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Exploring the Factors Influencing Investment Decisions of Non-Resident Entrepreneurs in Sri Lanka

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Abstract

Numerous studies have highlighted the link between Foreign Direct Investment (FDI) and economic growth, identifying FDI as crucial for national economic development. With the increasing number of Sri Lankan migrants with capacity to invest, a strategy to attract investments from non-resident Sri Lankans very important factor. This study aims to identify the factors influencing these expatriate entrepreneurs' investment decisions, addressing a gap in existing literature. The study adopts an inductive approach and conducts a qualitative study, utilizing thematic analysis through version of NVivo 14. Data was gathered through eleven in-depth interviews with non-resident Sri Lankan entrepreneurs, using the snowball sampling technique. Results revealed four crucial themes influencing the investment decisions of nonresident Sri Lankan entrepreneurs as decisions made by the government, the attitudes prevalent among Sri Lankans, the educational standards within population, and the emotional connections individuals maintain with Sri Lanka. This study contributes as a pioneering empirical investigation within the context of Sri Lanka, providing unique findings to the existing literature.

Keywords: *Investment decisions, Attitude, Emotional bond, Migrant entrepreneurs, Sri Lanka.*

1. Introduction

Economic crises act as ferocious crucibles in the financial world that put investors to the test and necessitate quick thinking in the face of chaos (Cinalli & Giugni, 2016; Gevorkyan, 2024; Halkos & Gkampoura, 2021). Sri Lanka is facing a significant economic crisis and it's crucial for the country to focus on implementing strategies and measures to improve and go through the challenging situation (Abeyagoonasekera, 2023). The economic development of a nation is influenced by a multitude of factors, and among these, Foreign Direct Investment (FDI) plays a pivotal role, particularly in the context of developing countries like Sri Lanka (Alshubiri, 2024; Chaudhury et al., 2020; Kumari & Sharma, 2017; Saini & Singhania, 2018). According to the FDI inflow rate data spanning the past years, a noticeable decline in foreign investments in

Sri Lanka is evident and Sri Lanka should focus on increasing FDI inflow. Investing in one's home country often presents the advantage of lower operational costs and more readily accessible local markets and resources (Myles Shaver, 2011). Hence, a strategic emphasis on attracting investments from non-resident Sri Lankan entrepreneurs may prove to be a more attainable endeavor compared to soliciting investments from foreign individuals or entities.

Crum and Nelson (2015) argue that entrepreneurship flourishes even in adverse environments, suggesting resilience regardless of underlying challenges. Brundin and Gustafsson (2013) further demonstrate that entrepreneurs often operate with a strong emotional dimension, investing based on their feelings. Thus, attracting investments from entrepreneurs should be a priority. While existing literature has explored factors influencing investors' decisions to invest in their home countries (Brundin & Gustafsson, 2013; Nyame-Asiamah, Amoako, Amankwah-Amoah, & Debrah, 2020; Peng & Liu, 2018), a notable gap persists in understanding what drives non-resident individuals to invest back in their homeland. Consequently, this study aims to investigate the factors that influence the investment decisions of non-resident entrepreneurs.

While FDI is widely acknowledged as a critical driver of economic growth in developing economies (Alshubiri, 2024; Forte & Moura, 2013), Sri Lanka continues to struggle with attracting consistent and sustainable FDI inflows. Numerous studies have explored macroeconomic determinants of FDI, such as tax incentives, infrastructure, and political stability (Abille & and Mumuni, 2023; Saini & Singhania, 2018; Zagler, 2023). However, these studies predominantly focus on foreign investors and neglect the increasing global trend of diaspora or migrant entrepreneurship.

Recent literature has acknowledged the role of diaspora investors in nation-building and development, particularly in post-conflict or economically struggling nations (Nielsen & Riddle, 2009; Nyame-Asiamah et al., 2020). Yet, within the South Asian context and Sri Lanka in particular empirical research exploring why and how non-resident nationals choose to reinvest in their home country remains limited. Existing studies on Sri Lankan diaspora entrepreneurship (e.g., (Syrett & Keles, 2022)) have primarily addressed identity, opportunity structures, and socio-cultural integration abroad, without focusing on investment decision-making processes or contextual barriers within Sri Lanka.

This study addresses this specific gap by focusing on non-resident Sri Lankan entrepreneurs and exploring the qualitative, individual-level factors that influence their decisions to invest in Sri Lanka. These include not only economic considerations but also emotional bonds, cultural attitudes, and perceptions of the domestic education system dimensions largely overlooked in FDI and diaspora entrepreneurship literature.

Therefore, this research is justified on two main grounds:

1. It responds to the lack of context-specific, empirical insights on diaspora investment decision-making in Sri Lanka.
2. It expands the academic discourse by integrating non-economic, behavioral, and emotional factors into the understanding of investment motivations.

First and foremost, authors identified four predominant themes influencing the investment decisions of non-resident Sri Lankan entrepreneurs. These encompassed the government's decisions, emotional considerations, the education level among Sri Lankans and the attitudes prevalent among the people of Sri Lanka. Secondly, this study can be considered as the first empirical study focusing on factors that effecting investment non-resident entrepreneurs when investing back in their home country in Asian region. However, there are similar research concerning diaspora entrepreneurs in the African region (Nyame-Asiamah et al., 2020). Thirdly, according to the existing literature, studies has explored the development of the Sri Lankan diaspora entrepreneurs and revealed the key dimensions that effecting for the development of it (Syrett & Keles, 2022). Therefore, this study explore the area that has not been focused yet and fill a wide literature gap and bridge the gap.

