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IMPORTANCE AND IMPACT OF FOREIGN DIRECT INVESTMENTS IN GCC COUNTRIES AND ITS INWARD FLOW

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ABSTRACT

In today's highly competitive markets, organizations are struggling to expand their business and thereby, finding their ways to reach new horizons and reap profits. Companies are waiting for opportunities and finding ways to expand their business in countries other than their own. In the same way, countries are also trying to attract institutions to their own country, which will directly or indirectly contribute to the prosperity. Foreign Direct Investments (FDI) plays a major role in every country's growth. In the past decade, the member countries of Gulf Cooperation Council (GCC) have also realized the importance of Foreign Direct Investment institutions. This study intends to do research on Importance and impact of inward Foreign Direct Investments in GCC countries.

JEL CLASSIFICATION

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KEYWORDS

Diversification, foreign direct investments – FDI, Gulf Cooperation Council – GCC.

INTRODUCTION

Foreign Direct Investment (FDI) can be defined as a company of one country making a physical investment in a foreign country. Institutions may decide to invest in a particular country based on the attractiveness and growth opportunity by using the resources in the host country. The Gulf Cooperation Council (GCC) is located in Arabian Gulf, consists of six states, named Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. The Gulf has become steadily more significant over the past decade. The region's stability and growth has already created important expansion opportunities for international companies. Currently, the gulf economy is worth \$ 1.1 trillion. The region's share of the world economy is expected to grow by 4.5% by 2020 and the combined Gross Domestic Product (GDP) of the GCC states is projected to be \$20 trillion. Some comparative statistics on GCC as below:

Index	Bahrain	Saudi Arabia	Kuwait	Oman	Qatar	United Arab Emirates
Inward FDI Performance Index	1	4	6	3	5	4
Outward FDI Performance Index	2	5	1	6	4	3
Index of Economic Freedom	1	6	3	4	2	5
Network Readiness Index	3	4	6	5	2	1

Bahrain Economic Development Board, Retrieved November 20, 2011, from http://www.bahrainedb.com/m_BusinessInBahrainIntro.aspx

Metrics	Bahrain	Saudi Arabia	Kuwait	Oman	Qatar	United Arab Emirates
Ease of Doing Business Ranking	18	13	37		52	46
FDI Inward(MM USD)	1756	24318	1138		123	13253
Balance of Trade(Import Vs. Exports)	2	145	-865		41	35

Saudi Arabian General Investment Authority (SAGIA), Retrieved November 20, 2011, from <http://www.sagia.gov.sa/en/Investor-tools/Comparison-charts1/>

REVIEW OF LITERATURE

DEFINITION OF FOREIGN DIRECT INVESTMENT (FDI)

[Hymer's, 1960] seminal research contribution perhaps provided an earliest explanation of Foreign Direct Investment (FDI) where he viewed FDI as a process that firms engage in order to organize production in another country through knowledge transfer along with other assets, both tangible and intangible. During the similar period, [Vernon's 1966] product life cycle concept extended the FDI definition that included a firm's setting up of production facilities abroad for products that had already been standardized and reached maturity in the home markets. In the late 1970s and 1980s, [Buckley and Casson 1976] and [Rugman 1981] attempted to explain the why and how of production decisions among international firms in the context of foreign investments. Among institutions, [International Monetary Fund (IMF), 1993] defines FDI in its *Balance of Payments Manual* as an investment made to acquire lasting interest in enterprises operating outside the economy of the investor. An extended definition, as provided by [Organisation for Economic Cooperation and Development (OECD), 1996] in its *Benchmark Definition of Foreign Direct Investment*, where it refers FDI as a "direct investment enterprise as an incorporated or unincorporated enterprise

in which a single foreign investor either owns 10% or more of the ordinary shares or voting power of an enterprise". In its classical form, FDI is defined as a company from one country making a physical investment into building a factory in another country. It is the establishment of an enterprise by a foreigner. [Sullivan, Sheffrin, 2003]. In its most simplistic version, FDI means "the ownership of assets in one country by the resident of another country" [Sen, 2004].

DETERMINANTS OF FDI

In one of the latest researches, it has been revealed that though, a large number of studies have been conducted to identify the overall determinants of inward FDI flows, no consensus has emerged, on the "true" determinants of FDI, [Kok & Ersoy, 2009], as well as institutional determinants of FDI [Bellos and Subasat, 2011]. An inverse relation exists between FDI inflows and financial infrastructure, corporate governance and accounting standards in developing countries [Loungani and Razin, 2001]. At the same time, [Chakrabarti, 2001] identifies factors such as labor costs, trade barriers, trade balance, exchange rate, R&D and tax as FDI determinants. [Dunning, 1993] attempted to answer the most pertinent question as to "Why do companies invest abroad?" through his seminal ownership, location and internalization (OLI) framework. Based on his earlier established eclectic paradigm [Dunning, 1980], several empirical studies have found that size of market, market's growth potential, transportation, barriers to trade, production, wages and other costs, political stability, psychic distance, and host government's trade and taxation regulations affects FDI's location decisions. Dunning's study relates to the relation between, FDI and ownership-specific advantages ("O") such as proprietary technology, location-specific advantages ("L") in host countries, such as low factor costs, and potential benefits from internalization ("I") of the production process abroad. In a similar study, [Frenkel & Funke, 2004] identifies the factors based on which an investor selects a location for a project, these include the availability of local inputs such as natural resources, the size of the market, geographical location, the position of the economy, the cultural and political environment, factor prices, transport costs and certain elements of the economic policy of the government (trade policy, industrial policy, budget policy, tax policy, etc.) [UNCTAD, 1998; Mallampally and Sauvart, 1999; Dunning, 2000] identifies four main reasons that motivates MNCs to undertake international production activities, namely market seeking, resource seeking, efficiency seeking and strategic asset seeking. In their detailed study, [Ramamamy & Yeung, 2010] identifies market size and growth potential, lower cost of doing business, cost of labour, cost of capital, larger pool of skilled labour, established infrastructural, degree of international openness, Servicing home-based customers and existence of lower risk factors as determinants of FDI in the service industry.

