

UNDERSTANDING FACTORS FOR INVESTMENT INTO SOUTH AFRICAN DIASPORA BONDS: AN EXTENDED THEORY OF PLANNED BEHAVIOUR

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“Education is the most powerful weapon which you can use to change the world.”

Nelson Mandela

TABLE OF CONTENTS

Plagiarism Declaration	ii
Acknowledgements	iii
Table of Contents	iv
Abstract	xi
List of Tables	xiii
List of Figures	xiii
List of Abbreviations	xiv
CHAPTER 1: INTRODUCTION	1
1.1. Background to the study.....	1
1.2. Research problem.....	4
1.3. Research questions and objectives	5
1.4. Scope and justification of the study	5
1.5. Organisation of the study	6
CHAPTER 2: LITERATURE REVIEW	7
2.1. Introduction	7
2.1.1. Definitions of concepts.....	7
2.2. Conceptual Framework: Diaspora Bond Theory	8
2.2.1. Patriotism	8
2.2.2. Return expectations	9
2.2.3. Risk management	9

2.2.4. Country of origin bias (Informational advantages)	11
2.2.5. Satisfaction	11
2.2.6. Policy Influence.....	12
2.2.7. Interest in underlying assets	12
2.2.8. Poor governance and corruption	13
2.3 The Diaspora Bond: Global issuances	13
2.3.1. Diaspora Bond: Israel.....	13
2.3.2. Diaspora Bond: India	15
2.3.3. Diaspora Bonds: Africa regions	16
2.4. Theoretical Framework: Theory of Planned Behaviour (TPB).....	18
2.4.1. Behavioural beliefs informing Attitudes	18
2.4.2. Normative beliefs informing Subjective Norms	18
2.4.3. Control beliefs informing Perceived Behavioural Control	19
2.5. Empirical Literature Review	20
2.6. Research Model: The convergence of the Theoretical Framework (TPB) and Conceptual Framework (Diaspora Bonds: Investor Perspective)	21
2.7. Summary	26
CHAPTER 3: METHODOLOGY	27
3.1. Introduction	27
3.2. Research approach.....	27
3.3. Research philosophy	28
3.4. Research design.....	30

3.4.1. Qualitative research approach (Phenomenology)	30
3.4.2. Population and Sampling	30
3.4.2.1. Target population	30
3.4.2.2. Sampling plan.....	31
3.4.3. Data collection.....	32
3.4.3.1. Semi-structured interview approach.....	32
3.4.3.2. Interview schedule development	33
3.4.3.3. Data collection instrument	35
3.4.3.4. Challenges with data collection.....	35
3.4.4. Data analysis	36
3.5. Trustworthiness	38
3.5.1. Credibility.....	38
3.5.2. Transferability	38
3.5.3. Dependability	39
3.5.4. Confirmability	39
3.6. Ethics	39
3.6.1. Anonymity.....	39
3.6.2. Confidentiality.....	40
3.6.3. Informed consent.....	40
3.7. Summary of Chapter 3	40
CHAPTER 4: RESEARCH ANALYSIS	41

4.4.1.3.8. Sub-theme 1.3.8: Corrupt procurement practices.....	54
4.4.1.4. Main theme 1.4: Return expectations.....	55
4.4.1.4.1. Sub-theme 1.4.1: High risk high return.....	55
4.4.1.4.2. Sub-theme 1.4.2: Return based on costs and benefits	56
4.4.1.4.3. Sub-theme 1.4.3: Rational patriotic return.....	56
4.4.1.5. Main theme 1.5: Informational advantages.....	57
4.4.1.5.1. Sub-theme 1.5.1: Poor investor sentiment of South Africa.....	57
4.4.1.5.2. Sub-theme 1.5.2: International geography bias.....	60
4.4.2. Research question 2: Subjective norms towards investing into South African diaspora bonds	60
4.4.2.1. Main theme 2.1: Peers view the South African diaspora bond as high risk....	60
4.4.2.1.1. Sub-theme 2.1.1: Family and friends with investment experience.....	61
4.4.2.1.2. Sub-theme 2.1.2: Family and friends in South Africa.....	61
4.4.2.1.3. Sub-theme 2.1.3: Family with shared finances	61
4.4.2.1.4. Sub-theme 2.1.4: Investment managers	62
4.4.3. Research question 3: Perceived Behavioural Control (PBC) towards investing into South African diaspora bonds	62
4.4.3.1. Main theme 3.1: Enablers to investment behaviour	62
4.4.3.1.1. Sub-theme 3.1.1: Sufficient disposable income	62
4.4.3.1.2. Sub-theme 3.1.2: Adequate investment knowledge	63
4.4.3.1.3. Sub-theme 3.1.3: Technology	63
4.4.3.2. Main theme 3.2: Disablers to investment behaviour.....	63
4.4.3.2.1. Sub-theme 3.2.1: Insufficient disposable income	64

4.4.3.2.2. Sub-theme 3.2.2: Limited knowledge on diaspora bond and renewable energy investments	64
4.4.3.2.3. Sub-theme 3.2.3: International fund flow bottlenecks	64
4.4.3.2.4. Sub-theme 3.2.4: National investment scheme limitations	65
4.4.4. Research question 4: Environmental factors	66
4.4.4.1. Main theme 4.1: Satisfaction.....	66
4.4.4.1.1. Sub-theme 4.1.1: Improvement in the welfare of South Africa	66
4.4.4.2. Main theme 2: Policy influence	67
4.4.4.2.1. Sub-theme 4.2.1: Personal tax incentives.....	67
4.4.4.2.2. Sub-theme 4.2.2: Small, micro and medium enterprise (SMME) support.....	67
4.4.4.2.3. Sub-theme 4.2.3: Fair and transparent procurement policies.....	68
4.4.4.2.4. Sub-theme 4.2.4: Effective, equal and equitable employment.....	68
4.4.4.2.5. Sub-theme 4.2.5: Influencing resource allocation.....	69
4.4.4.2.6. Sub-theme 4.2.6: Energy security policies.....	69
4.4.4.2.7. Sub-theme 4.2.7: Climate change education policies	69
4.4.4.2.8. Sub-theme 4.2.8: Diaspora engagement policies	70
4.4.4.3. Main theme 4.3: Interest in underlying investment asset.....	70
4.4.4.3.1. Sub-theme 4.3.1: Green finance	71
4.4.4.3.2. Sub-theme 4.3.2: Improved electricity infrastructure	71
4.5. Summary of Chapter 4	72
CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS.....	73
5.1. Introduction	73

5.2. Summary and conclusion of findings.....	73
5.2.1. Attitudes towards investing into South African diaspora bonds	73
5.2.2. Subjective norm towards investing into South African diaspora bonds	76
5.2.3. PBC towards investing into South African diaspora bonds	77
5.2.4. Environmental factors influencing investment into South African Diaspora Bonds	77
5.3. Recommendations	78
5.3.1. Strengthening of diaspora engagement	78
5.3.2. Partnership with the private sector	79
5.3.3. Bond Issuance in foreign-denominated currency	79
5.3.4. Leverage technology for improved access, usage, and transparency.....	79
5.3.5. Embedment into existing investment schemes and/or platforms	80
5.3.6. Public sector social and economic policy reform.....	80
5.3.7. Market-aligned diaspora bonds	80
5.3.8. Diaspora bond characteristic target markets	80
5.4. Limitations and avenues for future research	81
REFERENCES	82
A–Z.....	82–93
APPENDICES	94
Appendix A: Table Interview schedule review outcomes.....	94
Appendix B: Semi-structured interview consent form.....	96

ABSTRACT

South Africa's power infrastructure faces a multi-faceted crisis linked to electricity supply, ageing infrastructure and a concentration of coal-based production, as well as shortfalls in financing infrastructure development. Diaspora bonds offer a promising alternative financing mechanism for infrastructure development in emerging markets like South Africa. This study explores investor demand for South African diaspora bonds, employing thematic analysis within an extended Theory of Planned Behaviour framework. The research entailed semi-structured interviews with 11 individuals from the South African diaspora based in the USA, UK, and Australia. The results of the thematic analysis reveal that attitudinal, social, ability and environmental perceptions towards investing into South African diaspora bonds are largely shaped by conditionalities pertaining to risk and benefit realisation. Further economic, institutional and regulatory reform is needed to attract investors towards South African diaspora bonds.

The main attitudinal motives are underpinned by (i) patriotism with varying conditionalities, (ii) risk perception, (iii) corruption, governance and institutions, (iv) return expectations and (v) informational advantages. The participants were more inclined to invest for patriotic reasons on condition that personal welfare benefits are realised if a return to South Africa is planned, and/ or investment exposure was limited relative to the perceived risk. The participants perceived a heightened risk, in terms of credit default risk, due to corruption and inadequacies in the rollout of infrastructure projects, as well as currency risk, especially when not planning to return to South Africa. However, a positive risk perception relating to asset class diversification and the ability to offset rand-denominated liabilities in South Africa was observed. From a governance, institutions and corruption standpoint, the participants were concerned about government service delivery, misappropriation of funds, poor international relations, as well as corruption in procurement, weak institutions, and government policies deterring FDI; however, they had confidence in the regulatory bodies, governing financial instruments. Some participants were willing to accept a low return based on patriotism; however, this was conditional, as these investors were seeking limited exposure, and intent on returning to South Africa, in the hope that the bond would improve infrastructure. Other participants had expectations of a high return, due to the perceived high risk, or planned to base the return on the collective of the costs and benefits. Informational advantages were also

observed to result in a poor sentiment of South Africa in general, with the participants preferring international geographies for investment purposes.

The main social perception was that South African diaspora bonds may be a high-risk investment, largely informed by opinions and guidance offered by friends and family members with investment experience and/ or living in South Africa, investment managers, and partners often with shared finances. In terms of ability to invest into South African diaspora bonds and/ or Perceived Behavioural Control, enablers and disablers were identified. The main enablers include: (i) sufficiency in disposable income, (ii) technology as a means to streamline investment processes, and (iii) adequacy in investment knowledge. The primary disablers observed were: (i) limitations on current mandatory investment schemes, (ii) insufficient disposable income due to retirement or being employed part-time, (iii) limited knowledge on diaspora bonds and renewable energy, and (iv) bottlenecks in international fund flows. The primary environmental motives emanating from the research are: (i) Satisfaction, (ii) Policy Influence and (iii) interest in the underlying asset. The findings indicated that satisfaction played a role, when the participants linked the investment to supporting the welfare of South Africa. Additionally, the research revealed that the participants may be incentivised through policy such as tax incentives, improvements in procurement processes, resource allocation, and improved diaspora engagement amongst others. This research further finds that respondent interest in green finance, as well as the improvement of the electricity infrastructure, may play a role in driving investment into a South African diaspora bond.

Based on these results, recommendations pertaining to the research include targeting the South African diaspora bond at the diaspora intending to return to South Africa. The findings further suggest that engagement with the South African diaspora need to be strengthened. Additionally, the South African diaspora bond should ideally be implemented through streamlined systems-based platforms that offer transparency, auditability, and accountability. The investment should also be embedded in collaboration with established investment managers, and partnerships with the private sector should be forged, to strengthen controls relating to the lack of confidence in the public sector. Another consideration is to issue the South African diaspora bond in a universal hard currency, as well as mitigate the foreign exchange risk by means of a currency swap. Further research may be required to support this current research, covering the issuer perspective, and other countries of adoption by diaspora, not otherwise covered within this research.

LIST OF TABLES

Table 2.1: Diaspora engagement policies	12
Table 2.2: Current Israeli diaspora bond issuances	14
Table 2.3: India Diaspora Bond issuances	16
Table 4.1: Participant unique codes	42

LIST OF FIGURES

Figure 1.1: Geographic spread of South Africans living abroad.....	3
Figure 2.1: A depiction of the Theory of Planned Behaviour (TPB).....	19
Figure 2.2: Research Model	25
Figure 3.1: Research Approach and Philosophy	29
Figure 3.2: Interview refinement protocol	34
Figure 3.3: Thematic analysis 6 step approach	37
Figure 5.1: Research Outcome	74

LIST OF ABBREVIATIONS

AFDB	African Development Bank
ASGISA	Accelerate and Shared Growth Initiative South Africa
CBE	Commercial Bank of Ethiopia
CSIR	Council for Scientific and Industrial Research
DCI	Development Company for Israel
DDI	Diaspora Direct Investments
DFI	Development Finance Institution
DM	Deutsche Mark
DPI	Diaspora Portfolio Investments
EDTF	Ethiopian Diaspora Trust Fund
EECP	Ethiopian Electric Power Corporation
FDI	Foreign Direct Investment
FSCA	Financial Sector Conduct Authority
GERD	Grand Ethiopian Renaissance Dam
GHG	Greenhouse Gas Emissions
IEA	International Energy Agency
IMB	Indian Millennium Bond
IMD	India Millennium Deposits
IMF	International Monetary Fund
ISID	Inclusive and Sustainable Industrial Development Framework

MCB	Millennium Corporate Bonds
MDGs	Millennium Development Goals
NBE	National Bank of Ethiopia
NDP	National Development Plan
NGP	New Growth Path
NPC	National Planning Commission
ODA	Official Development Assistance
OIM	Organisation for International Migration
PA	Prudential Authority
PBC	Perceived Behavioural Control
PPP	Public Private Partnership
RDP	Reconstruction and Development Programme
RIB	Resurgent Indian Bonds
SDGs	Sustainable Development Goals
SMME	Small Medium and Micro Enterprises
TPB	Theory of Planned Behaviour
UK	United Kingdom
UN	United Nations
UNIDO	United Nations Industrial Development Organisation
USA	United States of America

CHAPTER ONE

INTRODUCTION

1.1. Background to the study

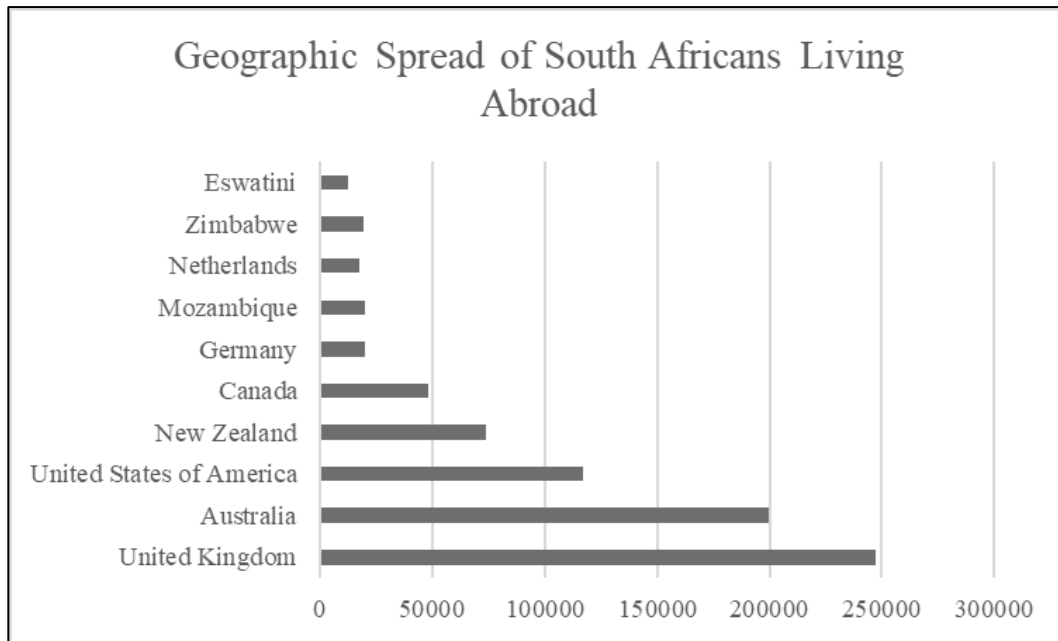
The term, infrastructure, from an economic perspective, relates to the supply of essential services required for the production of nearly every type of goods, and refers to undertakings that generally gain cost efficiencies through increased production, and introduce varying externalities (World Bank, 1994). In this context, infrastructure relates to the provision of “power, telecommunications, piped water supply and sewerage, waste management, piped gas, irrigation, dams, as well as transport and ports” (World Bank, 1994, p. 2). The provision of infrastructure that enables the effective production of goods and services is imperative, not just for economic growth and development, but also to improve the quality of life for a given population of a country (Chege, 2001; World Bank, 1994). Infrastructure financing has traditionally been sought from the fiscus, but various factors such as increasing populations and fiscal strain has created a need for innovative financing mechanisms-it is estimated that in African cities alone, the population trajectory is expected to reach 1.5 billion – three times the current population (Haas et al., 2023). Haas et al. (2023) further estimate that approximately USD130-170 billion is required annually, in terms of infrastructure financing.

South Africa’s power infrastructure requires significant reform and financing to support development (Republic of South Africa [RSA], Department of National Treasury [NT], 2024). In recent years, the country’s electricity crisis has worsened with South Africans being subjected to rolling electricity blackouts “of up to 12 hours” as a result of poor management relating to basic electricity infrastructure (Bertelsmann Stiftung, 2024). Furthermore, South Africa is under increasing pressure to transition its primarily coal-based electrical grid to increase reliance on renewable-based energy sources (Kiratu, 2010). South Africa’s infrastructure financing strategy is premised on fiscal reliance, Public and Private Partnerships (PPPs), and blended finance mechanisms with development finance institutions as well as with the private sector (RSA, NT, 2024). The South African National Treasury recognizes the need for creative financing through the private sector to support infrastructure financing gaps to address the electricity crisis (RSA, NT, 2024). The National Treasury highlighted in 2024 that the total investment in infrastructure comprising of both the public and private sector was

14.2% of Gross Domestic Product (GDP), significantly lower than the National Development Plan (NDP) target which is 30% of GDP.

Furthermore, South Africa has created targeted programs to address the concentration on coal-based electricity supply. The Renewable Energy Independent Power Producer Procurement Programme (REIPPP) was developed in 2011 by the Department of Energy (DOE) to address the requirements of the NDP to create renewable energy sources of energy via the private sector to support South Africa's electricity grid (Independent Power Producer Office, 2014). The REIPPP is essentially enabled through IPP consortiums focusing on renewable energy projects with the long-term objective of supporting development (Independent Power Producer Office, 2014). Additionally, South Africa has developed the Just Energy Transition Investment Plan (JET IP), which is currently a 5-year plan (2023-2027) aimed at supporting the country in mitigating its dependence on fossil fuels (Republic of South Africa [RSA], The Presidency, Department of Energy [DoE], 2023). The JET IP focuses on electricity as a priority sector and is based on a financing need of approximately R1.5 trillion and is enabled by development finance firms, private sector financing, as well as loans (commercial and concessional), guarantees and assistance from a technical perspective amongst others (RSA, The Presidency, DoE, 2023). However, even with the JETIP, a funding gap of R700 billion (RSA, The Presidency, DoE, 2023).

Infrastructure inadequacy is a component that has been highlighted as an emigration driver (United Nations Conference on Trade and Development [UNCTAD], 2012). Emigration is a derivative of the term, migration, and according to the South African perspective, refers to citizens, who have exited South Africa, in order to adopt and take-up residence in a new country (International Organization for Migration [IOM], 2019). Crush and Chikanda in 2017 approximated that, 750,000 South Africans were living abroad. Recent statistics, detailed in the International Migrant Stock Report (United Nations [UN] Population Division, 2020), reveal that close to 1 million South Africans are living abroad, with an exact number of 914 901 South Africans provided by Stats SA in 2023. The highest concentrations of South Africans abroad were captured in the United Kingdom [UK], Australia, and the United States of America [USA], respectively (Republic of South Africa [RSA], Statistics South Africa [Stats SA], 2023; UN, 2020).



