

An International Comparison of Investment Promotion Websites: Jeju Korea, PEI Canada & Hong Kong

Kenneth R. McLeod

WAIS, Korea

ARTICLE INFO

Article history:

Received 10 November 2011

Accepted 15 December 2011

Keywords:

Foreign Direct Investment (FDI), investment promotion, Investment Promotion Agency (IPA), investor services, Jeju, Korea, one-stop shop, subnational IPA.

ABSTRACT

This study assessed the Jeju Provincial Government's investment promotion Jeju Free International City (JFIC) website in comparison to Hong Kong's best practice subnational Investment Promotion Agency's (IPA), InvestHK, and Prince Edward Island's IPA, Invest PEI. The study assessed four website dimensions that are recommended for information dissemination to potential investors: information architecture, design, content, and promotional effectiveness. This study is based on Theodore Moran's promotional development work, and the Multilateral Investment Guarantee Agency's (MIGA) recent IPA performance study.

The JFIC website exhibited a low overall website performance score of 44%, compared to PEI (68.8%) and InvestHK (90.2%). Jeju's Content performance (16%) was far lower than the Invest PEI and InvestHK (28% and 47% respectively) IPA scores, and this is what provides investors crucial information such as the IPA's purpose, core (location) information, and credible, sector specific information. The JFIC site results also show weak promotional effectiveness of the website in terms of IPA branding, contact information and being easily found in basic Internet searches. The results of this assessment are consistent with MIGA's findings between best practice IPA's and developing IPA websites (2006).

Recommendations include that Jeju Special Self-governing Province (JSSP) revise the JFIC website entirely, or remove it and provide its full support to enhance the Jeju Development Center's website. The same website evaluation could provide useful feedback to dramatically increase the effectiveness of the JDC website as well. A true 'one stop shop' to service investors would be the most effective solution. Finally, it is recommended that the Investment Climate Survey be undertaken to clearly identify what sector specific information can be promoted to investors on the website. The information for investors will then match Jeju's impressive progress forward in its development.

INTRODUCTION & BACKGROUND

Objectives

Jeju has built on its past success as Korea's

honeymoon and vacation destination and now attracts approximately 5 million visits to the island annually. As Koreans travel abroad more frequently for leisure travel, Jeju is endeavouring to increase its share of the international tourism market. Total foreign tourists still only account

for approximately 9% of total tourist visits, and of these Japan and China are the main sources of foreign tourists. The infrastructure for tourism on Jeju is impressive.

The recently completed International Convention Centre (ICC Jeju) complements the existing southern shore resort hotel complexes, and a new resort hotel complex is scheduled for future construction.¹⁾ The airport is being upgraded and substantial road construction projects will ensure easy access around the island. Over twenty golf courses are in operation and many more are in various stages of development. The provincial government and JDC have a blueprint for 'leading projects'; key investments in development intended to further Jeju's economic and social development. These include, among others, a theme park development, a research park, port upgrades to Seogwipo City, and an international English village.

Jeju has an already impressive resume. However, the newly created Jeju Special Self Governing Province is entering uncharted territory in terms of having the responsibility to design many of its own development strategies. If Jeju Province hopes to use this new authority effectively, there could be positive benefits through the study and / or adoption of other countries' state/province strategies. Effective promotion strategies would be timely.

Introduction

The Jeju government's activities to attract investment and manage its' new powers speak

to the need for improved and proven processes for investment promotion and also its organizational requirements to meet international standards: agency staff ability, English language proficiency, transparent and effective laws, and international relations to name a few. Although economists might generally argue that markets are defined independently of their geographic or social characteristics, there is evidence to suggest that the nature of island societies' cohesive social characteristics could, in fact, influence the openness in which FDI is received as well as how willing people are ready to participate in global economic activities.

More pointedly, how do Jejuans want to participate in global society? Clearly it is a matter of significant importance; as the globalized economy charges ahead rapidly, strategies are required to participate and adapt, or be left behind. Nonetheless, there are choices for citizens to make and participate in, mainly by voting and voicing their concerns to the local government; a good test for its new role as a 'self-governing' province. A difficult, and competitive path lies ahead in Jeju promoting itself as a destination for investment.

"Today, there are more than 160 national Investment Promotion Agencies (IPA's) and more than 250 subnational ones worldwide. This trend is new – only a handful of these agencies existed 20 years ago." (Morisset & Andrews-Johnson, 1) In this context, this leads to the purposes of the proposed research.

Purpose

The purpose of this writing is to document and present an assessment regime to identify promotional variables that are important to an IPA's function of promotion and information

1) At the time of completing this writing, Berjaya Leisure Cayman (Berjaya Land Corporation, Malaysia) had finalized a joint venture agreement with Jeju Development Corporation to develop the next phase of the Jungmun Tourist Complex; a project estimated to be worth approximately \$1.3 billion USD.

dissemination to potential investors. This framework is expected to help identify key strengths and weaknesses of an IPA among established best practice systems and processes of government investment promotion methods. The study compares the government sanctioned investment promotion websites of Jeju, Prince Edward Island (Canada), and Hong Kong.

Governments seeking FDI are proactive in promoting and attracting FDI, through liberal tax incentives, marketing and investor services, but few consolidate these promotional activities into an effective and systematic organizational structure. This writing examines two provincial islands' website investment promotion; Jeju, Korea and Prince Edward Island, Canada. A practical assessment regime for comparing the FDI website information to a best practice website's FDI promotional processes is presented using a comparative investment processes model.

