


SAUDI ARABIA'S DECLINING FOREIGN DIRECT INVESTMENT INFLOWS: INEPT MARKETING STRATEGY?

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Abstract

Diversification of economy is vital for Saudi Arabia; equally important is Foreign Direct Investment (FDI) inflows, but, since 2009 there's been a sharp decline in FDI. From US \$ 36.5 billion in 2008, it fell down to US \$ 8 billion by 2014. Surprising is the fact that this decline is registered when Saudi Arabia secured good ranks in the 'Global Competitiveness Report' (GCR), World Economic Forum (WEF) and the 'Doing Business' (DB) Index published by the World Bank (WB). A careful study of the GCR and DB in comparison to the 'Best Countries for Business' (BCB) Index published by Forbes Magazine (FM) reveals that in comparison to GCR and DB, FM badly rated Saudi Arabia. From 2008 till 2014, with least mention of policy reforms, infrastructure development and economic cities, FM kept on publishing same version of poorly scripted profiles by the CIA. This is one of the major reasons behind decline in FDI into Saudi Arabia. Saudi Arabia needs to establish an institution exclusively for research focusing on foreign policies of its friends and foes, form an army dedicated to counter negative propaganda and bombard 'Google' with some worthy information to attract FDI and diversify its economy.

Keywords: Saudi Arabia, Economy, FDI, Global Competitiveness, Ease of Doing Business, Business Environment, Best Countries for Business-Forbes Magazine, CIA

INTRODUCTION

Importance of Foreign Direct Investment (FDI) to Saudi Arabia

Long back the Kingdom of Saudi Arabia apprehended that dependence on oil revenues is a potential threat to its economy. Long-term plan was chalked out to counter this threat by diversifying the economy and opening up the doors for FDI. The Kingdom of Saudi Arabia faces both short and long-term pressures to lessen its dependence on the major source of its income which is Oil, and to liberalize and reform its economy. To achieve the desired restructuring, liberalization and reform, the Kingdom adopted policies of privatization and investment promotion, and within that context the Kingdom turned to FDI as an appropriate vehicle that could revitalize the economy and diversify its productive base (A-M. M. Abdel-Rahman, 2002, p. 21). Saudi Arabia's apprehension turned into reality when the world witnessed a global recession during 2007-08 coupled with the fall in oil prices '(Great Recession, n.d.; in Wikipedia). Another steep fall in oil prices was seen in the year 2014 (GregDePersio). These two major events rendered severe blows to many countries, but Saudi Arabia stood firm.

The Arab Spring – quest for democracy, is being disturbing smooth financial activities across Egypt, Yemen, Bahrain, Libya, Syria (Qureshi Riyazuddin, 2012, p. 1068). Originating from Tunisia, it toppled decades old rulers' of Libya, Egypt, Yemen. Global media took all the liberty in projecting widespread resentment (contrived) among Saudi citizens against the royal family. Saudis aptly replied to the lies of global media by a remarkably smooth power transition after the death of King Abdullah. As part of routine business King Salman bin Abdulaziz Al Saud made some changes in the cabinet of ministers and by appointing Prince Mohammad bin Salman as the Deputy Crown Prince and Minister of Defense, pitched up younger generation as a long-term strategy. These changes were also heavily criticized by western media. Among the major challenges that Saudi Arabia is facing are; establishing peace in the region and accelerating its overall growth amid shaky oil prices which is the backbone of its economy. For restoration of peace in the region, Saudi Arabia had no other option than intervening in Yemen, thus it launched 'Operation Decisive Storm'. The military operation, aid to rehabilitate the displaced Yemenis and Syrians coupled with a sharp fall in oil prices are adding burden to the coffers of Saudi Arabia. These are the circumstances when FDI offers a cushion to Saudi economy or any other.

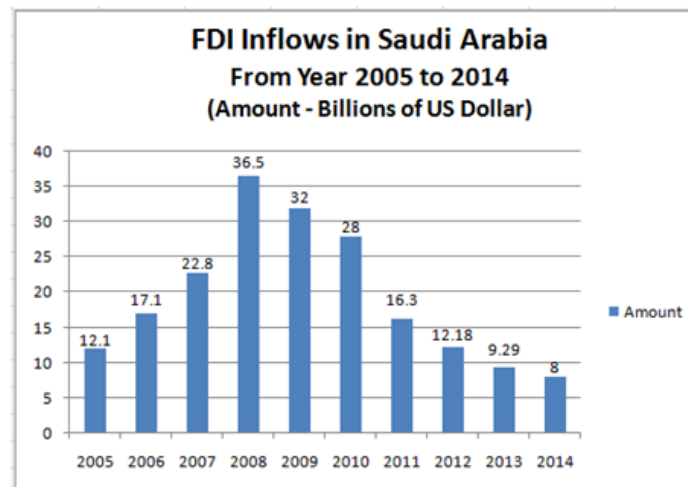
FDI inflows are one of the major catalysts for accumulating capital, creation of new infrastructure and accelerating economic growth. Even during economic crisis, which tend to happen more frequently in a fast globalizing world economy, FDI has proven to be more stable than other forms of investment and helps host countries ride out crisis and return to growth (Xiaolun Sun, 2002, p. 2). To attract foreign investors' host country is required to project itself

