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Migration from Developing Economies and Greenfield Investment in European Regions

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Summary

The reduction in transportation and communication cost coupled with contemporary policy in conformity with global economic trends have led to geographic increases in the movement of people, goods, capital and knowledge across international boundaries. This has led to an increasing number of goods and services the world over. Existing literature indicates that there is a strong positive relationship between migration and FDI investment in the sense that, migrants in destination regions are able to use their networks to influence MNCs to invest in their home countries. This notwithstanding, the migratory rate is increasing steadily while FDI flows into Africa is stable and most often below the rate of migration. African governments have also not been able to place the necessary economic indicators to attracted the needed FDI into specific and most needed sectors of the economy. Migratory policies of most countries in Europe are friendly and welcoming to refugees and other vulnerable groups in society hence the increasing rate.

Other factors such as structural differences, poverty and wage differences were identified as the major factors urging people to migrate. The main research question is to determine the extent immigrates from African countries in Europe use their network to influence greenfield investments in Africa? To this, the research used data from the UN Population Division, World Bank and FDI markets to analyze the data with the help of statistical softwares such as GIS, Excel, and STATA for the analysis.

The research among other things concluded that immigrants from African countries in Europe use their network to influence greenfield investments in their originating countries. The results, however, suggest that, the correlation effect of migration on FDI is positive and that the effect remains significantly positive when adding GDP, total population, number of startup procedures, tax on export goods, cellular usage, inflation on consumer goods, and internet connective. However, this effect disappears when controlling for a number of taxes, days to import goods, forest rents, unemployment, infrastructure index and jobs created.

In conclusion, therefore, the results suggest that, although there some mediating variables that influence migration and FDI, the general relationship between migration and FDI is significant.

Keywords

Theories of Migration, Migrant Networks, Drivers of FDI, Drivers of Migration, Effects of Migration on FDI

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Abbreviations

IHS	Institute for Housing and Urban Development
FDI	Foreign Direct Investments
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
NMCs	Multinational Companies
OLS	Ordinary Lest Square

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Chapter 1: Introduction

1.1 Background

Globalization can be contextualized "as the widening, deepening and spreading up of world interconnectedness in all aspects of contemporarily social life. In this definition, (Held, McGrew, et al., 2000) are of the view that, globalization could be viewed as a technological and political process. In their view, technological innovations have made it possible for people and goods to be transported across long distances within the shortest possible time and at a cheaper cost. Political, ideological processes influenced the removal of global trade restrictions, increased liquidity movements and sustained international economic deregulation. Castells (1996) supports this assertion and common notion that, globalization through technological and political advancement has facilitated increased migration. However, due to the significant increases in global trade and cross- border investments, international migration has reached unprecedented levels in recent times (D'Agosto, Solferino, et al., 2006).

International migration has consistently recorded an increasing trend growing steadily over the last fifteen years to reach 244 million people in 2015 from a low of 173 million people in 2000 and 222 million people in 2010. However, as much as two-thirds of all international migrants (76 million) live in Europe. In 2015 for instance, about two thirds, representing about (67%) of all international migrants were living in only twenty top destination countries around the world. The largest number was hosted by United States of America (47 million) representing about 19% of the world's total migrants. This is followed closely by Germany and Russia took the second and third positions respectively with (12 million) migrants. (International Migration Report). Of these international movements, most migrants originate from middle-income countries (157 million as at 2015). This notwithstanding the periods 2015 and 2000, witnessed an increasing number of migrants from middle-income countries than other income-groups. A larger majority of migrants from middle-income countries were living in high-income countries. In 2015 for instance, 71% of all international migrants were living in high-income countries. Of these 124 million were living in OECD countries (International Migration Report, 2015).

As more people migrate, MNCs also study and invest in those locations to make increasing profits. As a result, a cumulative increasing segment of Foreign Direct Investment (FDI) is permeating into investment portfolios across borders; greenfield investments (new projects & expansions) and brownfield (mergers and acquisition). "Greenfield FDI refers to cross-border investment in which a parent company establishes new production facilities in the host country, whereas brownfield FDI is typically associated with cross-border mergers and acquisitions (M&A), in which a firm acquires an existing company overseas."(Chan and Zheng, 2017).

However, although both forms of FDI operate mainly to easy access to overseas markets, the entry barriers are different. Moreover, Greenfield FDI creates new job opportunities, transfer of modern technology and other positive externalities, brownfield FDI tends to small job creation or sometimes reduction and the absorption of technology from acquired multi-national companies (MNCs). Therefore, most governments give restrictions due to national security concerns, trade protections, and job loss. As a result, most host FDI regions welcome Greenfield FDI (UNCTAD, 2014).

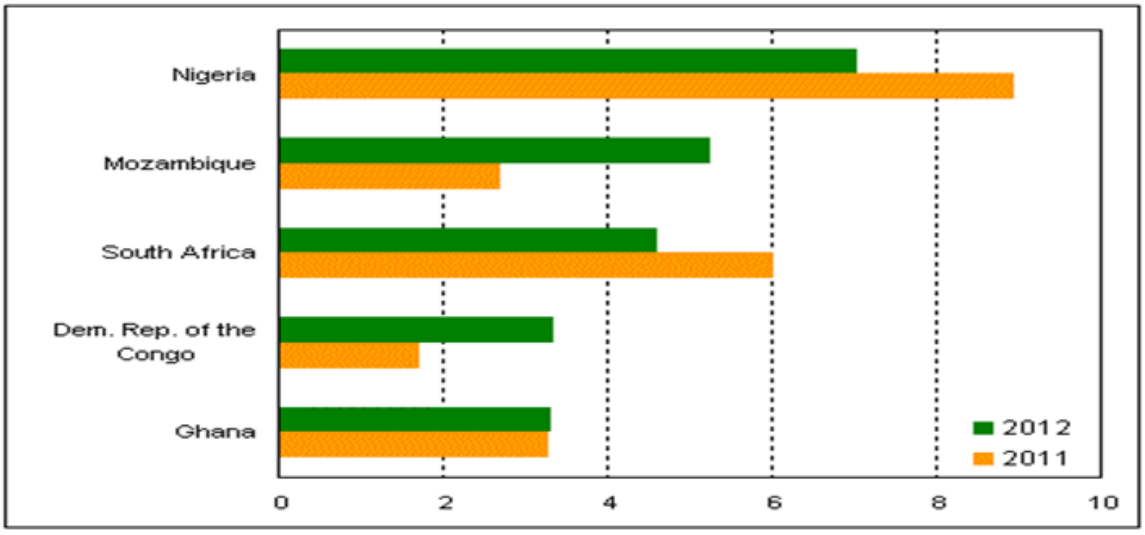
According to UNCTAD, FDIs flow (inward and outward) into developing countries has been increasing over the last decade. This growth was driven partly by FDI in the unstainable

extractive sector (raw materials) such as gold, timber and mining, whilst in the European Union (EU) and United States (US), FDI is directed to the manufacturing and service sectors (UNCTAD, 1999).

However, European regions do not only serve as destination hubs for migrants across the globe but more importantly helps improve the socio-economic development of these regions as a result of ageing population and the rising demand for technical and scientific skills. This is strongly supported by numerous studies that confirm that migration is associated with economic growth and the creation of new jobs in Europe. Mobility of labour therefore which is significantly low within the EU relies on migration from outside the region to aid in its development (Zimmermann, 2005). However, although international migration might negatively influence the local labour market especially in terms of wages of native workers, its impact might actually be minimal (Longhi, Nijkamp, et al., 2005).

Past decades of the twentieth century, increases in global trade and capital flow across continents into countries was accompanied by international mobility of labour. Henceforth, during the past three decades, external resource flow to developing countries has metamorphosed and FDI since the 1990's has developed into one of the predominant external sources of foreign currency inflows into developing countries (D'Agosto, Solferino, et al., 2006). According to UNCTAD and indicated in figure 1.1 below, FDI into African countries generally improved by 5% in 2012 continuing to reach a high of fifty billion dollars billion although FDI shares globally fell by 18%. These increases in investment are anchored by the extractive industry to the neglect of manufacturing and services subsector.

Figure 1: 5 Major FDI recipients in 2011 and 2012 (billions of US dollars)



Source: UNCTAD, 2012

1.2 Problem Statement

The phenomenon of international migration is a complex issue that has either positive or negative effect on either origin or destination countries. It generates flows on jobs and wages

driven by investments which have become a great concern in Europe as it goes through a process of economic recovery and a greater unemployment among its youthful generation. (De Lima, Bernabè, et al., 2016). According to Hovy and Chabake, (2003) in the year 2003, out of the projected 17 million migrants many of whom were refugees and asylum-seekers across the globe, 4.1 million were hosted in the EU. However, according to the Baigonti, (2004) further estimates show an annual net inflow of immigrant pegged at 1.7 million people annually into European countries.

Greenfield investments are constrained to various locations as a result of local resources availability Mataloni (2011), inadequate human capital especially in knowledge-intensive industries, technological and industrial research development and territorial competition (Burger, van der Knaap, et al., 2013). As a result, economic migrants tend to follow the hierarchical concentration of European multi-national firms which provides them with the needed jobs leading to the concentration of skilled and non-skilled migrant labour in portions of European regions. Further, the perception of Africa associated with economic instability, turmoil, diseases and natural disasters affects the continent negatively. With over 50 countries within the continent, although some countries are doing well, little attempt is made to differentiate them. As a result, many multi- national companies do not even list them for consideration let alone short list them for the establishment of subsidiaries for their firms thus reducing the amount of FDI to the subregion (UNCTAD,1999). These notwithstanding, migration continues to increase whilst FDI to the subregion is relatively unstable and largely directed towards unstainable extractive sectors with only a slim indication of increasing. There is a general improvement in infrastructural development and quality of life is consistently being improved, jobs, although not enough is being created but migration (both skilled and unskilled labour), continue to increase posing danger to the needed skilled labour needed in originating countries.

However, migrant most often fail to use their superior network advantage to attract investment to their communities because they often lack the necessary knowledge, international investment experiences and limited foreign markets which can be used to attract greenfield investments (Karreman, Burger, et al., 2017). The differences in the political systems, institutions, modern technology such as internet services and investment processes also affect the ability of multinational companies to establish subsidiaries in other regions and therefore limiting their investments within their country of origin (Buckley, Clegg, et al., 2007). Policy attempts through immigration laws were selective in nature and favoured migrants who responded to labour market needs who could easily integrate into receiving countries. However, these policies did not achieve the desired results as it possesses further challenges for economies of sending countries as it causes a shortage of vital human resources.(Buckley, Clegg, et al., 2007)

There is, however, abundance of literature on ethnic networks and international trade (Rauch and Trindade, 2002, Javorcik, Özden, et al., 2011) but only limited literature is available on the relationship existing between migration and foreign direction investments. (Kugler and Rapoport, 2006, Gheasi, Nijkamp, et al., 2013). Further analysis shows that there is however limited literature relating greenfield investments on migration as most of the literature concentrate on either comparing greenfield investment to brownfield investment without linking it to migration. Given this, the research will concentrate on the relationship between

migration from African countries into European regions and how it influences greenfield investments.

1.3 Main Research Objective

The research seeks to explain the relationship between migrants from African countries and greenfield investments from European regions?

1.3.1 Research Questions

This section deals with the main research question and sub-research questions

1.3.2 Main Research Question

To what extent do immigrants from African countries in Europe use their network to influence greenfield investments to Africa?

1.3.3 Research Sub-Question

1. Does the presence of migrant networks influence the amount of greenfield investments in destination regions?

2. Which factors affect the locational choices of greenfield investments in African countries?

1.4 Significance of the Study

International migration has increasingly become a global force with both positive and negative effects on destination and originating countries. However, many more people are crossing international borders because of a mirage of reasons; jobs, wars, school, health, asylum, natural disaster among many. Countries all over the world are making strives to improve conditions at home that will result in reducing the factors that cause people to migrate. These notwithstanding developed regions host migrants and are able to create networks that may influence the attraction of greenfield investments.

This research work will, therefore, contribute significantly to enrich the existing knowledge on the silent relationship between Migration and greenfield investment and the benefits it offers for source originating countries. Existing research on the relationship between FDI and migration is also generalized without separating greenfield FDI from brownfield FDI. Further, the study will also provide new insights about the intrinsic roles migrants play in foreign countries in attracting greenfield investments. Particularly, this research will show that FDIs can be used to stem the existing migratory path by providing facilities and opportunities that exist in destination regions. The research would, therefore, give an indication of what needs to be done within African countries; first of all, to manage the migratory pattern and secondly how the region must strategically position itself to attract more FDIs.

1.5 Scope

The study will not focus on migration and general international trade. It will specifically, therefore, concentrate on immigrants from African countries into European regions and how their size and network characteristics relate to Greenfield FDIs in African countries. Migration and Greenfield FDIs are self-influencing indicating that there are endogenous factors occurring

between the two variables. The study will, therefore, concentrate only on migration from African countries to European regions and their effects on greenfield FDI. Greenfield projects that the study will cover include new investments and expansions from the EU into African countries. However, it will not cover mergers, joint ventures or acquisitions. However, the study will cover all the 54 African countries.

1.6 Limitation of the study

Access to data to make a detailed and informed analysis on the issue of migration is non-existent. Since of most of the discussion on migratory studies are conducted using qualitative data collection methods were migrates are interviewed and the results analysed. This research work took a different view of using secondary existing data. As a result, certain key data needed for the research work could not be found. For instance data on specific sectors migrates in the EU were working, number of associations migrants belong to among others were not available.

Secondly is the issue of undocumented migrants. Most migrants enter the EU unrecorded and therefore the numbers recorded by the immigration Authorities might actually be under representation of the issues. Although an analysis at the city level will have made important and interesting analysis, for instance, which cities received more migrants and whether MNCs in these specific cities are investing in the home countries of these migrants was clearly no available and therefore limited the research work only to be conducted at the national level.

Finally, another major limitation of this research work is the limitation of literature on specific greenfield investments and migration. For instance, in relation to migrant networks, it was difficult to quantify most of the indicators used. The research work, therefore, used alternative but quantifiable indicators in cases where the indicators identified were not quantifiable, to analysis the research questions posed.

Chapter 2: Literature Review / Theory

2.1 Introduction

This chapter presents relevant literature pertaining to the topic under discussion. Firstly, contemporary literature is reviewed on the definition and drivers of migration. This is followed closely by the definition and general drivers of FDI/Greenfield Investments. In order to see how these two variables migration and FDI/greenfield investment relate, a section is specifically devoted to a discussion of the relationship between migration and FDI/Greenfield investments. In furtherance to this, migrant networks, a major component of the migration phenomenon is reviewed in detail and the chapter is concluded with the development and analysis of a conceptual framework to put the study into a proper perspective to allow for the generation of variables for analysis to answer the research questions, as discussed in chapter one.

2.2 Definition and Drivers of Migration

2.2.1 Who Counts As A Migrant

The issue of who counts as a migrant is broad and further intertwined in a variety of circumstances based on various classifications. According to Bilsborrow (1997), a migrant may be registered in relation to "country of birth, country of citizenship, last country of the previous residence, duration of time spent away from birthplace or last place of the previous residence." Other critical classifications alluded to by Bilsborrow (1997) is ethnicity. Again, the Gallagher, (2001), defines a migrant as "any person who changes his or her country of usual residence," where "residence" in this case refers to changes in both residences or residential status. From the above discussions, it is worthy of note that, tourists, business travelers among others are not counted as migrants since their change in location does not involve their change of residence, referred to as a non-migrant population and therefore for purposes of this discussion, a migrant is referenced as "**a foreign-born resident who has relocated to the country of residence".**

2.2.2 Approaches and Drivers of Migration

There has been a general consensus reached among researchers over the last two decades that, there exist some forces which lead to the **inception** and **perpetuation** of the movement of people. These are generally regarded as the "**drivers**" of migration. Drivers of migration are basically those factors that start the migration process and sustain it once it begins (Van Hear, Bakewell, et al. ,2012). This, therefore, makes migration a self-sustaining phenomenon –" ones it starts, it does not end". The drivers of migration are however deeply embedded in theoretical models or approaches of migration developed both in the late centuries and in present times. These perspectives include the radical and classical theories which espouse different drivers for international migration (Massey, Arango, et al., 1993; Lebhart, 2005; Kurekova, 2011). For instance, the classical theorist seeks to explain the effects/inception of international migration whiles the supplementary viewpoints are based on the perpetuation of international migration.

A general view of contemporary studies in the literature on international migration started in the late nineteenth century with a detail explanation on the "push-pull framework" which is

grounded in liberal economic theories (Castles and Miller, 1994 .p19). The liberal economist relies solely on the use of economic factors to explain labour migration. They assume that supply and demand effects at both the macro level and individual level combined with a cost benefit analysis done at the micro level (individual household level) all of which is done in relation to the labour market, creates the conducive environment for an individual to arrive at a decision to migrate from his current location to another area (Hooghe, Trappers, et al., 2008).