Finally, this study explores the influencing factors when investing back in Sri Lanka and the findings of this study will be beneficial to policy makers to create smooth process to improve the FDI inflow.

There are six sections throughout the paper and the first section is introduction and then the literature review with the prominent literature regarding the study. Third section is the methodology which explains the methods that are used to conduct the study. Fourth and fifth sections are the result section and the discussion section. These two sections critically examine the findings from the conducted in-depth interviews in relation to the existing body of literature. Finally, the last section concludes the study.

2. Literature Review

In the field of international entrepreneurship, a noticeable gap exists in the examination of factors influencing the investment decisions of migrant entrepreneurs as they engage in investments within their home countries. While some studies have explored diaspora[1] investments, they often lack the depth required to uncover the critical determinants governing these investment choices. This literature review aims to discuss the existing literature related to factors effecting FDI decisions. The search terms that used were FDI, Diaspora investments and factors effecting investment decisions.

2.1 Government policies and investment decisions

The promotion of economic expansion and progress represents a primary impetus behind the pursuit of investments within one's home country. Foreign Direct Investment (FDI) plays a pivotal role in fostering growth in the host country by enhancing economic activity and augmenting employment opportunities (Forte & Moura, 2013). Additionally, FDI facilitates access to new resources and markets, which can have a beneficial influence on the regional economy. Government policies significantly shape FDI patterns, thereby enhancing a country's economic stability. By providing domestic financial support, governments can positively affect the flow of FDI and overall economic growth, bolstering both productivity and competitiveness on a broader scale (Liou, Rao-Nicholson, & Shang, 2023).

Taxation is another critical domain under government control, with tax incentives serving as a pivotal mechanism for stimulating investments. Research indicates that both corporate tax rates and the ease of doing business can negatively influence the inflow of FDI (Abille & Mumuni, 2023). Furthermore, an increase in the corporate income tax rate is associated with a detrimental impact on FDI (Zagler, 2023). Thus, maintaining a reasonable corporate tax rate is essential for attracting more FDI, which can significantly bolster a country's economy. Another crucial factor influencing FDI is the exchange rate, which has been shown to have an adverse impact on FDI (Jamil et al., 2023; Madurapperuma, 2023). Therefore, exchange rates play a

[1]Diaspora: The dispersion or scattering of a group of people from their ancestral or homeland to various locations around the world, often due to economic, political, social, or environmental factors, resulting in the maintenance of cultural, ethnic, or national connections to their places of origin.

pivotal role in shaping the FDI landscape, aligning with the broader economic strategies of nations.

The availability and quality of transportation infrastructure are critical factors that directly influence FDI. Multinational enterprises (MNEs), central enablers of globalization, significantly affect both FDI and trade patterns based on their investment location choices (Daniels & von der Ruhr, 2014). As the global landscape evolves, MNEs make FDI location decisions that align with their transnational value chains (Wiengarten et al., 2014). Transportation infrastructure's role in attracting FDI is underscored by research indicating that well-developed transportation and logistics systems positively contribute to FDI attractiveness and sustainable economic development (Halaszovich & Kinra, 2020). Improving transportation infrastructure is crucial for enhancing FDI inflow, as demonstrated in the context of Sri Lanka.

Institutional factors such as the rule of law, political stability, and democratic institutions exhibit a positive relationship with FDI, as demonstrated by Bailey (2018). Countries with robust institutional frameworks are more successful in attracting FDI compared to those with weaker institutions. Investing in one's home country offers access to unique investment opportunities, local resources, and markets, leading to reduced operational costs (Myles Shaver, 2011). This strategic investment fosters local relationships and networks, contributing to a business-friendly environment that simplifies expansion efforts and enhances companies' ability to seize emerging opportunities. Political stability, supported by FDI induced economic opportunities, further reinforces this investment rationale by mitigating political risks (Bailey, 2018; Marchan et al., 1999).

Investing in one's home country is a strategically sound decision for several reasons. Chief among them is the opportunity to cultivate local relationships and networks that can prove invaluable in the future. This process contributes to establishing a business-friendly environment that simplifies expansion efforts and enhances the ability of companies to seize emerging opportunities.

2.2 Emotional bond with the country and investment decisions

The role of emotions in economic decision-making has often been overlooked, yet emotions can significantly influence investment decisions. While traditional economic models emphasize rationality, the integration of emotions in financial decisions can enhance the quality of investment choices. Keswani (2021) argues that emotions are not entirely excluded from decision-making processes. Instead, they can contribute positively to making well-informed investment choices, supporting the notion that emotions can play a constructive role (Van de Laar & de Neubourg, 2006).

Recent studies underscore the influence of emotional bonds on investment behaviors. Emotional connections, particularly in the context of cross-border investments, reveal that investors' emotional ties to their home countries impact their decisions significantly. For instance, investors with strong emotional bonds to their home countries are more likely to invest there, despite potential economic drawbacks (Nielsen & Riddle, 2009). Additionally, emotional finance literature suggests that emotions such as self-confidence and hope can increase investors' commitment, influencing their decision-making processes (Keswani, 2021).

