

1 The Impact of National Cultural Distance on Foreign Direct 2 Investment in Iraq

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6

7 **Abstract**

8 Political and security risks coupled with cultural distance have profound effects on foreign
9 investments by multi-national enterprises. A qualitative case study was conducted to
10 investigate the impact of cultural distance on foreign direct investment in the heterogeneous
11 and postconflict country of Iraq. Data were collected from interviews with 15 business and
12 government subject matter experts, and from a review of publically available documents. The
13 findings showed majority of foreign investment was from Arab countries and Iraq's neighbors.
14 There was limited investment by Western firms in Iraq, outside its oil and gas sector, and
15 those taking place were mainly in the housing construction market. Kurdistan region
16 attracted significant investment activities. Wholly-owned and joint ventures characterized
17 mode of entry by MNEs. Substantial number of investment licenses issued did not materialize
18 due to hurdles brought about by government agencies. Statistical data regarding the real
19 dollar amount of foreign investment in Iraq are still lacking. The findings showed an
20 important role played by Iraqi expatriates as facilitators of foreign investment. Implications to
21 other post conflict and heterogeneous countries are presented and recommendations made.

22

23 **Index terms**— foreign direct investment; iraq; post-conflict country; cultural distance; decision making;
24 multinational enterprises; international business.

25 **1 Introduction**

26 Post-conflict or in conflict countries, such as Iraq, are characterized by damaged economies and fragile states'
27 institutions that require rebuilding as a precondition for sustainable economic development (The World Bank,
28 2011). Foreign direct investment has become a valuable tool to rejuvenate industries, rebuild infrastructures,
29 and eventually aid in the process of peace building (Turner, Aginam & Popovski, 2008). However, international
30 business transactions involve interactions by individuals with different cultural value systems. Multinational
31 enterprises (MNEs) operating in different countries face the burden of adapting to local culture manifested by
32 the nation's political economy, people's customs, language, education, and religion (Tihanyi, Griffith & Russell,
33 2005). The difference between MNEs' home culture and that of their host countries of operation, that is, cultural
34 distance, has been addressed extensively by current literature (Drogendijk & Slangen, 2006; Fiberg & Loven,
35 2007; McSweeney, 2002; Rozkwitalska, 2013; Tihanyi et al., 2005). The underlying concept of cultural distance is
36 the effect on business relationships and management of MNEs by the behavior of people of different cultures.
37 Cultural distance has been used as an explanatory variable in the entry mode choices made by MNEs in a foreign
38 country (Fiberg & Loven, 2007).

39 According to Dunning's eclectic paradigm, a firm's ownership and internalization advantages, in addition
40 to locational advantages, are important determinants of foreign direct investment (FDI) choice of entry mode
41 (Dunning 2001). Existing literature on the role of location specific factors impacting FDI entry strategies (see
42 Figure 1) included host country political and security risks, market size, human capital, technological gap, cultural

3 RESEARCH METHOD

43 distance, state and economic institutions, corruption, natural resources, openness of economy, and banking system
44 ?? Post conflict countries, such as Iraq, and due to their political instability tend to attract smaller amounts of
45 FDI than those with more stable state and economic structures. In contrast to political and security risks, culture
46 is interacted in market actions and conditions in a given country through people's beliefs, traditions, customs,
47 practices, and value system (Keillor, Hauser & Griffin, 2009). ??ofstede (1983, p. 76) defined culture as "... its
48 essence is collective mental programming; it is that part of our conditioning that we share with other members
49 of our nation, region, or group but not with members of other nations, regions, or groups".

50 Large cultural distance limits a firm's ability to exploit its ownership advantages in foreign markets. Competing
51 against local companies would be difficult as is the case in managing local employees, customers, suppliers and
52 relationships with government officials. Acquiring local business will allow the foreign firm to understand the
53 host country's environment as well as establish the necessary local business networks (Hu et al., 2012). In host
54 countries where MNEs have strong technological advantages and international presence, greenfield and joint-
55 venture investments are utilized. MNEs have also relied on the skills and knowledge of host country expatriates
56 to manage operations in their countries of origin, although the number of those expatriates is small compared to
57 home country expatriates (Joshi & Ghosal, 2009). MNEs send their own home country employees to manage their
58 foreign operations in accordance with their home country culture (Patrick, Felicitas & Albaum, 2005). Those
59 home nationals, while lacking good understanding of local culture, tend to have a better understanding and greater
60 commitment to MNEs corporate goals than those hired locally (O'Donnell 2000). Due to MNEs preferring their
61 own home country expatriates to run their operations abroad, the role of host country expatriates in narrowing
62 the cultural distance between that of their employers and their countries of origin seems to be contingent on
63 availability of opportunities provided to them by their employers.

