Faculty of Commerce

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THE CASUAL RELATIONSHIP BETWEEN THE CORRUPTION AND FOREIGN DIRECT INVESTMENT.

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ABSTRACT

The study was based on examining the casual relationship between corruption and FDI inflows in Zimbabwe. The researcher used various ideas from different authors who studied the area before in order to make a comprehensive analysis of the study. Data was collected from secondary sources and was analyzed in line with the study objectives. The data was collected, presented and analysed using the linear regression model. Linear regression analysis was used to measure the quantitative data which was analysed using the Statistical Package for Social Sciences (SPSS). The results from after conducting regression analysis concluded that corruption which was measured by GDP, PPN, EXP and CPI had a negative impact on FDIs. This was measured by FDI and DET. The results of the study showed that the coefficient of corruption perception index (CPI) was negative and significant at the 5 percent level, which meant that corruption dad a significant negative relationship with the total inflows of FDIs to the country. The study made recommendations to government to implement anti-corruption strategies and action plans in order to combat corruption and hence attract more FDIs into the country. On areas of further research, it was recommended that the study should also include other factors which affect FDIs other than corruption such inflation and government policies.