I J A B E R, Vol. 12, No. 4, (2014): 1277-1304

INFLUENCE OF INTERNATIONAL BUSINESS ENVIRONMENT ON DIRECT INVESTMENTS PATTERNS – A CASE STUDY OF SELECTED AFRICAN NATIONS BASED ON PORTER CONCEPTUAL FRAMEWORK

***Mahesh Chandra Joshi*[1] *and Mukta Kukreja*[2]**

Abstract: *Every country comprises of its own distinguished business environment,in a similar manner every business organization has its own business surrounding and cultural set.Managing a business in the host country seems not an easy task than home country. Indian MNC'S establish their presence worldwide by considering overseas investment as a part of their corporate dimension. During 2012-2013, total Outward FDI from India is US$ 71.34 billion and spelled worldwide. For strategic advantages Indian enterprises invest their mega investments in Africa. As a matter of fact, most of the African nations were British Colonial enjoying long tie-ups with India. In most of the African nations, people of Indian origin have established themselves into different walks of life.*

For making investment abroad managers have to consider all the external and internal as well as macro and microeconomic factors,which decides the survival of business. Success and the failure of foreign enterprises business operations are highly related with host country business environment .This paper examine the regional economy, Africa business environment to present the Africa ongoing state. For a deeper understanding of nation and its specific sector SWOT analysis and Porter's conceptual framework is applied. Former method reveals the nations Strength, Weakness, Opportunities, Threats in the nation and latter present the industry characteristics where Indian MNC's have their footprints.

Keywords: *Regional economy, Business Environment, FDI, SWOT analysis, Porter Model, Indo African Relations*

INTRODUCTION

Foreign Direct Investment (FDI),an economic instrument develop to boosts the economic well-being of the nation by bringing technology spillover, know-how spillover etc. Before making direct investment there is an emergent need to scan the business environment of the host country. For improving or hampering the business competitiveness, set of various microeconomic and macroeconomic factors are responsible. Surge in the Indian outward investment is only due to

[1] Associate Professor, Lovely Professional University, G. T. Road, Phagwara, Punjab, India, *E-mail: mcjahd@gmail.com*

[2] Research Scholar, Lovely Professional University, G. T. Road, Phagwara, Punjab, India

constraining home country environment. Considering globalization as two ways process, India integrates with rest of the world not in terms of attracting bulky capital inflows but also contributes significant amount of capital outflows. As per RBI data, in September 2013, Indian enterprises invested US$ 1.29 billion in overseas joint ventures and units (*www.rbi.org.in*). Major players investing overseas during the month are Alok Industries, Simplex Infrastructures, Tata Petro dyne, Cadila Healthcare, Piramal Enterprises, Mercator and Bharti Airtel[1]. During the past few years, Indian outward foreign Direct Investment (FDI) towards Africa has risen sharply. Steady growth of Indian outward direct investment towards Africa is due to various reasons; factor endowment is one of the main pull factors for Indian OFDI in Africa. Improvement in Africa business environment attract many foreign investors to invest in the vibrant continent. FDI in Africa region is concentrated towards 15 oil exporting countries receiving 75%of FDI flows, which reveals that there is need for further diversification. (Africa Economic Outlook, 2011)[2]. To overcome this challenge African countries government is taking initiatives at its best and show strong commitment to improve institutional framework. Government is various African nations are making hard efforts to build sound business environment by formulatinginvestment friendly FDI policies, stable political environment etc. Due to favorable business conditions, many Indian corporates view Africa as a chief destination for their capital outflows.

This paper is divided among various sections. Section1bring out some definitions of FDI. Section 2 come up with some pioneering work of some authors. Section 3 deals traces out Africa business environment .Section 2 throws light on the historical roots of Indo-Africa relations. Section 4Overall Indian Outward Foreign Direct Investments (OFDI) into Africa countries are assessed and analyzed for major destinations.Section 5 discusses the Indian investment strategy in Africa. In section 6 will concentrate on the countries which consistently attract Indian investment .On this basis SWOT analysis of each nation’s economy is conducted and porters framework is applied to specific sector in which Indian mega investment have been made.The final section offers some concluding remarks which depicts as an implication for Africa.

FDI AND ITS ROLE IN DEVELOPMENT OF A NATION

Foreign direct investment plays a role of catalyst which boosts the economic health of the Nation. Foreign direct investment is a panacea for developing country.

The definition of Foreign Direct Investment is the same as the one used by international bodies such as the OECD (Organization for Economic Co-operation and Development), UNCTAD (United Nations Conference on Trade and Development) and the IMF (International Monetary Fund):

An investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate). FDI implies that the investor exerts a significant degree of influence on the management of the enterprise resident in the other economy. Such investment involves both the initial transaction between the two entities and 28 all subsequent transactions between them and among foreign affiliates, both incorporated and unincorporated. (UNCTAD, 2006).

FDI flows have three major components; equity capital transactions, reinvested earnings and intra-company debt transactions. Equity capital transactions are purchases and sales by parents of shares of enterprises registered in foreign countries. Reinvested earnings comprise the parent's part of its foreign affiliates earnings that are neither distributed as dividends nor remitted by the parent, but instead are retained and reinvested. Intra- Company debt transactions are short- and long term borrowing and lending of funds between parents and affiliates (OECD, 1996).

Foreign direct investment is a specific form of investment, it is defined as " the monetary value people or businesses put into a business activity, company, or financial institution in order to make a profit" (Murphy 2000). An investment is also understood as "an asset or item that is purchased with the hope that it will generate income or appreciate in the future" (Sullivan 2009b: 273) and the foreign direct investment is the type of investment, which is done from one national economy to another, so "the investment in an entity in one economy by an investor in another economy" (Reiter 2008).

Firms that make direct investments in foreign economies are generally referred to as either multinational enterprises (MNEs) or transnational corporations (TNCs). These terms are defined as follows:

> "Transnational corporations (TNCs) or Multinational Enterprises (MNEs) are incorporated or unincorporated enterprises comprising parent enterprises and their foreign affiliates. A parent enterprise is defined as an enterprise that controls assets of other entities in countries other than its home country, usually by owning a certain equity capital stake" (UNCTAD, 2005).

In other word FDI refers to outward foreign direct investment made by residents of one country to another country .It represents an outflow of money and investments from domestic investors to foreign countries .It has positive effects as it brings technology spillover, know-how spillover into the host countries which enhances the pace of economic development in the host country. There are many location factors available in Africa region which attract many Indian MNC to invest like market attractiveness openness to trade, factor endowments which acts as location factors (Dunning, 1991).

In the same way, Indian economy integrates with rest of the world not only in terms of higher FDI inflows but also expressivelevel of FDI outflows. Africa region undertakes Indian OFDI benefits. Total India's outbound foreign direct investments are US$ 85.83 billion and its significant share spread across various countries of Africa region like South Africa, Morocco, Kenya, Mauritius, Nigeria .Africa is fuelled with rapid economic growth emerges as biggest FDI magnet for Indian outflows. As major outflows come to this region. Indian enterprises diversify their investments beyond natural resources and commodities to other lucrative sectors like chemicals, telecom, consumer goods, IT enabled services etc.

At the end of 2011, IMF(2010) estimates, total Indian capital outflows in Africa were US$ 14.1 billion – a share of 22.5% in total Indian outward FDI stock .Another estimate puts cumulative Indian investments into Africaat over US$ 35 billion.3. Although it is safe to assume that the India's sizeable portion of total outflows goes to several African nations. Due to the Outward FDI data constraint, Indian capital outflows to Africa remains sketchy; it is safe to assume that it is a sizeable portion of total outflows. (10).

LITERATURE REVIEW

Lipsey and Chrystal (2003) observed that domestic firms give preference to direct investments when they have some monopoly advantages in form of technology in the targeted local market. When the firms enter into foreign markets advantages related to patent and know-how bestowed on them. This leads to enjoy competitive edge over other firms. According to authors, FDI with its spillover effects generate employment.