64 Cultural distance, as used by current literature, refers to differences between cultures of national groups; each
65 having their own characteristics of shared single dominant language, political system, educational system, army,
66 as well as shared mass media, market, and national symbols (Schwartz, 1999). In heterogeneous countries with
67 distinctive cultural groups (i.e. minorities), such as Iraq, the description of national culture referred to that of
68 the dominant majority group, and in case of Iraq, that of its Arab majority. Kurds, as the dominant ethnic group
69 in the semi-autonomous Kurdistan region of Iraq have a distinct culture compared to that of Iraqi Arabs, who
70 dominate other parts of the country.

71 As a post conflict country with ongoing low scale insurgency, Iraq suffers from violent activities of terrorists
72 groups that target civilian population as well as economic targets. The semi-autonomous Kurdistan region has
73 enjoyed a relative security compared to other parts of Iraq. Investment activities in Kurdistan region have been
74 more active compared to other parts of Iraq (Hanna, Hammoud & Russo-Converso, 2014).

75 This study addressed a need in current literature, that of the impact of host country distinctive cultures in
76 heterogeneous and post-conflict countries, such as Iraq, on foreign direct investment and its mode of market entry.
77 The research questions that were addressed are: 1. What is the impact of cultural distance on foreign direct
78 investment activities in the post-conflict country of Iraq? 2. How does cultural distance affect MNEs choice of
79 market entry mode in Iraq? 3. What is the role of regional differences in influencing MNEs decisions to invest
80 in Arab and Kurdish parts of Iraq?

81 The first research question will address impact of cultural distance in influencing MNEs decisions to invest
82 in the post-conflict country of Iraq. The second question will address the choice of mode of market entry (e.g.
83 greenfield investment, joint ventures or Merger and Acquisitions) foreign direct investments take in Iraq. The
84 third question will address the role of regional differences in influencing MNEs decisions to invest in a particular
85 region of the host country.

86 2 II.

87 3 Research Method

88 This study utilized a qualitative research method and explorative case study design to answer the research
89 questions. Qualitative research examines a setting or a phenomenon from the perspective of deep understanding
90 rather than micro-analysis of limited variables, as the case is with quantitative research. Instead of trying to
91 prove or disprove a hypothesis, qualitative research seeks themes, theories, and general patterns to emerge from
92 the data. Qualitative research is "hypothesis generating" ??Merriam, 1988, p. 3) rather than hypothesis testing
93 as is the case with quantitative research.

94 Despite the limitations of a single-country study, each case produces a more detailed picture and provides
95 practical policy inferences. Single case study could be used as a comparative method when using "concepts
96 that are applicable to other countries to make larger inferences beyond the original country used in the study"
97 ??Landman, 2008, p. 28). Case study was chosen due to the need for an in-depth understanding of cultural
98 distance, as a locational factor, and the challenges facing FDI in a heterogeneous and post-conflict country,
99 such as Iraq. The primary data for the case study were collected through one-on-one interviews with subject
100 matter experts (SMEs) while secondary data were collected through conducting a review of publicly available
101 documents (e.g. reports by government agencies and private organizations). As with all data, analysis and
102 interpretations were required to bring order and understanding.

