of the investors.

The place and IPA variables are as follows:

1. Does the size of a nation's economy influence the size and scope of its national brand?
2. Does the size of the economy affect the investors' decisions?
3. Are investors influenced by the IPA's targeting and segmentation of investors?
4. The scope of the IPA's activities influences investors.
5. What is the IPA's strategy regarding segmentation, targeting, differentiation and positioning?
6. What is the average portrayal of the country in the news?
7. What opinion do existing investors hold?
8. How does the country rank in independent rankings?

The investors' decision variables are as follows:

1. What is the nature of investment—resource seeking, market seeking, efficiency seeking or strategic assets seeking?
2. What is the size of the investor?
3. How many international investments has the business made?
4. Does regulatory transparency and lack of corruption influence the investment decision?
5. Does lower tax rate and ease of tax payment influence investor's decision make?
6. Does the cost of labour in the target economy influence investor decision?
7. Does the general security environment and law and order influence investor decision?
8. Does the domestic market size and ease of accessing the market influence decision-making?
9. Do the target country's technological and innovation capabilities influence investor decisions?
10. Does the domestic economic performance influence investor decisions?
11. Does the ease of moving capital in and out of the country influence investor decisions?
12. Do government incentives for investors influence investor decisions?
13. Does the strength of the investor protection and property rights influence investor decisions?
14. Does the country's participation in trade agreements and preferential access to neighbouring markets influence investor decisions?
15. Does the efficiency of legal and regulatory processes influence investor decisions?

16. Does the quality of telecommunications infrastructure influence investor decisions?
17. Does the nature and scope of the country's R&D capabilities influence investor decisions?
18. Does the talent and skill level of labour pool influence investor decisions?
19. Does the availability of financial capital in domestic market influence investor decisions?
20. Does the availability of land and real estate influence investor decisions?
21. Does the availability of raw materials and other inputs influence investor decisions?
22. Does the quality of transportation infrastructure and cost of logistics influence investor decisions?
23. Does the quality of electricity infrastructure and the cost of power influence investor decisions?

## *Other Factors That Need to Be Considered*

A place's image can also depend on factors like newspaper reports of various incidents happening in the nation or region such as the level of violence, political stability, religious considerations and so on. These are mediators in the decision-making model.

## *Combining These Factors into a Testable Model*

### *Research Proposition 1*

The size of the country's economy is a significant influencer on the nature of investments made by foreign entities.

Low-income countries make extraordinarily little effort to build a nation brand. Middle-income countries invest a lot of money on place brands and developed countries advertise truly little for inward investments. Does this also influence the outcome of the nation brand? High-income countries share ~45% of the world FDI in greenfield projects.

### *Research Proposition 2*

Proper prioritisation, SWOT analysis and STDP strategies by IPAs influence FDI investment.

Investments are both an emotional and economic decision. When a country's IPA sets the right expectations and matches with the delivery, it augments investor's trust and therefore results in greater investment.

### *Research Proposition 3*

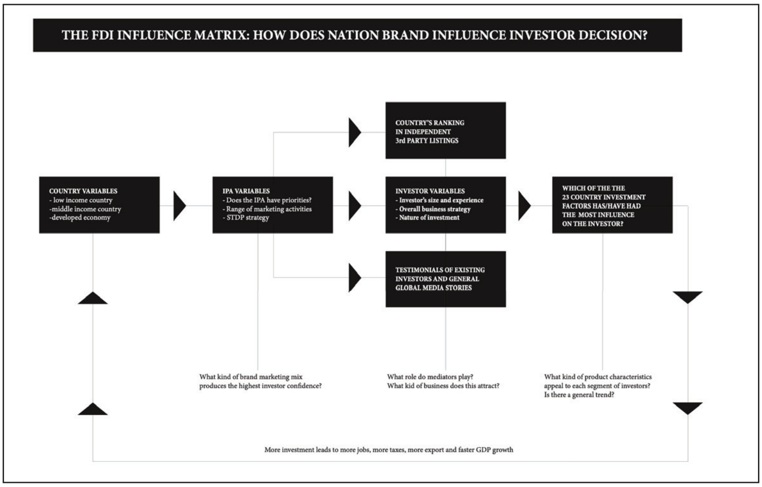
The investors' size and experience influence the investment decisions and the nature of investment made.

FDI is mostly made according to the size and strategic priorities of the company. Small companies make an FDI when they decide to get closer to a larger value chain, hitherto accessible only by exports. Large companies seek efficiency and strategic assets. Minerals and metals manufacturers seek to operate in countries where raw materials are available.

