OUTWARD FOREIGN DIRECT INVESTMENT AND FIRM INTERNATIONALISATION FROM SUB-SAHARAN AFRICA

by

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Declaration

I declare that this thesis is my own work and that it has not been submitted in substantially the same form for any other academic award.

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Abstract

Sub-Saharan Africa (SSA) is a region with a population of over 1 billion people and abundant natural resources. With a current GDP of about US$1.6 trillion and an average GDP growth of about 5% over the last decade, it is fast developing into a vibrant business region. Its firms are also rapidly evolving to become competitive international players. With immense potential, SSA is one of the last unexplored frontiers of business, and conducting research into its emerging OFDI and internationalisation phenomenon is both interesting and important. Adopting an inductive methodology, this thesis explores the phenomenon at both country and firm levels through the use of a funnel approach.

Specifically, this research investigates the important OFDI push and pull influencing factors, and the internationalisation process of indigenous firms described as SSA MNEs. It also examines the relevance of FDI and internationalisation theories to SSA. Based on a detailed literature review and conceptual foundations, a broad range of OFDI factors were developed into a comprehensive OFDI framework of twenty push and pull factors for SSA. In a subsequent firm-level analysis, this framework was used to underpin qualitative case studies from firms in South Africa, Nigeria, and Kenya, and interviews were conducted with senior executives. Case findings reveal fourteen influential push and pull factors in the region, with enterprise strategy and market growth being the most important push and pull factors respectively. The results also show that the internationalisation of SSA MNEs occurs through an incremental process that takes time, with patterns indicating the use of either systematic or unsystematic international market selection methods. For the purpose of subsidiary control, locational fit, and risk mitigation, SSA MNEs use a mixture of foreign market entry modes, such as greenfield investment, joint ventures, and licensing. Traditional FDI and international business theories relevant to SSA are identified, and it is found that several emergent approaches find support including the 'firm resilience capabilities' argument of this thesis. Based on general findings and syntheses, the thesis advances a taxonomy of SSA MNE's which outlines internationalising firms from the region as market growth optimisers, strategic asset aggregators, networks consolidators, or low-cost market converters.

With regard to the enhancement of market growth, the findings indicate the importance of openness to trade to internationalising SSA firms. The thesis therefore considers the impacts of Brexit on SSA MNEs with EU operations and recommends they develop

strategies that will mitigate the risk of potential export trade limitations and market fragmentation after Brexit. Such firms providing financial services in the UK should also restructure their legal entities to accommodate potential changes to EU financial passport conditions after Brexit. Generally, SSA MNEs carrying out OFDI should deploy enterprise strategies that allow for both the reduction of deficiencies in institutional mechanisms and for the leveraging of their resilience capabilities for market growth. Overall, the thesis suggests that it enhances the international business discourse and it makes an original contribution to the understanding of OFDI and internationalisation from SSA.

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List of Abbreviations

AUM:	Assets under Management
BREXIT:	British Referendum to Exit the European Union
COMESA:	Common Market for Eastern and Southern Africa
CSA:	Country-Specific Advantages
EAC:	East African Community
ECCAS:	Economic Community of Central African States
ECOWAS:	Economic Community of West African States
EU:	European Union
FDI:	Foreign Direct Investment
FMCG:	Fast Moving Consumer Goods
FSA:	Firm-Specific Advantages
GDP:	Gross Domestic Product
HDI:	Human Development Index
IGAD:	Intergovernmental Authority on Development
IMF:	International Monetary Fund
IPT:	Intellectual Property
JV:	Joint Venture
LLL:	Linkage, Leverage, and Learning
M&As:	Mergers and Acquisitions
MNE:	Multinational Enterprise
MNC:	Multinational Corporation
NEPD:	Nigerian Enterprises Promotion Decree
NIV:	New International Venture
NOI:	Net Outward Investment
OBM:	Original Brand Manufacturer
ODM:	Original Design Manufacturer

OECD:	Organisation for Economic Co-operation and Development
OEM:	Original Equipment Manufacturer
OFDI:	Outward Foreign Direct Investment
OLI:	Ownership, Location, and Internalisation
OLS:	Ordinary Least Squares
PLC:	Product Life Cycle
SADC:	South African Development Community
SAP:	Structural Adjustment Programme
SOEs:	State-Owned Enterprises
SSA:	Sub-Saharan Africa
SSA MNEs:	Sub-Saharan African Multinational Enterprises
UNCTAD:	United Nations Conference on Trade and Development
UNDP:	United Nations Development Project
WIR:	World Investment Report
WOS:	Wholly-Owned Subsidiary

Chapter 1: Introduction to the Study

The Sub-Saharan Africa (SSA) region, with a population of over 1 billion people, has long grappled with the challenges of stimulating enough growth and development to meet its economic aspirations. Faced with trade imbalances, lack of infrastructure, and socio-political asymmetries, the region has yearned for mechanisms that would help maximise its abundant resources and natural endowments. The region has also contended with the fast pace of globalisation and the interdependent nature of international economies, which have had far-reaching global effects. To achieve and sustain growth in the face of all these factors is challenging for the region. As a means of obtaining its growth goals, the region has identified outward foreign direct investment (OFDI) as a means of converting its potential. For OFDI to be successful in SSA, it is necessary for stakeholders in the region to be conversant with its influencing factors. Included in the challenges faced over the years, however, has been identifying the crucial factors that maximise foreign direct investment, in addition to putting these factors in context, so that the positive aspects can be further developed and the negative ones mitigated.

When compared to other regions of the world, the information, data, and research required to provide insight into these areas has been generally lacking. Despite this, firms from developed and developing countries have been carrying out investment activities inside and outside the region. Many of these firms are indigenous to SSA and carry out OFDI activities within and beyond the region. These firms are described as SSA multinational enterprises (SSA MNEs) and have contributed to the immense potentials of the region. Firm activities range from manufacturing to services, and they invest in various sectors in the region, which has now attained a current GDP of about US$1.6 trillion and an average GDP growth of about 5% over the last decade. SSA is therefore developing into a vibrant business region, with firms evolving into significant players in OFDI. The region would do better if it could successfully manage and navigate the issues relating to OFDI, of which knowledge is a key aspect.

To contribute to the body of knowledge in this area, this thesis conducts research into the emerging phenomenon of OFDI and internationalisation in SSA. Such a study is important given that the research field in international business for the region is still in its infancy. Using a funnel-like approach, this thesis explores the phenomenon in Sub-

Saharan Africa using case studies. Specifically, the research investigates the factors influencing outward FDI in Sub-Saharan Africa, in addition to studying the firm internationalisation process and the relevant international business and FDI theories using qualitative methods. Since the study of outward direct foreign investment (OFDI) and internationalisation in SSA is a relatively new research field, this thesis broadly analyses the related issues in SSA as a means of enhancing knowledge and understanding.

1.1 Research Aims

The aims of the research enable new insights and perspectives into the issues relating to the study of OFDI and internationalisation from SSA, which also help to direct the study towards providing an accurate description of the phenomenon and identifying any related constructs, relationships, and outcomes. In this regard, an important aim of the research is to study OFDI and the pushing and pulling influences on it from the region. While examining OFDI from the region, another aim is to understand the internationalisation process of firms from SSA. During the course of the research, the existing FDI and internationalisation theories and approaches will be reviewed. In this regard, a final aim will be to determine the relevance of these theories in SSA and to discover new ones. A summary of all the research aims is as follows:

- To analyse OFDI from SSA and discover the important influencing push and pull factors.
- To explore and understand the internationalisation process of SSA firms.
- To examine the relevance of foundational and emergent FDI theories and approaches to SSA.

1.2 Research Questions

The issues and aims relating to FDI and internationalisation in SSA then raise a myriad of questions regarding the phenomenon, the most pertinent of which will eventually be resolved over time by international business research. While it will not be possible to address all of them in this thesis, an attempt will be made to address some of the most important ones, which are as follows:

1. What can be discovered regarding SSA OFDI and the important push and pull factors?

2. What is the internationalisation process of SSA firms?

3. How relevant are FDI and internationalisation theories and approaches to SSA?

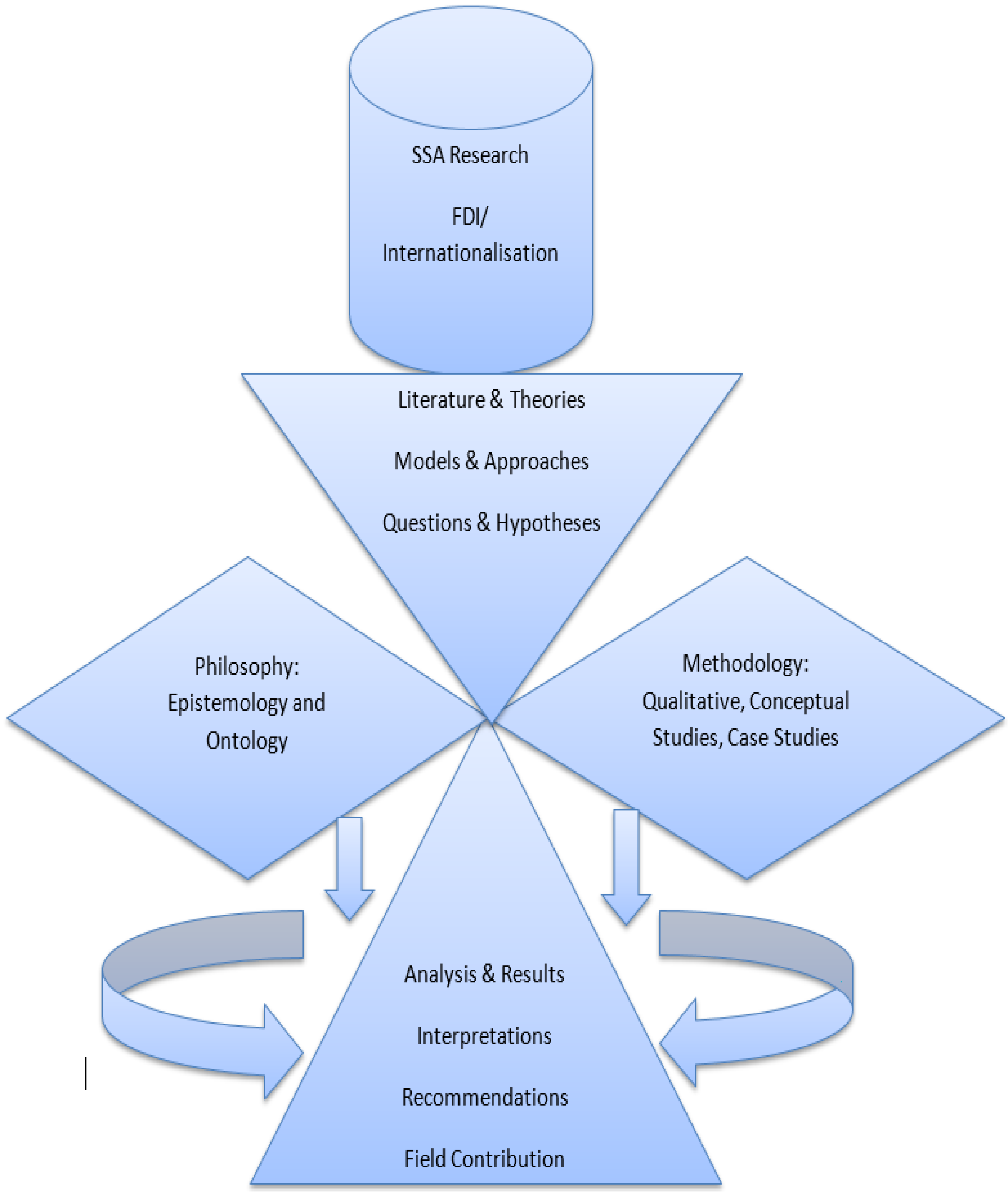
Addressing these foundational research questions and seeking answers to them will help to unravel the complex nature of the occurrence of OFDI and internationalisation in SSA. In this regard, the thesis will meet its aims as it ensures a deeper exploration of the research areas.

1.3 The Research Methodology

The study intends to answer the research questions and achieve its aims by adopting a funnel approach to the study, which can be seen in Figure 1.1 below. There are various theories and approaches that represent extant contributions to the field of international business (Fetscherin et al., 2010). To carry out effective research, the thesis commences with a literature review of the key theories and approaches that have been developed over the last few decades regarding FDI and internationalisation. Since there is a plethora of theories and approaches that have been postulated or are still being developed, it is not the aim of this thesis to review them all. It will, however, still be necessary to review the foundational and mainstream FDI and internationalisation approaches. Furthermore, the review of the key literature will provide a solid foundation for understanding the multi-faceted and overlapping nature of the international business study area.

The thesis further conducts studies on internationalisation and OFDI at the country level. In this regard, it considers the outward flows of OFDI from key countries in the region. At this level, the study lays the foundations for conceptual arguments on OFDI from the region. There is also a through investigations into the factors that have an impact on OFDI in the region and its countries, which considers the political, social, economic, and organisational influences that have a direct impact on OFDI and the internationalisation process in SSA countries.

Figure 1.1: Overview of the Research Process



Next, the research studies the issues at the micro level with regard to firm activities' push and pull influences and the behavioural processes related to internationalisation. The firm-level research relates to case studies on emerging multinationals enterprises (EMNEs) from countries in SSA, in addition to interviews with key stakeholders in the firms, so that the salient issues driving internationalisation and FDI in the region can be identified through primary and secondary data.

This funnel approach is useful because the study of international business straddles various fields, such as finance, development economics, international economics, international trade, and industrial economics. As can be seen in Figure 1.2 further below, the research area for the field of international business is essentially a wide one because it evolved from multiple disciplines before crystallising into a unique field. This thesis, however, will be nested in the research stream of OFDI in SSA, with a particular focus on its micro aspects.

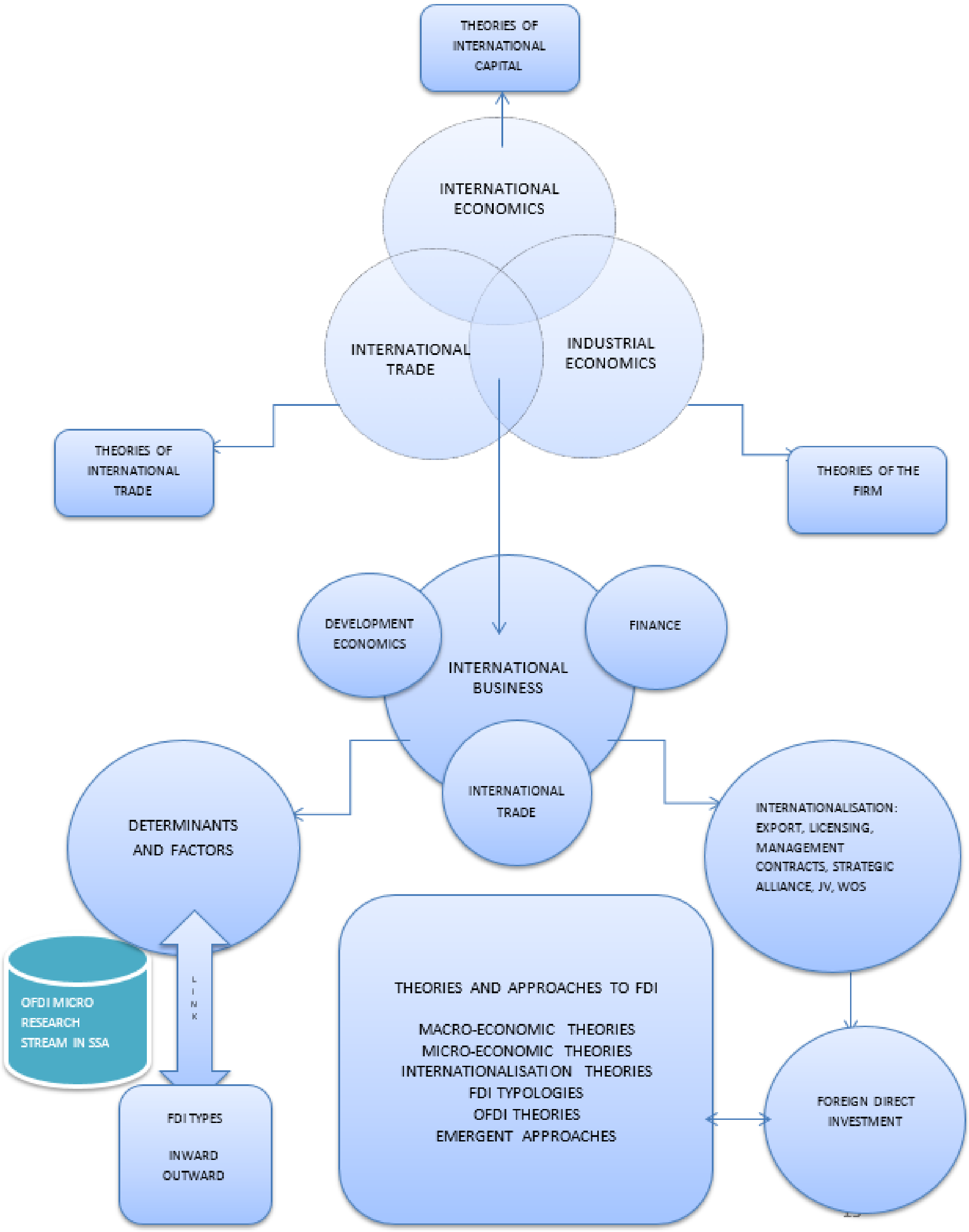
1.4 Overview of the Thesis

The thesis is organised as follows: Chapter 2 is a literature review of the theories of and approaches to FDI and seeks to contextualise them in relation to SSA. The chapter further provides an overview of these theories by considering the international flow of capital and control in FDI, before discussing and analysing the micro-economic and macro-economic theories of FDI. The chapter then concludes by considering and attempting to bridge these various frameworks and theories.

Chapter 3 considers the research methodology, epistemology, and methods used for the study. It begins by carrying out a philosophical overview and identifying the research approach. Chapter 3 further examines the research strategy and the basis for carrying out the study, in addition to considering, in more detail, the case study and template analysis methods used during the research, including how the data were collected and analysed.