An IPA's biggest first impression, arguably, is its main website page. Within moments, a potential investor can potentially access critical information to assess whether or not a host economy might be worthwhile investigating further, and comparing it to other potential investment sites.

FDI Trends

The world FDI trends have become an essential and often talked about feature of the global economy. Furthermore, the World Investment Prospects report indicates that Global FDI inflows increased to US\$955bn in 2005, a 19% increase in nominal US dollar terms on the 2004 total. This followed a 22% increase in global inflows in 2004, to US\$802bn.²⁾ (The

2) The 2005 global total for FDI inflows was heavily influenced by two large accounting transactions—in an upward direction by US\$115bn for the UK (owing

Columbia Program on International Investment, 2006) Looking at FDI forecasts, South Korea is expected to rank 25th in the world from 2006 to 2010 receiving approximately \$8.7 Billion USD per year, or 0.68% of the world share of FDI. This compares to Canada's expected rank of 7th, which is expected to receive \$38.3 Billion USD, or almost 3% of world FDI. In any case, the importance of effective promotional strategies can not be understated to ensure that host economies are able to attract this investment to compete with each other.

In a Deloitte & Touche survey of multinational firms, "the top five (locational) factors, in order of the number of respondents claiming these are "very influential" in site selection, are: access to customers, (77%), a stable social and political environment (64%), ease of doing business (54%), reliability and quality of infrastructure and utilities (50%), and the ability to hire technical professionals (39%). National tax rates ranked eleventh (29% of respondents) and local taxes tied for fourteenth (24%)." (MIGA 2002, 19) These investor needs (rankings) speak to the promotional activities that should be addressed by IPA's in securing investments. The discussion now turns to FDI promotion.

FDI Promotion

The field of FDI promotion is a relatively new,

to the reorganisation of Shell and Royal Dutch Petroleum Company into Royal Dutch Shell, which was recorded in the UK's balance of payments as an FDI inflow), and in a downward direction for Australia (a net disinvestment of US\$37bn resulting from a reorganisation by News Corporation). Netting out these two transactions, global FDI inflows would have amounted to US\$875bn in 2005, or only 9% more than in 2004. Rather than increasing, the 2005 total for the developed world would have been slightly lower than in 2004.

but significant development, in the environment of foreign direct investment. The theory description(s), above, attempt to explain the reasons for why firms invest in foreign markets, for example utilizing internalization methods to overcome market barriers. Host economies at the state, provincial/state, city and regional levels, in turn, are now aggressively marketing their incentives that are advantageous for a firm to conduct investment.

FDI promotion, in effect, is the strategy of host economies to *state their advantages* to potential investors, and include describing economic and market conditions, the host, and incentives etc., as well as functioning as an entity that builds relationships with potential and existing investors. Wells and Wint define investment promotion as activities that disseminate information about, or attempt to create an image of the investment site and provide investment services for the prospective investors (2001, p4). The effectiveness of sound promotion strategies are, of course, largely dependent on the host economy's existing market advantages; but can promotion be effectively utilized to secure investors even when market conditions may not be as developed as other economies?

Research evidence into the functions and importance of Investment Promotion Agencies, or IPA's, is suggesting that there are core competencies that promotion agencies can undertake to help ensure their potential success (measured by the amount of successful foreign investment). These include image building, investor facilitation and services, investment generation, and policy advocacy. The types and categories of information that should be readily available to potential investors on an IPA's website comes from a comprehensive study of 125 IPA websites conducted by MIGA and is used to evaluate and compare the websites under observation.

An attractive and informative website is no guarantee of investment inducement. "Investment promotion appears to be most useful in a country with an attractive business environment. When the investment climate is poor, attention has to be given to improving fundamentals, otherwise substantial – perhaps excessive – resources have to be spent on convincing potential investors" (Wells, 2001).

The empirical studies of Wint & Wells suggest that, policy advocacy has the strongest relationship with FDI inflows, followed by image building, investor services and investment generation. Their results did not account for the characteristics of each country where an IPA exists, however. The results also suggest that too little emphasis (budget allocation) is being placed on policy and too much effort on investment generation. This was referred to as an equation of IPA effectiveness (Wells, Wint, p. 30). This thesis looks at the image building, or promotional aspect of providing the most important information from an investor's perspective.

FDI Promotion Model

The current environment of FDI attraction requires more than just "simply deciding whether or not to thrust subsidies and tax breaks into the hands of foreign corporations." (Moran, 2006) Moran advocates policies and promotion methods that can be applied by both developed and developing host economies.

Where investors are export-oriented and must integrate their production facilities into global supply chains and contribute to corporate strategy and performance, MNC's can exhibit significant risk averse behaviour before committing large capital investments in a host economy. This is quite the opposite conception where MNC's

investing in every possible profitable opportunity and the host economy can wait for investors to make enquiries. The export oriented MNC's have different concerns such as being wholly owned or majority owned subsidiaries, with fewer domestic content requirements. Even with concessions the potential investor may remain guarded.

The difference in investor and investment patterns between import-substitution and export-oriented MNC's creates a crucial difference in what is required to successfully promote foreign direct investment in a host economy. Host economies must now be extroverts in seeking to attract and promote FDI and prove that they offer superior advantages to competitors. Even then, there is still an element of risk and uncertainty; to the host who hasn't established a proven track record that they can fulfill host/service promises, and to the investor who can't know the outcome unless they actually invest (and build).