103 Determining sample size in qualitative studies is based on the concept of saturation when the collection of

104 new data does not shed any further light on the issue under investigation (Sandelowski, 1995). To ensure most
105 or all important perceptions are covered, qualitative samples must be large enough but not too large to cause
106 data to be repetitive, and eventually redundant (Mason, 2010). In purposeful sampling, a small sample that
107 has been systematically selected for typicality and relative homogeneity provides far more confidence that the
108 conclusions adequately represent the average members of the population than does a sample of the size that
109 incorporates substantial random or accidental variation (Maxwell, 1998). Based on the research topic, a sample
110 size of 15 SMEs was sufficient to satisfy the concept of data saturation and to meet the research purpose. The
111 participants were Iraqi government officials, employees of MNEs investing in Iraq, and members of the academia
112 or professionals familiar with the topic. The selection of SMEs was based on the demonstrated knowledge by
113 the selectee of foreign direct investment and Iraq reflected either by job position or publications that confirm
114 knowledge in the subject area. Employees of MNEs were chosen for their professional knowledge in the subject
115 rather than as representatives of their respective employers. The interviewees were solicited to explain SMEs'
116 views on what they consider to be the factors impacting FDI in Iraq, specifically cultural distance, and why they
117 believe so. A semi-structured and an in-depth interviewing format were utilized for the collection of data.

118 Interviewing was performed in Iraq. English was the main language of interviewing, however, in interviewing
119 Iraqi officials, Arabic language was used when appropriate. The researchers were well versed in both Arabic and
120 English with native-level proficiency in both languages, and were well aware of cultural sensitivities and practices.
121 Most Iraqi officials

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123 Volume XIV Issue IV Version I Year () interviewed were English-speaking individuals, having been educated in
124 English-speaking western nations.

125 Data processing consisted of carrying out activities such as checking the completeness and quality of collected
126 data, checking the relationships between data items (e.g., interviews, field notes, reports), and preservation of
127 source confidentiality and anonymity. Data were then converted into electronic text format suitable for both
128 preservation and dissemination. Data analysis included a description of sample population, coding of collected
129 data, displaying of data summaries to facilitate interpretations, drawing conclusions, and finally developing
130 strategies for confirmation of the findings.

131 **5 III.**

132 **6 Research Results**

133 All the 15 participants (SMEs) lived and/or worked in Iraq, where the interviewing took place. Table 1 is a
134 display of interview participants' qualifications. Pseudonyms A1 thru A15 were assigned in order to protect
135 confidentiality of the participants; it was the responsibility of the researchers to ensure no data were linked
136 back to anyone individual. Nine (or 60%) out of the 15 participants agreed with the concept that Kurdish
137 political and group culture is more open to FDI than that of Iraqi Arabs. Also, an overwhelming responses of
138 participants 13 (or 87%) out of the 15 thought foreign firms faced less obstacles in conducting their business in
139 Kurdistan compared to other parts of Iraq. Participants attributed that to policies and commitment of Kurdistan
140 Regional Government (KRG) to attracting FDI to the region. For the same period of 2011-2013 the total value of
141 investment licenses issued by KBI also showed a steady increase and amounted to \$3.2 billion in 2011, \$5.8 billion
142 in 2012 and \$12.4 billion in year 2013. In contrast KBI more than doubled the number of licenses issued in 2013
143 compared to those issued in 2007. In 2011, there were 80 licenses issued totaling in value \$3.2 billion, while those
144 in 2013 were 129 licenses totaling \$12.4 billion. While the total value of investment more than quadrupled in
145 2013 compared to 2011, this increase in investment value in Kurdistan was attributed to two major investments,
146 one by UAE investors and the other by a joint Iraq/Iran venture. The two licenses were worth a total of \$4.4
147 billion.

148 The data in Tables 3 and 4 show investments by foreign entities including those of limited number of Western
149 and Asian firms (refer to Table 6 for a breakdown by foreign nationality). While one could argue that political
150 instability in Iraq was the reason for the reluctance of Western firms to invest, the relative stability of Kurdistan
151 region gives more credence to factors such as cultural distance. Further, most of the foreign investments reported
152 in Tables 3 and 4 were in Iraq's real estate sector rather than in its industrial. Table 5 shows the value of licenses
153 issued by NIC and KBI to foreign investors interested in wholly-owned real estate construction projects. The
154 percentage of foreign investment in the housing sector that were issued by NIC were 82.6%, 94.2% and 96.4%
155 of total value of licenses issued to foreign investors for the years 2011, 2012, and 2013 respectively. While those
156 issued by KBI were 94.6%, 81%, and 99.3% for years 2011, 2012, and 2013 respectively.