Chapter 4 is concerned with country case studies and a conceptual framework for OFDI from SSA. It first considers the evolution of OFDI in developing economies generally and from the SSA region specifically. It then moves on to consider OFDI in SSA based on country case studies into the large economies of South Africa, Nigeria, and Kenya. Next, the foundations of a conceptual framework are presented, based on the theories and approaches reviewed in Chapter 2. Subsequently, the links between the theory, constructs of the framework, and OFDI factors are depicted in a table. On this basis, the key factors that impact OFDI in SSA are extracted and classified into push and pull factors. A further discussion and examination of these factors, with specific application to SSA, leads to the development of a holistic SSA OFDI framework. This framework is then analysed, and recommendations are made with regard to applying the work from this chapter as a foundation for the case studies.

Figure 1.2: Overview of the International Business Research Area



Chapter 5 is focused on five case studies of internationalising firms in SSA. It commences by considering the methodology used for the firm case studies, in addition to looking closely at the case selection and the process for conducting the various interviews. Senior executives were interviewed from firms drawn from the three countries studied in Chapter 4. After this, the research considers each of the five cases in detail in order to identify and contextualise their internationalisation processes, which is inclusive of the market selection patterns of the firms. The case studies further discuss the push and pull factors in detail and go on to identify the market entry modes of SSA firms. The chapter then carries out a review of the case studies and consolidates all the factors that have implications for the research. It then outlines the links between case findings and theories reviewed in Chapter 2.

Chapter 6 is focused on the cross-case analysis of the case studies. In this sense, it goes into granular detail with regard to the primary data obtained from the case studies and interviews. It conducts an in-depth cross-case analysis of the push and pull factors, including their prominence and relevance to the internationalisation phenomenon in SSA. The chapter also carries out a cross-case analysis across industry sectors. In addition, it provides propositions from the results of the cases and makes a case for testing the propositions. On the basis of all of the above, the chapter concludes by postulating an internationalisation structure for SSA.

Chapter 7 concludes the thesis and begins by providing a general overview of the study. It then goes on to offer a general discussion of the study's findings before considering the specific contributions of the research, in addition to providing policy implications and making various recommendations. In particular, it makes recommendations regarding the foreign operations of SSA firms in the EU and the impact of Brexit. The chapter then provides indications for future research directions and concludes with reflections on the research experience from the study.

Chapter 2: Theories and Approaches to Foreign Direct Investment and Firm Internationalisation

Many theories, approaches, and perspectives relating to FDI and firm internationalisation exist, and it is therefore important to provide an overview of such factors as they relate to the present study. The various theories are discussed in detail here because FDI in developing countries is a dynamic and complex phenomenon that requires a background supported by theory (Lall, 1982; Brouthers & Bilke, 2007). Theory also provides the tools to separate causes from effects and for applying the understood relationships between phenomenon to decipher the intentions and outcomes of firms' actions (Narula, 2012). A discussion of theory is further crucial due to cultural differences across markets and the evolution in theory development from the influences of market globalisation (Slater et al., 2007). It is therefore pertinent to review the key literature and debates that can provide a broad theoretical background to the research as well as a basis for identifying key IB research streams, such as macro- and micro-FDI theories, home/host country perspectives, internationalisation, asset seeking/location, and strategic management and structure (Chandra & Newburry, 1997). However, the focus of the review is on the areas that are applicable to FDI and internationalisation in SSA, which are micro-economic theories of FDI, internationalisation approaches, emerging markets OFDI theories, and the SSA OFDI literature. This provides the theoretical context for the study of firms that are internationalising from SSA countries. As a pre-cursor, it will also be necessary to present an overview of macro-economic perspectives, which provides an additional theoretical context that can be useful in relating to issues at the aggregate or country level. This chapter is organised as follows: Section 2.1 defines FDI and traces its foundations; Section 2.2 provides a brief overview of FDI macro theories and approaches; Section 2.3 reviews, in detail, the micro-economic theories of and approaches to FDI; Section 2.4 considers firm internationalisation approaches and frameworks; Section 2.5 analyses emerging markets theories and approaches; Section 2.6 examines the OFDI SSA literature specific to the region; Section 2.7 considers the emergent firm resilience capabilities argument relating to SSA OFDI; and Section 2.8 provides a summary of the chapter and a conclusion.

2.1 FDI Definition and Foundation

Caves (1971) describes foreign direct investment as involving the control of a firm situated in a foreign territory by people who are not citizens of that country. FDI[1] has flows**2** and stocks, and it is conducted as internationalisation processes, such as direct exports, joint ventures, management contracts, licensing, greenfield investments, mergers and acquisitions, wholly-owned subsidiaries (WOS), and strategic alliances (Buckley & Casson, 1976; Erramilli & Rao, 1990; Cavusgil et al., 2013). The foundation of FDI can be traced to international capital movements for foreign investment. The capital movements across borders are initially for portfolio investment flows aimed at earning income, higher interest, and margins (Hobson, 1914; Dunning, 1973). As these firms, which are mostly engaged in manufacturing, begin to expand, they also desire production operations in other countries, a need that brings about a new reason for the international movement of capital (Dunning, 1970). Capital is also influenced by international trade and factor endowments, such as land availability, labour, and wages, due to the fact that capital flows from capital-abundant countries to capital-scarce countries (Ragazzi, 1973; Kojima, 1978).

Dunning (1971) also argues that FDI empowers the transfer of resources across borders and enables their mobility within different parts of the enterprise without necessarily trading them. Capital movement across borders is the process of capital formation and entails the creation of new capital inclusive of plants, equipment, and machinery (Kindleberger, 1969; Baumol & Blinder, 2003). When undertaking FDI, the firm is not only transferring capital alone but also other assets. In this regard, Staley (1935) contends that for foreign direct investment, management and capital, will move across national boundaries. The investing firm transfers capital alongside management skills, intellectual property, and knowledge, in addition to also directly carrying the business risk relating to the venture (Staley, 1935). On the other hand, Kojima (1978) argues that direct investments still belong to the category of capital movements. In this instance, however, the capital is used for controlling the management and profits of the subsidiary.

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[1] FDI is the net investment in an enterprise and can be the sum of equity capital, earnings reinvestment, other long-term capital, and short-term capital.

2 FDI flows differ from FDI stocks in that flows are currently passing through the region while stocks are accumulated volumes of FDI and are more historical. This research considers flows as they depict current activity.

2.1.1 **Control in FDI**

The requirement to establish operations abroad has changed the very nature of capital movements from the usual portfolio investments. Firms that operate abroad require control over the decision-making processes for managerial, marketing, and technical inputs. This control is either held partially or wholly, with a minimum of 51% ownership stake in the organisation originally being required (Dunning, 1973). This minimum ownership stake for control has changed over time, as firms carrying out FDI can now own a 10% equity stake or less to have an effective voice and exercise influence on the firm (BPM5, 2007; BMD, 2008). Nonetheless, the attitude of the parent firm towards control in decision making determines the autonomy level of foreign subsidiaries (Dunning, 1958). The concept of control also changes the very nature of the capital movements from a mere portfolio investment to that of a direct foreign investment (Hymer, 1960; Casson, 1985; Dunning, 1970).

Hymer (1960) argues that seeking control in the overseas firm is a means for the investing firm to ensure the safety and proper use of investment assets, which is identified as Type 1 FDI. In cases where there is distrust or uncertainty concerning the investment environment, then Type 1 FDI is preferred. However, firms also have other reasons for seeking control in foreign firms. When there is a need to directly manage the skills and capabilities of the overseas firm, Hymer (1960) argues that this is Type 2 FDI, which is meant to guarantee adequate profits in the foreign market. The wielding of this control also ensures that the overseas firm dominates, or even eliminates, the competition in the foreign imperfect market to become the major or monopoly player (Hymer, 1960). In carrying out FDI, the level of control over a subsidiary differs depending on the form of internationalisation. Forms such as exporting have a minimal level of control by the overseas firm, whereas others such as licensing, strategic alliances, joint ventures, and wholly-owned subsidiaries (WOS) have increasing levels of control. The issue of control in FDI has implications for this study in the context of SSA. First, firms operating in the SSA region are doing so in uncertain environments, and the control of their investments would therefore be necessary. Secondly, the region is an imperfect market that requires firm control of management and other functions to guarantee their profits. Finally, the mechanism that SSA firms use to determine the issue of control will influence the type of foreign investments they make and where they make them.

2.2 FDI Macro Theories and Approaches

The macro-economic approaches to FDI consider trade- and factor endowment-related issues, which include the effects of capital movements, labour, and managerial resources on the whole economy. These theories and approaches include the Hecksher-Ohlin model, which proposes that, given countries' endowments of factors of production, such as land, labour, capital, and technology, they should focus on producing goods that require large inputs and they can make efficiently (Hecksher, 1919; Ohlin, 1933). International capital movement theory is another macro-economic approach; in this sense, MacDougall (1960) and Kemp (1962) argue that if the capital moves from a capital-abundant home country to a capital-scarce host country, there should be a greater marginal productivity of capital in the host country.

The specific factor theory of Caves (1971b) refers to the sector specificity of FDI. It views two factors differently, with one being general and the other being a specific factor of production, such as managerial resources, which is embedded and mobile within a particular sector but immobile between different industries. The Uzawa-Hamada theory argues that if an importing country places heavy tariffs on the importation of goods, then firms from an exporting country may decide to set up tariff-jumping production facilities in the importing country and behind the tariff wall (Hamada, 1974). Mundell (1957) provides a counter argument to neo-classical theories such as the Uzawa-Hamada model in proposing a trade- and factor endowments-oriented approach to FDI and arguing that, under a two-product, two-factor, two-country Hecksher-Ohlin model, if there is factor mobility, then trade and foreign capital (FDI) can substitute for each other. The portfolio theory or theory of finance approach of Grubel (1968) argues contrary to trade and factor theories by making the case for using international portfolio diversification to explain FDI. This model assumes two countries with assets growing through time and at the same rate as income, in addition to also assuming the pegging of foreign exchange rates (Markowitz, 1959).

In contrast, the cost of capital theory argues that FDI has to take into account exchange rate variances, capital market preferences, and market preference (Aliber, 1970; Trevino & Daniels, 1995), which relates to assets held in certain currencies. The theory further argues for the consideration of currency and customs areas, which should either be separate or unified. The cost of capital theory, however, acknowledges the effects of certain factors, such as the size of the market, capital-intensive industries, and research-intensive industries (Aliber, 1970; Rohatyn, 1989; Froot & Stein, 1991). It is also pertinent to consider the arguments of Porter (1990) regarding the determinants of national competitive advantage. As derived from the work of Schumpeter (1936), Porter argues that the home base is the primary location, or houses the key skills, where the process and product development is honed and where the development of global strategy takes place. Porter (1990) then argues that nations have characteristics, such as factor conditions and demand conditions, related to and supporting industries and firms' strategies, structures, and rivalries. These form the local competitive environments for firms to perfect the competitive advantages that they take abroad when making direct investments.

In considering the critiques to macro approaches to FDI, an important one to consider is that of Casson (1979), who seeks to promote micro over macro approaches by arguing that the latter, such as those using international capital endowments, cannot explain FDI. He further argues that FDI occurs due to the need for the internalisation of intermediate products and markets for proprietary information and due to vertical and horizontal integration in certain industries. Bhagwati (1964) also criticises macro theories and exemplifies these with the Hecksher-Ohlin (H-O) theory, which he argues cannot be empirically applied in a multi-country (international economy), multi-commodity, and multi-factor real-life situation. Tolentino (2010) also criticises macro-economic theories as being diminished in explanatory power due to the increased complexity, sophistication, and use of the determinants of firm ownership advantages to explain FDI. This study agrees with the basis of such counter arguments. However, it is important to note that the derivation of many macro theories occurred when the now-developed nations were still in their early agrarian and industrial stages. The theories held much relevance then and only began to be more contested as development increased in these countries and they became more sophisticated. It is therefore necessary to contextualise the main criticisms of such macro theories as being of principal relevance in developed economic environments.

Having reviewed the macro theories, it is important to note that, for SSA, the research area of FDI is emergent and still has ample scope for the robust testing of international business theories (Asiedu, 2002; Chelariu et al., 2002; Bakunda, 2003). Nonetheless, macro-economic-based empirical works on FDI include research on determinants, such as, among others, openness to trade, market size, human capital, and infrastructure. These determinants exert an influence on FDI and derive their relevance from the social, economic, or political aspects of a country. Determinants also indicate the geographic direction of FDI flows and provide an overview of the underlying economic considerations and policies (Root & Ahmed, 1979; Singh & Jun, 1995). The macro-economic research literature on FDI and determinants include studies by Kravis and Lipsey (1982), Schneider and Frey (1985), Agarwal and Ramaswami (1992), De Mello (1997), Borensztein et al. (1998), Chakrabarti (2001), Lim (2001), Noorbakhsh et al. (2001), Dollar and Kraay (2003), Asiedu and Lien (2004), Ingham and Ingham, (2004), Kandiero and Chitiga (2006), Naude and Krugell (2007), Read (2008), Chung and Enderwick (2011), Singh et al. (2011), Cleeve (2012), Ezeoha and Cattaneo (2012), Ibrahim et al. (2012), Liargovas and Skandalis (2012), Osabutey et al. (2012), and Okafor (2015).

2.3 Micro-Economic Theories and Approaches

Micro-economic theories address FDI issues at the industry and firm levels and attempt to explain what motivates firms to invest abroad. With regard to FDI, micro approaches also seek to shed more light on competitive dynamics, firm decision making, and resource considerations, among other factors. With micro theories, the unit relevant to FDI is the firm, and a firm involved in foreign direct investment is a multinational corporation (MNC). Dunning (1971) places particular emphasis on multinational corporations that are producing enterprises (MPEs), defining such a corporation as 'an enterprise which owns or controls production facilities (i.e. factories, mines, oil refineries, distribution outlets, offices, etc.) in more than one country'. Present day multinational corporations (MNCs) have evolved to accommodate firms that are involved in service-oriented activities such as banking and retail. With this background, it is now pertinent to discuss the theories of and approaches to FDI that are relevant at the micro level.

2.3.1 Industrial Organisation and Market Imperfection Theories

Industrial organisation theory relates to the expansion abroad by firms, which is the basis for micro-related theories of FDI relating to multinational firms and their growth, expansion, and relationships with other firms (Bain, 1956; Kindleberger, 1969; Kojima, 1978; Trevino & Daniels, 1995). The essence of the industrial organisation approach relates to the firm and its ability to manage its resources and compete in all markets. Hymer (1960) describes the firm as possessing the key characteristic of being able to suppress the price mechanism in the process of managing transaction costs related to its business. Industrial organisation theory considers the firm as seeking the maximisation of profits beyond its shores, in addition to also having the ability to organise its resources to enable it to overcome the operational costs necessary to compete in the new environment. The firm must also possess certain internal advantages that will provide it with an edge over the local competitors it will face in these markets. By reason of inherent imperfections, foreign markets should also present good opportunities to investing firms; in this sense, investing firms intend to exploit market imperfections based on their superior level of organisation and knowledge (Hymer, 1960; Kindleberger, 1969; Dunning, 1970).

Kindleberger (1969) argues that, for a foreign firm to invest directly in a market, there should be imperfections in that market, which come in the form of certain limitations, opportunities, or distortions that the foreign firm can seek to exploit. Market imperfection theory is therefore concerned with the issues relating to the market in which the investing firm will operate. This considers the overseas territory in which foreign firms seek to invest directly and argues that overseas territories often have a state of existing competition in their markets. Established competitors are usually well entrenched with home advantages based on their local knowledge of the customers and the regulatory and economic environments of the market. Market imperfection theory assumes both imperfect markets and a market that has room for a monopoly to thrive. This contrasts with the theory of comparative advantage, which is a macro approach assuming perfect markets. Regarding the firm and its products or services, the flourishing of monopolistic competition relates to the concept of differentiation.

Differentiation occurs when there is a major reason for distinctly separating the goods and services of different sellers based on unique features like trademarks, packaging, or branding. Therefore, differentiation confers upon a foreign investing firm many unique monopolistic characteristics (Chamberlin, 1933). This study is of the opinion that the theory of imperfect markets is likely to find applicability in Sub-Saharan Africa (SSA) because the markets are not well developed and distortions, disadvantages, or limitations will exist, which investing firms seeking to enter these markets can exploit.

The arguments for industrial organisation theory are sustainable in developed economies and are emergent for developing economies like SSA. Firms here are learning how to manage transactions costs, suppress the price mechanism, and organise resources to overcome operational costs. The limitation is that firms in the SSA environment have not had the benefit of long sustained periods of industrial activity, and so this FDI theory will only exist there in its nascent phase. Nonetheless, industrial organisation theory also considers the issue of market imperfections, which should be an area of greater relevance for a region such as SSA, given that it possesses imperfect markets.

2.3.2 Transaction Cost and Location Theories

Coase (1937) argues that, aside from production costs, a firm also faces transaction costs due to other organisational functions, such as those related to markets. Arrow (1969) also describes transaction costs as the costs related to running an economic system. Firms investing abroad also incur transaction costs, and this can lead them to consider internalising their inputs by integrating their operations (Coase, 1937). When the integration involves foreign operations, these transaction costs have to be analysed in detail so that important decisions regarding location are made, which leads to transaction cost analysis (TCA). Williamson (1985) and Anderson and Gatignon (1986) argue about TCA and its concern with entry mode in four areas or constructs, which are the factors to be considered when deciding which control-enabling entry mode an internationalising firm should choose. The first construct is where there is high supplier competition, and an internationalising firm will seek transaction-related assets to avoid direct investment or local integration. In this case, the firm will pursue a low level of ownership by default and will avoid high costs and potential firm conflicts. The second construct concerns the external uncertainty related to environmental risk and psychic distance. This construct argues that internationalising firms should manage potential market volatility by remaining flexible and by shifting risk to outsiders through the avoidance of direct ownership. The third construct concerns internal uncertainty relating to firms' capabilities and international experience, while the fourth construct deals with the free riding potential and ability of firms to obtain internationalisation benefits without undertaking the related costs (Williamson, 1985; Anderson & Gatignon, 1986). Hill et al. (1990), however, have criticised this approach by arguing that TCA-based entry mode constructs omit the importance of strategy and the need for control and dissemination of risk by internationalising firms. Some of the TCA constructs, such as the second and third, are of relevance to the SSA firm internationalisation process due to external and internal uncertainty respectively.