It acted as a source of external financing to the host country. FDI flows liaisons the host economy to integrate with world economy in manners that would be hard to achieve by new local firms**.** FDI enhance the skills of worker and management by providing the proper training. It brings advanced technology which is not easily transferable outside the firm.

Laura Alfaro (2003) studied that FDI flows have different effects depending upon the nature of sectors in the economy (namely primary, manufacturing, and services) which exert effects on economic growth. FDI inflows into the primary sector tend to have a negative effect on growth, whereas FDI inflows in the manufacturing sector have positive effect. Evidence from the foreign investments in the service sector is ambiguous.

Peng Hu (2006) came out with the various determinants having influence on FDI inflows in India against other countries that are attracting FDI inflows. Various determinants include economic growth, domestic demand, currency stability, labor force availability and government policy.

Thangamani *et al.*, (2011) (2011) studied the determinants and growth effects of FDI in South Asian countries .The author builds gravity model equation to investigate the determinants of FDI and growth equation model to reveal the growth effects of FDI .There research methodology used in this paper is panel data and the dynamic panel system method of movement estimator. The author concludes that pulling, pushing and cyclical factors plays pivot role in determining FDI in Asian countries and shows the positive relationship exists between the FDI in south Asian countries and growth rate.

Dunning (1988) studied that to enter the international market effectively, MNE should posses certain specific advantage to avoid the additional cross-borders operating costs. Firms owning specific advantages have monopoly over their technology by which they have higher marginal productivity or lower marginal cost than its competitor if using them abroad.

Kojima (1973) posited that FDI flows from the labor-intensive industry in the capital abundant country into the labor-intensive industry in the capital scarce country. As wages in the capital abundant country increase, he argued that firms would transfer production to lower wage countries, and export capital-intensive intermediate goods and equipment goods to the host country.

Asiedu (2006) investigate the influence of natural resources and market size,host country's institutions, political instability and government policy in directing FDI flows to the region.By using panel data analysis for 22 SSA over the period 1984-2000,results suggest that FDI flows are attracted towards those countries that are endowed with the natural resources or have large market size.On the other side, small countries which lack the natural resources enhance the FDI flows following important measures. They can woe the investors by improving their financial institutions and policy environment .As quality infrastructure, an educated labor force attract more FDI flows

RESEARCH METHODOLOGY

This paper is based on secondary data available till date. It uses SWOT analysis for countries receiving consistent capital outflows from India. For selection of nations, judgment sampling technique is used. To study the specific sector industry characteristics in selected African nations,porter's conceptual framework is applied.

FOUNDATION OF INDO AFRICAN ECONOMIC RELATIONS

India and Africa relations are not new, it ties date back to the British colonial period, when thousands of Indians weretaken to Africa as indentured laborers. Africa has approximately 2 million Indian descents Diaspora in the Anglophone countries in eastern and southern Africa.[3] Moreover, Multinational enterprises

(MNEs) prefer to invest in those countries where they already have network of sale or purchase because they know the culture, taste, law, business environment and above all the network with the business community(Paul,2012).Since 16th century India and Africa led their foundation stone of trade between them. Economic integration in terms of foreign direct investment, act as an instrument of economic tie between India and Africa.Today Africa reaps the benefits of latest technology, better production skills from India. Booming Indian economy, open its door for overseas investment due to its leadership in science and technology. This is the integral part of India's OFDI policy toward Africa region**.** India is one of the leading Asian sources of FDI in Africa, followed by China and Taiwan Province of China, the Republic of Korea. Through cooperation and technical assistance, India is contributing to African nation's development .Following this path India is focused on intensifying economic and commercial ties with Africa. In the present scenario, Africa attract many Indian Investors due to its high potential growth in coming year's. Moreover, The Government of India Lines of Credit facilitated by the Exim Bank have provided a soft landing for the Indian industry looking to invest and create sustainable partnerships with the African countries. (Indo-African Business, 2010).

INVESTMENT STRATEGY OF INDIA

Indian firms follow different strategy for investment abroad from north investor's strategy of wait and watch. Indian MNC's shows interest in both green field and brown field's investment. Market seeking , Efficiency seeking, Resource seeking, Strategic seeking are the main drivers which acts as a push factors for one enterprise to invest abroad. (Dunning 1993).Using this classification, Indian investors are more likely to invest in order to take strategic advantage in Africa by acquiring renowned brand names. (CII,2013) .Pradhan and Singh (2010) and Pradhan (2011) have examinedthe location determinants of Indian overseas investments and finds that countries with large markets, low inflation and presence of double taxation avoidance treaty agreements attract more Indian investments.Enterprises inject their investment in Africa continent through acquiring the well established businesses. For internal requirement Indian firms procure inputs from the African market directly. Inputs are purchased frominternational third markets; much fewer inputs are sourced in home market from Indian suppliers .Mostly Indian firms are making sales deal with private entities than government agencies.

According to South African economist, Azar Jasmine, India has historical presence and cultural strength in Africa that could make it more natural trade partner with Africa. These historical linkages provide Indian firms benefit to undertake strategic advantage. As Indian enterprises hire the local African labor because they speak English, which create employment opportunities for local

people. Indian private firms with a wider scope of investment (information technology and telecommunications for example) – believe to contributes to the quality investment against quantity Investment strategy .This investment strategy plays a crucial role in fostering human resources and skills that are critical for Africa to develop in a sustainable way.

BUSINESS ENVIRONMENT IN AFRICA

To select an appropriate place for investments there is a need to scan the business environment. In common parlance, business environment refers to all the factors that have an effect on business decisions, performance and organization.According to B.O.Wheeler business environment is defined as "The total of all things external to firms and industries which affects their organization and operation." (Gopal, (2006) pp. 2-3).The business environmentmay be defined as the nexus of policies, institutions, physical infrastructure, human resources, and geographic features that influence the efficiency with which different firms and industries operate.[3]African business environment provides unique challenges and endless opportunities for doing lucrative business. For business survival there is a need of sound business environment where business has to operate its functions.Quality of the business environment, good policies and sound infrastructure (Collier 2000) incentives provided by competition in an appropriate institutional setting (Olofin 2002; Grossman and Helpman 1990), and geographic advantages and disadvantages (Krugman 1991) decide the firms entry,investment level and development of new industries.

FDI move towards regions those have stable economic, political and legally environment accompanied with good governance system.Africa region has very mixed pattern of natural resource with highly diverse cultural, historical, political and environmental contexts (godwar). Gabon, Algeria, Nigeria are the three best and Egypt, Guinea, Sierra Leone are three worst performing countries in terms of macroeconomic environment (Global competitiveness report, 2013). For taking strategic advantages, Indian enterprises induce themselves to do overseas investments (Rajan, 2009). Indian MNEs set up their plants predominantly in developing economies to exploit their local technological advantages abroad. In contrast, firms target developed economies when they built domestic labor cost advantage and managerial talents. To broaden themselves, these firms invest in other emerging economies particularly in low cost countries, with the motive to serve rich countries (Authkorala, 2009).

For deep insight into the African business environment ,a brief discussion on all the external forces related with economic,political, legal ,social and technological environment is being studied which itself dictates the ease of doing business in Africa.

Africa: Economic Environment

Every Multinational company seeks to understand and analyze the local economic environment of host country before making direct investments. (Aswathappa, 2009, pg no 264) A country's economic conditions are influenced by set of macroeconomic and Microeconomic factors which includes fiscal and monetary policy, exchange rates, unemployment levels, and the state of the global economy, productivity, and inflation and so on.Africa region consists of 54 nations each region have its own importance.Economic environment acts as an important ingredient to determine the success and failure of every business.[5]Africa has small market size which is a major obstruction to FDI. Africa share of world economy is 1.5% and it is expected to increase to only 2.5% by 2015.Africa increased economic growth rate and increase in consumption expenditure day by day offers more opportunities for foreign investors. Moreover, with tight balance of payment position which means less imports and this will encourage exports. Restricted imports lead to more use of domestic goods and service which leads to enhance the Africa economic development and self-sufficiency. High currency devaluation in Africa exits which deters investment in this region due have direct influence on repatriated profits. Nations like South Africa, Egypt, Nigeria have been registered as a best performers in large market size. (World Economic Forum, 2012).