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158 Volume XIV Issue IV Version I Year () Investment in a real estate construction projects does not qualify as FDI
159 since it is an investment made for quick profit, and where investors' relationship with the project comes to an
160 end as soon as construction is completed and the housing project is sold to prospective buyers. Such projects
161 hold no long-term interests by the foreign investors as is required for projects to qualify as FDI. It should also

162 be noted that data shown in Tables 3 and 4 excluded investment licenses issued for firms investing in Iraq's oil
163 and gas sectors. Both the NIC and KBI charters exclude them from issuing such licenses. Currently, and until
164 the time the Hydrocarbon law is approved by Iraqi parliament, all work with foreign oil companies is conducted
165 by Iraq's Ministry of Oil and Kurdistan Regional Government.

166 Table 6 shows the nationality of foreign firms that were issued investment licenses by Iraqi NIC and KBI. The
167 findings showed most of foreign investors in Iraq were Arabs, Turks, and Iranians indicating a closer proximity
168 to Iraq's culture. This confirms that cultural distance as locational factor attracts investors when the cultural
169 difference is small. The data showed limited number of investors from countries with a large cultural distance
170 with that of Iraqis, Arabs, or Kurds. The number of licenses (greenfield projects) issued for Western and Asian
171 firms investing in Iraq (including Kurdistan), as shown in Table 6, and for Year 2011 were a total of 13 licenses
172 (29.5% of total foreign issued) compared to 31 for Arabs, Turks, and Iranians, while for Year 2012 there were 14
173 licenses (34% of total foreign issued) and 27 respectively. For Year 2013, there were 5 licenses (15.6% of total
174 foreign issued) issued to western firms compared to 27 for Arab, Turkish, Iranian and Asian firms. It should be
175 noted that not all licenses issued to foreign investors were actually "foreign".

176 While data in Table 6 shows a combined total of eight licenses issued by NIC and KBI during 2011-2013 for
177 investors from the United States, it's the opinion of the authors that four of them were actually issued to Iraqi
178 expatriates rather than US nationals. The other four licenses issued under USA were two for 2011 worth \$59.6
179 million that was not acted upon and cancelled (see Table 7) and another worth \$300,000 (both issued by NIC).
180 The other two for 2012, were the same \$300,000 license reported again (hence, should be discarded) and a Hilton
181 Hotel worth \$14.8 million (issued by KBI). Same could be said about investors from Germany. The two licenses
182 issued in 2011 and 2012 by KBI were for Iraqi expatriates (of Kurdish ethnicity). Only the license issued by NIC
183 in 2011 and worth \$223 million could be attributed to a true German firm. It should also be noted that the total
184 value of licenses issued by NIC for Asian firms (Korean, Chinese and Indian) for Year 2012 were worth \$9.198
185 billion (mainly due to Korean planned investment of \$7.75 billion) and for Year 2011 was worth \$303.3 million
186 (Korean and Chinese). In 2013, NIC issued an investment license worth \$450 million to an Indian firm, while
187 those issued to Slovenian, British, Dutch, and Brazilian were worth a total of \$433 million. Kurdistan Board of
188 Investment issued in 2013 one license to an American investor (an Iraqi expatriate) worth \$2.5 million.