Ohlin (1977), in utilising the essence of location theory, argues that location, together with other external factors, determines the international spread of economic activity. Ohlin (1977) further argues that location choice explains international trade and movements of factor endowments. Location choice strategy can, however, be complicated for firms, especially when internationalising. In this regard, complications can arise from choices related to transportation costs, marketing, distribution, research and development, advertising, and communications (Buckley & Casson, 1976; Buckley, 1985). The issue of cost is particularly important to location theory as it has an influence on the choice of location, which, in turn, influences the various activities of a firm (Kojima, 1978; Buckley, 1983a). A stream of location theory also relates to how distance between host and home countries can affect FDI in regard to the effects of geography, culture, and institutional quality on FDI location choice (Hofstede, 1980; 2011; Kogut & Singh, 1988; North, 1990; Kostova, 1997; 1999; Kaufmann et al., 2009; Blonigen & Piger, 2011; Ghemawat, 2011). Another stream of location theory relates to geographic regional effects on OFDI and influencing factors such as regional specificity, locational knowledge, prospects, and geographic conditions (Khanna & Palepu, 2005; Klein & Wocke, 2007; Kayam, 2009; Gammeltoft et al., 2010; Suavant & Pradhan, 2010).

It has been acknowledged that locational factors play a vital role in the geographical flow of foreign direct investment and is worthy of further consideration. Therefore, the choice of location for firms engaging in internationalisation in SSA is of interest. Arguably, the choice of location may not be dependent on factor endowments alone, and it is important to consider that locations have varied attractions that influence firms or decision makers. Vernon (1966) also argues along these lines and maintains that locational choices are not dependant on simple choices relating to cost. Location choice is not simple because the decision-making process of the entrepreneur relating to the choice of investment location is not a rational one. Horst (1972) studied the reasons why US firms invested in Canada and encountered some variance between the theory of why firms invest abroad and practicalities that could not be readily explained. Horst then came up with the term 'dynamic considerations' or 'dynamic behaviour of firms' to account for the unexplained reasons as to why firms chose a particular location. The present study is interested in the locational choices made by firms internationalising in the Sub-Saharan African region, and therefore it will be beneficial to understand why firms from a developing region choose certain locations as well as the intended gain from their choice.

2.3.3 **Interdependence Theory**

Knickerbocker (1973) proposes interdependence theory, which argues that oligopolistic firms are dependant and operate in an atmosphere of action and counter action. The theory further argues that concentrated oligopolistic industries attract foreign direct investment, in contrast to the pure competition theory of Bain (1956), which does not argue in favour of firms inducing follow-on actions of other firms. Oligopolistic theory, however, contends that firms are competitively dependant and will follow each other into foreign markets as a reaction to the advantages the initial firm may have in the new market. Oligopolistic theory also makes allowance for mutual market dependence in foreign territories as one of its key characteristics (Aliber, 1970; Caves, 1971; Knickerbocker, 1973). Knickerbocker (1973) describes oligopolistic reaction and direct foreign investment as a situation where industry an firm sets up a subsidiary in a foreign location and industry rivals felt compelled to follow. This view has adopted appellations such as "the bandwagon effect" or "follow-the-leader syndrome" to describe the activity.

Vernon (1966) also describes oligopolistic and co-dependency behaviour and points out that firms follow a market leader into overseas markets for various reasons, which include the need for the follower firm to protect its own overseas market share from complete domination by the leading firm. Furthermore, the follower firm has a need to keep a close watch on the costs of the leading competitor so as to prevent a disadvantage in terms of price competition. Concerning a developing region like SSA, firms are still relatively young and with emergent capabilities, and, for this reason, they will often benchmark their activities against other firms. SSA firms are moving across the continent and into international territories to establish subsidiaries, and it is clear that other firms from the region will follow suit. In this regard, interdependence theory should find support in the emerging phenomenon of FDI in the continent.

2.3.4 **Internalisation Theory**

Buckley and Casson (1976) maintain that internalisation is a foundation of MNE theory in that it identifies imperfect competition arising from time lags, inequalities between buyers and sellers due to knowledge gaps, governmental market interventions, and pricing discrimination. Firms will try to circumvent the costs linked to imperfect competition and to the production of intermediate inputs. In trying to do so, firms will attempt to create internal conditions of supply and demand, which enable them to be in control of this vital market. The theory of internationalisation takes its foundation from the theory of production, which assumes perfect competition and profit maximisation. Buckley and Casson (1976) contend that internalisation theory accepts the assumption of profit maximisation but differs from the theory of production with respect to the issue of competition. In this regard, internalisation assumes imperfect competition from the costs that will be involved in arranging for intermediate product inputs, such as knowledge, capital, marketing, technology, raw materials, and managerial experience. The creation of internal conditions by firms can extend to the development of markets across borders to satisfy the firms' internalisation requirements, which leads to the creation of foreign direct investment in those foreign markets (Buckley & Casson, 1976; Agarwal, 1980).

Casson (1979) describes the vertical and horizontal aspects of internalisation. Vertical integration or diversification happens when a firm internalises intermediate markets by establishing operations to produce intermediate products for its business, in addition to arising from a firm's reaction to prohibitive costs. Horizontal diversification is engagement by the firm in the production of the same product in different locations, and its key component is the maximisation of information and knowledge for production. On the other hand, conglomerate diversification is the production of multiple products in different sequences at different locations by the firm, the distinct feature of which is mergers and acquisitions within the industry (Caves, 1971b; Buckley & Casson 1976; Buckley, 1983a; Read, 1986). In these various forms of integration, the firm should benefit from the extension of its market power and thereby increase in overall efficiency (Casson, 1990). The internalisation approach will find support in SSA, given that the region subsists on imperfect competition due to the challenges it experiences with regard to knowledge gaps and government intervention in markets. With abundant factors of production, such as labour and land, it would make logical sense for SSA firms to integrate vertically by producing their intermediate inputs in cheaper foreign locations. Subsequently, they would be able to circumvent the costs related to imperfect competition.

2.3.5 Competitive Advantage: Environmental- and Resource-Based Views

Penrose (1958; 1971) argues that a firm's belief in the possession of competitive advantages over other firms is important to its taking the decision to establish subsidiaries abroad. The competitive advantages must, however, be specific to the firm and easily transferred, in addition to also being significant enough to compensate for the risks that the investing firm faces in seeking to enter a foreign market. The advantages should also be such that they are not readily available to the local firms at the same competitive cost advantage that the foreign firm has (Bain, 1956; Hymer, 1960; Agarwal, 1980). The unique characteristics or resources of firms form part of their competitive advantages, including, among others, proprietary information, managerial skill, patents, technical know-how, financial resources, marketing knowledge, and economies of scale (Ragazzi, 1973). An example of this is how the leading firms in the global banana trade used market integration techniques, production co-ordination, reliable logistics, and efficient servicing of the market to dominate the international market (Read, 1983).

There are differing views with regard to competitive advantages, the first of which is the environmental-based view as argued by Ansoff (1965) and Andrews (1971), who contend that firms obtain their competitive advantages by deploying strategies that maximise their internal strengths based on responding to environmental opportunities. At the same time, firms seek to reduce external threats and limit their internal weaknesses. This approach first assumes homogeneity with regard to the firms operating in an industry, in addition to their strategies and the resources they control. The approach also assumes that the resources used to deploy strategies are highly mobile and would make any emerging heterogeneity in an industry short lived (Penrose, 1958; Ansoff, 1965; Andrews, 1971; Porter, 1980; 1985).

The second approach to competitive advantage is the resource-based view (RBV), as presented by Wernerfelt (1984) and Barney (1991), which considers the relationship between the internal characteristics of a firm and its performance, in addition to assuming that, with regard to the strategic resources they control, firms in an industry can be heterogeneous. The resource-based view also assumes that resources are immobile across firms and that this can make any emerging heterogeneity long lasting. The approach also classifies firm resources into three categories, the first of which relates to physical resources such as physical technology, plant and machinery, raw material access, and geographic location. The second category of resources contains human capital resources, i.e. the experience, training, intelligence, relationships, intuition, and decision-making capabilities of workers in a firm. Finally, the third category refers to organisational capital resources, such a firm's control structure reporting systems, informal relationships, and formal and informal planning arrangements (Barney, 1991).

The resource-based view also goes further to distinguish between competitive advantage and sustained competitive advantage. In this sense, competitive advantage relates to a firm implementing a strategy that creates value but which is not implemented by other firms at exactly the same time, whereas sustained competitive advantage goes a little further and occurs when the competing firms are actually unable to duplicate the benefits of the strategy of the pioneer firm. For a firm to have sustained competitive advantage, its resource needs to have four attributes: it must be valuable, it must be rare, it cannot be easily duplicated, and there should be no equivalent substitutes for the resource. At the heart of the issue of sustained competitive advantage lies the argument of causal ambiguity. Arguably, it is difficult for others to imitate successful strategies if the link between the resources of a successful firm and its sustained competitive advantage is not understood, which happens when there is no confirmation that the resources seen and described are actually those responsible for the strategic success of the firm. In this regard, the competitive advantage of a firm could actually be due to other resources that are unknown and undescribed. The competitive advantage and environmental- and resource-based views of the firm are relevant and can be supported in SSA due to the emergent nature of its firms and their evolution with regard to resources and advantages. For instance, the issue of causal ambiguity will need to be considered closely in order to determine if the strategic success of firms can be easily ascribed to known resources or unknown aspects.

2.3.6 **Typologies**

The typologies of FDI are considered from the firm perspective and relate to concepts that seek to categorise FDI influences. Behrman (1972) presents a typology that categorises FDI into four types, which are market-seeking, natural resource-seeking, strategic asset-seeking, and efficiency-seeking FDI. Market-seeking FDI involves the activities of firms seeking entry into new markets for the purposes of increased sales and keeping close to the customer. Natural resource-seeking FDI is concerned with the natural and human resources a country has that could be of benefit to the investing firm. Efficiency-seeking FDI considers the comparative advantages that the host economy has to offer in terms of competitiveness of factor inputs and governmental policies. Strategic asset-seeking FDI is concerned with the important assets that exist in the host market and have possibilities for acquisition, which could include locally dominant firms, research, technology, and development strengths (Behrman, 1972; Read, 2008). Casson (1985) put forward a typology arguing that FDI can be understood as an interconnection between the theories of international capital markets (macro-economic theory), the international firm (micro-economic theory), and international trade (macro-economic theory). Casson (1979) had earlier attempted to synthesise the H-O model and MNE theory into his internalisation argument. This is an attempt to use internalisation theory to explain the intersection between macro and micro approaches. FDI and the internationalisation process is a complex mix of various factors, decisions, and scenarios, which coalesce together to move a firm across its home borders. In this context, there is relevance to SSA, and such typologies help to identify other perspectives.

The micro-economic theories deemed relevant to this research are identified in Table 2.1. Criticism has arisen by proponents of macro approaches with regard to the assumptions made by micro-economic theories of FDI. For instance, Kojima (1982) criticises micro approaches to FDI as being merely administrative or international business approaches. He argues that micro approaches seek to promote profit seeking at the expense of the host country as against trade promoting FDI. Instead, compared to the American type of FDI, which is oligopolistic and profit seeking, he favours the Japanese type, which is trade seeking. Buckley (1983b) points out the weaknesses in Kojima's arguments, in that they are normative and based on an overemphasis on the product life cycle view of FDI. Buckley further argues that Kojima's approach ignores the location-specific and labour-related issues of internationalisation.

Table 2.1: Micro-Economic Theories

Micro- Economic Theories			
Theory/Approach	Focus	Author	Relevance to Study
Industrial Organisation	The Firm; Ability to organsise resources & compete. Managing cost & suppression of price mechanism. Imperfect Foreign Markets as Opportunities for FDI.	Bain (1956) Hymer (1960) Kindleberger (1969)	Market imperfections are present in SSA. Firms are learning how to organise resources & manage costs
Transaction Costs	FDI brings on transactions costs and leads to integration FDI transaction costs are analysed to decide location	Coase (1937) Anderson & Gatignon (1986)	External uncertainty from psychic distance and environmental risk Internal uncertainty; firm inexperience
Interdependence	Firms are competitively dependent and follow each other into foreign markets	Knickerbocker (1973) Aliber (1970)	SSA firms are young and inexperienced Will benchmark their FDI with other firms
Internalisation	Firms create internal supply for intermediate inputs to limit costs due to imperfect competition, market inequalities and time lags	Buckley & Casson (1976)	Market inequalities, time lags and imperfect competion exist. Support internalisation
Resource Based View	Firm resources are industry heterogenous, immobile and give competitive advantages (CA) that derives value not imitated by other firms at once. If it cannot be imitated then it is sustained CA	Wernerfelt (1984) Barney (1991)	SSA firms are emergent and their evolution in competitive advantages and resources is still developing

Dunning (1977) also criticises Kojima's arguments as being unconvincing, 'static', and 'first best solutions'. This study acknowledges the perspective of Kojima with respect to profit-seeking FDI at the expense of host countries. This has some relevance to SSA, which is one of the least developed regions in the world and is susceptible to such possibilities. Nonetheless, the potential benefits of FDI to such a developing region cannot be ignored, since it can serve as a catalyst for growth and development. The debates relating to the micro and macro approaches to FDI have their valid points, depending on the context in which they are applied. For this reason, their varying streams of contention will require consideration for some time to come in the field of international business.

2.4 Firm Internationalisation Approaches and Frameworks

Internationalisation is described by Welch and Luostarinen (1988) as a process of increasing involvement in foreign operations by firms. There are other definitions of internationalisation, for example Turnbull's (1987) description of internationalisation as an external movement in a firm's international activity and Calof and Beamish's (1995) depiction of it as the process of adapting a firm's operational strategy, resources, and structure to the international arena. While there are various definitions of internationalisation, the definition of Welch and Luostarinen (1988) makes an allowance for both the internal and external factors related to the internationalisation process (Young, 1990; Fletcher, 2008). With regard to firm internationalisation and its process, various perspectives include stages/behavioural, contingency, business strategy, network, product life cycle, strategic management, and OLI approaches and frameworks.

2.4.1 **Stages/Behavioural Approaches**

Stages approaches and models posit that the internationalisation process functions in a series of stages that require increasing commitment and investment (Bilkey & Tesar, 1977; Reid, 1981), and they have their roots in behavioural- and evolutionary-based theories of the firm (Cyert & March, 1963; Kogut & Zander, 1993). A pivotal stage approach is that of Johanson and Wiedersheim-Paul (1975), who studied four internationalising Swedish multinationals and describe the internationalisation process of these firms as a sequence of small incremental changes. In this internationalisation process, they identify four distinct stages, which are: no regular export activities; export through independent representatives or agents; establishment of overseas sales subsidiaries; and overseas production/manufacturing. The initial four stages were later refined by Wiedersheim-Paul et al. (1978) to include a pre-export stage as the first step in the internationalisation process.

Building on the work of Johanson and Wiedersheim-Paul (1975) is the incremental internationalisation approach of Johanson and Vahlne (1977), in which their Uppsala model seeks to explain internationalisation from a learning perspective. The model argues that firms going into a host country will encounter liabilities of foreignness and outsidership due to knowledge and cultural disparities. The internationalising firm then obtains experiential knowledge and market information in a gradual process, which it uses to make increasing commitments to internationalisation through incremental decisions. Such decisions link to management behaviour, which relies on market or experiential knowledge in the decision process. In assuming a lack of knowledge, the model considers that the decision maker has to contend with the inability of predicting market dynamics and factors, but it argues conclusively that internationalisation will occur in small steps, except in cases where market conditions are homogenous and stable, the firm has vast resources, or the firm has a great deal of knowledge and experience from other closely related markets (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977; 2009; Eriksson et al., 1997). Along the lines of the stages model, the process of knowledge acquisition through learning and experience is crucial to the internationalisation process (Reuber & Fisher, 1997; Athanassio & Nigh, 2002; Blomsterno et al., 2002; Etemad & Lee, 2003; Rialp et al., 2005)

The stages/incremental approach has also been argued by Hellman (1996) as being capable of explaining service-oriented internationalisation using three categories. The first category relates to FDI and its forms, such as overseas subsidiaries and mergers and acquisitions, the second uses the contractual form of internationalisation in the form of franchising, strategic alliances, and licencing, while the third relates to exportable services. Two key theoretical arguments also stem from service internationalisation, the first of which is 'client following' or 'customer driven internationalisation', which describes the process of serving local customers that are present in foreign markets (Weinstein, 1977; Terpstra & Yu, 1988; Erramili, 1990; 1992; Hellman, 1996; Ibeh, 2000), while the second is 'market seeker' or 'provider driven internationalisation', which describes how service firms like banks enter new markets to provide foreign customers with specialised services

(Engwall & Wallenstal, 1988; Erramilli & Rao, 1990; Ball & Tschoegl, 1992). From the perspective of Boddewyn et al. (1986), this second approach relates to manufacturing firms, in that the majority of the services provided by such firms are location bound and non-tradable. In such a case, internationalisation best occurs through subsidiaries operating in the host market (Boddewyn et al., 1986). Sharma and Johanson (1987) and Sharma (1994) bring further perspectives to the debate by also arguing for a network approach to service internationalisation.

2.4.2 Innovation Models

Another sequential perspective on internationalisation is that of innovation-based models, which have their foundations in the stages of the innovation adaption process described by Rogers (1962), which involves the choice of an innovation as the best alternative from a range of options. The innovation models focus on export development and argue that the process of internationalisation is a sequence of firm innovations. The innovation models have different numbers of stages, depending on the particular proponents (e.g. Bilkey & Tesar, 1977; Cavusgil, 1980; Reid, 1981; Czinkota, 1982). For example, Bilkey and Tesar (1977) describe internationalisation as a process of export development, with an increasing commitment to markets that are more psychologically distant. Their innovation model is in six export stages, which are: the firm is not interested in exporting; the firm is willing to fulfil unsolicited orders but does no active exporting; the firm considers the probability of active exporting; the firm exports experimentally to a country that is psychologically close; the firm is experienced in exporting; and the firm considers the possibility of exporting to psychologically distant countries. Reid (1981) argues for an innovation-adoption cycle approach, in which the internationalisation process is explained as export development occurring in five stages: export awareness, export intention, export trial, export evaluation, and export acceptance. Cavusgil (1980) and Czinkota (1982) also examine internationalisation using six and five export stages respectively.