Source: Reprinted from Stats SA, Migration Profile Report South Africa (RSA, Stats SA, p. 82)

Figure 1.1: Geographic spread of South Africans living abroad

A material challenge faced by countries with elevated emigration statistics, is the loss of skilled professionals which in turn places strain on the fiscus through reduced taxation income, less entrepreneurial activity and strained productivity (UNCTAD, 2012). One of the benefits highlighted by the UNCTAD (2012) is that emigration of highly skilled workers creates opportunities for the mobilisation of Diaspora Bonds. Bonds, from a traditionalist perspective, offer advantages to both the investor and the issuer in terms of infrastructure development (Oji, 2015). When compared to commercial loans, finance through bond issuance provides reduced dispersion associated to the long termism of the security as well as elevated liquidity for investors, whilst issuers typically benefit from reduced costs of borrowing relative to a commercial loan (Oji, 2015). Diaspora Bonds are an emerging largely underutilised source of development finance offering additional advantages to both investors and issuers when compared to traditional bonds. From an issuer perspective, diaspora bonds offer investor diversification through targeting citizens scattered across geographies, improved diaspora relations, below-market interest rates anticipated primarily through a patriotism driver, additional streams of financing for infrastructure development, and consequentially credit rating support (Gevorkyan, 2021; Ketkar & Ratha, 2010). Investors are attracted to diaspora bonds due to patriotism, its ability to match anticipated investor liabilities in local currency, lower bond defaults due to bond repayments being paid in local currency, biases towards the local country, and the affinity to support the country from a social perspective (Dolan & Zeitz,

2019; Ketkar & Ratha, 2010). A key limitation in implementing a diaspora bond is the perception of confidence in governmental institutions which may affect interest and penetration into a diaspora bond issuance, in turn providing a foundation for PPPs (Making Finance Work for Africa Partnership [MFW4A], 2020). Furthermore, diaspora bond issuances may be strained by an underdeveloped bond market, enabling regulatory support for the purpose of incentivisation, and elevated costs both related to marketing and to setting up the bond facility (MFW4A, 2020). The use of diaspora bond proceeds has been targeted mainly at infrastructure development- Israeli diaspora bond issuances have benefitted the country's infrastructure development program, whilst Ethiopia issued a diaspora bond to support the development of the Grand Ethiopian Renaissance Dam (GERD) to support power infrastructure (Gevorkyan, 2021; MFW4A, 2020).

1.2. Research problem and questions

The energy crisis in South Africa is multi-faceted, encompassing supply-related shortages, ageing infrastructure, persistent load shedding, and a concentration in coal-based energy production (Kessides et al., 2007; Kiratu, 2010; Nowakowska & Tubis, 2015). Addressing the energy crisis requires substantial investment – Haas et al. (2023) approximates that between USD130-170 billion is required annually for the purposes of infrastructure development. A growing body of knowledge advocates for the strategic use of diaspora funds as a means to support infrastructure development through diaspora bonds (Gelb et al., 2021; MFW4A, 2020).

The success of diaspora bonds hinges on the willingness and the perceptions of the South African diaspora to invest in the referred bonds (Ketkar & Ratha, 2010; MFW4A, 2020). There is a lack of extensive understanding regarding the perceptions of South African expatriates towards investing into South African diaspora bonds. The study will attempt to address the lack of understanding on these perceptions by means of the following research questions:

- a) How do attitudes affect investment into South African diaspora bonds?
- b) How do social norms affect investment into South African diaspora bonds?
- c) How do investors view their ability to invest into a South African diaspora bond?
- d) How do environmental factors influence investment decisions into South African Diaspora Bonds?

1.3. Research Objectives

The overarching research objective is to *understand the factors that influence investment decisions into South African diaspora bonds*. The sub-objectives of the study include:

- a) Investigate the attitudes impacting investment into South African diaspora bonds.
- b) Investigate the social norms impacting investment into South African diaspora bonds.
- c) Understand investors' ability to invest into a South African diaspora bond.
- d) Understand how environmental factors impact investment into South African diaspora bonds.

1.4. Scope and justification of the study

This research focuses on the South African diaspora based in the largest geographic concentrations of South African expatriates i.e., Australia, United States of America (USA) and the United Kingdom (UK) (RSA, Stats SA, 2023a). Through this research, the researcher aims to understand the factors that influence investment into diaspora bonds for South Africa, particularly to finance power infrastructure. In addition, currently, limited research is available on demand-side factors for diaspora financial instruments, particularly in the context of South Africa (Dolan & Zeitz, 2023; MFW4A, 2020; Tchibinda, 2018). These studies provide a theoretical generic perspective of diaspora bonds and focus as well on case studies for countries which have successfully and unsuccessfully launched diaspora bonds (Dolan & Zeitz, 2023; MFW4A, 2020; Tchibinda, 2018). This research will enable an understanding of demand-side factors for diaspora bonds through the investigation of South African diaspora perceptions specifically. The researcher anticipates that this research will support the enrichment of the existing literature on diaspora bonds to hone the investor perspective. Additionally, it is anticipated that this research will benefit the entities within the spectrum of the issuer perspective in relation to diaspora bonds, both in the public and private sectors. This benefit realisation may be attained from the ability of the researcher in this research to provide a view of what investors are seeking, and consequently, provide the issuer with the ability to structure a diaspora bond accordingly.

The findings of this research may also be useful to policymakers, by providing an understanding of how to shape policies to catalyse and channel investment into diaspora bonds. The South African government has evidenced intent to strengthen links with the South African

diaspora, in an effort to capitalise on risk factors relating to emigration (Republic of South Africa [RSA], Department of Home Affairs [DHA]. (2017), which may be useful as a data point for initiating action on such initiatives. Additionally, the public sector may benefit from an understanding of the factors that require attention, in order to improve the investment climate.

This research could also be useful to the private sector, as it reflects on the role that the private sector may have to play for the implementation of successful diaspora bond issuance. It is also anticipated that this study would be beneficial to Development Finance Institutions (DFIs), in terms of insights into innovative financing mechanisms in the emerging economy context, as well as the understanding of the role that DFIs may be able to play in mobilising finance, with respect to diaspora bonds.

Finally, the World Bank Group (2013), in expanding on the potential of the diaspora for development finance, has stated the importance of big data, in relation to the diaspora, including, but not limited to demographics, income profiles, and areas of interest for investment purposes. By furthering the understanding of the diaspora perspective, policymakers, the private and public sectors, as well as DFIs, stand to gain from the initial outcomes that are presented in this study, in support of building on diaspora data sets.

1.5. Organisation of the study

The study is structured as five (5) chapters. **Chapter 1** includes a background of the topic under scrutiny, definitions of a problem statement, research questions and objectives, as well as a justification for the study. In **Chapter 2**, a literature review of the research subject matter is detailed, including a review of empirical literature. **Chapter 3** comprises the methodology applied in conducting the research, including details on the research approach, strategy and data collection, as well as sampling and analysis techniques. **Chapter 4** contains a detailed analysis of the data referred to in Chapter 3, as well as information on the research findings. Finally, in **Chapter 5**, the research is concluded with a discussion of the study conclusions, as well as related recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

In this chapter, the researcher provides an overview of key concepts relating to the Diaspora Bond, an overview of the conceptual and theoretical frameworks, a detailed review of literature relating to Diaspora Bonds, as well as an analysis of appropriate empirical literature.

2.1.1. Definitions of concepts

- i. **Diaspora:** The South African diaspora refers to individuals, who have either directly emigrated away from South Africa to an adopted country, or whose lineage has historically emigrated from South Africa (IOM, 2019). These individuals hold a connection to South Africa in some form (IOM, 2019).
- ii. **Diaspora instruments:** These relate to charity, remittances, and investments (Asquith & Opoku-Owusu, 2020).
 - *Diaspora philanthropy:* This refers to private donations from individuals of the diaspora, influenced by benevolent factors (Asquith & Opoku-Owusu, 2020).
 - *Diaspora remittances:* This involves a transfer of funds from an individual of the diaspora, typically a member of family in the home country, and could be either formal or informal (Asquith & Opoku-Owusu, 2020).
 - *Diaspora direct investments (DDI):* These are targeted and “direct” investment from the diaspora and could be either formal or informal (Asquith & Opoku-Owusu, 2020).
 - *Diaspora portfolio investments (DPI):* These include investment of a diaspora into local bonds, equities, or mutual funds, including diaspora bonds (Asquith & Opoku-Owusu, 2020).
- iii. **Diaspora bonds:** These are a form of DPI (Asquith & Opoku-Owusu, 2020), and could be described as a form of alternative debt mechanism of raising financing (Shimeles, 2010). Diaw (2017) suggests that the Diaspora Bond is a strong avenue for development financing, as it is less rigid than ODA, which tends to be

accompanied with restrictive terms and conditions. In a Diaspora Bond structure, the government of a country may be the issuer of the bond, and the diaspora are primarily, but not exclusively, the investors into the bond (Shimeles, 2010). The issuer of the Diaspora Bond could also be an entity within the private sector (Ketkar & Ratha, 2011). Typically, diaspora bonds are directed at financially stable individuals of the diaspora, who seek investments in their country of origin (Morazán et al., 2019).

- iv. **Energy Security:** The International Energy Agency (IEA, 2019) defines energy security in terms of supply and demand; the electricity supply should be ongoing, aligned to electricity demand, and adaptable toward the developmental requirements of a country.

2.2. Conceptual Framework: Diaspora Bond Theory

A conceptual framework, which outlines the factors that influence investment into diaspora bonds, has been developed on the back of existing literature (Ketkar & Ratha, 2007, 2009, 2010; Nyame-Asiamah et al., 2020; World Bank Group, 2013). These include *Patriotism*; *Return expectations*; *Risk management*; *Country of origin bias* (Informational advantages); *Satisfaction*; *Policy influence*; *Interest in underlying assets*; and *Poor Governance and Corruption*. The following section contains information on each of these factors, as they relate to the diaspora bond body of knowledge.

2.2.1. Patriotism

Patriotism is an ideology or belief that relates to a relationship between (an) individuals(s) and a country of origin or association (Nathanson, 1993). A common thread in defining patriotism is based on devotion to, and fondness of a country (Nathanson, 1993; Smith & Jarkko, 1998). The concept of patriotism has been defined within four interconnected dimensions relative to an individual's country. These include the feelings of love and fondness, the ability to relate to a country, having special interest in the welfare of the country, as well as the inclination to support the country, even when sacrifices have to be made (Nathanson, 1993). Bar-Tal and Staub (1997) provide a similar definition, premising the definition of patriotism to allegiances towards a country. Smith and Jarkko (1998) concur with Bar-Tal and Staub (1997), and further link patriotism to the feelings of pride felt towards a country. The earliest application of patriotic-driven

investment into bonds could be rooted back to war bonds by developed economies, such as the USA and the UK. During World War 1, the USA sought to raise financing through *Liberty Bonds*, characterised by leveraging lower patriotic yields, when traditional financing mechanisms, such as tax increases, were no longer an option (Kang & Rockoff, 2015). The UK issued *National War Bonds* as a mechanism for financing the First World War and appealed to the patriotism of individuals in advertising campaigns, to drive buy-in into the instrument (Fox, 2015). More recently, following the tensions between Ukraine and Russia, Ukraine sought to issue a war bond to enable the sustainability of the Ukrainian economy at a yield of 10% (Hetzner, 2021). Patriotism has been highlighted as the primary demand-side factor driving investment into a Diaspora Bond instrument (Ketkar & Ratha, 2007, 2010; MFW4A, 2020). The South African diaspora may be willing to invest in South African diaspora bonds for the betterment of the country based on a deep-rooted connection, which may be a driver towards investment.

2.2.2. Return expectations

In this section, the patriotic basis segues into the investment return factor. Additionally, the implicit nature of a diaspora bond being characterised as an investment instrument suggests that diaspora bond investors will have an expectation for a return. As investors are attracted through patriotism primarily, the return expectations are generally a secondary consideration because, unlike traditional investments, the lean on patriotism, provides a scope for a lower than market return, or at least, this is what the traditional basis of diaspora bonds was (Ketkar & Ratha, 2007). In the diaspora bond body of knowledge, Ketkar and Ratha (2009) state that, historically, investors into diaspora bonds have been, typically, willing to settle for relatively lower rates of return. However, these authors state that this traditional return basis is evolving, with investors seeking returns that are marked to market.

2.2.3. Risk management

Investors may be influenced by the potential that diaspora instruments may offer, to manage individual risk exposures (Ketkar & Ratha, 2007).

- **Credit default risk**

There is a growing consensus when defining Credit default risk as it pertains to fixed income instruments, such as bonds. Credit default risk may be defined as the inability

to maintain payment requirements, in terms of the bond terms (Wytenburg et al., 2020). Typically, bonds issued by government-linked entities provide a lower exposure to credit default risk, when compared to bonds issued by corporate entities (Wytenburg et al., 2020). This is because government bonds are deemed risk-free instruments, with lower probabilities of default, due to various options available to meet liability obligations, through inflation, monetisation (Amstad et al., 2020), increased taxes, and decreasing expenditure (European Central Bank [ECB], 2005). Corporate entities are not afforded the same tools available to the public sector, and consequently, rely on internal credit risk mitigation techniques, such as proactively managing assets and liabilities (ECB, 2005). In addition to the issuing entity, another determinant of credit risk exposure is the currency matching structure of the bond (Wytenburg et al., 2020). The body of knowledge on diaspora bonds suggests that they offer a lower risk of credit default to the diaspora, due to the bond being denominated in the home-country currency, which increases the ability to meet the bond's payment terms (Ketkar & Ratha, 2007).

- **Currency risk**

The terms, *currency risk* and *foreign exchange risk*, has been used interchangeably, and refer to the potential for losses from the decline in the value of the diaspora bond, emanating from fluctuations in related currencies, driven by a bond structure, wherein there is a currency mismatch (Wytenburg et al., 2020). As diaspora bonds, traditionally, have been issued in local country denominated currency, Ketkar and Ratha (2007) suggest that this feature reduces a diaspora bond's exposure to exchange rate volatility, and assert that this reduced volatility may be appealing to diaspora investors.

- **Offsetting contingent liabilities**

One other such advantage may be derived from a diaspora bond being issued in local currency. In addition to the benefit of decreased volatility, it is suggested that investors may stand to benefit from holding investments in local currency, when such investors have local currency exposures (Ketkar & Ratha, 2007).

- **Diversification**

Modern Portfolio Theory suggests that a heterogenous approach to investment portfolio diversification may be beneficial, from a risk and return perspective (Elton

& Gruber, 1998). The principle of asset diversification has been suggested as a motivator of investment into diaspora bonds, as investors may seek to attain exposure to domestic markets, in addition to base country exposures (Ketkar & Ratha, 2007). Diversification is a strategy employed to mitigate against investment risk (Leković, 2018). Investors into diaspora bonds, therefore, may be attracted to the diversification offered by the South African geography, as a means of minimising investment risk, through the mechanism of diversification.

2.2.4. Country of origin bias (Informational advantages)

Country of origin bias, from the diaspora investor perspective, may arise from the diaspora investor's preference for home-country asset classes, instead of other geography asset classes, based on holding informational advantages (Ketkar & Ratha, 2008). This view is supported by the Home Bias Theory, wherein informational advantages promote investment into home countries (Obstfeld & Rogoff, 2000). Informational advantages have been described in literature, in terms of informational disadvantages, and referred to as 'Information Asymmetry', which implies an imbalance in the spread and attainment of information, where one individual may be in possession of more information, compared to another individual (Akerlof, 1970).

Informational advantages have been explored, in terms of the Home Bias Theory. Coval & Moskowitz (1999) observed that home-country investors held a level of subjectivity towards domestic equities, even among various foreign options, and attributed this to informational advantages held by home country investors. Informational advantages breeds familiarity. Familiarity and informational advantages may be used interchangeably (Leblang, 2010). Familiarity may be linked to familiarity bias, which in the investment context, refers to a tendency to be drawn towards investments asset classes to which an individual is accustomed (Kase, 2018). It may then be extrapolated that familiarity bias could extend beyond asset classes and expressed in terms of region. Familiarity emanating from reduced information, therefore, may lead to a country-of-origin bias, in terms of diaspora bond investments.

2.2.5. Satisfaction

According to Ketkar and Ratha (2007), one reason that investors may show interest in diaspora bond instruments, is the level of '*satisfaction*' it provides, which emanates from

support for the country s/he considers home. These authors add that this satisfaction relates to the investor’s intention of contributing to domestic economy growth.

2.2.6. Policy Influence

Diaspora investors may be attracted to diaspora bonds because the perceptions of potential, to determine and guide policies in their country of origin, is promising (Ketkar & Ratha, 2007). Franc et al. (2020), after researching mechanisms to strengthen diaspora engagement, recommend many policies to support diaspora relationships, as well as strengthen investment, which include, ensuring favourable conditions for investment, enabling diaspora investment and business opportunities, and strengthening the diaspora databases (Table 2.1). According to the Heleniak (2011), efficiencies in Diaspora engagement policies are driven by the granularity of information held on the diaspora. This implies that governments with rich data on the diaspora are likely to implement effective diaspora engagement policies successfully, and in turn, attract diaspora investment.

Table 2.1: Diaspora engagement policies

#	Precondition	Recommendations
1	Enabling Environment	Enabling legal and regulatory framework, and removing obstacles (administrative, legal, fiscal, citizenship issues).
		Inclusion of civil society efforts in engaging diaspora.
		Public-private partnerships.
		Access to property and land, which is often a barrier to investments.
2	Financial and Technical Support	Access to finance (loans, grants).
		Provision of investment incentives (tax breaks, variety of financial products).
		Business training and skills development.
		Technical support and coordination among different actors (agencies, chambers, etc.).
3	Information Gathering	Data collection, research and study of best practices.
		Networking, organization of business events for diaspora entrepreneurs, matching local entrepreneurs, governments and organizations with foreign counterparts, establishing platforms for information and idea sharing.
		Solid reporting lines and exchange of information between ministries and government institutions in charge of diaspora and consular offices and institutions abroad

Source: Reprinted from *Policies for promoting diaspora investment in countries of origin* (Franc et al., 2020, p. 112).

2.2.7. Interest in underlying assets

Diaspora investors’ interest in the investment assets within a diaspora bond may be an investment determinant. According to the World Bank Group (WBG, 2013), there is a

link between the underlying projects receiving funding from a diaspora bond and diaspora investor interest. In terms of this current research paper, if South African investors hold an interest in climate change, or in securing energy infrastructure in South Africa, these investors would more than likely invest into a South African diaspora bond.

2.2.8. Poor governance and corruption

Strong governance is imperative, to support the success of a diaspora bond. Nyame-Asiamah et al. (2020) provide evidence, through a grounded theory approach, that poor governance and corruption may deter the diaspora from investing into diaspora bonds. The South African diaspora may be more inclined to invest into a South African diaspora bond, if a perception of strong institutions exists.

2.3 The Diaspora Bond: Global issuances

Diaspora bonds have been adopted by emerging economies, to finance infrastructure development, and support economic positions. Prominent diaspora issuances originate from Israel and India. Although African countries offer significant potential for diaspora financing, the diaspora finance channel is still in its infancy, and countries that have made attempts, have struggled to gain traction (Ketkar & Ratha, 2007; Shimeles, 2010).

2.3.1. Diaspora Bond: Israel

The Israeli government has pioneered innovative development financing through diaspora bonds. Israel initiated the issuance of diaspora bonds in 1951, with the objective of supporting infrastructure development across various sectors (Ketkar & Ratha, 2009). The Israeli government mandated the management of the diaspora bonds to the development finance entity within the country, the Development Company for Israel [DCI] (Ketkar & Ratha, 2009). The DCI has, since inception, raised approximately USD42 billion for the country as at 2019 (Morazán et al., 2019). Israel's diaspora bonds are a significant proportion of the country's foreign debt, which is highly advantageous, due to the historical discounted rate of borrowing afforded on a patriotic basis (Ketkar & Ratha, 2009). In addition to the discounted borrowing benefit, the Israeli government has been able to harness the added advantage of nurturing Israel diaspora relations (Ketkar & Ratha, 2009).