While most available literature establishes a positive link between good governance and FDI inflows, the most recent empirical work by [Bellos and Subasat, 2011] points out that in selected transition countries, opacity and corruption leads to increased FDI flow as against the commonly held wisdom. Thus, studies on the relationship between information sharing by host country and degree of FDI inflow have always provided conflicting results.

IMPORTANCE OF THE STUDY

THE CASE FOR THE GCC STATES

The Gulf Cooperation Council (GCC) is a cooperative framework of six Gulf States, Bahrain, Kuwait, Qatar, Saudi Arabia, Oman and the United Arab Emirates, formed in 1981 with the objectives of better coordination, integration and inter-connection between Member States¹. It has a total population of approximately 43 million and a GDP per annum estimated at just under US\$1,000 billion.²

The region is primarily natural resource-based with the largest proven crude oil reserves in the world. As of December 2010, the GCC has a proven oil reserve of 495.2 billion barrels that accounts for 35.8% of the world's total oil reserves, additionally it boasts of 22.5% of world's total natural gas. The region also ranks as the largest producer as well as exporter of petroleum and plays a leading role in the world in general and OPEC in particular³. Powered by the surging oil price, the GCC states enjoyed a record economic upsurge till late 2008 with the size of the GDP of the combined states tripling to \$ 1.1 trillion during the period of 2002 to 2008. As per IMF projections, almost 90% of the region's revenue comes from oil and gas sector.⁴ The surging oil prices have also fuelled some of the largest sovereign wealth funds (SWF) in the region. Among the top 52 SWFs in the region, 13 are based out of the GCC contributing to 34% of share⁵.

Being primarily led by oil, the region did not find much incentive to attract foreign investments. FDI inflow in the region has been a late phenomenon. Over the last twenty years, FDI in the region has grown from a small figure of 166 million dollars (US) in 1990, to 39,870 million dollars (US) in 2010, an increase by almost 240 times,⁶. But the surge in FDI has been a recent phenomenon.

FDI in the GCC peaked during the period of 2004-2008 during which the flow of inward FDI in all the GCC states combined totaled \$187,509 million dollars, which is almost 4.26 times that they received during the period of 1970- 2003 and almost double that they received during the period of 2009-2010. Thus, it is clear that FDI flow in the GCC states has been a very recent phenomenon.

Thus, unlike other developing countries, FDI in the GCC region is a relatively very new phenomenon.

Cumulative Inward FDI - 1970 -2010 US Dollars at current prices in millions						
	2009 - 2010	2004-2008	1994-2003	1984-1993	1970-1983	1970-2003
Bahrain	413	8,378.9	4,372.5	1,607.4	-144.5	5,835.3
Kuwait	1,195	484.5	282.2	55.3	31.5	369.1
Oman	3,516	9,197.1	625.5	1,222.5	882.0	2,730.0
Qatar	13,659	15,677.6	3,239.1	125.5	91.4	3,456.1
Saudi Arabia	60,205	92,151.1	3,524.5	5,057.4	16,486.2	25,068.1
UAE	7,951	61,619.5	5,296.3	775.1	532.9	6,604.3
GCC	86,939	187,509	17,340	8,843	17,880	44,062.8

Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).

The Government's in the GCC states have also shown heightened interest in attracting foreign investments by creating special economic zones, namely the free zones that are⁷ either sector specific or generalized or sometimes both. UAE itself has more than 30 free zones. At the same times, the Gulf States are predominantly known to be information opaque in terms of information sharing⁸.

GCC countries were mostly depending on their own capital as they were taking advantage of Oil richness and scarcity of the same in almost all other countries in the universe and hence GCC countries are the most attractive amongst the developing countries because of their spending nature, per capita income of the people and growth prospects. Developments in a country mainly depending on FDIs in the most modern world and hence the trends in GCC countries too got leaned towards inviting FDIs since 1990s. FDIs too got attracted towards this region because of the huge growth opportunities mentioned above. The institutions

¹<http://www.gcc-sg.org/eng/index895b.html?action=Sec-Show&ID=3>

²Economist Intelligence Unit & CIA World Factbook, April 2011

³BP Statistical Review of World Energy, June 2011, bp.com/statisticalreview

⁴Global Research, GCC Economic Outlook 2011, June 2011

⁵Sovereign wealth funds institute

⁶UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics)

⁷<http://www.uaefreezones.com/>

⁸Corruption perceptions index 2010, transparency international, www.transparency.org

were mainly attracted towards various sectors in GCC such as retail, real estate, infrastructure, tourism, oil sectors etc. In the recent times, FDIs are contributing much more in the growth of GCC countries.

STATEMENT OF THE PROBLEM

Since Foreign Direct investments can play a major role in a country’s growth, governments in almost all the countries take several necessary steps to attract business and to increase investor’s confidence on that country. From investor perspective, it is necessary to know which countries are investors friendly. Also, Investor should know the scope of business in a particular country before starting an investment. Since opportunities may vary from country to country, sector to sector and depends on various factors, a lot of studies have to be conducted by the investors. To achieve this, a study should be conducted on expectations and perceptions of other institution as a whole, region wise and country wise. Once the comparison is done, an investor can proceed with the investment. The study reveals that, in recent years, the contributions by FDIs are drastically increased in the GCC member countries. Hence it is necessary to study the importance of Foreign Direct Investments in GCC countries. It is also ideal to study the impact of FDIs in different sectors of GCC countries like Real estate, retail sectors, Oil industries etc. and its inward flow.