However, there remains a notable gap in the literature regarding the specific impact of emotional bonds on the investment behaviors of entrepreneurs. While there has been substantial research on various aspects of investment behaviors, the role of emotions, particularly emotional bonds to the country, needs further exploration (Nielsen & Riddle, 2009). Understanding this influence can provide deeper insights into how entrepreneurs make investment decisions, especially in foreign markets.

2.3 Level of education of the nation and investment decisions

Education plays a pivotal role in shaping various aspects of a society, including the cognitive abilities, and thought patterns of its populace. According to Shahbaz et al., (2021), elements like improving the innovative capabilities of the country, development of modern technologies and productivity of labors can be improved through the education and these factors collectively emphasize that the quality of human capital stands as a crucial component for attracting FDI. The quality of education significantly influences the intellectual and creative capacities of individuals. Therefore, a country equipped with a high-quality education system has the potential to attract more FDI, as indicated by Wang et al., (2021). Entrepreneurs residing abroad often possess valuable insights into the educational landscape and the knowledge levels of the local population in their home country. The study that conducted by the Berrill et al., (2020) were able to point out that countries with high quality educated labor forces can attract more FDI leads than the other countries. If the quality of education remains stagnant, these individuals may be disinclined to invest in their country of origin. The reluctance to invest in a place that shows no signs of educational improvement is quite understandable.

Innovation is a well-recognized driver of business performance and competitiveness, and recent research suggests that advanced and developing economies may adopt distinct innovation approaches. Industrialized economies tend to focus on knowledge creation, while emerging economies leverage existing technology and know-how. Foreign investment can aid in bridging technological gaps. Research explores whether spillovers from FDI influence various stages of the innovation process in an expanding European economy, revealing that imitation rather than original development characterizes the early stages of innovation in emerging economies, as domestic enterprises compete with foreign counterparts (Jovanović & Vujanović, 2023).

2.4 Attitude of the people and investment decisions

Foreign Direct Investment (FDI) often sparks debate globally, frequently fueled by dramatic media portrayals. However, there's a surprising lack of research on how this information shapes individual attitudes toward foreign investment (Saini & Singhania, 2018; Shahbaz et al., 2021).

This particular study delved into the specific reasons why immigrants from Sri Lanka might exhibit hesitation in investing in their home country. To address this, the research employed an integrated theoretical framework, combining threat theory with information processing theory, to comprehensively assess the potential underlying factors influencing these investment decisions. Within this context, the findings revealed that perceived threats played a significant and multifaceted role in shaping individuals' perceptions of foreign investment. These threats were categorized into two primary dimensions: economic threats, which might encompass concerns about job displacement, unfair competition, or loss of domestic control over resources, and symbolic threats, which could involve anxieties related to cultural erosion, national identity, or a perceived loss of sovereignty.

Crucially, the study demonstrated that the systematic processing of threat-related information was a key mechanism triggering the development of negative attitudes towards foreign investment. This systematic processing implies that individuals actively evaluate and integrate information concerning potential threats, rather than simply reacting to superficial cues. This in-depth cognitive engagement with threat narratives, often disseminated through media and public discourse, appears to solidify negative predispositions. This finding is further corroborated by existing research into public debates surrounding foreign investment, which similarly highlight how the framing and processing of threat-related information can galvanize public opposition (Adira & Halida, 2021). Therefore, understanding the nature of these perceived threats and how individuals process information related to them is paramount for comprehending and potentially mitigating resistance to foreign investment.

3. Methodology

The fundamental aim of this study is to delve into the intricacies surrounding the investment decisions undertaken by non-resident Sri Lankan entrepreneurs when engaging in investment activities within the territorial boundaries of Sri Lanka. The choice of a qualitative research methodology stems from the inherent nature of this study, which falls under the purview of exploratory research, with its primary focus being the generation and development of theories rather than the testing of pre-existing hypotheses. Embracing a qualitative approach has accorded our research the unique advantage of commencing the investigative journey with a salient research question, thus engendering the ability to critically appraise extant theories and their inherent constraints. Moreover, the qualitative paradigm has endowed us with the invaluable capability to discern nascent theoretical concepts and insights that organically emanate from the empirical terrain, unearthing hitherto uncharted intellectual territories.

Notably, the qualitative framework has been instrumental in capturing rich and nuanced descriptions of the experiences of non-resident Sri Lankan entrepreneurs, thereby facilitating a profound comprehension of the multifaceted meanings that are interwoven with their experiences. By embracing this methodological stance, we have succeeded in providing a platform for amplifying the voices and experiences of non-resident Sri Lankan entrepreneurs, a demographic that has, at times, remained overshadowed or marginalized within the research discourse. This approach serves as a prism through which their narratives, perspectives, and insights are rendered visible and comprehensible, thus contributing to a holistic understanding of the complex landscape of non-resident Sri Lankan entrepreneurial investments.