The Israeli government employed various enabling mechanisms to support the penetration and success of the Israeli diaspora bonds. The Israeli government focused on directing the diaspora bond toward geographies that held the largest concentrations of Israeli diaspora individuals (Ketkar & Ratha, 2009). The Israeli diaspora bond issuances were also supported through the development of legislative frameworks that support implementation and were registered with the Securities and Exchange Commission [SEC] (Ketkar & Ratha, 2009). The successful Israeli diaspora bond issuances may as well be attributable to support from the government officials, who actively participated in roadshows, to create awareness and education on the investments (Ketkar & Ratha, 2009). Crucially, the DCI incorporated offices in the highly concentrated Israeli Diaspora countries, to support the strengthening of relations with the diaspora, and in turn, to strengthen take-up of the Israeli diaspora (Ketkar & Ratha, 2009). The DCI of Israel has opened up investment of the Israeli Diaspora Bonds to both the Israeli diaspora and non-Israeli diaspora, which has been a driver of scaling investment in this bond market (Ketkar & Ratha, 2009). Although the Israeli diaspora bond issuances were premised on relatively low yields, on the patriotic basis, these yields have tended to converge toward market rates (Ketkar & Ratha, 2009). The Israeli diaspora bond issuances are currently offered across pound, dollar and euro-denominated bonds (Table 2.2), with varying terms, as well as rates that are reflective of the market (Development Corporation for Israel [DCI], 2023).

Table 2.2: Current Israeli diaspora bond issuances

Issuance	Name	Term (years)	Rate	Minimum Subscription
Sterling Bonds	Jubilee	2-Years	6.63%	£ 1000
	Mazeltov Savings	5-Years	6.11%	£ 100 (increments of £ 1)
	eMazeltov Savings	5-Years	6.16%	£ 36 (increments of £ 1)
Euro Bonds	Savings Bond	2-years	4.34%	€ 5000
		2-years	4.10%	
		5-years	3.80%	
	Mazel Tov Savings Bond	5-years	4.24%	€ 100 (increments of € 1)
	eMazeltov Savings	5-years	4.30%	€36 (increments of €1)

Issuance	Name	Term (years)	Rate	Minimum Subscription
US Dollar Bonds	Jubilee Fixed Rate	2-years	5.25%	Minimum purchase of \$25,000 and multiples of \$5,000
		2-years	5.38%	
		5 years	5.43%	
		10 years	5.47%	
		15 years	5.72%	
	Sabra Savings Bond	2-years	5.25%	Minimum purchase of \$1000 and multiples of \$100
		2-years	5.35%	
		5 years	5.46%	
	Mazel Tov Savings	5-years	5.71%	Minimum purchase of \$100 and multiples of \$1
	E Mazel Tov Savings	5-years	5.81%	Minimum purchase of \$36 and multiples of \$1

Source: Reprinted from Invest in Israel (DCI, 2023)

2.3.2. Diaspora Bond: India

Another diaspora bond issuance, often discussed in diaspora literature (Ketkar & Ratha, 2010; Morazán et al., 2019), is the Indian diaspora issuances. Unlike the Israeli issuance, which uses the diaspora stream as a consistent source of external finance for developmental purposes, India's diaspora issuance has been done on an ad hoc basis, for economic purposes (Ketkar & Ratha, 2010). The Indian diaspora issuances have been mandated to the State Bank of India [SBI] (Ketkar & Ratha, 2010). The Indian government was intentional in targeting individuals, who were strictly of Indian origin, which supported the achievement of two objectives. Firstly, to increase the 'exclusivity' of the issuances, which in turn increased the appeal and take-up of the bonds, and secondly, to execute the issuance of the bonds in local currency (Ketkar & Ratha, 2010).

The Indian diaspora bond issuances have been executed in three tranches, when required, and have collectively raised USD 11 billion (Morazán et al., 2019), reinforcing the ability to make good on foreign debt and trade payments, due to currency volatility. The first of the issuances was in 1991, which was done to reinforce the ability to make good on foreign debt and trade payments, owing to currency volatility, and called the 'India Development Bonds' or 'IDBs', valued at USD1.6 billion (Ketkar & Ratha, 2010). The second issuance (1998) was triggered by economic penalties on India for nuclear testing, and this issuance, 'Resurgent India Bonds' or 'RIBs', was valued at USD4.2 billion (Ketkar & Ratha, 2007). The final Indian Diaspora Bond issuance was the 'India Millennium Deposits' or 'IMDs', which was done at the turn of the millennium, raising

USD5.5 billion (Ketkar & Ratha, 2007). Indian diaspora bonds were structured in terms of market-related rates (Table 2.3).

Table 2.3: India Diaspora Bond issuances

Bond	Interest Rate	Minimum Investment	Term
India Development Bonds (IDB)			
USD	• 9.50%	No data was available	5-year
GBP	• 13.25%		
Resurgent India Bonds (RIB)			
USD	• 7.75%	• 2000	5-year
GBP	• 8.00%	• 1000	
DM	• 8.25%	• 3000	
India Millennium Deposits (IMD)			
USD	• 8.50%	• 2000	5-year
GBP	• 7.85%	• 2000	
EUR	• 6.85%	• 2000	

Source: Development Finance via Diaspora Bonds Track Record and Potential (Ketkar & Ratha, 2007, p. 9)

2.3.3. Diaspora Bonds: Africa regions

- **Ethiopia**

Ethiopia was the first African country to issue diaspora bonds (Morazán et al., 2019). Ethiopia joined forces with the United Nations Industrial Development Organisation [UNIDO], as part of the ‘Inclusive and Sustainable Industrial Development Framework’ [‘ISID’]. The Millennium Corporate Bonds [MCBs] were first issued in 2008, for the purposes of infrastructure development for the national energy provider, Ethiopian Electric Power Corporation [EEPC] (Morazán et al., 2019).

The Ethiopian government attempted to reduce the risk perception associated with the bond. One of the risk mitigation mechanisms, employed by the Ethiopian government, included partnership with the private sector. In this partnership, the National Bank of Ethiopia [NBE] took on the role of ‘underwriter’, and the Commercial Bank of Ethiopia [CBE] assisted with the marketability of the loan, in an effort to increase awareness in the countries, in which the Ethiopian diaspora were resident (Hack-Polay & Siwale, 2018). Additionally, the Ethiopian government utilised incentivisation strategies, in the form of offering investors the use of the investment into the MCB, as surety on debt

contingent in Ethiopia (Hack-Polay & Siwale, 2018). However, these were overpowered by perceptions relating to distrust in the Ethiopian government, which resulted in an underwhelming response to the initial MCB issuance (Hack-Polay & Siwale, 2018).

A second issuance of the MCB was executed in 2008; however, this time for another infrastructure project, the Grand Ethiopian Renaissance Dam [GERD] (Morazán et al., 2019). Even though the Ethiopian government utilised additional incentivisation strategies, such as tax free and market related returns, as well as the transferability to beneficiaries for inheritance purposes (Ethiopian Embassy, 2021), take up was still underwhelming, owing to the lack of confidence in the government (Morazán et al., 2019).

Further attempts by the Ethiopian government to engage the diaspora occurred in 2018, through the Ethiopian Diaspora Trust Fund [EDTF], which only raised USD 4 million of the anticipated USD 30 million, driven speculatively by a lack of clear objectives in the country's development strategy (Morazán et al., 2019).

- **Nigeria**

Following several years of discussions, Nigeria finally issued its first diaspora bond in 2017, valued at USD 300 million at market-related rates, which was raised for the purposes of infrastructure development (Morazán et al., 2019). Consequentially, the bond issuance was over-subscribed by 30% (Morazán et al., 2019).

- **Kenya**

Between 2011 and 2012, Kenya anticipated issuing a Diaspora Bond, with the objective of raising '\$600 million'; however, this was met with push back by the diaspora, because of issues that potential investors had with the lack of clear, targeted, and specific plans, for the expenditure of the funds (Wenner, 2015).

- **South Africa**

South Africa also displayed interest in the form of Diaspora investment mechanisms, with the 'Reconciliation and Development Bonds' or 'R&D Bonds', which were implemented, initially, as a form of philanthropy, with the intention of seeking out development spend (Bradlow, 2008). The low penetration suggests that return incentivisation may be required (Bradlow, 2008).

2.4. Theoretical Framework: Theory of Planned Behaviour (TPB)

The theoretical framework, utilised in this current research paper, is the Theory of Planned Behaviour (TPB), which is a behavioural-centric theory, evolved from the Theory of Reasoned Action (Ajzen, 1985, 1991). The TPB is viewed as a suitable framework for this research as the study focuses on discretionary behaviour, rather than non-discretionary behaviour, and furthermore provides sufficient flexibility to understand thought processes behind the choice of behaviour (East, 1993). Additionally, the subject under review deals with investment behaviour which may be subject to control mechanisms (e.g., investment knowledge), and therefore builds the case for the use of the TPB rather than the Theory of Reasoned Action (Ajzen, 2020). The application of the TPB is widespread and has been applied predominantly within healthcare research (Orbell & Sheeran, 1998). Relevantly, the theory has been applied within financial literature (Akhtar & Das, 2019; Alleyne, 2011; East, 1993; Gopi & Ramayah, 2007).

The TPB premises the prediction of an individual's behaviour on intention, which in turn, may be predicted through the individual's belief system in relation to the behaviour (Ajzen, 1985). According to Ajzen's (1991) theory, the TPB belief system encompasses 'Behavioural beliefs', 'Normative beliefs' and 'Control beliefs' informing *Attitude*, *Subjective Norm*, and *Perceived Behavioural Control* respectively. The theory further postulates that Perceived Behavioural Control may as well inform the prediction of behaviour (Ajzen, 1991).

2.4.1. Behavioural beliefs informing Attitudes

As a determinant of behaviour through intention, Attitude in the TPB is shaped by the perceived anticipated value-add from executing on a behaviour (Ajzen, 1991). This perception of the anticipated value from carrying out a behaviour may be referred to as *behavioural beliefs* (Ajzen, 1991). The perceived value that may be obtained from executing on a behaviour, and/or Attitude, may either have positive or negative connotations (Ajzen, 2020). The more positive an individual's attitude towards executing a behaviour, the more inclined such individual is expected to actually perform the behaviour (Ajzen, 2020).

2.4.2. Normative beliefs informing Subjective Norms

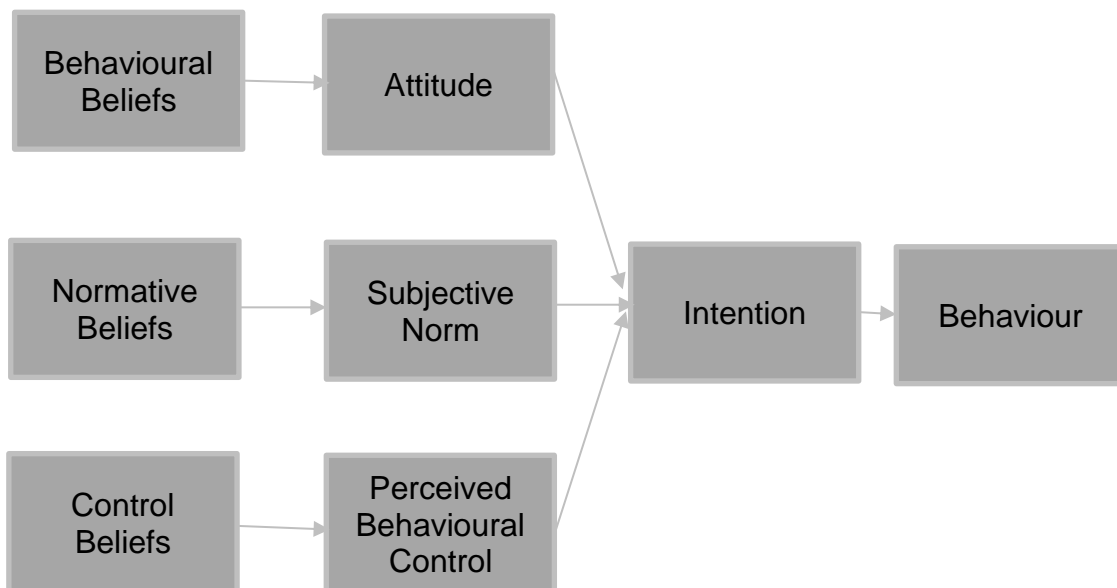
In terms of the TPB, a second determinant of behaviour through behavioural intention is Subjective Norm (Ajzen, 1991). The subjective norm pertaining to a specific behaviour

relates to an individual’s perception of how social peers identify with and conduct themselves with respect to that behaviour (Ajzen, 1991). These underlying perceptions to subjective norm, are referred to as an individual’s normative beliefs (Ajzen, 1991). Furthermore, the “social pressure to engage in a behaviour” increases, the more positive the perceptions relating to subjective norm (Ajzen, 2020).

2.4.3. Control beliefs informing Perceived Behavioural Control

Perceived Behavioural Control essentially refers to the perceived factors that either support or hinder the execution of a specific behaviour (Ajzen, 1991). These perceived factors are referred to as *Control beliefs* (Ajzen, 1991). Perceived behaviour control, in terms of the TPB, may determine behaviour either directly, or indirectly through intention (Ajzen, 1991). The more sound an individual’s control beliefs, and the greater the factors that support a behaviour, the greater the probability is that an individual will execute on a behaviour (Ajzen, 2020).

A depiction of the TPB is provided in Figure 2.1. The TPB assumes that all individuals subject to the theory possess a level of reasonability (Ajzen, 2011).



Source: Reprinted from *Constructing a Theory of Planned Behaviour* (Ajzen, 1985, 2006)

Figure 2.1: A depiction of the Theory of Planned Behaviour (TPB)

The TPB, however, has faced criticism, largely stemming from the limitations of the theory. Ajzen (1991) highlights the sensitivity of the theory to the time variable, in that

movements in the time variable may influence the relationship between intention and behaviour. Another limitation of the theory is that it may not account for externalities, which could have a bearing on an individual's incentive to execute on an action, or on the risks and/or opportunities existing within the individual's direct or indirect circumstances. Criticisms of the TPB have been premised largely on these limitations (Sniehotta et al., 2014). Sniehotta et al. (2014), while assessing the TPB, propose several criticisms to the theory, including that the TPB fails to encapsulate parameters outside of intention and beliefs, fails to capture patterns and customs, and fails in the consideration for behaviour volatility. Another criticism is that the TPB fails to consider that behaviour is also dynamic (Sniehotta et al., 2014). The benefit of this current phenomenological-based qualitative research is that it provides a dynamic view of investment behaviour, considering the in-depth experiences and perceptions of all participants (Creswell, 2013).

2.5. Empirical Literature Review

Several empirical studies have assessed behavioural factors on investment decision-making. Awn and Azam (2020) assessed the intention of Libyan investors to invest into Libyan Sukuk instruments, within the framework of the TPB, adopting Partial Least Squares Structural Equation Modelling. The data collection process followed by Awn and Azam (2020) entailed the distribution of questionnaires, with an outcome of 409 responses. The results of the analysis by Awn and Azam (2020) revealed that investor intention in Libya into Sukuk instruments could be premised on behavioural factors, mediated through largely attitudinal components.

Sondari and Sudarsono (2015) utilised the TPB, to assess intention to invest across various asset classes and investment instruments, namely, time deposit, foreign exchange, gold, mutual funds, stock, and property, with Indonesian investors. Sondari and Sudarsono (2015) adopted Partial Least Squares methodology, informed by responses from 359 participants, and concluded that both attitude and subjective norm were significant in predicting intention to invest.

East (1993), by adopting the TPB approach, utilised ordinary least squares regression and logistics analysis, across three scenarios, and supported the notion that investment decision-making is not based on conventional investment analysis alone. East (1993) likens investment

decisions to ‘consumer choices’ and suggests that investment decisions are influenced by behavioural factors, mediated by intention.

In another study, assessing investment intentions in the Indian stock market, Akhtar and Das (2019) set out to determine the influential predictors of intentions of Indian investors in the developing context, with respect to stocks. Akhtar and Das (2019) adopted an extended Theory of Planned Behaviour, coupled with structural equation modelling, informed by questionnaires completed by 1347 participants. Akhtar and Das (2019) presented findings that were in line with existing TPB, concluding that the behavioural constructs, underpinning the TPB, are adequate predictors of investment intention.

In a study assessing the use of the TPB in qualitative research design Renzi and Klobas (2008), reviewed a study relating to the adoption of teaching models with a sample size of 26 participants and through the adoption of semi-structured interviews. Renzi and Klobas (2008) cited Patton (1990) and noted that whilst the use of TPB in a qualitative manner may be related to a smaller sample size impacting transferability, the benefit of the research was achieved through the abundance emanating from the data, analysis and the presentation thereof.

The outcomes of the empirical literature review reflect the following limitations:

- 1) The existing literature does not make provision for the extension of the TPB required for this current study (satisfaction, policy influence and interest in underlying assets).
- 2) The existing literature is limited, with respect to investment intention and the TPB, in relation to fixed income instruments.
- 3) The existing literature is limited, with respect to the South African context and the application of TPB in investment intentions; and finally
- 4) The existing literature is limited on the application of qualitative methods, to assess investment intention in the South African context.

2.6. Research Model: The convergence of the Theoretical Framework (TPB) and Conceptual Framework (Diaspora Bonds: Investor Perspective)

In this section, the researcher provides the convergence of both the theoretical and conceptual frameworks, which will aid in the development of an extended TPB and form the basis of this current study’s research model.

2.6.1. Traditional Theory of Planned Behaviour (TPB)

2.6.1.1. *Behaviour*

The behaviour under review in this current study, in terms of the TPB, is investment into South African diaspora bonds, where the underlying assets are projects, focused on renewable electrical infrastructure, aimed at providing sustainable energy to the South African population. As the TPB is time sensitive, the timeframe relating to making the investment, is within the near-term [1-year period] (Ajzen, 2010).

2.6.1.2. *Behavioural intention*

In the context of the TPB, behavioural intention is viewed as a predictor of behaviour (Ajzen, 1985). The intent that will be explored, therefore, is the intention to invest into South African diaspora bonds, with the underlying assets being projects focused on renewable electrical infrastructure within a 1-year period.

2.6.1.3. *Attitude*

Attitude is a precursor to behavioural intention (Ajzen, 1991). After conducting a concept analysis of the attitude phenomenon, Altmann (2008, p. 146) suggested that attitude has three core features, namely, “(a) a mental state—conscious or unconscious; (b) a value, belief, or feeling; and (c) a predisposition to behaviour or action.” In the context of this current study, the personal opinions and feelings held about investing into a South African Diaspora Bond are explored to understand investor attitudes. The following dimensions of attitude are assessed:

- **Patriotism**

Patriotism is assessed within the attitude construct of the TPB. Kim et al. (2013), while assessing consumer patriotism, in relation to patriotic advertising, observed a positive correlation between patriotism and consumer attitudes. For the purposes of this current study, the participants were asked to discuss attitudes in relation to patriotism.

- **Perceived risk**

For the purposes of this current study, perceived risk is assessed within the attitude construct. Four risk factors have been identified, in terms of the diaspora bond conceptual framework, namely, credit default risk, currency risk, asset and liability management (regarding offsetting contingent

liabilities), and investment risk (regarding investment portfolio diversification). This approach is supported by the research study of Liao et al. (2010), conducted on behaviour relating to the utilisation of illegal software, wherein risk perception was a belief factor for attitude. In this regard, the participants were questioned on attitudes relating to risk perception across the risk dimensions above.

- **Return expectations**

Return expectations are assessed in terms of attitude. The relation between attitude and return expectations has been proven in investment literature (Kurniawan, 2021). Kurniawan (2021) utilises intersections of the TPB and Motivational Theory to infer the relation between attitude and the expectations, with respect to a return on a given investment. To ascertain themes for return expectations, the participants were asked to describe attitudes towards return expectations for South African diaspora bonds.

- **Poor governance and corruption**

For the purposes of this current research, poor governance and corruption is assessed in terms of the attitude construct of the TPB. Traikova et al. (2017) utilises both the cost-benefit estimation model and Colliers Model of Institutional Choice to support the hypothesis of the link of attitude with poor governance and corruption, in terms of the TPB. In order to determine themes relating to poor governance and corruption for this current study, the participants were asked to express their attitudes towards poor governance and corruption.