OBJECTIVE

The focus of the research is to study the importance of inward FDI in GCC countries and to know how FDI can help in the growth and development of GCC countries. It also aims to study the impact of FDI in different sectors in GCC Countries and the methods adopted by the GCC countries to attract FDI.

RESEARCH METHODOLOGY

The methodology for the carrying out the research objective of the study includes:

- Study of the previously conducted research and to find out various processes involved in FDIs in different sectors.
- Collection of primary data and also preparation of discussion guide with inputs of industrial experts.
- Collection of secondary data from different sources.
- Gap analysis of the Expectation and Perceptions of Investors Globally and Middle East region
- Gap analysis of the Expectation and Perceptions of Investors in GCC Countries

RESULTS AND DISCUSSIONS

The Expectations and Perceptions of investors on various factors are collected from different parts of the world, on United States of America, United Kingdom, and European countries, Nigeria, India, Pakistan, China, Bahrain, Oman, Kuwait, Qatar, Saudi Arabia, United Arab Emirates, Iran, Iraq, Lebanon and Jordan. To compare Expectations and Perceptions of Investment community in Global(Except Middle East region), Middle East region(Except GCC Countries) and GCC countries, the data collected from United States of America, United Kingdom, European countries, Nigeria, India, Pakistan, China are consolidated as Global(Except Middle East region) Investment community. The data of Iran, Iraq, Lebanon and Jordan consolidated as Middle East Region (Except GCC Countries).

Gap analysis of Statpro is used to compare the Perception and Expectations of different countries. The result of those analysis are consolidated and provided in the following matrix.

CATEGORY WISE COMPARISON OF EXPECTATION AND PERCEPTION OF ALL COUNTRIES

Category	Globally (Except ME)		Middle East (Except GCC)		BAHRAIN		KUWAIT		OMAN		QATAR		SAUDI		UAE	
	Expectation	Perception	Expectation	Perception	Expectation	Perception	Expectation	Perception	Expectation	Perception	Expectation	Perception	Expectation	Perception	Expectation	Perception
Country Attractiveness	4.4	4.4	3.1	2.9	3.9	3.7	4.1	3.8	4.0	3.8	4.1	3.9	4.0	3.8	4.8	4.7
Country Risk	4.6	4.4	3.2	3.1	4.4	4.4	4.4	4.3	4.6	4.6	4.6	4.8	4.5	4.2	5.1	5.1
Governance	4.4	4.3	3.1	3.0	3.9	3.7	4.2	4.0	4.0	3.7	4.1	4.0	3.9	3.9	4.5	4.5
Corruption	4.1	3.7	3.1	3.0	4.0	3.9	4.2	3.7	4.0	3.7	3.8	3.6	4.1	3.8	4.1	3.7
Social Responsibility	4.3	4.2	3.0	3.1	3.8	3.8	4.1	4.1	4.1	3.9	3.9	4.1	3.8	3.9	4.5	4.4
Human Resources	4.5	4.4	3.2	3.0	3.7	3.7	3.9	3.8	4.0	3.8	4.0	4.1	3.9	4.0	4.5	4.4
Resources	4.4	4.4	3.4	3.3	4.3	4.4	4.6	4.6	4.4	4.3	4.6	4.7	4.5	4.7	4.9	4.7
Vision- Long term investment/return	4.4	4.1	3.2	3.1	3.9	3.7	4.3	4.0	4.2	3.9	4.1	4.1	4.5	4.1	4.7	4.4
Overall Average	4.4	4.2	3.2	3.1	4.0	3.9	4.2	4.0	4.1	4.0	4.2	4.1	4.2	4.0	4.6	4.5

EXPECTATION AND PERCEPTION GLOBALLY (EXCEPT MIDDLE EAST REGION)

Section	Attributes used for Analysis	Expectation	Perception	Difference of Exception and Perception	p-value
Country Attractiveness	As a tourist destination	4.1	4.3	-0.2	0.0
	Geographical location to attract business	4.3	4.2	0.1	0.0
	English Language(use, awareness and local/government support)	4.7	4.6	0.1	0.0
	Tendency to spend more money	4.5	4.3	0.2	0.0
Country Risk	Political Stability	4.6	4.4	0.1	0.0
	Ease of travelling to the country	4.5	4.3	0.2	0.0
	Ease of travelling out of country	4.7	4.5	0.2	0.1
Governance	Legal assistance	4.5	4.3	0.1	0.0
	Government support to investors	4.4	4.4	0.1	0.0
	Government support to the employees	4.4	4.2	0.2	0.1
Corruption	Less Bribes in government entities	4.0	3.6	0.4	0.3
	Less Bribes in private entities	4.2	3.8	0.4	0.5
Social Responsibility	Focusing on Welfare to the public	4.3	4.0	0.2	0.0
	Promoting national heritage and culture	4.3	4.3	0.1	0.0
	interacting with local communities through Games sponsoring	4.3	4.3	0.0	0.2
Human Resources	Availability of skilled Human resources	4.5	4.5	0.0	0.3
	Availability of un skilled Human resources	4.6	4.5	0.2	0.1
	Salary levels of skilled resources	4.3	4.4	-0.1	0.2
	Ease of hiring local employees	4.8	4.8	0.1	0.1
	Ease of hiring foreign employees	4.0	4.0	0.0	0.5
	Availability of local training avenues	4.6	4.5	0.1	0.5
Resources	Availability of natural resources (like minerals, raw materials, petroleum related products, agriculture etc.)	4.4	4.3	0.1	0.4
	Availability of Infrastructure (like roads, buildings, water and power supply, telecommunication assistance, network connectivity etc.)	4.5	4.4	0.1	0.1
Vision	Future Plans - Long term investment/return	4.4	4.1	0.2	0.1
	Average	4.4	4.3	0.1	0.2