Borjas, (1995) in his assertion of why people migrate using "individual assessment of people" came up with the conclusion that, people migrate from low-income countries or countries experiencing a low downward economic trend to countries experiencing a higher economic performance which specifically offers higher and better economic opportunities to people. However, these explanations offered by liberal economist has received many criticisms, as a result, its strong association with economic theory, which either way has become very complex and its narrow explanations do not fit contemporarily observations (Hooghe, Trappers, et al., 2008). Arguments raised in this direction include the fact that the concepts were developed in an industrial era, and therefore do not explain the intricacies of the migration phenomenon in the post-industrial and globalizing world (Massey et al, 1998). However, according to Lee (1966), the "push-pull factors" propounded by the economic liberals is still one of the most significant and influential factors alluded to as a single cause of migration in contemporary migration studies. He further explained that the push factors constitute the negative features in the place of origin, and the pull factors are the positive factors in the destination locations of migrants. In direct contrast to this, based on empirical evidence, people moving from one country to another do not necessarily move from poor countries to the "cost-benefit analysis" suggests, but rather people move from countries/regions undergoing social and economic change (Castles and Miller, 1994). Again, according to Portes and Borocs (1998), the Push-Pull theories fail considerably to relate the differences between countries and the differences between individuals referred to as the microstructural causes of migration and the diminishing or disappearance of certain causes of migration.

In view of the mirage of criticism, economics developed more compelling theories which sought to offer better explanations and place the argument beyond the mere transfer of people between low-income states to high-income states. The world systems theory an off shoot of the historical structural theory, based its premise on that fact that, migration flows occurred when capitalist economic relations enter pre-capitalist societies. This leads to the creation of a strong network between the core capitalist countries and the countries located in the periphery of the core. The networks that develop include cultural ties that bind two societies together for a very long time. Examples of these ties are remnants of colonialization in the educational sub-sector of former colonies; since similar educational structures exist, colonial subjects are attracted to their colonial masters. Portes and Rumbaut (1996), however position migration in a context that views the world as a system of structurally unbalanced countries where the core capitalist societies are more stable and have access to the required resources and are able to place the periphery under their control. Apart from the well-known historical causes such as colonialization, occupation, employment of foreign labourers, structurally unbalanced economies may also be brought about by mass communication about western lifestyle, the new life styles of people in the culturally linked peripheral of societies.

The world system theory also received criticism based on the fact that, placing an urgent solely on historical perspective is bent to fail it the socio economic circumstances change. Also, some peripheral states were able to rely on the agrarian economy to propel their own internal

development, therefore, deviating from the arguments raised by the world systems theory (Chirot and Hall, 1982). On the issue of liberal choice and structural theories, according to Ghosh (1996), an international movement of labour is caused by economic factors back by two models; Liberal and Structure models. The liberal choice model is based on the fact that labour moves from poor countries mainly in the global south to high -income countries in Europe and the Americas resulting in effective use of labour and narrows the wage gap among countries. However, the structural models are of the view that migration widens wage and income gaps resulting from the differences in economic conditions prevailing at a particular place. According to the theory of dual labour market, the labour markets of industrialized countries have a dualistic structure; skilled workers (primary segment) and unskilled workers (secondary segment) where the skilled workers earn higher with better conditions of service than the unskilled resulting in the native workers avoiding secondary jobs. Migrants, therefore, accept these secondary jobs more easily since it pays them more income than they can find in their originating countries. (Piore, 1979).

Perpetuation theories of migration emphasize kinship and friendship networks as important factors in migration. There exist moral, family and ethnic ties that bind intended migrants at home, migrants and former migrants (Tilly and Brown, 1967). Few developing theories seek to explain the continuation of migration; Networks and Cumulative Causation theories (Massey *et al*., 1998). The proponents of the network theory as described by proponents as an interconnected and interpersonal connection of migrants, returnees and non-migrants in destination and origin countries through social ties of family lineage, friendship and community origin. The theory is based on the premise that international migration may increase migrants networks and may reduce the risks and cost of international movement and also increase the net returns of migrants. The basis of this argument in particular reference to international migration has been based on social capital that they (migrants) rely on to gain access to the much needed foreign employment. The number of migrants in destination countries play a critical role in network theory. Once the number of migrants reaches a critical threshold, migrants networks reduce the cost and risk of movement, which invariably causes geometric movement and expands the networks and of people migrating and so on. (Massey et al, 1998). The process is seen as a continuous process until migratory behaviour spreads outwards to encompass a larger segment of the origination society (Gurak and Caces, 1992). It is wealthy of note that, the first person that migrates has no body to rely upon, therefore, the cost of migration is high but it they are more people in the destination area, the cost of migration tends to be lower as a result of social capital of which new migrants rely on.

IOM (2003), they exchange information, provide financial assistance and even help to find a job for the migrant. It is asserted that such interaction facilitates migration by reducing the costs and risks. However, there are instances of migration through illegal means by friends and relatives that result in hardships and migrants becoming victims of violence and exploitation. Massey propounds the cumulative causation theory of migration and this theory states that continuance of migration is due to the intermingling of migrants with other persons of their origin. The theory also asserts that migration is self-sustained by itself in creating more migration (Massey, 1990). Below is a tabular representation of the various theories and their major critiques as exposed in (Kurekova, 2011, Massey, 1990, Arango, 2000, De Haas, 2008).

Table 1: Theories of international migration

Theory	Subject of analysis	Level of analysis	Pet variable(s)	Critique
Neoclassical theory of migration	*Determinants of migration*	Macro Micro	Wage and income differentials Probability of employment	Mechanically reduces migration determinants – exclusion of politics and policies. Assumes linearity – unable to explain differential migration, why people do not move, or why migration ceases before wage differentials equalize. Ignores market imperfections. Homogenization of migrants and societies. Static perspective.
Human capital theory of migration		Micro	Wages, economic benefits affected by individual characteristics	Overly optimistic (functionalist) view - migration is not always a voluntary process to maximize gains.
New economics theory of migration		Micro Mezzo	Wages and income distribution (relative deprivation) Institutional failures – credit market, labor market deficiencies	Critique of the neoclassical theory rather than a theory in its own right. Sending side bias. Limited applicability – difficult to isolate the effect of market imperfections and risk in migration decisions from other income and employment variables.
World system theory (historical-structural approaches)		Macro: global and international processes	Structural changes induced by the flow of capital	Only applicable at the global level. Explanation formulated *ex ante*, cannot be empirically tested.
Dual labor market theory		Macro: Nation state Mezzo	Labor demand Bifurcation of labor markets FDI State immigration policies and recruitment efforts	Receiving state bias – excludes push factors, formal recruitment practices overemphasized. Unable to account for differential immigration rates in different advanced economies with similar economic structures. Distinction between primary and secondary sector is usually arbitrary which leads to instability in empirical estimates.
Network theory		Mezzo	Networks, diaspora	Conceptual framework rather than a theory. Networks can be exclusionary and undermine (not facilitate)

Source: (Kurekova, 2011) **Based on Arango (2000), Massey et al. (1998) and de Haas (2008)**

It can be analysed from the above discussion that, a variety of theoretical theories reviewed above seek to explain why international migration begins and how it is sustained. Henceforth, it can be deduced that no one theory or principle can explain the different drivers or reasoning for migration.

The neoclassical economics emphases the differences between wages and employment condition between countries, which is generally based on the fact that, migration is an individual decision based how much they earn.. The new economics of migration theories, disagrees with this view and propose that, a variety of markets, not just labour market have an impact on migration. They see migration as a household decision embarked upon to reduce risks to family income, capital constraints on family production activities. The world systems theory and the dual labour theory disregard such micro-level decision processes and focus attention on operating at higher macro levels aggregation. The former links immigration to natural consequences of economic globalization and market entry to over national boundaries whiles latter links immigration to the structural requirement of modern industrial economies. However, there exists different diverse factors, instincts, and causes behind migration. As such, these theories expose important factors and features of immigration from African countries into European regions.

2.2.4 Identifying/ Classifying the drivers of migration

In trying to identify the drivers of migration, it is important to note *how*, *where* and *when* these drivers operate to shape migration. In general, drivers may operate to shape migration at different scales and levels of social structure and different locations (origins, transit and destination). These influences may occur at different time frames (Van Hear, Bakewell, et al. ,2012). This is explicitly expressed by Massey et al. (1998 p.42) as, "the conditions that initiate international movement may be quite different from those that perpetuate it across time and space.' Accounts of the inception and perpetuation of migration account for these different dimensions".

The basic drivers which influence the relationship between the determinate of migration are often intertwined in social, political, economic, cultural and environmental factors. These dynamics have been the subject of debate for a very long time. Relying on the work of Giddens, Richmond (1994) are of the opinion that, there are some proactive and reactive factors that constrain and enable migration. They identified predisposing factors, structural constraints, precipitating events and some enabling circumstances as the factors that influence the drive for and against migration. However, Van Hear (1998), in an updated version suggested "predisposing, proximate, precipitating and intervening factors" as key factors that shape migration.

Predisposing factors: it creates the avenue for aggravated migration. Typical examples include the structural disparities between places of migrant origin and destination fashioned by the macro political economy. Such predisposing factors may be pinched on processes such as globalization, urbanization, environmental change and demographic change. Economic disparities between sending and receiving migrants countries include the standard of living, salaries and wages and inequalities. Political disparities include peace and security based on trends of strong nation building and less conflict. Geographical factors culminating into distances into borders and destination regions. Environmental differences between poor agricultural regions and receiving territories constitute the presence or absence of resource, soil fertility and water availability for seasonal farming which exposes people to migrate. Most of these indicators are quantifiable such as income differentials, income per capita, the employment rate among others. These factors can be classified under human security disparities which could predispose people to migrate.

Proximate factors: The outcome of structural features have a more direct effect on migration Major migratory countries are characterized by downturn in economic cycle, poor security or human rights, environments associated with political struggle, displacement of people associated with new developments, disasters or environmental degradation and climate change. However, on the contrarily, the destination regions are engulfed with economic upturn or wider societal improvement, such as employment opportunities, higher trading opportunities and opportunities for social and economic advancement. These qualities have some which can be quantifiable most often have some similar manifestations collective view as human security from the point of view of predisposing factors.

Precipitating factors: these are the factors that trigger a departure from once birth place. They involve a household collective decision based on some critical happenings which seriously urge people to migrate. The precipitating factors include economic such as financial collapse, increasing rate of unemployment, punitive taxes, poor welfare services, increasing decline in

education among many others. The political security sphere is also a critical area that leads to migrations such as persecution, political disputes, conflict, wars etc. Again, there is a strong relationship with proximate factors, but unlike the previous two domains, precipitating factors are often not so much measurable as observable, identifiable events or developments. While they usually occur in places of origin they may come about in places of destination too.

Mediating factors are generally factors that have a double edge sword. They may either accelerate or decline the rate of migration. They "enable, facilitate, constrain, accelerate or consolidate migration and may also act to reduce migration. However, processes that facilitate these processes include the availability of cheap quality and good transport infrastructure, information in destination locations. The opposite is also true in the sense that, constraining factors include lack of information and resources needed to move. Another critical component is the migratory policies implemented in destination countries which may either influence or stem the tide of migration. However, strong migrate networks seem to influence the migration tide.

In sum, a blend of these predisposing, proximate, precipitating and mediating 'drivers' shape the conditions, circumstances or environment within which people make choices whether to migrate or "stay put". It is however wealthy of note that, migration "drivers" urging people to leave a particular place seems different from those at the *arrival* locations, reinforcing the fact that, combinations of drivers come to play in complex migratory trajectories such as from origin- transit-destination -transit -destination and so on.

These notwithstanding, Lilleør and Van den Broeck, (2011) proposed three models that identify three drivers as influential in economic literature. According to him, the first model originated during the earlier economic theories which identify **wage differentials** between two areas as key factors that drive people to migrate. According to (Massey et al., 1993; Lalonde and Topel,1997) migration is perpetuated when returns to labour are higher in originating countries than in destination countries. This is exemplified by the fact that, there exists excess supply of labour in originating regions in rural areas at prevailing urban sector wages. More people, therefore, migrate to urban areas in the process till supply of urban labour increases and rural areas reduces, thereby reducing urban wages and increasing rural wages. The second driver seeks to analysis deeper, the earlier driver of wage differentials and proposes that differentials in expected wages differences drive migration. According to Todaro and Maruszko, (1987) although there was high unemployment in destination regions, people continue to migrate and therefore it is the wage expectation that influences them to migrate rather than the real wage. Therefore a combination this expectation originated from wage differentials of net migration costs, unemployment, differentials and the discount rate of future earnings. The New Economics of Labour Migration theory constitutes the third type which is different than the two earlier discussed motives. This motive is seen as the Risk Factor associated with migration decision and the potentials the destination regions offer. This is however based on the strong focus migrant household may view the opportunities available to migrate which constitute a unit of analysis (Mincer, 1978; Stark and Levhari, 1982). Migration is view as a family strategy and therefore it is a family decision to migrate. In sum, the three migration models thus identify two main drivers of migration: (expected) income differential between the origin and the destination locations and income variability. According to Van Hear (1998), an age long driver that has received much criticism in recent time is poverty. According to him, explanations of the inception and perpetuation of migration have centred on differences in economic conditions at different locations. However, during the 1990's, it was observed that the poorest in society

often do not often migrate since they do not have the required resources needed to initiate international migration. This stands led to an unending debate as to whether development can help reduce that drive towards migration, stimulate it or encourages more migration when people are given resources to migrate.

2.3 Definition and General Drivers of Foreign Direct Investments

2.3.1 Definition and Overview of FDI/Greenfield Investments

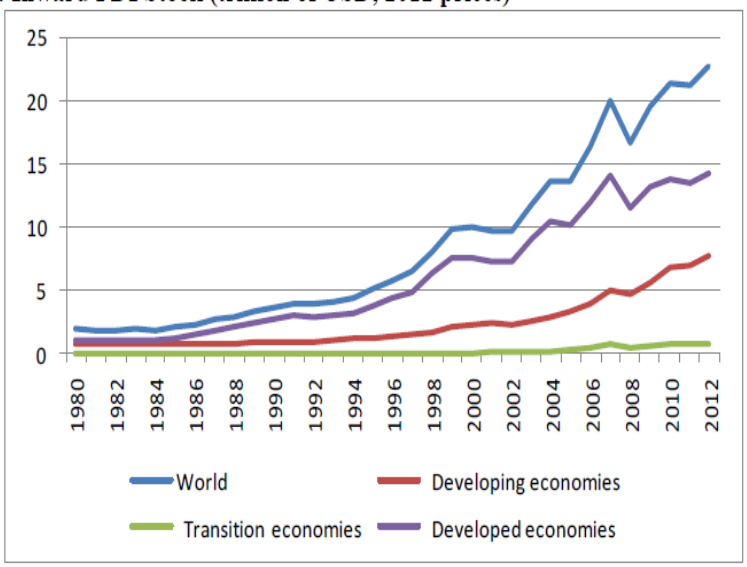
Foreign direct investment (FDI) can simply be seen as "an investment across borders accompanied by a resident in an economy possessing control or a higher degree of impact on the management of the firm located in another country" (IMF 2011, p.100-101). This definition adopts the idea that, a foreign entity should own at least 10% or more of the MNC. This differentiates FDI from all other investments and international trade (IMF, 2011). FDIs are effected through companies normally called Multinational Corporations (MNC).

The projects they execute are usually in two forms: horizontal or vertical. Horizontal FDI encompasses production process which is repetitive between two economies. The production process is designed basically to serve a specific foreign economy. It is therefore mainly used to replace exports of products and to further reduce production cost by skipping trade barriers and taxes.(Helpman, Melitz, et al., 2003). However, vertical FDI arises once the manufacturing process is split into smaller units between two or more economies. Each country performs part of the whole manufacturing process until the completion when the output is transported to the final destination for assembling. It is most often a advantageous process as MNCs select areas that maximize profits for the production process to be undertaken, Helpman, (1984), however Braconier, Norbäck, et al., (2005) are sceptical about this view and propose that the prepositions are mixed and not static.

Based on the analysis of the determinants of migration, of which network theory was identified as a contemporary measure of the determinates of migrants, there exists ethnic-link FDI and non-ethnic linked FDI. Ethnic-linked FDI is basically FDIs which shares more resemblance with local investments and has tougher indigenous embeddedness. However, their effects are less in relation to institutional changes. Non- ethnic linked FDI, however, have different international characteristics and it's noticeably superior in resource pool and managerial practices. Global inward flows of FDI into developed economies have remained a low of 39% as compared to developing countries. Although the trend over the years indicates an unstable trend, it significantly increased by 12% in 2013 to US$ 576 billion. In the year 2007, developed countries FDI flows were 44% an indication that they are not the largest receivers of FDI inflows (UNCTD, 2014). The contributory factors of FDI inflows into EU was largely as a result of tax policies for special purpose entities in countries such as Luxembourg, Belgium, Netherlands and Ireland. These countries have hosted a lot more MNCs as a result. However, although FDI inflows fell by over US$ 169 billion in 2012, flows into these countries increased by US$ 100 billion in 2013. Conversely, flows reduced in as much as 15 out of the 27 EU countries with the largest declines observed in France of -77% and Hungry from US$13.8 billion to US$ -3billion.