Africa: Political Environment

Political environment refers to the influence of the system of government and judiciary in a nation on international business (Ashwathappa, 2009, pp. 113). In smooth functioningof business somehow political stability of the foreign country play pivot role. Political risk is considered as important determinant to attract Foreign Direct investment in particular region (Baek & Qian, 2010). In Africa, nations enjoy two different faces of political environment some nations are free from political turmoil like South Africa, Kenya, Algeria, Egypt, Mauritius. The World Bank ranks Mauritius at the first position among African nations in its Doing Business index, which is the most influencing feature of Mauritius. On the other hand nation like Nigeria, Liberia, Libya are facing political risks by government action in terms of expropriation of corporate assets without compensation ,absence of constitutional guarantees, mandatory labor legislations etc.These all risks create difficulty for survival of business. Consequently,unpleasant investment and policy environments in host economies deter FDI. MNC's restrain from doing investments if host country suffers from political instability and violence"both domestic and international"discourage MNCs from investing in the host economy (Busse & Hefeker, 2005; Busse & Hefeker, 2007; Bussmann, 2010; Büthe & Milner, 2008; Daniele & Marani, 2010; Diamonte, Liew, & Stevens, 1996; Enders, Sachsida, & Sandler, 2006; Haftel, 2006b; Jensen, 2004, 2008; Ramamurti & Doh, 2004).

Africa: Social Environment

Companies avoid direct investment in foreign countries when the perceived distance between domestic and foreign markets is high in terms of economic systems, culture and business practices. (Hollensen 2011, pp. 324)Africa is a diverse continent with an estimated 1500 languages grouped into six linguistic families.(Accenture)[6]. All over the world, Sub Saharan Africa which comprises of 54 countries is considered as one of the most ethnically and culturally diverse regions. Due to the conflict of preferences, racism and prejudices the outcome is in shape of odious and counter productive policies for the society as a whole (Allesena and Farra, 2005). Central Africa comprises of 8 ethnic groups. Most official languages are French, Sangho. Mortality rate is too high (2.13%), behind this the main reason is AIDS. (CIA,2014)[8] HIV/AIDS further strains livelihood and the natural and social environment of these regions. (Kelly)[13]. Africa comprises of youngest population in the world .Around 200 million people are lying in the age group of 15 to 24 and apparently there is a improved level of education for them .Hence Africa is facing a challenge and opportunity for a youth bulge (Africa Economic Outlook, 2012).[6]

Africa: Legal Environment

The structure of administration affects the business operations. For nation's smooth conduct, legal environment should be sound combined with good institutional quality. As quality institution have large impact of direct investment in developing nations, good governance and institutional quality indicators includes better ruleof law, better freedom of expression of the media, political stability (Bissoon, 2011). According to Asiedu (2004), the policy reforms instituted in SSA are not competitive as in other developing nations. Consequently, due to occurrence of these reforms cannot make Africa as major destination for FDI. Africa has vast natural resources but due to the presence of low level of technology this region cannot reap the benefits of innovation.In Africa, Governments can lay the foundations for the sound business climate required for firms to prosper, and can provide the legal and regulatory frameworks required for regional integration. (World Forum, 2012) Ill-definedproperty rights and therefore high risks of expropriation may discourage investors to patent their products to local enterprises. There is good reason to believe that well defined contracts and company laws should be enforced altogether to make the internationalbusiness community more at ease and confident to invest their capital. African countries' public institutions are also are perceived to be plagued by corruption because they are weak and notindependent from political interferences. In societies where civil service compensation levels are relatively low, bureaucrats and civilservants attempt to increase the level of income accruing to them by providing services to interest groups including foreign investorsthat seek favors from the government. African

countries often suffer from poor policies, weak institutions, and shoddy infrastructure (Collier and Gunning 1997, Eifert and Ramachandran 2004)

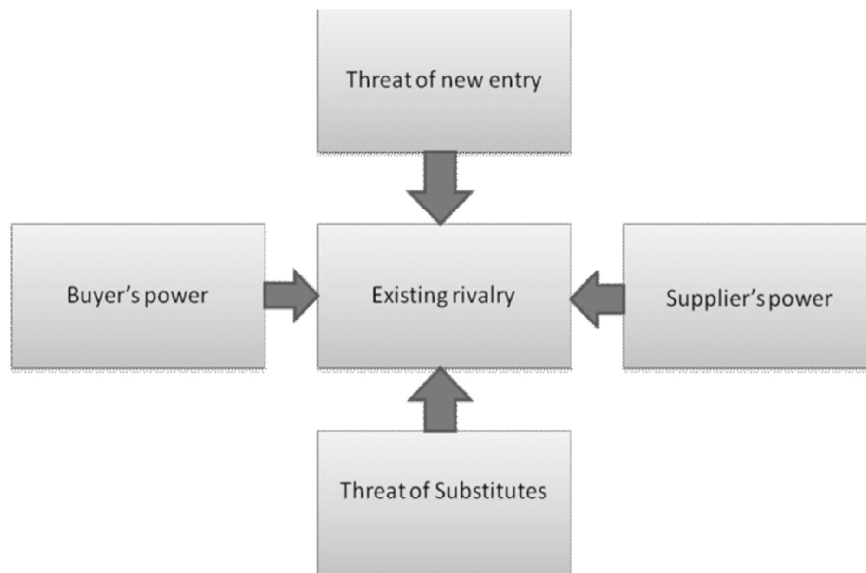
Africa: Technological Environment

For investments in particular location there is a need to scan the level of economic development of the country.Level of technology plays prime role in making difference between the nations. MNC locate their manufacturing plants based on technology. They target advanced countries with high technology for their plants and establish their labor driven manufacturing facilities in developing nations (Subbarao, 2006). Marketing and innovation are the two functions which have to be performed by the business enterprises to survive in the today's competitive world. (Joshi, 2006). Africa has vast natural resources but due to low level of technology this region cannot enjoy the fruits of innovation. Most importantly, innovation is necessary of nations overall economic growth.

SWOT ANALYSIS OF SELECTED COUNTRIES AND APPLICATION OF PORTER FIVE FORCES MODEL ON INDIAN MNC'S IN VARIOUS REGION

Porter's Five Forces

According to Michael Porter five forces determine the long-run attractiveness of a market. These five competitive forces are industry competitors, potential entrants, threat of substitutes, bargaining power of suppliers, bargaining power of buyers (Kotler and Keller, 2006). These forces should be considered as external factors into which the company operates.



These competitive forces are:

The threats of new entrants

The bargaining power of suppliers

The bargaining power of customers

The threats of substitute products

The competitive rivalry

1. The Threat of New Entrants: Itdepends on economies of scale, capital investment requirements, customer switching costs, access to industry distribution channels, access to technology, brand loyalty, the likelihood of retaliation from existing industry players and government regulations.

2. The Bargaining Power of Buyers: It depends on the concentration of buyers, structure of industry costs, the degree of product differentiation, the role of quality and service, threat of backward and forward integration into the industry and switching costs.

3. Bargaining power of Suppliers: It depends on the structure of the competition, the structure of Industry costs, switching costs, strategic objectives, and exit barriers.

4. The Threat of Substitutes: Itdepends on quality, buyer's willingness to substitute, the Relative price and performance of substitutes, and the cost of switching to another

5. Rivalry among Existing Competitors: Does a strong competition amongst the Exiting players exist? Is one player dominant or are all players equal in strength and Size? High Rivalry is considered as negative situation.

This paper includes case study of selected nations and identified Indian MNCS.

SOUTH AFRICA

South Africa (SA) is known as the 'engine of growth' for the African continent, generating 45 per cent of the continent's GDP from only 10 percent of its population**.**

SWOT analysis if nation is as follows-

STRENGTHS

1. Presence of Quality Infrastructure: SA offers a sophisticated business environment in terms of infrastructure. (Wyk,Dahmer,Custy,2004). Quality infrastructure creates citizens' access to markets, as well as livelihood opportunities and services such as clean water, education, health, transport and communication. Proper and adequate infrastructure leads to sustainable developmental which acts as a positive sign for investment and make the business environment favorable for investment.