Category	Globally(Except ME)	
	Expectation	Perception
Country Attractiveness	4.4	4.4
Country Risk	4.6	4.4
Governance	4.4	4.3
Corruption	4.1	3.7
Social Responsibility	4.3	4.2
Human Resources	4.5	4.4
Resources	4.4	4.4
Vision- Long term investment/return	4.4	4.1

Globally (Except Middle East Region), once the attributes are categorized, Country Risk is the important factor than anything else and Human Resource is also an important factor for Investment community. Investors are more inclined towards countries which are having less Country Risk and high Human Resources availability. As far as investment community is concerned, Globally (Except Middle East Region), countries are politically stable and highly available Human resources. Also, it is noticed that, Expectation is higher than the perception on all those categories

Section	Attributes used for Analysis	Expectation	Perception	p-value	Expectation	Perception	Difference of Exception and Perception	p-value
Country Attractiveness	As a tourist destination	4.1	4.3	0.0	3.0	2.7	0.2	0.2
	Geographical location to attract business	4.3	4.2	0.0	3.1	3.0	0.1	0.4
	English Language(use, awareness and local/government support)	4.7	4.6	0.0	3.0	2.7	0.3	0.1
	Tendency to spend more money	4.5	4.3	0.0	3.3	3.3	0.0	0.0
Country Risk	Political Stability	4.6	4.4	0.0	3.1	3.2	-0.1	0.2
	Ease of travelling to the country	4.5	4.3	0.0	3.2	3.0	0.1	0.1
	Ease of travelling out of country	4.7	4.5	0.1	3.3	3.1	0.1	0.1
Governance	Legal assistance	4.5	4.3	0.0	3.2	2.8	0.4	0.0
	Government support to investors	4.4	4.4	0.0	3.0	3.2	-0.1	0.3
	Government support to the employees	4.4	4.2	0.1	2.9	3.1	-0.1	0.1
Corruption	Less Bribes in government entities	4.0	3.6	0.3	3.1	3.0	0.1	0.4
	Less Bribes in private entities	4.2	3.8	0.5	3.2	3.1	0.1	0.2
Social Responsibility	Focusing on Welfare to the public	4.3	4.0	0.0	3.2	3.0	0.2	0.2
	Promoting national heritage and culture	4.3	4.3	0.0	3.1	3.4	-0.3	0.3
	interacting with local communities through Games sponsoring	4.3	4.3	0.2	2.7	2.8	-0.1	0.4
Human Resources	Availability of skilled Human resources	4.5	4.5	0.3	3.3	3.1	0.2	0.1
	Availability of un skilled Human resources	4.6	4.5	0.1	3.3	3.2	0.1	0.3
	Salary levels of skilled resources	4.3	4.4	0.2	3.0	2.9	0.2	0.5
	Ease of hiring local employees	4.8	4.8	0.1	3.5	3.3	0.2	0.3
	Ease of hiring foreign employees	4.0	4.0	0.5	3.0	2.8	0.2	0.2
	Availability of local training avenues	4.6	4.5	0.5	3.0	2.9	0.1	0.5
Resources	Availability of natural resources (like minerals, raw materials, petroleum related products, agriculture etc.)	4.4	4.3	0.4	3.6	3.4	0.2	0.5
	Availability of Infrastructure (like roads, buildings, water and power supply, telecommunication assistance, network connectivity etc.)	4.5	4.4	0.1	3.2	3.2	0.0	0.4
Vision	Future Plans - Long term investment/return	4.4	4.1	0.1	3.2	3.1	0.1	0.5
	Average	4.4	4.3	0.2	3.1	3.0	0.1	0.3

Category	Middle East (Except GCC)	
	Expectation	Perception
Country Attractiveness	3.1	2.9
Country Risk	3.2	3.1
Governance	3.1	3.0
Corruption	3.1	3.0
Social Responsibility	3.0	3.1
Human Resources	3.2	3.0
Resources	3.4	3.3
Vision- Long term investment/return	3.2	3.1

In Middle East region (Except GCC Countries), once the attributes are categorized, Human Resources and Country Risk are the important factor than anything else. Investors are more inclined towards countries which are having less Country Risk and high Human Resources availability. As far as investment community is concerned, Middle East Region (Except GCC Countries) is little bit politically stable and highly available Human resources than any other factors provided. Also, it is noticed that, Expectation is higher than the perception on all those categories

Section	Attributes used for Analysis	Difference of Exception and Perception		Expectation		Difference of Exception and Perception	
		p-value	p-value	Expectation	Perception	p-value	p-value
Country Attractiveness	As a tourist destination	0.2	0.2	3.8	3.3	0.5	0.4
	Geographical location to attract business	0.1	0.4	4.0	4.1	-0.1	0.3
	English Language(use, awareness and local/government support)	0.3	0.1	3.7	3.3	0.3	0.3
	Tendency to spend more money	0.0	0.0	4.2	4.0	0.2	0.5
Country Risk	Political Stability	-0.1	0.2	4.3	3.8	0.5	0.5
	Ease of travelling to the country	0.1	0.1	4.3	4.5	-0.2	0.5
	Ease of travelling out of country	0.1	0.1	4.4	4.8	-0.3	0.5
Governance	Legal assistance	0.4	0.0	4.0	3.4	0.6	0.4
	Government support to investors	-0.1	0.3	4.2	4.1	0.1	0.1
	Government support to the employees	-0.1	0.1	3.6	3.6	0.0	0.3
Corruption	Less Bribes in government entities	0.1	0.4	3.8	3.8	0.0	0.3
	Less Bribes in private entities	0.1	0.2	4.2	4.0	0.2	0.3
Social Responsibility	Focusing on Welfare to the public	0.2	0.2	4.0	3.8	0.2	0.1
	Promoting national heritage and culture	-0.3	0.3	3.8	3.9	-0.1	0.3
	interacting with local communities through Games sponsoring	-0.1	0.4	3.5	3.6	-0.1	0.2
Human Resources	Availability of skilled Human resources	0.2	0.1	3.7	3.8	-0.1	0.4
	Availability of un skilled Human resources	0.1	0.3	3.3	3.4	0.0	0.5
	Salary levels of skilled resources	0.2	0.5	3.8	3.7	0.1	0.2
	Ease of hiring local employees	0.2	0.3	3.9	3.8	0.1	0.5
	Ease of hiring foreign employees	0.2	0.2	4.2	4.1	0.1	0.2
	Availability of local training avenues	0.1	0.5	3.6	3.5	0.1	0.2
Resources	Availability of natural resources(like minerals, raw materials, petroleum related products, agriculture etc.)	0.2	0.5	4.0	4.1	-0.1	0.5
	Availability of Infrastructure(like roads, buildings, water and power supply, telecommunication assistance, network connectivity etc.)	0.0	0.4	4.5	4.8	-0.3	0.2
Vision	Future Plans - Long term investment/return	0.1	0.5	3.9	3.7	0.2	0.4
	Average	0.1	0.3	3.9	3.9	0.1	0.3