2.4.3 The Contingency, Business Strategy, and Network Approaches

Using export mode choice descriptions, the contingency approach adopts a dynamic adaptation perspective. It contends that the choice between competing export strategies and entry modes is situation dependent and subject to firm requirements, managerial orientation, and market situations and opportunities (Reid, 1983; 1984; Turnbull, 1987). Furthermore, the business environment is dynamic and is in a constant state of change, thus requiring internationalisation processes that accommodate this context (O'Farrell & Wood, 1994). Assessing the contingencies and current state of the internal and external business environment will therefore be a pre-requisite to determining the choice of export mode.

The business strategy approach also draws on an environmental perspective in arguing that internationalisation and market entry decisions are the result of a detailed environmental analysis that leads to strategy and then structure (Chandler, 1962; Ansoff, 1965; Andrews, 1972; Young, 1987). Internationalisation is perceived to be an inherent aspect of a deliberate and continuous strategy process (Melin, 1992). The business strategy argument seeks a rational and strategically developed process of internationalisation. It results in entry mode decisions contextualised within a firm's inclusive strategic growth. The stage of internationalisation of a company is therefore determined by its marketing strategy, operating environment, and industry structure (Turnbull, 1987; Ibeh, 2000).

The network approach to internationalisation has its foundations in the core concept of firm networks. Aldrich (1979) argues that the behaviour of firms can be understood through their network arrangements of intersecting relationships that connect them to the larger environment in which they operate. These intersecting relationships include those among several actors, such as colleagues, suppliers, competitors, associates, and relatives, which bring gains in market knowledge (Ellis, 2000). The network concept is developed from the industrial marketing approach and considers firms engaged in the production of goods and services with divisions of work that require dependence on each other. This leads to the development of firm networks with important components that include interaction, firm adaptation, market relationships, and exchange processes (Johanson & Mattsson, 1987). With regard to internationalisation, Johanson and Mattsson (1988) argue that, from a network perspective, firms can be classified with respect to market integrations, i.e. as early starters, late starters, lonely internationals, and internationals. Coviello and Munro (1995; 1997) and Coviello (2006) also identify that social and business linkages in the form of networks are influential in the internationalisation process. While aiming to integrate the stages approach and the network approach, they eventually argue for the prevailing impact of networks based on case study research of four firms.

2.4.4 The International Market Selection (IMS) and Foreign Market Entry Mode Approach

International market selection (IMS) is a process of internationalisation that considers how firms strategically choose international markets. International market selection is important because location in the right market can determine the nature, strategy, management, and success level of internationalisation (Papadopoulos & Denis, 1988). The core aim of the IMS process is to develop efficient methods for selecting international markets (Papadopoulos & Denis, 1988; O'Farrell & Wood, 1994). The international market can be homogeneous customer groups or country markets, with the latter being the more prevalent focus of research (Swoboda et al., 2007; Buerki et al., 2014). International market selection commences after a decision on internationalisation is made (Papadopoulos & Denis, 1988). It then involves decision processes that consider initial foreign market options, before narrowing the choice down from these options (Reid, 1981). Papadopoulos and Denis (1988) postulate that the IMS process precedes the final and detailed assessment of the chosen market prior to market entry. They identify two approaches to IMS as being qualitative and quantitative, with the former involving the rigorous collection and analysis of qualitative information on country markets and the latter analysing the secondary statistical data on international markets.

Papadopoulos and Denis (1988) also identify the market grouping and market estimation approach to IMS. In this case, international markets are clustered by status, institutional characteristics, and socio-economic similarities and differences, which identify and evaluate internationalisation opportunities (Huszagh et al., 1985; Papadopoulos & Denis, 1988; Cavusgil et al., 2004). There are, however, other arguments regarding international market selection. For example, the context specific approach argues that selection is based on stages that include preliminary screening, in-depth screening, and final selection of markets (Cavusgil, 1985; Johanson, 1997; Koch, 2001). There is also the market-based approach, which considers factors such as market size, cultural distance, market orientation, geographic proximity, institutional environment, marketing strategies, country risk, competitive intensity, and market demand (Davidson, 1980; Lindberg, 1982; Terpstra & Yu, 1988; Root, 1987; O'Farrell & Wood, 1994; Rahman, 2003; Ibeh, 2006;

Ellis, 2008). Additionally, there is the firm-based and decision-maker approach to market selection (Aaby & Slater; 1989; Leonidou & Katsikeas, 1996), which considers firm and decision-maker dependent factors, such as firm size, experience, managerial competence, financial resources, social networks, product adaptation, client demand, and oligopolistic reaction (Knickerbocker, 1973; Bilkey, 1978; Wiedersham-Paul et al., 1978; Erramilli, 1991; Calof, 1994; O'Farrell & Wood, 1994; Bloodgood et al., 1996; Buerki et al., 2014).

Generally, internationalising firms conduct their market selection using two methods, which are systematic market selection and unsystematic market selection. In the systematic method of choosing international markets, firms will use objective criteria such as exploratory visits, formal market research, surveys, press monitoring, and published statistics (Reid, 1983a; Cavusgil, 1984; Christensen et al., 1987; O'Farrell & Wood, 1998; Knight, 2000; Yip et al., 2000; Brouthers & Nakos, 2005). In the unsystematic method, market selection is not formal but is based on intuitive reaction to events such as unexpected client orders, one-off projects, customer demand, or sub-contracts (O'Farrell & Wood, 1994; Anderson et al., 1995; O'Farrell & Wood, 1996; Westhead et al., 2001).

Choice of foreign market entry mode is another decision within the internationalisation process. O'Farrell and Wood (1994) argue that international market selection and market entry modes are interlinked because the choice of the market will have an impact on how a foreign base is established and coordinated. Additionally, when a firm assesses its market entry modes, the outcome may result in the search for new country markets. Foreign market entry mode choices stem from a strategic decision firms make regarding the best operational means of entering a market (Agarwal & Ramaswami, 1992; Chung & Enderwick, 2001). Foreign market entry mode includes options such as joint ventures, licensing, and wholly-owned subsidiaries and can be classified based on parameters such as risk, returns, control, and resources (Hill et al., 1990, Kim & Hwang, 1992; Kwon & Konopa, 1993). These competing parameters are challenging to manage, which makes market entry mode an important decision in the internationalisation process. The connections between these parameters also greatly influence the eventual choice of market entry mode (Agarwal & Ramaswami, 1992).

The literature on IMS and foreign market entry modes is robust and draws from seminal international business literature. For instance, the context specific approach to IMS can be linked to the stages arguments of Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977), wherein internationalisation processes are conducted in incremental stages. Additionally, the IMS unstructured method and foreign entry mode decisions can be linked to the contingency arguments of Reid (1983) and Turnbull (1987), wherein firm internationalisation choices are situation dependent. Additionally, the foreign market entry mode literature can be linked to the transaction cost analysis (TCA) arguments of Coase (1937), Williamson (1985), and Anderson and Gatignon (1986) on the importance of locational transaction costs in entry mode decisions, in addition to also being linked to the location theory of Ohlin (1977) concerning the importance of strategic locational factor endowments in deciding the choice of foreign investment. For emerging markets like SSA, foreign market entry mode choices and international market selection have important implications for the internationalisation process. Firms in the region seek the right balance of such factors in order to make important choices that will influence the outcome of their international operations.

2.4.5 The Product Life Cycle (PLC) Approach

The product life cycle (PLC) approach of Vernon (1966) argues that a life cycle can be used to describe the internationalisation process of a firm at the micro level. Vernon (1966) delineated the PLC by considering changes in inputs and the life stages of a firm's product and their relationship with location choices. In this regard, he argues that the importance of knowledge, information, innovation timing, and economies of scale should be emphasised, rather than comparative cost arguments, in addition to a product having a new product stage, a maturing stage, and a standardised stage. At the new product stage, the product requires the certainty of market information, stability of production, and guaranteed access to inputs. Therefore, at this early stage, it is likely that the product is manufactured and then exported from the home country. As the product matures and undergoes standardisation, there is more confidence in the market and less uncertainty about market information, inputs, or other considerations. Here, the product life cycle links back to macro-economic theories, as the maturing-to-standardisation stage can also be determined at the country level. Vernon (1966) further argues that it is at this maturing-to-standardised product stage that firm internationalisation can be carried out by designing strategies for production in other countries. The internationalisation process into the host country will then benefit the firm with host country locational advantages such as cost savings, market protection, tariff protection, economies of scale, and even the possibility of cost effective importation of the product back to its home country. FDI growth is also achieved through global networking (Vernon, 1966; 1979; Wells, 1968). These arguments have relevance to developing nations because the standardisation stage guarantees market knowledge, and this is a competitive advantage for location choice. Low cost supply sources and labour also favour the location choice of the LDC. Vernon (1966), however, does not account for how market knowledge will be gathered and verified in these environments. In this regard, it would be difficult to extend Vernon's arguments to SSA, as the region has challenges with regard to information and data collation.

2.4.6 **Strategic Management and Structure Approaches**

The interest of researchers in internationalisation and its processes has resulted in diverse perspectives. For instance, Perlmutter (1969), in considering internationalisation from a strategic management and culture approach, argues that managerial attitudes have an impact on the internationalisation process and identifies ethnocentric, polycentric, and geocentric typologies, which depicts managers who are home-country biased, host-country sensitive, or globally aware respectively with regard to internationalisation decision making. Rugman (1981; 1996) and Rugman and Verbeke (2003) expand MNE and internalisation theory through the use of a strategic management perspective and synthesise two building blocks of internationalisation as firm-specific advantages (FSA) and country-specific advantages (CSA). Firm-specific advantages (FSA) are derived from the exclusive and internalised competitive advantages of a firm, which include intangible assets, corporate networks, technology, production processes, management capability, and marketing skill, whereas country-specific advantages (CSA) refer to the factor endowments of a country, such as minerals, labour force, energy, and natural resources. Strategic interactions of FSAs with CSAs provide enhancements to the internationalisation process (Rugman, 2009).

Along the lines of strategic management, Prahalad and Doz (1987) identify driving forces related to global integration and local responsiveness that influence internationalisation. Bartlett and Ghoshal (1989) also bring a strategic management approach to firm internationalisation in identifying multinational, international, global, and transnational organisational models with varying degrees of decentralisation and subsidiary independence. When considering firm subsidiaries in foreign locations, Bartlett and Ghoshal (1989) extend the description further and classify them as strategic leaders, contributors, implementers, or black holes. The first two are the most important, as they advance a firm's mission and critical international activities. Stopford and Wells (1972) bring an organisational structure perspective to internationalisation and describe the extent of MNE internationalisation activity as being determined by both the level of foreign product diversity and foreign sales as a percentage of total sales. These perspectives shed light on interactions within a firm's internal and external environments and the impact they can have on internationalisation. The inside-out view is arguably a key focal point of these perspectives, as consideration is given to soft issues such as culture and managerial attitudes and the profound effects they have on the internationalisation process.

2.4.7 **The OLI Framework**

The firm internationalisation process is described by Dunning (1977; 1979) through a merged framework called Ownership, Location, and Internalisation (OLI). This eclectic approach to internationalisation is based on industrial organisation theory, location theory, and internalisation theory of international production (Dunning, 1977; 1979; 1981). John Dunning, in explaining the international patterns of production or direct foreign investment, identifies the industrial organisation approach and location theory as of fundamental importance. He argues that industrial organisation theory can be described as the 'why' and 'how' approach, which analyses firm competitive advantages without identifying locational activity, whereas location theory can be seen as the 'where' approach, which addresses the reasons for MNEs investing in one country as opposed to another. However, he argues that location theory does not explain how MNEs could be more competitive than local firms in a host country and that both theories are insufficient, as they developed separately and do not address the dynamics and behavioural issues of FDI. For these reasons, he proposes the OLI framework: Ownership (O) refers to the fact that firms have net ownership advantages over other firms of different nationalities; Location-specific advantages (L) are of benefit to both host and home countries and include controls on tariffs, factor endowments, incentives, and input prices; Internalisation Advantages (I) seek to mitigate market imperfections and include control of supplies, avoiding transaction, negotiation, or patent enforcement costs, and control of routes to market. The OLI framework is based on certain conditions, such as the assumption of internalisation theory that the conditions of ownership have been met, while the location aspect of the theory assumes that internalisation and ownership conditions have been met (Dunning, 1977; Dunning, 1979).

In considering internationalisation theories further, there has been criticism of some of the approaches. For instance, the systematic method of international market selection has been criticised for not accounting for the dynamic nature of emerging markets. It has been argued that systematic methods in this context need to reflect on important dimensions such as market potential, cultural distance, institutional voids, and customer receptiveness (Arnold & Quelch, 1998; Sarkarya et al., 2007). The stages approaches have also been criticised for not being explicit enough with regard to the transition between the stages (Anderson, 1993), in addition to lacking rapidity and directness and not accounting for firms that would evolve to skipping stages and shortening the time between stages (Hedlund & Kverneland, 1985). The stages models are also criticised for failing to explain fully the internationalisation process and non-linear contexts (Hood & Young, 1983; Bell, 1995). Additionally, the incremental approach has been criticised for its inability to explain the extent of firm internationalisation activity (Turnbull, 1987; Millington & Bayliss, 1990). The key internationalisation theories considered relevant to this study are outlined in Table 2.2.

In further consideration of incremental approaches such as the Uppsala model, the importance placed on experiential knowledge has to be put in context. In this regard, consideration is given to the effect of the personal bias and preferences of the decision maker whom the firm will be relying on. The market specific knowledge and information supplied to the decision maker is also critical. It has been argued that validated information for supporting market specific knowledge is only readily available in a stable market. In emerging markets, there is a high degree of uncertainty and constant flux, so it can be problematic to verify information. Despite criticisms, the internationalisation approaches still provide the pathway to a better understanding of internationalisation in emerging markets and the nature of firms therein.

Table 2.2: Firm Internationalisation Theories

Firm Internationalisation Theories			
Theory/Approach	Focus	Author	Relevance to Study
Stages / Incremental	Internationalisation is in stages with increasing commitment. Firms make incremental commitments to FDI based on market and experiential knowledge	Bilkey & Tesar (1977) Johansen and Vahlne (1977)	SSA Firms taking incremental steps in stages and increasing commitments as market knowledge & experience increase
Innovation	Internationalisation process is a sequence of firm innovations	Cavusgil (1980), Reid (1981), Czinkota (1982)	Firrms in SSA show innovation in their business processes
Network	Network linkages are influential in internationalisation	Johanson & Mattson (1988) Coviello & Munro (1995, 1997)	Strong networks and linkages in SSA
International Market Selection	The strategic selection of an international market from various foreign market options using systematic or unsystematic selection methods	Papadopoulos & Denis (1988) O'Farrell & Wood, (1994) Aaby & Slater (1989)	Understanding international market selection methods of SSA firms
Product Life Cycle	Product Stages: New, maturing & standardised determine market commitment level in internationalisation process	Vernon (1966) Wells (1968)	Market knowledge from standardisation favours developing regions as FDI location
Strategic Management	Firm culture and managerial attitudes impact internationalisation. Internationalisation is based on Firm Specific Advantages (FSA) and Country Specific Advantages (CSA)	Perlmutter (1969) Rugman (1981, 1996) Rugman & Verbeke (2003)	The culture and attitudes of managers is an issue to be considered for SSA firms

2.5 Emerging Markets Theories and Approaches

The term emerging markets was conceived by IFC economist Antoine Van Agtmael in 1981 as a challenge to conventional references to Third-World countries. Emerging markets refer to developing market economies that have recently commenced with developmental activities that have led to their emergence on the international arena (Van Agtmael, 2007; Economist, 2010). The SSA is a developing region, which, in contemporary terms, is referred to as an emerging market. Countries from the SSA region have been partaking in globalisation, and its firms have been expanding internationally through OFDI and internationalisation processes. While there are no theories specifically addressing OFDI from SSA, there are theories and approaches that seek to explain OFDI from developing regions. The context in this regard is now emerging markets in general, and a review of these approaches would be useful.

2.5.1 **IDP**

The Investment Development Path (IDP) of Dunning (1981a; 1981b; 1986) argues that OFDI from developing countries can be evaluated based on the relationship between the net outward investment (NOI) and gross national product (GNP) positions of a country.

There are five stages in the IDP approach. In the first stage, a country has very small amounts of both inward and outward direct investment and, as such, it has a negligible NOI. In the second stage, a country has increasing inward FDI from growing domestic markets, but it still has low OFDI and a negative NOI. In the third IDP stage, the negative NOI position reduces because OFDI is rising faster than its inward flows. In the fourth stage, the NOI is now positive and increasing because OFDI has surpassed inward FDI flows. In the fifth stage, the NOI of the country settles around zero, while both inward and outward FDI keep increasing (Dunning 1988; 1993; Dunning & Narula 1996). With regard to emerging markets, the use of the IDP faces some challenges. First, Dunning and Narula (1996) qualify the use of the IDP in light of developments such as cooperative agreements. They also comment that the IDP would need to consider the complementary nature of FDI, and it is best used for analysis on a country-specific basis (Dunning & Narula, 1996). Considering such issues, the IDP will likely have limited applicability to an emerging market like SSA.

2.5.2 **Developing Country OFDI Approaches**

There are more OFDI approaches for developing regions. For instance, Lall (1982; 1983) and Wells (1983) provide wide-ranging reasons for OFDI activity by developing countries. The Lall-Wells approach, as combined here, takes a comprehensive perspective through the identification of various OFDI factors, including economic growth, foreign exchange restrictions, small market size, government support, partnerships, and cultural affinity. The Lall-Wells approach also provides other reasons why a firm from a developing country would seek to invest abroad, which include networks, risk diversification, avoidance of market restrictions, and overseas training for managers. A number of these factors are tenable and will be relevant in the context of SSA. Another approach is that of Lecraw (1977), which argues that OFDI from developing countries arises due to threats to existing markets, accumulated local funds, small local markets, and labour-intensive technology. Lecraw (1981) also argues that FDI will flow from more advanced developing countries to less advanced ones for market protection reasons. Lecraw (1993) further discusses technology accumulation as a learning process and an OFDI factor for developing countries. A technology- and innovation-based approach to OFDI from developing regions is that of Cantwell (1989) and Cantwell and Tolentino (1990), who argue that firms from developing countries that can accommodate less profit will scale costs, systems, and processes. In addition, they will also adapt advanced technologies for use in other less developed countries. Home firms gain ownership advantages and they form the foundation for OFDI activities**.** On the other hand, Heenan-Keegan (1979) examines the type of resources that developing countries deploy for internationalisation and contends that these countries leverage their natural resource advantages to implement an accelerated process of internationalisation, thereby catalysing their OFDI strategies into other foreign markets. This argument means that nations with an abundant labour force or a large market base can deploy these as competitive advantages towards internationalisation. OFDI factors for developing countries as reviewed here have also been supported in other studies, including Kumar and McLeod (1981), Blonigen (2005), UNCTAD (2005; 2006), Aulakh (2007), Garg and Delios (2007), Kumar (2007), Saad et al. (2011), and Amal and Tomio (2012).