The Internet is now one of the primary sources of information an investor utilizes (among other traditional methods) when making locational decisions, and also an IPA's primary tool to promote and supply information to investors. One of the most basic challenges that IPA's face is to provide investors with relevant, high-quality information. Based on practicing the promotional model and observing best practice IPA promotion methods, the hypothesis is that more investors will select a particular host economy at the long-list stage of selection (if the potential host meets the basic market / location criteria) all other things being equal. It is then the IPA's duty to engage and compete for the investment. The IPA's that do not target investments and fail to follow up on potential investor interest could easily fall behind in the

race for FDI.

Host Economy Promotion Processes

Moran argues that instead of letting the markets function of its own accord, attracting FDI requires a carefully orchestrated four part strategy³⁾ on the part of the host economy. This strategy includes proactively demonstrating and promoting key factors that are important to investors. These include, investment climate development, information provision, upgrades investment to the host economy, and direct incentives and subsidies available to the investor. These steps are discussed in more detail, below.

Step One: Investment Climate

The first step is to create a favourable investment climate for foreign firms to operate in. Depending on the host nation's or area's progression of development, creating the perfect investment climate may seem insurmountable, or that many criteria can not be met or developed. The MNC's idea of a good environment might take into consideration the following factors: low inflation, exchange rates, economic growth, reliable infrastructure, high literacy, liberalized trade practices, political stability and transparency, minimal corruption, fair and competent judicial systems and access to required technology infrastructure. Even if a host area can begin to implement such reforms, it is possible to induce investors.

Step Two: Information Provision

Here step two involves the reconciliation of the host economy's pertinent information that

3) Moran, p.28, 2006

can be provided to potential investors. Accurate and reliable data is required for an investor to make informed decisions before committing to the host economy. Such information includes current country statistics, labour force and market data, and possible production areas; information that is comparable to other competitor areas. Information should be easily available to the investor. Based on successful countries' experiences, modern investment promotion agencies have been established whose focus is the marketing of the host economy. Staff should be well trained and offer the best possible information posted on their website (or links) relating to investment criteria. This information shouldn't speak in vague terms and promises, but rather offer detailed explanations that are required by the legal, financial and development staff evaluating the host economy. This information should attempt to meet international standards. The appropriate government ministries and agencies involved in the investment process will be listed as well as the promotion of existing success stories of investors who have located in the host economy.

What successful agencies have achieved is the 'one-stop' process where the investment promotion agency will assist the investor in dealing with the various development and start-up processes that may require dealing with several government agencies. The agency functions to make the investment process efficient and transparent and to help in the applications disclosures to the relevant government agencies. Problems might include a duplication of services however, with other government agencies. A recent development is to recruit relevant staff from the required government departments responsible for investment approval. Moran notes that "in practice, the objective must be a genuine one-stop shop, not

a one-more-stop shop."

It should be noted that some countries that have already established a clear image as an FDI destination such as Malaysia, Thailand and Singapore no longer focus on image building. The orientation of investment promotion programs of the Malaysian Industrial Development Authority (MIDA), Thailand's Board of Investment (BOI) and Singapore's Economic Development Board (EDB) has shifted entirely to investment generation. But in Vietnam (or Jeju at a sub-national level) where the country image as an FDI host is ambiguous and unstated, primary image building remains crucial. Jeju is in a similar situation. Jeju must forge ahead with a subnational IPA image to represent the investment goals of the self-governing province; which have yet to be fully realized.

Step Three: Upgrades Investment by Host

The goal for step three is to reduce the fear that investors have of committing to a large capital investment without being able to know for sure if the investment will yield acceptable ROI levels. Here, host governments typically incur direct expenses for infrastructure development, training programs or support programs that help make sure that the startup will achieve the desired performance results. This is especially key for the first investors in a host economy.

More specifically, host economies should invest in such areas as primary and secondary education, vocational training opportunities supported by educational loans or tax credits, one-stop job search centres, wage insurance or unemployment insurance (to encourage retraining and job mobility), health care support and social safety nets. These, of course require adequate funding, but are some of the keys for countries success-

fully participating in the global economy.

These programs and ‘self-investment’ in the countries human resources should be well documented and promoted, as they rank high on investor interest when considering investing or relocating.

Step Four: Direct Incentives & Subsidies

The fourth step is for the government or host economy to provide incentives, subsidies, tax breaks or other favourable concessions such as long-term leases of state owned property, to the investor. The costs may be considerable for the host economy. It may have to improve transportation and technology infrastructure, train labour, and offer comparable tax concessions of its competitors before a potential investor will consider investing. Unexpected negative externalities may also be an additional expense.

On the other hand, securing a significant MNC investor functions as an anchor to attract other investors, and thus is worth the price to offer such concessions. World Bank Foreign Investor Advisory Service (FIAS) studies show that the one-stop agency approach resulted in a statistically significant return for the host economy (Morriset, Andrews-Johnson, 2003; Wells and Wint, 2000). Costa Rica is considered a model with their efforts to attract Intel to locate in their country. Host economies must ask themselves if they are absolutely committed to inducing investors and going through these four steps to improve their chances of success.

Recently host economies have been rethinking how many incentives are worth giving up to the investor. The host must think carefully about whether, in the end, that the cost of the jobs created might exceed the value of having the MNC locate to the community. Blomstrom cautions

that “The degree to which other modes of international business (besides traditional inward FDI) generate appropriable spillover benefits for the host country is an exceedingly important policy issue for which there is a disappointing amount of evidence.” (Blomström, Globerman, Kokko, 1999) So, it appears the host economy must assume the risk that benefits of generating externalities and spillovers hopefully will exceed the incentives granted to the investor.

Results

Introduction

This chapter turns to the descriptions of Canada and South Korea and the two island provinces. The discussion then turns to the focus of assessing the promotional efforts of each province.