3.1 Interviewees Background

This study involved gathering data from eleven Sri Lankan entrepreneurs who do not live in Sri Lanka but come from various places. Additionally, we chose them because of their successful track record in doing business in Sri Lanka. This approach allowed us to gain valuable insights from entrepreneurs who are familiar with the unique challenges of the Sri Lankan business environment.

This study gathered data from eleven successful Sri Lankan entrepreneurs who reside outside of Sri Lanka but possess a proven track record of doing business within the country. This specific selection was intentional, allowing us to gain valuable insights from individuals who have not only navigated but also thrived amidst the unique challenges and opportunities of the Sri Lankan business environment. For example, these entrepreneurs have successfully managed issues like navigating complex bureaucratic processes to secure necessary permits for new ventures, or mitigating the impact of exchange rate volatility on their import/export businesses. By focusing on this group, we were able to tap into a rich source of knowledge regarding how to effectively manage and succeed within these specific conditions.

3.2 Data Collection

The geographical scope of our study was deliberately broadened to encompass a variety of countries, thereby affording us the opportunity to glean insights from diverse entrepreneurial environments. The data collection phase was executed via the utilization of a snowball sampling method. After explaining the details about the research, verbal consent was obtained from all participants before the interview. This approach proved to be particularly efficacious, as it elicited a cooperative spirit among the entrepreneurs initially approached, who not only willingly participated in our study but also extended their support by suggesting potential interviewees. As the momentum of our study gathered pace through the successful engagement of these initial participants, we continued to expand our participant pool through the snowball sampling method. This iterative process relied on the goodwill of existing respondents, who not only recommended other active entrepreneurs but also distributed our contact information to their acquaintances, further augmenting the diversity and representativeness of our participant pool. Throughout this recruitment process, an assiduous vetting of respondents was conducted to maximize the breadth and variety of our study's participants, encompassing diverse backgrounds and a range of business types. Our data collection strategy adhered to a rigorous methodology, continuing until "theoretical saturation" was attained juncture where no novel codes or insights could be distilled from the data. In total, we conducted interviews with eleven entrepreneurs who offered their invaluable perspectives. These interviews were conducted in Sinhala, enabling the interviewees to express themselves with unencumbered fluency in their native language. An interview guide furnished a structured framework for our inquiries, while concurrently allowing for the flexibility needed to probe for deeper insights. Each interview spanned a duration of one to two hours, ensuring an in-depth exploration of the subjects. The interviews were meticulously audio-recorded and subsequently transcribed immediately after each session to expedite the subsequent stages of data analysis.

3.3 Data Analysis

Online meetings were essential for this research as they provided a meaningful context for interviews with entrepreneurs, allowing a deeper understanding of their organizational environments. To ensure the validity of the study, data gathering, and analysis occurred simultaneously. Respondents' profile is provided in Table 1. This approach helped the researcher stay closely connected to each interview, continually comparing the theoretical themes derived from the data. Furthermore, the researcher thoroughly reviewed interview transcripts, repeatedly referring to existing literature and adding notes to the margins. This process enhanced the understanding of the data content, and themes and categories were discussed and refined through consensus. For managing the extensive data, the researcher used version of NVivo 14, a qualitative data analysis software program. NVivo proved valuable in organizing and coding textual data, facilitating the visualization of themes, and supporting the development of ideas through theoretical memos.

Table 01. Respondents Profile

Respondent	Profession	Country	Experience
Respondent 1	Software Engineer	Australia	20 Years
Respondent 2	Accountant	United Arab	08 Years
Respondent 3	Software Engineer	Canada	14 Years
Respondent 4	Businessmen	Australia	30 Years
Respondent 5	Software Engineering	United Kingdom	18 Years
Respondent 6	Electrical Engineer	Australia	13 Years
Respondent 7	Accountant	Australia	05 Years
Respondent 8	Electrical Engineer	Australia	13 Years
Respondent 9	Businessmen	United Kingdom	25 Years
Respondent 10	Banker	United Kingdom	10 Years
Respondent 11	Grocery store	United Kingdom	17 Years

Source: Authors Illustration

The analysis had two main steps. The first step involved a detailed examination of the transcripts to extract relevant codes related to participants' experiences with investments in Sri Lanka, resulting in 26 primary codes. Initial themes emerged by exploring the data within and between these codes and comparing coded data with concepts from existing literature while remaining open to new patterns. This iterative process led to the identification of four primary themes. Finally, the analysis was further refined by clustering the first-level themes based on their similarities and differences.

3. Results

The major challenge that came up as a hinderance in the data collection part of the research was that the fact the prospective potential individuals were located around the globe in a scattered nature. Nevertheless, the proper use of methodology and in-depth analyzing of raw data, the respondent file was enriched with the collection of potential migrants who could add facts to build the background on the criteria’s to be looked upon while routing migrant funds into the home country. In order to determine whether the respondents' thoughts or attitudes had changed over time and to confirm the accuracy and relevance of the data collected from the interviewers, we continued to speak with the same respondents throughout time.

Authors were able to successfully identify and distill four principal themes after carefully considering all the codes that were generated during the analysis. Figure 1 shows the list of codes and how the authors derive them into themes. Main themes that were able to generate are the government decisions, emotional bond with Sri Lanka, education level of the Sri Lankan people and the attitudes of the Sri Lankan people.

