

Corruption is main threat to foreign investment, survey finds

South Africans overwhelmingly see corruption as the greatest obstacle to foreign direct investment, according to the latest research from FTI Consulting, the global business advisory firm dedicated to helping organisations protect and enhance their enterprise value.

In a poll of more than 1400 South Africans conducted before the Mining Indaba, FTI Consulting found that 80% of respondents see bribery and corruption as the greatest obstacle to investment from overseas. Labour unrest is viewed by 70% of South Africans as another major hurdle.

Overall, 71% of those polled regard foreign direct investment positively, but South Africans remain wary of foreign investments in key sectors, with 53% saying that they would be concerned with investments in oil and gas. Banking and finance came second (49%), followed by agriculture (44%), defence (44%), and metals and mining (41%).

"South Africans appear to support foreign direct investment by a large margin," said Mark Malloch-Brown, EMEA chairman of FTI Consulting. "While this is good news for our global clients, great care will need to be taken to ensure that all constituencies are on board before a major investment is made in the country, particularly in highly sensitive industries like oil and gas, and mining."

South Africans, however, expressed concerns over investments by overseas state-owned companies (75%) and by sovereign wealth funds (74%). This reflects 64% being concerned that foreign investment is used for gaining political influence in South Africa.

Chinese investment beneficial

More than seven in 10 South Africans view Chinese inward investment into Africa to date as being beneficial, which is significantly higher than the impression of those examining it from outside the continent. But a large number of respondents in South Africa expressed some anxiety over perceived Chinese investment practices that neglect worker welfare, crowd out local employment or result in the loss of control of strategically important minerals.

South Africans also said that they would act in the event of a controversial overseas investment (87%). The most common action taken would be to talk with people they know across the country (71%). But South Africans also are inclined to join a protest group (21%), write about it online (21%) or contact the media (14%). Only 10% would contact a political representative.

Research was conducted by the Strategic Consulting and Research team at FTI Consulting from 23 November to 3 December, 2012, with 1429 respondents drawn from affiliate panel databases in South Africa.

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