Prince Edward Island

PEI is an island province located on the eastern or Atlantic side of Canada, and is known as the location where the Canadian federation was born. It has traditionally been poorer than other parts of Canada, relying on its agricultural and fishing industries to support the local population. The population of PEI is approximately 135,851, or about 0.4% of Canada’s total population, and the islanders’ predominate language (93.8%) is English.⁴⁾ More recently, tourism has flourished and the province has endeavored to diversify its economy further by trying to attract investment in such fields as aviation and aerospace, bio-technology and light manufacturing.

4) Source: Statistics Canada, 2006 Census.

Like Jeju, PEI is striving to take advantage of its proximity to larger markets and portray itself as a logical place for investors to take advantage of lower operation costs, an educated workforce and a clean environment. PEI has an investment promotion agency called Invest PEI. It is a one stop shop with a mandate to attract and service investors. The agency has the coordinated support of the federal, provincial and municipal levels of government.

Jeju Island

Jeju is South Korea's smallest province by population, with approximately 560,000 people (2005 Korean Census). It represents less than 2% of the total land area of Korea. Like PEI, Jeju has been a poorer province relying on agriculture and, more recently, tourism to support its economy. Jeju's GDRP (2005) is about \$7.6 billion USD. Over five million tourists now visit annually, of which only 8% are foreign. UNESCO heritage sites have been designated in Jeju, consisting of Halla Mountain, lava tube cave system and a tuft volcano crater. It is expected to help bolster tourism. There is little manufacturing, but a concerted effort has been undertaken to try and attract investment in the core tourism industry and now other diversified fields such as research, medical tourism and knowledge based industry. Jeju is in close proximity to other Asian cities that have large population centres, approximately 17 cities having more than 5 million people each.

This is hoped to provide a market and investors (as well as global investors) for some of Jeju's new key projects such as a research and technology complex, resort complexes, a history theme park, a tourism port and an English education complex. JSSP has the authority to plan and

implement development and investor projects, and has an investment inducement division office. The provincial office works in conjunction with a central government funded organization called the Jeju Free International City Development Center (JDC). The JDC has a large budget and mandate to help the province implement the plans of the Jeju Free International City in becoming a free economic development zone similar to Hong Kong or Singapore. This was one of the rationale for selecting Hong Kong as a comparator, in that it is a role model for Jeju. Both Jeju and PEI also have the support of their respective national IPA's.

Typical of island economies, there are transportation difficulties, few significant natural resources, high energy costs and expanding the economy and labour force opportunities is a formidable challenge for both these island provinces.

Promotion Model

The objectives of the promotion model analysis are twofold. The first is to identify if important activities, conducive to investment, are present or being undertaken within the host economy. The second, is to assess if important host economy information is available to potential investors on the IPA's website. The first objective uses criteria based on Moran's FDI research on developing and developed economies (Moran, 2002, 2006). The criteria are in the form of policy and actionable recommendations that a host economy should undertake based on his research and is supported by other research that suggests that these steps increase the flows of FDI to the host economy (Morriset, Andrews-Johnson). The second objective of assessing the IPA's website content is based

on a recent study by the Multilateral Investment Guarantee Agency (MIGA), of the World Bank Group (2006). These two assessment methods provide the host economy with a means of identifying if core best practice steps are being taken to help ensure investment potential, and secondly, if these steps (and other pertinent information) are being promoted on the host economy’s main IPA website. As stated earlier, one of the initial, and most immediate sources of information a potential investor or consultant can access, is the website of an IPA.

These two methods taken together, provide an effective way for an IPA to identify best practice factors that are present (or absent) and to compare with other host economies.

Variables to Encourage Investment Inducement

It is important, again, to make some distinctions of Moran’s four step processes to develop successful investment inducement. Some of the required steps are policy, or action related activities that the host government undertakes as a prerequisite to help encourage successful investment attraction over the long term. The IPA’s role is to ensure that investors are aware of these activities (if they have been implemented) and to help encourage government to undertake these activities (or policies) if they haven’t done so. The scope of this study looks at whether the factors within each category are present or absent, and does not rate the quality of these factors. However, the presence or absence of these activities should be a relevant indicator of whether or not the host government and / or IPA is doing an effective job. The category variables are presented in Table 1, below.

Table 1 – Categories & Factors to Encourage Investment

Category	Factors
Investment Climate	Transparent Judicial System Economic Growth Low Corruption Political Stability Property Ownership Allowed High Literacy / Education Skilled Workforce Investment Policy Objectives
Information Provision	One-Stop Investment Agency Established Rapid Approval Process Comprehensive Website Professional Staff – FDI Professional Staff – Legal Competitor Comparisons List of Investors (Established) Provincial Investment Strategy Plan
Upgrades Investment (undertaken in order to attract an MNC or industry)	Airport Infrastructure Improvements Road Infrastructure Improvements Internet Infrastructure Improvements Vocational Training Education Modifications
Direct Incentives & Subsidies	Corporate Income Tax Exemption Government Land Leases Wage subsidies Environmental Assessments R & D Subsidies

MIGA’s Approach to Website Information Assessment

As a measure of the quality of the IPA’s information provision, this study looks at the websites of the government IPA’s using criteria from the Multilateral Investment Guarantee Agency’s ‘IPA Performance Review’. This study identified the characteristics of best practice websites based on what information investors and advisors need during web searches. The study benchmarked 11 websites recognized as

best practice IPA's, and then assessed the information provision of 114 IPA's at the national and subnational level.⁵⁾ The information was relevant to the investor's long-listing stage, where investors whittle down a long list of potential locations to a much shorter list of real possibilities that will then be researched more in depth. Recognizing this stage helps determine the information needs of the investor and, therefore, what information is pertinent to include on the IPA website. Please see the figure below for the site selection stages of investors. It is therefore crucial that at stage 2 of the site selection process that the developmental criteria from the four step model is readily available to the investor. This data should also be available within a well presented website as defined by the best practice criteria of the IPA website assessment study to best meet the investors' information needs (See Table 2 below).