as a lucrative market, which is a composition of several factors. The FDI inflows in a country depend on a host of socioeconomic and political factors that include economic stability, market growth prospects, infrastructure availability, laws and policies related to investments, taxation, trade, wage rates, financial markets, government expenditures, industrial regulations, and educated and skilled workforces (Al Khathlan Khalid, 2013, p. 71). The business environment needs to be sustainable, consistently reviewed and reformed in consonance with the global market trends. Policy reforms are just half of the task of creating a lucrative market for foreign investors. Informing about reforms in policies, up gradation of infrastructure and services to potential investors' are equally important. Largely the result depends on how a country promotes itself as a lucrative market.

Research Problem

During the year 2005, FDI inflows into Saudi Arabia were recorded US\$ 12.1 billion. With a consistent upward trend up to 2008, it reached to US\$ 36.5 billion. Year 2009 recorded a reversal of the trend and FDI inflows dropped down to US\$ 32 billion. This downward trend continued till 2014, when it recorded a meager amount of US\$ 8 Billion. From the peak of US\$ 36.5 billion it fell down to US\$ 8 billion. Graph 1 is a snapshot of the position of FDI inflows in Saudi Arabia during the period 2005 to 2014.

Graph 1: FDI inflows in Saudi Arabia



Source: Saudi Arabian General Investment Authority (SAGIA); World Investment Report, UNCTAD;
<http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentid=20150910256172>

Since 70s, Saudi Arabia is constantly undergoing through a phase of economic and socio-political reforms. Many studies report that economic growth attracts FDI inflows, but Saudi

Arabia seems to be an exception. Although, the world has been witnessing a series of upheavals in the Arab world like, without any provocation or any just and fair reason the Houthis from Yemen infiltrated Jazan region of Saudi Arabia in 2009. Saudi Arabia lost nearly 140 soldiers and had to spend more than 6 billion riyals to rehabilitate nearly 6000 displaced families of Jazan. Year 2010, 'Arab Spring' caused large-scale chaos in the Arab World. Despite of all these upheavals Saudi Arabia was displaying consistent robust growth during the period under study but kept on losing FDI inflows. Researchers, analysts and media critics attributed this decline mostly to inadequate policy reforms and 'Saudization'. But these are not the only reasons behind the decline in FDI inflows into Saudi Arabia. Then the other dimension of the issue poses questions like, Did Saudi Arabia failed to offer a favorable market for foreign investors? Or. Did Saudi Arabia failed to market itself as a lucrative market? These are the prime questions the authors attempt to answer through this research.

Research Approach

The researchers mainly relies on secondary data published by other researchers, governments of Saudi Arabia and the United States, global organizations like the World Economic Forum (WEF), World Bank (WB), UNCTAD, UN Development Program, and news magazines of international repute like Forbes Magazine (FM), etc. A careful and critical evaluation of research reports, articles, and news items, published in various journals, magazines, and on websites along with ranks awarded to Saudi Arabia by the WEF, WB and FM is carried out to find the reasons of decline in FDI inflows into Saudi Arabia.

Literature Review

Mohamed A. Ramady & John Sae (2007) presented an extensive research titled, "Foreign Direct Investment: A Strategic Move Toward Sustainable Free Enterprise and Economic Development in Saudi Arabia". It's a survey based study wherein, Saudi managers/enterprises are the main source of vital input on the issue. The authors made sort of a passing remark that, "Promotional efforts to attract FDI increasingly have become the main focus of competition among industrial and developing nations", but their main focus is government policies concerning FDI and the approach of Saudi Managers'. Accordingly, this study highlights policy and reforms made to attract foreign investors. Alongside other suggestions the study concludes stating that, "while welcoming FDI in general, Saudi managers hold ambivalent attitudes toward perceived benefits and could hinder further FDI flows, especially in those industries currently enjoying the most state protection and subsidies". Further it states, "In the final analysis, there needs to be a holistic management education in the Saudi Arabia in the same way as any other

developing countries that fosters an enterprising corporate culture that is globally focused and cross-culturally savvy”.