With regard to the SSA emerging market, OFDI theories and approaches have general applicability, but their level of relevance has yet to be determined. They will, however, be useful in deriving a framework that could help to determine the nature of OFDI occurrence from the region. While these approaches appear to have general applicability to emerging markets, they are nonetheless lacking in some areas. For instance, the argument of Lecraw (1977) only accounts for investments flowing from advanced developing countries to less advanced ones and does not account for investments flowing from advanced developing countries to advanced developed countries. In this sense, it fails to engage with the possibility of this occurrence and does not make provisions for MNEs from emerging markets that could disrupt this model in the future. Similarly, the Cantwell-Tolentino technology approach also appears suitable for developing countries that can carry out OFDI into other countries with similar technological needs, in that they gain vital market footholds in the host countries and their adaptation abilities enhance their profitability. The approach does not, however, fully address the effects of other issues related to OFDI, such as institutional governance, networks in other countries, and enterprise activity. Furthermore, Heenan-Keegan's resource-based argument for accelerated internationalisation is a tenable argument for developing countries that are naturally resource rich. There are, however, many countries that lack resources, and the approach does not fully address what the key OFDI drivers are in this regard. Nonetheless, OFDI approaches with regard to developing countries have laid the foundation for the theoretical development of OFDI and internationalisation in emerging markets.

2.5.3 **EMNE Internationalisation Strategies**

There are some frameworks for internationalisation strategies of emerging market firms, one of which comes from the work of Chittor and Ray (2007), who examined internationalising pharmaceutical firms from India. The authors propose four strategies that firms use to operate in foreign markets, the first of which is where a firm deploys a pure exploitation strategy to provide similar products from a home market into a comparable host market. The second strategy is where a firm uses an exploration strategy to provide new products from a home market into a comparable host market, while the third is where a firm deploys an exploration strategy that provides the same product from the home market into a new and different host market. The fourth and final strategy is where a firm utilises an active exploration strategy that provides new products from the home market into new and different host markets.

Another framework can be found in the work of Ramamurti (2009a; 2009b) and Ramamurti and Singh (2009), who are particularly interested in the competitive advantages of emerging markets and the strategies used in internationalisation. Ramamurti (2009a) also clearly demarcates the flows of foreign direct investment between developed countries depicted as the 'North' and developing countries depicted as the 'South'. In this explanation, FDI that flows from a developed economy to another developed economy is known as North-North FDI, flows of FDI from a developed economy to a developing economy are known as North-South FDI, flows from a developing to a developed economy are South-North FDI, and flows from a developing economy to another developing economy are described as South-South FDI. For a further understanding of OFDI, Ramamurti and Singh (2009) and Ramamurti (2012) also propose different strategies based on the components of competitive advantages, choice of target host markets, and technique of foreign direct investment. The strategies include the local optimiser, low-cost partner, industry or global consolidator, natural resource vertical integrator, and the global first mover.

The first strategy is what Ramamurti and Singh (2009) calls the local optimiser, in which an internationalising firm obtains its ownership advantages from its ability to adapt and optimise products and services. These are suited to developing markets based on a pricing that accommodates for low-income consumers living in lowly developed infrastructural and institutional systems. The strategy considers the development of products and services with unique, durable, and rugged features. These account for the scarcity of sales services or skilled technicians and managers in such markets, in addition to also enhancing market penetration and competitive presence in other emerging markets. Firms carrying out South-South and South-North investments use the local optimiser strategy. The second strategy is the low-cost partner, which is based on the advantage that a country can have with regard to costs such as labour. This strategy works well for the supply of intermediate inputs or the internationalisation of services by firms seeking to be part of the value chain of a larger firm. The third strategy is global or regional consolidation, in which a firm first consolidates in an industry in its home country and builds up competitive advantages in production and marketing efficiency. With this proven capacity, it starts expanding into the same industry in other developing or developed countries. The firm also has the ability to customise or standardise processes across borders, irrespective of developmental level. The fourth strategy is the natural resource vertical integrator, which describes firms that possess home country-based competitive advantages, such as favoured access to natural resources or large domestic markets. A firm from a home country owning natural resources will internationalise and forward integrate to host countries so as to meet supply needs, while a firm from a home country with a large demand for natural resources will backward integrate and internationalise to the source countries so as to secure access. The fifth strategy is the global first mover, wherein an emerging market firm recognises a new innovation-based opportunity or business model that is applicable to both developed and developing countries. The firm can then use its home-country specific advantages, such as low costs and market growth, to compete internationally and lead the industry. Additional standardisation of its processes can also enable the firm to invest directly in various foreign locations.

These strategies provide possible explanations for the occurrence of South-South OFDI and South-North OFDI. The underlying conditions for the strategies are found in most emerging markets, which include fast growth local markets, low wages, low-income consumers, and soft and hard underdeveloped institutions. On this basis, generalisability is claimed, but with the caveat that the strategies are based on case studies from India. Indian companies, with their unique corporate systems, have been involved in OFDI for a long time and are much further along the knowledge and experience curve than other developing regions (Hattari & Rajan, 2010). In applying the strategies in other emerging markets, the differences in economic, social, and political landscapes will therefore need to be considered.

2.5.4 **Linkage, Leverage, and Learning (LLL)**

Mathews (2006) argues that the internationalisation process from emerging countries can be explained through the combination of linkage, leverage, and learning (LLL), which is, debatably, an accelerated internationalisation approach. Mathews' (2006) argument can be traced to its focus on external resources abroad that are exchangeable and used for rapid internationalisation, in addition to being contrary to the resource-based view regarding firm-internal competitive advantage and assets that can be maximised abroad. With regard to SSA, some firms have been able to expand abroad rapidly, which can lend some support to this approach. It can be argued that these SSA firms are not only relying on their internal resources, but have possibly discovered a way to identify and tap into external resources in host countries, which can support the LLL argument relating to OFDI. On the other hand, Mathews' (2006) approach is not supported by evolution-based arguments, which rather propose that SSA firms, being infant MNEs, would seek to first identify and then exploit their firm-internal advantages in foreign markets before considering using external resources. Li (2007) also argues that Mathews' (2006) approach overly focuses on the external aspect of resources. The approach has also been criticised as merely being a partial or complementary add-on to other seminal frameworks (Dunning, 2006; Mathews, 2006b; Narula, 2006). Such criticisms notwithstanding, the LLL approach has arguments that could appeal to emerging market firms seeking to move quickly in their internationalisation process. The LLL approach, however, does not fully account for the lengthy learning journey that an internationalising firm may have to go through.

2.5.5 **The Springboard Approach**

The springboard approach of Luo and Tung (2007) argues that emerging market MNEs use outward foreign direct investments as a springboard to buy key assets, and that OFDI is also used to avoid restrictions arising from market and governance structures in their home country. The firms will use the acquired assets to compete against other multinational companies and to establish the growth of the firm. The approach further argues that emerging market MNEs are disadvantaged by the presence of strong competitors, rapid technological changes, and their late arrival to the multinational scene. To overcome this, they do not follow an evolutionary- or path-dependent internationalisation approach; rather, they take aggressive and often risky decisions to buy key assets from already established MNEs. They also do this for other reasons, such as getting preferential treatment from host governments, increasing firm size, overcoming trade restrictions, gaining reputation, leveraging low cost operations, and absorbing critical supply chains and stakeholder networks. While the springboard approach identifies the aggressive, risky, and bold steps taken toward internationalisation by emerging MNEs, the approach is contestable in the context of SSA. It has been argued that firms from the region are unlikely to completely avoid an evolutionary- or path-dependent process. Even if they were able to buy strategic assets or obtain critical supplier and customer networks, SSA firms would still need to develop the international experience and managerial capacity required to operate such assets. They would therefore need to go through an evolutionary learning process in order to understand all the aspects of these assets and resources. This learning process is also not exclusive of the firm's internationalisation; therefore, the internationalisation process remains an ongoing progression for the firm until it achieves a minimum knowledge base.

2.5.6 **New International Ventures (NIV)**

Knight and Cavusgil (2004) argue that there is a category of firms called 'born globals' that get involved in international operations from their early stages of organisational development and apply knowledge-based resources to internationalisation. For such firms, Oviatt and McDougall (1994) use a paradigm called new international ventures (NIV) and contend that low-cost technology, advances in transportation, and moderate capital can empower an entrepreneur to set up and conduct international operations swiftly, without necessarily going through the traditional processes of internationalisation. They also argue that international success is achieved with foundational vision, innovative products or services, a well-managed firm, and good sales growth networks. In addition, these very young NIVs are focused on adding value; in this sense, they seek to gain reasonable competitive advantages by using resources and selling outputs in many countries, and they do this without necessarily owning foreign assets or carrying out OFDI, as they can utilise strategic alliances instead. Oviatt and McDougall (1994) challenge the evolutionary or stage theory of internationalisation and its exemptions, as outlined by Johansen and Vahlne (1977), wherein large experienced firms that have a great deal of resources or operate in stable homogeneous market conditions may not go through an evolutionary process. Oviatt and McDougall (1994) argue that NIVs with little experience have internationalised into volatile markets despite possessing age-related resources constraints, and they are therefore not subject to the exemptions given by stage theory or subject to the actual theory. With regard to SSA, internationalisation appears to be gaining momentum, and the NIV argument could help to explain the progression of firms in the region. It will be challenging for NIV to replace the stages theory because, even if an SSA firm avoids stages in the initial phase of internationalisation, it would still encounter growth obstacles later. In addition, the firm has to rely on external business links such as networks, supplier structures, and other stakeholders to achieve growth. In a further study of NIVs, Coviello (2006) identifies the importance of links such as networks, while Deng (2012) argues that social networks and business affiliations are important to firm internationalisation as they allow firms to access capabilities and complementary resources and remove information irregularities. These external links will thus be subject to their own evolutionary processes, which will eventually influence a firm's internationalising process.

2.5.7 Global Factory

The global factory perspective relates to a rather intricate process of OFDI. Buckley (2004) and Buckley and Ghauri (2004) examine how internalisation faces competition from the cost-benefit choice of externalisation by a brand owner. If externalisation is a less costly option, then it would occur through the sub-outsourcing of decompiled production or service processes to different firms in different countries as a 'global factory' (Buckley & Casson, 1976; Buckley, 2004). The global factory argument, though seemingly suited for developed countries, still leaves some room for developing regions like SSA if they can successfully transcend the process. To become global factories, countries in SSA would need to pass through the different stages that begin from an original equipment manufacturer (OEM) and an original design manufacturer (ODM) to an original brand manufacturer (OBM). Attaining these different stages involves extraordinary resources and firm commitment as well as a sound socio-economic environment. This is a process that the SSA regions seem to aspire to. The drawback to this approach is its focus on developed regions, as it does not appear to address issues related to the OFDI of developing regions (Buckley 1996; 2009a; 2009b). Table 2.3 provides an overview of the main emerging market theories and approaches.

2.6 SSA OFDI Literature

In developing economies, there is an increase in small or medium-sized internationalising firms (Ibeh et al., 2017). Concerning SSA, the emerging trend is of firms that are indigenous to the region and are carrying out FDI to other African countries and beyond. This study does not consider the trend as just a regional occurrence and argues that such firms from the region are MNEs. They are regarded as multinational once they cross the border into another country, even within the same region. Movement across borders for FDI immediately changes the dynamics of operation for the internationalising firm.

Table 2.3: Emerging Markets Theories & Approaches

Emerging Markets Theories & Approaches			
Theory/Approach	Focus	Author	Relevance to Study
OFDI Approaches	OFDI is influenced by factors such as: local partnerships government support, economic growth, market size, culture	Lall (1982, 1983), Wells (1983), Lecraw (1977)	SSA countries have conditions that fit the the description of developing countries
Technology & Innovation Approaches	Technology accumulation by countries aids their OFDI Technology adaptation for less developed countries is basis for OFDI	Lecraw (1993) Cantwell & Tolentino (1990)	SSA countries adapt technologies to fit the rugged conditions in their environment
Generic Strategies	Emerging markets OFDI strategies; Local optimiser, low cost partner, industry consolidator, global first mover Demarcation of FDI between 'North' and 'South' countries	Ramamurti, (2009b) Ramamurti & Singh (2009) Ramamurti, (2009a)	Strategies are generalisable for developing countries and extendable to SSA. South to South and South to North OFDI is emerging in SSA
Linkage, Leverage and Learning (LLL)	Exchangeable external resources used to internationalise rapidly.	Mathews (2006)	Instances of rapid internationalisation in SSA
New International Ventures	Internationalisation through low cost technology, moderate capital good sales networks and strategic alliances	Oviatt & McDougall (1994)	Internationalisation of firms is gaining momentum

The firm moving across borders needs to have plans in order to deal with businesses in multiple currencies and in different locations. Even if the crossed border is adjacent to the home country, there may still be a huge cultural and social variance to that of the host country. All of these factors qualify such a firm to be an MNE. For instance, an MNE from English-speaking Nigeria that seeks to invest in neighbouring French-speaking Cameroon will immediately encounter a huge psychic distance in terms of language and the diversity of culture between the two neighbouring countries. This scenario is quite common across the SSA region, which is very diverse in many respects.

In this regard, past research on OFDI and internationalisation in SSA had been scarce. Some early studies, such as Ssemwogerere and Kasakende (1994) and Wangwe (1995), only focused on the export of goods and services. Page and Willem te Velde (2004) examined possible push and pull factors but did not draw firm conclusions on specific factors due to a lack of data. Given the dearth of research in SSA, Ibeh et al. (2012) comprehensively reviewed the existing literature, which was mainly economics oriented, and called for more firm-level studies. A body of research is developing, which is necessary to review. BCG (2010) discusses some internationalising African firms in an informative study, but it not generalisable to SSA as it is inclusive of firms from North Africa, which have a different political and socio-economic nature to those in SSA. Dalberg (2011) conducted a similar informative study, but it lacks the relevant context as it includes state-owned enterprises (SOEs), which are beholden to governments and have a higher risk preference when compared to private firms (Ramasamy et al., 2012). Manyuchi (2017) studied OFDI from the energy sector in South Africa and found that it aids technology transfer to developing countries in the region. Jekanyika Matanda (2012) carried out a case study on internationalising SMEs from Kenya and found that firms use an incremental approach to internationalisation and are driven, among other factors, by improving market share and managerial orientation. Boojihawon and Acholonu (2013) examined OFDI from Nigeria and Kenya based on case studies and interviews relating to four Nigerian banks and one Kenyan Bank. The study found that market growth, strategic alliances, client following, international influence, and networks are important OFDI factors. The findings here are useful, but they only focus on the banking industry in two countries. Ibeh (2015) conducted case studies into emerging multinationals from Africa and identified drivers for OFDI that include knowledge capabilities, resource seeking, relational assets, efficiency seeking, networks, and market-seeking motivations.

Ngwu et al. (2015) conducted a case study into Nigerian banks and argued that internationalising SSA firms often encounter liabilities relating to their 'Africanness' with regard to different cultural beliefs and contexts. A study by Luiz and Stephan (2011) examined the factors influencing South African telecommunications firms' investments in SSA, which include market size, openness, regulatory policies, stability, and country governance. Anwar and Mughal (2017) also considered the locational determinants of South African OFDI with respect to cross-border mergers and acquisitions (M&As). Using macro-economic data and quantitative techniques, they found that South African OFDI is driven by market-, efficiency-, and natural assets-seeking motives. These studies provide useful insight into OFDI factors but are limited to South Africa.

In addition to the aforementioned research, some sectoral studies have emerged in a publication edited by Adeleye, Ibeh, Kinoti, and White (2015). For example, Ajai (2015) use secondary sources to consider the reasons why OFDI from Africa can fail, the reasons for which include institutional voids, scarcity of resources, managerial inefficiencies, competitive intensity, unreliable networks, and a lack of strategic direction. In addition, Rolfe, Perri, and Woodward (2015) examine the location choices of indigenous and non-indigenous African firms between 2008 and 2013. They contend that market size is not relevant to African firms when making greenfield investments. They also argue that colonial bias with regard to Francophone and Anglophone African countries impedes the internationalisation of indigenous firms. This study further argues that FDI from Kenya and Nigeria is mainly regional based and that from South Africa is continental. However, this macro study does not have the benefit of robust primary data to support its findings. Moreover, the study relies on the HDI index as a variable, which has limitations with regard to the generalisability of findings. Other studies in the publication include Grosse (2015), who also considers OFDI activities from the South African banking sector, using Standard Bank as a case study. He reviews the competitive intensity in the local banking sector and market entry into other African countries and Asia. Adeleye et al. (2015) examine the banking sector in Africa and OFDI activities, using First Bank of Nigeria as a case study, and identify the key drivers for OFDI to be market growth, competitive intensity, Pan-African vision, and managerial strategy.