Figure 2: Inward FDI Stock (trillion of USD, 2012)

Figure 3: Inward FDI Stock (trillion of USD, 2012 prices)



Source: UNCTD, 2011

From the above figure, it could be observed that inward stock of FDI is concentrated in developed economies whiles majority of the outward flow is towards developing countries. However, in 2012, as much as 62% of the worlds FDI was hosted in developed economies. (UNCTD, 2011)

The contribution of FDI to economies normally measured by GDP growth have been identified in the literature as substantial (Wang, Gu, et al., 2013), although some limitations about the local economy have also emerged in recent times (Aitken and Harrison, 1999). First of all, FDIs contribute positively to economies in two main ways; the first-order and second-order effects. They contribute to the host economies through, direct transfer of funds, Wang, Gu, et al., (2013), transfer of advanced technology and human capital. (Carkovic and Levine, 2002). Consequently referred to this as the second other functions. The effects of the first-order functions culminate into the diffusion of advanced technology to local firms, improved management systems and skilled labour of local firms. This effect has spillovers which can improve the host countries ability to attract FDIs, create clusters of FDI and highly qualified human resources for the receiving economy. This notwithstanding, labour productivity according to Mayer and Sinani (2009) is of the view that, FDI increase the investments and productivity and also in the efficient distribution and enhancing the labour productivity of receiving economies. FDIs also introduces higher operational efficiency and inspires local firms to invest more in technology leading to productivity. However, according to Nelson, (1993), innovation gains are less direct because of the proprietary nature and intellectual property rights in production technology and its related innovations. However, innovation gains occur through spillover effects such as skilled human resource, transfer technology-know-how, transfer and demonstration effects in host FDI regions (Blomstrom, 1989). On the issue of employment, FDI most often improves the unemployment situations by building new ‘‘greenfield’’ operation units, and influence indirectly local economies through spurring “backward or forward” linkages (Wei, Yao, et al., 2009).

Notwithstanding the opinions and propositions in support of the positive effects of FDIs as indicated above, some writers disagree most importantly as a result of FDI inward flows into host economies as they may "crowd out" indigenous firms (resources and markets), and in some cases pull local technical expertise as a result of the payment of higher wages. (Aitken and Harrison, 1999). Multi-National Corporations (MNCs) participating in the local economy and having access to land, capital and labour may in most cases cripple indigenous firms, constrain their development, productivity and innovations. Further, as MNCs expand, the resultant crowding out effect causes production and operating cost to increase for small and medium scale local firms. This may result in local firms to close down their production resulting in the killing of local potentials (Aitken and Harrison, 1999).

In general terms, FDIs instead of building new firms and creating new jobs, they concentrate on the easy way out by acquiring local firms, relocate local supply chains to overseas, thus reducing employment and making more profits from investments in the process (Wang, Gu, et al., 2013). Clear examples of these negative impacts can be seen particularly with some FDIs in China. First of all, as MNCs enter the Chinse economy, they introduce extreme competition on both private and state-run indigenous firms. In other, for these local firms to survive in the market, they undergo restructuring and streamlining their staff and enter into joint-partnerships with these firms to improve productivity. These joint ventures lead to some negative effect on local firms (Liu, Parker, et al., 2001). This literature is aptly summed up by Dreher (2006) who asserted that FDI has been associated with positive externalities; where projects implemented have positively influence on other sectors of the economy such as the domestic firm's ability to learn and use modern technology from their counterpart. Further, they enable massive job creation. Although there are some negative externalities associated with FDI such as such crowding out effect, their positive externalities outweigh the negatives.

2.3.2 General Drivers of FDI/ Greenfield Investments

2.3.2.1 Migration as a Driver of FDI/Greenfield Investments

Migration an age old phenomenon has been identified as a major driver of international migration**.** According to Kugler and Rapoport, (2011), standard neo classical trade theory models, place migration and FDI as substitutes in the sense that, factor movements increases the scope for trade and vice versa. This process negates, the potential for migration and puts emphasis on trade and FDI through a reduction in bilateral transaction costs, in emphasized in recent literature on migration and trade models. They indicate that migration and more importantly, skilled migrants positively affect trade and more importantly FDIs when considering both intensive and extensive margins which result in an increase in trade and FDI ratio.

The term migration could be categorised into various segments and their influences on FDI measured to assess its impact. Examples of such categorization include migrant networks, migrants size, origin, language, sex, culture and many others.

2.3.2.2 Location as drivers of FDI/Greenfield investments

Based on the OLI paradigm developed by (Dunning, 2001); ownership (O)-localization (L) - Internalization (I), MNCs go global if certain conditions are conducive. These determinate factors are based on interactions of competitive advantage of firms and countries and their particular methods for assessing their location advantages. Some factors to be considered while undertaken investments outside home countries are leveraged on taken advantages of trademark of existing assets and competencies. This is done through the exploitation of location-specific advantages that host regions. He stresses the location advantages to including: "access to natural resources, access to new markets, restructuring of the production function and access to strategically created and related assets."

Burger, van der Knaap, et al., (2013) also propose a different set of factors. Their key concern was the advantages that a region relies on to attract investment about others regions based on its relative characteristic about other regions. These characteristics include the availability of local resources, large market, tax incentives or the existence of a large number of skilled labour. These factors which culminate into sources of comparative advantage is not static as MNCs motivation to internationalize varies. For instance a manufacturing firms which strive on a pool of low skilled labour and cheap land would locate in periphery of the city rather than the center, whiles industries involve in sales and marketing needs a huge local marketplace in order to attain high returns on investments whiles some firms specialize in Research and Development (R&D), headquarter functions would prefer to locate in areas with high-level resources associated with agglomeration economies (Narula and Bellak 2009). Therefore MNCs will intend focus on particular location characteristics that suit their production processes.

These notwithstanding Mataloni, (2011), disagrees with these assertions and introduce the variable of entry barriers. They are of the view that, MNCs are constrained by indigenous resources because not all regions are appropriate for a particular type of investment -usually called "special location advantages." They argue that considering certain key sectors that firms operate, such as knowledge intensive firms, location potentials are restricted by highly skilled human resource availability. Following these assertions(Bellak and Narula, 2009) came to a conclusion that, there is a trend of MNCs activities in locational choices in Europe. They cite the instance where the developed economies (Western Europe) host the high valued-added functions such as research and development and headquarters functions while the low developed areas of the (East and Central Europe) host the lower value- added economic functions such as plant production and marketing. (Cheng and Kwan, 2000) also in analyze the location choices of greenfield investments in European regions state the following indicators as sensitive location factors; "1. access to national and regional markets, 2. wage costs adjusted for the quality of workers or labor productivity, and other labor market conditions such as unemployment and the degree of unionization 3, policy toward FDI including tax rates, 4. availability and quality of infrastructure, and 5. economies of agglomeration".

Specifically, Greenfield investments are necessitated by obvious location decisions choices which distinguish it from other forms of investments. Agglomeration economies are therefore playing a single most important role in location choices of greenfield investments. Agglomeration economies help reduce investment cost, service, and transportation cost (Guimaraes, Figueiredo, et al., 2000). Another constraint is based on information voids. They represent publicly available information about a country's investment climate and general data about doing business in a particular area. However, information requirements of MNCs are different based on sensitivity and flexibility of information flows. For instance, foreign banks

hampered by information voids could use their prestige on the market to access information and quickly adopt whiles portfolio investors if impeded by information voids may be severely limited and it could take a longer time to adjust and respond to information voids. However, FDIs have moderate information which may affect their ability to quickly respond to market trends especially in the initial stages of establishment. (Kingsley and Graham, 2016). They mimic absent public information – private information about the investment climate. Investors, therefore, have a competitive advantage in countries with more severe information voids than locations with either less or no information voids. However, since the level of firm-specific information is known to vary across locations it is very important to anticipate variations in foreign investors' private information competences, and thus variation in investors' sensitivity to information voids. Karreman, Burger, et al., (2017) is the view that, the main idea behind the establishment of Chinese firms is hinged on access to critical investment location and production information. Before establishing, Chinese firms complement this information with economies with similar political systems and institutions comparable to their home country before investing (Buckley et al. 2007).

However, some literature purely rely on spatial economic models to explain the drivers of FDI. While some of the literature rely on regions of a country others rely on economic regions such as OECD, SSA, among others. Blonigen et al. (2004) estimate that there exists a spatial relationship between FDI and host countries which receives and the FDI inflows to its neighbours. Coughlin and Segev (1999) also studied more specifically on the geographic distribution of FDI using China as their study area. Using average productivity indicators, they came to the conclusion that, "a shock to FDI in one province has a positive effect on FDI in a nearby province". According to Jiang, (2005) studied in investments into Chinese pharmaceutical firms between the period 1980 to 1998 and came to the conclusion that, specific FDI flow in China was predominantly motivated by China's specific location factors. China's market size specifically played the most important role. Rapid economic growth, China's open door policy, stable political conditions and incentive packages were found to be supportive factors to drive FDIs into China's pharmaceutical sector.

According to Kinoshita and Campos, (2003), agglomeration economies greatly drive FDIs to locate in specific locations. It occurs when firms co-locate near each other due to positive externalities drew from each other. Foreign investors are attracted to countries with existing concentration of other foreign firms. Investors normally, investment decision taken by their other colleagues as a good signal and favourable conditions to increase profits because the basic ingredient is available for success and profits exists. Investors, therefore, located in areas where there is already existing business.

Some literature reveals some general factors that attract FDIs and that these factors are constrained in the industry in which an MNCs operate. For instance writers such as Bellak (2009), Schiller, Burger, and Karreman (2015), concentrate on local resource availability as hindering factors whiles other such as Javorcik, Özden, et al., (2011), Hymer (1976), Dunning,(1993), Navaretti, Venables, et al., (2004) concentrate on profits motives. This analysis of the data will indicate which dominate factor(s) to consider multinational companies consider whiles locating in specific locations.

2.3.2.3 Institutions as drivers of FDI/Greenfield Investment

North (1990) defines institution as "rules of the game in a society or more formally are the humanly devised constraints that shape human interaction." A broader structural framework encompasses Institutions which are made up of "rules of the game" and organizations as "players." They can also be views as clusters of people with similar aims and objective towards the achievement of common interest. Examples include political parties, MNCs, schools, etc. Formal and Informal institutions have been identified in the literature as to have an influence on FDI impacts in host communities. Informal constraints include culture, customs or norms whiles formal institutions comprises of political rules and organizational structures. Formal institutions encompass policy, government intervention mechanisms, legal and enforcement issues, market and product development processes (North, 1990). These institutions to a greater extent influence the performance of FDI activities.

According to Chen, Su, et al., (2007) well-structured and developed institutions guided by well-formulated policies and guidelines that augment and enhances the overall benefits of FDIs on economic development, innovation capacity and improved labour productivity of host countries. It indicates that instances where host countries have strong institutions, effective investment and positive competition which drives further development in different facet is promoted. The advantage it offers local firms is that unable to receive privileged treatment from governments institutions; they will be poised to increase efficiency to survive in the industry (Chen, Su, et al., 2007). Furtherance to this, all things being equal, both indigenous and multinational firms contest for factors of production, sustainable production and higher returns in the presence of sufficient legal protective institutions (Peng, Wang, et al., 2008). In such situations, even-though multinational corporations are most probably have the potential to crowd out, insufficient indigenous firms in the early stages of FDI flows, they sooner or later perform creditably due to sound support by existing institutions (Meyer and Sinani, 2009). Stable rules within an economy reduce transaction costs and improve incentives for investors. The higher the efficiency of the rules, the greater the reduction costs (North, 1990).

On the contrarily, in countries where institutions are well-developed, their positive effects on MNCs are evident as compared to developing economies (Blomstrom and Kokko, 2003). Again he said, country institutions invariably influence operating conditions of firms. In a real business sense, the cost of operating firms do not only involve real cost (investment cost) but also non-economic cost such as bribery and loss of time ensuring conformity with laid down rules and regulations (ie permitting, etc). He used the rule of law and buaurocracy to measure the effectiveness of institutions and is of the conclusion that, countries with a high score of rule of law have better legal systems and able to attract more FDIs. The resulting effect is that, the investment climate is embedded with transparent governing arrangements, adequate legal protection-systems, adequate marketing and services facilities, opportunities for local firms to study from MNCs in increasing the technological base and infrastructure to propel the growth of firms. As a result of these opportunities, local firms would gradually, improve their technology and skills and develop into MNCs. However, private property is effectively protected by well-structured laws, rules and regulations thus providing a safer environment for businesses to thrive (Wang, Gu, et al., 2013). In divergence to this interpretation, informal institutions, play an important part in the revolution of the formal institutions, thus develop instinctively and are closely associated with private firms (Blomstrom and Kokko, 2003). Dunning & Lundan, (2008), notes that there is a general acceptance of the fact that, FDIs

through the activities of MNCs reorganizes the role of institutions in helping the output of NMCs and the spillover effects they generate. Using the experiences of China multinomial firms as a case study, Wang, Gu, et al.,(2013), observed that they performed in general terms below-average using indicators such as the rule of law or application of democratic principles, it attracted a lot more FDIs than countries in the global south. Therefore the level of development of institutions is relevant to FDI impacts as they forcefully influence the manner in which multinationals interact with the local market.

It is therefore wealthy of note that, multinational companies would consider the strength of local institutions before investing in certain areas of the economy. Countries with weak institutions would receive less FDIs whiles the ones with strong institution would receive much more FDIs both in count and value. Although this is expected to be the general idea, other factors some influence this and could change the whole dynamics. For instance the availability of natural resources in a particular country could draw FDIs into that country without necessarily considering the strength of the institutions in that country.

2.4 The relationship between migration and FDI/Greenfield Investment

2.4.1 How immigration affects FDI

The available economic literature on the relationship between migration and FDI is minimal and at the very elementary stages of its development and specifically based on a limited number of countries. However, studies also do not fully show the exact direction of the effects are the could go either positive or negative (Fensore, 2016).

According to Kugler and Rapoport (2007), three critical models through which immigration from a particular country may affect FDI flows. Firstly is the explanation alluded to in "standard static trade model using factor endowment differentials". This theory explains that immigration reduces the number of workers in a country; all things other things held constant, this may affect domestic returns to capital and thus produce compensating outflows of investment. In this view, FDI and migration are thus self-influencing each other as large flows of migrants leads to less FDI and vice-versa. Secondly, skilled labour is a critical determinate of FDIs. As more skilled labour migrate, it reduces the capacity and ability of the source country to develop and use modern technology often referred to as "technological externality". This results in skilled labour shortages. If this occurs with all other factors held constant, skilled emigration will, therefore, lower the proportion of skilled labour in the home country and would serve as an inhibiting factor to greenfield investments. Secondly, is the skill composition of migrants a migrant origin is of priority. Skilled migrants are known to be a strong determinant force of the determinants of FDI inflows into originating countries. Countries with high skilled labour are able to easily adopt modern technologies, inculcate them into the day to day running of firms to improve productivity. However, all other factors held constant, more skilled emigration will invariably reduce the total amount of skilled labour in originating countries and serve as an inhibiting factor to FDI. Thirdly and finally, the various composites of migrants (skilled and unskilled) assist informal and formal trade barriers to FDIs which may increase the appeal for home countries as potential destinations for foreign investments (Kugler and Rapoport, 2007). In general that it can be observed that migration and

FDI are self-influencing from a static point of view, however, as more people migrate it has both positive and negative effects of FDI -inward flows to the originating country.

Javorcik, Özden, et al., (2011) also studied the link between the presence of migrants in US and US FDI in their home country while acknowledging endogeneity issues existing between the two phenomena, he adopted the instrumental variable approach and came to the conclusion that, the presence of migrants in the US increases the volume of USA FDI in their country of origin. The strong existence of endogeneity arises in the presence of migration and FDIs as they both influence one another. FDI flows, on the one hand, sends superior technology, huge foreign capital and employment generation, higher paying jobs, etc. to the host country which intends stimulates economic growth (Alfaro, Chanda, et al., 2004). An indication that, FDI flows can lower the expectation/incentive to migrates.

Also, the large presence of FDIs can have a positive consequence on migration as the MNCs can relocate local technical-experts to the company head office or its subsidiaries abroad. Further, the presence MNCs can either inspire labour to acquire skills appropriate for their involvement in the worldwide or local employees to seek higher paying jobs aboard (Javorcik, Özden, et al., 2011). For instance, in a study conducted by Javorcik, Özden, et al., (2011) on "Migrant networks and foreign direct investments" they conclude that "the presence of migrants in the US increases the volume of US FDI in their country of origin. The magnitude of the effect is economically meaningful, as a 1-percent increase in the migrant stock is associated with a 0.35–0.42% increase in the FDI stock.".

