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DETERMINANTS OF FOREIGN DIRECT INVESTMENT INFLOW IN ZIMBABWE

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ABSTRACT

In developing countries FDI explicitly an imperative component that fosters the desired performance of economic development. Zimbabwe has conversely experienced a predicament of low FDI inflows between 1990 and 2016, juxtaposed to other regional counterparts. This has contributed to inadequate economic growth in the post–independent era. The research therefore sought to analyze the determinants of foreign direct investment (FDI) in Zimbabwe for the period 2010-2016. The study derived a model grounded on the theoretical and empirical framework discussion, on factors that determine FDI inflows. The study applied Ordinary Least Square multiple regression analysis technique to estimate the FDI EQUATION FOR Zimbabwe using time-series data obtained from the UNCTAD, World Bank, IMF, ZSE and listed companies’ database. The empiric research concluded that overvalued stock market prices, significantly deterred FDI and global technological changes reduced the standard of infrastructure and FDI. On the other hand, current account deficit positively affected FDI insignificantly and political instability negatively affected FDI insignificantly. The study finally recommended listed companies to derive strategies that aim at improving stock market pricing efficiency and the government to formulate policies that instill investors’ confidence.