2. Strong financial sector: In Africa continent,South Africa dominates the economic landscape. With strong financial sector and a robust legislative framework,South Africa contributes quarter share of overall Africa GDP.[9]

WEAKNESSES

1. Large current account and fiscal deficits: In South Africa, large current account and fiscal deficits create so many vulnerabilities.(IMF, 2013)[10].Deficits reduce national saving and future national income, even if international capital inflows avert an increase in interest rates. Moreover, these fiscal deterioration implies significant declines in future national income which affects the investment decision in particular region.[11]

2. Corruption: According to Transparency International, the respected corruption watch dog countries with the corruption perception index score of below 5 out of 10 have a serious corruption problems. The seriousness of corruption in SA is evident in its CPI score of 4.8/10 in 2001 and 2002, and which have worsened to 4.4/10 in 2003.At present value of South Africa CPI is 4.2/10 . Corruption is perceived as detrimental to investment as it increases the cost of doing business and acts like a tax on investment.

OPPORTUNITIES

1. Untapped Motor fuel markets: South Africa is a major exporter of coal to the world market and stands fifth largest hard coal producer in the world South Africa through Sayol aims to expand its coal-based generation capacity rapidly. In May 2012, Sasol in its Twistdraai Mine launched a

2. Motor fuel markets: South Africa is a major exporter of coal to the world market and stands fifth largest hard coal producer in the world South Africa through Sayol aims to expand its coal-based generation capacity rapidly. In May 2012, Sasol in its Twistdraai Mine launched a $423million shafts to extend the life of the mine beyond 2039.

THREATS

1. Currency depreciation: Currency exchange rates have deep impact on the business environment .New Partnership for Africa's Development (NEPAD) is formed in Africa to address the perception of investors toward high risk continent (CII).It seems difficult for borrowers in emerging economy, as the foreign currency is devaluated in Africa means there is decreased value of repatriated profits

2. Land impediments: There is a lack of proper title deeds in Africa and investor have to struggle. It takes many years to get control over the land; there are many issues with regard to ownership of land.

Indian Investment in South Africa IT Sector

WIPRO

Wipro technologies marked its presence in IT and IT-enabled services by choosing South Africa as its host country. In 2011, Wirpro Technologies forged its presence by establishing subsidiary .Before entering the IT enabled services industry the scenario is presented by Porter conceptual framework.

Porter's 5-Forces Model for IT Outsourcing Industry South Africa[12]

Porter model provide deep insight to understand the structural characteristics of the IT industry in South Africa by assessing the five competitive forces belowas defined by Porter.

1. The Threat of New Entrants: For starting a business in IT sector in South Africa there are some impediments for start -ups or foreign entrants. Industry is in fragmented phase with no dominant player. Customer switching cost is low. Consequently threat to new entrant was moderate

2. The Bargaining Power of Buyers: Local buyers have few options to select from local IT Outsourcing firms. Bargaining power is also low.

3. Bargaining power of suppliers: Presence of small number of highly skilled, educated software engineers. This leads to high bargaining power.

4. The Threat of Substitutes: Only few number of IT sourcing alternatives exist and provide low threat to new foreign entrants.

5. Rivalry among Existing Competitors: In South Africa before the entry of Wipro industry wasfragmented and nascent. Few options results in moderate intensity of rivalry.

NIGERIA

Nigeria country hasabundant supply of natural resources, especially oil. Due to the existence of corruption, political instability, poor management, and lack of infrastructure throughout the country, it has been classified as a newly emerging market (CIA, 2014).[13]

SWOT analysis if nation is as follows-

STRENGTHS

1. Rising growth rate: Nigeria rising Gross Domestic Product (GDP) growth rate create so many lucrative avenues for the investor party. Moreover, host market growth rate is considered as a significant factor which has positive influence on OFDI from foreign county. (Hu, 2013)[2] Nigeria has the growth potential.To flourish the business this is considered as strong place business. Inclusion of Nigeria nation

in the N-11 countries list, enhance its goodwill and expectations of growth havegiven great hope to future investors(The Business Trade and Investment Guide, 2009).[14]

2. Large population: This creates a huge opportunity for investment in areas of Consumer goods, telecommunications and banking. The country has a current population of almost 200 million and the rate of young, active, and mobile population reaches to 40%. This is a positive point when it comes to obtaining labor force for new and existing businesses in the country (Rashidat and Abiodub, 2013).[3]

WEAKNESSES

In Nigeria there are good avenues but still there are many factors which are responsible for hampering the country's competitiveness locally and globally.

1. Inflation: High inflation in Nigeria region deters the investors to invest in this region. Inflation leads to rise in the prices of goods and services in as economy. Inflation can be measured in Consumer Price Index (CPI)(Hu,2013)[2].Inflation rate in Nigeria is 12%(as per African Development Bank 2012), which is skyrocketing as compared with other selected countries

2. Lack of infrastructure: Lack of good infrastructure is the major impediments to its economic growth which changes the investors mind for investment. Availability of adequate power supply is the biggest problem in Nigeria by which foreign investors shut down their business and shifts to other foreign countries (Rashidat and Abiodub, 2013)[4]

3. Political instability: Oil-rich Nigeria having GDP growth rate of 6.3%, ranks at top position in overall Africa Continent, has been hobbled by political instability

OPPORTUNITIES

In SWOT analysis, the element of opportunities signifies the externally available resources or chances of expansion or improvement that a business organization can respond to.

1. Investment in hydrocarbons: New hydrocarbon discoveries in Nigeria, situated in the west coast of Africa provide good investment opportunities for foreign investors.

2. Nigeria infrastructure needs: There is a huge requirement of physical infrastructural in Nigeria. The presence of adequate infrastructure is required to exploit the untapped natural resources. The improvement in Nigeria's infrastructure should therefore be a key objective in taking strategic advantage of the entrance of new emerging economies into the African scene[5]

Quality infrastructure helps to extract the commodities and ship them to the port with less insurance cost.

THREATS

Threats cover all the aspect of a place which if taken up can harm the profitability, reputation, or any other aspect of business.

1. High crime rate: There is an increasing rate of crimes, frauds, and scams in the country. Thus, these crimes, frauds, illegal acts, violence, and corruption all lead to the falling reputation of the country and losses in business. These factors hamper the productivity and become an obstacle in the way of enhancing business competitiveness.[15]

2. Slow implementation of reforms: Government create nuisance for investors as red tapism exits. Slow implementation of reforms leads to delayed investment decisions. Governments in Africa are known for their lack of policy which creates complicated environment to do business. For completion of any business tasks the only source is to bribe the officials. Apart from it leads to a number of problems, ranging from extortion to nationalizations.

Airtel Nigeria

In 2010, Bharti Airtel has made mega investments in African Telecommunication sector which amounts to US$ 10 .7 billion. Bharti acquired the business operation of Kuwait basedZain Africa .[16] With the name of Airtel Africa, India's largest mobile operator Bharti Airtel has its subsidiary in Africa and famous with the name of Airtel Africa. It operates a GSM network and spelled across 17 countries and Nigeria is one of them. Depending on country of operation it also provides 2G OR 3G services providing 2G or 3G depending upon the country of operation.Before entering the market Telecom market scenario is revealed by Porter's Model analysis.

Porter's 5-Forces Model for Telecom Industry Nigeria[12]

1. There is a threat of new entrants: A Nigeria government adopts investment friendly policies towards FDI .Due to the capital and infrastructural requirements entry to the industry is still a problem.

2. Bargaining power of buyers: In the mobile telecommunication buyers bargaining power is too high due to the low switching cost when customer shifts to different service provider. The main factor of customer switching is differentiation in mobile phone products which woe them to switch.