According to Sowell, (1996), subject evidence to suggest that, labour and capital often move in the same direction. Using the Germans experience in the late 20th century, for instance, he said that, Germans who migrated to Brazil imported heavy and small equipment, which ever capacity they could to start up a business. This continued in a similar direction in the industrial period between the UK and Germany which experienced large machinery and labour. (Landes, 1998). The reverse of this also true when MNCs most often employ expatriates to transfer management activities and skills to overseas companies. For instance, in contemporarily times, Intel decision to invest in Ireland was promoted by the fact that, more skilled engineers were willing to return from USA. These observations indicated a complementary relationship between FDIs and migration, which is hinged on the geography of factor movement; "when people move, there is a positive repercussion on where they move from"

2.5 Relationship between migrant networks and FDI/greenfield investments

Contemporary literature indicates a positive relation between migrant networks and foreign direct investments.(Gould, 1994, Combes, Lafourcade, et al., 2005, Head and Ries, 1998, Rauch and Trindade, 2002, Javorcik, Özden, et al., 2011). This literature also supports the fact that, there exists endogenous factors between migration and investments (Javorcik, Özden, et al., 2011). Migrants with the same ethnic or geographical identities across borders may help to reduce the difficulties associated with FDIs. Significant mechanisms such as language skills, knowledge about home country and local networks facilitate FDI inflows which can lower communication cost greatly. The information possessed by migrants about market structure, consumer preferences, business codes and ethics across countries is critical in recognizing new

investments opportunities. Other factors that help to reduce transaction cost include political and legal regimes (Javorcik, Özden, et al., 2011). Investigating whether the presence of migrants has an impact on foreign direct investment decisions, Fensore, (2016) concluded that, migration is a key factor in determining bilateral investment allocation.

2.5.1 Characteristics of Migrant Communities

"Social network is a specific set of linkages among a defined set of persons, with the additional property, that the characteristics of these linkages as a whole may be used to interpret the social behavior of the persons involved" (Mitchell, 1969, p.2). Therefore "social networks" are embedded within communities. Migrant communities are not static; they evolve and integrate into host country business communities. (Karreman, Burger, et al., 2017). As a result, newer generations of migrants assimilate into business communities through education, participation in the labour market, social and economic activities which are often based on ethnic linages.

According to Liu (1998), overseas ethnic communities are characterized by voluntary business association. They act as a bond between local businesses and entrepreneurs with similar ethnic backgrounds perpetuated by communication, cultural identities and mutual trust and respect. They become well assimilated into local communities and serve as place-based centres for learning, information generation and sharing. "Through international conferences and conventions, associations' members are offered the possibility of establishing guanxi and business relationships with prominent Chinese transnational entrepreneurs, governmental officials, and fellow kinship business people in mainland China and overseas communities abroad"(Liu 1998, pp7). Migrant communities act as a hob of information and knowledge. Mitigates aid in the removal of impediments to investment by obtaining and sharing relevant market information to MNCs across borders. Migrant communities, therefore, helps to reduce investment cost and precise locations of greenfield investments. This relatively increases the longevity of existence of that overseas community.(Karreman, Burger, et al., 2017)

These communities are characterized by the high degree of institutional thickness and local embeddedness(Yeung and Olds, 2000). Through international conferences and conventions, association members are given the opportunity to network among ethnicity-based social and business networks to exchange information and knowledge on trade and investment opportunities (Zhou and Lee 2013). Migrant communities have the potential of dealing with operational complexities. Most MNCs, are plugged by operational complexities including language barrier in their host market environment. (Yeung and Olds, 2000) The use of ethnic networks pays a major role in resolving such constraints as same ethnic migrants able to provide needed information and resources to alleviate such problems. Migrant communities are highly characterized by self-employment in the labour market popularly called "ethnic/migrant entrepreneurship." This phenomenon is on the increase in European regions, and it is seen as creating employment opportunities and resolving social resulting in the growth of regional and national economies (Baycan-Levent and Nijkamp, 2009). However, theses increase has also caused the expansion of informal activities across Europe (Mingione, 2002)

2.5.2 Role of ethnic networks and migrant communities in attracting FDIs

The path used by migrant and ethnic networks in attracting FDIs, facilitating economic growth across the border has been enormous (Head and Ries, 1998b, Gould, 1994, Combes, Lafourcade, et al., 2005). Ethnic Migrants promote cross-border trade through sharing of

information asymmetry in facilitating consumers and suppliers (Gould, 1994). The cost of establishing a greenfield investment across borders comprises not only the physical structures but other critical components such as cost of information on the investment climate of the location, local investment laws, labour laws, suppliers and consumers among others. The cost of information is huge. Also, FDIs, in general, are sensitive to information frictions and may affect investment choices within the shortest period (Gelos and Wei, 2005). Ethnic networks provide the conduit for channeling information infiltration and flow between countries and it possesses the great potential of reducing the investment cost thus lowering the cost of undertaken FDI (Gould, 1994).

Again, according to (Head and Ries, 1998), an important medium through which migrants influence FDIs is through import and exports information they have about their home countries. Some costs associated with foreign trade are eliminated through knowledge about migrants home countries in identifying potential markets, access to distribution channels and identifying reliable sources of commodity supply. Business activities such as these often survive on inherent indigenous local practices, laws and customs influenced by long run ethnic and business relationships. Social ties according to (Burchardi and Hassan, 2013) increase economic development by examining relations amongst ethnic groups.

Ethnic groupings living outside their home countries develop formal and informal links which serve as a support base for business to thrive both at home and foreign countries. They serve as hubs for information exchange. For instance, Chinese migrants are noted for forming a set of interlinked networks which is used to propel development such as the organization of events such as World Chinese Entrepreneurs Convention which enables the member to create contacts with the international business community to draw investments back to their home country. (Rauch and Trindade, 2002). Migrant networks also promote FDIs by providing "community enforcement sanctions" (Greif ,1993). According to Weidenbaum and Hughes (1996, p.11) "if a business owner violates an agreement, he is blacklisted. This is far worse than being sued because the entire Chinese network will refrain from doing business with the guilty party". When migrants integrate into a community, networks emerge creating the avenue for them to liaise between potential investors to set up a production facility in their originating countries. Their involvement in a country's income generating activities may divulge information relating to their productivity in their home countries, thereby reducing uncertainties and relax information constraints of FDIs (Kugler and Rapoport, 2007).

2.5.3 Information flow in FDI/Greenfield Investments

In recent studies, skilled and semi-skilled migrants have used their superior knowledge to the benefits of themselves and the MNCs they work for (Williams, 2000). According to (Panagakos and Horst), the increasing rate of research and ICT usage has become a diversified field within a short time frame among migrants. The fields easily employed and used include, internet and email, teleconferencing, mobile phones and telephones. These mediums of communication are based on geographic identity and connectivity, different used patterns evidence of which is based on generation and gender, authenticity and representation of the internet, intricacies and methodology and finally interpersonal dynamics across transitional social zones. However, (Panagakos and Horst), agreed with the fact that, internet connectivity of migrants in relation to their home countries might be seen as well connected only and only if similar facilities exist.

He concluded that mobile phone connectivity is the most often used medium since African countries, in particular, have made greater strikes in this field than other mediums.

Karim, (2003) in discussion diasporic media issues, concluded that as a result of special challenges faced by migrants, in communicating with their audiences, migrants are often using all available high-level technology to reach their close relatives. This notwithstanding, migrants have access to newest electronic gadgets based on their locations in either Europe or North American societies than their relations back home. As a result of these available resources, much penetration has been achieved as migrants are able to interconnect with themselves both in their destination zones and also with relatives back home. Karim, (2003), however, concluded that migrants are therefore able to communicate the necessary information they're possess and also tap information from their home countries within the shortest possible time for MNCs to invest.

Dekker and Engbersen, (2014), in his article, "How social media transform migrant networks and facilitate migration" came to the conclusion that, social media basically through the use of internet service and its related services, are not the only modern and ways of communicating but they actively transform the nature of migrant networks and facilitate migration. Although it cannot be gain said, that, it does not come with any challenges based on clear cut issue of the "digital divide", and trustworthiness of virtual ties, it still able to influence FDIs through migrant networks through the following ways: firstly, it enhances the high possibility of preserving strong ties with family relations. Secondly, they are able to breach the gap and strengthen weak ties migration and integration. Thirdly, is the composition of weak infrastructure and composing of latent ties. Finally, a rich source of local knowledge on migration that goes beyond discrete and official knowledge. These information helps strengthen the migration network and influence FDIs through the provision of inherent information possessed by migrants. In conclusion, he reinstated his view that, social media, through the use of internet services transforms migration networks, lower the threshold of migration whiles influencing MNCs to invest in origination destinations of migrants.

2.5.6 Destination Regions of Migrants

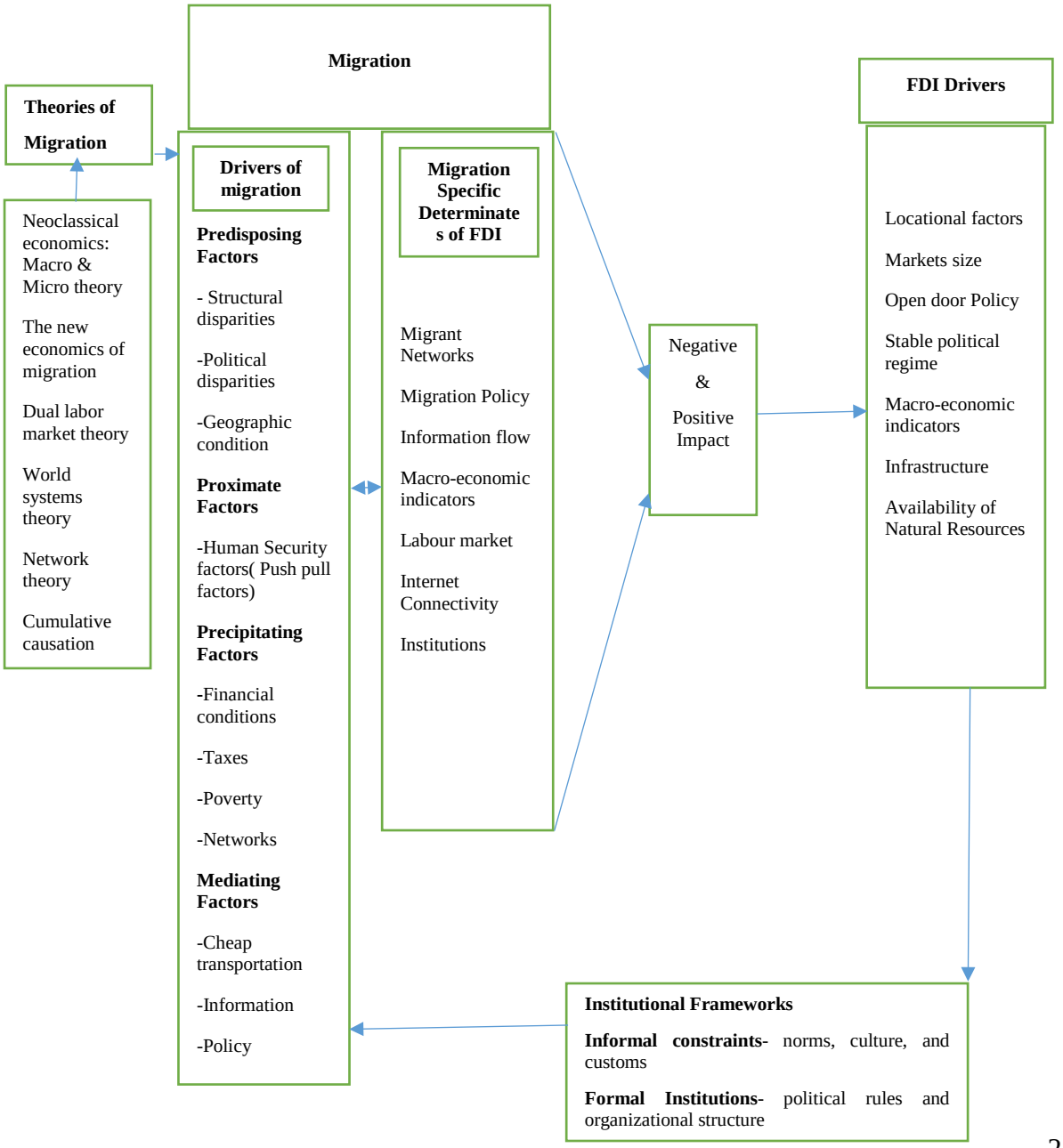
The flow of African migrants into Europe is basically seen as a tidal wave of desperate people seeking "greener pastures" and fleeing from poverty with high ambitions of the elusive European el Dorado. Measures put in place by politicians to stem the flow among others have been border controls, and programmes aid at improving the conditions of migratory countries. However, these measures have over the years failed to stop the flow of migrants as different modes have been adopted by migrants as a result of structural demand for cheap labour in the informal sectors. However, despite the lip service being paid most of the time, combating migrations for political and diplomatic reasons, (European and African countries) have no real interest in stopping the flow of migrants (De Haas1998).

Zimmermann (1995), outline four key reasons why African migrants choose European countries as their destination locations. These analysis comprised of periods depicting pre-colonial and colonial era. They are the periods that witnessed war adjustment and decolonization," labour migration", "restrained migration" and "dissolution of socialism and afterwards". A typical example is when about one million former residents of Algeria resettled in France between the periods 1954 to 1962 after the Algerian war of independence.

However, Zimmermann (1995), destination locations bare depends on closer proximity, and expectation these locations can offer, economic expectations and finally political and economic integration are critical to them. In countries where migrants can easily assess is of importance in migrates decision making. The second issue of legalizing residences is also of high interest. There per proximity, African migrants choose Europe rather than the United States or Canada. In conclusion, he asserts that, in future, European migrants will depend on long run economic developments, political stability in potentially sending regions and the migration policies of likely immigration countries. According to Mincer (1978), key among the varied destination locations of migrants is the economic protection of their livelihoods. Migrants are interested in locations where they can easily access to jobs to fulfil their dream of improving their economic status

2.11 Conceptual Framework

Figure 3: Conceptual Framework



Source: **Author 2017, based on literature Review**

The conceptual framework of the study identifies both the dependent and independent variables. Some scholars in literature have studied the relationship between migration and Greenfield- FDI and have come to a conclusion that, there exist a strong positive relationship between the two variables. Again, according to these writers (Gould, 1994, Head and Ries, 1998a, Rauch and Trindade, 2002, Karreman, Burger, et al., 2017), there exists endogeneity issues which arise between migration and Greenfield – FDI. The existence of endogeneity serves an indication that the two variables are self-influencing. These endogeneity factors for the purpose of the study is controlled so that the study concentrates only on the effects of migration on Greenfield investment. The dependent variable is Greenfield- FDI while the independent variable is migration.

Varous theories have been propounded to give the detail explanations to the reasons why people migrate, demoted in this research as "drivers". These drivers can largely be associated to in the theories of migration as descrived above. Theories of migration as descriped by (Mayda, 2010, Massey, et al., , 1998) are based on classical schools of though that studied to give explanintions to the basic reasons why people migrate. As early as the ninetheen centuries up to date, different writers coined out some reason why people migrate and they are capture as: the Neo-classical, Human Capital, New economic, World system, Dual labour, Cumulative causation and Network theories of migraion.

In classifing these drivers of migration, it is only appropriate to classify the determinates based on the theories in order to came up with a detail classification. These determinintes can broadly be classified as predisposing, proximate, precipitating and mediating factors (Van Hear, Bakewell, et al., 2012). Predisposing and proximate factors. generally constitute basically the harsh economic conditions at home such at the structural disparities, political instability and largely geographical conditions which act as push factors for people to migrate based on economic and human security reason. The precipitating factors constitute financial reasons where people are generally dissatisfied with their income conditions at home. Other factors include harsh economic circumstances such as high taxes on individuals. These of all these is poverty. People who are poor could easily look at their counterparts in other regions decided that, they are poor as a result of their current locations. They may consider migrating to well established economies as the only solution to their problem. Finally, some factors or prevent or reduce, aggravate the need for people to migrate. These are called mediating factors. They include, cheap and available transportation including information and the migratory policies of receiving countries. The EU for instance is more passionate about refugees from war ravaged countries.

On the issue of specific migrant specific determinates of FDIs, we consider Migrant Networks Migration Policy Information flow Macro-economic indicators, Labour market Internet Connectivity, Institutions as key factors that influence FDIs.

Migrants rely strong on ethnic networks which encompasses their kinship, size, geographic locations among others which exist within their communities to migrate which intends is used to influence Greenfield- FDIs to invest in their home countries by overcoming trade barriers. This is done through the sharing of information about opportunities available in originating countries, influence on MNCs through the formation of business associations, linking sellers to buyers, etc., (Gould, 1994, Head and Ries, 1998). The strong social embeddedness of migrant networks ensures the continuous existence of migrant communities making it self-sustaining (Rauch and Trindade, 2002). The share number of a migrant community or ethnic group on both side of a border have a great influence on the amount greenfield investments they draw into their home countries. As migrants participate in the economic activities in their destination countries, they develop networks; they exhibit inherent entrepreneurial abilities from MNCs and share the opportunities MNCs stand to get it they invest in their home countries (Kugler and Rapoport, 2006). All these notwithstanding migrate networks can also saturate and lose their internal dynamics when the condition of older generations of migrants are not replaced by younger and more skilled ones. In such scenarios their network impacts would reduce and not able to influence FDIs positively.

The migratory policy of destination countries has a direct effect on FDI- inward flow into origination countries of migrants. Countries with friendly and open policy towards migrants are able to receive more migrants and hence able to influence FDIs from destination countries into their originating countries of migrants. Most EU countries have friendly and well-structured integration policies evident in the number of migrants recorded over the years in the EU.