Mahasen Abdulaziz Z.'s (2009) report, published by a foreign investment consulting firm; titled, “FDI and its Reflection on the Saudi Economy” exhaustively discussed global scenario and Saudi Arabia's efforts to attract FDI. The author highlights Saudi Arabia's ardor for competitiveness index, “In this regard, the Kingdom has commenced the development of comprehensive work plan handling the pros and cons of the Kingdom's performance in the international competitiveness indexes. The work plan aims to propel the Kingdom into the top ten countries in the World in terms of competitiveness and attractiveness of investment by the year 2010”. The author's elaborate presentation of ‘Challenges’ includes “Promotion and Publicity” as one of them. He states that, “the campaign should aim to promote investment opportunities in the Kingdom and emphasize its advantages”. In conclusion he clarifies that, “foreign investors may not have been well informed of the opportunities available in the host country because, e.g., host countries did not promote themselves effectively in an intensely competitive world market for FDI”. This report concludes by suggesting policy reforms ranging from restricted sectors, multiple-entry visa, establishment of industrial cluster, trade barriers, enhancing the skills of the domestic workforce, developing a healthy and competitive private sector, and lastly; creating a favourable business environment.

An in-depth study published by Sasi Iamsiraroj and Hristos Doucouliagos (2015), titled, “Does Growth Attract FDI?”, analyzed empirical evidence of 946 observations from 140 comparable empirical studies. The authors states, “Economic growth motivates foreign firms to plan new projects or new production facilities. Regions that are experiencing rapid economic growth are also generating more profitable opportunities, and they give the promise of growing markets and growing profits”. This study found that, “on average, economic growth is an important determinant of FDI”.

With many millions of dollars being spent annually by governments on promotion to attract foreign investors to various countries, a perplexing question has become increasingly important: Does investment promotion really work? Jacques Morisset and Kelly Andrews-Johnson (2004), have made a major step in providing a convincing answer to this and associated questions.

Not a single study is found on record that compares rankings awarded to countries for being a lucrative market and the impact of such evaluations like, the ‘Global Competitiveness Report’ (GCR) by the WEF, ‘Doing Business’ (DB) Index by the WB and the ‘Best Countries for Business Index’ (BCB Index) by FM. These rankings recommend countries’ as lucrative markets for foreign investors. This study compares these rankings, evaluates its popularity which

influences the decision of selecting investment locations. This study is unique and first of its kind that will surely help the government of the Saudi Arabia to formulate short-term and long-term strategy to protect itself from negative propaganda that malign its image resulting into heavy losses in terms of FDI and is proving major hurdle in achieving its goal of diversification of the economy.

Marketing a country as a 'Market' attracts FDI

Promotion of product is one of the most important parts of marketing. Much of the sales largely depend on promotion. Investment promotion serves as a magnet in attracting FDI, "promotion is unambiguously associated with greater FDI flows, on top of the influence of factors such as the country's investment climate and market size (Jacques Morisset & Kelly Andrews-Johnson, 2004, p. 54). Educating investors about the market, risks and rewards, services offered by government, etc. develops a positive image of the host country. A good image of a country greatly influences decisions regarding selection of investment location by foreign investors. Any investment promotion strategy must be geared towards image building activities promoting the country and its regions and states as favourable locations for investment (Ramkishen S Rajan, 2004, p. 12). Image, brand awareness, and perceptions are major factors influencing the location of foreign direct investment (FDI). Companies make investment location decisions on the basis of their information pool and understanding of an area's location "offer" (Henry Loewendahl, 2001, p. 1).

Investment promotion is defined as, "activities that disseminate information about, or attempt to create an image of the investment site and provide investment services for the prospective investors" (Wells and Wint, 2000, p. 4). Dissemination of information in a highly professional manner helps create/improve image, awareness about the host country. It also helps in countering negative propaganda leading to a lot of misconceptions resulting in loss of FDI inflows.

Marketing is highly essential for improving the profile of the host country. Marketing aims at creating awareness of an area as a location for new investment among potential investors and multipliers and to correct weak or misperceptions about the area that could act as a "killer" factor. In other words, marketing aims at building up the image of the location and at putting it on the map (Henry Loewendahl, 2001, p. 15).

Business Environment in Saudi Arabia and its assessment as 'Lucrative Market'

With the introduction of the first Five-Year plan in the year 1970, Saudi Arabia has consistently displayed robust growth in all sectors. The first plan focused on the development of

infrastructure, the second plan, on the development of human resources and the third on the economic diversification and expansion. The fourth, fifth, sixth and seventh plans were made to strengthen the private sector, which was displaying quite an impressive growth. Eighth Five-Year plan (2005-10) lay emphasis on the development of human resources and increasing foreign and national investment (Qureshi Riyazuddin, 2014, p. 148). These plans were yielding good results. “during the five-year period 2004–08, the Saudi Arabian economy fared well by international standards, with an average real GDP growth rate of 4.4%, and an average government fiscal surplus of 19%. This mini boom propelled all economic sectors” (Al-Hamidy Abdulrahman, 2010, p. 347).