3. Bargaining power of suppliers: There are two reasons of low bargaining power in Nigerian telecommunication market. Firstly, presence of numerous

suppliers of mobile supported technologies .The second reason is alliance of mobile makers with mobile operators for marketing and sales of their products.

4. Threat of substitutes: In 2009, there is not a direct substitute to the mobile telephone. In the age of internet here is no threat to the new entrant because to operate it requires computer, mobile broadband and a headset.

5. Threat of intense industry competitors: During Privatization of Nigerian telecommunication sector, there are only five operators Mtel (.44%),EMTS(1.76), MTN (46.19%), Celtel (24.74%), Globalacom with its 26.87% markets share. Due to high exit barriers and heavy fixed costs makes the market unattractive and competitors want to stay in the market.MTN wins the show as it has major market share which leads to less rivalry.

MAURITIUS

Mauritius is a tourism dominated island which is developing very fast. The economic status of Mauritius states that by Comparing the inflation rate of the two countries the inflation rate in Mauritius was 3.9% in 2013 compared to India which was 8.9% in 2013. Mauritius is a stable economy democracy is followed over there.[18] There are various polices related to investment are followed like foreign investment policy, monetarypolicy, fiscal policy etc.As the Mauritius is a small country with a limited population and its GDP is less.

SWOT analysis if nation is as follows-

STRENGTHS

1. Tax Haven: Mauritius is considered as the tax haven and the main attraction in Africa. Many investors take the advantage of Mauritius offshore financial facilities. Mauritius is a preferred investment destination because of the attractive fiscal framework it offers. Many investors use this platform to invest in emerging economies worldwide such as India, China and others. Local tax laws and International tax treaties are the backbone of the tax structure.[19]

2. Economic and political stability: Mauritius's is the African nation with economic and political stability. This advantage adds for sustained economic growth including the development of the IT industry in Mauritius.

WEAKNESSES

1. Low end IT industry: There are many companies operating in the low –end of the IT industry,but still this African nation is a late comer in the IT industry. There is serious shortage of highly skilled ICT workforce. With a turnover of US$ 1.09 billion do not woe investorsenough for multi-national companies to set up business in the island.

2. Geographic isolation and small size: Mauritius located in the southern part of Africa having a total area of 2040 sq. km. This is a very small in size. Nation is divided into name districts,Flacq,Pamplemousses, Grand Port, Plaines Wilhems, Moka, Port Louis, RiviereDuREmpart and Savanne.[21]

OPPORTUNITIES

1. Flourishing tourism sector: Major Backbone of Mauritius economy rests on tourism, sugar, textiles and apparel, and financial services, and is expanding into hi tech and communications, and hospitality and property development. Tourism sector contribute 30% in the export revenue and become major attraction in Africa which African GDP will raise around 5% per year, over the next five years significantly higher than world average. (Ernst and Young Survey 2011)[22]

2. Development of IT sector: Mauritius has the potential of developing an efficient and effective IT industry that would contribute in the development of the economy.

THREATS

1. High risk of natural disaster: There is a high risk of natural disaster because Mauritius location is surrounded by sea water .So before making investments foreign investors show concern about the location of their investments.

2. Small Market size: Mauritius has very small GDP USD 20.53 billion.Small Market size of Mauritius economy distracts the minds of foreign investors. Indian Investment in Mauritius Banking Sector

State Bank of India[23]

SBI (Mauritius) Ltd, a foreign subsidiary of State Bank of India, has emerged as a strong bank after the amalgamation of Indian Ocean International Bank Ltd with SBI International (Mauritius) Ltd, both subsidiaries of State Bank of India, the largest Commercial Bank of India. The bank is having fully integrated 15 branches in major cities/towns of the country including Rodrigues and 19 ATMs at different locations.[20]

Porter's 5-Forces Model for Banking Industry Mauritius

1. There is a threat of new entrants: Capital requirements, government policies, customer loyalty, switchingcosts, economies of scale, expected retaliation. The above are the most common barriers to entry. The most of them are in the favor of the existing banks. So, the overall threat of entry is low as the barriers are high for the new entrants.

2. Bargaining power of buyers: The overall power of the customers in Mauritius is low because most of the people are normal middle class ones and there are very

few corporate customers and Mauritius is still developing its knowledge in corporate banking. It is more in retail banking. Therefore the bargaining power of the customers seems to be low.

3. Bargaining power of suppliers: In Mauritius Banking Industry, there are three main suppliers of the bank's product and money which includes the depositors, the credit market and the central bank.

The overall power of the suppliers in the banking industry is low. They don't pose a threat of influencing the decision of the banks in general.

4. Threat of substitute products: This force shows to be high in the banking industry. So, the customers have a choice and it is up to them what they choose. This creates competition between the firms in the banking sector. However, due to the fact that it is very much safe and people have much confidence in banks then this threat is minimized.

5. Threat of intense industry competitors: There are a number of factors affects the degree of rivalry like:Competitor balance, industry growth rate and low differentiation. The overall competitive rivalry is high.[25]

KENYA

Among other African countries, Kenya is well positioned nations with Africa's highest literacy rate. Kenya is world's largest exporter of cut flowers and tea .It is outward looking nation. (Ministry of foreign affairs of Denmark). [26]

SWOT analysis of nation is as follows-

STRENGTHS

1. ExcellentPerformance in agricultural sector: Kenya economy rest highly on its agriculture sector .During political unrest, it proves beneficial for food prices. Agriculture, industry and servicesaccount for over half the Kenyan economy with shares of 30.1 percent, 12.2 percent 10.6 percent. (An investment guide to Kenya).[27]

2. Solid export sector: Kenya is the world's largest producer of cut flower and tea. Major exports items are from horticultural sector, with fruits vegetables accounting for 10.0 percent of exports and flowers accounting for 18.0 percent of exports, having grown 50 percent over the last ten years. These are destined for the European Union, mainly the United Kingdom and the Netherlands.

WEAKNESSES

1. Low infrastructure investment: Low infrastructure investment threatens the Kenya long term position as the largest East African economy.Quality infrastructure plays pivot role in overall development of the economy.

2. Erratic Energy provision: Important concerns were raised with regards to energy provision. The supply could be erratic and investors noted periods of brownouts. Added to this is the current need for diesel generation.

OPPORTUNITIES

1. Adequate need of infrastructure sector: Kenya's Vision 2030 comprises of massive extensionand upgrading the country's infrastructure. Through PPA bill highlights the several infrastructure projects that throw light on significant opportunities for investors in the coming years. The Government is inviting heavy investments to construct a new terminal with a capacity of 20 million passengers per year and a floor space of 172,000 square meters with 32 contact and 8 remote gates.[27]

2. Need of additionalpower generation capacity: There is an immense need of additional power generation capacity. Government wants to reduce the dependence from hydro-electric sources for power generation. Government wants to reduce is actively encouraging investment in both geothermal and wind, solar and biomass. There is plenty of untapped potential in new Geothermal plants are already in operation .Additional Power generation is needed to order to match supply to demand.[29]

THREATS

1. Landimpediments': There is a lack of proper title deeds in Kenya and investor have to struggle. It takes many years to get control over the land; there are many issues with regard to ownership of land.The Constitutions restricts foreign ownershipof private land to leasehold for a maximum of99 years.[27]

2. Complex taxation system: An investor has to follow such a complex taxation regime either it is personal tax system,corporate tax,trade tax,value added tax.Each and every person has to follow as per government rules and regulations. Have complex procedures to start the business.It takes one month time to complete the whole registration.[29]

Ranbaxy Laboratories[28]

Ranbaxy Laboratories, one of the top Indian Generic drug producing firm forged its presence in Africa by making investments in Kenya region .By gaining expertise in domestic market it has advantage of low cost of production which they are using in Kenyan Pharmaceutical market. The strategy followed by this firm is based on analyzing the specific sector before entering the market. Before entering market scenario of Pharmaceutical industry is represented by Porter's Conceptual Model.

Porter's 5-Forces Model for Pharmaceutical Industry Kenya.