Another publication with some emergent studies is that edited by Adeleye, White, and Boso (2016), who maintain that the SSA region is characterised by volatility, uncertainty, complexity, and ambiguity (VUCA), in addition to the liabilities of smallness and newness. In this publication, Boso et al. (2016) argue that internationalisation in Africa is driven by factors such as networking and inter-organisational cooperation, servicing regional markets, dominance of services, and the emergence of early-stage entrepreneurs. Amungo (2016) examined OFDI from Nigerian banks. In addition to secondary data, questionnaires from five Nigerian banks were statistically analysed, and it was found that market opportunities, client following, local regulations, technological assets, and strategic decision making are key factors. Ogbechie and Iheanachor (2016) also conducted a case study on Kenyan OFDI using Equity Bank's entry into Nigeria. Their study reveals that strategic intent, foreign training, competitive advantages, and altruistic Pan-African reasons for risk diversification from Kenya's turbulent political environment influence OFDI. There are, however, cultural and integration issues to be surmounted in the OFDI process. Another study examined intra-African FDI in the context of electricity in Uganda (Mbalyohere, 2016), underscoring the importance of institutional support, stronger regionalisation strategies, socio-cultural knowledge, and local linkages as drivers for OFDI. All of these studies make useful contributions to the body of research, but they are lacking in several ways. For instance, there is an overt reliance on secondary data, without the general provision of primary data as evidence. In cases where primary data is used, there has not been robust cross-analysis across firms and sectors regarding the various issues. These shortcomings notwithstanding, the studies provide a broad base of knowledge that helps to develop further research. More contextual frameworks and emergent approaches on OFDI in the region are required. After a synthesis of the literature on SSA OFDI, they can be categorised into different research streams: knowledge, OFDI factors, regional culture and institutions, competitive advantage, and network, an overview of which can be seen in Table 2.4.

Table 2.4: SSA Approaches

SSA Approaches			
Approach	Focus	Author	Relevance to Study
Knowledge	Incremental knowledge, knowledge capabilities and cultural knowledge can be used to explain internationalisation	Matanda (2012), Ibeh (2015) Anwar & Mughal (2017)	Knowledge is a vital source of firm capability
OFDI Factors	OFDI in SSA driven by; market, resource & asset seeking, competitive intensity, market growth.	Ibeh (2015), Adeleye et al. (2015) Grosse (2015)	Various factors require to be considered for SSA OFDI
Regional Culture & Insitutitions	Cultural beliefs and context; Liabilities of Smallness and Newness. Liabilities of Africanness	Ngwu et al(2015), Boso et al (2016)	Culture and institutions play an important role in process of firms
Competitive Advantage	Vision, managerial strategy, strategic intent, strategic decision making are important to the internationalisation process	Adeleye et al (2015), Amungo (2016) Ogbechie and Iheanachor (2016)	SSA firms have increased aware ness of their competitive advantages
Network	Local embeddedness, networking and organisational co-operation are crucial to OFDI	Mbalyohere (2016), Ibeh, (2015) Boso et al (2016)	Network linkages are an embedded aspect of firm growth

2.7 Firm Resilience Capabilities: An Emerging Argument

In the considered approaches and theories about OFDI in developing countries, there are none that have been adopted to encompass all the possible OFDI issues. The SSA region has its own unique qualities and challenges; furthermore, none of these approaches specifically address OFDI matters within this particular context. This study argues that it is important for an emerging phenomenon to be continually receptive to emerging arguments so that robust new theory can be developed. In this regard, based on the available information and knowledge about the region, a synthesis is derived for an OFDI approach for the SSA region. This research postulates a firm resilience capabilities argument for OFDI from SSA on the basis that firms doing business in SSA operate in extremely challenging business environments, which have poor incapacitation and socio-economic indices, probably the worst in the world. Considering the different challenges in the region, it is argued that SSA firms face enormous obstacles based on a long history of governance instability, economic upheaval, societal dilapidation, and security issues. Firms are also confronted with an environment fraught with political turmoil, economic pressures, and internal skirmishes. There is also a lack of basic institutional mechanisms related to stable institutions, sound decision-making procedures, and effective policy formulation processes. It is further argued here that these institutional mechanisms in the region are subject to gratuitous political influence, irrational social activism, excessive lobbying, and leadership bias. Khanna and Palepu (1997; 2005; 2010) argue that emerging regions have long-lasting institutional voids that need to be contextualised, which occur due to a lack of reliable information, guided regulation, governmental impartiality, legal protection, and policy stability. The SSA region therefore typifies the classic scenario of continually absent institutional mechanisms, which firms have to contextualise and incessantly grapple with.

These firms also experience situations in their local environments that challenge their potential for internationalisation. In this regard, issues such as local standardisation, a lack of internationalisation sophistication, and self-doubt can actually limit their possibilities. Bartlett and Ghoshal (2000) argue that this is a 'liabilities of origin' trap. Despite liabilities of origin, an absence of institutional mechanisms, and various daunting obstacles, SSA firms have found ingenious ways of developing sustained competitive advantages and strategies to survive and succeed. Building on the work of Barney (1991), the firm resilience capabilities approach assumes that firms possess resources. It then postulates that that there is a resource-based causal ambiguity related to the success of SSA firms. In extending the various arguments, it is contended that the resources that cause SSA firms to have successful strategies in such challenging environments are relatively unknown and have not been fully described. This study postulates that the resources of SSA firms include, amongst others, their extreme levels of leadership capacity, entrepreneurial ability, managerial skill, tenacity, sheer determination, and networking. Additional resources which are admittedly part of firm resilience capabilities include bootstrapping and coping mechanism. It is therefore important to clarify the concepts of bootstrapping and coping mechanism, since they bear some similarities to the firm resilience argument. Bootstrapping is a financial skill that entrepreneurs use to start and grow companies with little or no finances. Coping mechanism, on the other hand, is a behavioural skill used to adapt to issues that a firm may face. In this regard, it is considered that they form part of the firm resilience capabilities that firms can deploy within the context of internationalisation.

In addition to these factors, it is necessary to discuss other concepts, such as resource scavenging and organisational resilience, which can be compared to firm resilience capabilities. However, in this context, resource scavenging refers to organisations that do not own or control enough resources, and firms then carry out internationalisation as a means of searching, prospecting, and scavenging for such resources (Hewerdine et al., 2014). The firm resilience capabilities argument is resource-based and differs to resource scavenging in that it assumes firms already own and have access to resources for internationalisation. In which case, such firms do not carry out internationalisation activities for the purpose of scavenging resources. On the other hand, organisational resilience refers to how organisations react and adapt to sudden change and disruptions. Organisational resilience also differs from firm resilience capabilities in that while the former is primarily behavioural driven, the latter is a resource-based argument that makes allowance for causal ambiguities, which are arguably either static or flexible, as determined by the resource context.

The central contention in the firm resilience capabilities argument is that SSA firms have built up unique resource capabilities and a very high level of resilience, forged over time in one of the most challenging business environments in the world, which has made them rather risk embracing and even audacious. When the opportunity therefore arises for these firms to carry out OFDI, they do so without hesitation and will confidently forge ahead in any territory. This study argues that, in addition to other approaches concerning OFDI from developing countries, the emergent firm resilience capabilities approach of this research will provide more support to explain the phenomenon.

While OFDI seminal theories and emergent approaches have been discussed here, the SSA region is yet to be identified with any particular one. It would be impractical at this stage to adopt any particular theory or approach to explain OFDI from a heterogeneous region like SSA. In the absence of such a perspective, the various theories and emergent approaches reviewed here are used as the basis for an SSA OFDI framework. The framework is developed in the course of this study and encompasses most of the theories and approaches. It will contribute towards the analysis of the issues relating to OFDI and the internationalisation process in the SSA region.

2.8 Summary and Conclusion

This chapter has considered the various approaches to FDI and internationalisation. It defined FDI, the international flows of capital, and the concept of control. A review was carried out into macro-economic theories and a few trade theories were identified, such as the specific factor, portfolio, cost of capital, and national competitive advantage approaches. In addition, the key approaches deemed relevant to research in SSA were identified. Micro-economic theories were discussed, and the study reviewed theories including industrial organisation and market imperfection, transaction cost and location, interdependence, internalisation, competitive advantage, and environmental- and resource-based views. Key approaches of relevance to SSA in this context were also identified. Moreover, the chapter discussed firm internationalisation approaches, including stages/behavioural, contingency, business strategy, network, international market selection, and product life cycle approaches. There was also a discussion of OFDI approaches for emerging markets, including those of Lall, Wells, Lecraw, Cantwell and Tolentino, Heenan-Keegan, and Ramamurti and Singh, among others. The SSA OFDI literature was also discussed in detail, and a robust argument was made regarding firm resilience capabilities in SSA. The review of the theories and approaches in this chapter will help to develop a broad base for the study of OFDI and internationalisation in SSA.

The region is still an emerging research area, and the significance of all these theories and approaches to FDI and internationalisation in the region remains to be proven. In this regard, there is still a need to test these theories and approaches in this particular context. Furthermore, how these theories and approaches influence the process of internationalisation in SSA, if at all, needs explanation. However, the theories are not entirely sacrosanct or infallible. For instance, few theories made provision for the likelihood of large OFDI flows occurring from an emerging market such as SSA. Additionally, little attention has been paid to the potential entrepreneurial ability from such regions. Specific internationalisation growth strategies that are applicable to developing regions like SSA are hardley considered in these approaches. This supposes that, until now, the FDI approaches have either been overly generalised or have only accounted for the more prominent developing regions. It therefore seems that when most of the theories were being postulated, it was not envisaged that considerable FDI attempts from a region like SSA would occur in the near future. Since this is now the case, a theoretical gap has been left in relation to addressing FDI issues in the region. It can thus be argued that theory development could not have been particularly concerned about the specific FDI issues of an emerging region like SSA, as there were no compelling reasons to do so. However, this research is of the opinion that the continual development of existing and new theory remains an iterative process, especially with regard to a developing region like SSA because, with its huge population and resources, the region presents the next global business growth opportunity. It is one of the least untouched frontiers for the reciprocal development and extraction of value for the global economic system. The theories reviewed here will help to prepare the background for a conceptual framework to be specifically developed for SSA in the course of this study. An examination of the enterprise and institutional forces driving the region's outward foreign direct investment remains an important and ongoing exercise, one which is addressed in the course of this thesis and in the following chapters.

Chapter 3: Research Methodology

This chapter considers the design of the study and identifies its philosophical direction, in addition to also analysing the methodological approach, strategy, and methods to be used. The way research is conducted can be described as the research strategy or the research design, which is crucial to the study as it accounts for the methodological and philosophical approaches of the researcher. Cooper and Schindler (2003) further describe the research design as involving the total plan and structure of the research as it is made up of the plans for collecting, measuring and analysing data. The design of this study has its foundations in the philosophical directions of the research, and this is the starting point for the outlined methodology.

This chapter is organised as follows: Section 3.1 provides a philosophical overview of various approaches to research studies, while Section 3.2 considers methodological approaches and techniques as well as how knowledge can be developed. Section 3.3 discusses the research strategy. Section 3.4 considers the research data and the various methods that will be used to analyse and interpret the data. Section 3.5 discusses the limitations and ethics of the research, and Section 3.6 provides a summary and conclusion for the chapter.

3.1 Philosophical Overview

Partington (2002) identifies the research orientation and direction as being linked to our philosophical leanings, with philosophy being defined as that which is concerned with the rigorous establishment, regulation and development of the methods of knowledge creation in all areas of intellectual endeavour. Hughes and Sharrock (1990) maintain that philosophy is concerned with questions and conclusions and relates to the nature of evidence and from this, the nature of the world and how we know some things and believe others. It also involves how we know if certain things are true or false, what assumptions can be made legitimately from different kinds of experiences and what sort of things make up the world.

Furthermore, according to Easterby-Smith et al. (2008), there is the need to seriously consider philosophical issues in the light of historical controversies concerning relationships between theory and data. In this sense, identifying the philosophical approach of this research, as well as the researcher, is crucial because it helps to make the design of the research and its questions clear. This distinction also comes through evaluation of the relevant data as well as its methods of collection and interpretation. Furthermore, identifying the philosophical approach for this study helps the researcher to decide between the different options for research designs and to overcome personal limitations regarding the creation and modification of research designs (Easterby-Smith et. al., 2008). In identifying the philosophical approach, it is necessary to consider foundational aspects of philosophy, such as epistemology and ontology.

3.1.1 **Epistemology and Ontology**

Epistemology is the branch of philosophy concerned with theories relating to the 'why' and 'how' of knowledge, which includes the study and acceptance of what is valid knowledge (Collis & Hussey, 2003). On the other hand, ontology is concerned with how we study and what assumptions we make about the nature of existence. Ontology is further concerned about whether we consider the world to be subjective and thereby socially, or reflectively, interpreted, or whether we consider the world to be objective and external (Collis & Hussey, 1997; Stokes, 2011). The range of ontological and epistemological philosophies extend in a broad spectrum, starting from the interpretivist/subjective/involved or phenomenological on the one hand and the positivist/objective/detached on the other. Being 'involved' in the research relates to the level of subjectivism and how much the researcher is engaged in the research, whereas being 'detached' relates to the level of objectivism and how little the researcher is directly engaged in the research (Collis & Hussey, 1997). For this thesis, being 'involved' or 'detached' is determined by the methods used in different aspects of the work. The two extremes of interpretivism and positivism will now be considered further.

3.1.2 **Positivism and Interpretivism**

Positivism is based on two schools of thought, the first of which is that of rationalists such as Descartes (1637), who prioritised the foundations of knowledge as being based on thinking by stating: 'I am certain that I am a thinking being […]. I think therefore I exist', which became his famous 'cognito ergo sum'. The second school of thought relates to empiricists such as Hume (1739), Bacon (1620), and Locke (1690), who argued that knowledge is based on reaching the world through our senses and thus prioritised observation (Johnson & Duberly, 2000).

Descartes' rationalism was used to coin the word positivism, which was refined by Comte (1853) by building on the work of Hume's empiricism. In this regard, Comte argued that positivism is comprised of a theory of historical development, a theory of knowledge, and a theory of science, with human reasoning having the power to understand the workings of the world (Halfpenny, 1982). It is also described as an epistemology that argues for applying the methods of natural science to research and that the social world has an external existence that can be measured externally by objective methods (Bryman & Bell, 2007; Easterby-Smith et al., 2008).

Interpretivism or social constructionism is at the other extreme of the ontological and epistemological spectrum and, as defined by Jankowicz (2005), is concerned with the importance of individual beliefs and social understanding. Best (2008) identifies the foundations of social constructionism as developing in the early 20th century, with linkages to disciplines such as history, anthropology, and political science. Social constructionism gained further prominence through the work of Berger and Luckman (1966) on the social constructions of reality. Easterby-Smith et al. (2008) further consider social constructionism as how people use language to share experiences and give meaning to their world and argue that reality is not external and objective but is socially developed and given meaning by people. Denzin and Lincoln (2013) also argue that interpretivism or social constructionism considers multiple realities from a subjective perspective. In this regard, the world and our interactions within it do not only happen by chance, since daily realities are actually constructed from the dimension of social action. This research recognises the importance of social constructivism and the benefits of rationalism, even more so when an emerging phenomenon like internationalisation is concerned. In this regard, the adoption of interpretivism and subjective realities is necessary for the present research.

3.1.3 **Realism and Pragmatism**

Between the positivist philosophy on the one hand and the interpretivist one on the other, we also have a whole range of perspectives in between, which include realism, critical realism, and pragmatism. With regard to realism, the world is concrete and external and science progresses by observations that are directly related to the phenomenon being studied (Easterby-Smith et al., 2008). In this sense, realism argues for an external world that exists separately from our interpretation of it and that the same methods of data collection should be used in the social and natural sciences in order to understand reality (Bryman & Bell, 2007). In realism, theory is the ordering system that allows observed data to be deployed in describing empirical events. Theory can also mean the particular way in which an event is conceptualised (Sayer, 1992). On the other hand, critical realism recognises the importance of the underlying structures and the natural order that may not be necessarily seen but which bring about events. Critical realism believes in generative mechanisms that are based on hypotheses and can be used to explain events in the natural or social world (Bryman & Bell, 2007). In contrast, Easterby-Smith et al. (2008) argue that the central point of pragmatism is that there are no predetermined theories or frameworks in the social world that shape knowledge or understanding. Any meaning should be derived from the lived experience of individuals. Saunders et al. (2009) also describe a pragmatist as someone who believes that it is the research question that determines the research epistemology or ontology, since one epistemology may be more useful than another for a particular study.

While this study acknowledges that the arguments regarding realism, critical realism, and pragmatism are sound, it maintains a preference for the interpretivist philosophy. After identification of the philosophical approaches, it is now necessary to also identify the research methods than can be used for the study based on its ontological and epistemological perspectives.

3.2 Methodological Approaches

The methodological approach is considered to be important to any study. Petre and Rugg (2010) argue that methodology allows researchers to compare and contrast results and describe methodology as definitive aggregations of method or techniques that can be called investigations approaches. Methodology is also the ways and methods of research (Fasanya, 2008). The methodology used in research is generally influenced by the epistemology and ontological leanings of the researcher. In this regard, this study will now consider some epistemological and ontological schools of thought in more detail.

3.2.1 Deduction and Empiricism

Hallebone and Priest (2009) describe deduction as a logic of enquiry that entails moving general statements to specific situations. Collis and Hussey (1997) also describe deductive research as involving the development of theoretical and conceptual structures that are tested by empirical observation. The word empirical is described by Lee and Lings (2008) as relating to data that can be observed from the world around us. Research based on deduction belongs to the philosophical school of empiricism and positivism. It has its critiques based on the arguments that empiricism makes against religion. In this sense, empiricism believes that statements are either true or false and that beliefs that are not based on logic or experience are metaphysical and thus meaningless. Empiricism believes that science should be free of ideologies and beliefs that cannot be validated through experimentation (Ryan et al., 2002).

Metaphysics, on the other hand, refers to the speculation about things that cannot be discerned empirically or decided by experience or observation. Thus, empiricists from the early days sought to expunge the influence of religion, theology, and the concept of metaphysics from the development of scientific knowledge. However, philosophers such as Voltaire, who were deists, did not agree with the attack on religion and theology by positivism. In this regard, they argued that God shows up in the laws of nature and God exists by reason and not belief, since the universe has continued to function since creation (Johnson & Duberly, 2000). It is not within the scope of this research to engage in the extensive debates between empiricists and deists; however, these different schools of thought have been identified due to the nature of the reality in SSA, which is widely heterogeneous with regard to beliefs and philosophy. This philosophical heterogeneity is not likely to have an impact on the study, but it is necessary to mention it, especially with regard to subjective realities that may be encountered during the research case studies.