- **Country of origin bias: Informational advantages**

The final parameter assessed, as part of the attitudinal construct, is country of origin bias, arising from informational advantages. In a study conducted by Glasman & Albarracin (2016), the relationship between attitude and behaviour is assessed by means of a meta-analysis, to evidence the precedential role that informational advantages play in shaping attitude. Based on this, and the interchangeability between information symmetry and familiarity (Huberman, 2001), discussed earlier, the participants were asked to discuss their familiarity with South Africa and the South African markets, as well as how this would influence individual biases.

2.6.1.4. Subjective norms

Subjective norms relate to perceptions of opinions held by individuals, or groups that the participant considers significant (Ajzen, 1985). To determine themes for subjective norm, the participants were asked to discuss the opinions of friends, family, and persons of influence, as well as how these opinions influence their investment intention regarding diaspora bonds (Akhtar & Das, 2019). Subjective norm is informed by normative beliefs, and the outcome of the research could yield positive themes for investment, provided their network supports the investment.

2.6.1.5. Perceived behavioural control [PBC]

PBC relates to the perceived capacity, in terms of investing into a South African diaspora bond. To determine themes relating to PBC, the participants were asked to describe their perceived capacity, with respect to investing into South African diaspora bonds (Akhtar & Das, 2019; Traikova et al., 2017).

2.6.1.6. Extended Theory of Planned Behaviour: Environmental factors

- **Satisfaction**

Satisfaction was assessed as an environmental factor, in terms of an extended TPB. By integrating the TPB and the Customer Satisfaction Theory to assess public transit use behaviour, Fu and Juan (2017) were able to demonstrate a direct link between satisfaction and behaviour. Fu and Juan (2017) demonstrated that satisfaction has a direct influence on intention, and both perceived behavioural control and subjective norm influence satisfaction. Liao et al. (2007) similarly, through an integration of the Expectation Disconfirmation Model (EDM) and TPB, observed that satisfaction was a primary determinant in behavioural intention. To determine themes in respect of satisfaction, the participants were asked to discuss how satisfaction plays a role in decision-making, relating to investment into diaspora bonds.

- **Policy influence**

Policy influence is assessed, in terms of the extension of the TPB as an environmental factor. The attraction, through policy influence, is underpinned by an incentivisation mechanism (Naujoks, 2022). This

incentivisation factor of policy influence may be assessed as a mechanism predicting intention (Daiyabu et al., 2023). In order to determine themes pertaining to policy influence, the investors were asked to discuss how policy influence would play a role, in terms of investment into South African diaspora bonds.

- **Interest in the underlying assets**

Interest in the underlying assets is explored as an environmental factor, as part of the extension of the TPB. The underlying assets, applicable in this current study, are projects, focused on renewable electrical infrastructure, aimed at providing sustainable energy to the South African population. In a study assessing factors influencing plant-based food consumption, Contini et al. (2020) applied ‘interest in healthy eating’ as a precursor to healthy food consumption intention and observed a positive relationship. To determine themes relating to interest in the underlying asset, the participants were asked to discuss their feelings regarding a diaspora bond focused on making South Africa’s electrical infrastructure sustainable. The resultant extended TPB is reflected in Figure 2.2.

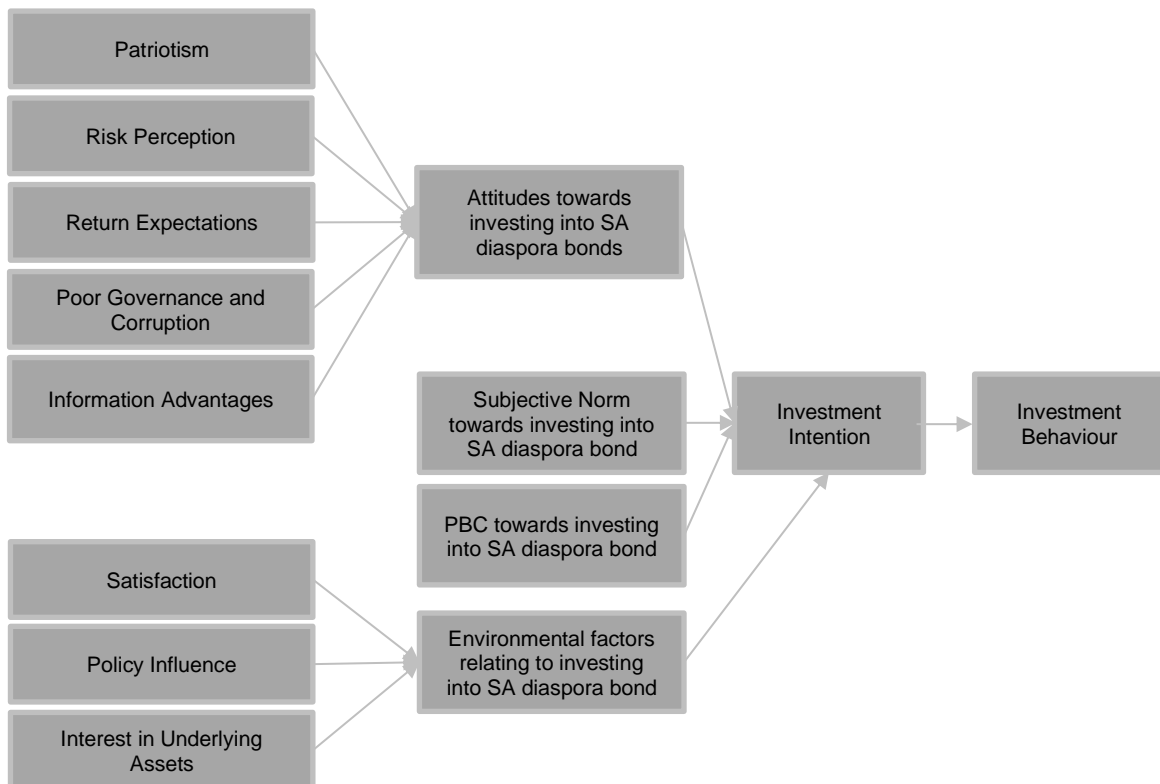


Figure 2.2: Research Model

2.7. Summary

This chapter provides an overview of the conceptual framework relating to diaspora bonds, use cases of diaspora bonds, the theoretical framework relating to the TPB, an assessment of related empirical literature, and proposes a research model based on a literature informed intersection of the extended TPB and Diaspora bond theory.

CHAPTER THREE

METHODOLOGY

3.1. Introduction

This chapter provides an overview of the methodology applied, in the context of this current research. Section 3.2 contains an overview of the research approach, Section 3.3 comprises information on the research philosophy, Section 3.4 includes information on the research design, Section 3.5 introduces information on the trustworthiness relating to this research study, and finally, in Section 3.6, information on related ethics is provided.

3.2. Research approach

The research approach could vary across a spectrum of three notable methodologies. These methodologies are inter-linked and have evolved over time. Primarily, they include a quantitative research approach and a qualitative research approach, with the latter gaining increasing popularity over time (Creswell, 2009). The third type of research approach is the mixed methods approach, which combines both the quantitative and qualitative approach (Creswell, 2009).

To enable this current research, a qualitative methodology was adopted. The qualitative approach becomes applicable when research on a particular subject matter is limited, leading to the creation of scope for ‘exploratory’ research (Creswell, 2009). Morse (1991, cited in Creswell, 2009) further expands on the applicability of qualitative approaches to research. This author highlights the consideration of various factors, including, the topic must be in its infancy, relevant theories may be inexact, there is a potential requisite to augment existing theories and/or further investigate a topic, and finally, the topic may not be easily understood by means of quantitative-based approaches. Applying this framework to the current research matter, the qualitative approach becomes relevant for the following reasons: there is limited data available on the experiences, attitudes, and beliefs of the South African Diaspora, both historical, and more relevantly, current, as the Theory of Planned Behaviour is employed; and the Diaspora finance instruments, at present, are considered innovative financing mechanisms.

The foundation of this current study could be construed as exploratory, based on the attainment of a precursory first-hand viewpoint of the scope pertaining to Diaspora Bonds in South Africa, as an innovative financing mechanism. In this current research, the researcher sets out to explore a subject of interest, for which existing research has not yet matured to the point of implementation, with the subject matter being topical, but very much still misunderstood (Creswell, 2003). Additionally, the qualitative approach to research reinforces an ‘inductive’ approach to assessment, which enables the determination of theoretical concepts (Creswell, 2009). The researcher, consequently, seeks to develop theories and conclusions, framed around elastic research designs.

3.3. Research philosophy

The research philosophy is a material component to this current research process. The research philosophy supports the research process, in terms of practically shaping how the research is conducted, with the intended outcome of building proficiency in the subject matter at hand (Saunders et al., 2007). Saunders et al. (2007) state that the determination of the research philosophy is informed by three primary factors namely, epistemology, ontology and axiology.

Unlike positivist and realist epistemology, which advocates for a peripheral approach to the collection and analysis of data, interpretive epistemology requires a deep understanding and levels of compassion with the participants of the research, consequently necessitating proportions of intimacy with the data collection process (Saunders et al., 2007). Applicable to this current study is the interpretive epistemology, as this research is rooted within how the participants may view their environment, as well as how they may perceive the opinions and behaviours of peers, which together shape how they may behave towards investing in diaspora instruments (Saunders et al., 2007).

Creswell (2009) states that qualitative research could be interpretative. In addition to the abovementioned reasons, this interpretive epistemology is regarded as applicable to this current research, as it requires the following, in the context of South Africa. Firstly, it requires diaspora instruments and energy security; rigorous interactions with the participants (Creswell, 2009); an understanding of the participants’ environments and viewpoints; an understanding of complex matters pertaining to open-ended discussions about intentions, attitudes, and

behaviours; and finally, an appreciation that the participants and their viewpoints are inimitable (Saunders et al., 2007).

When framing the research approach, the ontological aspects are considered, which entails an assessment of how the actualities, pertaining to the subject matter, are perceived (Saunders et al., 2007). The facet of ontology that is applicable to this current research is subjectivism, rather than objectivism, because the researcher seeks to frame the outcomes of the study around the participant’s insights and associated behaviours, consequently leading to a multitude of actualities surrounding investment into diaspora investment instruments in South Africa (Saunders et al., 2007).

The final philosophical factor that requires consideration in the development of the research approach, is Axiology, which entails an assessment of how the researcher’s prejudices and principles could influence the study (Saunders et al., 2007). As the aim of the study is to delve into the varying beliefs and attitudes of the participants, with the concluded outcome influenced by an aspect of the researcher’s subjectivity, there is ultimately an impact of the researcher’s ‘values’ on the analysis and outcomes (Saunders et al., 2007). A combination of the above factors, applicable to the study, reinforces the qualitative approach to this current research (Figure 3.1).

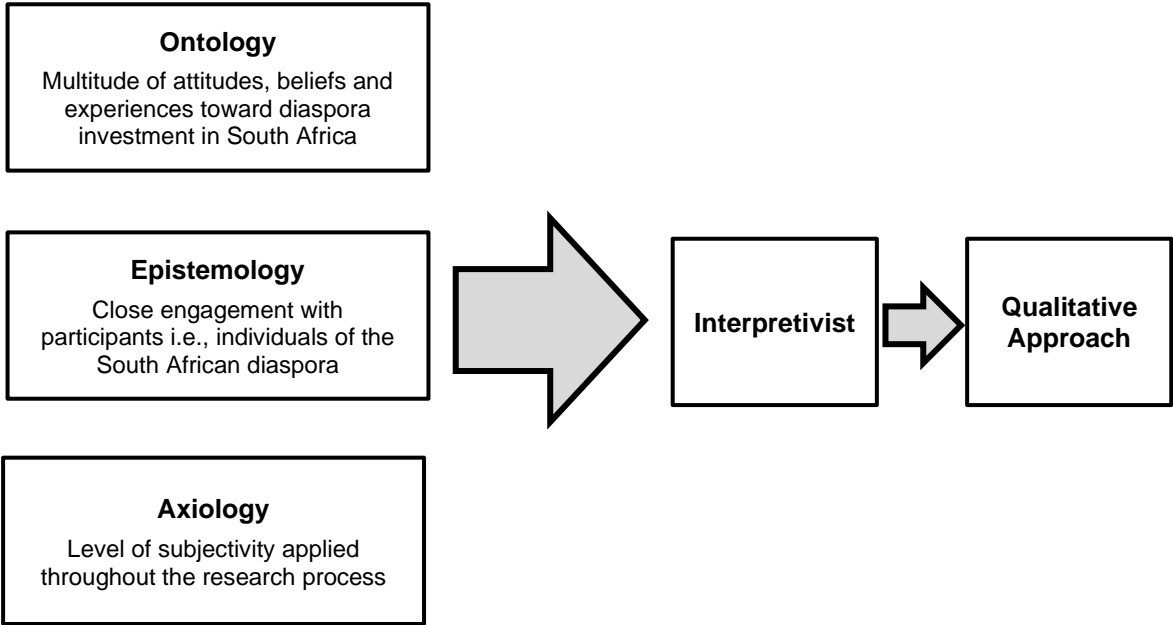


Figure 3.1: Research Approach and Philosophy

3.4. Research design

3.4.1. Qualitative research approach (Phenomenology)

Creswell (2013) suggests that qualitative research approaches vary across five varying types of methods. These aforementioned methods include a narrative approach, phenomenology, grounded theory, ethnography, and a case study approach (Creswell, 2013). For the purposes of this current study, a phenomenology approach is relevant, which is premised on the fact that the research aims to unpack and understand the “objective realities and individual experiences”, in terms of investing into a South African diaspora bond (Creswell, 2013, p. 81). The phenomenological approach is intended to support the quality of the data collected, enabled through detailed interviews with adequate participation (Creswell, 2013)

A challenge that may be encountered in conducting phenomenological-based research relates to the ability to select appropriate participants for this research, as they would all require the ability to identify with the phenomena under review (Creswell, 2013). A sampling approach was employed to ensure that the participants were filtered accordingly, in support of the research (Creswell, 2013).

This current study employed the TPB, in order to understand the factors that impact investment into diaspora bonds. Typically, TPB-based research is modelled through quantitative techniques, with qualitative techniques only being employed for data collection (Ajzen 2002; Ajzen et al., 2004). However, given the limited availability of data on perceptions towards South African diaspora bonds, a qualitative technique, to execute on the TPB was used (Renzi & Klobas, 2008). Transferability is addressed in Section 3.5.2.

3.4.2. Population and Sampling

3.4.2.1. Target population

The target population for this current study was the South African diaspora. The South Africans targeted, were individuals who, in line with the definition of a diaspora, adapted to the South African context, had either directly emigrated from South Africa, indirectly emigrated from South Africa through a parent or

grandparent, or had an ancestral link to South Africa. Additionally, they were individuals, who either had voluntarily or involuntarily left South Africa, still maintained a level of identity with South Africa, or maintained ties with South Africa, through friends, family members, or investment.

3.4.2.2. Sampling plan

The plan for sampling, applied to a research paper, refers to the collective of the approach to sampling, the sample magnitude, and the processes that will be adopted to attain the targeted sample (Moser & Korstjens, 2018). In terms of the qualitative research approach, this strategy is required to set out an intentional plan, to ensure an adequate number of interviews, to support the formulation of a theory (Moser & Korstjens, 2018). Sampling is necessary, due to the impracticality of interviewing an entire population, and in addition, to align with time-related and budget-related factors (Saunders et al., 2007).

- **Sampling approach**

The type of sampling strategy employed depends on the research approach used (Moser & Korstjens, 2018). Sampling strategies span across probabilistic and non-probabilistic sampling (Moser & Korstjens, 2018; Saunders et al., 2007). For the purposes of this current research study, in which a phenomenology approach is used, a non-probability sampling technique was employed, and consequently, a criterion sampling approach was adopted (Moser & Korstjens, 2018).

Criterion sampling becomes relevant to this current study, as it requires that the individuals, who form a part of the research sample, meet pre-determined specifications, highlighted in section in 3.4.2.1. (Moser & Korstjens, 2018). In addition, the researcher sought to select a sample with common characteristics, but with varying ‘experiences’ (Moser & Korstjens, 2018). In order to achieve assortment within the sample, Patton (2002, cited in Saunders et al., 2007) asserts that the principles employed in choosing the sample are to be decided upon beforehand.

- **Sample size and selection**

To determine the appropriateness of the sample size in a qualitative research study, the researcher is required to consider the approach employed to

enable the research (Moser & Korstjens, 2018). According to Moser and Korstjens (2018), in this type of research study, the principle of *data saturation* is reached once the researcher deems sufficiency in the data collected, in terms of *fully understanding the phenomena*, within the data collected. Therefore, in this type of research, the researcher's subjective viewpoint becomes central in determining the sample size.

However, it is challenging to determine a sample size at the initial planning stages of a research project; therefore, in order to guide the sample size for this current study, a theoretical basis was applied. According to Moser and Korstjens (2018), the phenomenological approach may require less than 10 interviews. For the purposes of this current study, the researcher targeted 10 interviews with 10 individuals of the South African diaspora. However, *data saturation* was reached after 11 interviews, and therefore, 11 individuals of the South African Diaspora were interviewed.

- **Procedure for recruitment**

Saunders et al. (2007) offer an approach to recruiting participants, by leveraging off of pre-existing contacts that could support the creation of new leads. In this current study, the purposive sampling approach is supported by the participant recruitment strategy of reliance on the researcher's existing network, which would also be a base for the creation of new leads.

3.4.3. Data collection

The prevalent data collection approaches employed in qualitative research, include the observation of participants, interviews that are either structured or semi-structured, and focus group discussions, all of which afford the levels of elasticity required for inductive-based research (Moser & Korstjens, 2018). Because the phenomenological approach was employed to support this current research, the appropriate data collection approach was the interview approach (Moser & Korstjens, 2018).

3.4.3.1. *Semi-structured interview approach*

The qualitative and interpretivist nature of this current research demands a semi-structured approach to the interview (Saunders et al., 2007). Semi-structured interviews differ from structured interviews, as prearranged concepts, categories

and questions are employed, often less methodical, and which may vary from interviewee to interviewee (Saunders et al., 2007). According to Saunders et al. (2012), with the semi-structured interview approach, a higher likelihood exists for the tailoring of the approach, by being flexible with the nature of questions and the associated sequence, depending on the characteristics of the interviewee. In addition, the semi-structured interview approach provides the opportunity to explore themes outside of the prearranged interview tool, which may add further value, in terms of addressing the research question and objective (Saunders et al., 2007). For this type of approach, Saunders et al. (2006) highlights the value of recording the interview session, on the premise of flexibility. Semi-structured interviews may be conducted either in person, through telephonic mechanisms, or through online platforms. For this current research, online platforms became applicable, as the South African diaspora is scattered globally, and this approach would provide affordability, as well as convenience (Saunders et al., 2007).

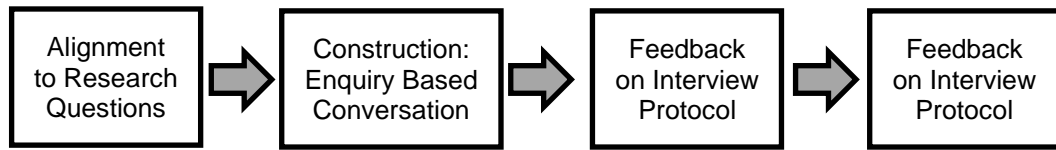
The advantages of the semi-structured interview approach are that it offers a personable interaction, which is manifested as the participants being comfortable, to provide personal viewpoints and information, focus on introspection instead of writing, and approach questions with greater confidence, while the researcher is present to explain phenomena (Saunders et al., 2007). According to Saunders et al. (2007), these collectively support increased engagement.