1. There is a Threat of New Entrants: No government restriction on entry and exit, but legal requirements and clearances has been satisfied.Industry have dominant player. Customer switching cost is low. Fragmented and inefficient distribution chains. (Human Development Department, African Development Bank)

2. The Bargaining Power of Buyers: Local buyers have numerous choices to select products from pharmaceutical company. There are 42 pharmaceutical companies operating in Kenya (Pharmacy and Poisons Board, 2004) which results in higher bargaining power.

3. Intensity of Rivalry: Presence of small number of highly skilled, educated software engineers. This leads to high bargaining power

4. The Threat of Substitutes: Huge number of Pharmaceutical companies is operating which results in large number of substitutes exist and provide high threat to new foreign entrants.

5. Rivalry among Existing Competitors: High rivalry exits due to presence of large number of companies .Companies sell their products at low cost to grab the higher share of market.[30]

Egypt

Located in Northern Africa, Egypt has estimated population of 8.6 billion. Egypt's natural resources include petroleum, natural gas, iron ore, phosphates, manganese, limestone, gypsum, talc, asbestos, lead, rare earth elements, zinc makes this region attractive for investment. (CIA,2014).[31] It has Human Development Index of 0.64 by which Egypt holds 113 rank out of 187 economies. Government and policy instability is less which create liberal environment for doing business. (The Africa Competitiveness Report, 2013).[32]

SWOT analysis of nation is as follows-

STREGTHS

1. Adequate Infrastructure: The main strength of Egypt is the presence of adequate infrastructure. Indeed Quality infrastructure expected to attract the foreigners to invest in this region.Development of its investment, legal and tax infrastructure enhances the nation's economic growth.[32]

2. Tourism sector: Tourism business of Egypt is the main attraction which helps in accumulatingmoney for the Egyptian economy.[33]

WEAKNESSES

1. Shortage of water resources: Due to lack of water resources arable land accounts for only 4%.Due to this obstacle, Egypt imports all food supplies from gulf countries.

2. Poverty: Poverty is one of the main impediment in Egypt .Egyptian government is taking initiative by formulating social plans which also include development of human resources. [33]

OPPORTUNITIES

1. Cheap Labor: Labor with low wages is the positive point .Investors can invest in labor-intensive activities because of availability of cheap labor which provide them low cost of operations.[34]

2. Abundant Supply of Natural resources: Egypt's natural resources include petroleum, natural gas, iron ore, phosphates, manganese, limestone, gypsum, talc, asbestos, lead, rare earth elements, zinc which provide many lucrative opportunities for investment in array of activities.(CIA, 2014).[31]

THREATS

1. Rapid growth of Population: Tremendous increase in the population leads to overstraining the natural resources. Population growth rate is 1.64%.Somehow; if this situation prevails one day surely they tend to deplete.[33]

2. Risk of desertification: Only 4% arable land is there .There is a danger of conversion of these regions in deserts Moreover agriculture land is lost to the urbanization and constant windblown sands acts as a sign of danger for investments.

Porter's 5-Forces Model for Automotive Industry Egypt[34]

1. There is a threat of new entrants: With liberal policies, Egyptian government provides assistance to the new entrants in automotive sector by building of new factories or support indirectly by retaining the plants that are in the stage of closure.

2. The Bargaining Power of Buyers: In Egypt automotive sector particularly passenger and commercial vehicle, former have only 12 players and later accounts for. The passenger car sector in Egypt assemblesvehicles locally, with a nominal capacity of around 125 thousand units per year. Buyers have low bargaining power due to less companies.(Egyptian Automobile Manufacturer Association).

3. Intensity of Rivalry: In Egypt automobile sector, 32 companies exit .There is a low bargaining power for new entrant in Egypt Automobile sector.

4. The Threat of Substitutes: Around 29 automotive companies are present in Egypt which deals in the assembling of passenger cars, light, medium and heavy

commercial vehicles and buses.(Egyptian Automobile Manufacturers Association (EAMA).). Hence this does not any hard situation for new entrant.

5. Rivalry among Existing Competitors: Egypt is a price-oriented market where price is a considered as crucial element in stimulating demand, but quality ranks at second place. Competition exists between rivals to produce at low cost.

CONCLUDING REMARKS: AN IMPLICATION FOR AFRICA

At the time of global crises, when the world is still struggling, only Africa continent shows rapid growth with minimum slowdown and become a window of opportunity for investors. India has been present in the African continent for decades. In east and southern Africa, the large Indian Diasporas have facilitated business and cultural ties between the two countries. Indian government has taken right step by easing the regulations and controls allowing firms to go abroad and removal of US$100mn cap on foreign investment by firms, by which India enterprises has invested in an array of sectors in sister's continent Africa, including financial sector as well as food processing and light manufacturing. FDI invested in the light-manufacturing sector typically has much greater multiplier effects than FDI invested in the extractive sector.

India as we saw, has considered mostly the route of GIs and JVs to gain access Africa market and in terms of local development ensure FDI spillover effect. To gain easier access,most of its investments have been focused in the coastal countries as compared with landlocked countries. Indian divergent investments strategies mark an important point for the bright future of Africa nations. On the basis of various motives, Indian outward investments are scattered across different African markets. Undoubtedly language, culture,presence of Indian diaspora does attract many Indian corporates to this region. African Countries rich in resources attracts many foreign investors. Despite having instable economies, India has made hefty investments and provided aid for economic development. EXIM bank manages whole the show for providing aid to Africa.

In nutshell, India still has a long way to go in Africa in terms of both trade and investment as compared to other countries .At social,economic and political level there are great opportunities for further development in African region.Investors believe to invest in particular location based on its business climate which must be investment friendly.African nation governments have to put joint efforts to improve their political scenario and form liberal policies for foreign investors to attract more investments.

Notes

1. *www.ibef.org.in*
2. *http://www.afdb.org/fileadmin/uploads/afdb/Documents/GenericDocuments/Media_Embargoed_Content/EN-AEO_2011_embargo%206%20Juin.pdf*

3. The Indian Diaspora in other countries of Africa, Report of the High Level Committee on the Indian Diaspora.
4. For more discussion see World Development Report 2005 (World Bank 2004a) and the Series of Investment Climate Assessments put out by the World Bank from 1999 to 2004. See also *http://www.worldbank.org/rped* and *http://www.fias.net*
5. World Economic Forum. 2013. The Global Competitiveness Report 2013. Geneva: World Economic Forum.
6. Article on Factors affecting business environment. Available at (*http://education- portal.com/ academy/lesson/what-is-the-economic-environment-in-business-definition-importance-factors.html#lesson.)In Retrieved on 11th April, 2014*
7. Accenture 22.
8. Africa Economic Outlook, 2012. *http://www.oecd.org/inclusive-growth/ African%20Economic%20Outlook%202012.pdf*
9. CIA, 2014.
10. Report on South Africa, 2012, the good and bad: The strengths and weaknesses of doing business in South Africa. Available at *http://www.oxfordbusinessgroup.com/news/good-and-bad-strengths-and-weaknesses-doing-business-south-africa*
11. Report by IMF, (Country Report No. 13/303 SOUTH AFRICA Oct, 2013.
12. Gale, William.andPeter,R.(2013),Economic Effects of Sustained Budget Deficits. Available at *http://www.brookings.edu/views/papers/gale/20030717.pdf*
13. Newman, Charles and Ross, Jane.(2007). Impact of the rising technological power in BRICS on the world economy.Information Technology Outsourcing Industries in the BRICS Countries –South African Information Technology Association 2008). EIU South Africa Telecoms and Technology Profile and Forecast September 20, 2007. Oxford University Conference Confronting the Challenge of Technology for Development Experiences from the BRICS.*www.eiu.com*
14. CIA. (2010). Nigeria Retrieved 30March 2014, from Available at *https://www.cia.gov/library/ publications/the-World-fact book/goes/ni.html*> The Business Trade and Investment Guide.(2009). Welcome to Corporate Nigeria 2009. Retrieved 29 March 2014, from <*http:// www.corporate-nigeria.net/*>
15. Article on Africa's Cooperation with New and Emerging Development Partners: Options for Africa's Development) October 2009.
16. Airtel acquisition in Africa. Available at (*http://www.ndtv.com/photos/business/airtel-acquires-zain-s-africa-business-for-10-7-billion-7144*).
17. Nigerian communication commission.
18. CIA, 2014 (Central Intellegency Agency) Mauritius
19. *http://www.tradechakra.com/economy/mauritius/tax-structure-in-mauritius-331.php*
20. *http://www.tradechakra.com/economy/mauritius/major-banks-in-mauritius-312.php*
21. *http://www.focusafrica.gov.in/Country_at_glance_Mauritius.html*
22. Ernst and Young Survey, 2011.
22. *Http://www sbimauritius.com*

