FOREIGN DIRECT INVESTMENT PROMOTION: USING ADVERTISING TO CHANGE ATTITUDES AND BEHAVIORS

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The purpose of this research is to examine how advertising influences managerial perceptions of countries as a place to build, establish, or purchase a business in foreign locations. Principles from John Dunning's OLI theory frame the discussion. Using an online survey method, we exposed managers with investment and real estate selection responsibilities to two advertisements from 15 different countries seeking foreign direct investment (FDI). The results indicate that FDI-seeking advertisements are effective in changing managerial attitudes and behavioral intentions toward the advertising country, even with only one exposure. Specifically, the advertisements that presented strong arguments for market attractiveness or highlighted firm-strategic assets were the most effective in changing managerial attitudes. For changes in behavioral intentions, strong arguments for strategic assets led managers to indicate that they would seek additional information and recommend the country be placed on the firm's list of potential locations for FDI. Findings from this study offer investment promotion managers insights into how FDI advertising affects managerial attitudes and behavioral intentions that can assist a country in being placed into a manager's consideration set. The paper is the first to provide an assessment of FDI advertising effectiveness, and does so using actual site selection managers. This research also successfully applies an international business theory to a study of international advertising content.

INTRODUCTION

The amount of inward foreign direct investment (FDI) in the world amounted to $1.45 trillion in 2013 (World Bank, 2014). Governmental leaders understand that obtaining a share of this FDI represents one of the best ways to spur economic growth. Doing so can include increased tax revenues and employment rates as well as the transfer of foreign technology and know-how to a local market (Harding & Javorcik, 2011). To capture their share, some governments have established investment promotion agencies (IPAs) whose main objective is to attract foreign investors through marketing activities known as FDI promotion (Morisset, 2003).

The size of FDI promotion budgets varies by region and country income levels. Annual budgets range from an average of $550,000 in low-income countries to $9 million for high-income countries (Morissett & Johnson, 2004). Some are as high as $27 million with nearly 38% of the funds allocated to image-based activities. FDI advertising can be quite sophisticated utilizing multiple executions and multi-year, multi-media campaigns (Wilson & Baack, 2012). Sparse research regarding FDI promotion exists, especially of foreign direct investment advertising, which suggests a gap in the literature (Dinnie, 2004; Papadopoulos & Heslop, 2002).

The lack of research in the FDI and advertising literature areas stems from two different but related sources. First, researchers appear to have a greater interest in issues pertaining to the firm, such as understanding the motivations, successes, and characteristics of multinational enterprises engaged in international investments. Consequently, studies focus less on understanding the motivations and characteristics of countries seeking to attract FDI. Second, a few prominent authors in the field of nation branding suggest that FDI advertising is a wasted effort, which likely discourages further investigation. These authors argue that country images are too complex and that FDI advertising constitutes only one component that cannot change investor perceptions by itself (Anholt, 2003, 2005).

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Others claim managers are too rational to be influenced by FDI advertising (Papadopoulos & Heslop, 2001).

Our research serves two purposes. First, it seeks to address the gap within the FDI and advertising literatures by studying the perceptual factors that influence country selection (e.g., advertising). Second, this study assesses the efficacy of FDI advertising and addresses claims that such advertising will be ineffective in changing managerial attitudes or behavioral intentions regarding an investment location. To accomplish this, Dunning's (1998) Eclectic Theory or OLI serves as the basis of this investigation. In doing so, this work answers calls for more applications of international business theories to global advertising issues (Taylor, 2010). This study presents actual FDI advertisements to site selection managers using an online survey instrument. Their evaluations provide insights and offer significant theoretical and managerial implications.

LITERATURE REVIEW

FDI Promotion

Many factors affect the selection of a country for foreign investment. One factor, FDI promotion, includes every marketing activity designed to attract the building, establishing, or purchasing of a business in a foreign country (Wells & Wint, 2000). FDI promotion can be categorized into one of four types of activities: image-building, investment-generating, investment-servicing, and policy advocacy (Morisset, 2003; Morisset & Johnson, 2004; Wells & Wint, 2000). Image-building activities attempt to change the perceptions potential investors hold regarding a market and include advertising and public relations activities. Investment-generating activities generate leads within specific industries and companies. Marketing activities include direct mail, telemarketing efforts, and seminars. Investment -servicing activities provide investors with information useful to the decision-making process both pre- and post-site selection, including investment counseling and permit expediting. Policy advocacy takes place when an agency lobbies a government and supports initiatives to improve its country's investment climate.

Research indicates that FDI promotion can help increase investment into a market. Policy advocacy has demonstrated the greatest impact on FDI expenditures, followed by image-building activities (Morisset, 2003). From a more targeted perspective, marketing activities directed toward particular sectors generates twice as much FDI budgets as non-industry-specific marketing efforts (Harding & Javorcik, 2011). Developing nations appear to benefit the most from FDI promotion. Negative investor perceptions such as thoughts pertaining to corruption, bureaucracy, and language barriers plague many developing countries. FDI activities soften the impact of these perceptions (Harding & Javorcik, 2011). FDI promotion effectiveness can be accentuated by an investment promotion agency (IPA) (Harding & Javorcik, 2012).