‘Great Recession’ badly shook the U.S. and many other countries, but Saudi Arabia sustained. Indeed, Saudi Arabia continued to register stellar growth even after the global financial crisis, with real GDP growth averaging 6.5 percent a year over the period 2010-2013 (Al-Sadiq Ali, 2014, p. 153).

Markets were expanding consistently amid a wave of policy reforms and liberalization. Six cities were identified to be developed as ‘Economic City’. Huge infrastructure was coming up along with attractive subsidy and other packages from the government. These reforms helped it secure respectable position in GCR published by the WEF and the DB Index published by the WB. The parameters of GCR are a wide spectrum of factors ranging from Institutions, Infrastructure, Macroeconomic environment, Health and primary education, Higher education and training, Goods market efficiency, Labor market efficiency, Financial market development, Technological readiness, Market size, Business sophistication, and Innovation. Table 1, shows the positions that Saudi Arabia acquired from the year 2007-08 till 2015-16 in WEF’s GCR, FM’s BCB Index and the WB’s DB Index.

In its very first year of inclusion in GCR, Saudi Arabia secured 35th rank. During the period 2010-11 till 2015-16 (6 years in continuation) it was among the Top 25 (Twenty Five) countries. And during the period 2011-12 to 2013-14 (3 years in continuation) Saudi Arabia was among Top 20 (Twenty) countries recommended for foreign investments. Similarly, for four (4) years in a row i.e. from 2009-10 till 2012-13, Saudi Arabia stood amongst Top 20 countries in WB’s ‘DB’ Index. And for six (6) years in a row i.e. from 2008-09 till 2013-14, Saudi Arabia was amongst Top 25 countries in the WB’s ‘DB’ Index. But ranking by FM was totally different; in fact, far away from that of the WEF and the WB ratings.

All these years i.e. from 2007-08 till 2015-16, Saudi Arabia was rated by the WEF and the WB as one of the best locations for investments but FM’s ranking were in complete contrast. From Table 1, a wide range of disparity is evident amongst rankings awarded by FM in comparison to those awarded by the WEF and the WB.

Table 1: Ranking of Saudi Arabia by the WEF, FM & World Bank

Year	Rank		
	WEF's GCR	FM's BCB Index	World Bank's 'DB' Index
*2007-08	35	84	38
2008-09	27	47	23
2009-10	28	44	15
2010-11	21	45	13
2011-12	17	45	11
2012-13	18	Not Available	12
2013-14	20	Not Available	22
2014-15	24	59	44
2015-16	25	74	Not Available

Note: *2007-08 – First time inclusion of Saudi Arabia in GCR

Source: Global Competitiveness Report, World Economic Forum;

http://www.forbes.com/lists/2008/6/biz_bizcountries08_SaudiArabia_CHI068.html;

http://www.forbes.com/lists/2010/06/bestcountries10_SaudiArabia_CHI068.html;

http://www.forbes.com/lists/2011/6/bestcountries11_SaudiArabia_CHI068.html;

<http://www.forbes.com/places/saudiarabia/>; <http://www.doingbusiness.org/data/exploreeconomies/saudi-arabia/>

Apart from the WEF's GCR and the WB's 'DB' Index, the basis for FM's BCB Index is analysis from agencies like 'Property Rights Alliance' (PRA) which produces 'International Property Rights Index' (IPRI) and Freedom House (FH). PRA started evaluating Saudi Arabia from the year 2010, IPRI 2010 states, "Saudi Arabia enjoys one of the most efficient property registration regimes in the world....." (Strokova Victoria et. al., 2009, p. 124). IPRI 2011 awarded Saudi Arabia 33rd rank, a leap of eight positions as compared to year 2010 on the basis of its strong 'Property Rights' and 'Judicial Independence' (Kyle A. Jackson et. al., 2011, p. 28). Freedom House evaluates countries for 'Freedom Rating', 'Political Rights' and 'Civil Liberties'. From the year 2006 to 2011 FH placed Saudi Arabia at the bottom of the list. Similarly, in case of 'Political Rights', right from the year 2005 till 2015 it's been rated as the worst (Elen Aghekyan et. al., 2015). Does FM's rankings are more influenced by 'Political Rights'? The authors couldn't find any research that concludes with a strong finding that business is not permitted / profitable under monarchy. Nor did the authors found any study that discourages business in countries having a monarchy.