There are four main categories or characteristics of best practice websites: information architecture, design, content, and promotional effectiveness. The MIGA study category variables are shown in Table 3, below. From MIGA's IPA Performance Review,⁶⁾ many websites were shown to be quite limited in their content, with inconsistent information about business sectors or functions.

5) MIGA, 2006

6) The MIGA website analysis method is drawn from several studies including (1) A Framework for FDI Promotion (1) *A framework for FDI promotion* by Henry Loewendahl, Transnational Corporations, Vol. 10, No. 1, April 2001; (2) *Assessing a firm's web presence: A heuristic evaluation procedure for the measurement of usability* by Agarwal and Venkatesh, Information Systems Research, Vol. 13, No. 2, June 2002; and (3) *Consumer-Centric Emarketing Value Assessment Model: An Adaptation of Heuristic Evaluation Usability Testing, The Seven C's Framework and The Value Bubble To Assess Website Marketing Objectives Achievement* by O'Keefe and Askim-Lovseth, Journal of E-Business, Vol. 5, No. 1, June 2005.

Table 2 - Best Practice Website Categories & Attributes

Category	Attributes & Content
Information Architecture	Quick downloads Guaranteed Uptime Worldwide accessibility Hierarchical Information Finding home
Design	Ease of reading Colour Graphics Navigational aids
Content	Investor Focus Summaries Comparisons Statistics News Testimonials and Case-Studies Downloadable fact sheets Sector-specific information Contact Information
Promotional Effectiveness	Finding the site Anticipating investors needs Government affiliation

Too many sites offered no data to support claims about the investment environment, and not enough data to help assess or compare the location. Many sites reflected a poor understanding of investors' information needs, with information that seemed to be directed at tourists. Most sites from developing economies tended to avoid stating why their location was suitable for investment. This poor information contrasts with the top 5 IPA's in the study which offered business cases, statistical data and graphical data that investors can use to compare key locational factors (MIGA, 2006). IPA websites and answers to investor inquiries should contain information related to the most common location factors such as economic and political stability, regulations on the treatment of international firms, market size

and growth, property availability labour, property and utility costs and other factors depending on the sector. The result of MIGA’s IPA performance review showed that best practice IPA’s tended to understand key location factors at the sector and sub-sector level.

The assessment method proposed here is meant to address the IPA’s need to take a hard look at the development of its investment environment and also to create a categorical way in which to satisfy investors information needs.

Assessment Methodology

This website analysis is intended to assess whether the IPA promotes its location to business investors in a clear coherent way. Additionally, it should also provide information that is pertinent for the investor who is at the long-listing stage of site selection. The overall scoring methodology is designed to measure the extent to which the IPA’s website has the following characteristics:

- Readily identifiable and accessible to investors
- Effectively uses the online medium and is visually appropriate
- Is made in a way that makes it easy for site users to find the information they need
- Provides interesting and useful information to an investor

The assessment process evaluates the website on the four key dimensions of information architecture, design, content and promotional effectiveness. Each dimension has factors that rate the attributes of the dimension overall. The descriptions of the dimensions are given, followed by the scoring methodology from the MIGA IPA study. The four main dimensions and the factors are shown in Table 3 below.

Table 3 - Website Assessment Dimension Categories and Factors

Category	Factors
Information Architecture	Web-friendly structure Ease of navigation Website functionality
Design	Ease of reading Colour Graphics Navigational aids
Content	Investor Focus Summaries Comparisons Statistics News Testimonials and Case-Studies Downloadable fact sheets Sector-specific information Contact Information
Promotional Effectiveness	Finding the site Anticipating investors needs Government affiliation

Dimension 1 – Information Architecture

Information architecture refers to the organization and the layout of the information in the website and how logical and consistent the structure of the site allows the user to quickly identify key pieces of information. The user should have his information needs satisfied whether browsing for information or for decision-making purposes. The use of headers, sidebars and conventional layout techniques enables a logical layout and easier navigation of the site. There are three themes (dimensions) within this category:

1. **Web-friendly Structure** refers to how well the homepage fits on standard PC screens, and if extensive scrolling is required to view a page.

2. **Ease of Navigation** refers to if the website uses navigation bars and prompts and if it is easy to move from page to page.
3. **Website Functionality** refers to if key topics are highlighted, of the pages download quickly and if the graphics and links function the way they should.

Dimension 2 – Design

Design refers to the general appearance and readability of the website. The look and the feel of the site should be immediately noticed by users. Because of certain subjective bias in the rating of this dimension, the focus of the assessment is on quantifiable aspects, such as readability, and consistent templates throughout the website. There are two key themes:

1. **Look and Feel** – refers to if the pages have visual appeal, and if the look of the website was consistent. It also refers to if the branding of the site is reinforced.
2. **Reading Ease** – refers to if the site text, fonts and colours are conducive to reading information, and if headings are short and easy to read.