When conducting a semi-structured interview, issues of bias should also be considered (Saunders et al., 2007). Bias could arise from the researcher's attempts to explain phenomena or concepts throughout the interview, which may be manifested in a participant's discomfort to communicate opinions, or some selected interviewees electing not to participate, due to the time-consuming nature of the interview process (Saunders et al., 2007). The risks of bias are addressed through the sampling technique employed (Saunders et al., 2007), as well as by ensuring that a structured interview protocol is followed (Castillo-Montoya, 2016).

3.4.3.2. Interview schedule development

- **Alignment to research questions**

The interview schedule development was guided by an interview refinement framework (Castillo-Montoya, 2016, see Figure 3.2).



Source: Reprinted from *Preparing for Interview Research* (Castillo -Montoya, 2016)

Figure 3.2: Interview refinement protocol

- **Step 1:**

The first step to developing the interview schedule entailed alignment to the research question(s) under review:

- 1) What are the attitudes and related behavioural beliefs towards investing into a South African Diaspora Bond for climate action and energy security?
- 2) What are the perceived subjective norms and related normative beliefs towards investing into a South African Diaspora Bond for climate action and energy security?
- 3) How do investors perceive their behavioural control towards investing into a South African Diaspora Bond for climate action and energy security?
- 4) How do environmental factors influence investment decisions into South African Diaspora Bonds for climate action and energy security?

The alignment check was conducted to ensure that the questions posed to the participants would enable clarification of the research questions at hand, as well as the sequencing of the questions (Castillo-Montoya, 2016).

- **Step 2:**

During this phase, inquiry-based interview questions were drafted in as plain language as possible (Castillo-Montoya, 2016). In addition, the sequencing of the questions provided introductory questions, largely based on demographic factors, crucial questions and closeout questions, while transition questions were considered as relevant to the flow of the interview (Castillo-Montoya, 2016). An interview script was also prepared, which

was intended to support the inquiry-based conversation (Castillo-Montoya, 2016, see Appendix A).

- **Step 3:**

During this phase, the interview structure was reviewed, in accordance with Appendix A, and deemed adequate or inadequate.

- **Step 4:**

During this phase, a mock-up interview is conducted, during which the interview schedule was assessed as to whether it required improvement in terms of timing, wording, structure and questions asked (Castillo-Montoya, 2016). The pilot application sample was one participant.

3.4.3.3. Data collection instrument

The data collection instrument was designed in the form of a semi-structured interview. The interview guide contained a section to elicit information on the demographic information of the selected sample, as well as a section with guided questions to address the research questions. The criterion for sample selection sought to include participants, who were considered part of the South African Diaspora. The following demographic information was requested, namely, gender, age, generation, adopted country, number of years living abroad, income, and employment status.

The core section of the interview guide was structured to align to the research model depicted in Figure 3.2. This section of the interview guide comprised open-ended questions, aligned to the qualitative nature of the study, and included questions that addressed the proposed extended TPB, which were based on an amalgamation of the theoretical and conceptual frameworks. The questions included, related to factors that influence investment, attitude, subjective norm, perceived behavioural control (PBC), and environmental factors.

3.4.3.4. Challenges with data collection

As the research participants were scattered globally, the interviews were conducted in groups, using the video calling function that required a stable internet connection. However, as load shedding (Nowakowska & Tubis, 2015), either stage 3, 4, or 6 was in progress during the data collection phase, the researcher had to ensure that

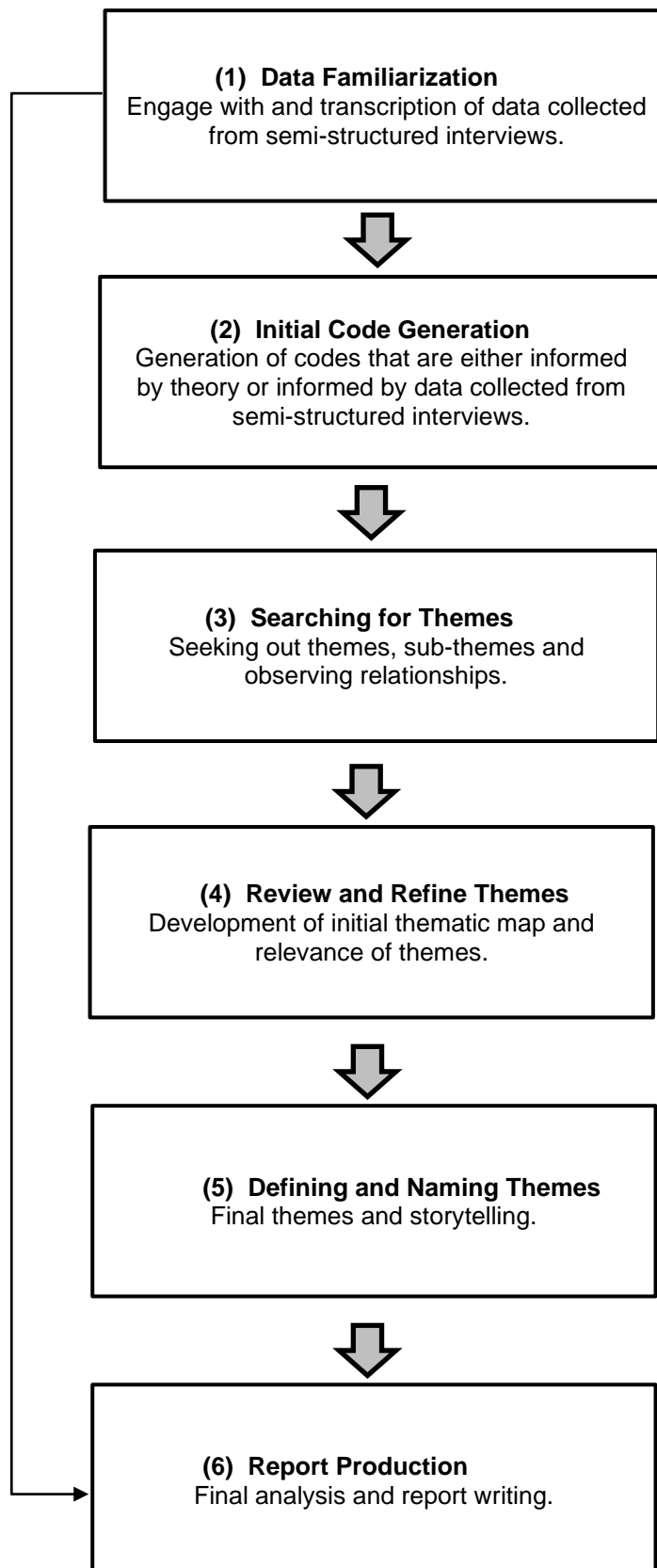
all the interviews were planned meticulously, to ensure stability in internet connectivity. Additionally, this workaround had to be synchronised with UK, USA, and Australian time zones, which determined the ideal interview times for all the participants. The data collection period for this current study spanned 17 November – 29 November 2022.

3.4.4. Data analysis

The choice of an analytical framework is dependent on the research design and approach. Due to the inductive nature of this current research, as well as the adoption of the Phenomenological approach, the qualitative data analysis technique adopted, was the Thematic Analysis approach, which offers flexibility and could be applied across qualitative philosophies (Saunders et al., 2019). Thematic Analysis enables themes and patterns to emerge from the data collected through the semi-structured interview process (Braun & Clarke, 2006). Based on the interpretivist approach, thematic analysis supports the examination of various understandings of experiences (Saunders et al., 2019).

Braun and Clarke (2006) caution against the researcher depending primarily on extracts as a form of analysis, when using Thematic Analysis, suggesting that extracts should be used to provide pillars of support to a detailed analysis of the themes identified. In addition, the researcher should veer away from taking interview questions directly as themes, as this would result in shortfalls in the thematic analysis process (Braun & Clarke, 2006). Finally, Braun and Clarke (2006) caution against a weak analysis, which could result in the irregularity in themes, a misalignment between analysis and data collected, a misalignment between the theoretical framework and the resultant analysis, and a misalignment between the research objective and the analytical framework employed. In order to solve this, a framework was employed, in accordance with Braun and Clarke (2006), who suggest that the Thematic Analysis process is guided by six process principles and is iterative in nature (Figure 3.3).

In accordance with this six-step approach, which is iterative, the researcher collected data from the semi-structured interviews, and thereafter, transcribed the data, using a transcription tool on Microsoft teams. Subsequently, data engagement occurred by rigorously reviewing the data, which enabled the identification of the initial codes (Braun & Clarke, 2006).



Source: Reprinted from Using Thematic Analysis in Psychology (Braun & Clarke, 2006)

Figure 3.3: Thematic analysis 6 step approach

Data coding followed, informed by both the data collected and the theoretical framework(s). The coding supported the initial development of codes from the analysis of the data set, enabled through a systematic tool, NVivo. Subsequently, the researcher searched for themes, sub-themes, and simultaneously, sought out any relationships. Later, the themes were refined and subjected to the appropriate naming conventions. In conclusion, a final analytical report was written, as presented in Chapter 4.

3.5. Trustworthiness

In order to support its acceptability, with the qualitative research approach, and the Thematic Analysis framework, the principles of trustworthiness were applied to this current research. The key principles underpinning trustworthiness included Credibility, Transferability, Dependability, and Conformability (Nowell et al., 2017).

3.5.1. Credibility

Tobin and Begley (2004, cited in Nowell et al., 2017) assert that credibility relates to whether the researcher, in the analysis and findings, provides an appropriate depiction of the views of the participants. To address issues related to credibility, proactively, the researcher adhered to interview times that were sufficient to discuss the matters put forward in the semi-structured interview, used data triangulation, and iteratively assessed the outcomes with the research objectives (Nowell et al., 2017).

3.5.2. Transferability

Transferability relates to generalisability, as well as the ability to adapt the research to be conducted with other units of analysis (Saunders et al., 2019). The issue of transferability tends to arise in the qualitative research setting, because of the smaller sample sizes adopted in the research design (Saunders et al., 2019). As there are various ways of addressing issues of transferability, for the purposes of this current research, the researcher adopted the following approaches to mitigate against issues of transferability. Firstly, a diverse set of participants was selected, as part of a representative sample (Saunders et al., 2019), and secondly, the narratives provided by the participants were captured in comprehensive detail (Nowell et al., 2017). Finally, the outcomes were linked to the existing Theory of Planned Behaviour, in order to expand the relevance of the study (Saunders et al., 2019).

3.5.3. Dependability

Dependability relates to whether fellow researchers would be able to achieve comparable outcomes (Saunders et al., 2019). To address the issues of dependability, the researcher explained the research design in detail, describing the processes used for data collection and analysis (Saunders et al., 2019). Additionally, the research has been subjected to a review process, and has been supported by a clear audit trail (Nowell et al., 2017).

3.5.4. Confirmability

Confirmability is rooted in the ability to confirm that the outcomes of the research are representative of the data collected (Nowell et al., 2017), and whether the responses from participants were described appropriately (Hayashi et al., 2019). In addition, confirmability relates to biases in research (Shenton, 2004). To eliminate any biases of the researcher, triangulation was applied (Shenton, 2004). The researcher also ensured that sufficient detail on the methodology applied was provided (Shenton, 2004). Additionally, information was provided on the bases for approaches taken throughout the research (Nowell et al., 2017). Finally, “confirmability will be achieved by ensuring credibility, transferability, and dependability” (Guba & Lincoln, 1989).

3.6. Ethics

Research ethics relates to the association between the researcher and the research participants (Saunders et al., 2007). Research ethics relates to conduct (Saunders et al., 2007). Sanjari et al. (2014) highlight that the nature of the relationship between a researcher and a participant in a research study, inherently prompts ethical deliberations. In addition, Sanjari et al. (2014, p. 3) highlight that these issues include, “respect for privacy, establishment of honest and open interactions, misrepresentations”. Sanjari et al. (2014, p. 3) further states that the primary ethical areas of concern relate to “anonymity, confidentiality and informed consent”. Prior to the commencement of this current research project, the researcher applied for, and obtained, ethical clearance from the UCT Graduate School of Business (GSB) Ethics Committee, on 4 November 2022.

3.6.1. Anonymity

The personal identities of all participants were protected at all times. Names of individuals were not linked to the responses, as unique codes were used instead.

3.6.2. Confidentiality

To maintain confidentiality, the researcher ensured that the data remained safeguarded, as the raw data were not (and will not be) shared with anyone, besides the researcher and study supervisor. All personal names and information were not (and will not be) reflected, in any form, in the final report. In addition, confidentiality clauses were included in the data collection tool, and communicated as such to participants.

3.6.3. Informed consent

To manage informed consent, the researcher communicated with the participants, in advance, regarding the data collection process, the kind of data to be collected, as well as how the data will be used (Sanjari et al., 2014). Additionally, the researcher explained the objectives of the study, applicable information about the researcher, the university, and the degree, requirements from participants, and finally, any applicable information pertaining to the outcomes of the research, including distribution (Sanjari et al., 2014). Ultimately, the participants were provided with the option to participate in the study, or to refrain, while they were also advised that they could opt out of the process at any time.

3.7. Summary of Chapter 3

In this chapter, the researcher provided a detailed overview of the research design, including the research philosophy, research approach, and the analytical framework. In addition, information on the research model and framework was provided, as well as how the ethics of the research would be maintained. One of the key weaknesses of the approach relates to the qualitative application of the TPB utilising a relatively small sample which may impact transferability. This issue is addressed by employing a diverse representative sample, and through ensuring that responses are captured comprehensively (Nowell et al., 2017; Saunders et al. 2019).

CHAPTER FOUR

RESEARCH ANALYSIS

4.1. Introduction

In this chapter, the researcher provides a discussion of the research findings, which hinges on the thematic analysis approach, and the presentation is guided by the principles of the Theory of Planned Behaviour. The following research questions are addressed in this chapter:

1. How do attitudes affect investment into South African diaspora bonds?
2. How do social norms affect investment into South African diaspora bonds?
3. How do investors view their ability to invest into a South African diaspora bond?
4. How do environmental factors influence investment decisions into South African Diaspora Bonds?

Therefore, it is anticipated that the findings will provide a deeper understanding of South African diaspora perceptions, in relation to investment into diaspora bonds, which will support diaspora policy decision-making. The chapter commences with the contextualization of the data and findings in section 4.2. In section 4.3, the demographic information of the research participants are provided. Subsequently, in section 4.4, the researcher discusses the primary and secondary themes identified, relative to the principles of the TPB. The chapter is concluded with a summary of all the findings and the analysis.

4.2. Context of data and findings

It is imperative to contextualize the political and economic environment at the time that this research was conducted. The interviews that underpin the research, were conducted between 17 and 29 November 2022. During this time, Eskom had implemented rolling blackouts, varying between load shedding stages 2 and 6. Close to this time, the ANC held an elective conference, which was fraught with allegations of money laundering, shadowing current President Cyril Ramaphosa, who was facing fresh allegations of money laundering (Magome, 2022), and opponent Zweli Mkhize, who held the position of health minister, during the time that COVID-19 funds were misappropriated. Ultimately, Cyril Ramaphosa emerged victorious (19 December 2022). Importantly, during these aforementioned political tensions, Eskom

Chief Executive Officer [CEO], Andre de Ruyter, resigned on 14 December 2022 (Cowan & Du Toit, 2022). During this volatile period, national load shedding continued, with power outages in some neighbourhoods prolonged for up to four and a half hours at a time.

4.3. Description of the participants

The participants of this current research comprised individuals of the South African diaspora, spanning across various age ranges, genders, and locations. Unique codes were created for each participant, to ensure anonymity, in accordance with the ethics requirements, and approval process. As this current research was aimed at understanding the South African diaspora perceptions, regarding an investment, the unique codes assigned to each participant were prefixed with SADI- (South African Diaspora Investor).

Table 4.1: Participant unique codes

Unique Code	Gender	Age Range (years)	Adopted Country	No. of years living in adopted country	Highest level of education completed	Employment Status
SADI01	Male	25-34	United Kingdom (UK)	Less than a year	Honours Degree	Employed Full-Time
SADI02	Male	25-34	United Kingdom (UK)	5-10 years	Master's Degree	Employed Full-Time
SADI03	Female	25-34	Australia	>10 years	Diploma	Employed Part-Time
SADI04	Male	55-64	United Kingdom (UK)	1-5 years	PHD	Employed Full-Time
SADI05	Female	45-54	United Kingdom (UK)	>10 years	Bachelor's Degree	Self-Employed
SADI06	Male	35-44	Australia	1-5 years	Master's Degree	Employed Full-Time
SADI07	Female	25-34	Australia	Less than a year	Bachelor's Degree	Employed Full-Time
SADI08	Male	35-44	United States of America	Less than a year	Master's Degree	Employed Part-Time
SADI09	Male	18-24	United States of America	1-5 years	Bachelor's Degree	Employed Full-Time
SADI10	Male	65	Australia	>10 years	Master's Degree	Self-Employed
SADI11	Male	45-54	United Kingdom (UK)	>10 years	Post Graduate Diploma	Self-Employed

Source: Candidates design from research data

4.4. Research findings

4.4.1. Research question 1: Attitudes towards investing into South African Diaspora bonds

In order to understand the attitudinal factors that influence an investment decision, the researcher sought information regarding the attitudes of the participants. or research

question 1, the following five main themes were identified: (4.4.1.1) *Patriotism*, (4.4.1.2) *Risk perception*, (4.4.1.3) *Governance, Institutions and Corruption*, (4.4.1.4) *Return expectations*, and (4.4.1.5) *Information advantages*.

4.4.1.1. Main theme 1.1: Patriotism

As discussed in Chapter 2, patriotism is a key factor that influences investment into diaspora bonds (Ketkar & Ratha, 2009). For the purposes of this current research study, the participants were asked to describe their personal perceptions of patriotism, as well as how these perceptions affect their feelings about investing into a South African diaspora bond. From the data, it was evident that the participants harbour overwhelming feelings of patriotism, across a spectrum of varying dimensions. Consistent with Smith and Jarkko's (1998) view of patriotism, SADI08 and SADI09 linked patriotism to feelings of pride, while other participants were more aligned with the definition provided by Nathanson (1993). SADI02 and SADI10 felt a strong connection with South Africa, by virtue of being born in the country, and fervently considered South Africa their home. Participants SADI01, SADI04, and SADI07 felt a deep connection with the people and cultures in South Africa. The following extract refers:

“I am patriotic from a cultural perspective, and there are still a lot of good people in South Africa. We see a lot of unity, and I think that is what makes us so unique. It's our ability to interact with each other, whether you are in South Africa or out of South Africa. What I have now recently seen is that when we are out of South Africa, there's almost an attraction towards each other.” SADI01

Participants SADI07, SADI09, and SADI10, however, felt connected to South African sports teams, and the linked spirit of Ubuntu.

“I think I am patriotic when it comes to rugby and sports. I really think that the spirit of ubuntu shines through with our sports teams, and that makes me feel proud to be South African.” SADI07

SADI05 only felt a connection to South Africa because of family members, who were still residing in South Africa.

Many participants who were interviewed did not view patriotism as a factor in investor decision-making (SADI02, SADI04, SADI05, SADI06, SADI07, and SADI10). This is inconsistent with diaspora bond theory, which advocates for patriotic-centric diaspora bond investment decisions (Ketkar & Ratha, 2009).

“It comes down to the emotional side of it, which I try remove when making investment decisions.” (SADI02)

“I have a special interest in the welfare of the country, and I want the country to do well. I am completely aligned with the country culturally, it's natural beauty and the goodwill that exists between people. On balance, I would say that I really do want the country to do well, but I have concerns. So, for me, any investment decision is a commercial decision, and I would be more interested in the return, than a discount on a return based on patriotism.” (SADI04)

“I care about the people of South Africa, but I don't attach being patriotic to being willing to help and invest.” (SADI05) (SADI06)

The following two sub-themes were extracted from discussions on patriotism, namely, *Rational welfare investing* and *Rational home country bias*, and the findings are presented below:

4.4.1.1.1. Sub-theme 1.1.1: Rational welfare investing

Some participants indicated a willingness to invest for patriotic reasons, and accept a patriotic discounted return, consistent with the theory on diaspora bonds (Ketkar & Ratha, 2009). The findings from the interviews indicated that these participants, although swayed by feelings of patriotism, intended to approach the investment decision, guided by a sense of rationalism. This implies that the participants were willing to settle for a mediocre return, in pursuit of improving the welfare of South Africa, as well as its citizens, while simultaneously making South Africa an attractive location to return to in future, for retirement purposes.