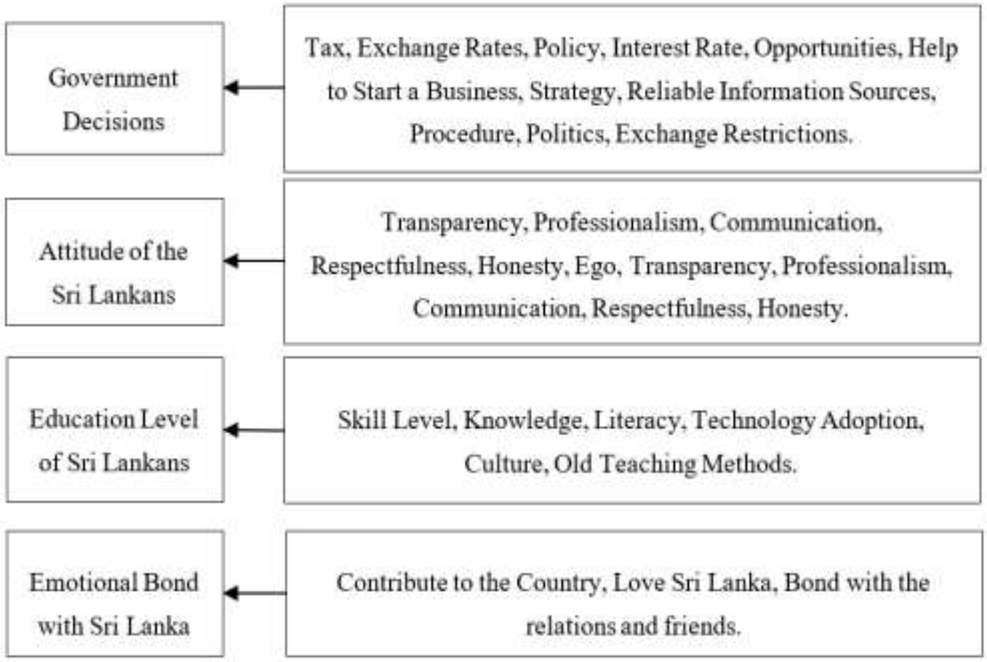

Figure 01. Generated themes and codes

Sourse: Authors' Illustration

4.1 Sri Lankan government policies

The systematic data collected from the mentioned respondents has revealed a significant lack of potential support and assistance that the Sri Lankan government may offer in the endeavor to restructure the country's economy. The majority of respondents expressed concerns regarding the government's decisions across various sub-factors. Given that the government has control over the nation's system, governmental actions play a crucial role in determining economic stability. The following codes, including Policy, Tax, Exchange Rate, Interest Rate, Opportunities, starting a Business, Strategy, Reliable Information Sources, Resources, Procedure, Exchange Restrictions, and Politics, were identified, and incorporated into government decisions.

The findings of the study indicate that sudden policy changes without a well-defined vision have a detrimental effect on investor confidence. Furthermore, several interviewees pointed out that some individuals show little concern for policies, especially in the realm of politics. For instance, let's consider the perspective shared by Respondent 9 for illustration.

> *"However, Sri Lanka's economy is based on the government. There is no exact policy in Sri Lanka. Policies change with the new government. That should be changed. Sri Lanka must have the same goal without changing from time to time (Respondent 9)."*

Respondent 4, a substantial investor in Australia, provided insights into the importance of a well-defined national strategy for a country.

> *"This is how we can't just build these hotels now; we also need to know how to bring tourists. That's when it gets cheaper. And facilities should be given. You have to work with a goal (Respondent 4)."*

Respondent 5 stated another problem in the Sri Lankan government like this.

> *"Some people invest that money in Sri Lanka. So, when they send money to Sri Lanka, one-pound equals 240-250. But now one pound is equal to 400. So now the investment is like a cost to him because it is difficult to pay for the loan from the income because of the exchange rate (Respondent 5)."*

The description emphasizes that the exchange rate is a significant concern for investors in Sri Lanka. Additionally, participants mentioned that their investment decisions are impacted by the prevailing interest rates. Another notable code that emerged from the interviews is related to tax. Respondent 5 provided a comparison with the UK tax system to illustrate how the tax system should ideally function.

> *"The next factor is tax. We are planning a budget for a year. We build a strategic plan to pay taxes and increase profits. But in the middle of the year, the government changes the taxes. The best example is Sri Lankan have to pay new taxes right now. Just think, if I forecast to save one million from the business after the cost. So, I have made the strategies and plan to invest that million next year. But if the government suddenly charges 30% of my income, how will I save a million and invest the next year as planned?" (Respondent 5).*

Investors generally desire a straightforward and fair tax system. The interview findings suggest that the actual tax rate is of less concern to them. Respondents, including Respondent 3, have shared their experiences and perspectives on dealing with the Canadian tax system as illustrative examples.

> *"In Canada, you don't have to pay taxes if you are already helping to grow the economy (Respondent 3)."*

Based on the insights from Respondents 5 and 3, it's evident that a well-structured tax system is meant to support a nation's prosperity. Consequently, revealing the tax percentage can attract more investors, particularly if a company is already making a positive contribution to the economy.