Category	BAHRAIN	
	Expectation	Perception
Country Attractiveness	3.9	3.7
Country Risk	4.4	4.4
Governance	3.9	3.7
Corruption	4.0	3.9
Social Responsibility	3.8	3.8
Human Resources	3.7	3.7
Resources	4.3	4.4
Vision- Long term investment/return	3.9	3.7

In Bahrain, once the attributes are categorized, Human Resources and Country Risk are the important factor than anything else. Investors are more inclined towards countries which are having less Country Risk and high Human Resources availability. As far as investment community is concerned, Bahrain is politically stable and highly available Human resources than any other factors provided. Also, it is noticed that, Expectation is same as perception on some categories like, country risk, Human resources and Social responsibility. Also, it is noticeable that, the Expectation and perception does not have much variance and have high Expectation and perception levels as compare to the Middle East region (Except GCC Countries).

Section	Attributes used for Analysis	Expectation	Perception	Difference of Expectation and Perception	p-value
Country Attractiveness	As a tourist destination	4.1	3.3	0.8	0.1
	Geographical location to attract business	4.3	4.3	-0.1	0.3
	English Language(usage, awareness and local/government support)	3.7	3.5	0.3	0.2
	Tendency to spend more money	4.3	4.1	0.1	0.4
Country Risk	Political Stability	4.5	4.2	0.3	0.1
	Ease of travelling to the country	4.2	4.3	-0.1	0.3
	Ease of travelling out of country	4.5	4.4	0.1	0.4
Governance	Legal assistance	4.4	3.9	0.4	0.5
	Government support to investors	4.4	4.3	0.1	0.2
	Government support to the employees	3.7	3.6	0.1	0.2
Corruption	Less Bribes in government entities	4.1	3.6	0.5	0.3
	Less Bribes in private entities	4.3	3.9	0.4	0.4
Social Responsibility	Focusing on Welfare to the public	4.3	4.3	0.0	0.3
	Promoting national heritage and culture	4.2	4.2	0.0	0.1
	interacting with local communities through Games sponsoring	3.7	3.8	-0.1	0.6
Human Resources	Availability of skilled Human resources	3.9	3.7	0.2	0.4
	Availability of un skilled Human resources	3.6	3.4	0.2	0.5
	Salary levels of skilled resources	4.1	3.9	0.2	0.4
	Ease of hiring local employees	3.9	3.7	0.2	0.5
	Ease of hiring foreign employees	4.4	4.4	0.0	0.2
	Availability of local training avenues	3.7	3.8	-0.1	0.5
Resources	Availability of natural resources (like minerals, raw materials, petroleum related products, agriculture etc.)	4.6	4.4	0.2	0.3
	Availability of Infrastructure (like roads, buildings, water and power supply, telecommunication assistance, network connectivity etc.)	4.6	4.7	-0.1	0.3
Vision	Future Plans - Long term investment/return	4.3	4.0	0.3	0.4
	Average	4.2	4.0	0.2	0.3

Category	KUWAIT	
	Expectation	Perception
Country Attractiveness	4.1	3.8
Country Risk	4.4	4.3
Governance	4.2	4.0
Corruption	4.2	3.7
Social Responsibility	4.1	4.1
Human Resources	3.9	3.8
Resources	4.6	4.6
Vision- Long term investment/return	4.3	4.0

In Kuwait, once the attributes are categorized, Natural Resources, infrastructure and Social Responsibility are the important factor than anything else. Investors are more inclined towards countries which are having more Natural Resources, infrastructure and with high Social Responsibility. As far as investment community is concerned, Kuwait is rich in natural resources and infrastructure with high Social Responsibility. Also, it is noticed that, Expectation is same as perception on some categories like, Natural Resources, infrastructure and Social Responsibility. Also; it is noticeable that, the Expectation and perception does not have much variance and have high Expectation and perception levels as compare to the Middle East region (Except GCC Countries).