“Although the main goal of any investment is to make as much money as you can, I would consider accepting a below inflation

return so that I could contribute to improving South Africa's infrastructure, especially because I would like to return in future.” (SADI09)

“I care a great deal about South Africa, especially for its people, and I believe in the future potential of the country. I think everyone has a right to be able to access basic services including electricity, so I would accept a low return to help people. Improved infrastructure will also make South Africa more attractive to return to.” (SADI11)

Additionally, the participants displayed rationalism by considering the perceived costs and benefits attached to the investment, by expressing interest in allocating only a small portion of their investment portfolios to the bond:

“I would, however, limit my exposure, solely because the return wouldn't be monetarily high.” (SADI11)

4.4.1.1.2. Sub-theme 1.1.2: Rational home country bias

A second sub-theme identified from discussions pertaining to *Patriotism*, was a *Rational home country bias*. The participants were willing to favour the South African bond, if the bond offered an equal amount of risk and reward, as a similar investment under the participants' consideration.

“Let's just say for example, that I was presented with an opportunity for investment into two farming schemes, one based in South Africa, and the other based in the USA, and assuming there was an equal amount of opportunity and risk, I would most likely choose the South African farming scheme.” (SADI01)

“I think that to a certain extent patriotism will feature in my investment decision, because if I was being pitched a bond for investment into Kenya, my initial thoughts would be that Kenyans can deal with Kenya's problems. So, because this is a diaspora bond for South Africa, I am definitely willing to lend a better ear

to it because I love South Africa, I grew up there and it is close to my heart, and I have spent most of my life there.” (SADI08)

The findings presented in this section indicate that the participants’ patriotic feelings may play a complementary role in investment decisions about diaspora bonds. This finding differs slightly from the theory on diaspora bonds presented in Chapter 2 (Ketkar & Ratha, 2009), which posits patriotism as a key investment driver into diaspora bonds. The following findings suggest that the participants sought to make rational investment decisions, by assessing costs, benefits, and similar investments, with their decision complemented by patriotic feelings.

4.4.1.2. Main theme 1.2: Risk perception

In Chapter 2, the diaspora bonds were positioned as instruments that present lower risk from the perspective of the diaspora investor (Ketkar & Ratha, 2009). Consequently, the participants were asked to describe their sentiments about the risks associated with the South African diaspora bond, in an effort to understand their risk perception. The sub-themes on risk perceptions extracted from the data analysis include *Credit risk*, *Currency risk*, *offsetting contingent liabilities*, and *Diversification* are discussed in this section.

4.4.1.2.1. Sub-theme 1.2.1: Credit risk

In Chapter 2, the researcher explained that diaspora bonds are typically denominated in local currency, which affords a currency matching advantage, as repayments are typically processed in local currency, which, in turn, is advantageous to the investor, as it reduces credit default risk (Ketkar & Ratha, 2007). The participants were asked to describe their sentiments about the credit risk attached to the bond. Consequently, *Credit risk* is discussed under two sub-headings, namely, *Corruption driven default* and *Infrastructure project failures*.

- **Corruption driven default**

A common discussion among the participants was concern about the ubiquitous corruption practices in South Africa. Regarding *credit risk*, many participants were concerned about the spill over effect of

corruption on bond repayments; consequently, leading to a perception of increased default risk.

“I would have concerns about investment funds being stolen, which would affect the tangibility of my investment return.” (SADI09)

“I have little faith that I would receive my repayments because of the high levels of corruption in South Africa.” (SADI10)

- **Infrastructure project failures**

Several participants raised concern about the ability of government-entities to deliver on infrastructure projects successfully. This resulted in the participants having reservations about issuer repayment ability. The following extracts refer:

“I have been exposed first-hand to the way in which infrastructure projects are rolled out and I think it is fraught with challenges. This would be a deterrent for me as it creates uncertainty on my return.” (SADI01)

“If I look at how long it has taken infrastructure projects to be rolled out in the past, or the issues with current infrastructure development and maintenance in South Africa, then I have little faith that any infrastructure project attached to this bond will actually operate appropriately, and this puts into question the repayment to me as the investor.” (SADI02)

“A real concern is whether the underlying projects to the bond will actually be delivered.” (SADI04)

None of the participants interviewed agreed that the lower credit default risk was attractive to investors, which is inconsistent with the theory discussed in Chapter 2, as posited by Ketkar and Ratha (2007).

4.4.1.2.2. Sub-theme 1.2.2. Currency risk

The second sub-theme identified under the *Risk perception* theme relates to *Currency risk*, which is discussed under the following two sub-headings, namely, *Devaluation trajectory of home currency*, and *Currency retention for home return*.

- **Devaluation trajectory of home currency**

While Ketkar and Ratha (2007) suggest that diaspora bond investors may be less concerned about local currency devaluation, many participants expressed concern about the value of the South African Rand, relative to country of adoption currencies. These participants did not see value in holding South African Rands in the near, medium- or long-term, and additionally, did not have and/or plan to have any interests in South Africa. The following extracts refer:

“The risk for me is the depreciation of the currency the bond is denominated in, especially being an expat living in the UK. I understand that the rand has worth in South Africa, but what is that rand worth to you out of South Africa as an expat.” (SADI01)

“The South African Rand is an incredibly weak currency. So, as an investor I do question the value of holding rands. When I think about my retirement which is largely why I invest, I think about my retirement pot being denominated in a currency that actually holds value.” (SADI02)

“With the value of the South African rand, an investment denominated in rands would not make sense for me, because I wouldn’t be able to use any return where I live in the UK. I would be limited to using the rand-based money in South Africa only, and I don’t plan on coming back to South Africa.” SADI05

“If the bond was denominated in Australian dollars that may just persuade me to invest.” SADI10

- **Currency retention for home return**

Notably, the participants who were intent on returning to South Africa in the future, for example, to retire, did perceive value in holding rand-denominated assets. The following extracts refer:

“I would not mind having exposure to South African rands, as this may come in handy when I return to South Africa.”

SADI08

“Ideally, I would like to retire in South Africa, so I do see value in a rand-based investment.” SADI09

The discussion relating to currency risk suggests that the participants, who did not intend to return to South Africa, attached little value to holding rand-denominated assets, expressing concerns about the devaluation trajectory of the rand, relative to country of adoption currencies. This was inconsistent with the literature on diaspora bonds (Ketkar & Ratha, 2007). However, other participants felt an increased level of comfort, holding exposure to rand denominated assets.

4.4.1.2.3. Sub-theme 1.2.3: Ability to offset contingent liabilities

The third sub-theme identified, relating to the *Risk perception* theme, is the *Ability to offset contingent liabilities*. Ketkar and Ratha (2009) suggest that the diaspora bond may be appealing to investors, who anticipate having contingent liabilities in South Africa. The participants were asked to discuss any perceived benefit of contingent liabilities in South Africa, from investing in the diaspora bond.

Worth noting, is that participant SADI08 has a mortgage in South Africa, which is still in force, and was able to foresee a benefit realisation in the investment, namely, being able to make good on mortgage repayments, utilising proceeds from the rand-denominated investment, as per the following extract:

“I do have a house in South Africa which is still mortgaged and could benefit from any return in South African rands.” SADI08

This finding is aligned with the literature discussed in Chapter 2 (Ketkar & Ratha, 2009).

4.4.1.2.4. Sub-theme 1.2.4: Investment portfolio diversification

The fourth sub-theme identified, relating to the theme of *Risk perception*, is *Investment portfolio diversification*. The participants were asked to discuss their sentiments regarding diversification, in terms of the South African diaspora bond. As discussed in Chapter 2, Ketkar and Ratha (2007) suggest that the diaspora bond may present a geographic investment diversification opportunity. The sub-theme is discussed under the following sub-heading, *Asset class diversification*.

- **Asset class diversification**

Participants SADI01, SADI09, and SADI11 expressed an interest in the bond asset class for diversification purposes, as per the following extract:

“I think that the opportunity to invest into a different instrument would be most interesting when I think about diversification.” (SADI01)

The participants did not express interest in the geographic diversification benefit, which was inconsistent with diaspora bond literature (Ketkar & Ratha, 2007).

4.4.1.3. Main theme 1.3: Corruption, Governance and Institutions

The third main theme identified, in relation to attitudes, is multi-dimensional, as it discusses matters pertaining to governance, institutions, and related corruption. The participants were asked to discuss their perceptions on governance and corruption in South Africa. In Chapter 2, the researcher posits that poor governance and corruption is an investment deterrent (Nyame-Asiamah et al., 2020). The sub-themes discussed hereunder include *Lack of confidence in government service delivery*, *Fund misappropriation*, *Weak institutions*, *Strength in regulation*,

Mismanagement of state-owned enterprises (SOEs), Government Policies deterring Foreign direct investment (FDI), Poor international relations, and Corrupt procurement practices.

4.4.1.3.1. Sub-theme 1.3.1: Lack of confidence in government service delivery

The first sub-theme identified, in relation to *Governance, Institutions and Corruption*, is the *Lack of confidence in government service delivery*. The participants expressed overwhelming disappointment in the deep-rooted corruption, management of public goods and services, governance of the country, and lack of service delivery. Many participants had little confidence in the resolution of the corruption, as well as the spill over effects on service delivery. The following extracts refer:

“The biggest problem in South Africa is that corruption has started from the top and it is filtering through all different levels of society, and the scary thing is that it is becoming more and more normal. What I am seeing is that the level of corruption is so deep rooted, people can no longer tell right from wrong.”
(SADI01)

“There has been opportunity for the governmental issues to be addressed but nobody is really managing it.” (SADI01)

“I think that the mismanagement of the country really increases the risk of the investment for me, and this mismanagement is becoming increasingly evident in the healthcare sector as well as more relevantly in the electricity sector”. (SADI05)

Participant SADI08 expressed a lack of confidence in the government to facilitate climate change:

“I know that the South African government is planning to move towards renewable sources of energy, but it has been slow, and I suspect that there are politics involved.”

4.4.1.3.2. Sub-theme 1.3.2: Misappropriation of funds

The second sub-theme, relating to *Governance, Institutions and Corruption*, is the *Misappropriation of funds*. Many participants were concerned about investment funds being spent inappropriately. The following extracts refer:

“I have little confidence that the money I invest won’t get siphoned off through corruption.” SADI02

“I would be worried about optimal usage of the investment funds, and revenue leakage in underlying investment projects.”
(SADI04)

“The public sector has proven incapable of managing funds.”
SADI08

4.4.1.3.3. Sub-theme 1.3.3: Weak Institutions

The third sub-theme, related to *Corruption, Governance and Institutions*, is *Weak institutions*. This was mainly in the context of legal institutions, and the ability to seek legal recourse, successfully or adequately. The following extracts refer:

“Why would I choose to invest in a country where regulation doesn’t really matter, and laws don’t really matter.” (SADI02)

“For me I am less incentivised to invest in South Africa because of the faith I have in the legal system. If something were to go wrong with my investment in South Africa, I don’t feel as though I would have retribution, whereas in Australia, I know that the legal system would help with justice.” (SADI06)

“If I had to sue somebody, I couldn’t trust the legal system to be able to recover money.” (SADI10)

4.4.1.3.4. Sub-theme 1.3.4: Strength in regulation

The fourth sub-theme, related to *Governance, Institutions and Corruption*, is *Strength in regulation*. One participant, with extensive experience in

financial services and with financial services regulators, was confident in the strength of the regulatory bodies, as follows:

“I know that any financial instrument will be subject to oversight by the South African Reserve Bank (SARB), which I believe to be solid.” SADI04

4.4.1.3.5. Sub-theme 1.3.5: Mismanagement of state-owned enterprises (SOEs)

The fifth sub-theme, related to *Governance, Institutions and Corruption*, is *Mismanagement of SOEs*. Many participants reflected on the State’s inability to manage SOE’s appropriately, referencing the challenges exhibited by South Africa’s primary national power provider, Eskom. The following extracts refer:

“The instability of the electricity current provider will most likely affect the execution of these projects.” (SADI01)

“Publicly owned enterprises have unfortunately been run into the ground and are rife with corruption.” (SADI02)

4.4.1.3.6. Sub-theme 1.3.6: Government Policies deterring Foreign Direct Investment (FDI)

The sixth sub-theme identified, relating to *Governance, Institutions and Corruption*, is *Government policies deterring FDI*. Many participants were of the opinion that government policies, both existing and in the pipeline, were damaging to FDI flows. The following extracts refer:

“Even if the power produced is only sold to the private sector, there are still government policies that affect the private sector. And if I look at how they've evolved a lot over the last seven years, they've only gotten more stringent in terms of how businesses can operate. The government basically has their fingers in all the pies.” (SADI02)

“Policies like land expropriation may deter Foreign Direct Investment (FDI) including green-linked investments and may impact the credit rating of the country.” (SADI04)

4.4.1.3.7. Sub-theme 1.3.7: Poor international relations

The seventh sub-theme identified, relating to *Governance, Institutions and Corruption*, is *Poor international relations*. Some participants expressed a misalignment with the way in which the South African Government responded to the Russia and Ukraine tensions, as per the following:

“It was really sad to see that South Africa was one of the few countries that did not condemn Russia for the Ukraine invasion.”

SADI10

4.4.1.3.8. Sub-theme 1.3.8: Corrupt procurement practices

The eighth sub-theme identified, in relation to *Governance, Institutions and Corruption*, relates to *Corrupt procurement practices*. On the assumption that the underlying projects of the diaspora bond was infrastructure project-related, the participants expressed concerns about the corruption in the construction industry. Notably, many participants in this current research study held extensive experience in the building and construction sector, and therefore, had first-hand experience of corrupt procurement practices. The following extracts refer:

“Something that's very closely related to infrastructure that is plaguing the South African construction market is the construction mafia who have been hijacking sites and demanding work. This is obviously a huge issue for me, even if it is the private sector issuing the bond.” (SADI01)

“You know there is a risk that before the projects are even approved, people would be paying for the right to reject the projects and people would be buying themselves into the projects.” (SADI10)

In this section, eight sub-themes, relating to the theme of *Governance, Institutions and Corruption*, were highlighted. These eight sub-themes are consistent with the discussion in Chapter 2 (Nyame-Asiamah et al., 2020), which reflects the importance of strengthening governance, to support investment into a diaspora bond.

4.4.1.4. Main theme 1.4: Return expectations

The fourth main theme identified, in relation to *Attitude* is, *Return expectations*. As stated in chapter 2, the theory on diaspora bonds highlights that investors do have return expectations (Ketkar & Ratha, 2009). While the traditional literature on diaspora bonds describes low return expectations, due to patriotic predispositions towards the home country, the literature also provides evidence of a divergence from the traditionalist diaspora bond theory, in the form of investors seeking returns that are aligned with the market. The participants were asked about their sentiments about *return expectations*. The three sub-themes discussed hereunder are *High Risk High Return*, *Return Based on Analysis of Costs and Benefits*, and *Rational Patriotic Return*.

4.4.1.4.1. Sub-theme 1.4.1: High risk high return

The first sub-theme attached to *Return expectations*, relates to *High-risk high return*. The participants were concerned about the elevated risk environment within South Africa and expected elevated returns to counter the perceived risk within South Africa. The following extracts refer:

“The risks in South Africa would warrant a high return for me personally.” (SADI04)

“I am not willing to give money away for free, and so because I will be taking on a greater risk, I would expect a high return.” (SADI05)

“I would be worried about the government’s credit risk. The return would have to be really good, to make up for the credit risk. There are only a few Australian banks that do business with South Africa, and even so these banks I believe limit exposures

to South African banks and entities because of the risk attached to South Africa” (SADI10)

4.4.1.4.2. Sub-theme 1.4.2: Return based on costs and benefits

The second sub-theme, relating to *Return expectations*, is *Return based on costs and benefits*. Under this sub-theme, the participants expressed that the investment decision would be an intellectual decision, while they would consider both the advantages and the disadvantages. The following extracts refer:

“In terms of investment choices, it has to be an academic. You have to look at it holistically, in terms of the risks and opportunities.” (SADI02)

“It would be important to consider whether the time and effort put into the investment is going to be worth it. Personally, I would expect a higher than market return.” (SADI03)

4.4.1.4.3. Sub-theme 1.4.3: Rational patriotic return

The third sub-theme, relating to *Return expectations*, is *Rational patriotic returns*. As stated earlier, only two participants expressed interest in receiving a low return, due to patriotism. However, these participants intended to approach the investment decision rationally, by considering portfolio exposure, as well as the expected benefit that the investment may yield to the national infrastructure, which, in turn, would benefit them on return to South Africa. The following extracts refer:

“Although the main goal of any investment is to make as much money as you can, I would consider accepting a below inflation return so that I could contribute to improving South Africa’s infrastructure, especially because I would like to return in future.” (SADI09)

“I care a great deal about South Africa, especially for its people, and I believe in the future potential of the country. I think everyone has a right to be able to access basic services including

electricity, so I would accept a low return to help people, and I would however limit my exposure. Improved infrastructure will also make South Africa more attractive to return to.” (SADI11)

The findings under the main theme, *return expectations*, provide some support for the literature on diaspora bonds (Ketkar & Ratha, 2009).

4.4.1.5. Main theme 1.5: Informational advantages

The fifth theme identified, in relation to attitudes, is *Informational advantages*. Existing literature on diaspora bonds refers to a country-of-origin bias, based on informational advantages on origin countries (Ketkar & Ratha, 2009). The participants were asked to discuss their sentiments on how their information advantages play out in investment decision-making. The sub-themes discussed are *Poor investor sentiment of South Africa* and *International geography bias*.

4.4.1.5.1. Sub-theme 1.5.1: Poor investor sentiment of South Africa

The first sub-theme identified, relating to the theme of *Information advantages* is *Poor investor sentiment of South Africa*. *Poor investor sentiment of South Africa* is discussed under the following sub-headings, namely, *Poor economic and social outlook*, *Crime and security*, *Limited career and employment opportunities*.

- **Poor economic and social outlook**

The first discussion sub-heading, relating to *poor investor sentiment of South Africa* is *poor and economic social outlook*. Several participants expressed concerns about the future of South Africa. The foundation for these concerns was based on perceptions of economic and social issues in South Africa, such as inequality and the macroeconomic decline. The following extracts refer:

“My perception is that South Africa’s economy has a negative outlook.” (SADI01)

“The lack of general stability in South Africa is concerning.” (SADI02)

“What’s concerning is the poverty in South Africa and the continuously increasing poverty gap and the impartiality from government entities. I believe this to be an issue for stable economic growth in South Africa. I also believe the risk of limited energy supply will deter investment further.”
(SADI03)

“I believe that the black middle class didn’t emerge to the extent that I think was needed for the country to have sustainable growth.” (SADI04)

- **Crime and security**

The second discussion sub-heading, relating to sub-theme, *Poor Investor Sentiment of South Africa*, is *crime and security*. Many participants were concerned about the increasing trends of crime in South Africa, and cited crime as a fundamental reason for the failure to imagine a future in South Africa. The following extracts refer:

“I enjoy a level of safety in Australia, that I don’t see myself having in South Africa.” (SADI06)

“Crime plays a big role in my decision not to return to South Africa as I would be worried about my family’s safety.” (SADI07)

Other participants viewed the poor management of crime in South Africa as a barrier to investment, both from a personal perspective, as well as that of Foreign Direct Investment (FDI). The following extracts refer:

“I think that crime hinders investment.” (SADI07)

“In my opinion, the prevalence of crime in South Africa creates an uncertain future for the country” (SADI10)

- **Limited career and employment opportunities**

The third discussion sub-heading, relating to sub-theme, *Poor Investor Sentiment of South Africa is limited career and employment opportunities*, which featured quite extensively across participant discussions. One of the bases of the problem statement of this current research is the *brain drain* that accompanies emigration. The following extracts of the participants' responses are indicative of the lack of sufficient employment opportunities in South Africa:

"I left South Africa because of the limited career opportunities available to me in South Africa. At that point in time, I could see that this would only diminish over the years." (SADI02)

"My career wasn't taking off in South Africa. I wanted to work in government or for an organisation that was directly benefiting the country, but I wasn't able to find work domestically." (SADI08)

"The USA offers better employment and financial opportunities for myself and my future family." (SADI09)

"South Africa didn't offer enough work opportunities, and I think my children would have had this problem too." (SADI10)

In turn, some participants were of the opinion that the lack of opportunities in South Africa was a plausible basis for the indifference regarding investment in, or donation of money to South Africa.