For analysis and award of ranks FM considered the following (see Box No.: 1) major factors and in support of its BCB Index, published 'Country Profile'. From the excerpts of 'Country Profile' the researchers categorize these factors as 'Impediments' and 'Booster' (to the prospects of any market) in Box No.: 1

Box No.: 1 Excerpts of Profile of Saudi Arabia published along with BCB Index by FM

Year	Booster	Impediments
2008	<p>Riyadh has substantially boosted spending on job training and education, infrastructure development, and government salaries.</p> <p>The government has announced plans to establish six "economic cities" in different regions of the country.</p>	<p>Swelling Saudi population, nearly 40% of which are youths under 15 years old. Unemployment is high, and the large youth population generally lacks the education and technical skills the private sector needs.</p>
2010	<p>Riyadh has substantially boosted spending on job training and education, most recently with the opening of the King Abdullah University of Science and Technology Saudi Arabia's first coeducational university.</p> <p>The government has begun establishing six "economic cities" in different regions of the country to promote economic development.</p>	<p>Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population, which generally lacks the education and technical skills the private sector needs.</p>
2011	<p>Riyadh has substantially boosted spending on job training and education, most recently with the opening of the King Abdullah University of Science and Technology Saudi Arabia's first coeducational university.</p> <p>The government has begun establishing six "economic cities" in different regions of the country to promote foreign investment and plans to spend \$373 billion between 2010 and 2014.</p>	<p>Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population, which generally lacks the education and technical skills the private sector needs.</p>
2014	<p>Riyadh has substantially boosted spending on job training and education, most recently with the opening of the King Abdullah University of Science and Technology - Saudi Arabia's first co-educational university.</p> <p>The government has begun establishing six "economic cities" in different regions of the country to promote foreign investment and plans to spend \$373 billion between 2010 and 2014.</p>	<p>Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population, which generally lacks the education and technical skills the private sector needs.</p>
2015	REFER TO BOX No.: 2	

Profile of Saudi Arabia from the year 2008 till 2014, published by FM is clearly stereotype. FM failed to incorporate developments like:

1. Out of a total of thirty four (34) universities of Saudi Arabia, sixteen (16) universities were established after the year 2005 (List of universities and colleges in Saudi Arabia (n.d.), In Wikipedia).
2. By the year 2012, over 1,00,000 young Saudis were granted scholarships to study overseas (Qureshi Riyazuddin, 2013, p. 1252).
3. Contracts worth SR 2.68 billion were signed to carry out a number of university projects (Qureshi Riyazuddin, 2013, p. 1252).
4. With US\$1.8 billion (Phase 1) Haramain High Speed Rail project connecting the King Abdullah Economic City (KAEC), Rabigh, with another economic city – Medina and Port City – Jeddah (Haramain High Speed Rail Project). The KAEC offers 100% foreign ownership for individuals and organizations, with lower taxes, fast-track employment and cheap energy. The KAEC, features King Abdullah Port; a deep water port which lies directly on the main Asia Europe trunk line. During 2014 more than 6,000 vessels passed through the red sea (The story of King Abdullah Port).

In view of the multi-faceted reforms, huge government spending that reshaped Saudi Arabia as a lucrative market; former U.S. Ambassador to Saudi Arabia and long standing distinguished businessman Ford Fraker, on the occasion of the 2011 US-Saudi Business Opportunities Forum in Atlanta, Georgia (Dec 5-7) said that, “..if you are a company with international aspirations and you are not looking at the Middle East then you are missing the opportunity of the decade if not the next three decades. Having been involved in finance and investments in the Middle East for over 35 years I have never seen a better time to come do business in the region. The obvious reason is that all the governments are spending lots of money. All the GCC countries are embarking on large development programs and in the case of Saudi Arabia it is massive. A trillion dollars of projects have been announced in Saudi alone” (Saudi Arabia’s Economic Cities, 2011). The ‘Country Profile’ appended with BCB Index published by Forbes Magazine is a very careless ‘cut and paste’ job. The FM perceived that the one and only negative factor which must downgrade Saudi Arabia’s ranking was, “Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population, which generally lacks the education and technical skills the private sector needs”. In reality the high unemployment rate among Saudis is due to their own choice. The relatively high unemployment rate in the nation is not caused by lack of employment opportunities rather it is due to the choosy nature of the population in the area of employment (Nadia Yusuf, 2014, p. 102). One of the positive factors that boost market environment and

attract FDI, FM reported in the year 2008 was, “The government has begun establishing six "economic cities" in different regions of the country”. Surprisingly, after six (6) years, i.e. 2014, Forbes Magazine failed to notice any development in this area and used the same phrase about “Economic Cities” (see Box No.: 1). In fact, by the year 2009, huge infrastructure was in place and industrial units started business in Jazan.

The ‘Country Profile’ published along with BCB Index for the year 2015-16, by Forbes Magazine didn’t mention anything about “Economic Cities”. The researchers found that the ‘Country Profile’ of Saudi Arabia published by Forbes Magazine is copied in totality from the ‘World Factbook’ published by the ‘Central Intelligence Agency’ (CIA), the United States of America (US). Box No.: 2, presents the complete ‘Country Profile’ published by Forbes Magazine and the CIA, US.