FDI advertising is a specialized form of FDI promotion, which industry research categorizes as an image-building activity. It can also be used for investment generation. FDI advertising tries to shape country perceptions, add countries to investors' consideration sets, and seeks to provide investors with information (Charlton & Davis, 2007; Papadopoulos & Heslop, 2002; Wells & Wint, 2000). These messages can also announce future investment generating activities such as trade missions or a government's new attitude toward FDI (Johnson, 2006).

One study of FDI advertising included a content analysis of 546 ads appearing in four leading U. S. business magazines over a 55-month period (Wilson & Baack, 2012). Findings indicate that high-income countries advertised more frequently than middle- or low-income nations. Higher-income countries tended to use image-based advertising rather than fact-oriented appeals.

Location Advantages and Site Selection

To better understand the efficacy of FDI advertising, we use the location advantage component of the eclectic or OLI (ownership, location, internationalization) theory (Dunning, 1988; 1998). We focus solely on location advantages because our unit of analysis is at the country level, and the advantages of countries are better explained by their location characteristics rather than ownership and internalization advantages, which are firm-level variables (Rugman, 2010). From an FDI perspective, countries are the collection of their location advantages. Precedence exists for utilizing only location advantages when discussing country-specific advantages (c.f. Dunning, 1988; Ellram, Tate, & Peterson, 2013) and in analyzing FDI advertising (Wilson & Baack, 2012).

Location advantages play a key role during site selection, as managers match the project's specific requirements with the benefits potential locations offer (MIGA, 2006). FDI advertising influences the earliest parts of site selection, when managers develop the list of potential investment locations. In these circumstances, advertising highlights a location's advantages and places it into one's consideration set (Wells & Wint, 2000). The promoted location advantages can be: resource-seeking, market-seeking, efficiency-seeking, and strategic asset-seeking.

Resource-seeking investments focus on locations with an abundance of physical resources combined with the infrastructure needed to process and transport those resources (Dunning 1998). Market-seeking investments include a large and growing domestic market, the availability and price of skilled or professional labor, proximity to regional markets such as NAFTA and the European Union, and proximity to users in knowledge-intensive sectors. Market-seeking factors also include the quality of the infrastructure and of governmental institutions. Efficiency-seeking investments are made when governments actively remove obstacles to economic activities, where specialized spatial clusters exist, where the presence of competitive and related firms is great, and where firms regularly cooperate in the development of new initiatives. Economies of scale that result from agglomerative markets constitute another efficiency-seeking factor (Nachum, 2000). Strategic asset-seeking takes place when managers select locations based on the availability and price of synergistic assets, the need to tap into the growing geographical dispersion of knowledge-based assets, and the desire to gain access to different cultures, institutions, and consumer demands and preferences (Dunning, 1993; 1998).

HYPOTHESIS DEVELOPMENT

Some academic researchers debate FDI advertising effectiveness. Anholt (2003, 2005) argues that advertising is ineffective because it constitutes one component of the overall effort in managing a country's image and by itself has little meaning. He states that for FDI advertising to be effective, a country's other image-affecting qualities, such as its policies, foreign relations, culture, product reputation, and tourism promotion should be consistent with the advertising message and must be coordinated across all stakeholders. When this does not occur, Anholt (2007) argues the ad may be perceived as insincere, lacking credibility, and possibly as propaganda. Further research suggests that FDI advertising is ineffective because managers are too rational to be influenced by promotional messages (Papadopoulos & Heslop, 2001).

In contrast, we contend that FDI advertising can be effective in influencing managerial perceptions and draw on advertising models to support our views. The essence of the argument between those who insist that FDI advertising can be effective, and those who believe it cannot, may, in part, result from evaluations of attitudinal components. Advertising research offers evidence that advertising content impacts attitudes and behaviors (e.g., Stewart & Furse, 1986). The hierarchy of effects model suggests that advertising can target multiple attitudinal levels. The model contains cognitive, affective, and conative components (Holbrook & Hirschman, 1982; Aurifeille, Clerfeuille, & Quester, 2001; Bagozzi, Tybout, & Sternathal, 1979; Lavidge & Steiner, 1961).

The cognitive attitudinal component includes the processing of an ad's information and sensory elements. Specifically, these elements of attitude change are associated with awareness and knowledge. A consumer, or in this case, a manager, can be enticed by advertising designed to inspire greater interest and subsequent information-seeking behaviors. Knowledge about the country develops through advertising copy highlighting the location's attributes or benefits.