"With the government being responsible for pushing its professionals away I don't think its right to ask these very citizens for money." (SADI06)

4.4.1.5.2. Sub-theme 1.5.2: International geography bias

The second sub-theme, relating to *Information advantages is international geography bias*. Most participants stated that personal investments were exclusively limited to geographies outside of South Africa, because of perceptions, based on information advantages. The following extract refers:

“I am currently invested in equities, ETF’s and mutual funds, and all of these are based in the USA.” SADI09

This exhibits a country-of-destination bias over a country-of-origin bias, which is not in alignment to the literature on diaspora bonds (Ketkar & Ratha, 2009).

4.4.2. Research question 2: Social norms towards investing into South African diaspora bonds

In accordance with the TPB, a participant’s intention to invest into a South African diaspora bond may be influenced, in part, by the opinions of peers (Ajzen, 1991). In order to understand the social norms, the participants were asked to discuss peer perceptions on the investment being assessed in this current research, and to what extent these aforementioned perceptions would influence their own. The following main theme was identified and discussed below; *Peers view the South African Diaspora Bond as high risk*.

4.4.2.1. Main theme 2.1: *Peers view the South African diaspora bond as high risk*

Many participants perceived that their peers’ viewpoints of the proposed South African Diaspora Bond were negative, because they considered the investment as high-risk. Four sub-themes were identified, namely, *Family and friends with investment experience*, *Family and friends in South Africa*, *Family with shared finances*, and *Investment Managers*, which are discussed below.

4.4.2.1.1. Sub-theme 2.1.1: Family and friends with investment experience

Many participants discussed the perceived lack of interest from peers with vast investment experience. These participants lost interest in the investment, when a peer with vast investment experience felt the same way. The following extracts refer:

“I am good friends with the finance director of a global investment company and all they do is invest in developing countries in South America, Asia and Africa, however they have not invested a single cent into South Africa, and if they are not willing to take that risk then why would I want to.” (SADI02)

“If my dad, who is an experienced investment professional, thought it was a good idea, I would invest. I don’t think he would think it is a good idea.” (SADI06)

4.4.2.1.2. Sub-theme 2.1.2: Family and friends in South Africa

Participant SADI08 discussed how family members, still living in South Africa, would have first-hand information on what is happening in the country, and consequently, would be better placed to advise on the merit of a South African Diaspora Bond investment, as the following extract refers:

“My family’s opinion would affect mine because they are on the ground and I’m no longer there on the ground. They have not been very positive about South Africa.” SADI08

4.4.2.1.3. Sub-theme 2.1.3: Family with shared finances

In instances where finances are shared, it was highlighted that investment decisions cannot be taken in isolation, as the risk would be shared, as the following extract refers:

“Well, my wife and I invest together, so her opinion is very important, and everything is shared 50/50. Although we do speak to a few friends about investments, my wife’s view takes precedence, and she is always involved as it is our money. I do not think my wife would want to invest in this bond.” SADI10

4.4.2.1.4. Sub-theme 2.1.4: Investment managers

One participant, SADI04, highlighted that his financial advisor's opinion would play a key role in making an investment decision.

“The opinion that matters most to me is my financial advisor's opinion.” SADI04

The findings above provide evidence in support of the TPB, with respect to subjective norms, as the participants' intentions may well be influenced by peers (Ajzen, 1991). These peer views indicate concern about the investment vehicle under review.

4.4.3. Research question 3: Ability to invest into South African diaspora bonds

Regarding the TPB, the participants' behaviour may be influenced by perceptions, related to control factors (Ajzen, 1991). The participants were asked to discuss both the enablers and disablers that influence investor behaviour. Two main themes were identified, namely, *Enablers to investment behaviour*, and *Disablers to investment behaviour*, and are discussed in the following section.

4.4.3.1. Main theme 3.1: Enablers to investment behaviour

In discussing the enablers to investment behaviour, three sub-themes were identified, namely, *Sufficient disposable income*, *Adequate investment knowledge*, and *Technology*, which are discussed below.

4.4.3.1.1. Sub-theme 3.1.1: Sufficient disposable income

Many participants stated that their incomes would enable them to invest in South African Diaspora Bonds. The following extracts refer:

“I do believe that I have the income to support any investment.”
(SADI01)

“I believe I have sufficient income to invest.” (SADI05)

4.4.3.1.2. Sub-theme 3.1.2: Adequate investment knowledge

Many participants stated that their own experience and qualifications, related to investing, provided them with the investment knowledge to support their investment decisions. The following extracts refer:

“I am well-versed on investment products, and this would support my ability to invest.” (SADI02)

“Because I work in the investment industry, I do have basic knowledge on the bond market.” SADI09

4.4.3.1.3. Sub-theme 3.1.3: Technology

The participants highlighted the need for technology, to support investment into the South African Diaspora Bond. The following extracts refer:

“Simplicity around accessing the investment is quite important. If it is easy for me to get online to access my investment, track performance and deposit funds then that would be a good selling point.” SADI02

“I think an online systems-based platform will be essential for both access to the investment and in the interest of transparency.” SADI07

4.4.3.2. Main theme 3.2: Disablers to investment behaviour

During discussions about the disablers to investment behaviour, four sub-themes were identified, namely, *Insufficient disposable income, Limited knowledge on diaspora bonds and renewable energy investments, international fund flow bottlenecks, and National investment scheme limitations*, which are discussed below.

4.4.3.2.1. Sub-theme 3.2.1: Insufficient disposable income

Some participants had income limitations because of retirement or part-time employment. These participants were of the opinion that limitations on income required a risk-averse approach to investing, and therefore, were not prepared to take on the perceived high-risk investment. The following extracts refer:

“I am not sure I could invest right now as I am only employed part-time, and perhaps when I work full time again, I might have a different view of the investment.” SADI08

“My wife and I only have a limited retirement pot, so I don’t think I would be willing to take a chance on an investment where the risk is so high.” SADI10

4.4.3.2.2. Sub-theme 3.2.2: Limited knowledge on diaspora bond and renewable energy investments

Most participants were unfamiliar with the investment asset class and the related underlying assets, which prompted hesitation towards the investment. The following extracts refer:

“For me, what I think is an obstacle is my personal lack of awareness or knowledge about these types of bonds.” (SADI03)

“If I had a lot of information on this diaspora bond including a 5-year plan and how it may perform in future, then I would be more inclined to consider investing.” (SADI08)

“Although I have investment knowledge, I am not very familiar of risk factors around renewable energy products.” (SADI09)

4.4.3.2.3. Sub-theme 3.2.3: International fund flow bottlenecks

Many participants discussed the perceived complexity of international fund flows and were concerned that this would make the investment behaviour difficult. The following extracts refer:

“I don’t currently have a South African bank account, so I would be worried about the ease of depositing and withdrawing funds especially any monetary and timing penalties attached to this.” (SADI05)

“Living abroad, the ease of depositing and withdrawing funds quickly is important to me.” (SADI07)

4.4.3.2.4. Sub-theme 3.2.4: National investment scheme limitations

A key theme that was prevalent among Australian diaspora participants related to the *Superannuation National Retirement Fund*, which is a compulsory fund that offers residents access to a limited pool of stocks, assets, and investments, with increased incentivisation, to retain money in the fund, and added complexities in investing outside the fund. The following extracts refer:

“So, in Australia we have a scheme for retirement called the superannuation. It is compulsory for all of us to have, and for our employers to contribute at least around 10.5% towards this fund. The fund allows you to select your own investments and portfolios, and also has tax benefits. I am more incentivised to invest in assets currently in the superannuation because it brings everything together and allows me to track my investments collectively and investing in any assets outside of the superannuation would just be inconvenient.” (SADI06)

“In Australia we have the superannuation which I am invested in, and it gives me exposure to various equities. If I was investing I would either have to opt for a self-managed super fund or manage the investment outside the superfund. Its typically the quite affluent Australians that are able to manage other funds outside of the superfund, because there’s a threshold of how much money can be put in. But usually, people place most of their savings in the super fund, and investing outside of the superfund is typically structurally very difficult.” (SADI10)

The above provides evidence in support of the TBC, which suggests that the participants’ intention to invest, and related behaviour, is in part, linked to perceptions on control factors.

4.4.4. Research question 4: Environmental factors

Additional themes identified, as part of Diaspora Bond Theory in Chapter 2, include *Satisfaction* (Ketkar & Ratha, 2007), *Policy influence* (Ketkar & Ratha, 2007), and

Interest in the underlying assets (World Bank Group, 2013). These themes are discussed as environmental factors below and are assessed as part of an extended version of the TPB.

4.4.4.1. Main theme 4.1: Satisfaction

The first main theme identified, in relation to *environmental factors*, is *satisfaction*. In Chapter 2, the researcher states that investors may be drawn to diaspora bonds, as they may derive satisfaction from the perspective of supporting the development of their home country (Ketkar & Ratha, 2007). The participants were asked to discuss the extent to which feelings of satisfaction affect in the investment decision. One sub-theme that was identified, in relation to satisfaction, is *Improvement in the welfare of South Africa*, which is discussed below.

4.4.4.1.1. Sub-theme 4.1.1: Improvement in the welfare of South Africa

Some participants stated that they would attain a level of satisfaction from investing into the South African diaspora, as per the following extracts:

“It will be rewarding to see that the investment may benefit businesses and people in South Africa and that it may contribute to achieving actual change especially because I may consider returning home to South Africa to retire.” (SADI08)

“Contributing towards a better South Africa would make me feel good.” (SADI11)

The above is consistent with Diaspora Bond Theory (Ketkar & Ratha, 2007), which states that investors may be driven to invest into a diaspora bond due to sentiments of satisfaction for the betterment of the country of origin.

4.4.4.2. Main theme 2: Policy influence

The second sub-theme identified, in relation to environmental factors, is *policy influence*. In Chapter 2, the researcher states that investors into diaspora bonds may be attracted to the bond because of the prospect of influencing home country policies (Ketkar & Ratha, 2007). The participants were asked to discuss the types of policies that may affect their investment decision-making. Consequently, eight

sub-themes emerged from the data analysis, namely, *Personal tax incentives, small micro and medium enterprise (SMME) support, Fair and transparent procurement policies, Effective equal and equitable employment, Influencing resource allocation, Energy security policies, Climate change education policies, and Diaspora engagement policies*, which are discussed in the following section.

4.4.4.2.1. Sub-theme 4.2.1: Personal tax incentives

The first sub-theme, relating to *Policy influence*, is *Personal tax incentives*. Many participants indicated an interest in policies that would provide personal tax benefits, which will emanate from the capital gain of the investment. The following extracts refer:

“I think that if the investment offered tax incentives, I would definitely be more interested in investing.” (SADI01)

“In my view tax rebates on the investment would be very important in my decision.” (SADI07)

4.4.4.2.2. Sub-theme 4.2.2: Small, micro and medium enterprise (SMME) support

The second sub-theme identified, in relation to *Policy influence*, is *SMME support*. The participants expressed an interest in policy support for *Small, micro and medium enterprises (SMMEs)* that are focused on renewable energy, in terms of tax incentives, energy supply, and funding support, in order to inject vigour and promise into the South African economy. The following extracts refer:

“If there were tax breaks for the renewable energy industry and small business that would be something that would be a real interest.” SADI04

“I would like to see government assisting business with tax breaks because we need businesses onboard to support economic development. I would also like to see more government funding for social entrepreneurship geared towards renewable energy.”

Without these changes we will not have entrepreneurs.”

(SADI08)

4.4.4.2.3. Sub-theme 4.2.3: Fair and transparent procurement policies

The third sub-theme, relating to *Policy influence*, is *Fair and transparent procurement policies*. The participants were supportive of advancing fairness and transparency across the procurement value chain, as one of the bases for the management of corruption. The following extracts refer:

“I would also like to see more stringent procurement policies that support less corruption and more transparency.” (SADI06)

“For me end to end transparency is imperative especially with the procurement process.” SADI07

4.4.4.2.4. Sub-theme 4.2.4: Effective, equal and equitable employment

The fourth sub-theme identified, in relation to *Policy influence*, is *Effective, equal and equitable employment*. Many participants expressed an interest in strengthening policies that supported employment creation, and equal and equitable employment practices, which will support the economy holistically and reduce the brain drain. The following extracts refer:

“Fair employment policies may create opportunities for everyone.” SADI06

“What’s really important to me is enabling policies to lower unemployment rates in South Africa.” (SADI11)

4.4.4.2.5. Sub-theme 4.2.5: Influencing resource allocation

The fifth sub-theme identified, in relation to *Policy influence*, is *Influencing resource allocation*. The participants stated that, having a say in where the funding from the South African diaspora bond is channelled, was personally important, to ensure either that friends and family, living in South Africa, benefitted from the investment, or the most vulnerable communities, to inject confidence into the South African economy. The following extracts refer:

“I would feel more comfortable investing knowing that my family in South Africa is benefitting from the investment.” SADI08

“I think that when resources are allocated effectively, the whole economy will benefit from the raised standards of living.”
(SADI11)

4.4.4.2.6. Sub-theme 4.2.6: Energy security policies

The sixth sub-theme identified, in relation to *Policy influence*, is *Energy security policies*. The participants stated that clear plans and policies are required to formulate structures that drive efficiencies in the state and private sector, with additive renewable energy policies, in order to stabilise the electrical grid. The following extracts refer:

“I think a clear policy from government on renewable energy, and clear policies on how they're going to fix Eskom is important. Private generation being sold into the national grid is one idea that could open up the generation capabilities completely.”
SADI04

“I think it's important to have a clear plan on reducing dependencies on Eskom.” SADI08

4.4.4.2.7. Sub-theme 4.2.7: Climate change education policies

The seventh sub-theme, in relation to *Policy influence*, is *Climate change education policies*. The participants assumed that an increase in climate change awareness might support the global climate agenda, as per the following extract:

“I would also like to see educational policies towards carbon education including outreach programmes like about the importance of renewables and moving away from high carbon industries”.
(SADI08)

4.4.4.2.8. Sub-theme 4.2.8: Diaspora engagement policies

The eight sub-themes identified, in relation to *Policy influence*, is *Diaspora engagement policies*. One participant, with extensive experience in migration and diaspora work, highlighted the importance that governments regularly engage the diaspora, in order to improve sentiment, data quality, and diaspora policies. The following extract refers:

“I think that part of the problem with reaching out to the South African diaspora, is that the authorities don't actually ask you where you're going and how long you are planning on staying outside of South Africa. So, I think that it is very difficult for the South African government to actually know who is leaving for good, which I think complicates the situation in terms of keeping in touch with the diaspora. There's basically no data tracking on the South African diaspora, and I think this is one of the problems with unpacking the potential of this instrument.” SADI08

The above analysis for *Policy influence* provides evidence in support of the diaspora bond conceptual framework, that *Policy influence* may be a factor in diaspora bond investment decision-making (Ketkar & Ratha, 2007).

4.4.4.3. Main theme 4.3: Interest in underlying investment asset

The third and final sub-theme identified, in relation to *Environmental factors*, is *Interest in the underlying investment asset*. Investors may invest into diaspora bonds, provided a personal interest in the underlying assets exists (World Bank Group, 2013). The participants were asked about their interest in climate change and energy security, as well as to discuss the extent to which this interest would feature in investment decision-making. Consequently, two sub-themes emerged from the data analysis, namely, *green finance* and *Improved electricity infrastructure*, which are discussed below.

4.4.4.3.1. Sub-theme 4.3.1: Green finance

The first sub-theme identified, in terms of *Interest in underlying assets* is *Green finance*. Many participants were interested in climate change and were of the view that the South African diaspora bond would provide an

opportunity to contribute towards climate change, and in turn, improve the economy of South Africa. The following extracts refer:

“This would be a plus item on my decision-making criteria. If somebody came to me now and said there was an opportunity in a drug cartel, morally, even if the return was 100%, I would never be able to come to terms with it. Also, at the moment we have seen that there is not enough being done on climate change especially in South Africa, and we definitely need to do more.”

SADI01

“I think with any investment, you look at what you will be investing in. With this bond focussing on climate action, it would make me want to invest more because I would consider the asset class the investment would be based on.” SADI02

“I believe that green investments are relevant in South Africa because it is attracting policy support from government. It's it is attracting investment.” SADI04

“Having worked on power projects before at Kusile and in Witbank I have first-hand experience of how polluted the air is, so I definitely am interested in improving the emissions footprint of the energy supply. I would personally like to see change in climate related initiatives. So, this would be a consideration when investing.” SADI06

4.4.4.3.2. Sub-theme 4.3.2: Improved electricity infrastructure

Most participants confirmed that they had experienced load shedding in the past; therefore, in their minds, contributing towards the improvement of the electrical grid through investment was a plausible consideration for investment purposes. The following extracts refer:

“You know I've dealt with this issue of load shedding which South Africans should not be dealing with right now, so if this investment could help that, I would be interested.” SADI08

This section provides evidence to support the literature on diaspora bonds (World Bank Group, 2013), in that investors are driven towards a diaspora bond investment, when they have an interest in the underlying assets.

4.5. Summary of Chapter 4

In this chapter, the researcher presented a detailed analysis of the findings of the study, providing insights into the phenomenological viewpoints of the participants for investment into South African diaspora bonds, premised on the TPB of Ajzen (1991).

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

In this chapter, the researcher provides the conclusions of this research study. In addition, the researcher provides recommendations, which may be useful to public and private sector entities, in terms of developing and implementing diaspora bond instruments, within developing countries, or those similar to South Africa. Finally, the researcher highlights the limitations related to this research study.

5.2. Summary and conclusion of findings

This section provides information on the summary and conclusion of the research findings. Figure 5.1, on page 74, provides a depiction of the summarised research results.

5.2.1. Attitudes towards investing into South African diaspora bonds

The first objective of this current study was *to investigate the attitudes impacting investment into South African diaspora bonds*. Five behavioural beliefs that inform attitudes related to investment decisions for South African diaspora bonds were identified as follows: (i) Patriotism; (ii) Risk perception; (iii) Governance, institutions and corruption; (iv) Return expectations and (v) Informational advantages. These themes are largely consistent with the literature on diaspora bonds; however, this study has enabled a granular understanding of diaspora investor attitudes towards investment into a diaspora bond.

In this current study, the researcher observed that *patriotism* might be a complementary factor in investor decision making about investment into diaspora bonds, with investors accompanying patriotic considerations, by making investment decisions, in combination with the assessment of the costs and benefits. Consequently, two sub-themes relating to patriotism emerged, namely, Rational welfare investing, and Rational home bias investing.