Box 2: ‘Country Profile’ of Saudi Arabia published by Forbes Magazine and the Central Intelligence Agency’ (CIA), the United States of America (US)

<p>Saudi Arabia’s Profile Published by Forbes Magazine’s BCB Index 2015</p>	<p>Saudi Arabia’s Profile (Economic Overview) published by CIA, US, on its website as on 20-12-2015 https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html</p>
<p>Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 80% of budget revenues, 45% of GDP, and 90% of export earnings. Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and to employ more Saudi nationals. Diversification efforts are focusing on power generation, telecommunications, natural gas exploration, and petrochemical sectors. Over 6 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors, while Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population, which generally lacks the education and technical skills the private sector needs. In 2014 the Kingdom ran its first budget deficit since 2009, and faces budget deficits for the foreseeable future because it requires oil price greater than \$100 per barrel to balance its budget. Although the Kingdom can</p>	<p>Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 80% of budget revenues, 45% of GDP, and 90% of export earnings. Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and to employ more Saudi nationals. Diversification efforts are focusing on power generation, telecommunications, natural gas exploration, and petrochemical sectors. Over 6 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors, while Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population, which generally lacks the education and technical skills the private sector needs. In 2014 the Kingdom ran its first budget deficit since 2009, and faces budget deficits for the foreseeable future because it requires an oil price greater than \$100 per barrel to balance its budget. Although the Kingdom can finance high deficits for several years by drawing down its considerable foreign assets or borrowing, it probably will begin to reduce</p>

finance high deficits for several years by drawing capital spending if oil prices stay low through the next down its considerable foreign assets or year. borrowing, it probably will begin to reduce capital spending if oil prices stay low through the next year.

Source: <http://www.forbes.com/places/saudi-arabia/>; <https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>

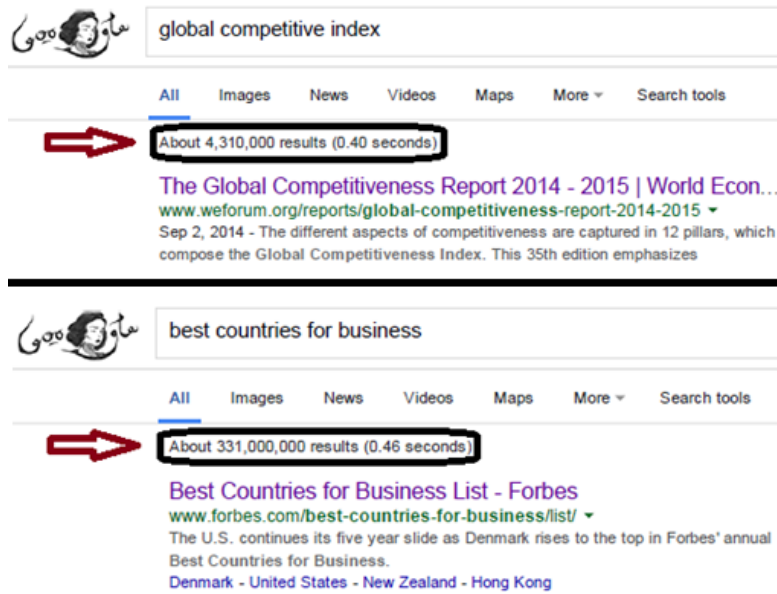
Forbes Magazine quoted the CIA as one of its sources. Although everybody is aware that, “copying so many words or ideas from a source that it makes up the majority of your work, whether you give credit or not” amounts to ‘Plagiarism’ (What is Plagiarism?). The researchers in no way allege that it is a case of ‘Plagiarism’ but the amount of data (Complete Profile) shared by Forbes Magazine from the CIA shows that the analysts of FM are more influenced by the CIA. The researchers do not allege of ‘Economic Sabotage’ but leaves a lead for other researchers.

Impact of Forbes Magazine’s Report on FDI inflow into Saudi Arabia

Until now the comparison of GCR, DB and BCB Index clearly reveals that the FM’s ranking to Saudi Arabia were in total contrast of those awarded by the WEF and the WB. Stereotype profile from the year 2008 till 2014, of Saudi Arabia published by FM did not include significant developments which improve business environment and makes it a ‘Lucrative Market’. These publications of FM surely might have discouraged foreign investors from investing in Saudi Arabia. The authors do not jump on this conclusion lightly, but further verifies the popularity factor of these two organizations which surely plays important role in influencing the decision of investors.