Information flow about investment decisions is important for MNCs to reach investment decision. Migrants carry with them local indigenous knowledge about investment options which they make available to MNCs for possible investments. Their deep rooted knowledge about marketing, natural resources, culture and traditions of the people can greatly influence investments in their home regions. The macro-economic indicators of the originating country performs two critical functions. Firstly, it could either stem the tide of migration or aggravate it. Secondly it has a direct relationship with how it influences FDIs. Linked with the structural disparities, economies that are characterized with difficulties in wages and salaries intend to have high migratory rates. However, MNCs though are influenced by the presence of migrants, they intend to locate in areas with macro-economic stability. Geographic proximity also influences FDIS. Countries with close proximity to MNCs have the high propensity to establish within areas they can maximize profits. Close proximity factor also plays a vital role in the relationship between migration and FDIs.

Existing institutional frameworks: formal and informal structures could have either positive or negative effect on greenfield FDI flows into the region. (Chen, Su, & Tsai 2007). These institutions perform intermediating roles between the investment and the home country thus having both positive and negative roles on the impact of FDIs in a region. Well developed institutions aid the impact of FDIs in a region and vice versa (Wang, Gu, et al., 2013).

A set of conditions must be in place for a region to attract the necessary greenfield investments. Inherent locational advantages, a strong ethnic network, internet connectivity and the share size of migrant communities in developed regions can greatly influence Greenfield FDIs flows into a particular country. Greenfield-FDIs are noted for their positive contribution to the development of host economies. The introduction of modern technology, injection of huge initial foreign capital, employment opportunities, tax payment just to mention a few as indicated by Wang, Gu, et al., (2013), Meyer (2004), Carkovic and Levine, (2002), Hale & Long (2006) advantages enjoyed by destinations of FDI. As a result of these benefits Greenfield-FDI bring to host economies, migrants are attracted to areas of hierarchical concentration of MNCs which serve best their needs such as the diversification of sources of income, higher paying jobs etc. (Burger, van der Knaap, et al., (2013), Rains (2003), Mataloni, (2000). The excess migration to developed regions which most huge concentration of FDIs could have both positive and negative effect on originating countries economy as espoused by Kugler and Rapoport, (2007) using the standard static trade models based on factor endowment differentials. However, Greenfield FDIs are sensitive to location specifics, as a result of a number of factors as stipulated by Dunning 1999, (Javorcik, Özden, et al., 2011, Burger, van der Knaap, et al., 2013), Cheng and Kwan, (2000), Raines (2003), Narula and Bellak (2009) Mataloni (2011), Therefore MNCs establish in locations where they can maximize output.

Chapter 3: Research Design and Methods

3.1 Introduction

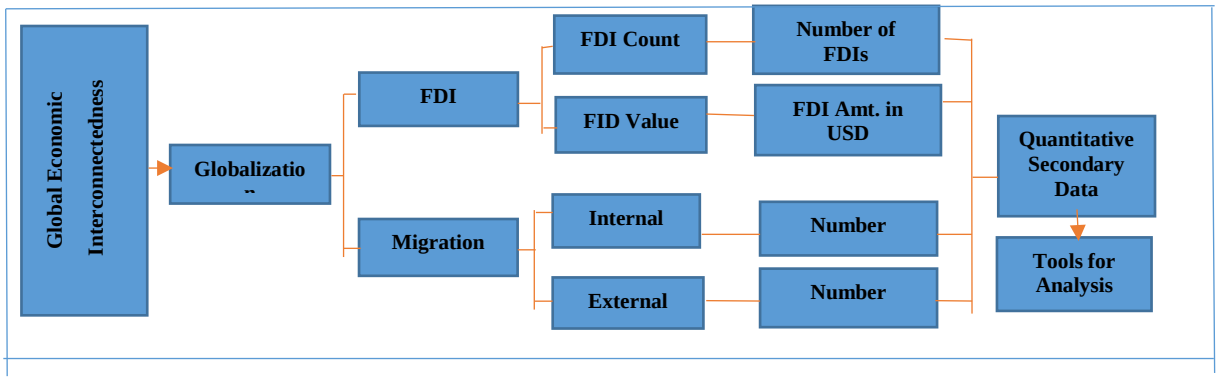
This chapter focuses on the detail and procedural approach undertaken towards the research strategy, data collection, and analysis methods. The research design, analyses how migration from developing regions relates to the attraction of greenfield investments into originating countries of migrants. Furtherance to this, a framework for data collection and analysis is developed to aid the efficient and accurate collection and analysis of data based on clear-cut indicators identified in the literature review.

3.2 Operationalization: Variables, Indicators

3.2.1 General Framework

Operationalization of the research work is based on the conceptual framework developed in the earlier chapter. As a result, it captures the broad conceptualization, theoretical framework, indicators and variables for the study. It further captures into detail the (Y)- variable as the dependent and (X)- variable as the independent. This is represented in a general formwork below;

Figure 4: Operationalization framework



Source: Author, 2017 based on literature review

Figure 4.1 above gives a pictorial representation of the concept, theory, variables, indicators and measurement methods and tools of analysis used for the study. It indicates that, the world is increasingly becoming a "global village" in a manner that it is highly connected in various forms which is made possible through globalization (Dicken, 2007). Migration and FDIs are major components of this rising globalization phenomenon as it has made it possible for people to migrate across geographic boarders, goods to be transported from one place to another whiles encouraging and expanding trade across the globe. Greenfield FDI as a variable can either be measured as the number of times a cross-border investment occurs in a particular geographic area or the total value of the foreign investment. Migration on the other hand, either occurs within a country – "internal migration" or across borders – "international or external migration". They can be measured in numbers in relation to the total population of the originating country. The data sources for the purpose of the study is collected from secondary sources and various advance statistical tools is used to analyze the data.

3.2.2 Dependent variable - Greenfield FDI

The (Y)-variable representing the dependent variable is the greenfield-FDI in originating countries of migrants (inward-greenfield FDI into Africa countries). FDI is a major indicator of a regions competitiveness and how strategically it is positioned in terms of attracting investments and it propels economic growth in various facets of the economy (Carkovic and Levine, 2002, Shore, 2013). The greenfield FDI data specifically involves new projects and expansions. Greenfield FDI inflow into originating countries is assessed in relation to the total number of migrants in destination countries. The data will be derived from FDI market spanning the period 2003 to 2015. The database comprises of detail global records of cross border investments occurring within the specified period of time. A high percentage of about 90 percent of the date set is authenticated with other data sources (Burger and Wall, 2012). In comparison with other forms of FDIs, greenfield FDIs can easily be tracked and therefore gives a higher precision. Furtherance to this, due to the high possibility of missing values of greenfield FDI investment values, the research relies on both investment count and investment values for robustness of the analysis. This is supported by Burger and Wall, (2012) that there is a strong correlation between investment value and count and therefore can be used inter-changeably.

3.2.3 Independent variable- Migration

The X- variable representing the independent variable is migration. For the purpose of the study, migration is sub-divided into three variables (a) location choices of migrants and MNCs, (b) migrant characteristics and (C) size of migrant communities. However, there also exist homogenous factors that influence both migration and greenfield FDIs. This is controlled and only the impact of migration on greenfield FDI is be analyzed.

The independent variables together with its indicators is analyzed at the national level in order to assess the impact of migration on greenfield FDIs. However, for clarification of the analysis and with the help of Global Information System (GIS) tool, analysis is also made on which countries are attracting the largest number of investments and migrants and it there is a correlation among them on individual basis and on macro basis. In order to be able to analyses the change in these sub-variables on the dependent variable, indicators were developed to aid the analysis. Below are the indicators as identified from the literature.

Table 2: Overview of dependent variable

Concept	Variable	Indicator	Analysis
Global Economic Integration	Foreign Direct Investment	Migration Greenfield FDI inflow	Descriptive
Global Economic Connectedness	Objective characteristics: Migrant characteristics, size and locational factors of NMCs	1. Number of migrants 2. GDP per Capita 3. Startup Procedures 3. Infrastructure index 5. Index access to nature 6. Gross Domestic Products 7. Total population of migratory country 8. Tax on export goods and services 9. Percentage of population with cellular usage 10. No. of people with access to internet 11. Inflation rate on consumer goods and services 12. Total number of taxes 13. Number of import days 14. Percent of GDP from Forest Rent 15. Number of jobs created by FDIs	Inferential

Source: Based on literature Review, Author, 2017

3.3 Research Strategy and Methodology

The study makes use of desk research due to the wide geographical scope and the large number of indicators used. This is done through the use of secondary quantitative data. Various statistical software is used to analysis the data in order to make far reaching conclusions on African immigrants in European regions. The analysis is conducted on the a macro level but in some cases, micro level analysis is made on a few countries to determine how African immigrants in European Regions influence greenfield FDI in their originating countries.

The research is exploratory in nature will use quantitative secondary data to analysis the relationship between the dependent (Y) greenfield FDI and the independent variable (X) migration. Where the X variable will be seen as the factors that are compose of migrate networks and the extent to which they influence the attraction of greenfield FDI into African

countries. A panel data analysis is employed in predicting and estimating the relationship between the Y and X variables and also predict the change of X on Y. A descriptive analysis is employed to show why the relationship between X on Y, is significant and positive as other variables mediate in between then, the relationship becomes weaker as a result of causal factors.

3.3.1 Estimation Approach

The research relies on gravity model to make estimation for the analysis as is one of the best measures used for explaining trade investments between countries. The model is commonly used to explain variations in trade, can equally be used for the analysis of FDI and spatial flow (Blonigen, 2005).

The general specification is;

$FDIi\ t = f\ (Mi\ t\ ,\ Xi\ t\ )$ ……..(1)

where FDI*i t* is the 28 EU member counties outward FDI to country *i* at time *t*; *Mi t* represents the stock of immigrants with African origin from country *i* living in one of the 28 EU member countries at time *t*, while *Xi t* represents a vector of variables that influence bilateral FDI between the 28 EU member countries and partner country *i* at time *t*. The gravity equation is used to measure the impact of migration on the volume of FDI (both in count and value) and for the purpose of this research modelled in this theory and represented as:

$ln\ FDI(UK-i\ )t = \beta 0 + \alpha 1\ ln\ Yi\ t + \alpha 2\ ln\ Mi\ t + \alpha 3\ ln\ Pi\ t + \alpha 4\ ln\ DUK-i + \alpha 5\ Ii\ t + \beta 1Commi + 7\_t=1\gamma t\ Di\ t + \varepsilon i\ t,$ …….. (2)

where; all variables are measured in natural logarithms. The dependent variables *(*FDI*(EU−i)t)* is the outward stock of FDI from the UE. The explanatory variables are defined as follows:
Yit is GDP per capita of country *i* in constant US$ at time *t*; *Mi t* is the stock of immigrants by nationality from country *i* living in the 28 EU countries at time *t*; *Pi t* is the total population of country *i* at time *t*; *Ii t* presents the cellular usage quality in country *i* at time *t*…(*until all variables as listed above are completed*). The these other variables incorporates population, tax, inflation, cost of business processes etc. However, although the formula can take incorporate a dummy variable, it was not used.

3.4 Data Collection methods

3.4.1 Source of data

The research relies solely on secondary data for the period ranging from 2003 to 2015. FDI data is sourced from fDI market and cross referenced with Financial Time Limited 2014. Current migration data for the period is collected from the UN Nations Population Division website and cross referenced with the World Bank Global Bilateral Migration Database. They collect data world-wide in their annual bilateral estimates of migrant stock. The data set is collected via the official website for the purpose of the analysis. It comprises of source and destination countries of migrants over a period of time. Data on locational factors was taken from World Bank whiles on Internet usage was taken from the global competitiveness index.

3.5 Data Analysis methods

Descriptive and inferential methods will be used to analyze the data. Inferential analysis used include panel series. However, during the analysis of the data, it would be determined whether to use Fixed effect or Random effect. The inferential analysis will also determine among other things the relation between migration and greenfield FDI. If the relationship is strong, descriptive analysis would be employed to determine the causal relationships. Since the data to be used for the study will be sourced from online, the data would be processed before using it. Removing unwanted material from the data set to ensure accuracy of the results. In some instances, the data would be arranged into meaningful order to allow for effective analysis. The statistical software to be used for modeling are: EXCEL, GIS and STATA. These statistical software's would aid the prediction and estimated relationships to teste for the dependent and independent variables within the model whiles limiting the possibilities of various errors.

3.5.1 STATA

STATA a general-purpose statistical software package allows for statistical analysis, storage and management of data. Created by StataCorp. in 1985, the statistical software will be used to analyse the data and make interpretations based on the outcome of the results.

3.5.2 GIS Analysis

Global information system is basically a computer based software used for analyzing, capturing, storing, enquiring and presenting geospatial data. The research makes use of geographic information system (GIS) to enable the it show clearly pictorial visualization, patterns, analysis and interpretation of data to create an understanding of the extent migration increase in relation to greenfield FDI. Two GIS maps, will be developed to illustrate the layout feature of migrant and greenfield investments flows from their origins into destinations regions in European and how Greenfield FDI is distributed as immigration increases.

3.5.3 Google Earth Pro

Greenfield FDI location and migrant destinations coordinates will be sourced from the open internet through the use of google earth pro. Its precision lies in the fact that, it makes use of aerial satellite, through the use of geocaching which sets all coordinates systems around the world on WGS84.

Table 3: Overview of Data Analysis Methods

Research Questions	Data Used	Method	Tools/ Software	Expected Outcomes
Which factors affect the locational choices of greenfield investments in European Regions	Secondary data	Time series Panel data regression	STATA	To determine key factors that influence FDIs in African countries
How does the presence of migrant networks increase the amount of greenfield investments in host countries	Secondary data	Time series Panel data regression	STATA GIS	To determine the influence immigrants have on FDIs
To what extent does the amount of Greenfield Investment vary across European Regions as migration increases	Secondary data	Time series Panel data regression	STATA Microsoft Excel	To determine the extent FDI varies as Migration increases

Source: Author, 2017

3.6 Research validity and reliability

The research strategy, methodology and instruments gave an indication that the indicators selected adequately measure the dependent variable. The data for the research is extracted from trusted international institutions such as the World Bank Bilateral Migration Matrix data base, fDi Market, UN Population Division.

In this research, reliability will come from authoritative databases coupled with accuracy and consistency of the research strategy, methods of data collection and instruments used for the analysis. Various diagnostic test were carried out to ensure reliability: normality, linearity, multicollinearity, homoscedasticity, model specification and test for independence. These test give ample evidence that the results are trustworthy and conform to standard measurements.

Chapter 4: Research Findings

4.0 Introduction

This chapter is about the analysis of the findings of the research which deals with the relationship between migration and FDI and is measured based on the extent to which migrant networks influence FDIs, factors that influence FDIs into specific locations and the extent to which FDIs vary in relation to migration is also discussed.

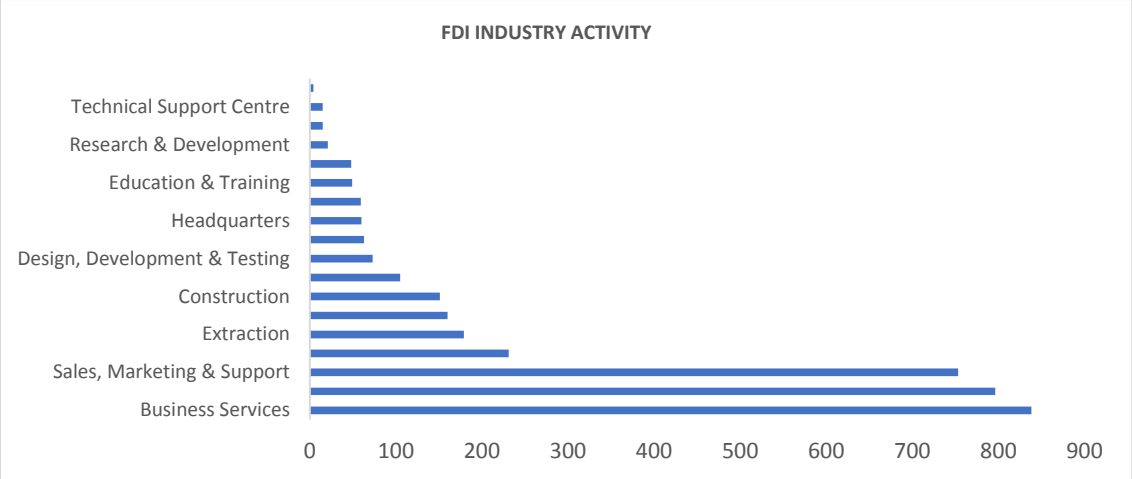
For purposes of clarity, this section is divided into two sections; the first section deals with the descriptive statistics of both FDI and migration, their sources and destinations and their interrelationships. This is followed by an analysis on the extent of variation. The second sections deals with the inferential analysis to test the statistical relationship between the dependent and independent variables. With the help of STATA, EXCELL, and GIS, the data was analyzed into tables, maps and charts.

