



Investigation marketing factors affecting foreign investment

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Abstract

The aim of the study is Investigation marketing factors affecting foreign investment. This study was a descriptive survey and the survey instrument was a researcher-made questionnaire. Statistical society was all of expert in commercial room of Iran. Sample size (۱۰۰ persons) determination is based on the Cochran formula and random sampling method was used. After data gathering, data analysis was performed using SPSS. Results showed that marketing factors has significant effect on foreign investment.

Key Words: Marketing factors, Foreign investment, Commercial Room of Iran

Introduction

Attracting foreign direct investment (FDI) has become an essential part of development strategies among developing countries and many researchers have tried to investigate FDI impacts on the host economy. Most of these studies can be divided into two main categories: direct approach and indirect approach. In direct approach, researchers have mostly concentrated on economic issues of FDI such as financial resources, capital formation, and tax relief. In indirect approach, studies often focus on the interaction between foreign enterprises and host national innovation system (NIS) in terms of technology transfer and capability building, technology spillover, human resource development, monetary externalities and so on (Lall and Narula, ۲۰۰۴). These studies claim that through spillover effect of FDI, host countries might be able to improve their technological capability, organizational efficiency and management skills and in some cases, start endogenous growth (Wei, ۲۰۰۰). Thus, it is vital for developing countries to identify the impacts of FDI on their economy in terms of technological capability building.

Marketing is used to recognize the customer, to assure the customer, and to keep the customer. With the customer as the focus of its operations, it can be find that marketing

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management is one of the important agents of business management. The term marketing meaning holds that access firm goals depends on knowing the requirements and wants of target markets and rendering the desired consents. It proposes that to satisfy its organizational aims, an organization should forecast the requirements and wants of users and assure these more effectively than rivals (Kotler et al., ۲۰۰۹).

The theoretical literature on the effects of FDI and economic growth identifies contrasting views from the neoclassical and the endogenous growth models. In the context of the neoclassical model of economic growth, the long-run growth could only result from technological progress and/or labor force growth, which are considered as exogenous. Some empirical studies, such as de Mello (۱۹۹۷) and Solow (۱۹۵۷) model the effects of FDI within this framework since it could stimulate economic growth if it influences technological progress positively and permanently. Under the assumption of diminishing returns to capital inputs, economies are converging to the same steady-state growth rate in neoclassical growth theory. FDI only affects growth in the short-run and leaves long-run growth unchanged. This lack of realism in the neoclassical models stimulated the development of the endogenous growth model, which many regard as a more appropriate model emphasizing the role of technological change.

Marketing is a very vital activity for the firm. In marketing a lot of replace activities are performed. Marketing includes the activities such as identification of requirements, research, market partitioning, product expansion, launching of goods, changing of products, elimination of products, product design, pricing, various types of pricing, promotion of goods and services, sales promotion, private selling, publicity, public associations, adverting, releasing of goods and services, consumer behavior, inner and international market covering, branding, packaging, labeling and many other activities. It is very important to have clear opinion about marketing activities. For easy realization and appropriate scheming of activities, the marketing activities are separated into four areas for products. These are placement, product, pricing and promotion.

Due to the importance of the topic, the purpose of the study is Investigation marketing factors affecting foreign investment. So the study tests the following hypothesis:

- ۱- Does technology affect foreign investment?
- ۲- Does behavior affect foreign investment?
- ۳- Do policies affect foreign investment?
- ۴- Does management affect foreign investment?



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Methodology

The present study is a descriptive one. Theoretical bases of the study were collected by reputable sites, books and related articles. The information and data for hypothesis testing were gathered by a researcher-made questionnaire. Statistical society was all of expert in commercial room of Iran. Sample size (۱۰۰ persons) determination is based on the Cochran formula and random sampling method was used. In this study, Validity and reliability of the questionnaire was approved. Validity of the questionnaire was accepted by expert opinion of university and reliability of that was calculated by Cronbach's alpha and the value of that was ۰,۸۱.

Before completing the questionnaire by the participants, basic description of the study and its objectives as well as additional details about the questions presented to them. Enough time to complete the questionnaire was provided to participants. Write the name and characteristics of participants for the questionnaire was not compulsory, so they can fully express their opinions. After gathering information from the questionnaires, the data were analyzed and results are discussed with the findings of previous studies. All of data were analyzed by SPSS software.

