

Navigating the Investment Climate

A Diagnostic Framework for Business Research in Eswatini (2000–2026)

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ABSTRACT

The Kingdom of Eswatini presents a complex investment climate, characterised by a unique blend of traditional governance structures and modern economic aspirations. A systematic, diagnostic approach is required to evaluate the multifaceted challenges and opportunities for business research, which informs effective policy formulation. This policy brief aims to develop and present a novel diagnostic framework for analysing the nation's investment landscape. Its objective is to provide a structured tool for researchers and policymakers to identify systemic constraints and leverage points for enhancing the business environment. The framework is constructed through a synthesis of institutional analysis, behavioural finance principles, and comparative case study review. It integrates dimensions of formal regulatory quality, informal socio-cultural norms, and investor psychology, tailored to the local context. Application of the framework reveals that informal institutional factors, particularly relational trust networks, exert a more significant influence on investment decisions than previously documented, estimated to account for a substantial proportion of capital allocation in small and medium enterprises. A key theme is the critical intermediary role of local business associations. The diagnostic framework successfully captures the interplay between formal and informal institutions shaping Eswatini's investment climate. It moves beyond conventional economic indicators to provide a holistic, behaviourally-informed assessment crucial for targeted intervention. Policymakers should utilise this framework to design initiatives that strengthen formal-institutional linkages, support the capacity of business associations as information intermediaries, and integrate behavioural insights into investment promotion strategies. diagnostic framework, investment climate, behavioural finance, institutional analysis, business environment, policy tool This brief contributes a novel, integrated diagnostic tool that synthesises institutional and behavioural perspectives, offering a new mechanism for policy analysis specific to the Swazi context.

Keywords: *Investment climate, Southern Africa, Diagnostic framework, Business environment, Corporate governance, Foreign direct investment (FDI), Emerging markets*

Article Highlights

- Develops a novel diagnostic framework synthesising institutional analysis and behavioural finance.
- Identifies relational trust networks as a critical, under-documented factor in SME capital allocation.
- Posits local business associations as key intermediaries between formal and informal institutions.
- Provides a structured tool for policymakers to design targeted, context-specific interventions.

Framework Application

The diagnostic tool moves beyond conventional economic indicators to offer a holistic, behaviourally-informed assessment of Eswatini's investment climate.

This brief presents a new analytical tool for researchers and policymakers.

ABSTRACT-ONLY PUBLICATION

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