Below given are screen shots of ‘Google’ presenting search results for these ranking indexes. Image 1 i.e. “Screen Shot of ‘Global Competitive Index’ and ‘Best Countries for Business’” is a joint image of two different results. In Image 1 first query is ‘Global Competitive Index’ and second query is ‘Best Countries for Business’. In Image 2, the first query is ‘World Economic Forum Global Competitiveness Report’ and second query is ‘Forbes Magazine Best Countries for Business’.

Image 1: Screen Shot of Global Competitiveness Index and 'Best Countries for Business'



Google returned 4.31 million results for GCR and the results for BCB Index was 331million.

Image 2: Screen Shot of World Economic Forum's 'Global Competitiveness Report' & Forbes Magazine's 'Best Countries for Business'



Google returned 1.30 million results for WEF's GCR and the results for FM's BCB Index was 18.7 million.

Above two images of screen shots show the amount of content, including links to the query that is available on the web. This clearly indicates that the FM's BCB Index is much

popular than the WEF's GCR. By another report, FM has a much higher reader base than WEF. As per a 2014 report, Editor of Forbes Magazine, Randall Lane, claims to have 25.2 million monthly visitors to its website (Forbes Magazine Achieves Highest Readership Ever in the U.S., Adding More Than 1 Million Readers From 2013 to 2014). Such wide-scale coverage and popularity of FM over the WEF certainly might have influenced the decision of foreign investors and have deviated them from Saudi Arabia. At this juncture the authors explore few research findings that prove the impact of search engines on promoting any topic/issue.

Role of Search Engines in Marketing

With just a click Internet offers unparalleled volume of information. Search engines have been the most effective tools for billions of users throughout the world. Apart from, information on various topics search engines also gives access to the latest news and trends. Undoubtedly, search engines are the highly used resources on the internet. Web search engines have become an indispensable tool in our everyday life. When we seek information, we often go to our favorite search engine and look at the returned pages. Further the authors state that, "Thus, if a page has many links from other pages, we may conclude that many people are interested in the page and that the page should be considered "important" or "of high quality" (Junghoo Cho & Sourashis Roy, 2004). Another study reveals that, "the items Google presents as the best are considered by people to be the best too" (Mark T. Keane, Maeve O'Brien, & Barry Smyth, 2008, p. 51). A study carried to assess the credibility of search engines states that one of the measures to assess the popularity is, "Link-based measures: The classic method to determine popularity is through links. A link pointing to a Web page can be seen as a vote for that page, and when weighting links according to the authority of the linking page, good measurements can be achieved." (Dirk Lewandowski, 2013, p. 4). In view of these studies, it can be firmly ascertained that FM's BCB Index ranking to Saudi Arabia was one of the main reasons in the decline of FDI inflows in Saudi Arabia. The authors couldn't find any attempt by the Saudi government challenging FM's evaluation.

Saudi Arabia Failed to Market itself

As discussed earlier, to attract foreign investors, host country need to have a good image and competitive opportunities. Showcasing good image and opportunities can only be done through websites hosted by the government and its concerned departments. Media (print as well as online) is more effective than websites hosted by governments'. 'Search Engines' enjoys the proximity of the impact of 'Media'. Records reveal that Saudi Arabia failed to utilize global media and search engines for promoting business opportunities, e.g.: On 25th and 26th January 2015, a

conference titled, 'Jazan Economic Forum' was organized to promote 'Jazan Economic City', under the leadership of HRH Prince Mohammad bin Nasser bin Abdulaziz Al Saud, Governor of Jazan Province. Other dignitaries like, Mr. Khalid Al Falih, then President & CEO, Saudi Aramco, His Excellency Abdullatif Allothman, Governor & Chairman, Saudi Arabia General Investment Authority and HE Eng. Ali bin Ibrahim Al-Naimi, Minister of Petroleum & Mineral Resources, along with renowned businessman attended the program (Jazan Economic Forum showcases new opportunities).

This event was impressive, but failed to find a place in most of the top ranking newspapers abroad. The authors keyed in 'Jazan Economic Forum' and Google displayed just 20,000 results.

1. Similarly, in December 2015, the Jeddah Gov. Prince Mishaal bin Majid, inaugurated the Fourth Jeddah Business Forum titled "With the Partnership and Investment, We Build the Future"(Forum discusses impact of FDI on Saudi market).

The authors searched for the above event and found only 955 results on Google.

As a small random sample, the researchers searched above two events on the website of Financial Times, Forbes Magazine, New York Post, NY Daily News, The New York Times, The Washington Post, Wall Street Journal, Toronto Star, The Globe and Mail, Ottawa Citizen, . None of these wrote about this event. Thus, it failed to reach prospective investors abroad.