*Research Proposition 4*

The investor decisions are made according to the 23 factors distilled from Dunning's paradigm and the AT Kearney Index.

How much do these factors influence the final decision-making process of the investor? How is it related to the other variables in the model? Do certain factors have a higher correlation with the country factors and state of the nation's economy? Do factors have a relationship with the nature of work undertaken by the IPAs? Do factors have a relationship with the size and maturity of the investor and the nature of his business? If so, how are these factors related? Figure 1 below captures all these concepts into a testable cohesive whole which narrates the relationship between the nation brand image and FDI attractiveness.




## *Type of Research and Data Analysis Techniques Required to Validate the Model*

Validating the model requires a quant–qual combination study. A triangulation analysis of the interdependence of the various components of the study will prove the validity of the proposed model. The two questionnaires with the items should ideally be distributed among the target audience—the IPAs and prospective investors. A list of already existing rankings can be sourced from various consulting organisations and international banks. The study should ideally be undertaken with assistance from WAIPA and publications like the FDI magazine. Databases from other publications such as the Site Selection magazine and Area Development magazine can be used to distribute the online questionnaire to investors. The robustness of this model can be validated empirically.

## Limitations and Future Research

1. This will be the first comprehensive modelling study in place branding and investment decisions for FDI. Therefore, the robustness of this model will need to be further analysed and verified independently. The model will help all stakeholders to understand their own roles and that of each other better. Billions of dollars are spent in FDI promotion by public agencies across the world every year. The result of this study will help them quantify their outcome and evolve an optimal outreach strategy.
2. Investment decisions depend on evolving macroeconomic factors and prevailing socio-political atmosphere in the country. This study may present a model with several envisaged factors, but there may be many other factors which could have been part of the model, and therefore the model will have to be enlarged with new factors as and when new data is presented.
3. As the nature of countries change, so will the factors that determine their places in the model.
4. An emerging field of FDI investment is in the form of youth entrepreneurship. However, it needs to be studied separately as it is an emerging field, and the underlying antecedents may prove to be different.

### Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship and/or publication of this article.

### Funding

The authors received no financial support for the research, authorship and/or publication of this article.

### ORCID iD

Shyam V. S. https://orcid.org/0000-0003-4247-6392

### References

Ali, S., & Guo, W. (2005). Determinants of FDI in China. *Journal of Global Business and Technology 1*(2), 21–33.

Amal, M., Tomio, B. T. Raboch (2010), Determinants of foreign direct investment in Latin America, *GCG: Revista De Globalización Competitividad & Gobernabilidad*, *4*(3), 116–133.

Anholt, S. (1998). Nation-brands of the twenty-first century. *Journal of Brand Management*, *5*(6), 395–406. https://doi.org/10.1057/bm.1998.30

Anholt, S. (2003). *Brand new justice: The upside of global branding*. Butterworth-Heinemann.

AT Kearney. (21 June 2023). Kearney F.D.I. Confidence Index published. AT Kearney. https://www.kearney.com/foreign-direct-investment-confidence-index/2023-full-report

Besanko, D., Dranove, D., & Shanley, M. (1996). *Economics of strategy*. John Wiley & Sons.

Bitzenis, A. (2003). Universal model of theories determining FDI. Is there any dominant theory? Are the FDI inflows in the CEE countries and especially in Bulgaria a myth? *European Business Review*, *15*(2), 94–104. https://doi.org/10.1108/09555340310464722

Braun, E., Frank, M., & Grovers, R. (2011). *International place branding yearbook 2011: Managing Reputational Risk* (pp. 39–46). Palgrave Macmillan.

Buchholz, A., & Wordemann, W. (2000). *What makes winning brands different: The hidden method behind the World's most successful brands*. Wiley.

Buckley, P. J., & Casson, M. (1976). *The future of the multinational enterprise*. Macmillan.

Chakrabarti, A. (2001). The determinants of foreign direct investments: Sensitivity analyses of cross-country regressions. *Kyklos*, *54*(1), 89–114. https://doi.org/10.1111/1467-6435.00142

de Chernatony, L., & McDonald, M. (2003). *Creating powerful brands* (3rd ed.). Elsevier Butterworth-Heinemann.

Dinnie, K. (2004). Country-of-origin 1965-2004: A literature review. *Journal of Customer Behaviour, 3*(2),165–213.