4.1 Descriptive Research on Africa's FDI

4.1.0 Sectoral Distribution of FDI

Foreign Direct Investment inflows from twenty-eight (28) European countries into African countries are diverse and infiltrated into various sectors of the economy, representing a drastic shift from the colonial and pre-colonial era where massive investments were seen in the extractive industry specifically directed towards exports.

Figure 5: FDI inflows into Africa by Sector (2003-2015)



Source: (Author, based on FDI markets 2016)

Figure 5, depicts a graphical representation of FDI inflows from twenty-eight (28) European countries into African during the period 2003 to 2015. FDI investments cuts across Business Services, Construction, Customer Contact Centre, Design, Development and Testing, Education and Training, Electricity, Extraction, Headquarters, ICT and Internet Infrastructure, Logistics, Distribution and Transportation, Maintenance and Servicing, Recycling, Research

and Development, Retail, Sales, Marketing and Support, Shared Services Centre and Technical Support Centre. Business Services (services in coal, oil, natural gas, communications, financial services, healthcare, tools and equipment and metals) tops all investments representing 23.1% of overall investment inflows into Africa. This is followed closely by the Manufacturing industry which represents 21.9% of the total investments. These are followed by Sales-Marketing and Support and Retail with 20.8% and 6.38% respectively. However, the Extractive industry (Coal, Oil, Metals and Minerals) which hitherto was the main source of investments within the region, followed with a total percentage share of 5% of the total investments. Other sectors such as Logistics, Construction, Electricity, Design, ICT, Headquarters, Customer Contact Center, Education and Training, Maintenance Services, Research and Development, Recycling and other services followed in a hierarchical order.

Business services although toped the industries that received the highest investments, these services were being rendered on key sectors of the extractive industry such as coal, oil, natural gas, and general metals. A cumulative statistics indicated a higher margin of FDI in the extractive industry which goes a long way to support (Asiedu, 2002) view that majority of the FDI which flows into Africa is directed towards the extractive sector. These investments are occurring at the detriment of other key sectors such as ICT infrastructure, electricity, education and training and headquarters functions which are critically need by developing economies.

4.2 Spatial and Topological Analysis of FDI in Africa

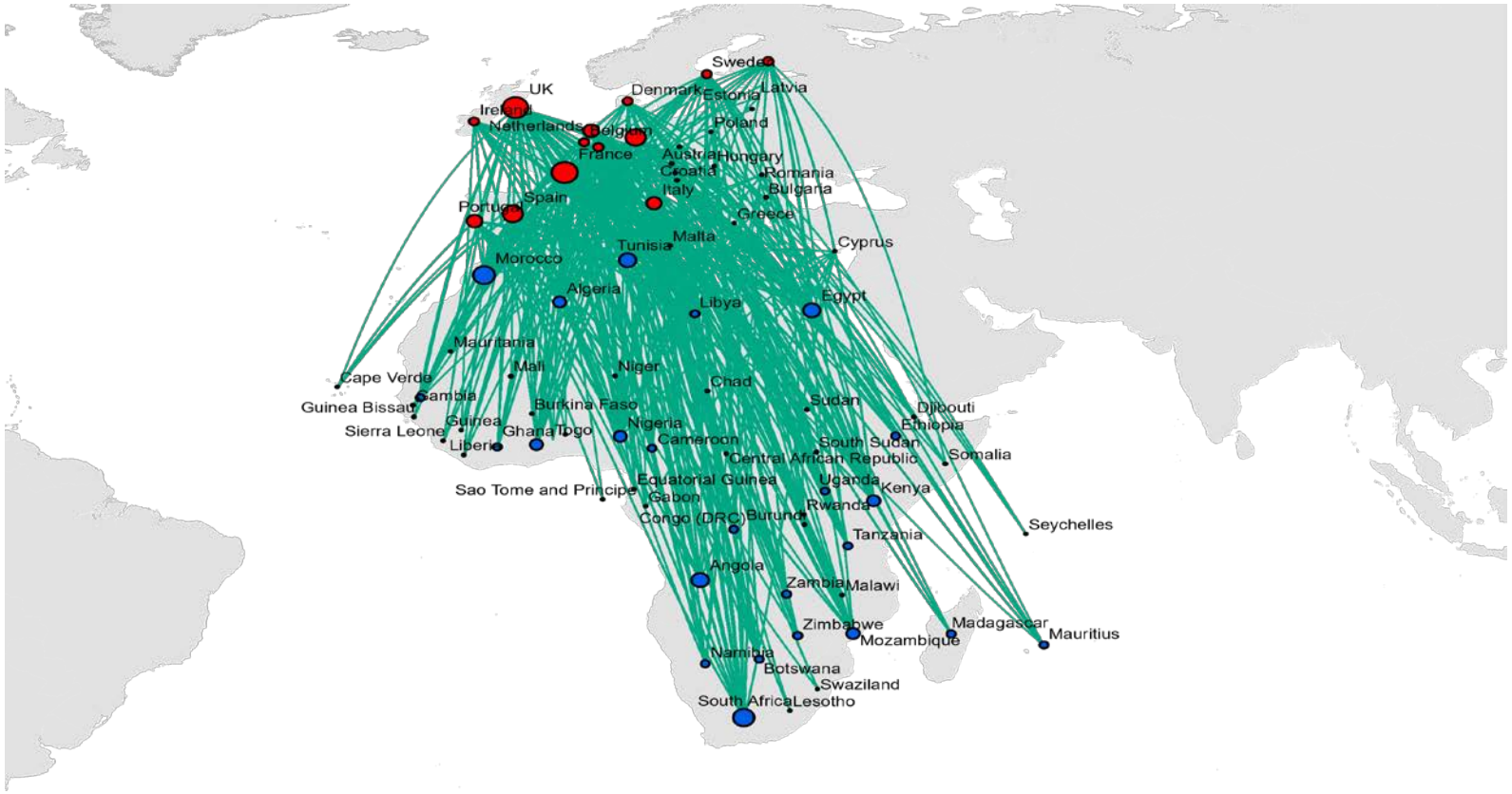
Foreign Direct Investments influence on an economy can be analysed both by its count and value. Interns of FDI count, South Africa received the highest form of investment with a majority share of 22.6% of total investment count inflows into Africa. This was followed by Morocco with 15.5%, Tunisia with 7.9%, Egypt with 7.7%, Angola with 6.2%, Algeria and Nigeria with 5.0% and Kenya with 4.4%, Mozambique with 3.5% and Ghana with 3.1% of the total investments count received within the period. Countries such as Benin, Burundi, CAR and Niger only received a total of two (2) investment count representing 0.05% whilst Gambia received only one investment count representing 0.03%.

On the issue of FDI count, UK MNCs invested the highest number of times but with a reduced percentage share of 26% followed by France with 23.9%. German MNCs investments placed third with an investment count valued estimated at 10.6% of the total investments indicating a sharp contradiction from the position it had in terms of investment value. This was followed by Spain, Portugal, Italy and the Netherlands in a hierarchical order**.** However, MNCs in Estonia and Hungary were the countries with least investments count in Africa with 0.03% each.

On the other hand, in analyzing FDI value, South Africa continued to top the investment destination in Africa but with a lower percentage of 16.4% of the total investment value share. This was followed closely by Morocco with 14.3%, Egypt with 11.3%, Mozambique with 6.6%, Tunisia with 6.3%, Algeria with 5.8%, Nigeria with 5.4% and Angola with 3.2% of the total share of investment value. However, Dijibouti, received 0.015%, Gambia 0.007% and Niger 0.0013% representing the three least receiving FDI value countries within the period under study. In terms of FDI value**,** MNCs in UK were the highest investors in Africa with a percentage share of 27% which was followed by France with 21% and Spain with 10% of the total share of investment value. This was followed by Germany, Italy, Netherlands, Belgium

in that order. However, the least share of FDI investment value countries were Slovenia, Latvia and Estonia in a hierarchical order.

Figure 4.1: Map of FDI inward investment from Europe to Africa



Source: The network is drawn using ArcGIS (Data source: UN Population Division & FDI Markets 2016)

From figure 4.1, comparing the sources of the FDI flows, UK and France contributed significant proportions of investment counts and value into African countries. However, the distribution was varied in terms of sources of investment count and value across the geographical region. This indicates that some countries are particularly strong in terms of investing in other areas whilst others are well positioned to receive these investments.

It can be deduced from the above analysis that, the amount of investment received by a particular country may vary considerably from the number of investments that a particular country may receive. For instance, South Africa and Morocco on the micro level received the highest levels of investment count and investment value within the period understudy. This signifies that there is a relationship between investment count and investment value. However, on the aggregate level (involving all the countries) the analysis show different investment count and investment value for all countries. This indicates that a country with high investment count does not necessarily have the highest investment value.

4.3 Spatial and Topological Analysis of African Migrants in Europe

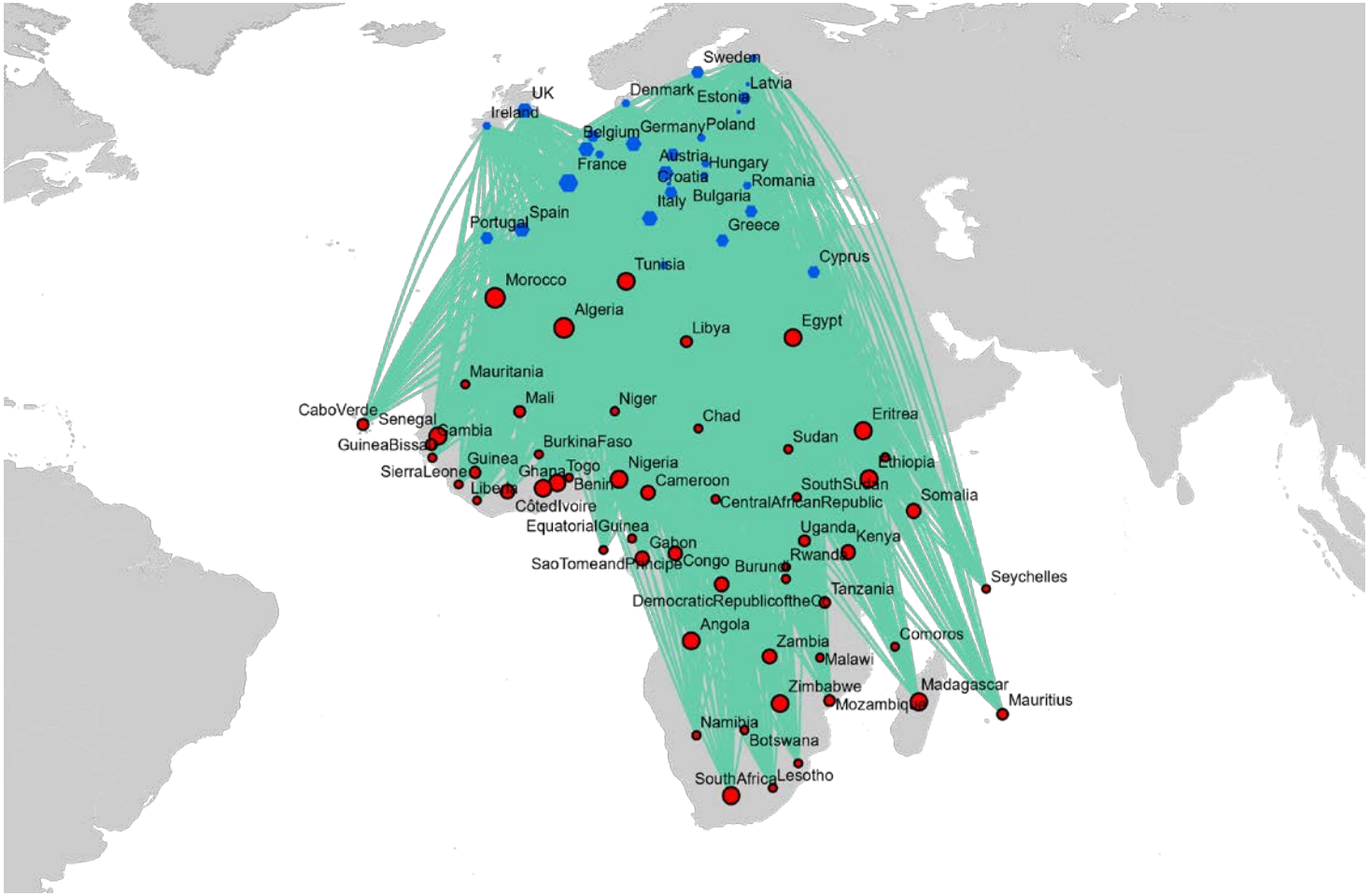
According to Hatton and Williamson, (2003) two main reasons which account for emigration in African countries are the differences in the real wage gaps between sending and receiving countries and population increases in sending countries. Population increase results in slow economic growth leading to the regime of excessive migration into OECD countries. To this, the destination locations of migrants are of particular importance, since these location offer higher and better opportunities in terms of job placement and higher standard of living to them.

Out of the total number of people that migrated within the period under study, a whooping percentage of 25 representing a quarter of migrants, migrated from Morocco. This was followed by Algeria with 14.9%, Tunisia with 4.5%, Nigeria with 3.9% and Ethiopia with 3.7% and Eritrea a relatively small country with 3.4%, and South Africa with 2.9%. However, countries with a low migratory percentage over the period on the continent included Djibouti with 0.077%, Namibia with 0.031% and the least being Lesotho with 0.002%.

It could be observed that the single largest migratory country was Morocco. This is consolidated by the fact that most of the Northern African countries, such as Tunisia, Egypt and Algeria migrate more in comparison to the Sub-Saharan African countries**.**

France was the major destination country for most African migrants. It was host to about 28% of migrants within the period understudy. This was followed by Austria with 11.9% of the total migrants, UK with 9.7%, Italy7.7%, Spain 7.3%, Belgium 6.0%, Germany 5.3%, Portugal 3.1%, Latvia 2.6% and Netherlands with 2.5%. European countries which received less migrants included Estonia, Lithonia and Slovenia with a percentage less than 0.5 each.

Figure 4.2: Map showing Outward flow of migrants from African to EU



Source: The network is drawn using ArcGIS (Data source: UN Population Division & FDI Markets 2016)

4.4 Spatial and Topological Analysis of Migration and FDI

The figures 4.1 and 4.2, depict strong destination locations of migrants – (source and destinations) and FDIs- (sources and destinations). The concentration locations of migrants were centered on France, Austria, UK, Italy, Belgium, Germany and Portugal majority of which are located in the Western European regions. The Western European regions depict parts of Europe with strong economies offering a higher level of jobs (as compared to the eastern and central parts) to these migrants most of whom were economic migrants**.** This notwithstanding, over 50% of migrants from Africa within the period of study, migrated from North African countries with Morocco registering the highest number of migrants re-emphasizing the point that countries with higher population have a higher tendency to migrate as compared to countries with lower population. However, in terms of FDI both count and value, South Africa and Morocco were the top receivers of FDI in Africa in a hierarchical order. Tunisia was the third top receiver of FDI count but in terms of value Egypt was the third highest receiver of FDI. This goes to indicate that, although a country may receive a high number of investments in terms of value, it might not necessarily be the highest.

In terms of migratory flows and investment locations, although the number one destination of migrants during the period understudy was France, the major FDI flows into Africa was from MNCs in United Kingdom. Further, countries receiving the highest forms of investment might not necessarily be migrating more. For instance, South Africa which was the highest receiver of FDIs was the seventh most migratory country in Africa. However, Morocco which was the second largest receiver of both FDI count and value was the top migratory country and hence the second receiver of FDI both value and count. Based on this analysis, migration has a positive influence on FDI, however, the migratory countries of migrants also play a positive role in this direction as depicted in the case of South Africa.

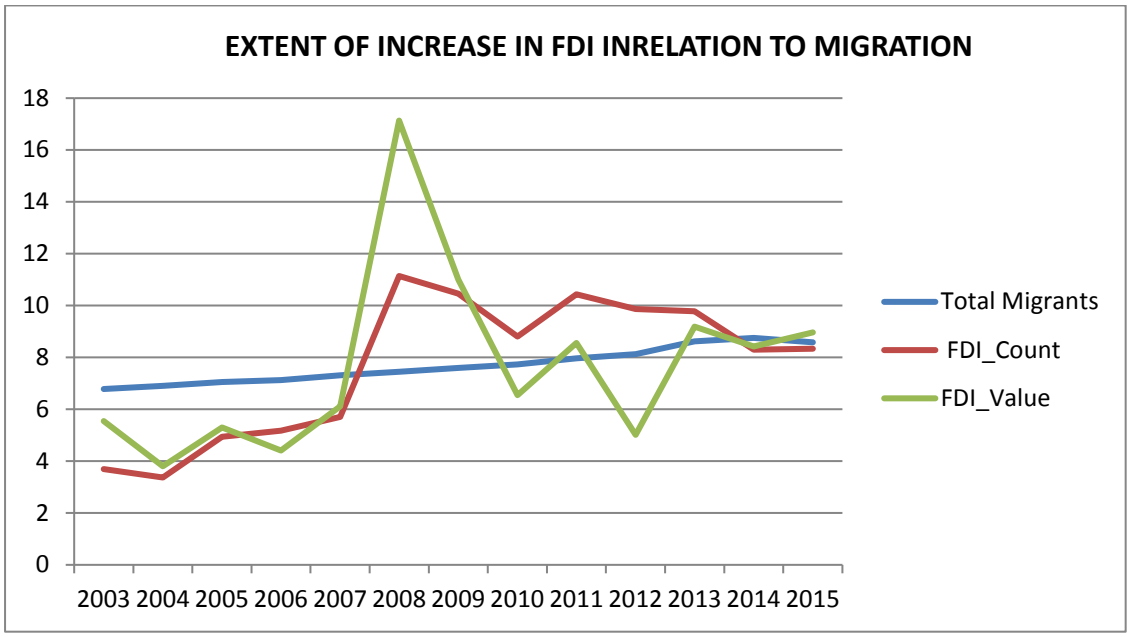
4.5 Relationship between migration and Greenfield investments

This section presents a descriptive statistics on the dependent variable FDI count and value and how it relates to the main independent variable migration.