Additionally, there are exchange limitations in Sri Lanka, and the discussion with Respondent 5 during the interview provided valuable insights into the study of exchange restrictions.

> *"Because, for instance, you bring in some foreign currency into your country, and even if you make a return, sometimes you can't take your money back to your whatever the foreign country thinks I if I am a resident or a citizen in " (Respondent 10).*

The study uncovered that establishing a new business in Sri Lanka is a complex and time-consuming endeavor. Respondent 5 shared his experiences and provided insight into these challenges.

> *"I made a company in Sri Lanka 3 years ago. And we went through the company registration process of it. That process made me not do a business registration in Sri Lanka ever again. It is so complicated" (Respondent 5).*

The interview with Respondent 7 included their account of the process of registering a business in Australia.

> *"So, you can create an Australian business number within 10 minutes. You just go to the site, add your details get the number (Respondent 7)."*

The study suggests that the Sri Lankan government should streamline and simplify these processes. The research identified numerous challenges associated with administrative procedures in the country.

> *"For example, I was brought to Trinco about 7 times to get approval for my Kantale work. It didn't work. Nothing happened after that. I went to Colombo Forestry and did not get any help. That means working from their side" (Respondent 4).*

Respondent 4 emphasizes the need for a country to have efficient, reliable, and transparent administrative procedures. The study also revealed that Sri Lanka lacks dependable sources of information. If trustworthy information sources are available, it can boost investor confidence. Hence, the government should take note of this aspect, as highlighted by the first respondent.

> *"And also, there needs to be a place to get reliable information. For example, in Australia, if we take a building, we can get the whole history of it. When we are investing in something, we should know the numbers. How much has it increased or decreased? About the demand. We have to have a reliable source to get this information (Respondent 4)."*

The study delved into the importance of a country having sufficient resources to enhance its economy. Respondent 4 shared insights about the availability of resources in Sri Lanka in the following manner.

> *"If the resources in Sri Lanka are utilized properly, Sri Lanka can be recovered. That's easy. Because it is not a big country (Respondent 4)."*

In addition to that statement, Respondent 1 presented a different perspective as follows.

> *"The biggest issue is finding resources". According to the study results, the Sri Lankan government should focus on managing and exposing Sri Lanka's resources. A government should open various opportunities for the people to do business (Respondent 1)."*

Respondent 5 described how the government in the UK provides opportunities and support to individuals who endeavor to start a business.

> *"There are government agencies that you can go to and get advice and training. Even if you know web development, you may need to learn how to run a company or need management skills. We can get this training free of charge (Respondent 5)."*

The Sri Lankan government should focus on implementing initiatives that promote the establishment of new businesses, much like the support provided in the UK, as described by Respondent 5. Respondent 1 also discussed government assistance for those who are employed. In its conclusion, this study sheds light on a vital aspect of Sri Lanka's economic situation by examining the perspectives of non-resident Sri Lankans regarding government activities during economic crises. The study has identified several key themes through interviews and data analysis, highlighting the significant role of government actions in influencing investment decisions in the midst of an economic crisis.

According to the above theme derived the following proposition can be developed.

Proposition 1: Government decisions is a major factor that affect to the investment decisions of non-resident Sri Lankan entrepreneurs.

4.2 Attitude of the people

The research findings from this study highlight a crucial need for Sri Lankans to improve their overall attitude if they want to attract investments from potential stakeholders. In the context of attitude, our study has identified specific key elements, including transparency, professionalism, and communication, which play a central role in shaping the investment landscape. For instance, Respondent 5 provided an insightful perspective on this complex situation, summarizing the essence of the findings. Their insights emphasize the significance of these attitudes among the Sri Lankan population within the context of investment dynamics.

> *"In Sri Lanka, people need to learn how to communicate. Also, a lot of Sri Lanka people need to be more transparent & professional. For example, when working with European people, they directly tell it if they don't like something. But if I partner up with Sri Lankan in a business and I say to an idea to him. And he also agrees with me even though he doesn't like the idea. So, when it comes to the initiation part, they will not give their 100% because they don't like it. So, we must improve communication." (Respondent 5).*

In accordance with the opinions, thoughts and perspectives shared by the individuals at the time of the interview, we could understand that the generalized overview on Sri Lankan's attitudes has been a great factor influencing the investment decisions of the migrant individuals. Throughout the analysis of the in-depth interviews, we could observe the combination of positive, negative, and neutral opinions on the attitudes of Sri Lankans. Nevertheless, the negative image on the attitudes of Sri Lankans has been dominating among the opinions shared. Most of the shared experiences led to point that, the attitudes such as Sri Lankans still being reluctant to adapt new technologies as at today, the mindset of following traditional business culture, the aspect of not being flexible and supportive to encourage the new ideas in the market are the most commonly shared attitude issues that the migrant individuals have a visualized as a hinderance in their investment decision criteria's. Here is what another respondent shared with us:

> *"Dealing with Sri Lankan people is so hard. They are not professional. I know I am a Sri Lankan as well. But since now I am in a different country, I can really tell a difference. People here are so professional. I am running a business over here as well. The people who work here are honest. If they can't do a work, they will say no to it at the first time. But when I am outsourcing the work to Sri Lanka, they are willing to take the job without even knowing them. And at the end they are getting stuck in the project and try to get away without answering the calls or messages (Respondent 1)."*

Apart from that another entrepreneur shared his experience as well.