Section	Attributes used for Analysis	Expectation	Perception	Difference of Expectation and Perception	p-value
Country Attractiveness	As a tourist destination	4.1	3.6	0.5	0.4
	Geographical location to attract business	4.2	4.2	0.0	0.3
	English Language(use, awareness and local/government support)	3.8	3.4	0.3	0.2
	Tendency to spend more money	4.0	3.9	0.1	0.2
Country Risk	Political Stability	4.8	4.6	0.2	0.1
	Ease of travelling to the country	4.3	4.8	-0.4	0.5
	Ease of travelling out of country	4.6	4.5	0.1	0.3
Governance	Legal assistance	4.2	3.6	0.6	0.4
	Government support to investors	4.2	4.0	0.2	0.2
	Government support to the employees	3.6	3.7	-0.1	0.2
Corruption	Less Bribes in government entities	3.9	3.4	0.5	0.5
	Less Bribes in private entities	4.1	4.1	0.1	0.3
Social Responsibility	Focusing on Welfare to the public	4.1	3.9	0.2	0.4
	Promoting national heritage and culture	4.3	4.3	0.0	0.3
	interacting with local communities through Games sponsoring	3.8	3.7	0.1	0.3
Human Resources	Availability of skilled Human resources	3.7	3.7	-0.1	0.5
	Availability of un skilled Human resources	4.2	3.8	0.4	0.2
	Salary levels of skilled resources	4.0	3.8	0.2	0.3
	Ease of hiring local employees	3.9	3.8	0.1	0.5
	Ease of hiring foreign employees	4.3	4.2	0.1	0.5
	Availability of local training avenues	3.8	3.5	0.3	0.5
Resources	Availability of natural resources (like minerals, raw materials, petroleum related products, agriculture etc.)	4.3	4.0	0.3	0.3
	Availability of Infrastructure (like roads, buildings, water and power supply, telecommunication assistance, network connectivity etc.)	4.5	4.6	0.0	0.2
Vision	Future Plans - Long term investment/return	4.2	3.9	0.3	0.5
	Average	4.1	3.9	0.2	0.3

Category	OMAN	
	Expectation	Perception
Country Attractiveness	4.0	3.8
Country Risk	4.6	4.6
Governance	4.0	3.7
Corruption	4.0	3.7
Social Responsibility	4.1	3.9
Human Resources	4.0	3.8
Resources	4.4	4.3
Vision- Long term investment/return	4.2	3.9

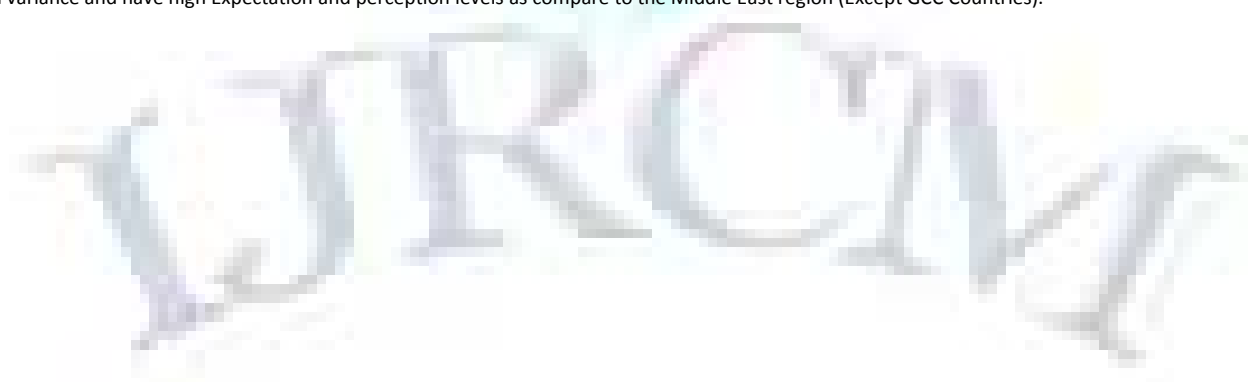
In Oman, once the attributes are categorized Country Risk is the important factor than anything else. Investors are more inclined towards countries which are having less Country Risk. As far as investment community is concerned, Oman is politically stable.



Section	Attributes used for Analysis	Expectation	Perception	Difference of Exception and Perception	p-value
Country Attractiveness	As a tourist destination	3.8	3.5	0.3	0.5
	Geographical location to attract business	4.3	4.5	-0.1	0.1
	English Language(use, awareness and local/government support)	3.9	3.4	0.5	0.4
	Tendency to spend more money	4.2	4.1	0.1	0.4
Country Risk	Political Stability	4.7	4.7	0.0	0.3
	Ease of travelling to the country	4.5	4.7	-0.2	0.5
	Ease of travelling out of country	4.7	4.9	-0.2	0.3
Governance	Legal assistance	4.1	3.9	0.2	0.3
	Government support to investors	4.3	4.2	0.1	0.4
	Government support to the employees	3.9	3.9	0.0	0.2
Corruption	Less Bribes in government entities	3.7	3.5	0.2	0.3
	Less Bribes in private entities	4.0	3.8	0.2	0.2
Social Responsibility	Focusing on Welfare to the public	4.3	4.1	0.2	0.2
	Promoting national heritage and culture	3.8	4.3	-0.5	0.0
	interacting with local communities through Games sponsoring	3.6	3.9	-0.2	0.2
Human Resources	Availability of skilled Human resources	4.1	4.1	0.0	0.3
	Availability of un skilled Human resources	3.8	3.7	0.1	0.2
	Salary levels of skilled resources	4.0	4.3	-0.3	0.4
	Ease of hiring local employees	4.3	4.2	0.2	0.5
	Ease of hiring foreign employees	4.3	4.5	-0.1	0.2
	Availability of local training avenues	3.8	4.0	-0.2	0.2
Resources	Availability of natural resources (like minerals, raw materials, petroleum related products, agriculture etc.)	4.4	4.5	-0.1	0.4
	Availability of Infrastructure (like roads, buildings, water and power supply, telecommunication assistance, network connectivity etc.)	4.8	4.8	-0.1	0.4
Vision	Future Plans - Long term investment/return	4.1	4.1	0.0	0.4
	Average	4.1	4.1	0.0	0.3

Category	QATAR	
	Expectation	Perception
Country Attractiveness	4.1	3.9
Country Risk	4.6	4.8
Governance	4.1	4.0
Corruption	3.8	3.6
Social Responsibility	3.9	4.1
Human Resources	4.0	4.1
Resources	4.6	4.7
Vision- Long term investment/return	4.1	4.1

In In Qatar, once the attributes are categorized, Natural Resources, infrastructure and Political stability are the important factor than anything else. Investors are more inclined towards countries which are having more Natural Resources, infrastructure and with high Political stability. As far as investment community is concerned, Qatar is rich in natural resources and infrastructure with high Political stability. Also, it is noticeable that, the Expectation and perception doesn't have much variance and have high Expectation and perception levels as compare to the Middle East region (Except GCC Countries).