3.2.2 Inductivism

In contrast, induction is described as involving observation of empirical reality that is then used to develop theory. It is concerned with observing specific statements about a phenomenon and making generalised statements from similarities or differences (Collis & Hussey, 1997; Hallebone & Priest, 2009). Inductive reasoning also offers some respite for rationalism, as it can accommodate this school of thought. Induction, however, has its opponents, such as Popper (1959), who instead argues for using deductive methods to test theories. Popper further argues that he is willing to accept an empirical, or scientific, method not on the basis of verifiability but on the basis of its falsifiability, i.e. its logical forms can be singled out negatively. This is the essence of the now renowned 'Popper's falsification', which is a key component of empiricism. The hypothetico-deductive method has its roots in Popper's combination of the concepts of falsification and deduction.

Poppers argument is countered by the logical positivist school of thought, which accommodates inductive alongside deductive reasoning. Logical positivism is a mixture of empiricism and rationalism, which argues for the principle of verifiability and combines logic with phenomenology. It also argues for deciding on facts through empirical methods while also accommodating the relevance of induction for the reason that nature is uniform (Mill, 1843; Comte, 1853; Marsh, 1956; Johnson & Duberly, 2000). Logical positivists also argue that language makes sense by picturing facts or constructing it from experience (Wittgenstein, 1914; Wright, 1955), while more focus is brought on producing knowledge from facts and on the concept of verifiability, which determines the truth value of statements (Ayer, 1965; Lakatos & Feyerabend, 1970; Halfpenny, 1982; Chalmers, 2003).

The criticism of induction and the inclusion of induction in logical positivism notwithstanding, this study is of the view that inductive reasoning as a distinct school of thought offers the means for addressing the subjective realities the research will encounter. For this reason, the philosophical leanings of this research can be identified as inductive reasoning and interpretivism, which determines, to a large degree, the philosophical approach and strategy that the research takes.

3.3 Research Strategy

In considering strategy, research can be classified in various ways, the first of which is descriptive research, which is used to describe an on-going phenomenon as it exists. Next is exploratory research, which is used when there are a small number of research studies on a given issue or problem. Another strategy is analytical or explanatory research, which seeks to analyse and describe the causes of a phenomenon and what occurs within it. Finally, predictive research aims to predict future phenomenon based on existing identified causes (Collis & Hussey, 1997).

The methodological preference of the present study is the interpretivist/inductive methodology, which has a direct influence on the chosen research strategy. In this regard, the strategy for this study is exploratory and analytical, deploying a funnel-like approach to the investigation and involving conceptual studies at the country level and then firm level case studies. Ghauri and Gronhaug (2010) identify geographic scope and situational context as important to international business research, and, based on this, the conceptual studies use three large countries in Sub-Saharan Africa as samples for the whole region, while the case studies focus on firms in the three countries. The main units of analysis are countries and firms in the selected industries in these countries (Collis & Hussey, 1997).

3.3.1 Case Studies and the Inductive Methodology of the Research

Multiple case study methods are used to examine the phenomenon of internationalisation. In this regard, a case can be described as a specific functioning unit, institution, population, enterprise, or bounded system of interest that is embedded in the real world and is the object of social enquiry (Stake, 1995; 2000; Gillham, 2000). A case study refers to the exploration of the complexity of a case and its interrelationships through the comprehensive collection of data from multiple sources of information (Stake, 1995; Creswell, 1998). In addition, case study research entails detailed case observations that enable a vicarious experience through in-depth knowledge and the subsequent refinement of general understanding (Gummesson, 2000; Stake, 2000). Further, case study research is concerned with constructing cases from social situations that occur naturally and the qualitative analyses of these cases in considerable depth through the relevant collection of unstructured data (Hammersley & Gomm, 2000).

Under the interpretivist/inductive methodology, the case study approach is a phenomenological method that allows for reflexive insight, explaining units of meaning, and establishing essential themes (Finlay, 1999). A case study is embedded in the phenomenological approach that describes individual experience and outlines causal key meanings. Phenomenology goes further to express the pre-reflective substance of experience by making the invisible become clear, which it achieves through a focus on lived reality, discovery, interpretation, reflexivity and logical procedure (Heidegger, 1962; Shutz, 1967; Finlay, 1999; Merleau-Ponty, 2013). As a qualitative approach, case study research further enables a focus on instances of social phenomenon by providing comprehensive description of the interactions, experiences, events, and relationships related to it (Gillham, 2000; Denscombe, 2007). In addition, case studies take into consideration 'what is' and how it got there and help to explore and explain relationships, as well as also allowing for an in-depth examination of the phenomenon (Collis & Hussey, 1997). Case research is also important for studies that analyse decision-making (Gummesson, 2000; Fasanya, 2008). Cuervo-Cazurra (2007) propose that case studies help to assess the applicability of existing arguments and that the use of case studies in internationalisation research follows a pattern set by seminal studies such as Johanson and Wiedersheim-Paul (1975). Furthermore, Balasubramanyam and Forsans (2013) argue that, for research into OFDI from emerging markets, it can be challenging to quantify regional specific characteristics and to explain unexpected statistical results that may defy theory, and they therefore contend that OFDI research on emerging markets is best carried out through case studies. On this basis, the case study approach is the principal methodology for this research.

The typology of case studies includes exploratory studies that seek to find out initial information about a phenomenon and its interrelations as well as multiple 'field studies' that collect data from a combination of case studies, thus increasing the potential for cross-analysis and generalisation (Smith & Dainty, 1991; Yin, 2004). Field studies are used in this research as they are applicable to the study of internationalisation in the SSA region at the country and firm levels. This allows for a better understanding of the internationalisation phenomenon in SSA and also provides an opportunity to understand how theoretical assumptions work in practice (Mauffette-Leenders et al., 1997). Carrying out multiple case studies further establishes a collection of scenarios and thereby provides in-depth insight into the relevant issues (Wisker, 2008).

In conducting the multiple case studies, the research engages with stakeholders in SSA firms and industry sectors that are directly involved in the internationalisation phenomenon. It uses two units of analysis: firm and country. Since the research involves multiple cases using multiple units and levels of analysis, it is better understood as an embedded multiple case study rather than a holistic one using a single unit of analysis (Eisenhardt, 1989; Ghauri & Gronhaug, 2010). By considering different countries' firms and industry sectors, the research allows for the comparison of data and a better understanding of concepts. It is therefore a comparative design, since it allows for the comparison of different cases (Lee & Lings, 2008). Additionally, the research is cross-national, as it relates to two or more countries, which allows for a better explanation of the phenomenon and the generalisation of findings (Hantrais & Mangen, 1996).

3.4 Data and Methods

For the case studies, the research obtained both primary and secondary data. Primary data was sought from senior managers in SSA firms through interviews, while secondary data on firms was obtained from company records, annual reports, meeting minutes, financial data, regulatory records, strategic plans, archives, and media articles. The research used a variety of methods to conduct the study, which will be considered next.

3.4.1 Case Selection Method

The case selection method is important to case studies as it determines the proper understanding of the phenomenon being studied (Denzin & Lincoln, 2003). While this research uses multiple cases studies, Eisenhardt (1989) argues that there is no ideal number of cases and that between four and ten cases should suffice. Using fewer than four cases makes it challenging to substantiate empirical foundations and theory, whereas using more than ten cases would make the complexity and amount of data difficult to assimilate. In this regard, a number of firms were selected for the multiple case studies based on their relevance to the SSA internationalisation phenomenon and the potential to obtain good primary data. It is necessary to note that the number of homegrown companies internationalising from SSA is rather limited and therefore direct access to the firms therefore played a role in the choice. Nonetheless, it is also important to choose cases methodically, and, to ensure this, a purposive sampling procedure was used; in this sense, cases were selected not just for convenience but also because they are relevant to the phenomenon and provide the necessary information to help answer the research questions (Robson, 1993; Lee & Lings, 2008). Further reasons for the selection of the cases was geographic relevance and industry spread across SSA and its business sectors.

3.4.2 Interviews Method

Interviews are the most widely used method in qualitative research and are important in case studies as they enhance methodological rigour (Gillham, 2000; Bryman & Bell, 2003). The organisation of the questions used in interviews is important to data collection, as they allow for the detailed probing and exploration of live participants

(Smith & Dainty, 1991), and the organisation of questions can be enhanced by using pre-prepared interview question guides (Riley et al., 2000). Semi-structured interviews, best used in explanatory studies (Saunders et al., 2009), involve a pre-prepared format of questions decided in advance while also allowing for general and free-flowing discussions. Semi-structured interviews also provide for in-depth probing of salient issues and allow for unstructured discussions and comments to be made by key actors, which enables studies to obtain more in-depth data than may arise from a free-flowing unstructured interview. For this study, therefore, interviews were conducted using the semi-structured format and in line with the classification of this research as exploratory and analytical/explanatory.

3.4.3 **Template Analysis Method**

To analyse and interpret primary data from the cases, the template technique of data analysis was used (King, 1998). This coding method requires the categorisation of data and involves a template that is developed through the production of themed codes. The codes are applied to the data and used to identify meaningful units of information, behaviour, or phrases. These themed codes are derived from theory, frameworks, pre-existing knowledge, or from an initial reading of the text data (Crabtree & Miller, 1992). Template analysis is also a flexible procedure that allows for the use of either tightly-defined codes, which are all predetermined and empirically interpreted, or of some predetermined and defined codes that are iteratively adjusted based on the data and then interpreted qualitatively (King, 1998). The development of an initial template model made up of some preliminary codes based on conceptual findings is necessary. A draft of the initial template for this study can be seen in Table 3.1, which shows a hierarchy ranging from first-order to third-order codes.

During the research, other codes were added to the initial template on an ongoing basis until a final template (see Appendix 6.2) was achieved, which was used for all the case data analysis. The final template contained the themed codes used for identifying patterns in the primary data and to interpret the multiple case study information.

Table 3.1: Coding Template Model

	TEMPLATE					
			COUNTRY	COUNTRY	COUNTRY	COUNTRY
	1. 1st Order Codes		FIRM	FIRM	FIRM	FIRM
1.1	2nd Order Codes					
	1.1.1	3rd Order Codes	Case Data	Case Data	Case Data	Case Data
	1.1.2	3rd Order Codes	Case Data	Case Data	Case Data	Case Data
1.2	2nd Order Codes					
	1.2.1	3rd Order Codes	Case Data	Case Data	Case Data	Case Data
	1.2.2	3rd Order Codes	Case Data	Case Data	Case Data	Case Data
	2. 1st Order Codes					
2.1	2nd Order Codes					
	2.1.1	3rd Order Codes	Case Data	Case Data	Case Data	Case Data
	2.1.2	3rd Order Codes	Case Data	Case Data	Case Data	Case Data
2.2	2nd Order Codes					
	2.2.1	3rd Order Codes	Case Data	Case Data	Case Data	Case Data
	2.2.2	3rd Order Codes	Case Data	Case Data	Case Data	Case Data

Source: Adapted from Template Analysis Template (Crabtree & Miller, 1992)

3.4.4 **Interview Guide and Pilot Study**

For the interviews, a comprehensive interview guide was developed and designed based on open-ended questions. It was issue-oriented and in a semi-structured format that was adjustable based on the context of the interview session (Robson, 1993; Stake, 1995). The semi-structured interview format was used because it is arguably one of the most important and potentially richest sources of primary data (Gillham, 2000). The questions focused on key research areas of interest but also allowed room for respondents to offer their own opinions and add new information related to the various research issues as required.

Refining interview questions is usually carried out through a pilot study, as this helps to test relevant lines of questioning alongside data collection procedures (Yin, 2009). To test the interview guide and the template of this research, a pilot study was conducted, which served as preparation for the main interviews. The pilot study was in the form of a 60-minute interview with a senior executive from an SSA firm. Although the pilot study provided some useful information, it did not form part of the data analysed for the research, due to the need to make the pilot study exclusive of the subsequent case data so as to limit bias. However, the pilot study helped to highlight areas of the interview guide that required clarity, and adjustments were made to arrive at the final interview guide (see Appendix 6.1) used for the main interviews. The pilot study also helped to test the interview set-up arrangements, recording equipment, techniques, and time management. It was therefore a necessary and important part of the case study process, and the time spent also helped the researcher to prepare for interviewing senior officials of leading SSA firms. In addition, the exercise was also useful in preparing for identifying richer and more useful case data in the main interviews and for establishing rigour in the process of conducting the case studies.

3.5 Limitations and Ethics

In the course of the research, challenges such as time and resource constraints were encountered that limited achieving all the ideal possibilities of the study. Such situations were beyond the control of the research and are recognised as such. Additionally, it was necessary to conduct research in an ethical manner based on the rules of research set out by the university. For these reasons, it is therefore necessary to comment on the matters relating to the limitations and ethics of the research.

3.5.1 Limitations

The researcher encountered access limitations due to the limited population of homegrown internationalising firms in SSA and the busy schedules of top managers in the firms. Direct access was, however, negotiated through personal contacts in the firms. The research also acknowledges the limitations of using one firm for the pilot study and one interviewee per firm. In mitigating these limitations during the case studies, the researcher gained access to senior managers in several firms who can be classified as expert interviewees and key informants, chosen based on their ability to provide key insights into, and expert knowledge of, the firm (Barringer et al., 2005; Yin, 2009). Classification as key informants was further based on their seniority, subject matter, knowledge, and involvement in the relevant activities of the firms (Philips, 1981). To reduce limitations from single key informants and to improve validity, additional firm data was derived from multiple sources, such as public interviews, company reports, meetings, and records (Yin, 1994). This validity check did not show any significant variation in the information sourced variously from the firms. Finally, in conducting the case interviews, the personal opinions and selective memory of interviewees were taken into consideration.

3.5.2 Ethics

The research was conducted ethically and in line with the rules of research from Lancaster University. The ethical features of the research included informed consent, voluntary participation, and right of withdrawal at any time for the participants. This was communicated to the participants, and there were no conflicts with these rules. Regarding the interviews in particular, permission was sought from participants and their organisations before the interviews were conducted, and all records were properly catalogued and safely stored for future reference if need be.

3.6 Conclusion

This chapter identified the methodology used in the study and provided a philosophical overview of research, as well as identifying the importance of epistemology and ontology as it relates to methodological approaches. It therefore reviewed positivism, interpretivism, realism, critical realism, and pragmatism. In this regard, the research identified its preference for the interpretivist/inductive and phenomenological approach. The strategy of the research, which is explanatory and analytical, utilises a funnel-like approach to the study, which starts at the country level and then moves on to the firm level. Using an inductive methodology, multiple case studies were conducted, with an ideal number of firms being between four and ten. Through purposive sampling, firms were selected not only for convenience but also based on their relevance to the research area and the potential to provide useful information. The case studies will provide a detailed description of the interactions and relationships related to the area of research interest. For the case studies, the research used both primary and secondary data. A pilot study was conducted to test and fine-tune the interview questions and research template, which helped to set the stage for the main interviews. During the interviews, primary data was obtained from senior executives of SSA firms through semi-structured question guides. The interviewees, as key informants, were selected based on their expert knowledge of the firms OFDI and internationalisation activities. The interviews were supplemented with data from secondary sources, including company records and reports. The cases were analysed by means of the template analysis method and further cross-case analysis was carried out. The researcher envisaged some limitations concerning access to firm executives for the interviews, which was mitigated through exerting the maximum effort to obtain all the available data and to plan ahead in order to gain access to the relevant firms. The research was conducted according to the ethical standards of the university, which included informed consent, voluntary participation, and the right of withdrawal. The research methodology and strategy provided a plan for how the study was to be conducted, and best efforts were made to ensure that a reasonable outcome was achieved. The following chapters will go into more details with regard to the research exploration and analysis.

Chapter 4: Outward Foreign Direct Investment from Sub-Saharan Africa: Country Studies, Conceptual Foundations, and Influencing Factors

This chapter analyses the flows of outward foreign direct investment from countries in SSA. The advent of OFDI in SSA came after the move that started in other developing regions, such as Latin America, in the 1930s to 1960s. This began when firms from Argentina established subsidiaries in their region and into the USA and UK (Diaz-Alejandro, 1977; Katz & Kosacoff, 1983; Lall, 1983b; Wells, 1983; Franco & De Lombaerde, 2003). Brazil and Asian and Middle Eastern countries like India, Japan, Korea, Singapore, and Hong-Kong were also active in OFDI during this period. These countries could then be termed as developing, even though many of them have today become developed countries in their own right (Agmon & Kindleberger, 1977; Diaz-Alejandro, 1977; Wells, 1977; Chen, 1983; Lall, 1983; Villela, 1983; Wells, 1983). For the SSA region, South Africa initially started internationalisation activities in the early seventies but had an extended pause until 1994 due to sanctions arising from its apartheid regime. For most of the other SSA countries, significant internationalisation activity can mainly be traced to the last two decades. Before this time, they were facing political and economic challenges that prevented major strides in this direction. In this regard, OFDI from most SSA countries is in its first wave, and the region is just becoming an important source of increasing FDI outflows.

In developing regions like SSA, state-owned enterprises (SOEs) are often the vehicle of OFDI, becoming champions of the internationalisation policies of home governments. The SOEs usually have at least 30% of equity shares owned, or controlled, by the governments of these developing countries (Kumar, 1981), and SOEs have been used for internationalisation in SSA countries such as South Africa, Kenya, and Nigeria (UNCTAD, 2005; CNN, 2014; Eskom, 2014; IDC, 2014; Transnet, 2014; Transcorp, 2015). Angola deploys Sonangol as an SOE for OFDI into energy sectors in Portugal and Brazil (MCH, 2014). However, the focus of this research is on OFDI conducted through investment vehicles with ownership that can be directly traced to indigenes or settled residents of the home country. This category is referred to as SSA-MNES in this study.