Dinnie, K. (2016). *Nation branding* (pp. 8–32), Routledge.

Doyle, P. (1992). Branding. In Baker M. J. (Ed.), *The marketing* (2nd ed.). Butterworth-Heinemann.

Dunning, J. H. (1977). Trade location of economic activity and the MNE: A search for an eclectic approach. In Ohlin B., Hesselborn P. O., Wijkman P. M. (Eds.), *The international allocation of economic activity*. Macmillan.

Dunning, J. H., & Rugman, A. M. (1985). The influence of Hymer's dissertation on the theory of foreign direct investment. *American Economic Review*, *75*(2), 228–232.

Elliott, R., & Percy, L. (2007). *Strategic brand management*. Oxford University Press.

El Banna, A., Hamzaoui-Essoussi, L., Papadopoulos, N. (2016). A comparative cross-national examination of online investment promotion. *Journal of Euromarketing*, *25*, 131–146.

Ernst & Young. (2015). *EY FDI attractiveness survey report*. Ernst & Young.

Fan, Y. (2010). Branding the nation: Towards a better understanding. *Place Branding and Public Diplomacy*, *6*(2), 97–103. https://doi.org/10.1057/pb.2010.16

Festervand, T. A. F. (2011). Perceptions of select, newly established nations of the Former Soviet Union as foreign direct investment options: A longitudinal perspective. *International Business and Economics Research Journal*, *10*(6), 9–20. https://doi.org/10.19030/iber.v10i6.4369

Gertner, D. (2011). A (tentative) meta-analysis of the 'place marketing' and 'place branding' literature. *Journal of Brand Management*, *19*(2), 112–131. https://doi.org/10.1057/bm.2011.13

Grant, J. (2006). *The brand innovation manifesto*. John Wiley & Sons, Ltd.

Harding, T., & Javorcik, B. S. (2011). Roll out the red carpet and they will come: Investment promotion and FDI inflows. *Economic Journal*, *121*(557), 1445–1476. https://doi.org/10.1111/j.1468-0297.2011.02454.x

Holt, D. B. (2004). How brands become icons. *The principles of cultural branding* . Harvard Business School Press.

Hosseini, H. (2005). An economic theory of FDI: A behavioral economics and historical approach. *Journal of Socio-Economics*, *34*(4), 528–541. https://doi.org/10.1016/j.socec.2005.07.001

Hymer, S. (1976). *The international operations of national firms: A study of direct foreign investment*. MIT Press.

Jaffe, E. D., & Nebenzahl, I. D. (2006). *National image and competitive advantage: The theory and practice of place branding* (2nd ed.). Copenhagen Business School Press.

Jansen, S. C. (2008). Designer nations: Neo-liberal nation branding—Brand Estonia. *Social Identities*, *14*(1), 121–142. https://doi.org/10.1080/13504630701848721

Johanson, J., & Vahlne, J. (1977). The internationalization process of the firm: A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, *8*(1), 23–32. https://doi.org/10.1057/palgrave.jibs.8490676

Kapferer, J.-K. (2004). *The new strategic brand management: Creating and sustaining brand equity long term*. Kogan Page.

Kavaratzis, M. (2005). Place branding: A review of trends and conceptual models. *Marketing Review*, *5*(4), 329–342. https://doi.org/10.1362/146934705775186854

Keller, K. L. (2003). *Strategic brand management: Building, measuring, and managing brand equity* (2nd ed.). Prentice Hall.

Kotler, P., & Gertner, D. (2002). Country as brand, product, and beyond: A place marketing and brand management perspective. *Journal of Brand Management*, *9*(4), 249–261. https://doi.org/10.1057/palgrave.bm.2540076

Kotler, P., & Gertner, D. (2004). O estratégico marketing de lugares. *Dossiê HSM management*. *44*, May–June Edition.

Kotler, P., & Keller, K. L. (2006). *Marketing management* (12th ed.) (p. 275). Prentice Hall.

Kotler, P., & Keller, K. L. (2012). *Administração de marketing* (12th ed.). Pearson Prentice Hall.

Kotler, P., & Levy, S. J. (1969). Broadening the concept of marketing. *Journal of Marketing*, *33*(1), 10–15. https://doi.org/10.1177/002224296903300103

Kotler, P., Haider, D., & Rein, I. (1993). *Marketing places: Attracting investment, industry, and tourism to cities, states, and nations*. The Free Press.