Dimension 3 – Content

The content dimension is considered the most important and relevant dimension of the four. This section relates to the relevance, accuracy, currency, and accessibility of the website as well as information to investors. Because investors tend to search for certain types of information that can be compared with other hosts (I.e. key locational factors), the items represent the information needs of users and how much the content of the site is relevant and easily accessible. There are seven themes:

1. **Clarity of Purpose** – is the website a site for investors (versus the general public). Does it introduce services for investors?
2. **Core Information** – information that is useful and relevant to foreign businesses.
3. **Sector Information** – the investment information and opportunities should be provided by sector. The information should be of consistent quality across sectors.
4. **Credibility of Information** – refers to if statistics, sources of information, and dates are used. Is the information credible?
5. **Currency of Information** – refers to if the information is up to date (current) and if the site includes business event and investor news.
6. **Use of Downloads** – refers to if the investor can download various reports, presentations from the site.
7. **International Accessibility** – refers to if the site is available in English and other languages specific to the target market, and if the foreign language versions are consistent.

Dimension 4 - Promotional Effectiveness

This dimension generally measures how well the website is effective in selling the location and services to investors. Ultimately, the IPA website should induce an investor or agent to contact or interact with the IPA. Here, the website should sell itself to investors not tourists, include business oriented information, and argue why the location is ideal for the appropriate sectors. There are five themes.

1. **Branding** – are there corporate (branding) images and statements?
2. **Corporate Roles & Messages** – Are the IPA's roles and services clearly stated on the website? There should be clear instructions

on how to obtain more information.

3. **Contact Information** – there should be clear contact options for users.
4. **Promotional Effectiveness** – the website should sell (promote) the host economy's location to investors.
5. **Internet Prominence** – the website should be easy to find when searching on the Internet.

KEY FINDINGS

Key Findings

The best practice website of Invest Hong Kong, clearly outperformed the other Jeju and PEI investment websites overall. The Invest HK website had an overall assessment score of 90.2 percent compared to PEI (68.8%) and Jeju (44%). The results of this assessment are consistent with findings of the MIGA IPA study between best practice IPA's and developing IPA websites (2006).

The websites had closer scores within the Information Architecture dimension. This dimension measured how well the user can find information quickly and how well the site is laid out. Here, the PEI website was rated the most effective (20%) compared to Invest HK and the Jeju site (17.2% and 15.6% respectively).

Within the Design dimension, the Jeju site was weakest in the readability of the site. Fonts were irregular and inconsistent among the various pages and this distracted the ability to read information easily. This is most likely as a result of the language limitations of describing information in English. It was noted that the Jeju website appeared to have a similar consistency of information in other languages however. Invest Hong Kong's website had a

superior look and feel (visual appeal) overall (60%), and this was evident in the branding of the organization.

The Content section was clearly where the best practice website of Invest HK (47%) stood out from Jeju (28%) and Invest PEI (16%). One might argue that Hong Kong has a far more developed location, organizational resources and success stories than the much smaller agencies. There is a lot that can be done however. The Invest PEI website was able to use credible information from the national statistical agency (Stats Can) and from a major study conducted by KPMG. Invest PEI had a performance rating of 80% compared to Invest HK's score of 100%. Jeju had no substantive sources, and scored 20% in terms of credible information.

PEI and Jeju did not offer any downloadable (PDF) files that an investor could easily print out or download to file. Invest HK offered numerous files for overall descriptions of Hong Kong and pertinent information by sector. Oddly, Jeju has a downloadable PDF overview available at the Invest Korea website (Jeju section). Documents would greatly add to the convenience and interest of viewing the site.

Core information is another area where the PEI (60%) and Jeju (40%) websites could dramatically improve providing relevant investor information compared to Hong Kong (100%).

The Promotional Effectiveness dimension revealed a key weakness of the Jeju website. The site was difficult to find in basic Internet searches (40%) and basic information such as contact information and corporate messages to investors were absent or vague at best. This is critical information for investors searching at the long listing stage of searching, who may want to follow up with the IPA for more information.

SUMMARY & CONCLUSIONS

Summary

Overall, the website assessment results show that including information that is relevant to investors, based on best practice promotion development criteria and proper website design can result in a website that is investor oriented and should help in attracting investors to consider the IPA's market (all other things being equal). It is evident that comparing one's IPA website to best practice websites is a worthwhile exercise that can identify important areas of weaknesses (and strengths), and guide improvements and revisions to the website. For example, basic contact information for investors to contact the agency.

PEI most closely follows the recommended best practices in website promotion functions, and this results in a website that would rate above most developing IPA websites, and therefore a competitive advantage. Jeju's clear disadvantage is the overall impression that the website gives the viewer, as reflected by its low overall performance score of 44%, compared to PEI (68.8%) and Invest HK (90.2%). This must change.

A disadvantage in Jeju is that there are several entry points to investor services in Jeju, and it potentially hurts everyone involved, both the investor trying to find consistent information and those parties in Jeju who are working hard to attract investment but unnecessarily duplicating information and confusing everyone in the process. Even though the PEI provincial government website has its own investment team staff, the site clearly links to the Invest PEI website where the investor can go for one stop services for their investment processes. The content dimension of the PEI website was

well presented and used convincing information supported by recognized studies and statistics, and indicated the company investors. Unfortunately it was beyond the scope of this paper to rate all of Jeju's investor services websites. The JDC website is the more likely candidate to act as a true IPA in terms of its website and services.

The provincial government main website does point investors to the JDC, Jeju Free International City (JFIC) website and Invest Jeju (the Invest Korea national IPA site), but it is not at all clear who has the authority or responsibility of providing one stop services and this takes away from JDC's efforts to claim one-stop services for investors. The Invest Korea website, for example, does not link to the JFIC site, and the link to the JDC site is obscure and did not work (English version website) at the time of this writing.