> *"Sri Lankan people doesn't want to support Sri Lanka. I went Sri Lanka once for a big investment. But the person who worked in the AG office didn't care about it. I just came all the way here just to do that paperwork. But even though it is a big investment, and it may provide ten to twenty job opportunities he didn't care. He didn't support my work. So, I had to come several times and waste a lot of my time just to do that paperwork (Respondent 8)."*

A thorough analysis of these findings underscores the urgent requirement for Sri Lankans to focus on enhancing their attitudes. Consequently, our study highlights the crucial significance of identifying and addressing the areas of concern related to the behavior and culture of every Sri

Lankan. Tackling these issues is essential for aligning the expectations of migrant individuals with the goal of attracting more foreign investments to the nation's economy.

According to the above theme derived the following proposition can be developed.

Proposition 2: Current attitudes of the Sri Lankans are demotivating non-resident Sri Lankan entrepreneurs to invest in Sri Lanka.

4.3 Emotional bond with Sri Lanka

Emotion emerged as a prominent factor in the interviews conducted for this study. All the interviewees discussed the role of emotion in their investment decisions. Based on the interviews, it was a consistent finding that almost every participant expressed a reluctance to repatriate their profits from the country.

> *"I do not take the profit out from Sri Lanka because that will affect to the county (Respondent 1)." "No. If I get that money out, there is no point of investing it in my country. (Respondent 4)." "Actually, I like to keep it within the Sri Lanka. I have my own business here as well. So, I don't need the profit that I am getting in Sri Lanka right now (Respondent 8)."*

Furthermore, some entrepreneurs have expressed a genuine interest in investing in Sri Lanka, as evident from a direct statement made by one of the entrepreneurs.

> *"I have a feeling like that, everyone has that feeling who lives aboard no matter how many times it fails they keep investing (Respondent 1)."*

According to the viewpoint of this entrepreneur, there are certain emotional sentiments attached to Sri Lanka, and there is a clear intention among entrepreneurs. Respondent 6 elaborated on this as follows:

> *"So, if I can give something to society. I mean by investing, you know, creating some jobs. So, I want to do something for my mother country. That's it. So, we can take it as an emotional factor (Respondent 6)."*

Some entrepreneurs are motivated to make investments with the aim of generating employment opportunities, thereby contributing to the Sri Lankan economy's efforts to recover from economic crises. However, Respondent 7 expressed a different perspective on this matter:

> *"When it comes to investment, I don't think. If they feel like that, they can make a donation, right? So, I don't think anyone would consider such feelings. But there are some people who want to invest (Respondent 7)."*

Researchers have found that considering emotions in the investment decision-making process can be a significant drawback. Based on the interviews conducted thus far, it is apparent that there is feedback reflecting both positive and negative aspects of the role of emotions in investment decisions, particularly in relation to the behavioral aspects of individuals.

According to the above theme derived the following proposition can be developed.

Proposition 3: Emotional bond with Sri Lanka is a factor that influence non-resident Sri Lankan entrepreneurs to invest in Sri Lanka.

4.4 Education level of the people

A significant aspect of investment behavior emphasized in this study is the perspective on the Sri Lankan educational system and its role in shaping investment decisions during financial crises. This study explored the challenges and factors affecting the education system, along with the government's role in it, drawing from the findings. It's important to note that the entire education system in Sri Lanka is under the control of the current government. Respondent 9 provided insights into the issues within the Sri Lankan education system.

> *"The main barrier is we've been structured, we've been designed, and we've been hit with our education system, our free thinking and the free creativity and entrepreneurships and kind of thing" (Respondent 9).*

As indicated in the interview, Respondent 9 highlighted that in a country where innovative thinking is lacking, it becomes challenging to have confidence in the economy. The study revealed that government decisions can exert a significant influence on the economy, given that the government controls virtually all aspects within a country, as emphasized by Respondent 11.

> *"Education in Sri Lanka is so weak. I know that because comparing to things that my kids learning here, I feel very sad for Sri Lankan kids. If I didn't come to this country, I don't even know what to do. With my degree I just had a small salary in Sri Lanka. But I was able to come to this country and get a reasonable salary. Actually, entire education system should change, otherwise it is hard to have faith in Sri Lanka. Government is also my focus on the education system as well to make students educate in the right way (Respondent 11)."*

Furthermore, government actions and policies related to education can significantly shape the capabilities and skills of the future workforce. A forward-thinking education system has the potential to nurture a pool of qualified professionals and entrepreneurs who are more likely to contribute to the nation's economy. Conversely, as highlighted by one of the respondents, if the government imposes restrictions on academic freedom and hinders innovation, it could deter investment. Investors may become concerned about the long-term sustainability of an economy that lacks innovative ideas and a willingness to take risks.

In conclusion, the government-controlled educational system in Sri Lanka plays a substantial role in influencing the investment decisions of non-resident Sri Lankan entrepreneurs and professionals. Given the shortcomings of the current educational system, fostering an environment that encourages innovation and creativity, along with government initiatives that promote entrepreneurship and knowledge development, can have a positive impact on business decisions and long-term economic growth.