(Continued on page 74)

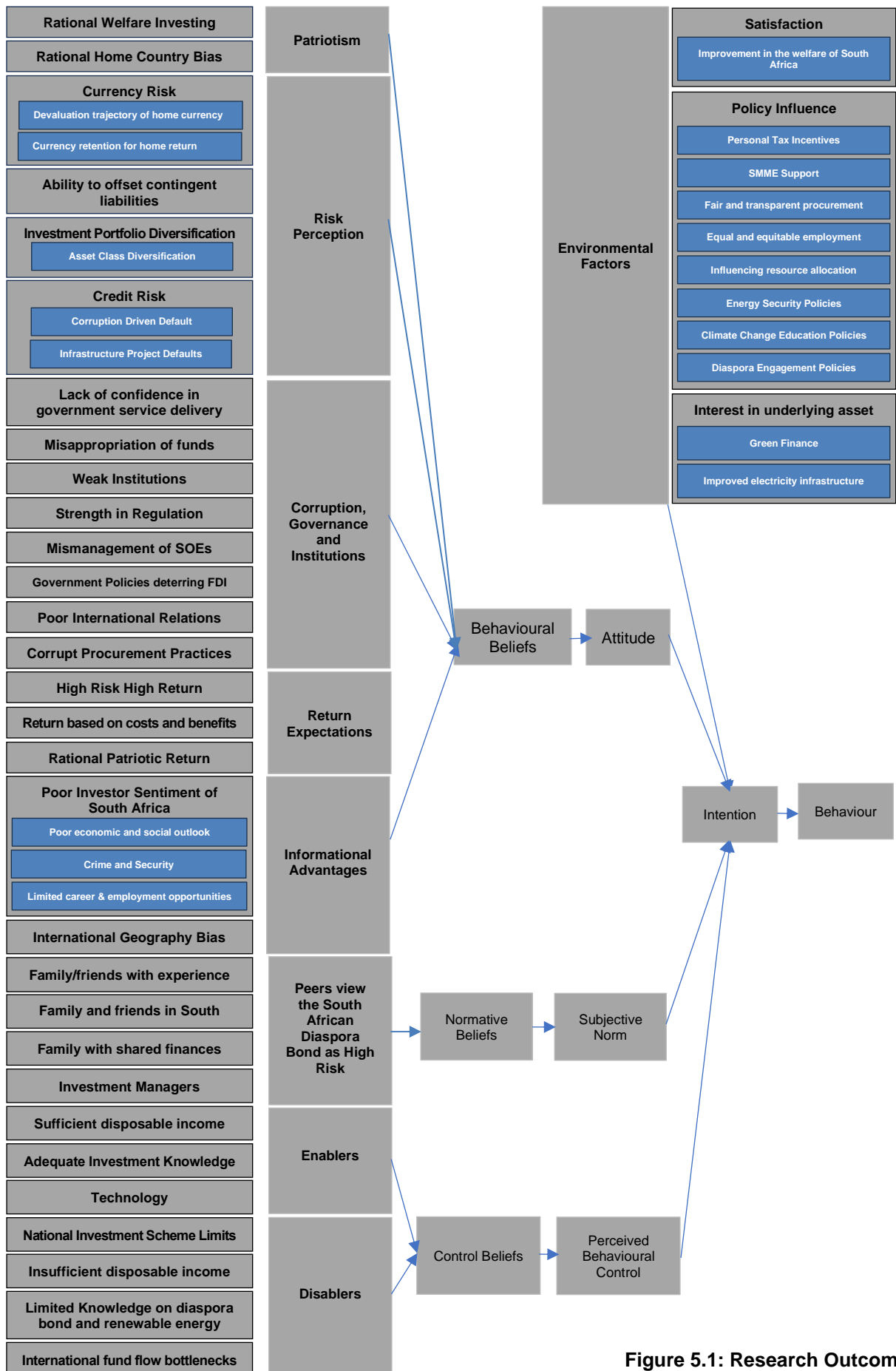


Figure 5.1: Research Outcome

Regarding Rational welfare investing, the researcher observed that diaspora exhibited two-fold rationalism. Firstly, through the perception that the investment may offer improved infrastructure in South Africa, making South Africa attractive to return to. This suggests that greater success in the issuance of a diaspora bond, may be achieved through targeting South Africans, seeking to return to South Africa, which may only be known by strengthening diaspora engagement with the South African diaspora. Secondly, through the limiting of investment portfolio exposure. Regarding Rational home bias investing, the researcher observed that diaspora respondents were willing to favour a South African investment, when compared with other investments. This finding differs slightly from the literature on diaspora bonds (Ketkar & Ratha, 2009), which highlights patriotism as a key investor consideration, when investing into diaspora bonds.

Regarding *Risk perception*, the literature on diaspora bonds suggests that the diaspora investor may be able to support the mitigation of individual risk (Ketkar & Ratha, 2007). This study is consistent with the aforementioned literature on diaspora bonds (Ketkar & Ratha, 2007), in terms of the ability to offset contingent liabilities, on the basis that the participants, who held rand-denominated mortgages in South Africa, would see the benefit of holding a rand-denominated asset in the form of the South African diaspora bond. Although this study lends support to risk mitigation through diversification benefits, the study findings suggest that investors perceive a diversification benefit from the bond asset class instead, as opposed to the home geography diversification, as suggested in the literature (Ketkar & Ratha, 2007). This study is also conditionally consistent with the literature (Ketkar & Ratha, 2007), with respect to currency risk, in that diaspora investors may only be willing to hold rand-denominated assets, when they intend to return to South Africa, as this would negate any devaluation risk.

Inversely, investors not seeking to return to South Africa were averse to holding a rand-denominated asset, due to devaluation concerns, relative to hard currencies that do not align to literature on diaspora bonds (Ketkar & Ratha, 2007). This further strengthens the case again for heightened diaspora engagement. In contrast with diaspora literature (Ketkar & Ratha, 2007), respondents from the diaspora expressed extreme concern with the default risk, which the bond may present, largely attributable to concerns regarding public sector corruption and project delivery. This finding indicates a potentially significant role of the private sector in support of diaspora bond funding mechanisms, and

additionally highlights the importance of structuring the diaspora bond, in terms of the needs of target investors, namely, foreign denominated bonds for individuals of the diaspora, who may prefer hard currencies.

The significance of leveraging the private sector is again elevated by the findings related to Governance, institutions and corruption, which is consistent with the literature on diaspora bonds (Nyame-Asiamah et al., 2020). While there was an expressed confidence in financial sector regulatory bodies, such as the Prudential Authority (PA) and Financial Sector Conduct Authority (FCSA), overwhelming of poor sentiment was evident, in terms of Government, related institutions, and corruption. This is evidenced in this current study by the sub-themes of *lack of confidence in service delivery, misappropriation of funds, poor international relations, corrupt procurement, weak institutions, and governmental policies* that have the effect of deterring international investment.

Regarding *Return expectations*, the study findings suggest that investors may be expectant of market-related returns on a South African diaspora bond, relative to the perceived risk and costs of the investment. However, evidence exists that investors may be willing to accept a low return, with either reduced exposure, and/or knowing that there is personal benefit from the investment, in the form of improved infrastructure, to support a return to South Africa. This is mostly consistent with the theory on diaspora bonds (Ketkar & Ratha, 2007). Additionally, it is evident that *informational advantages* from the South African diaspora investor perspective, have negatively influenced sentiment of the investment vehicle under review, from the sub-themes identified (*poor economic and social outlook, crime and security, as well as limited career and employment opportunities*). This sentiment, in turn, has resulted in an international geography bias, which is inconsistent with diaspora bond literature, in support of country-of-origin bias (Ketkar & Ratha, 2007). These findings again build a case for stronger diaspora engagement, partnership with the private sector to reduce perceived risks, and to ensure the offering of competitive returns.

5.2.2. Subjective norm towards investing into South African diaspora bonds

The second objective of the study was *to investigate the social norms impacting investment into South African diaspora bonds*. The study findings revealed one normative belief that informed subjective norm related to investing into a South African diaspora

bond. Peers view South African diaspora bond as high risk, and additionally find that this belief is influenced by peers, who have either shared finances, have extensive investment experience, or who are still based in South Africa, and therefore, have direct insight into the South African investment climate. Additionally, it was observed that some participants placed reliance on the opinions of investment managers. These findings provide further evidence for the TPB (Ajzen, 1991), and reinforces the need to ensure competitiveness of a South African diaspora bond in international bond markets, through appropriate risk mitigation, informed by concerns, which potential investors may have, once again emphasising the need for stronger relations and engagement with the South African diaspora.

5.2.3. PBC towards investing into South African diaspora bonds

The third objective of the study was *to understand investor's ability to invest into South African diaspora bonds*. The study findings revealed several control beliefs, spanning across two primary themes, namely, (i) *Enablers to Investment Behaviour* (Sufficient Disposable Income, Adequate Investment Knowledge and Technology) and (ii) *Disablers to Investment Behaviour* (Limited Disposable Income, Limited Knowledge on Diaspora Bonds and Renewable Energy Investments, International Fund Flow Bottlenecks, and National Investment Scheme Limitations). These findings support the literature on the TPB (Ajzen, 1991), as the participants exhibited control beliefs that influenced their decision to invest, and further enriches literature on diaspora bonds. The findings hereunder elevate the importance of strengthening diaspora engagement, to support richness in diaspora data. Additionally, the findings provide evidence for the significance of technology, education, and partnerships, through the private sector (to streamline fund flows), as well as existing investment schemes, to embed diaspora investment opportunities.

5.2.4. Environmental factors influencing investment into South African Diaspora Bonds

The fourth objective of the study was *to understand how factors such as, Satisfaction, Policy influence, and an Interest in the underlying asset(s), impact investment into South African diaspora bonds*. The study findings reflected a consistency with the literature on diaspora bonds (Ketkar & Ratha, 2007) that diaspora investors derive satisfaction from improving the welfare of South Africa, through the South African diaspora bond

investment. Interestingly, these findings were observed with participants, who exhibited an interest in returning to South Africa, or were willing to consider the investment on some patriotic basis.

The study finds further revealed that diaspora investor decisions, related to the South African diaspora bond, might be influenced through policy development and implementation. The participants were especially vociferous about the types of policies that piqued individual interest, namely, (i) Personal tax incentives; (ii) SMME support; (iii) Fair and transparent procurement policies; (iv) Effective, equal and equitable employment; (v) the ability to influence target resource allocation; (vi) Energy security policies; (vii) Climate education policies; and (viii) Policies to strengthen diaspora engagement.

Finally, the study findings revealed that the participants in the main exhibited a strong interest in green finance and/ or improving electricity infrastructure, and that this interest may be a central basis with respect to diaspora bond investment decision-making.

5.3. Recommendations

The purpose of this current study was primarily to explore the factors that influence investment decisions into South African diaspora bonds for climate action and energy security. The findings of this study revealed a myriad of relating factors, broadly consistent with the body of literature, and supporting the enrichment of existing literature on diaspora bonds. Based on the findings outlined in Chapter 4 of this report, the researcher makes the following recommendations:

5.3.1. Strengthening of diaspora engagement

One of the glaring inefficiencies that requires attention, as relevant to the issuance of a diaspora bond, is the strength in data on the South African diaspora. Without this data, policymakers would not be in an adequate position to issue a diaspora bond successfully. Adequate data on the South African diaspora would provide insights into, including but not limited to, whether the diaspora individuals intend to return to South Africa in the future, liability exposure to the diaspora in South Africa, perceptions on South Africa and how to improve any negative-based perceptions, income-standing of South African

diaspora, and understanding the needs of the South African diaspora. Improving data through the strengthening of diaspora relations may improve the success of diaspora-related policies. An additional layer to the strengthening of diaspora relations is the implementation of policies that entice diaspora individuals to return to South Africa.

5.3.2. Partnership with the private sector

One of the driving forces behind the failures in diaspora bond implementation in the African regions relate to a distrust in the public sector (Morazán et al., 2019), consistent with the findings of this current study. This finding elevates the importance of collaborating with the private sector, in order to foster trust and confidence in any diaspora issuance. This, in turn, may reduce the perceived risk of the bond, which may be beneficial in increasing the competitiveness of the bond.

5.3.3. Bond Issuance in foreign-denominated currency

The study findings revealed a general lack of confidence in the South African Rand to perform well, relative to hard currencies, a concern especially for respondents of the South African diaspora, hesitant to return to South Africa in the future. As there are many factors at play, from a macroeconomic perspective, which support the strength of the South African Rand, these aforementioned concerns by respondents of the South African diaspora, may be mitigated through the issuance of a hard currency denominated South African diaspora bond, or an equivalent. This recommendation may be accompanied by the use of interest rate derivatives, such as currency swaps, to protect the profitability of the South African diaspora bond.

5.3.4. Leverage technology for improved access, usage, and transparency

The study findings revealed that investors were seeking technology-centric platforms, in order to promote ease, in terms of accessing and tracking the investment. Many participants also articulated concerns regarding corruption, building a case for increased transparency. A technology-centric platform for the diaspora bond may support improved transparency, in terms of the mechanics of said bond. Therefore, it is recommended that the issuance of a South African diaspora bond be accompanied with a technological solution for implementation purposes, which will also be useful for the diaspora, who reside outside of the country.

5.3.5. Embedment into existing investment schemes and/or platforms

The study findings revealed that many participants were only willing to invest into assets available on existing investment platforms and/or schemes. This was especially relevant for the South African diaspora, residing in Australia, all of whom were primarily invested into the Superannuation. The recommendation is that policymakers should embed the diaspora bond offering into existing investment schemes and/or platforms such as the Superannuation. This, in turn, may improve accessibility and take-up.

5.3.6. Public sector social and economic policy reform

In order to foster confidence in the South African market, the public sector has an important role to play in social and economic policy reform, to attract investment, as well as foster an enabling environment. Participation from the public sector in this regard may materialise through the strengthening of policies that promote FDI, tightening corruption through a top-down approach, and a clear plan to resolve issues pertaining to the state-owned energy entity with accountability. These actions, in turn, may improve investor sentiment and solve a myriad of socio-economic issues, such as crime and employment opportunities. The importance of building confidence in the state is highlighted in Chapter 2, especially states such as Ethiopia, where failures in successfully implementing diaspora issuance occurred, due to the lack of confidence in the state.

5.3.7. Market-aligned diaspora bonds

As more investors seek to assess investment opportunities, based on merit and risk, it is important that policymakers consider the return basis, relative to the risk basis. This may imply that the higher perception of risk, attached to this current study, may require a higher return. Additionally, policymakers should consider relativity, with respect to similar investments, to ensure competitiveness of the instrument.

5.3.8. Diaspora bond characteristic target markets

Issuers of diaspora bonds should aim to target individuals of the South African diaspora, who intend to return to South Africa. South Africans with intentions to return to the country, are expected to be more open to receiving repayments in local currency, and additionally, hold stronger impetus for the betterment of infrastructure and consequently, the investment climate.

5.4. Limitations and avenues for future research

A primary limitation of this current research study is the use of a qualitative approach in the context of the TPB utilising a relatively small sample size which was determined based on data and time constraints. This may pose challenges in terms of the transferability of the research, although this was addressed through a representative sample and through comprehensive data capture from interview processes. This provides an opportunity for researching diaspora bond investor perspective on a more quantitative basis.

In this current study, the researcher explored the investor perspective, in terms of investing into South African diaspora bonds. The diaspora bond body of knowledge could benefit from further research pertaining to the issuer perspective. Furthermore, the researcher further zoned in on South Africa, as a unit of analysis, and focused on understanding the perspectives of the diaspora in primary adopted countries of Australia, the USA, and the UK, which creates scope to unpack the perspectives of the diaspora, living in other countries.

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APPENDICES

Appendix A: Table Interview schedule review outcomes

Criteria	Y	N
Structure		
Beginning questions are factual in nature	X	
Key questions are majority of the questions and are placed between beginning and ending questions	X	
Questions at the end of interview protocol are reflective and provide participant an opportunity to share closing comments	X	
A brief script throughout the interview protocol provides smooth transitions between topic areas	X	
Interviewer closes with expressed gratitude and any intents to stay connected or follow up	X	
Overall, interview is organized to promote conversational flow	X	
Interview Questions and Statements		
Questions/statements are free from spelling error(s)	X	
Only one question is asked at a time	X	
Most questions ask participants to describe experiences and feelings	X	
Questions are mostly open ended	X	
Questions are written in a non-judgmental manner	X	
Length		
All questions needed	X	
Questions are concise	X	
Comprehension		
Questions/statements are devoid of academic language	X	
Questions/statements are easy to understand	X	

Source: Reprinted from *Preparing for Interview Research: The Interview Refinement Protocol* (Castillo-Montoya, 2016)

Appendix B: Semi-structured interview consent form

Master of Commerce in Development Finance

INTERVIEW CONSENT FORM

Participant name:

I volunteer to participate in a research project conducted by (insert your name) as partial fulfilment of the requirements for the **Master of Commerce in Development Finance Degree** at the UCT Graduate School of Business. I understand that the research is designed to gather information about factors for investment into South African Diaspora Bonds, and that I will be one of approximately 11 people being interviewed for this research.

Objective(s) of the research

Understand the factors that influence investment decisions into South African diaspora bonds in support of energy security and climate action (SDG7 and SDG 13).

Ethics approval

The ethical clearance for this study was approved by the UCT GSB Research and Ethics Committee on 4 November 2022.

Participation and confidentiality

I understand that my participation in this research is voluntary, that I will not be compensated and that I may withdraw at any time. The interview will take approximately 45 - 60 minutes to complete and will be audio recorded.

I understand that I will not be identified by name in any reports using information obtained from this interview and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.

Should you have any questions or concerns please contact me kaderfaatimah@gmail.com or my supervisor latif.alhassan@uct.ac.za

Consent

I consent to participate in this interview, based on the terms outlined above and subject to the following additional condition of my own (if any).

Signed by interviewee

Date

.....

.....

Signed by Student

Date

Section 1: Demographic Information

1. Gender

- Male
- Female
- Other:.....
- Prefer not to say

2. Age

- 18-24 years old
- 25-34 years old
- 35-44 years old
- 45-54 years old
- 55-64 years old
- 65 and over

3. Adopted Country

- United Kingdom (UK)
- Australia
- United States
- New Zealand
- Canada
- Other:.....

4. Number of years living abroad

- Less than a year
- 1-5 years
- 5-10 years
- >10 years

5. Highest level of education completed

- High School
- Bachelors Degree
- Honours Degree
- Masters Degree
- PHD
- Prefer not to say

6. Annualised Income (Rands)

- R1- R226 000
- R226 001- R353 100
- R353 101- R488 700
- R488 701- R641 400
- R641 401- R817 600
- R817 601- R1 731 600
- >R1 731 600
- Prefer not to say

7. Employment

- Employed Full-Time
- Employed Part-Time
- Seeking Opportunities

- Retired
- Prefer not to say

Section 2: Interview Questions

1. General

- 1.1 What are the factors that would attract you toward investing into South African Diaspora Bonds targeted at energy security and climate action?
- 1.2 What are the factors that would deter you from investing into South African Diaspora Bonds targeted at energy security and climate action?
- 1.3 Why did you leave South Africa, and do you think this reason plays a role in your decision to invest or not to invest?

2. Attitude

2.1 Patriotism

- Can you describe the level of patriotism you feel towards South Africa, and can you tell me more about this feeling?
- How do you think your level of patriotism may impact your decision to invest into South African Diaspora Bonds?

2.2 Perceived Risk

- Can you tell me about how you view a potential investment into a South African Diaspora Bond in the context of the perceived risk?

2.3 Expected Return

- Can you tell me about return expectations with respect to investment into a South African Diaspora Bond?

2.4 Poor Governance and Corruption

- Can you tell me about your perception on governance and corruption in South Africa, with respect to investment into a South African Diaspora Bond?

2.5 Informational Advantages

- Can you discuss feelings on how their information advantages play out in investment decision-making?

3. Subjective Norm

- Can you discuss peer perceptions with regards to investment into South African diaspora bonds?
- How would these perceptions impact your own?

4. Perceived Behavioural Control

- Can you tell me about the enablers and disablers with respect to investing into a South African diaspora bond?

5. Environmental Factors

5.1 Satisfaction

- Can you discuss the extent to which feelings of satisfaction plays out in the investment decision.

5.2 Policy Influence

- Can you discuss the types of policies that may play a role with respect to investing into a South African diaspora bond?

5.3 Interest in Climate Action and Energy Security

- How do you feel about Climate Action and Energy Security.
- Can you tell me about how these feeling play a role in your investment decision.

6 Interview close

- Before we conclude the interview, do you have any further comments on investment into diaspora bonds?

Interview close (Gratitude, and potential for a follow up if needed)