189 Slovenia (1), UAE

190 , Britain (1), Iran (1), Brazil (1), India (1), Holland

191 Turkey (5), USA (2), Germany (1), Lebanon (1), Turkey (3), USA (2), Germany (1), Lebanon (2), UAE(1)

192 **Russia (1), Iran (1), Georgia (1)**

193 Turkey (3), USA (1), Lebanon (1), Iran

194 Note. *Data from unpublished reports (in Arabic) by NIC; "NIC Achievements for Year 2011", "NIC
195 Achievements for Year 2012", "NIC Achievements for Year 2013" and by Kurdistan Board of Investment (2014).
196 It should be noted that issuing licenses is no guarantee of start of work and many of those issued by NIC ended
197 up not being acted upon due to problems faced by investors. Actually, according to NIC unpublished report of
198 "NIC Achievements in Year 2013" (in Arabic) that was provided to researchers, the total value of licenses facing
199 problems and on hold was \$26.8 billion or 98.8% of the total issued of \$27.3 billion. For Year 2012, those on
200 hold were worth \$6.9 billion or 39.48% of total issued of \$17.6 billion. This is a substantial number of investment
201 licenses not acted upon due to hurdles brought about by government agencies. Table 7 shows three licenses issued
202 by NIC in 2011 totaling over \$213 million that were investigated by researchers and shown as not acted upon
203 by foreign investors due to hurdles created by Ministry of Electricity that was resisting at the time, any role by
204 private investors in the electricity sector. ** barrels per day (bpd).

205 Table 8 shows wholly owned firms by MNE with major equity owned by Iraqi expatriates. Mass Global, the
206 owner of all three privately-owned power plants in Kurdistan has its capital funded by a group of Iraqi and foreign
207 investors. Same could be said about the KAR Group the owner of an oil refinery in Erbil and a holder of a major
208 profit sharing contract (PSC) oil contract in Kirkuk area. The two Iraqi expatriates (of Kurdish ethnicity) own
209 four out of the six wholly-owned projects in Iraq. The findings of this study showed no investment licenses issued
210 by NIC to local Iraqi Arabs allowing them to invest in power plants or refineries, and whether such applications
211 were made was not clear.

212 While investigation of the role of expatriates was not an intended research question to answer, however, the
213 findings of this study showed it as an important feature of FDI investment in Iraq. The findings agree with
214 existing literature (Dobrai, Farkas, Karoliny & Poor, 2012; Wang, Tong, Chen, ??im & Hyondong, 2009). In the
215 case of Iraq, at least, expatriate nationals were more willing to waive the political risks and uncertainties in their
216 country of birth and invest there. Their extensive knowledge of their original country (culture, language, how
217 the system works, etc.) have provided them with the necessary tools to make the right business contacts, work,
218 and navigate easily within the system. Personal contacts play important role in business transactions around the
219 world, and in a developing society like Iraq, where communal rather than individualistic culture dominates,

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221 Volume XIV Issue IV Version I Year () those contacts play a more critical role in facilitating those business
222 transactions and resolving problems along the way. Table 9 shows the nationality of joint ventures for years
223 2011-2013. Three investments were made by Iraqi expatriates in joint ventures with their co-nationals. While

224 NIC data reported the joint ventures by citizenship of the investors, it's also possible that certain reporting
225 indicated as "foreign" might also refer to an Iraqi expatriate investing in his/her country of origin. The same
226 could be said about reporting by Kurdistan Board of Investment.

227 It's noteworthy from results of Table 9 that cultural distance is small or non-existent in the case of joint
228 venture licenses issued by NIC in 2011-2013, while those issued by KBI showed several foreign firms willing to
229 partner with Kurdish investors. These findings confirmed earlier results of those of green field investments shown
230 in Table 6. The data also shows the limited if almost non-existence of any joint venture projects with nationals of
231 Western nations. This fact strongly points to the cultural estrangement that characterizes investment activities
232 by Western firms in Middle Eastern countries, such as Iraq.

233 IV.

234 9 Conclusions

235 This study investigated the effects of cultural distance on foreign direct investment and its mode of entry that
236 foreign investors choose to make in the post conflict country of Iraq. While parts of Iraq are scene for active
237 insurgency, Kurdistan region has been relatively more secure. Most of the foreign investors were from Arab
238 countries that share same culture and language of that of dominant group in Iraq, as well as from Iraq's neighbors.
239 The findings of this study showed foreign investors interested in Iraq included small number of Western firms'
240 demonstrating that cultural distance play an important role in investment decisions by MNEs. Limited number
241 of joint venture licenses was issued by both Iraqi NIC and KBI. Some of those wholly-owned and joint ventures
242 were between Iraqi expatriates and their local partners in their country of origin.