The affective attitudinal component includes the steps of liking and then preferences as suggested in the hierarchy of effects model. At that moment, the individual targeted by FDI advertising experiences a shift in feelings and emotions resulting in an attitudinal change. An affective shift takes place prior to cognitive stage and before the conative, behavioral stage.

Intentions to purchase and actual purchasing behaviors are in the conative attitudinal component (Park, Stoel, & Lennon, 2008). When preferences for a country are established through the prior affective stage, site selection behavior is possible. Site selection behavior is typically classified into two levels (Kotler, Haider, & Rein, 1993; Wells & Wint, 2000). Lower order behaviors include reading additional materials or contacting the investment promotion agency (IPA). It may include recommending the country be placed on a list of possible locations. Higher order behaviors are the final purchase, or in this case, country selection for foreign investment.

The question then becomes, "Which part of an attitude does FDI advertising seek to influence?" Those who suggest FDI advertising can succeed would logically believe that the messages can target the cognitive (greater knowledge and understanding of a host country) and affective (image-building or "liking" of that country) attitudinal components, which would eventually then change conative or behavioral responses.

Writers claiming that FDI advertising will be ineffective argue that other elements limit the ability to influence the attitudinal components. In Lewin's (1943) terminology, it is not possible to undo and change attitudes toward a company due to an advertising program's limitations, because the cognitive and affective elements cannot be truly influenced by ads. These researchers believe markets are too cluttered with multiple advertisements and managers are too rational and distrustful of the messages for attitudinal shifts to occur.

The importance of location determinants in the site selection process (MIGA, 2006; World Bank, 2009) suggests that when a country effectively presents information in its FDI advertising, the message will change managerial cognitive and affective attitudes regarding that country's location attributes. Doing so may in turn cause managers to act on this information – the conative element of an attitudinal change (Kotler, *et al.*, 1993; Wells & Wint, 2000). To change attitudes, country officials present strong arguments in support of their location's attributes. Message persuasion becomes greatest when arguments contain quantitative information and multiple supporting statements (Artz & Tybout, 1999; Wiener, LaForge, & Goolsby, 1990). Research examining advertising's intermediate effects on attitudinal change suggests that FDI advertising may work in the same manner (e.g., Vakratsas & Ambler, 1999).

Attitude change for the resource-seeking determinant comes from a country's ability to quantify and draw attention to its resources. These include its abundance of natural resources and local partners for knowledge and expense sharing. Firms become interested in setting up subsidiaries in foreign locations when they can acquire specific resources of a higher quality or at a lower real cost than could be obtained in their home country (Dunning & Lundan, 2008).

H_1: Attitude change for the resource-seeking location determinant will be greater when an advertisement's arguments for that determinant are strong.

Attitude change for the market-seeking determinant comes from a greater emphasis on the size and location of the advertising country's market and the growth opportunities that stem from it. Strong arguments are easily quantified through items such as GDP, distance to adjacent markets, or the number of college graduates. An additional emphasis on the presence of skilled labor, quality of its infrastructure, the competence of its institutions, and investment incentives also facilitate attitude change (Dunning & Lundan, 2008). Countries may highlight the abundance of competitive and related firms, which become location-specific advantages attracting foreign entrants hoping to capitalize on imitation strategies and knowledge transfers that are only possible by having a local presence (Cuervo-Cazurra, *et al.,* 2014).

H_2: Attitude change for the market-seeking location determinant will be greater when an advertisement's arguments for that determinant are strong.

Attitude change for the efficiency-seeking determinant comes from the government's ability to present quantitatively that it has created a business environment where firms can easily operate and generate profits without burdensome or restrictive regulations (Makino, Isobe, & Chan, 2004). Governments try to demonstrate that they possess agglomerative markets in which a density of businesses exists. This helps firms reduce costs by facilitating the exchange of goods and ideas. Agglomerative markets help firms become more competitive by permitting the division of global value chain activities to maximize profitability and innovation (Cuervo-Cazurra, de Holan, & Sanz, 2014).

H_3: Attitude change for the efficiency-seeking location determinant will be greater when an advertisement's arguments for that determinant are strong.

Attitude change for the strategic asset-seeking determinant comes from highlighting the size and scope of location-specific assets held by the government or by firms in the country. Here investment motivations are about cost reductions or market advantages over competitors, rather than a firm's ability to augment a global portfolio of physical assets and human competencies (Dunning & Lundan, 2008). Such assets include technology (Gubbi, Aulakh, Ray, Sarkar, & Chittoor, 2010) and managerial resources (Almeida, 1996) where firms gain access to location-specific-assets through acquisition or an alliance with a local firm (Makino, *et al.,* 2004).

H_4: Attitude change for the strategic asset -seeking location determinant will be greater when an advertisement's arguments for that determinant are strong.