According to the above theme derived the following proposition can be developed.

Proposition 4: Education level of Sri Lankan people is a factor that demotivating non-resident Sri Lankan entrepreneurs to invest in Sri Lanka.

4. Discussion

Our study has contributed to discover the actual underlying factors that affect the immigrant individual's decision criteria despite the generalized ideology such as corruption being considered the sole reason for the low rate of FDI being routed to the Sri Lankan economy. The discussion section of our study gives a brief understanding about each and every theme we had generated through the thematic analysis. This section eventually put light to the grey areas that have to be tap upon to encourage the FDI inflow into the Sri Lankan economy.

5.1 Attitude of the people

The study highlights a recurring perception among participants that negative attitudes among Sri Lankans such as lack of professionalism, poor communication, and resistance to changehinder diaspora investment. This dimension has not been extensively discussed in FDI literature, although Nyame-Asiamah et al. (2020) observed similar behavioral challenges among diaspora investors returning to some African countries.

While the general literature focuses on macro-level institutional trust and infrastructure (Kumari & Sharma, 2017), our findings contribute by introducing the micro-level cultural and interpersonal dynamics as key considerations for diaspora entrepreneurs. This human-centered barrier, particularly the reluctance of local partners to adapt to professional norms, was a unique insight from this study.

5.2 Emotional bond with Sri Lanka

Consistent with previous literature on diaspora engagement, this study confirms that emotional attachment to one's homeland remains a powerful motivator for investment (Brundin & Gustafsson, 2013; Nielsen & Riddle, 2009). Many participants in this study noted that their emotional ties, including a desire to give back and improve Sri Lanka's socio-economic condition, influenced their investment decisions even in the face of financial risk.

What sets this study apart is the identification of emotional resilience among diaspora entrepreneurs a willingness to reinvest despite past failures. This differs from the more pragmatic views found in other contexts, where emotional motivation is often counterbalanced by profit-maximizing logic (Van de Laar & de Neubourg, 2006). In Sri Lanka's case, emotional capital appears to outweigh immediate economic returns for some investors.

5.3 Education level of the people

The perceived quality of education in Sri Lanka emerged as another critical factor. Respondents viewed the outdated education system and lack of skill development as major barriers to investment. This aligns with Shahbaz et al., (2021) and Berrill et al., (2020), who link the quality of human capital to FDI inflows. Similarly, Jovanović and Vujanović (2023) found that emerging economies with inadequate educational innovation struggle to attract sustainable investment.

The key difference in the present study is the diaspora perspective investors who are not only capital providers but also beneficiaries of advanced education systems abroad. Their expectations for a skilled workforce and entrepreneurial culture in Sri Lanka are shaped by their experiences in developed countries, leading to a more critical assessment of local education standards..

5.4 Sri Lankan government policies

The findings from this study emphasize the pivotal role of government policy in shaping investment behaviors. Participants expressed frustration over policy inconsistency, bureaucratic delays, high taxes, and limited institutional support. These concerns align with existing studies that have identified similar barriers in other developing countries (Abille & and Mumuni, 2023; Liou et al., 2023). For instance, (Saini & Singhania, 2018) found that unpredictable tax regimes and political instability are significant deterrents to FDI.

However, a distinguishing aspect of the present study is the emphasis placed by participants on the need for transparent, long-term national strategies, which goes beyond the typical criticism of corruption or inefficiency often discussed in FDI literature (Bailey, 2018). Moreover, the issue of exchange restrictions and difficulty in repatriating profits was uniquely highlighted, showing a deeper trust issue between diaspora investors and Sri Lankan financial institutions.

5. Conclusion

Aim of this study is to explore the factors that effecting for non-resident Sri Lankan entrepreneurs when investing bank in Sri Lanka. Since the FDI inflow rate is decreasing, the best method to gain FDI is from motivating non-resident Sri Lankan entrepreneurs to invest in Sri Lanka. Findings revealed that the major reason that affect those investors is the attitude of the Sri Lankan people. Hence, it is imperative for Sri Lanka to cultivate a positive and supportive environment for attracting investments from non-resident Sri Lankans. This effort is vital for achieving economic stability. Simultaneously, due attention should be given to prudent governmental decision-making and the enhancement of the educational system, which collectively contribute to fostering a conducive environment for investment and economic growth. As the key finding of the study, four main criteria's that affecting for the investment decisions of non-resident Sri Lankan entrepreneurs when investing in Sri Lanka. They have been categorized under the themes of government decisions, attitudes of Sri Lankans, emotional bond with the Sri Lanka and education Level of Sri Lankans. Based on the analysis above the following proposition can be developed.

Proposition 1: Government decisions is a major factor that affect to the investment decisions of non-resident Sri Lankan entrepreneurs.

Proposition 2: Current attitudes of the Sri Lankans are demotivating non-resident Sri Lankan entrepreneurs to invest in Sri Lanka.

Proposition 3: Emotional bond with Sri Lanka is a factor that influence non-resident Sri Lankan entrepreneurs to invest in Sri Lanka.

Proposition 4: Education level of Sri Lankan people is a factor that demotivating non-resident Sri Lankan entrepreneurs to invest in Sri Lanka.

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