23. *http://www.afrasiabank.com/pdf/Banking_in_Mauritius_TheGlobalBusinessPerspect ive.pdf*
24. *http://www.tradechakra.com/economy/mauritius/banking-sector-in-mauritius-310.php*
25. ANIDA Report on A sector study prepared for Danida by Håndværksrådet (the Danish Federation of Small and Medium-Sized Enterprises) in collaboration with Growth Africa,KenyaNovember 2006Business Opportunity Studywithin the IT andTelecommunication Industryin Kenya.growthafrica.com,retrieved on 12 april,2014.
27. (An investment guide to Kenya) Assessment of the operating environment[2]
28. *http://www.focusafrica.gov.in/Country_Snapshots_Pharmaceutical.html*
29. (World bank) *http://www.doingbusiness.org/data/exploreeconomies/kenya*
30. (*Https//: www.Pharmacyboardkenya.org*)
31. CIA, 2014. Available *https://www.cia.gov/library/publications/the-world-factbook/geos/print/country/countrypdf_eg.pdf*
32. The Africa Competitiveness Report, 2013.
33. Analysis of Egypt's Business environment –AAE Members Area AAE Members Area. Htm. Retrieved 11th May, 2014. Available at *https://aaeafrica.org?start?analysis-of-egypt-business-environment/*
34. SWOT Analysis. Report by Egypt TourismQ1 2010, p6Article, Available at *http://connection.ebscohost.com/c/articles/47567776/swot-analysis*
35. Report by KPMG (Egypt). Strategic Study to Upgrade Egypt's Automotive Sector. Sponsored by Industrial Modernization Egypt Centre.

References

Akinlo, A. E. (2004), "Foreign direct investment and growth in Nigeria: An empirical Investigation" *Journal of Policy Modeling*, vol. 26 No. 3, pp. 627- 39.

Alesina, A. and La Ferrara, E. (2005), "Ethnic diversity and economic performance", *Journal of Economic Literature*, Vol. 43 No. 3, pp. 762-800.

Alfaro, L. (2003), Foreign direct investment and growth: Does the sector matter. *Harvard Business School*, 1-31.

Asiedu, E. (2006), Foreign Direct Investment in Africa: The Role of Natural Resources, Market Size, Government Policy, Institutions and Political Stability World Economy, Vol. 29, No. 1, pp. 63 77.

Authukorala, Prema. (2009), "Outward Foreign Direct Investment from India", *Asian Development Review*, Vol. 26, pp. 125-153.

Baek, K. and Qian, X. (2010), "An Analysis on Political Risks and the Flow of Foreign Direct Investment in Developing and Industrialized Economies."

Balasubramanyam, V. N. and Mahambre, V. (2003), "Foreign Direct Investment in India", Working Paper No. 2003/001, Department of Economics, Lancaster Management School, International Business Research Group, 2003.

Bissoon, O. (2011), "Can better institutions attract more FDI?Evidence from Developing countries". International Conference on Applied Economics.

Boynton-Glen, S. (2012), ''Africa-India Trade and Investment – Playing to Strengths", Standard Global Research, Vol. 3.

Busse, M., & Hefeker, C. (2005), Political Risk, Institutions and Foreign Direct Investment Hamburg Institute of International Economics Discussion Paper 315.

Busse, M., & Hefeker, C. (2007), Political risk, institutions and foreign direct investment. *European Journal of Political Economy*, Vol. 23, No (2), pp. 397-415.

Bussmann, M. (2010), Foreign direct investment and militarized international conflict. *Journal of Peace Research*, Vol. 47, No (2), pp. 143-153.

Buthe, T., & Milner, H. V. (2008), The Politics of Foreign Direct Investment into Developing Countries: Increasing FDI through International Trade Agreements? *American Journal of Political Science*, Vol. 52 No (4), pp. 22.

Caves, R. (1974), "Multinational Firms, Competition and Productivity in the Host Country", *Economica*, Vol. 41, pp. 176-193.

Collier, Paul, and Jan Gunning. (1997), "Explaining African Economic Performance." CSAE WPS/97-2.2. Centre for the Study of African Economies, University of Oxford, Oxford, U.K.

Caves, R. (1996), "Multinational Enterprise and Economic Analysis'' Cambridge, England: Cambridge University Press.

Chakraborty, C. and Nunnenkamp, P. (2008), "Economic Reforms, Foreign Direct Investment and Economic Growth in India: A Sector Analysis." *World Development*, Vol. 36, pp. 1192-1212.

Chew Ging Lee. (2009), "Foreign direct investment, pollution and economic growth: Evidence from Malaysia," *Applied Economics*, Vol. 41, pp. 1709-1716.

CIDS, IMF. Data extracted, World Bank, "Global economy Prospects", 2010.

Collier, Paul. (2000), "Africa's Comparative Advantage." In H. Jalilian, M. Tribe, and J. Weiss, eds., Industrial Development and Policy in Africa. Cheltenham, U.K.: Edward Elgar.

Daniele, V., &Marani, U. (2010), Organized crime, the quality of local institutions and FDI in Italy: A panel data analysis. [doi: DOI: 10.1016/j.ejpoleco.2010.04.003]. *European Journal of Political Economy*, In Press, Corrected Proof.

Diamonte, R. L., Liew, J. M., & Stevens, R. L. (1996), Political Risk in Emerging and Developed Markets. *Financial Analysts Journal*, 52(3), 6.

Dunning J. H. (1988), "The eclectic paradigm of international production: a restatement and Some Possible Extensions." *Journal of International Business Studies*, Vol. 19.pp. 1-31.

Dunning, J. H. (1998), "Location and the Multinational Enterprise: A Neglected Factor." *Journal of International Business Studies*, Vol. 29, No. 1, pp. 45-66.

Dunning, J. H. and Lundan, S. M., (2008), "Multinational Enterprises and the Global Economy", MPG Books Ltd, Second Edition.

Eifert, Benn, and Ramachandran,V. (2004), "Competitiveness and Private Sector Development in Africa: Cross-Country Evidence from the World Bank's Investment Climate Data."Occasional Paper Series. Cornell, NY: Institute for African Studies, Cornell University.

Enders, W., Sachsida, A., & Sandler, T. (2006), The Impact of Transnational Terrorism on U.S. Foreign Direct Investment. *Political Research Quarterly*, Vol. 59, No. (4), pp. 15.

Findlay, R. (1978), "Relative Backwardness, Direct Foreign Investment and the Transfer of Technology: A Simple Dynamic Model." *Quarterly Journal of Economics*, Vol. 92, pp. 1-16.

The Global Competitiveness Report (2013), World Economic Forum (Geneva).

Godwar, Jennifer and Allan, K. (2009), "Determinants of FDI into sub Saharan Africa." Bournemouth University Research Papers, pp. 1-29.

Goldstein, A. (2008a), "Emerging Economies' Transnational Corporations: The Case of Tata" Transnational Corporations, vol. 17, pp. 85-108.

Gopal, N. (2006), 'Introduction to business environment",Tata McGraw Hill Education Private Limited, New Delhi, India, pp. 2-3.

Gorg, H. and D. Greenway. (2002), "Much A Do About Thing? Do Domestic Firms Really Benefit from Foreign Direct Investment? 'Research Paper 2001/37, Globalization and labor Markets Program, at Leverhulme Centre for Research on Globalization and Economic Policy, Nottingham.