In general, many of the investment promotion functions encouraging investment in Jeju are undergoing significant reform, and this should attract the attention of potential investors; particularly in the areas of upgrades investment and direct incentives and subsidies. These activities must clearly be conveyed in the information provision functions, however; a weakness of Jeju. In addition, conducting the Investment Climate Survey would provide the framework for identifying the various development factors that could be used in promoting the benefits of investing in Jeju.

The results clearly showed that it was difficult to find the JFIC website on the Internet. The JDC, or Invest Korea sites were found before the JFIC site being searched for.

Recommendations

Conducting an organizational 'network' map

of Jeju's contributors to investment promotion would help identify areas of redundancy, or possibly strengths that should be consolidated within the IPA promotional function. This would also serve to keep all levels of government involved, such as key staff from the JDC, Ministry of Construction, provincial and city governments on site at the IPA. The savings of consolidating this information and improving the effectiveness of attracting FDI should be incentive enough.

Assessment and evaluation is important to help an organization establish goals and plans of action to improve. The adoption of assessment regimes to compare factors with other IPA agencies, and within Jeju could lead to substantive improvements in performance.

The relationship between the JFIC (JSSP), JDC, and KOTRA websites seems vague. These websites do not clearly 'link' to each other, and the relationship between these organizations is not clear; for example who an investor should contact first to make inquiries. The JSSP did provide links to all 3 websites, but the acronyms 'JDC', 'JFIC', or 'KOTRA' may not be recognized without an introduction. The JSSP should make it policy to clearly state the purpose of each of these websites, and that they should all link to each other. This would benefit the investors in the initial contact stage, and help Jeju's staff to more effectively communicate with investors.

Prominent and well seen contact links should be on almost every page for an investor to use, and the e-mail or phone numbers should be consistent, and reach an investment promotion officer that can speak English, or other required language. Responding to e-mails and inquiries must be done.

Executive interviews should be considered to assess feasibility of a true one-stop shop for

Jeju. Leadership is required to make this happen. The best practice IPA's (national and sub-national) are already proving that this is the most effective and investor friendly method, and is an exciting area of new research.

Jeju should consider full, and active involvement in the IPA membership of UNCTAD and World Bank (FDI Net) supports. These organizations offer training, research, best practice methods, and ultimately help the IPA focus on the successful attraction of investors.

Finally, it is worthy to keep in mind Jeju is moving forward with its key projects and has a flourishing tourism industry already. In the summer of 2007, Jeju received positive ratings in the "Asian Cities of the Future" rankings, conducted by FDI Magazine (MIGA). In this study, 38 cities across Asia answered 60 questions among 7 categories including: economic potential, cost effectiveness, human resources, quality of life, infrastructure, business friendliness, and FDI promotion strategy. Jeju scored well, within the top ten, as having a young population base (7th), biggest growth in average earnings (6th), and placing in the top 6 'Small Asian Cities' overall (3rd). To illustrate the promotional improvements that could be made, the fact that Jeju was rated 3rd as one of the best small Asian cities, was not found on any of Jeju's investment websites.

Jeju has a wealth of opportunities yet to be promoted.

Bibliography

- Barclay, L.A., (2000). Foreign Direct Investment in Emerging Economies: Corporate Strategy and Investment Behaviour in the Caribbean. London: Routledge, 2000. Questia. <<http://www.questia>.

- com/PM.qst?a=o&d=102731003>.
- Blomström, M., Globerman S., & Kokko, A.. (September 1999). *The Determinants of Host Country Spillovers from Foreign Direct Investment: Review and Synthesis of the Literature*, Working Paper No. 76.
- Blomström, M., Kokko, A., & Zejan, M. (2000) *Foreign Direct Investment, Firm and Host Strategies*: Palgrave.
- British Columbia Ministry of Economic Development, (2005). *British Columbia Asia Pacific Initiative*. Victoria: Ministry of Economic Development.
- Brooks, D. H., Hill, H. (2004). *Managing FDI in a Globalizing Economy, Asian Experiences*, Asian Development Bank.
- Cherry, J. (2006). *Killing Five Birds with One Stone: (1) Inward Foreign Direct Investment in Post-Crisis Korea*. Pacific Affairs, 79(1), 9+. Questia database: <http://www.questia.com/PM.qst?a=o&d=5015913561>
- Columbia Program on International Investment, The Economist Intelligence Unit, (2006). *World Investment Prospects to 2010: Boom or Backlash?* New York: The Economist Intelligence Unit Limited.
- Cuong, M.T., (2005). *The Marketing Approach to FDI Attraction*. M.A. Thesis, Vietnam: National Economics University.
- Dunning, J. H. (Ed.). (2002). *Regions, Globalization, and the Knowledge-Based Economy*. Oxford: Oxford University Press. Questia database: <http://www.questia.com/PM.qst?a=o&d=110146787>
- Dunning, J. H. & Mucchielli, J. (Eds.). (2001). *Multinational Firms: The Global-Local Dilemma*. London: Routledge. Questia database: <http://www.questia.com/PM.qst?a=o&d=108299183>
- Dunning, J. H. & Narula, R. (Eds.). (1996). *Foreign Direct Investment and Governments: Catalysts for Economic Restructuring*. New York: Routledge. Questia database: <http://www.questia.com/PM.qst?a=o&d=107912588>
- Dunning, J.H., (1981). *International Production and the Multinational Enterprise*. pp. 21-40. London: George Allen & Unwin.
- Foreign Affairs & International Trade Canada, (2006). *Canada: A Strategic Choice*. Ottawa: Invest in Canada Bureau (IPA).
- Foreign Investment Advisory Service (2000). *Providing Advice on FDI in Small Island Economies: the Need for a Differentiated Approach?*. Seminar Notes.
- Freeman, N. J. & Bartels, F. L. (Eds.). (2004). *The Future of Foreign Investment in Southeast Asia*. New York: Routledge Curzon. Questia database: <http://www.questia.com/PM.qst?a=o&d=107567193>
- Friedman, T. L. (2000). *The Lexus and the Olive Tree, Understanding Globalization*, Anchor Books.
- Government of Korea, (2006). *Jeju Act on Jeju Free International City: Compilation of Foreign Investment Laws*. Jeju: Investment Inducement Division.
- Hymer, S.H. (1960). *The International Operation of National Firms: A Study of Direct Foreign Investment*. Doctoral Dissertation. Massachusetts Institute of Technology.
- Invest In Canada (2007). *Canada at a Glance*, Website, Government of Canada, ISBN 978-0-662-43142-8, 2008.
- Invest Korea (2004, July). *외국인직접투자 Q & A*. Seoul: Invest Korea.
- Invest Korea, (2005, October). *How to Invest: Investment Procedures and Incentives*. Seoul: Invest Korea.
- Jeju Special Self-Governing Province, (2006). *Investment & Development Information*. Jeju: Investment Division.
- Jeju Special Self-Governing Province, (2007, February). *2007 Provincial Government Policies*. Jeju: Innovative Planning Team.
- Jensen, N. M. (2006). *Nation-States and the Multinational Corporation, A Political Economy of Foreign Direct Investment*, Princeton University Press.
- Kogut, B. (1998, Spring). *International Business: The New Bottom Line*. *Foreign Policy* 152+. Questia database: <http://www.questia.com/PM.qst?a=o&d=5001330014>
- KOTRA (2007). *Organization of Invest Korea*. <http://english.kotra.or.kr>