243 Concerns with political instability and security continue to be the driving forces behind types of investment
244 Iraq is attracting. The findings of this case study showed investments (excluding that in natural resources)
245 by western MNEs in the post-conflict country of Iraq, were limited if not totally insignificant to its economic
246 reconstruction. Despite their seeking shortterm engagements, such as those in the housing sector, Asian firms
247 showed greater propensity to accepting higher risks and willingness to invest in Iraq, unlike their western counter
248 parts that were mainly interested in Iraq's oil and gas sector and showed no inclination to invest in other sectors
249 of Iraq's economy. The findings of this study suggest that post-conflict countries should direct their efforts (at
250 least until stabilization of their economic, institutional and regulatory conditions was achieved) to attracting FDI
251 from neighboring countries or those of smaller cultural distance.

252 Substantial number of licenses issued by NIC ended up being cancelled or put on hold indefinitely due to
253 hurdles caused by government agencies. Statistical data provided by NIC (pre-2012) do not account for such
254 inactive or cancelled licenses. While total dollar amount of licenses issued by both NIC and KBI show continuous
255 attraction of foreign investors to the Iraqi market, data about the final number of licenses that were acted upon
256 along with the final dollar figure of actual foreign investment in Iraq is still lacking.

257 Most of foreign investments in Iraq did not qualify as foreign direct investment due to inclinations by investors
258 to engage in quick turn-around projects that yield fast profits and limit their exposure to long term risks. Concerns
259 with political instability and security are driving forces behind types of investment the post conflict country of
260 Iraq is attracting. It also reflects the view that foreign investors lack confidence in Iraq's industrial sector and
261 its pool of skilled labor or lack of. Iraq lost thousands of engineers and skilled labor who left the country due
262 to the continuous internal strives. This in turn adds credence to the role the state has to continue to play in
263 the economic development of post conflict countries. Unless major steps are taken by Iraq to divert substantial
264 amounts of its oil proceeds into the industrial sector, Iraq and other post conflict countries with abundance of
265 oil (or other natural resources) will continue to depend in the foreseeable future on goods manufactured by more
266 advanced countries. Their economies will continue to be, in large part, a consumer of industrial products from
267 developed economies and will continue to lag behind technological development.

268 The phenomenon of expatriates playing the role of advocates for FDI should be encouraged by all governments
269 of post conflict countries. The role played by Iraqi expatriates in influencing their employers' decision to invest in
270 their country of origin highlighted a variable of the ownership advantages that has not been addressed adequately
271 by scholars investigating the OLI paradigm. The case of Kurdistan showed that in order to harness the technical
272 expertise and financial power of expatriates, it is important to create the necessary conditions to encourage
273 their return. Expatriates could bring a much needed talent that could help in the economic reconstruction
274 and development of post conflict countries. Creating a peaceful environment, clear commitment to economic
275 development and transparent policies that address corruption, as well as providing a legal framework that could
276 adequately resolve disputes are but few of those policies that would go long ways to meet the needs of returning
277 expatriates.

278 Since this qualitative method defined and explained the constructs under exploration, a quantitative method
279 could be utilized in the future to test the relationship between cultural distance, as a distinctive locational factor,
280 and FDI inflows as well as its relationship with MNEs choice of mode of entry. It's recommended that this type
281 of quantitative research be developed to further examine the effects of cultural distance on performance of FDI
282 in Iraq.

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Figure 1:

284

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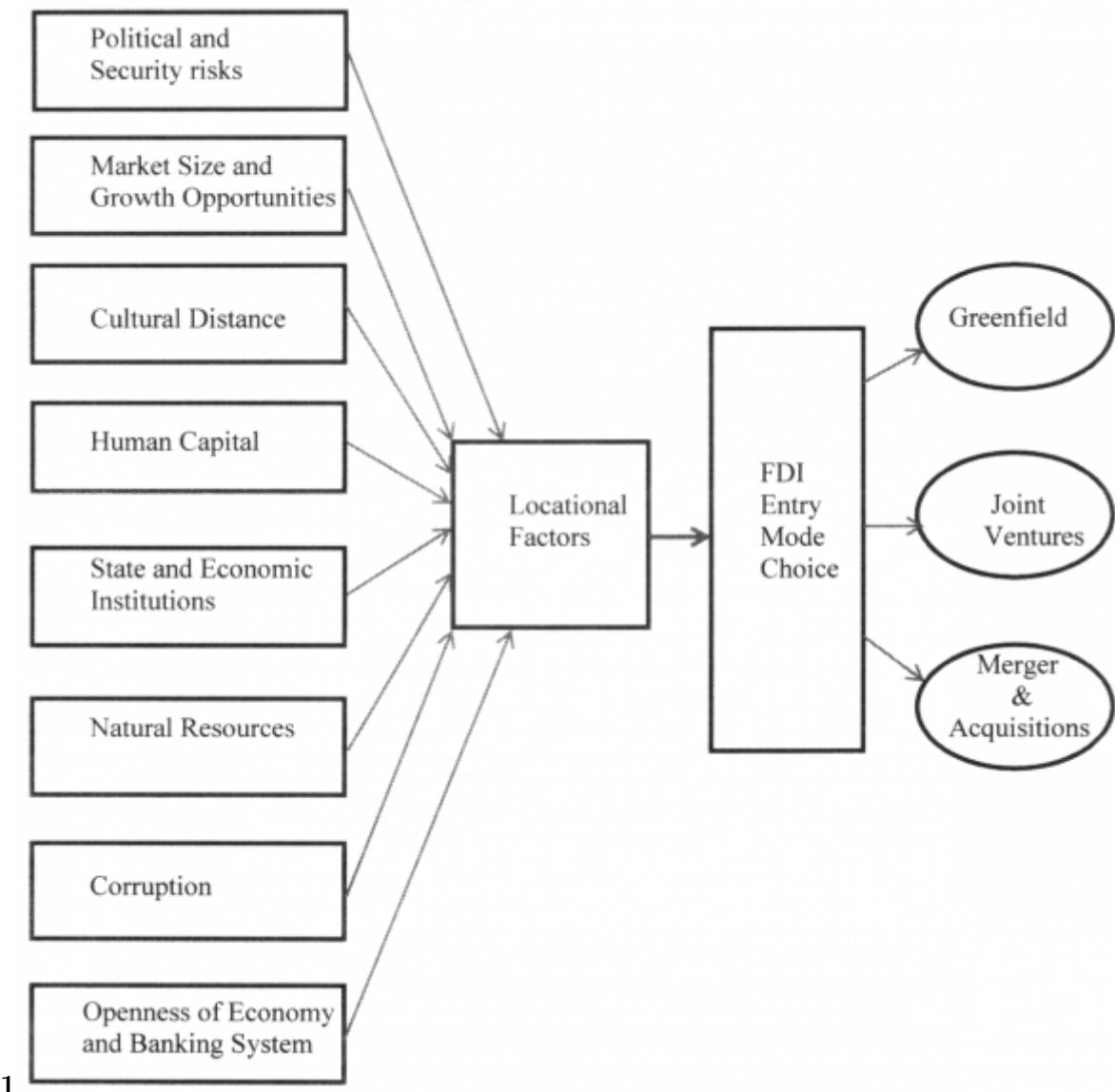


Figure 2: Figure 1 :

1

Participant Pseudonym	Qualifications
A1	Member of Iraqi Parliament (chairman parliamentary committee)
A2	Member of Iraqi Parliament
A3, A4	Member of Advisory Commission - Iraqi Prime Minister's Office
A5, A6, A7	Employee (A5 a manager) of Iraq National Investment Commission -Council of Ministers
A8	Manager, Iraq's Ministry of Oil
A9	Manager, Iraq's Ministry of Electricity
A10	Manager, Economic Iraq's Council of Ministers
A11*,A12*, A13*	Managers (A13 was Vice Pres- ident) at foreign oil companies investing in Iraq
A14	Manager, Board of Investment - Kurdistan Regional Government (KRG) -Iraq
A15*	Consultant, employee of a German firm providing advice on investment policy to Board of Investment, KRG -Iraq

Note. *Participant's firm will not be declared, since the individual participated as a SME rather than representative of his company.