Section	Attributes used for Analysis	Expectation	Perception	Difference of Expectation and Perception	p-value
Country Attractiveness	As a tourist destination	3.9	3.2	0.7	0.1
	Geographical location to attract business	4.6	4.3	0.2	0.2
	English Language(use, awareness and local/government support)	3.7	3.3	0.4	0.4
	Tendency to spend more money	4.1	4.3	-0.2	0.2
Country Risk	Political Stability	4.5	4.5	0.0	0.4
	Ease of travelling to the country	4.5	4.2	0.3	0.4
	Ease of travelling out of country	4.5	4.1	0.5	0.4
Governance	Legal assistance	4.1	3.8	0.3	0.4
	Government support to investors	3.8	4.1	-0.3	0.4
	Government support to the employees	3.8	3.7	0.1	0.3
Corruption	Less Bribes in government entities	4.1	3.9	0.2	0.2
	Less Bribes in private entities	4.1	3.8	0.3	0.5
Social Responsibility	Focusing on Welfare to the public	4.1	4.0	0.1	0.4
	Promoting national heritage and culture	3.8	3.9	-0.1	0.5
	interacting with local communities through Games sponsoring	3.7	3.9	-0.2	0.2
Human Resources	Availability of skilled Human resources	3.5	3.6	0.0	0.5
	Availability of un skilled Human resources	3.8	3.9	-0.1	0.3
	Salary levels of skilled resources	4.1	4.2	-0.1	0.3
	Ease of hiring local employees	3.9	3.9	0.0	0.3
	Ease of hiring foreign employees	4.5	4.6	-0.1	0.4
	Availability of local training avenues	3.6	3.8	-0.2	0.3
Resources	Availability of natural resources (like minerals, raw materials, petroleum related products, agriculture etc.)	4.7	5.0	-0.3	0.4
	Availability of Infrastructure (like roads, buildings, water and power supply, telecommunication assistance, network connectivity etc.)	4.4	4.4	0.0	0.4
Vision	Future Plans - Long term investment/return	4.5	4.1	0.4	0.3
	Average	4.1	4.0	0.1	0.4

	SAUDI ARABIA	
Category	Expectation	Perception
Country Attractiveness	4.0	3.8
Country Risk	4.5	4.2
Governance	3.9	3.9
Corruption	4.1	3.8
Social Responsibility	3.8	3.9
Human Resources	3.9	4.0
Resources	4.5	4.7
Vision- Long term investment/return	4.5	4.1

In Saudi Arabia, once the attributes are categorized, Natural Resources, infrastructure and Political stability are the important factor than anything else. Investors are more inclined towards countries which are having more Natural Resources, infrastructure and with high Political stability. As far as investment community is concerned, Saudi Arabia is rich in natural resources and infrastructure with high Political stability. Also, it is noticeable that, the Expectation and perception doesn't have much variance and have high Expectation and perception levels as compare to the Middle East region.

Section	Attributes used for Analysis	Expectation	Perception	Difference of Exception and Perception	p-value
Country Attractiveness	As a tourist destination	4.7	4.5	0.2	0.4
	Geographical location to attract business	4.8	4.7	0.0	0.4
	English Language(use, awareness and local/government support)	5.0	4.9	0.1	0.3
	Tendency to spend more money	4.7	4.5	0.1	0.2
Country Risk	Political Stability	5.0	5.0	0.0	0.4
	Ease of travelling to the country	5.2	5.2	0.0	0.2
	Ease of travelling out of country	5.2	5.1	0.1	0.4
Governance	Legal assistance	4.5	4.5	0.0	0.2
	Government support to investors	4.5	4.6	-0.1	0.3
	Government support to the employees	4.5	4.4	0.1	0.3
Corruption	Less Bribes in government entities	4.0	3.7	0.3	0.2
	Less Bribes in private entities	4.3	3.8	0.5	0.5
Social Responsibility	Focusing on Welfare to the public	4.6	4.3	0.3	0.3
	Promoting national heritage and culture	4.4	4.4	0.1	0.2
	interacting with local communities through Games sponsoring	4.5	4.4	0.0	0.1
Human Resources	Availability of skilled Human resources	4.3	4.3	0.0	0.4
	Availability of un skilled Human resources	3.8	3.7	0.1	0.4
	Salary levels of skilled resources	4.6	4.6	0.0	0.5
	Ease of hiring local employees	4.6	4.5	0.2	0.2
	Ease of hiring foreign employees	4.9	4.7	0.2	0.5
	Availability of local training avenues	4.5	4.6	-0.1	0.5
Resources	Availability of natural resources (like minerals, raw materials, petroleum related products, agriculture etc.)	4.7	4.6	0.2	0.5
	Availability of Infrastructure (like roads, buildings, water and power supply, telecommunication assistance, network connectivity etc.)	5.0	4.8	0.1	0.4
Vision	Future Plans - Long term investment/return	4.7	4.4	0.2	0.3
	Average	4.6	4.5	0.1	0.3

In In UAE, once the attributes are categorized, Natural Resources, infrastructure, Governance and Political stability are the important factor than anything else. Investors are more inclined towards countries which are having more Natural Resources, infrastructure, Governance and with high Political stability. As far as investment community is concerned, UAE is rich in natural resources and infrastructure, Governance with high Political stability. Also, it is noticeable that, the Expectation and perception doesn't have much variance and have high Expectation and perception levels as compare to the Middle East region.