Using the hierarchy of effects model, the previous hypotheses advocate that, through awareness and knowledge, the cognitive stage influences affective attitude change. With affective attitude change, it becomes possible to influence future behaviors, or the conative component. Advertising alone typically only influences lower order behaviors, especially in high involvement or costly purchases, because advertising generates only moderate message acceptance, as it can be perceived to be from a vested interest source (Smith & Swinyard, 1982). Those exposed to advertising may engage in discounting, source derogation, counter-arguing, or message rejection. Advertising can, however, increase awareness, generate interest, and lead to subsequent information-seeking behaviors (Vakratsas & Ambler 1999).

FDI advertising may affect such lower order behaviors, including seeking additional information, contacting the IPA, or recommending the country be placed on a list of possible locations for FDI (Kotler, *et al.*, 1993; Wells & Wint, 2000). A higher order behavior such as selecting a specific country as the final destination for FDI is not likely through FDI advertising alone (Papadopoulos & Heslop, 2002). It typically requires other marketing activities, such as investment exhibitions, investment missions, seminars, and sales presentations. Therefore, we expect that affective attitude change stemming from strong arguments presented in FDI advertising will result in managers initiating lower order behavioral intentions.

H_5: Change in lower order behavioral intentions will be greater when attitude change for each location determinant is greater.

METHODS

We used a subsample of the single-page advertisements content analyzed in the Wilson and Baack (2012) study. Their sample included all ads over a 55-month period from 2007 through 2011. We chose a 12-month period in the beginning of their sampling frame to increase the likelihood that our respondents had not seen, or at least had not recently seen, our target ads. Presenting advertisements from a limited and district period of time helps to minimize variability in ad design and composition, which is typically influenced by the availability of ad production technology and managerial skill sets. Advertisements were from the four most widely read business magazines in the U.S. in terms of readership as reported by the *Marketer's Guide to Media* (Nielsen Business Media, 2008): *Business Week, Forbes, Fortune* and *The Economist*. An advertisement was identified as FDI-promoting when it promoted a country as a place to build, establish, or purchase a business, and when the primary message provided information to foreign investors about the country or sought to create an attractive image of the country as a place for foreign investment (Wells & Wint, 2000).

To reduce the survey's complexity, increase the homogeneity of the ad sample, and control for items such as ad size (Wang & Chan, 2001) and ad budget (Spears, 2003), only single-page FDI -promoting ads were used (Kassarjian, 1977; Weber, 1990). The sample of 45 advertisements included all single-page and unduplicated FDI-promoting ads from: Belgium (4 executions), Canada (5), China (2), Colombia (1), Egypt (2), France (2), Georgia (3), Ireland (3), Macedonia (2), Portugal (2), Qatar (3), Scotland (4), South Korea (2), Spain (4), and Turkey (6).

Coding Process. The content of each advertisement was coded for 24 items from the four categories of location determinants for FDI as identified by Dunning's (1993, 1998) framework. The strength of the arguments presented for each item used a scale of "1" to "5" with "1" for an item not being present and "5" for an item being strongly represented by advertising arguments. Argument strength was defined as providing multiple supporting statements and/or quantifiable information (Artz & Tybout 1999; Wiener, *et al.*, 1990). Five Ph.D. students completed the content analysis. A two-way random effects model for consistency between judges produced an average measure ICC = 0.986 demonstrating a high reliability (McGraw & Wong, 1996).

Each of the 24 location factors identified by Dunning is represented in some combination within the subsample of 45 FDI advertisements from Wilson and Baack (2012). With the exception of the resource-seeking factor, all items loaded well with regard to each of Dunning's location factors. Cronbach's alphas for the market-seeking, efficiency-seeking, and strategic asset-seeking factors ranged from .66 to .82, which is acceptable for exploratory studies (Nunnally, 1978). The resource-seeking factor did not meet this standard and was removed from further analyses (Cronbach's alpha of .26). See Table 1.

Respondent Sample. The sample was derived from the email distribution lists of two corporate site selection magazines – *Site Selection* and *Area Development Magazine*. An email was sent to the combined distribution list of 18,059 subscribers requesting their participation in the survey, and 474 subscribers indicated their willingness to participate. To ensure the validity of the sample, respondents were qualified to participate in the survey if they indicated involvement in the investment and real estate selection process. IPA managers were discouraged from participating because they are often the originators of FDI advertising. After removing unqualified respondents, the sample was reduced to 305 respondents. A total of 166 of these respondents completed the survey for a 54.4% completion rate (see Table 2 for descriptive statistics of the sample). A reminder email was sent one week after the survey was distributed. To encourage participation, a $100 American Express gift card was awarded to one randomly drawn respondent at the end of the two-week time frame.