On the contrary, search for Saudi Arabia with any negative term or 'key words', high volumes of results will be returned by Google with links of leading news agencies and newspapers of many countries. Since the 9/11 'World Trade Center' attacks, Saudi Arabia is busy defending its non-involvement into these attacks. Several research reports by renowned personalities who proved that these attacks were planned and executed by none other than the US government are on record. It appears, therefore, that 9/11 was the most elaborate example yet of a false-flag attack, which occurs when countries, wanting to attack other countries, orchestrate attacks on their own people while planting evidence to implicate those other countries (David Ray Griffin, 2010). A US Judge George Daniels, dismissed Saudi Arabia as a defendant in lawsuits brought by families of victims of the 9/11 attacks. He said, "there was insufficient evidence linking the gulf country to the 2001 attacks, which killed nearly 3,000 people (US judge clears Saudi Arabia in 9/11 lawsuit). Despite of several research reports, books and a court's decision on the record; even today global media give the complete credit of these attacks to Saudi Arabia. Don't know why the Guinness Book of World Records failed to acknowledge world's first ever 'Nonflammable' (Khaled Almaeena, 2015) passport issued by Saudi Arabia and discovered by the US. Recently referring to a 2009 cable leaked by WikiLeaks in 2010, Fareed Zakaria wrote that, "It is the nation most responsible for the rise of Islamic

radicalism and militancy around the world. Over the past four decades, the kingdom's immense oil wealth has been used to underwrite the export of an extreme, intolerant and violent version of Islam preached by its Wahhabi clerics. In a December 2009 cable, leaked by WikiLeaks in 2010, then Secretary of State Hillary Clinton confirmed that Saudi Arabia remained a "critical financial base" for terrorism and that Riyadh "has taken only limited action" to stop the flow of funds to the Taliban and other such groups" (Zakaria Fareed, 2015). He forgot to mention Hillary Clinton's interview televised by several TV channels in the year 2012, accepting that, "Al-Qaeda is the creation of US government". She also approves it to be a "good move" (Hillary Clinton: We created AlQaeda). It is clearly evident that the image of Saudi Arabia is being successfully tarnished by global media and Saudi Arabia is failing to counter such negative propaganda.

CONCLUSION & RECOMMENDATIONS

During the year 2005, Saudi Arabia recorded FDI inflows of \$12.1 billion. In the year 2006, it grew by 41.32%. The Year-on-Year (YoY) growth continued and by the year 2007, Saudi Arabia recorded an increase of 33.33%. Year 2008, witnessed a whopping growth of 60.08%. Thus, during the period 2005-2008, FDI inflow into Saudi Arabia grew by an average of 44.91%. Year 2009, Saudi Arabia slipped down by a rank to 28th which improved remarkably in the year 2010. From 2010 till 2015, growth of economy was consistent, 'state of the art' infrastructure was coming up, and government's thrust to attract FDI was evident from policy reforms. As an outcome of all these developments Saudi Arabia succeeded in retaining its position within Top 25 countries in the WEF's GCR as well as WB's DB Index (except year 2014, in DB Index), but failed to convert it into numbers. This decline in FDI can be very well attributed to Forbes Magazine's 'Best Countries for Business' Index. Had this rate (44.91% average YoY during 2005-2008) of growth continued; by the year 2014, Saudi Arabia would have recorded a growth up to \$337.90 billion FDI. Researchers couldn't find any attempt made by any of the concerned ministries of the government of Saudi Arabia, to repair this damage or to counter 'Comparative Marketing' which in reality is 'Negative Marketing'. Apparently these circumstances indicate that there's a lack of coordination and synchronized efforts within the concerned ministries to achieve the goals of the Kingdom.

The concerned Ministries of the government of Saudi Arabia must take effective steps to counter negative marketing aggressively. The government needs to form an army independently dedicated to counter negative marketing against Saudi Arabia in the cyberspace. The government should open up more media outlets to effectively counter negative marketing, bombard 'Google' with some worthy information. It's high time that Saudi Arabia establishes an institution to carry out research focusing exclusively on foreign policies of its friends and foes.

This surely will help improve its image, attract FDI inflows and reduce the high unemployment rate by offering most sought after government jobs to Saudis.

LIMITATIONS AND WAY FORWARD

This study is based on secondary data, i.e. Reports published by various international organizations, governments, research papers, magazines and newspapers. This study is restricted to comparison and analysis of evaluations resulting in rankings awarded to Saudi Arabia as a 'Market' for foreign investors, by various global agencies and 'Forbes Magazine'.

There is always scope for further investigation of other dimensions of such issues. One of the most critical dimensions of this study is 'Economic Sabotage' which needs thorough research. This issue also challenges the use of Information and Communications Technology resources in Saudi Arabia. Simultaneously, the optimal use of Management Information Systems and e-Governance (Government to Business G2B) are also challenged by this study.

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