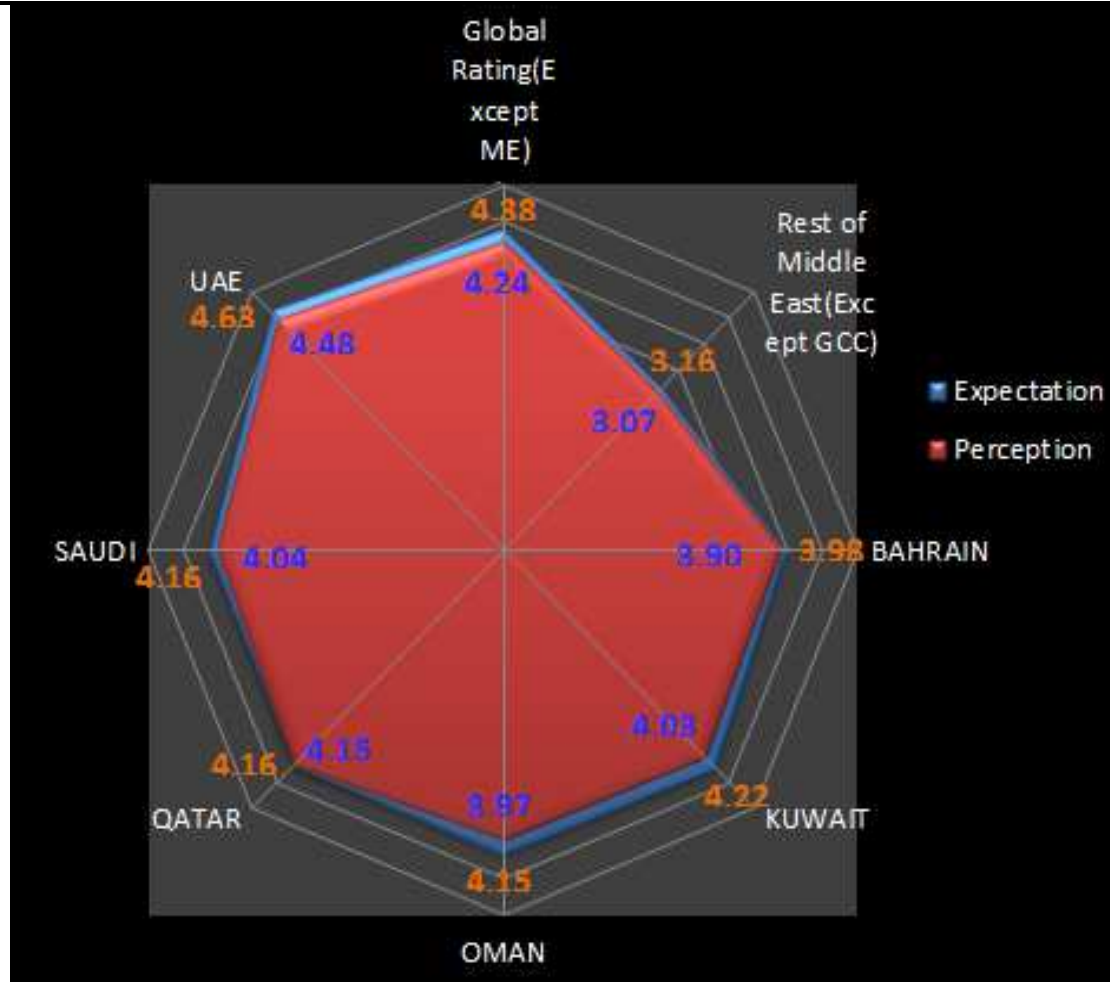
Category	UAE	
	Expectation	Perception
Country Attractiveness	4.8	4.7
Country Risk	5.1	5.1
Governance	4.5	4.5
Corruption	4.1	3.7
Social Responsibility	4.5	4.4
Human Resources	4.5	4.4
Resources	4.9	4.7
Vision- Long term investment/return	4.7	4.4

OVERALL EXPECTATION AND PERCEPTION

	Expectation	Perception	Difference
Globally (Except ME Region)	4.38	4.24	0.15
Middle East (Except GCC Countries)	3.16	3.07	0.09
Bahrain	3.98	3.90	0.08
Kuwait	4.22	4.03	0.19
Oman	4.15	3.97	0.18
Qatar	4.16	4.15	0.01
Saudi Arabia	4.16	4.04	0.11
UAE	4.63	4.48	0.15

RESULTS DISCUSSION AND FINDINGS

From the averages of all countries, Expectations and Perceptions of Middle east region (Except GCC Countries) is lesser than Global (Except Middle East Region) or GCC countries. Gap between Expectations and Perceptions of QATAR is far less than anybody else in GCC Countries. From the data analysis, it is concluded that, GCC countries are the best to invest when compares with Global (Except Middle East Region) and Middle East Region (Except GCC Countries).



CONCLUSION

Hence based on facts derived from the Analysis as shown before, GCC countries are the paradise for Foreign Direct investment Institutions. From the data, it's obvious that, the ratings given for the GCC countries are greater than Global countries (Except Middle East Region), which is greater than the Middle East region (Except GCC Countries). Also, it is important to note that, the ratings on Expectations and Perceptions are greater for GCC countries as compared to Global (Except Middle East region) or Middle East region (Except GCC countries). We found that, the Expectations and Perceptions of Foreign investors on United Arab Emirates are very high as compare to any other GCC countries; hence, FDIs can play a vital role in the growth of GCC countries, in the coming years.

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