To test for the potential of a non-response bias, the pool of respondents was split into early and late responders (Armstrong & Overton, 1977). Independent sample t-tests revealed no difference between the two groups with respect to all six dependent variables (market-seeking attitude change: early 0.31, late 0.39, p=0.66; efficiency-seeking attitude change: early 0.36, late 0.45, p=0.67; strategic asset-seeking attitude change: early 0.23, late 0.44, p=30; seek information: early 0.40, late 0.45, p=0.78; contact IPA: early 0.45, late 0.43, p=0.88; and recommend FDI: early 0.26, late 0.49, p=0.14). Chi-square tests performed on several key respondent characteristics also indicated no difference between early and late responders

TABLE 1:
Content Analysis and Factor Loadings

	Argument Strength†		
Location Determinants for FDI	**Min**	**Max**	**Mean**
Resource-seeking (α = .261)			
Quality of natural resources	1.00	3.40	1.42
Ease in processing or transporting output	1.00	3.40	1.43
Availability of local partners for knowledge sharing	1.00	4.40	2.26
Availability of local partners for capital expense sharing	1.00	3.20	1.40
Market-seeking (α = .661)			
Large and growing domestic market	1.00	3.60	1.60
Adjacent to regional markets	1.00	4.40	2.06
Availability of skilled/professional labor	1.00	4.80	2.61
Price of skilled/professional labor	1.00	3.00	1.27
Presence of competitive/related firms	1.00	4.00	1.78
Quality of local/national infrastructure	1.00	4.00	1.97
Quality of institutional competence	1.00	4.20	2.13
Macroeconomic policies pursued by host government	1.00	4.25	2.39
Promotional activities by regional/local developmental agencies	1.00	2.20	1.49
Proximity to users in knowledge-intensive industries	1.00	5.00	2.32
Efficiency-seeking (α = .674)			
Government restructuring of economic activities	1.00	3.60	1.96
Government involvement in upgrading human resources	1.00	4.40	1.66
Availability of specialized spatial clusters	1.00	4.80	1.85
Opportunities for new initiatives	1.00	3.80	1.90
Strategic Asset-seeking (α = .820)			
Geographic dispersion of knowledge-based assets	1.00	3.60	2.40
Availability of synergistic assets	1.00	3.80	2.60
Price of synergistic assets	1.00	3.00	1.26
Exchange of localized tacit knowledge	1.00	2.60	1.54
Access to different cultures, institutions, and systems	1.00	2.20	1.37
Access to different consumer demands/preferences	1.00	2.20	1.22

† – Items assessed on a scale of 1-5 with 5 representing an item with strong arguments. n=45

(firm type, X^2 (3, 166) = 1.228, p=0.54 and firm size, X^2 (5, 166) = 3.36, p=0.50).

Survey Design. The survey was created using Qualtrics online survey software and was divided into three sections. The first section qualified respondents as involved in the investment and real estate selection process. The second section randomly presented the respondents with two of the FDI advertisements and a control ad. The final section sought demographic information.

Prior to and after an ad's presentation, respondents were asked for their level of agreement with three attitudinal statements about their perception of the country as being appealing due to its market-seeking, efficiency-seeking, and strategic asset-seeking location

TABLE 2:
Descriptive Statistics of Survey Respondents

Type of Firm	
Corporation	102 (60.0%)
Consultancy	45 (26.5%)
Other	23 (13.5%)
Firm Size	
1-49 employees	63 (37.1%)
50-99 employees	17 (10.0%)
100-499 employees	20 (11.8%)
500-999 employees	12 (7.1%)
1000+ employees	57 (33.5%)
Job Title	
Chairman, President, Partner/Owner	75 (44.1%)
VP, Treasurer, Corporate Officer	25 (14.7%)
Real Estate/Facilities/ Development Mgr	42 (24.7%)
Other Manager	7 (4.1%)
Consultant	12 (7.1%)
Other	9 (5.3%)
Firm Headquarters	
United States	148 (87.1%)
Other	21 (12.9%)

determinants. Prior to and after an ad's presentation, respondents were also asked about behavioral intentions in the sponsoring country as a place for foreign investment. During each presentation, respondents were encouraged to process the ad by answering questions about its execution (i.e., attitude toward the ad, ad creativity, and most prominent feature emphasized in the ad).

The third section of the survey presented the respondent with a control ad for tourism in India. The structure of this section was identical to that of the second section with the exception that all respondents viewed the same control advertisement. The control was used to check for a method bias in how respondents evaluated a country as a place for foreign investment for each of the three location advantages. Considering the before and after ad questions pertained to investment, a tourism ad was deemed to be an appropriate measure of method bias as this type of ad fits as a location advertisement for a country but is not investment-orientated and therefore not in fitting with the attitudinal and behavioral intention questions. A comparison of the before and after ratings for each location factor variable was insignificant, which suggests that no method bias was present in the survey design or in the case of market-seeking, a bias was not present because no positive shifts in attitudes occurred (market: before 4.60, after 4.37, p=0.01; efficiency: before 3.88, after 3.90, p=0.74; and strategic asset: before 4.14, after 4.11, p=0.73).