4.5.1 Method of Measurement and unit of analysis

In order to analyse the extent of variation, all the variables (migration, FDI count and FDI value) have different units of measurement. For instance, migration is measured in millions of people, FDI value is measured in thousands of UD dollars whilst FDI count is measured in ordinary numbers. For easy of referencing and standardization of values for the analysis, a conversion is done into percentiles and the results presented in a line graph below;

Figure 6: Extent of variation in FDI (count and value) in relation to migration



Source: **(Author 2017, based on FDI market and UN Population Division)**

Figure 6 above, indicates how the variable FDI count and value flow into African countries as migration varies in European regions. Averagely, FDI value is seen as the variable with the highest rate of increase, followed by FDI count and then migration. FDI count follows a similar pattern as FDI value but with a lower rate of increase but more stable in terms of fluctuation. However, in 2003, FDI value recorded a higher percentage than both FDI count and migration. FDI value increases gently but steadily over the period 2003 to 2015. Migration during the periods 2003 to 2004, is observed to be higher in percentage than FDI count and value but maintained a constant and steady increase throughout the period.

In overall terms, FDI inflow from the EU into Africa has an irregular pattern in relation to migration. This pattern over the last decade as seen in figure 6 is highly irregular as it fluctuates above and below the variable migration. It is wealthy of note that, FDI value and count between the periods 2007-2014 is above the migration rate. However, in 2008, the African region cumulatively received the highest amount of FDI value and count. Migration remained steadily and rising during the period without any significant change. This notwithstanding, the periods between 2003 to 2007, also received FDIs that were lower than the rate of immigration.

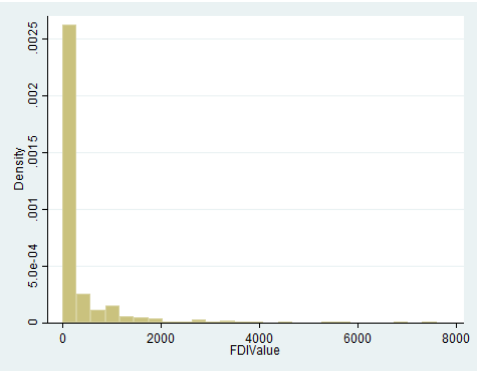
FDIs inflow into African regions were irregular reaching its peak in 2008. According to UNCTAD, (1999) FDI count specifically recorded the highest rate of increase during the periods 2008 to 2012. The result of the increase was largely as a results of the influx of MNCs into the extractive industries. However, the manufacturing and services sub-sectors also received considerable investments. For instance, in 2011 alone, Angola increased its share of FDI into the region by 87%, Nigeria by 36% and Zambia by 13%. These increases were directly associated with economic growth in African. However, the rate of migration remained relatively stable with a steady increase.

In general, Migration is seen to be increasing steadily while FDI fluctuates generally throughout the period reaching its peak in 2008.

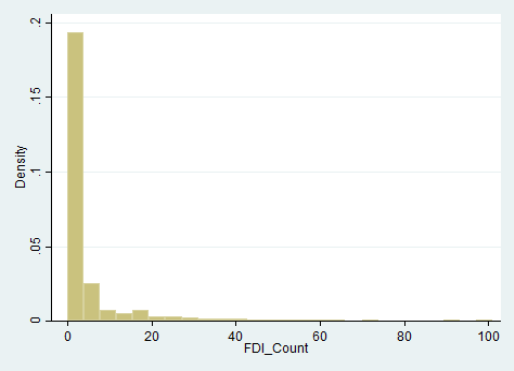
4.5 Inferential Analysis

The second phase of the analysis uses an inferential analysis method through the use of a statistical software STATA to analyse the various indicators on an aggregate level. FDI value and count is analyzed as a component of FDI in relation to the independent variables for purposes of robustness (identifying and correcting influential points within the dependent variable). The figure 4.3 below indicates an OLS regression, which testes for best fit for the dependent variable (FDI value and count). A simple histogram shows negative skewness meaning that the mean is less than the mode.

Figure 7: Simple histogram of FDI count and value



Negative skewness, FDI value

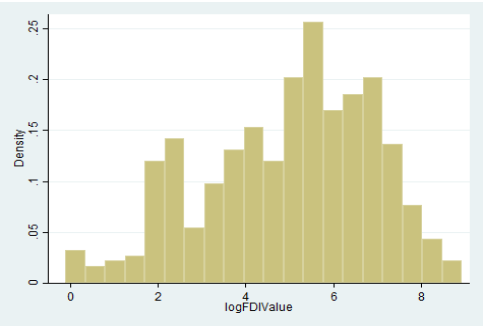


Negative skewness, FDI Count

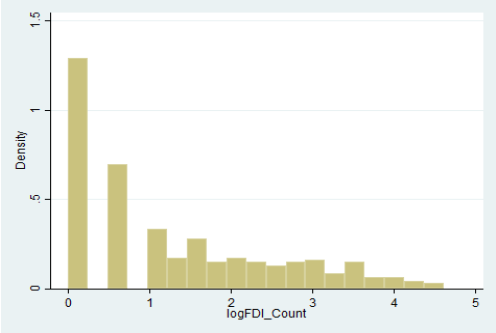
Source: Aurther, 2017

Figure 7 above shows that the dependent variable is negatively skewed. The ideal situation is that, the mean should be more than the mode and should be evenly spread throughout the distribution. As a result, a logarithmic test is applied to ensure a better distribution.

Figure 8: Histogram of FDI count and value after logarithmic test



Normal distribution- logarithm FDI value



Negative distribution- logarithm FDI count

Source: Aurther, 2017

From Fiqure 7, to correct for the skewness of the data, a logarithm of FDI value and count investments is applied to ensure the data is normalsied. The results indicate a normal distribution of logrithmic FDI value. However, the variable FDI count did not show a normal logarithmic distribution. According to Bartlett (1947), logarithm conversions aim to summarise transformation which have been used on raw statistical data of which an analysis is needed to change the scale of measurement in order to increase the validity of the analysis. As a results, the condition required for normal unweighted analysis of variance is the error variance or the constant residual and if the variance tends to change with the mean level of measurements, then the variances is stabilized by a suitable change of scale. However, in relation to FDI count, there is some amount of observed change although not enough to normalize the variable. Therefore both is apprioprate for the analysis although it serves as a form of limitation.

On the other hand, for the independent variables, an OLS assumption tests is conducted for homoscedasticity, multicollinerarity, linearity, independence and model specification. The results show a positive senario in each case.

4.5.1 Hausman Test

The Hausman test is an important test conduct to determine if the statistical procedure would be done using a random analysis or a fixed analysis. According to Hausman, (1978) a Hausman test compares an estimator that is known to be consistent (fixed) with an estimator that is efficient under the assumption being tested (random)

A fixed-effect therefore model explores the relationship between dependent and independent variables within an entity (ie, the country becomes the entity in this case.) Each country has its own individual characteristics that may or may not influence the dependent variable. It basically supports inference about the a particular unit of analysis. In the random-effects analysis, which is distinct from the fixed effect model, it analysis the variation across entities (countries). However the random effect in contrast to the fixed effect, allows for inferring something about the population from which you drew the sample. In simpler terms however, fixed effect is used to report case studies and random effect to draw conclusions or make inferences about the population from which the subjects are drawn.

The Husman test as indicated in table 4 is a random effect for FDI value whiles the FDI count showed a fixed effect model. These results were inputed for the analysis.

Table 4: Results of Hausman Test

Indicator	Hausman Test	Results
FDI Value	0.5167	Random Effects
FDI Count	0.0000	Fixed Effects

Source: Aurther,2017 Based on stata results

Interpretation: if the null hypothesis(H0) assumes that the differences in the co-effectiveness are not systematic, then it is a random effect. A significant result of the chi2 rejects the null hypothesis (meaning the estimates are fixed and not random) and vice versa. Since the results prove to be a random and fixed effect outcome, inferences could be made on both within countries and across countries.

The model is well correlated with an R^2 percentage of 43 percent for FDI value and 42 percent for FDI count. This percentage is apt as the research is conducted in a social science environment and indicates a better explain the to the relationship between the dependent and independent variables.

For the purposes of clarity and to evaluate the impact of various indicators on the key determinates of FDI, the results of the analysis is divided into four models, the first model deals with migration and FDI to determine the key relationship between migration and FDI whilst controlling for other variables, the second, third and fourth models includes indicators of migrant networks and locational factors that attract FDIs into a particular African country with emphasis on the significance of migration and how it relates to other variables in the model. The division of the model into 4, allows for a better assessment of how individual variables behavior against the dependent variable (FDI Count and Value) and also how the behavior it they are all put together as in model 4. Below is the output of the results of the analysis:

4.5.2 Output of STATA Results for FDI Value and FDI Count

Table 5: Output results of FDI Value

	1	2	3	4
VARIABLES	**logFDIValue**	**logFDIValue**	**logFDIValue**	**logFDIValue**
Number of Migrants	0.488***	0.389***	0.333***	0.0477
	(0.10)	(0.12)	(0.12)	(0.07)
GDP		0.0704	0.288*	0.203**
		(0.15)	(0.16)	(0.10)
Total Population		0.282**	0.388***	0.279***
		(0.12)	(0.15)	(0.07)
No. of Start up Procedures		-0.182	0.0960	0.262
		(0.38)	(0.45)	(0.22)
Tax on Exports			-0.0181	-0.000436
			(0.04)	(0.03)
Cellular_Usage			0.226*	0.248*
			(0.12)	(0.14)
Internet Connectivity			-0.0672	-0.0364
			(0.40)	(0.32)
Inflation_Consumer goods			0.00333	-0.00170
			(0.01)	(0.01)
Number of Taxes				0.00424
				(0.01)
Days to Import Goods				-0.00288
				(0.01)
Forest Rents				0.00372
				(0.00)
Unemployed				0.0219
				(0.01)
Infrastructure Index				0.179

				(0.12)
Jobs Created by FDI				0.706***
				(0.06)
Constant	2.771***	2.121**	0.185	-3.555***
	(0.42)	(0.89)	(1.24)	(1.12)
R-squared	0.354	0.4902	0.4368	0.7287
Observations	404	365	262	217
Number of CoutyId	51	49	45	43

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, *
p<0.1

Table 6: Output results of FDI Count

	1	2	3	4
VARIABLES	**logFDI_Count**	**logFDI_Count**	**logFDI_Count**	**logFDI_Count**
Number of Migrants	0.612***	0.439*	0.315	0.209
	(0.182)	(0.227)	(0.227)	(0.199)
GDP		0.0837	0.0595	0.0730
		(0.058)	(0.064)	(0.060)
Total Population		0.00337***	-9.0805	0.000417
		(0.001)	(0.001)	(0.001)
No. of Start up Procedures		-0.508***	-0.00756	0.0852
		(0.189)	(0.249)	(0.251)
Tax on Exports			0.00358	0.00348*
			(0.002)	(0.002)
Cellular_Usage			0.347***	0.303***
			(0.076)	(0.091)
Internet Connectivity			0.00991	0.0480
			(0.070)	(0.076)
Inflation_Consumer goods			0.0321	-0.00583
			(0.049)	(0.045)
Number of Taxes				0.354*
				(0.193)
Days to Import Goods				-0.00505
				(0.006)
Forestrents				0.00639
				(0.059)
Unemployed				0.0150
				(0.020)
Infrastructure Index				0.638***
				(0.226)
Jobs Created by FDI				0.235***
				(0.024)
Constant	-1.334*	-0.582	-1.412	-4.774**
	(0.784)	(1.131)	(1.263)	(2.114)
Observations	383	346	305	263
R-squared	0.033	0.144	0.203	0.424
Number of CoutyId	51	49	44	44

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.6 Migrants characteristics, Networks and FDIs

4.6.0 Relationship between migration and FDI/Greenfield Investment

In examining the relationship between the presence of migrants from African origin and FDI inflows from the twenty eight (28) EU countries, whilst controlling for all other variables, it is estimated that, there was a strong positive and significant relationship between migration and FDI (both value and count). This can be seen in table 5.2 and 5.3 which shows a panel regression of FDI Value and FDI Count as the dependent variable and migration as the independent variable. The variable migration, has a positive co-efficient figure in both FDI Value and FDI Count as indicated in model 1. The cumulative results show that, migration has a positive and significant correlation with inward FDI between two countries (European and African countries). More specifically, it gives an indication that, a percent change in the number of migrants in their destination countries will significantly increase FDI value by 0.488% whilst FDI count will also increase by 0.612% in their destination countries whilst controlling for all other variables. This assertion is supported by the views of influential writers in migration studies such as (Gould, 1994, Combes, Head and Ries, 1998, Rauch and Trindade, 2002, Javorcik, Özden, et al., 2011) that migration has a strong and positive relationship with FDIs.

Migration is not a static phenomenon as discussed in the literature review as a lot of factors influence its existence. As a result, both migration and FDI are influenced by several other factors. In model two of the panel analysis, the model allows for other variables to be added in order to ascertain the effect of migration on both FDI Count and FDI Value.

In model 2, when three (3) variables were added to migration (GDP, total population and the number of startup procedures) in the model, although migration is still significant, its significance level reduced. In this case, FDI value increased by 0.389% whilst FDI count increased by 0.439%.

In model 3 for instance, the impact of other variables were felt more significantly on FDI count rather than on FDI value. Here, when the variables, cellular usage, intern connectivity, and inflation on consumer goods were added, migration proved to have no relationship with FDI count. However, FDI value remains significant with 0.333% increase. In the final model, which is model 4, six critical variables (number of taxes, number of days to import goods, forest rents, unemployment, infrastructure index and jobs created) were again added to the model to see the impact on migration. The results showed that, FDI count continued to have no relationship with migration whilst FDI value only had a positive relationship with migration.

It can therefore be seen that, the relationship between migration and FDI (value and count) is very significant and positive whilst controlling for other variables. However, the relationship although continued to be strong in relation to other variables as seen in the model 2 (for both value and count) it reduced significantly as other variables were introduced. However, FDI value seemed to be more stable in the model than FDI count as it had a positive relationship with migration in model four. The effects of migration significantly reduced as a result of certain factors which had negative effects on FDI/ greenfield attraction. For instance in model 2, the percentage of FDI (value and count) reduced as a result of the high number of business start-up procedures MNCs had to go through in order to establish a firm in their destination

locations in Africa. In model 2, business start-up procedures recorded a negative relationship with FDI value and count thereby reducing the overall impact of migration on FDI. As a result, this acted as a deterrent to FDIs therefore reduction in the significance level.

In model 3, tax on exported goods and internet connectivity recorded a negative relationship with migration. This indicated that high tax on exported goods collected at the ports of entry acted as a disincentive for MNCs to invest in Africa. Furtherance to this, internet connectivity is slow and most often unreliable and this created connectivity problems for MNCs. Also migrant networks rely on internet usage to collect information process and send critical information for MNCs to make decisions regarding investments in Africa. In the absence of these, the impact of migration on FDIs was further reduced.

In the fourth model however, similar instances occurred where variables such as high taxes on exported goods and services, poor internet connectivity and high inflation rates on consumer goods/services and the high number of days spend at the ports to export goods acts as a negative mediating variables that reduced the impact of migrants on FDIs into their home countries. It is therefore worthy of note that, the presence of migrants could network and influence MNCs to invest in their home countries, but prevailing negative economic conditions could act as a disincentive for FDIs to locate into their originating countries. This assertion holds true in the sense that, as a result of economic and geographical mediating factors, Morocco which was the topmost migrating country during the period under study, was not the highest receiver of FDI. However, Southern African which was the 7th most migratory country in African was the number destination FIDs.

One can therefore conclude that, the effects of migration on FDI is not completely driven by endogeneity, but rather there is an effect of migration on FDI. The impact of migration however reduced because of important mechanisms that linked migration to FDI.