- Larrain, F., Lopez-Calva, L.F., Rodriguez-Clare, A., (2001). *Intel: A Case Study of Foreign Direct Investment in Central America*, in Economic Development in Central America, vol. 1, Growth and Internationalization, Harvard University Press.
- Lee C.J., (2006). *FTA: Regional Trends in East Asia. Building a Northeast Asian Community Volume 2, Economic Cooperation and the Role of Jeju Island*. Jeju Development Institute. Seoul: Yonsei University Press.
- Lipschultz, R.D., & Rowe, J.K. (2005). *Globalization, Governmentality, and Global Politics: Regulation for the Rest of Us?* (pp. 1-20) New York: Routledge.
- Lockhart, D. G., Drakakis-Smith, D., & Schembri, J. (1993). *The Development Process in Small Island States*. New York: Routledge. Questia database: <http://www.questia.com/PM.qst?a=o&d=103876310>
- Min, Kee (2000). *Does Foreign Government Policy Matter?: The Case of U.S. Direct Investment Abroad in Manufacturing*, Dissertation, University of Kentucky.
- Moran, T. H. (2002). *Beyond Sweatshops, Foreign Direct Investment and Globalization in Developing Countries*, The Brookings Institution.
- Moran, T. H. (2006). *Harnessing Foreign Direct Investment for Development, Policies for Developed and Developing Nations*, Center for Global Development, Brookings Institution Press.
- Morriset, J., & Andrews-Johnson, K. (2003). *The Effectiveness of Promotion Agencies at Attracting Foreign Direct Investment*, Occasional Paper 16 Washington: Foreign Investment Advisory Service, World Bank Group.
- Noland, M., (2005). From Player to Referee? The State and the South Korean Economy. *Institute for International Economics*. Conference Paper. Washington: Institute for International Economics.
- Noland, M., (2005). South Korea's Experience with International Capital Flows. Working Paper, Washington: Institute for International Economics.
- Read, R., (2007, May). Foreign Direct Investment in Small Island developing States. Helsinki: UNU World Institute for Development Economics Research.
- Sader, F., Do "One-Stop Shops" Work? Foreign Investment Advisory Service, The World Bank Group.
- Safarian, A. E. (2003). Internalization and the MNE: A Note on the Spread of Ideas. *Journal of International Business Studies*, 34(2), 117+. Questia database: <http://www.questia.com/PM.qst?a=o&d=5001931082>
- Saul, J.R., (2005). *The Collapse of Globalism and the Reinvention of the World*, Viking Canada.
- Stocker, H. (2000). *8 Growth Effects of Foreign Direct Investment—Myth or Reality?* In Foreign Direct Investment, Chen, J. (Ed.) (pp. 115-134). New York: St. Martin's Press. Questia database: <http://www.questia.com/PM.qst?a=o&d=108690347>
- UNCTAD, (2006). *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development*. Switzerland: United Nations Publication.
- Wells, L.T., & Wint, A.G., (2000). *Marketing a Country: Promotion as a Tool for Attracting Foreign Direct Investment*, rev. ed. World Bank.
- Willem te Velde, D., & Nair, S., (2005, November). Foreign Direct Investment, Services Trade Negotiations and Development: The Case of Tourism in the Caribbean. London: Overseas Development Institute.
- World Association of Investment Promotion Agencies, (2007). WAIPA Annual Report, 2006. Geneva: WAIPA Secretariat.
- World Bank Group, Multilateral Investment Guarantee Agency (2006). *Investment Promotion Agency Performance Review 2006*, World Bank Group.
- Yang, Y.C. (1999) Political Economy of Cheju Tourist Development. *서울행정학회*.