Operationalization of Variables

Dependent Variables. Changes in attitudes were measured by the respondent's perception of the country corresponding to three of Dunning's location factors (excluding resource-seeking, as noted previously). Changes in behavioral intentions were measured by the respondent's interest in seeking information, contacting the IPA, and recommending the country for FDI. These attitudinal and behavioral intention items were both assessed using a seven-point Likert scale and were asked of the respondent both prior to and after the presentation of the advertisement. To measure the effect of ad exposure, the "before" measures were subtracted from corresponding "after" measures to create three attitudinal and three behavioral intention variables.

Independent Variables. Argument strength is a composite measure created for each of the location factors based upon its representative components according to theory (Dunning, 1993; 1998), as assessed during the content analysis (See Table 1). The Cronbach's alphas for these composite measures were reported previously.

Control Variables. Attitudes toward the advertisement (MacKenzie & Lutz, 1989) were measured using a four-item measure on seven-point bipolar semantic differential scales (i.e., bad/good, unfavorable/favorable, unpleasant/ pleasant, and not likeable/likeable; Cronbach's alpha of .953).

Respondent's familiarity with the country of interest, which was adapted from Yang, *et al.* (2008), was measured using a four-item measure on seven-point Likert scale (unfamiliar / familiar) by asking each respondent for their familiarity with the country's products, the country as a place for tourism, the country as a place for doing business, and the country as a place for foreign investment (Cronbach's alpha of .924).

Country classification was measured by grouping countries into the World Bank's income categories classification scheme from 2011 (Narula & Dunning, 2000; World Bank, 2011). The sample consists of six middle-income countries (China, Colombia, Egypt, Georgia, Macedonia, and Turkey) coded as "0" and nine high-income countries (Belgium, Canada, France, Ireland, Portugal, Qatar, Scotland, South Korea, and Spain) coded as "1."

Data Analysis. Two sets of regressions were run – one set to assess changes in attitudes and the other to assess changes in behavioral intentions. The Pearson correlation matrix indicated that all correlations between variables were low to moderate, which suggests the absence of multicollinearity (see Table 3). Further, the variance inflation factors (VIFs) of all variables were less than 2 (Hair *et al*., 2005). Variable means and standard deviations are reported in Table 3.

Results

The first set of regression analyses for change in attitudes revealed that all models were significant with the market- and efficiency-seeking models significant at $p < .001$ level and strategic asset-seeking at $p < .01$ (see Table 4). Effect sizes (adjusted R^2) are moderate (Cohen, 1988).

The first set of hypotheses received mixed support. As noted, the resource-seeking factor (hypothesis 1) could not be tested due to its low Cronbach's alpha, and the efficiency-seeking factor was not supported (hypothesis 3; $p = .25$). Regression results do, however, provide support for the market-seeking (hypothesis 2) and strategic asset-seeking factors (hypothesis 4; $p < .05$).

With respect to the control variables, attitude toward the ad demonstrated a significant effect in the market-seeking, efficiency-seeking, and strategic asset-seeking models ($p < .001$). Advertisements that are well-liked were more likely to shift managerial attitudes. In this instance, the movements would be toward believing the advertised country was an attractive market, an easy place to do business, or possessed strategic assets. Country familiarity is also significant but only for the efficiency-seeking model. Due to its negative relationship with changes in managerial attitudes for efficiency-seeking, less familiar countries are more likely to experience favorable shifts in attitudes. In other words, viewing the ad for an unfamiliar country can change attitudes regarding the expected level of ease In doing business within the country.

The next set of regressions examined the effect of attitude change on shifting behavioral intentions. The regression analyses indicate that all models were significant at the level of $p < .001$ (see Table 5). Effect sizes (adjusted R^2) are moderate or typical (Cohen, 1988).
Insert Table 5 about here

Tests of the fifth hypothesis yielded mixed support. Managers indicated a desire to seek additional information when attitude change was greater for the strategic asset-seeking factor ($p < .01$) but not for the market-seeking ($p = .24$) and efficiency-seeking ($p = .55$) factors. Managers did not indicate a stronger desire to contact the IPA after viewing the ad when attitude change was greater for the market-seeking factor ($p = .52$); however, the efficiency-seeking ($p = .06$), and strategic asset-seeking ($p = .06$) factors approached significance. Managers indicated a desire to make a recommendation when attitude change was greater for the strategic asset-seeking factor ($p < .01$). It was not significant for the market-seeking factor ($p = .46$), but it approached significance for the efficiency-seeking factor ($p=.09$).