Results

Table ۱ shows descriptive statistics of participants. As showed by the table, males with ۸۸% participants are the highest sex of participants. Master participants with ۵۸% make the most and participants with job experience between ۱۱-۲۰ years are highest in the group of job experience.

Table ۱: Descriptive statistics of participants

| Statistics | | | | | | |
|----------------|--------------------|-----|---------------------|------|----------------------|-----|
| Sex | Female | | | Male | | |
| | ۲۲ | ۲۲% | ۸۸ | ۷۷% | | |
| Education | Bachelor | | Master | | Doctorate | |
| | ۲۹ | ۲۹% | ۵۸ | ۵۸% | ۱۲ | ۱۲% |
| Job Experience | Less than ۱۰ years | | Between ۱۱-۲۰ years | | Higher than ۲۰ years | |
| | ۲۱ | ۲۱% | ۴۵ | ۴۵% | ۳۴ | ۳۴% |
| Age | ۲۵-۳۵ years | | ۳۶-۴۵ years | | Higher than ۴۵ years | |
| | ۴۰ | ۴۰% | ۲۲ | ۲۲% | ۳۸ | ۳۸% |



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۱- Does technology affect foreign investment?

Since the test statistics is lower than table critical value at ۹۵ percent and corresponding confidence interval shows positive, this means the significant effect of technology on foreign investment.

Table ۲: The mean comparison based on the one-sample t test.

| Variables | Average | SD | t | sig | Confidence intervals ۹۵% | |
|------------|---------|-------|------|-------|--------------------------|--------------|
| | | | | | Lower bound | higher bound |
| Technology | ۱,۲۲ | ۰,۱۴۵ | ۱,۱۴ | ۰,۰۰۱ | ۰,۲۲۴ | ۰,۳۵۴ |

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۲- Does behavior affect foreign investment?

Since the test statistics is lower than table critical value at ۹۵ percent and corresponding confidence interval shows positive, this means the significant effect of behavior on foreign investment.

Table ۳: The mean comparison based on the one-sample t test.

| Variables | Average | SD | t | sig | Confidence intervals ۹۵% | |
|-----------|---------|-------|------|-------|--------------------------|--------------|
| | | | | | Lower bound | higher bound |
| behavior | ۲,۰۱ | ۰,۱۲۲ | ۴,۲۵ | ۰,۰۰۱ | ۰,۲۱۸ | ۰,۳۰۹ |

۳- Do policies affect foreign investment?

Since the test statistics is lower than table critical value at ۹۵ percent and corresponding confidence interval shows positive, this means the significant effect of policies affect foreign investment.



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Table ۴: The mean comparison based on the one-sample t test.

| Variables | Average | SD | t | sig | Confidence intervals ۹۵% | |
|-----------|---------|-------|------|-------|--------------------------|--------------|
| | | | | | Lower bound | higher bound |
| Policies | ۱,۳۵ | ۰,۲۰۱ | ۲,۴۳ | ۰,۰۰۱ | ۰,۲۲۳ | ۰,۳۶۷ |

۴- Does management affect foreign investment?

Since the test statistics is lower than table critical value at ۹۵ percent and corresponding confidence interval shows positive, this means the significant effect of management on foreign investment.

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Table ۴: The mean comparison based on the one-sample t test.

| Variables | Average | SD | t | sig | Confidence intervals ۹۵% | |
|------------|---------|-------|------|-------|--------------------------|--------------|
| | | | | | Lower bound | higher bound |
| Management | ۱,۳۴ | ۰,۱۲۳ | ۴,۰۱ | ۰,۰۰۱ | ۰,۱۷۸ | ۰,۲۸۷ |

Discussion

Results showed that marketing factors has significant effect on foreign investment. International transfers are significant features of the global economy. Foreign direct investment (FDI) is one of the most important components of such transfers. Being critical to the formation of capital in both developed as well as developing countries and much research into its impact has grown substantially over the years. Most countries, especially developing nations, target to attract FDI into their economies as they expect long-term economic growth from additional stable resources in host countries. There are some more fundamental reasons that support the attractiveness of FDI, such as advanced technology, skills, research and development (R&D) and know-how to host countries. These intangible assets would be useful



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for host countries to stimulate productivity and economic growth. FDI may also help to access foreign markets when host countries are used as an export platform to distribute products in the region. Hence, FDI appears to offer good characteristics ranging from a high degree of stability, financial resource augmentation, positive productivity effects and access to foreign market.

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