Figure 3: Table 1 :

2

Figure 4: Table 2

2

Factor Name	Number of participant	Number of Participants
	agreeing	disagreeing
Political stability was the reason for larger FDI inflows in Kurdistan compared to other parts of Iraq	9	6
Kurdish political and group culture more open to FDI than Iraqi Arab	9	6
Kurdistan	Regional	2
Govern-ment policies are more committed to FDI government	thaifederal	

Figure 5: Table 2 :

3

Investors' Nationality	2007	2008	2009	2010	2011	2012	2013
Foreign	735	273	129	1,069	288	602	2,444
Joint Venture	457	148	13	129	278	20	2,750
National	2,773	1,605	4,022	3,686	2,637	5,240	7,225
Total value	3,966	2,026	4,164	4,883	3,204	5,863	12,419
Number of lice-nses issued	51	63	76	107	80	136	129

Note. *

Figure 6: Table 3 :

4

Investors' Nationality	2011	2012	2013
Foreign	3,443	10,129	22,074
Joint Venture	295	292	166
National	7,365	7,208	5,075
Total value	11,103	17,630	27,315
Number of licenses issued	300	238	159

Note. *Data from unpublished reports (in Arabic) by NIC; "NIC Achievements for Year 2011", "NIC Achievements for Year 2012", "NIC Achievements for Year 2013".

Figure 7: Table 4 :

5

Amount in	2011		2012		2013	
	Total	Amount	Total	Amount	Total	in
Housing			Foreign	Housing	Foreign	Housing
Kurdistan	233	246	528	651	2,824	2,843
Region			Invested	Invested	Invested	
Iraq		2,910	3,520	9,386	9,963	21,285
(excluding						22,074
Kurdistan)						

Note. *Data from unpublished reports (in Arabic) by NIC; "NIC Achievements for Year 2011", "NIC Achievements for Year 2012", "NIC Achievements for Year 2013" and by Kurdistan Board of Investment (2014).

Figure 8: Table 5 :

6

Iraq (excluding Kurdistan)	2011	2012	Kurdistan	2013
Turkey (16), USA (3), Germany (1), Lebanon (2), UAE (5), China (1), Kuwait (2), Italy (1), Denmark (1), Romania (1), Spain (1), Korea (1), Britain (1)		South Korea (1), Canada (1), China (2), Iran (2), India (1), USA (3), Lebanon (3)		
		Turkey (3), Kuwait (2), UAE (6), Finland		

Figure 9: Table 6 :

7

Project	Investing company	Nationality of investor	Amount of Investment	Province
Providing 150 MW of electricity	Dao al-Jameeh Company	United Arab Emirates	\$125.5	Basra
Providing 50 MW of electricity	US Industrial Services	USA	\$59.6	Basra
Building power station Rotam Group Note.		Turkish	\$28.2	Najaf

[Note: *Data from unpublished report (in Arabic) by NIC- "NIC Achievements for Year 2011".]

Figure 10: Table 7 :

8

Kurdistan Region*.		Plant	Total Capacity
Name of firm with equity owned by expatriate			
Mass Group Holding		Three power plants	2.0 GW
KAR Group		One oil refinery	80,000 bpd*

[Note: *Note. *All plants are wholly-owned and operated.]

Figure 11: Table 8 :

9

Iraq (excluding Kurdistan)	2011	2012	Kurdistan Region			
			2013	2011	2012	2013
Iraqi/Greek (Iraqi expatriate)		Iraqi/Turkish	Iraqi/ British	Turkish	Iraqi/Dutch	Iraqi/German
Iraqi/Lebanese		Iraqi/Lebanese	Iraqi/Lebanese			
Iraqi/Turkish		Iraqi/Austria (Iraqi expatriate)	Iraqi/Spanish	Iraqi/Palestinian	Iraqi/Turkish	Iraqi/Jordanian
Iraqi/Egyptian		Iraqi/Romanian	Iraqi/Jordanian	Iraqi/Turkish	Iraqi/UAE	Iraqi/Iranian
Iraqi/Egyptian		Iraqi/Canadian (Iraqi expatriate)	Iraqi/Korean/Canadian			

Note. *Data from unpublished report (in Arabic) by NIC, "NIC Achievements for Year 2011", "Achievements 2012", and Kurdistan Board of Investment (2014).

Figure 12: Table 9 :

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287 the People's Republic of China'. S P Patrick , U E Felicitas , G Albaum . 10.1108/02651330510581163.
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