For the control variables, attitudes toward the advertisement were significant for contacting

TABLE 3:
Pearson Correlation Matrix For Study Variables

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12
1. Changes in Managerial Attitudes (Market)	.36	1.19	1											
2. Changes in Managerial Attitudes (Efficiency)	.41	1.30	.548**	1										
3. Changes in Managerial Attitudes (Strategic Asset)	.34	1.25	.519**	.457**	1									
4. Changes in Managerial Behavior (Info -seeking)	.43	1.05	.310**	.287**	.381**	1								
5. Changes in Managerial Behavior (Contact IPA)	.44	1.18	.281**	.339**	.320**	.656**	1							
6. Changes in Managerial Behavior (Recommend)	.39	1.03	.281**	.308**	.350**	.554**	.699**	1						
7. Argument Strength (Market)	1.94	.45	.164*	.161*	.252**	.167*	0.138	0.101	1					
8. Argument Strength (Efficiency)	1.85	.59	0.002	0.061	0.108	0.01	-0.063	0.004	.595**	1				
9. Argument Strength (Strategic Asset)	1.71	.44	0.062	0.006	.175*	0.113	0.064	0.084	.664**	.577**	1			
10. Attitude toward the Ad	4.74	1.45	.283**	.345**	.280**	.203**	.249**	0.135	-0.023	0.031	-0.054	1		
11. Country Familiarity	3.30	1.64	-0.045	-.162*	-0.003	-0.107	-0.065	-0.024	0.018	.206**	0.132	0.034	1	
12. Country Income Classification	.69	.47	-0.006	-0.047	-0.022	-0.121	-.222**	-0.126	-.398**	-0.03	-0.152	0.113	.234**	1

* Correlation is significant at the 0.05 level (2-tailed)
** Correlation is significant at the 0.01 level (2-tailed)

TABLE 4:
Regression Results for Changes in Managerial Attitudes

	Changes in Managerial Attitudes		
(n=166)	**Market-Seeking**	**Efficiency-Seeking**	**Strategic Asset-Seeking**
	Std. Beta[1]	**Std. Beta[1]**	**Std. Beta[1]**
Argument Strength – Market-seeking	.195*		
Argument Strength – Efficiency-seeking		.087	
Argument Strength – Strategic Asset-seeking			.192*
A_{AD}	.284***	.353***	.294***
Country Familiarity	-.072	-.182*	-.034
Country Income Classification	.056	-.042	-.018
Adj. R^2	.093	.138	.094
df	(4, 161)	(4, 161)	(4, 161)
F	5.251**	7.582***	5.297***

1 – Standardized beta coefficients.
* $p<0.05$, ** $p<0.01$, *** $p<0.001$

TABLE 5:
Regression Results for Changes in Managerial Behavior

(n=166)	**Info-seeking**	**Contact Agency**	**Recommend**
	Std. Beta[1]	**Std. Beta[1]**	**Std. Beta[1]**
Attitude Change – Market-seeking	.109	.059	.069
Attitude Change – Efficiency-seeking	.055	.170†	.159†
Attitude Change – Strategic Asset-seeking	.271**	.163†	.238**
A_{AD}	.091	.154*	.006
Country Familiarity	-.071	.015	.034
Country Income Classification	.109	-.231**	-.122
Adj. R^2	.161	.185	.136
df	(6, 159)	(6, 159)	(6, 159)
F	6.290***	7.253***	5.313***

1 – Standardized beta coefficients.
† – Directionally supportive and worthy of continued and further investigation ($p \leq 0.1$).
* $p<0.05$, ** $p<0.01$, *** $p<0.001$

the IPA ($p < .05$) indicating that well-liked advertisements were able to influence behavioral intentions. Country classification was only significant for contacting the IPA ($p < .01$), which suggests that advertising for middle-income countries may be more influential in persuading managers to contact investment promotion agencies than advertising for high-income countries, which is consistent with results from Harding and Javorcik (2011).

DISCUSSION

The view that FDI advertising is insincere or as propaganda (Anholt, 2007) or something that managers are too rational to be influenced by (Papadopoulos & Heslop, 2001) suggests that FDI advertising is ineffective. However, this study finds that FDI advertising can be effective in influencing behavioral intentions and may be better at changing attitudes. Such results were present after one exposure. This may be good news for IPAs spending nearly 38% of budgets on advertising and image-building activities (Morisett & Andrews-Johnson, 2004).

Perhaps our most important finding is that advertisements containing strong arguments for country attributes, as grouped by Dunning's (1998) location factors, exhibited the ability to change managerial attitudes. In other words, the cognitive processing of an advertisement's information influenced the affective attitudes formed by the respondents. Specifically, strong arguments can be made that the market-seeking and strategic asset-seeking factors exhibit the most persuasive power. Advertisements emphasizing the attractiveness of a market or highlighting firm-strategic assets were the most effective.