Kotler, P., Nebenzahl, I. D., Lebedenko, V., Rainisto, S., Gertner, D., Clifton, R., van Ham, P., Kalniņš, O., Morgan, N., Papadopoulos, N., Supphellen, M., Norrman, K., Melissen, J., Wason, G., Pant, D. R., Hall, D., O'Donovan, D., Johnston, Y., & Aaker, D. (2004). 'Where is place branding heading?'. *Place Branding and Public Diplomacy*. *1*(1), 12–35. https://doi.org/10.1057/palgrave.pb.5990002

Lehu, J.-M. (2006). *Brand rejuvenation: How to protect, strengthen and add value to your brand to prevent it from ageing*. Kogan Page.

Maheshwari, V. (2010). *Interpreting place branding and its significance in sustainable development* [PhD Thesis]. University of Liverpool, United Kingdom. *Management*, *9*(4/5), 294–314.

Markusen, J. R. (2002). *Multinational firms and the theory of international trade*. MIT Press.

Mariutti, F. G. (2017). The placement of country reputation towards place management. *Journal of Place Management and Development*, *10*(3), 240–253. https://doi.org/10.1108/JPMD-10-2016-0067

Moilanen, T., & Rainisto, S. (2009). *How to brand nations, cities and destinations*. Palgrave Macmillan.

Papadopoulos, N. (2004). Place branding: Evolution, meaning and implications. *Place Branding*, *1*(1), 36–49. https://doi.org/10.1057/palgrave.pb.5990003

Papadopoulos, N., El Banna, A., Murphy, S. A., & Rojas-Méndez, J. I. (2012). Place brands and brand-place associations: The role of 'place' in international marketing. In Jain S., Griffith D. A. (Eds.), *Handbook of research in international marketing* (2nd ed.; pp. 88–113). Edward Elgar Publishing.

Papadopoulos, N., Hamzaoui-Essoussi, L., El Banna, A. (2016). Nation branding for foreign direct investment. *Journal of Product and Brand Management*, *25*(7), 615–628.

Rainisto, S. K. (2003). *Success factors of place marketing: A study of place marketing practices in Northern Europe and the United States*. Doctoral Dissertation, Helsinki University of Technology, Institute of Strategy and International Business.

Roll, M. (2006). *Asian brand strategy: How Asia builds strong brands*. Palgrave Macmillan.

Stachow, G., & Hart, C. (2010). Exploring place image: Formation and measurement. *Place Branding and Public Diplomacy*, *6*(2), 145–155. https://doi.org/10.1057/pb.2010.13

Szondi, G. (2007). The role and challenges of country branding in transition countries: The Central and Eastern European experience. *Place Branding and Public Diplomacy*, *3*(1), 8–20. https://doi.org/10.1057/palgrave.pb.6000044

Tamásy, C., & Taylor, M. (Eds.). (2008). *Globalising worlds and new economic configurations*. Ashgate Publishing.

Thomas, D. E., & Grosse, R. (2001). Country-of-origin determinants of foreign direct investment in an emerging market: The case of Mexico. *Journal of International Management*, *7*(1), 59–79. https://doi.org/10.1016/S1075-4253(00)00040-5

van Ham, P. (2001). The rise of the brand state: The postmodern politics of image and reputation. *Foreign Affairs*, *80*(5), 2–6. https://doi.org/10.2307/20050245

Vargo, S. L., & Lusch, R. F. (2008). Service-dominant logic: Continuing the evolution. *Journal of the Academy of Marketing Science*, *36*(1), 1–10. https://doi.org/10.1007/s11747-007-0069-6

Vernon, R. (1966). International investment and international trade in the product cycle. *Quarterly Journal of Economics*, *80*(2), 190–207. https://doi.org/10.2307/1880689

Wilson, R. T., & Baack, D. W. (2012). Attracting foreign direct investment: Applying Dunning's location advantages framework to FDI advertising. *Journal of International Marketing*, *20*(2), 96–115. https://doi.org/10.1509/jim.11.0023

UNCTAD. *World investment report*. (2017). UNCTAD Publication.

Young, C. (2005). Meeting the new foreign direct investment challenge in East and Central Europe: Place-marketing strategies in Hungary. *Environment and Planning C*, *23*(5), 733–757. https://doi.org/10.1068/c0537

Zenker, S. (2009). Who's your target? The creative class as a target group for place branding. *Journal of Place Management and Development*, *2*(1), 23–32. https://doi.org/10.1108/17538330910942771