Grossman, Gene, and Elhanan Helpman. (1990), "Comparative Advantage and Long-Run Growth." *American Economic Review*, Vol. 80, No. 4, pp. 796–815.

Haddad, M. and A, Harrison. (1993), "Are There Positive Spillover from Direct Foreign Investment? '' *Journal of Development Economics*, Vol. 42, pp. 51-74.

Haftel, Y. Z. (2006b), "Regional Integration, Signaling, and Foreign Direct Investment: The Case of ASEAN''. International Studies Association, Vol. 35.

Hanson, G. H. (2001), "Should Countries Promote Foreign Direct Investment?" G-24 Discussion Paper No. 9. New York: United Nations.

Haussmann, R. and E. Fernandez Arias. (2000), "Foreign Direct Investment: Good Cholesterol? ''Inter –American Development Bank, mimeo.

Hirschman, A. (1958), "Foreign The Strategy of Economic Development, New Haven: Yale University Press.

Hollensen S. (2011), Global Marketing: A Decision-Oriented Approach. 5th edition. Essex: Pearson Education Limited.

Hu. (2013), Chinese Outward Investment- A Country Level Empirical Analysis of OECD countries, Bachelor Thesis.

Iqbal, F. & Nabli, K. (2004), ''Trade, Foreign Direct Investment and Development in The Middle East Africa and North Africa Proceedings of Conference on the Middle East and North Africa Region: The Challenges of Growth and Globalization'', International Monetary Fund.

Jensen, N. (2004), Crisis, Conditions, and Capital: The Effect of International Monetary Fund Agreements on Foreign Direct Investment Inflows. *The Journal of Conflict Resolution*, 48(2), 194-210.

Jensen, N. (2008), Political Risk, Democratic Institutions, and Foreign Direct Investment. *Journal of Politics*, Vol. 70, No. (4), pp. 13.

Kojima, Kiyoshi. (1973), "A Macroeconomic Approach to Foreign Direct Investment." *Hitotsubashi Journal of Economics*, Vol. 14, No. 1, pp. 1-21.

Kokko, A. (1994), "Technology, Market Characteristics and Spillover.", *Journal of Development Economics*, Vol. 43, pp. 279-293.

Krugman, Paul. (1991a), "Increasing Returns and Economic Geography." *Journal of Political Economy*, Vol. 99, No 3, pp. 483–99.

Krugman, P. (2000), "Fire-Sale FDI'' In Capital Flows and the Emerging Economics, Chicago: The University Press.

Kudaisya, M. M. (2003), "The Life and Times of G. D. Birla.," New Delhi: Oxford University Press.

K, Aswathappa. (2009), International Business, Tata McGraw Hill Companies, 3rd Edition, pp. 264.

Lall, R. B., (1986), ''Multinationals from the Third World: Indian Firms Investing Abroad'', Delhi, Oxford University Press.

Levine, R., N Loayza, and T Beck. (2000), "Financial Intermediation and Growth: Causality and Cause." *Journal of Monetary Economics*. Vol. 46, pp. 31-77.

Mankiw, G., (2000), Macro Economics, 4th Edition, Publisher. pp. 50., 55, 34, 77.

Markusen, J. and K. Markus. (1999), "Discrimination among Alternatives Theories of FDI.'' NBER Working Paper No. 7164.

Markusen J. (1995), "The Boundaries of Multinational Enterprises and the Theory of International Trade.'' *Journal of Economic Perspectives*, Vol. 14, pp. 169-189.

Markusen. J. and A. J. Venables. (1999), "Foreign Direct Investment as a Catalyst for Industrial Development. " *European Review*, Vol. 44, pp. 335-338.

Morris, S. (1987), "Trends in Foreign Direct Investment from India (1950-1982) *Economic and Political Weekly*, Vol. 22, pp. 1909-1918.

Murphy, M. (2000), Longman Business English Dictionary: Longman Pub Group.

Oramasionwu, Christine, U., Daniels, Kelly R., Labreche, Matthew, J., Frei, Christopher, R., (2011), "The Environmental and Social Influences of HIV/AIDS in Sub-Saharan Africa: A Focus on Rural Communities", *International Journal of Environment Research and Public Health*, pp. 2967-79.

Paul, A. (2012), "Indian Foreign Direct Investment in Africa." CUTS CCIER, Working Paper, Vol. 1, pp. 1-18.

Peng Hu. (2006), "India's suitability for Foreign Direct Investment". Working Paper No 553, International Business with special reference to India, University of Arizona.

Porter, M.E. (1979), March/April). How Competitive Forces Shape Strategy, *Harvard Business Review,* Vol. 57, (2), pp. 137-147.

Porter, M. E. (1980), Competitive Strategy. New York, New York. Free Press.

Porter, M. E. (2008, January), The Five Competitive Forces That Shape Strategy.

Harvard Business Review, 86(1), 78-93. 64. Pradhan, J. (2011), "Emerging Multinationals: A Comparison of Chinese and Indian Outward Foreign Direct Investment", *International Journal of Institutions and Economies*, Vol. 3, No 1, pp.113–148.

Pradhan, J. and Singh, N. (2010), "Business group affiliation and location of Indian firms' foreign acquisitions", *Journal of International Commerce, Economics and Policy*, Vol. 2, No. 1, pp. 19-41.

Rajan, R. S. (2009), Outward Foreign Direct Investment from India: Trends, Determinants and Implications." ISAS Working Paper no 66.

Rajih Kumar Sahoo, (2005), "Foreign Direct Investment and Growth of Manufacturing Sector: An Empirical Study on Post Reforms India", (Doctoral Thesis Submitted to the University of Mysore).

Ramamurti, R., & Doh, J. P. (2004), "Rethinking foreign infrastructure investment in developing countries''. *Journal of World Business*, 39(2), 151-167.

Rashidat, Abiodun, Babalo. (2013), "SWOT Analysis of Nigerian Business Environment", The International Institute for Science, Technology and Education, Vol. 3, pp. 101-104.

Razin, A., E. Sadka, and C. Yuen. (1999), "An Information Based Model of FDI: Grains From Trade Revisited." NBER Working Paper 6884.

REITER, S. L. (2008), Foreign Direct Investment (FDI). In: KOLB, R. W. (ed.) Encyclopedia of Business Ethics and Society. Thousand Oaks, USA: SAGE Publications UNITED NATIONS CONFERENCE ON TRADE AN DEVELOPMENT (UNCTAD) 2005. Economic development in Africa: Rethinking the role of foreign Direct Investment. UNCTAD publications, UNCTAD/GDS/AFRICA.

Smarzynska, B. (2002), "Does foreign direct investment increase the productivity of Domestic Firms. Spillover through Backward Linkages. " World Bank Working Paper 2923.

Sullivan, L. E. (2009b), Investment. In: SULLIVAN, L. E. (ed.) the SAGE Glossary of the Social and Behavioral Sciences. Thousand Oaks, USA: SAGE Publications.

Taylor, I. (2012), "India's rise in Africa', International Affairs 88: 4, 2012, pp. 779-798.

Thangamani, B., Xu, C., & Zhong, C. (2010), "Determinants and Growth Effect of FDI in South Asian Economies: Evidence from a Panel Data Analysis" *International Business Research*, 4(1), 43.

The African Development Bank Group Chief Economist Complex Africa Economic Brief, Vol. 2, No. 6.

Wang, J.Y. and M. Blamestorm. (1992), "Foreign Investment and Technology Transfer: A Simple Model." *European Economic Review*, Vol. 36, pp. 137-155.

Wheeler, D and A. Moody. (1992), "International investment location Decisions: the Case of US firms," *Journal of International Economics*, Vol. 33, pp. 57-76.

Xu, B. (2000), "Multinational Enterprise, Technology Diffusion, and Host Country Productivity Growth." *Journal of Development Economics*, Vol. 62, pp. 477-493.

Websites

www.rbi.org.in

www.unctad.org

www.adb.org

www.worldbank.org

www.southafrica.info

www.imf.org.in

www.rbi.org

www.finmin.in