Arguments for the efficiency-seeking factor do not appear to influence managerial attitudes. Rather, the level of familiarity with the advertising country appeared to play a role when this factor is analyzed. Respondents were more likely to perceive the advertising country as an efficient place to conduct business if the country was less familiar. Apparently, beliefs about less familiar countries are more open to persuasion because knowledge structures are weak or non-existent (Petty & Cacioppo, 1983). When people are exposed to an unfamiliar brand (or in this case, country), they become likely to engage in a brand-learning processing goal (Hilton & Darley, 1991). The deeper level of message processing associated with brand learning is likely to shift attitudes and develop new brand associations (Carrillat, Lafferty, & Harris, 2005; MacKenzie & Spreng, 1992). In contrast, familiar brands are less likely to promote processing of new information in the ad because viewers devote more cognitive capacity to confirming existing knowledge rather than evaluating message claims. Consequently, attitude shifts will be less varied for familiar brands (Fazio, 1986).

The country familiarity effect was only evident for the efficiency-seeking factor and not for the market-seeking or strategic asset-seeking factors. These differences may stem from fundamental dissimilarities between the factors. Market and strategic assets are observable, whereas efficiency is arguably more directly influenced by acts of the government. With the government sponsoring the ad, source credibility and bias issues become more likely to develop. Therefore any arguments for efficiency, whether strong or weak, may likely be viewed as propaganda and subsequently ignored. Despite this, attitudes toward efficiency may improve for unfamiliar countries from the learning that occurs simply by being exposed to the advertisement.

This study suggests that attitudes toward an advertisement greatly influenced managerial attitudes toward all three of Dunning's location factors. Having a well-liked advertisement may be more important than presenting compelling arguments and relevant information content. Indeed, attitude regarding the ad featured the largest standardized beta coefficient in each model, which suggests its superiority in shifting attitudes toward the advertised country. This result is quite intriguing considering the prevailing practice in business-to-business advertising, which has traditionally focused on rationality with an emphasis on factual, functional, benefit-laden messages (c.f., Wilson, 2000). While FDI advertising is more of a government-to-business communication process, the business target remains the same. Certainly an important function of FDI advertising is to raise awareness and present hard-to-find country information to managers, but it would also seem that advertisements should also be viewed as appealing and likeable.

With respect to conative elements of the hierarchy of effects model, the affective responses developed from viewing FDI advertising had a less pronounced effect in changing behavioral intentions. The only Dunning location factor to have an impact was strategic assets. Changes in attitudes for strategic assets led site selection managers to indicate that they would seek information and recommend the country be placed on the firm's potential list of FDI candidates. Apparently, believing a country possesses strategic assets is the most important of location factor in convincing managers to act on ad information. Therefore, mentioning the opportunity for local partnerships, the exchange of tacit knowledge, and the access to different cultures and consumer preferences in an advertisement may be more persuasive. Dunning's other location factors had no persuasive impact on behavioral intentions, but the efficiency-seeking variable approached significance and may be worthy of continued and further investigation.

Finally, an additional observation is that advertising from middle-income countries was more likely to persuade managers to contact the advertising country's investment promotion agency. This is consistent with past FDI promotion research (Harding & Javorcik, 2011). FDI advertising appears to minimize the negative perceptions that many managers hold about lower income countries. As such, middle-income countries may find it more beneficial to allocate a larger portion of their FDI promotions budget to advertising.

CONCLUSION

The present study offers several theoretical and managerial implications. From a theoretical perspective, the use of Dunning's framework offers a unique approach to understanding FDI promotion. Three of the four location factors have successfully been linked to shifts in managerial attitudes and behavioral intentions. It appears that site selection managers are influenced by ad content, attitudes toward an ad, and familiarity with a country (brand), which suggests that managers are not simply rational processors of advertising but may also be influenced by affect and emotion. Finally, this research potentially adds qualitatively and quantitatively to an under-researched topic within the FDI literature and provides additional evidence that FDI advertising can be effective. The study is one of only a handful on this topic and is the first to include managerial reactions to FDI advertising.

From a managerial perspective, Dunning's location factors are important when studying the perceptions site selection managers hold for their respective countries as places for investments. Doing so permits agency managers to easily identify country attributes that are believed to be in need of realignment or reinforcement to achieve the country's investment targets. It also aids the development of an advertising campaign built around strong arguments in ad copy, which this research suggests as critical in changing attitudes. However, strong arguments appear not to be the only path to changes in attitudes and behavioral intentions. Preparing a well-liked advertisement also holds importance. Considering the cost associated with media placement and the large budgets allocated to image-building tasks such as advertising, it appears prudent to ensure that the ad informs and will also be well-liked.

Limitations and Future Research

Future research may consider assessing the effectiveness of advertising formats other than single-page ads, such as advertorials or ads appearing in highly targeted business publications that focus on a particular industry. A limitation of our work is that Dunning's resource-seeking location factor was not included in our final model due to the low Cronbach's alpha yielded by the content analysis. Therefore, it was not possible to determine its effect, if any, on the attitudinal and behavioral intention measures. In spite of this limitation, its effect may be small due to prior research suggesting that firms today are more interested in Dunning's other location factors (Dunning, 1993; Loewendahl, 2001; Narula & Dunning, 2000; Porter, 2000).

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