4.6.1 EFFCTS OF MIGRATION ON FDI/Greenfield investment

Strong migrant networks create positive effects through the attraction of FDIs on host economies. Per the model, job creation is re-empathized to be critical to the development of African regions. An increase in jobs created would significantly result in an increased FDI value by 0.71 and increased FDI count by 0.23. The results go to indicate that, FDIs significantly created jobs with its antecedent activities within a country and had the potential of reducing migration since these jobs so created would empower the people, provide them with the necessary social protections needed. This point is reinstated by (Alfaro, Chanda, et al., 2004), that FDIs in host economies have the great potential to stimulate economic growth and lower the expectations of people to migrate. The reverse is true as, a change in unemployment rate, would only have a positive relationship with FDI, indicating that, the presence of unemployed people have the potential of working in jobs created by MNCs. As the populace get engaged in various trades, they are able to acquire the necessary skills and techniques, necessary for the diversification the economy. Foreign Direct investments bring with it modern technology and they require high efficiency from their partner agencies through the recruitment of highly skilled. This would result in a higher percentage of inhabitants being engaged in meaningful economic activity, a clear indication that the destination country has the potential of contributing effectively to partner the FDIs.

4.7 Migrants Characteristics and its influence on FDIs

The study is based on the premise that a group of people from a particular country are regarded as coming from a particular ethnic origin based on their basic geographical origin, language spoken (group of people from one country can most often communicate in one local language**)** and their destination locations. These basic characteristics develop among migrants the sense of unity and belongingness (Vertovec, 2004).

To a larger extent and all other things being equal, the larger the population of a country, the higher the chance of its nationals in relation to other countries with smaller populations to migrant. This cumulative effect is that, migrants are able to influence MNCs to invest in their home countries. A change in the total population of a country would result in an FDI value increase by 0.279%. However, the significance of the variable, total population remained even more stable in the model from model 2 to 4. Contrary to this, FDI count appeared to vary from model 2 where it was very significant till model 4 where it only had a positive relationship with FDIs. The performance of the variable, total population in the model appeared to be stable in both FDI value and count and through all the four models as migration depended heavily on human beings and FDIs relied on human resources of various categories to undertake projects.

The total population of a county is able to influence migration and at the same time FDIs. As indicated in figure 5.2, all things other being equal, countries with higher populations had the inclination to migrate more than countries with smaller populations. These migrants participate in economic activities of their destination countries and contribute to the production process, through this, they are able to influence MNCs to invest in their home regions. The reverse is also true as the phenomenon of migration is self-influencing in the sense that, a small number of migrants in a particular location are able to attract more migrants into their destination locations. The bigger the population of migrants abroad, the higher the chance to influence MNCs to invest in their home countries.

4.8 Effects of Migrant Network on FDI/Greenfield Investments

Migrants carry with them rich local knowledge about the existence of certain unique raw materials, investment opportunities, norms and culture of their people (Williams, 2007). Information flow about specific investment opportunities are critical to MNCs. Migrants however aid this process through sharing of these information about their home countries to multinational companies to invest in them. These information are carried through special purpose vehicles such as access to internet services and percentage of people with access to cellular phones.

Internet connectivity of African countries through the use of internets services has a positive relationship with FDI count. Contrary to this view, internet connectivity has a negative relationship with FDI count. The general relation between FDI and internet usage is weak as it runs from a positive relation to a negative relationship. This depicts a weak internet connectivity within the African region. International transactions which is characterized by FDIs, are associated with informal trade barriers including norms and cultural barriers of the host countries. The provision of specific information on issues such as market externalities by migrants are critical to MNCs before investment decisions are made. Information which

migrants receive from home countries through the use of internet services is of great value in this regard. They have in their possession information about market structures, consumer preferences, business, ethnic groups and commercial which valuable information for MNCs which can be used to offset constraints in the market (Dekker and Engbersen, 2014).

Percentage of people using cellular usage appeared to be very significant to the model. A percentage change in cellular usage would result in a 0.248% increase in FDI value inflow into African countries. In a similar vein, it would also significantly cause FDI count to increase by 0.303%, indicating a positive correlation between FDI value and count.

Per the above, the path used by migrants to attract FDIs are enormous. One of the easiest, cheap and modern measures of sharing information across borders, is through the use of cellular phones. The process of establishing a greenfield investments across borders does not only include the physical structures but also local investment laws, current happenings and acceptability of the product or services by the local community. For multi-national companies to be assured of the right investment decision, local information provided in real time to aid investment decisions are important (Gelos and Wei, 2005). This can readily be through personal contact and real time contact through the cellular phone. As more residents use and are connected to cellular mobile phones, will result in how quickly the migrants can also collect information and make it available to MNCs in real time. This can help reduce investment cost and reduce the cost establishing FDIs.

Countries with a higher population have a higher propensity to migrate. This directly results in the number of migrants from a particular ethnic or geographical origin. Migrants networks are seen as the share number of migrants from specific geographic location/ country and who have settled in a specific destination. As they engage in local economic activities at their destination regions, they are able to network to influence the establishment of MNCs through their work ethics and give information about their home countries in relation to economic opportunities in their originating countries. MNCs needed information at the right time to aid their investments decision. Migrants fill in these roles through the use of cellular networks and internet connectivity to tap local and inherent information about their countries of origin for MNCs to aid their decision making processes to invest. These information help reduce the investment cost and provides information about acceptability of projects in various locations.

In sum, migrants from same ethnic and geographical backgrounds in a particular destination region are able to associate with one another and form networks of influence. Studies show that, majority of these migrants are basically economic migrants and therefore participate in various economic activities. These networks formed are able to influence MNCs they work with and others, to invest in their originating countries. It is worthy of note that, migrants also come with them local indigenous knowledge and contact persons within their originating countries. They are able to pass these information to MNCs to invest. Also, through the use of internet services and mobile phone connectivity, they are able to collect current and needed inherent investment information for MNCs. This leads to lowering cost of contract executions since these MNCs are aware of the necessary information they may need. Finally, information that migrants have about their destination country are also given to would-be expected migrants to also migrate, thus ensuring that the phenomenon of migration become self-influencing with a direct impact on migration.

4.9 Factors That Affect The Locational Choices Of Greenfield Investments In African Regions

FDIs are basically located in a country other than the country in which the MNCs is permanently located. Based the analysis of Asiedu, (2006) and Dunning, (1993) four critical factors were identified and analyzed as follows; Natural Resources, Business climate, Infrastructure quality and Taxes on goods and services.

Tax is an important factor to consider in locating of business in a particular region or locality. Tax is basically a compulsory amount levied by the central government or local authority on companies or individuals to aid government to provide for the expenditure needed for public goods. The premise of the tax analogy is that, high taxes have the probability of eroding profits thus, MNCs would like to be established in areas where tax rates and share numbers are low. As a result, two types of taxes are considered in the model; taxes on exported goods and services as percentage of total revenue, and the cumulative number of taxes levied on goods and services in a country.

A percentage change on tax on goods and services will result in FDI count to increase by 0.35%, however, FDI value although is not significant has a negative relationship with taxes imposed on goods and services. Again in considering the cumulative taxes imposed within African regions, a change in the number of taxes imposed on MNCs, will result in FDI count to increase by 0.0035 whiles FDI value still remains not significant but with a positive relationship. It could be observed that, on the issue of taxes, FDI count proves to have a positive and significant relationship whiles FDI value does not show any level significance. This implies that, MNCs in order to maximize profits seek to set up manufacturing plants or units in areas where the tax rates are low and which will result in higher production as the funds to be used for paying taxes could be reinvested into the operation of the company. In as much as the tax rates are low, it will serve as an incentive for more MNCs to establish in countries where tax rates are lower.

The prevailing economic conditions of a country expressed through the Gross Domestic Product (GDP) as the monetary value of all the goods and services produced within a specified period of time. Invariably, its nominal value helps to estimate the economic performance of a country and also to make international comparisons about the performance of a country economically. Per the model, a unit change in GDP will result in FDI value increasing significantly by 0.203. A country with a higher GDP is an indication of how vibrant the economy is in terms of the production of goods and services which cumulates into the purchasing power of the people. Countries with high GDPs therefore have the ability to adopt and contribute effectively to FDIs.

The number of processes that are required to start a business has a positive relationship with FDI count and value. Instances where there is a large number of cumbersome process to register business could be deterrent for MNCs . For instance in countries where there exists about fifteen processes to go through in order to register a business could become a deterring factor for FDIs. Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The fluctuations of average consumer prices within a year serve as a deterrent to FDI establishment. However, most Africa countries have serious repercussions in this regard which can serve as a disincentive to invest. Inflation although significant to the model has a negative relationship with FDI count and

value. This goes to indicate that, as inflation rates keep either increasing or fluctuating they destabilize the market and result in price uncertainties making the economy uncompetitive and lowering economic growth. The number of days used to clear goods at the port is also of high interest to MNCs as greenfield investments are mostly involved in the importation of goods. However, the number of import days did not prove to be significant but having a negative relationship with both FDI value and count. This gives an indication that a country with a higher number of days used to clear goods at the port deters FDIs from establishing within that particular country.

The infrastructure index of a country comprises of the quality and network coverage of road, rail, airport and seaport infrastructure of all African countries. A country with a high infrastructure index serves as a conducive factor for FDI attraction by subsidizing the cost of total investments for MNCs thus increasing the rate of return. Therefore, a country with critical infrastructure, such as communication networks, electricity highways, ports and roads are necessarily increase productivity and thereby attract top levels of FDI. This idea is well attributed by (Wei, 2000 p. 2), " a location with good infrastructure is more attractive than the others".

A percentage change in the infrastructure index of a country, will result in FDI count to increase significantly by 0.64%. This means that, as the infrastructure base of African countries are improved it will correspondingly improve its attractiveness for FDIs. Since multinational companies are interested in maximizing profits they will to invest in areas that have the needed infrastructure to aid production and transportation to the final consumer of their products or services rather than areas with less or no improved infrastructure. This assertion is supported by (Wei, 2000).

According to the model forest rents represents the total rents received from governments on forests natural resources. The model indicates that, forest rents have a positive relationship with FDI (value and count) in each instance. In line with the fact that, services on natural resources and the extractive natural resource industry is the sector that receives the highest form of foreign direct investment in Africa.

In selecting specific location for FDI's, MNCs aim at profit maximization in areas that sustain and improve products or services rendered. African countries should therefore, position themselves strategically to attract FDIs through the improvement of their general economies such as reducing the inflation rate and propel the production of goods and services which directly increase the rate of growth (GDP). In this way, MNCs, are assured of stable macro-economic environment to operate their businesses and sell services to customers who have a higher purchasing power. A solid infrastructure base, such as good roads, stable electricity, telecommunication services, airport and sea port infrastructure are key to the attraction and survival of FDIs. It is however, gain saying that lower taxes can help attract more MNCs, visa-a-vis the fact that governments are in dire need of the taxes to propel the needed infrastructure base for NMCs to aid their businesses. However, a critical analysis indicated that higher taxes bring more money for development but acts as a barrier for MNCs which have profit making as their main motive. On the contrarily, however, lower taxes has the tendency to attract more

MNCs with its attendant benefits and a cumulative tax on each MNC which at the long run give more money to the central government.

Chapter 5: Conclusions and Recommendations

5.1 Conclusions

The world today is increasingly becoming interconnected and interdependent categorized by intertwined networks of individuals within different geographical origins under the umbrella of globalization. Migration and FDI (through trade) are one of the world's most important networks linking the globe together. However, they can help to explain to some extent how global economic trade and investment flows and how interdependent and interrelated economies can become. The purpose of this research is among other things to determine the relationship existing between migration and greenfield investments. In order to answer this question, data from the World Bank, UN Population Division and FDI markets are used for the analysis.

The main research question was to determine the extent to which immigrants from African countries in Europe use their network to influence greenfield investments in Africa. The results suggested that, the correlation effect of migration on FDI is positive and that this effect remains significantly positive when adding GDP, total population, number of start-up procedures, tax on exported goods, cellular usage, inflation on consumer goods, and internet connectivity. However, the effect disappears when controlling for a number of taxes , days to clear imported goods, forest rents, unemployment, infrastructure index and jobs created. It is worthy of note that although all the indicators have an effect on migration, however, this disappearing effect is solely as a result of selection effects that explain how mediating variables influence migration and FDI/Greenfield investments. This finding is consistent with writers such as (Gould, 1994, Combes, Head and Ries, 1998, Rauch and Trindade, 2002, Javorcik, Özden, et al., 2011) who asserts that the correlation effect is a strong relationship between the two variable.

The first sub research question sought to ask whether the presence of migrant networks influence the amount of greenfield investments in destination regions? To this, the research concluded that migrants influenced MNCs through their presence (number of migrants in destination countries) and the information they made available to multinational companies to invest. This information was assessed through the use of local base knowledge about their home countries, internet services and mobile phone usage and connectivity. MNCs are constantly looking for information about new markets. This information was provided by migrants in the destination locations of MNCs, through their presence in destination locations. Through this medium, migrants are able to source for information from their home countries and them available to MNCs to invest in their destination regions.

This notwithstanding, the research also recognized that the presence of mere migrants within a country was not enough to draw the required FDI into the originating countries of migrants. However, the economic performance of originating economies of migrants was of high interest to MNCs. Critical indicators such as internet usage, mobile phone connectivity, GDP, infrastructure index, were critical indicators MNCs considered in choosing their destination for firms as indicated by the statistical analysis (STATA Output) in table 5 and 6. This is analyzed together with the fact that, the rate at which migration is increasing is not corresponding to the

fluctuating rate of FDIs inflows into Africa. This observation shows an indication of how migrant networks and locational factors of African countries performed in attract the necessary FDIs. This is because migration alone is not enough to cause FDI to flow to a specific location.

The second sub-research question sought to determine the critical factors that drive locational choices of Greenfield investments into African countries? The research found that FDIs were driven by numerous locational choices such as natural resource rents, tax on exported goods and the share number of taxes, GDP, and the infrastructure index of African countries. The research concludes that the infrastructure index is a critical component of the factors MNCs consider whilst considering locating to African countries. Also, high taxes coupled with the high number of taxes serve as a disincentive for FDIs. These factors therefore played critical roles in the determination of how MNCs chose their locations in Africa.

It is worthy of note that, the number one destination investment subsector attracted by FDIs in Africa was the Business services: services on coal, rubber, gold among others. This finding is also in conformity with (UNCTAD, 2014). There is therefore over concentration of FDIs on these sectors to the detriment of critical sectors of the economy such as training and development, ICT, education and training, construction of critical infrastructure which will help give the needed skills to the teaming unemployed youth of Africa. These sectors have the potential of reducing the migratory rate and employing its own people to ensure increasing development of African region. Foreign direct investments have been identified to be associated with job creation and the introduction of modern technology to propel the socio-economic development of a country. However, one of the main reasons why African's continue to migrant is inadequate jobs and the protection of livelihoods, a resultant effect of migration. This analogy indicated that though the jobs created by FDI was significant, more people were migrating and therefore there was a missing link between the creation of jobs in other sectors of the economy and FDI. A lot more jobs needed to be created for the teeming African youth to stem the tide of excessive migration.

In conclusion therefore, the result suggested that while controlling for other mediating variables, the relationship between migration and FDI was strong and positive. It is worthy of note that the global migration problem is not indicating a downward trend, but rather a slow but steady increase whilst FDI flows into Africa is flatulating with specific interest in sectors such as Business Services on coal, oil, natural gas, equipment and metals, and on the extractive industry to the detriment of sectors such as ICT, manufacturing, training and development which has the potential to propel the development of the continent.

5.2 Recommendations

African governments must develop policy recommendations to direct FDIs into specific and needed sectors of the economy. For instance, training and education, infrastructure, electricity and ICT are critical areas that need the support and attention of FDIs to improve the development base of the continent to compete effectively with other sectors. To improve the economy to attract more FDIs, African governments must work to improve the attractiveness of the continent. This could be done through the reduction of tax rate and the share number of

taxes charged on exports and goods/services in Africa. Further, the large number of days spent at the ports to clear goods serve as a disincentive to most FDIs. Finally, the poor internet connectivity also serves as a debilitating factor for FDIs.

The presence of mere migrants within a country is not enough to draw the required FDI into specific critical sectors needed by the origination countries of migrants. The economic performance of African countries is critical in this direction. Key indicators such as internet connectivity, availability and connectivity through mobile usage for purposes of communication, the rate of growth of GDP and the infrastructural development base of African countries are the right indications to propel the massive attraction of FDIs.

The development of migration policies of African countries is important in this direction. Although it is proved that, migrants can network and influence FDIs into specific locations, migrants who are highly skilled and with higher educational levels can network and influence MNCs better than migrants without any skill. This is because it is expected that, skilled migrants can work in knowledge intensive sectors and influence MNCs to invest in their home countries.

5.2.1 Discuss the limitation of the study and suggestions for further research

Since the research was conducted through a quantitative research (desk research) availability of data was a great concern. Most writers which studied the effects of migration on FDI used qualitative methods of data collection to analyse the data and therefore did use secondary data. The research therefore could not get some basic data to aid its analysis. For instance, it is also a well-known fact that, migrants most often belong to associations of which they seek support and information from. This invariably helps migrants to interconnect and share information. In analysing the network of migrants, a critical variable such as the number of ethnic associations migrants belong was not available. Other indicators such as occupations and the economic activities migrants engage in were simply not available for the analysis. This notwithstanding, the research had to rely on other equally but similar variables to undertake the research.

In view of the foregoing, it is recommended that future studies should encompass the educational levels of migrants to see if the relationship between them will become stronger than the total number of migrants as available literature indicates that educated migrants have a higher propensity to influence FDIs.

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