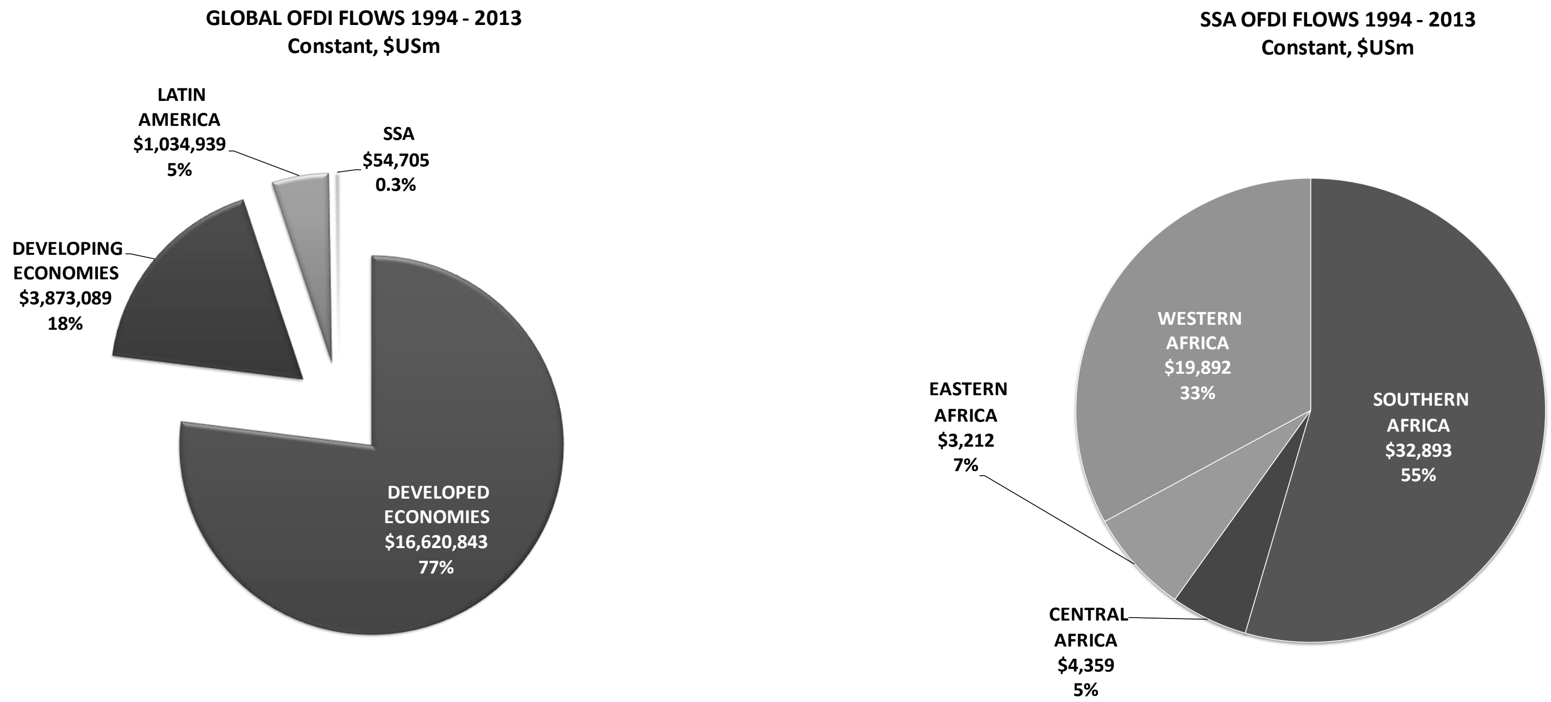
Compared to developed regions, OFDI research from SSA is still comparatively limited (OECD, 2006; Cuervo-Cazurra, 2008). This chapter therefore considers OFDI trends from the SSA region and also investigates the countries at the forefront of internationalisation in SSA, which include South Africa, Kenya, and Nigeria. It further analyses the factors crucial to OFDI within the region and proposes a framework that is useful in explaining the emerging phenomenon. The chapter is organised as follows: Section 4.1 considers OFDI flows from Sub-Saharan Africa and critically analyses OFDI research with respect to SSA. Sections 4.2 to 4.4 are OFDI country studies for South Africa, Nigeria, and Kenya respectively. Section 4.5 outlines the study's conceptual foundations and develops theoretical linkages, while Section 4.6 analyses specific OFDI push and pull influences in SSA. Section 4.7 moves the study towards a holistic OFDI framework for SSA, and Section 4.8 presents a summary and conclusion.

4.1 OFDI Flows and Research from the Sub-Saharan African Region

OFDI flows from the SSA region are still relatively small on a global basis, even when compared with other developing regions (see Appendix 4.1 for a list of SSA countries). For instance, from Figure 4.1, it can be seen that SSA has just 0.3% of global OFDI flows, while Latin America has 5%. It should be noted that most countries from the SSA region started OFDI only about 23 years ago. From the data[3] shown in Figure 4.1, it can be seen that total OFDI flows from SSA between 1994 and 2013 were $54 billion. The Southern African region led in terms of OFDI, with a total of $32 billion, representing 55% of the flows for the period, mainly driven by South Africa and Botswana (UNCTAD, 2014; WIR-Botswana, 2014). This volume is followed by the Western African region, with $19 billion, representing 33% of OFDI flows, driven by Nigeria, Liberia, Ghana, and Senegal (UNCTAD, 2014; WIR-Ghana, 2014; WIR-Liberia, 2014; IR-Senegal, 2014). The Eastern African region is next, with $3.2 billion, representing 7% of total OFDI flows. In this region, Kenya and Zambia take the lead (WIR-Kenya, 2014; WIR-Zambia, 2014). The Central African region has a volume of $4.3 billion and represents 5% of total OFDI flows to the region within this period, with Angola, DR Congo, and Cameroon being the leading countries here (WIR-Angola, 2014; WIR-Cameroon, 2014; WIR-DRC, 2014).

3 Data used is based on UNCTAD WIR (2014).

Figure 4.1: Global and SSA OFDI Flows (1994–2013)

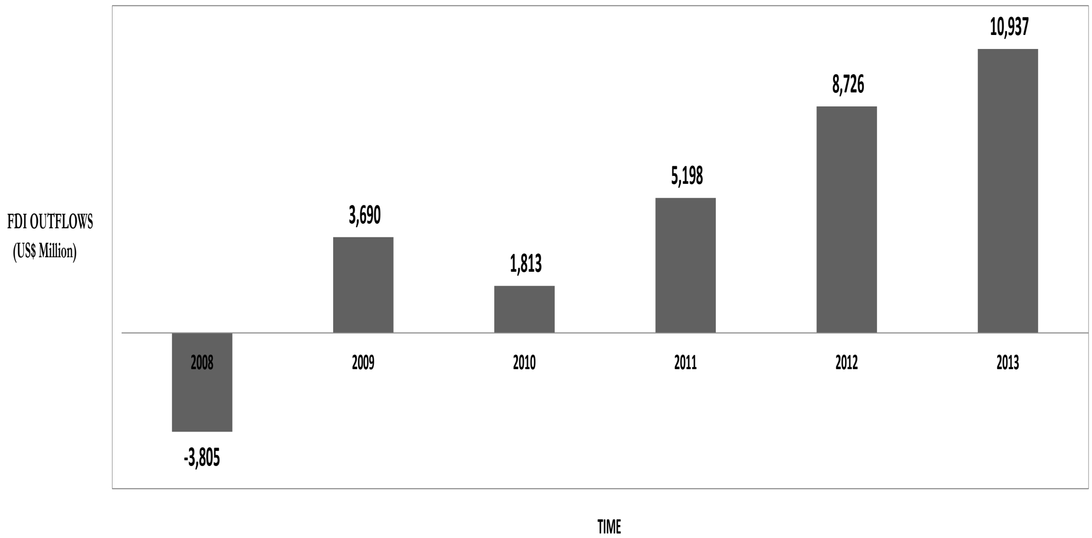


Source: United Nations Conference on Trade and Development (UNCTAD), World Investment Report, 2014.

Southern Africa accounts for over half of the OFDI flows and is therefore the leader in intra-SSA internationalisation. South Africa is the dominant and largest economy in the region, and the major portion of internationalisation can be attributed to it. On a similar but slightly lesser scale, the Western Africa region accounts for a third of the OFDI flows from the region, and Nigeria is the largest economy there. Compared to these two large regions, the flows from the Eastern region, which stand at 7%, are quite small when considering the strategic location of the region. Kenya is the largest economy here, and OFDI in this region is driven by its firms. Tangible research into OFDI from SSA will need to take into account these three countries in order to explain the phenomenon.

In Figure 4.2, the general trend of OFDI from SSA is an upswing from 2009, within which is an improvement on the negative FDI outflows for 2008, indicating net divestments. In Figure 4.3, an overview is given on some of the countries driving OFDI in the region. Between 2008 and 2013, South Africa, Nigeria, and Angola can be seen as the leading sources of OFDI from Southern Africa, Western African, and Central Africa respectively. The OFDI outflows from Kenya are comparatively smaller, although it is the largest economy in Eastern Africa. Other countries, such as Liberia, Congo DR, Togo, Mauritius, and Zambia also display patterns of significant OFDI over those years. South Africa, Kenya, and Nigeria account for over 50% of the OFDI.

Figure 4.2: Chart of SSA Outward FDI Flows (2008–2013)



Source: The UNCTAD World Investment Report (WIR), 2014.

Figure 4.3: Outward FDI by Selected Sub-Saharan African Countries, 2008–2013

	Outward FDI $m 2008-2013	Share %
Total Sub-Saharan Africa	**26,559**	**100.00**
South Africa	6,302	23.72
Angola	3,004	11.31
Nigeria	7,127	26.83
Congo, DR	1,009	3.79
Ghana	50	0.20
Kenya	123	0.50
Togo	1,394	5.25
Mauritius	691	2.60
Zambia	842	3.17
Liberia	3,539	13.32
Sub-total	**24,081**	**90.96**

Source: Calculated from the UNCTAD World Investment Report (WIR), 2014.

OFDI in SSA is in different stages across the various countries due to individual circumstances. Due to time and space constraints, it will therefore not be possible for this study to discuss each of the 48 countries. Instead, the research will focus on South Africa, Nigeria, and Kenya as three countries that can represent, and generalise, OFDI and internationalisation in the region. This is because South Africa, Nigeria, and Kenya have the largest economies in the Southern African, Western African, and Eastern African regions respectively. For instance, the SSA region, as at 2013, had a total GDP of $1,686 trillion, out of which Nigeria accounted for $521.8 billion, Kenya $55.2 billion, and South Africa $336.1 billion (World Bank, 2013). Despite the socio-economic challenges of countries like Nigeria and Kenya in more recent times, they still maintain economic dominance in their regions. In addition, the data from these three countries is more readily available when compared to other countries in the region, while most of the indigenous internationalising firms in SSA are typically from these three countries.

4.2 South Africa

Prior to 1994, OFDI in South Africa can be said to have been severely restricted due to the international sanctions imposed on South Africa because of its pre-1994 apartheid policies, which meant that the country was limited to developing its firms as internal conglomerates. Furthermore, there was government ownership of the economy, and exchange controls had also been put in place by the government to limit the volume of OFDI transactions that could be carried out (UNCTAD, 2005). However, after South Africa embraced full democracy in 1994, its economic landscape changed. It started reintegrating with other nations and also began addressing the obstacles in the way of its full internationalisation activities that had occurred due to its isolation, including reduced international management skills and entrenched international competition (Spicer, 2006; Klein & Wocke, 2007). Within ten years of being reintegrated into the international community, South Africa had been able to greatly reduce the exchange controls limiting internationalisation (Luiz & Ruplal, 2010). These favourable policies put in place by the government encouraged South African investors and firms to actively seek direct investments abroad. It is important to note that South African investors, businessmen, firms, and even state-owned enterprises (SOEs) had, during the years of isolation, spent their time honing and developing import substitution capabilities, which sought to make South Africa self-sustaining in major areas of goods, services, and infrastructure. Subsequently, they built up specific country, firm, and institutional advantages over the years, which they then converted into international competitiveness once they had the opportunity to compete beyond their borders.

4.2.1 **OFDI Flows from South Africa**

Cumulative OFDI flows from South Africa between 1994 and 2013 were around $27.7 billion, which accounted for about 46% of the total cumulative flows of $54 billion from SSA in this period (UNCTAD, 2013). The OFDI flows from the country had been rapidly increasing since 1994 and peaked in 2013 (UNCTAD, 2014). This OFDI has mainly flowed into the regional countries within the Southern African Development Community (SADC), such as Namibia, Rwanda, Zambia, Angola, Botswana, Swaziland,

and Mozambique. The protective regional trade agreements (RTAs) with countries within the SADC and beyond have also encouraged South Africa to consolidate its FDI here. Apart from SADC, other countries in Western Africa and Eastern Africa have also benefitted from this OFDI. In Eastern Africa, Kenya, Uganda, and particularly Tanzania have received direct investments from South Africa. In the Western African region, Nigeria has been the main recipient of South African OFDI flows, with Liberia and Ghana also featuring (WIR, 2014). Interestingly, the FDI from South Africa has not been limited to SSA. South African OFDI has extended to other African countries, like Egypt and Libya, and also to South America, Europe, and North America. South African OFDI has also flowed to places like Gibraltar, Monaco, Switzerland, Bermuda, Israel, Japan, New Zealand, China, Hong Kong, Taiwan, Singapore, India, Pakistan, Chile, Thailand, UAE, Bahrain, Paraguay, Uruguay, Russia, Aruba, and Brazil (UNCTAD, 2012; 2014). Even though some of these locations, such as Monaco, Switzerland, Bermuda, and Aruba, are supposedly investment-safe havens, still the forays of South African FDI abroad cannot be ignored.

4.2.2 South African Greenfield FDI and Mergers and Acquisitions

OFDI from South Africa includes its greenfield FDI and mergers and acquisitions, as seen in Figures 4.4 to 4.7 below. For the greenfield FDI projects – which are completely new foreign direct investments – South Africa had an average of about 44 new greenfield projects each year from 2005 to 2011. The average total greenfield investment for each year was around $7 billion from 2005 to 2013. For mergers and acquisitions (M&As), which involve investing in pre-existing firms or investing in strategic partnerships, the projects averaged about 65 in number from 2005 to 2013. South Africa also spent an average of $2 billion a year on M&A projects within this same period. From the figures below, it can be seen that there are peaks in the volume and number of greenfield and M&A transaction from South Africa between 2006 and 2011. These peaks are due to increased inter-Africa OFDI projects by South Africa into Nigeria, Mauritius, and Mozambique (Johnson et al., 2012; UN-ECA, 2013).

SOUTH AFRICAN GREENFIED OFDI

Figure 4.4

NUMBER OF SOUTH AFRICAN GREENFIELD OFDI TRANSACTIONS (2005 - 2011)

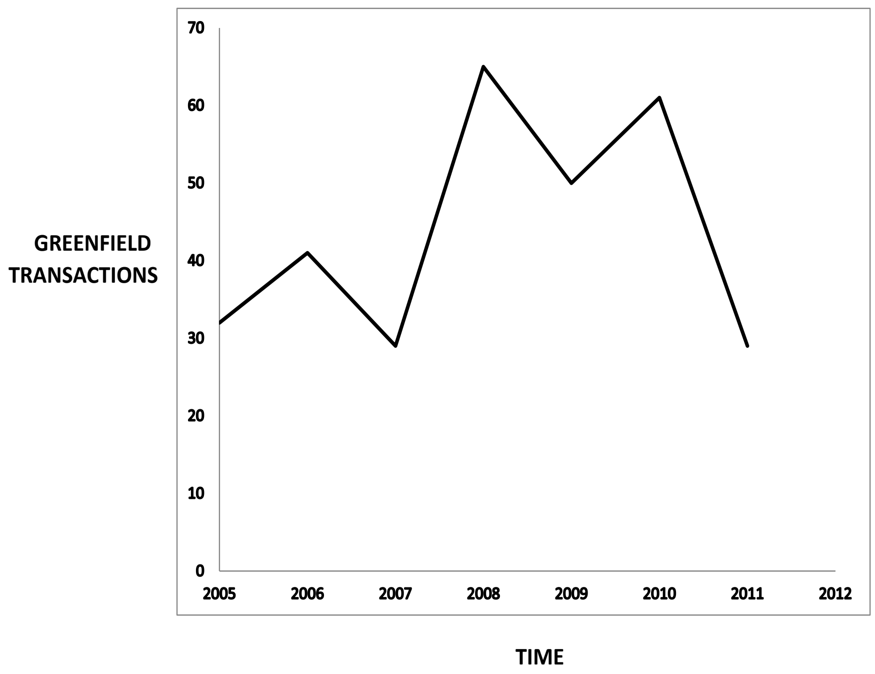
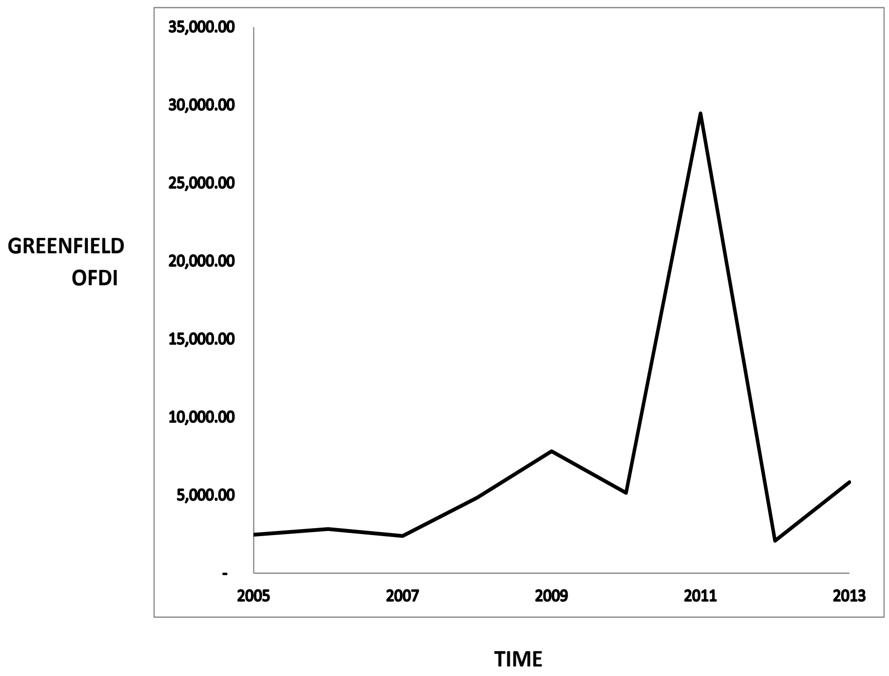


Figure 4.5

VOLUME OF SOUTH AFRICAN GREENFIELD OFDI (2005 -2013) Constant $Usm



Source: United Nations Conference on Trade and Development (UNCTAD), World Investment Report, 2014.

SOUTH AFRICAN MERGERS AND ACQUISITIONS

Figure 4.6

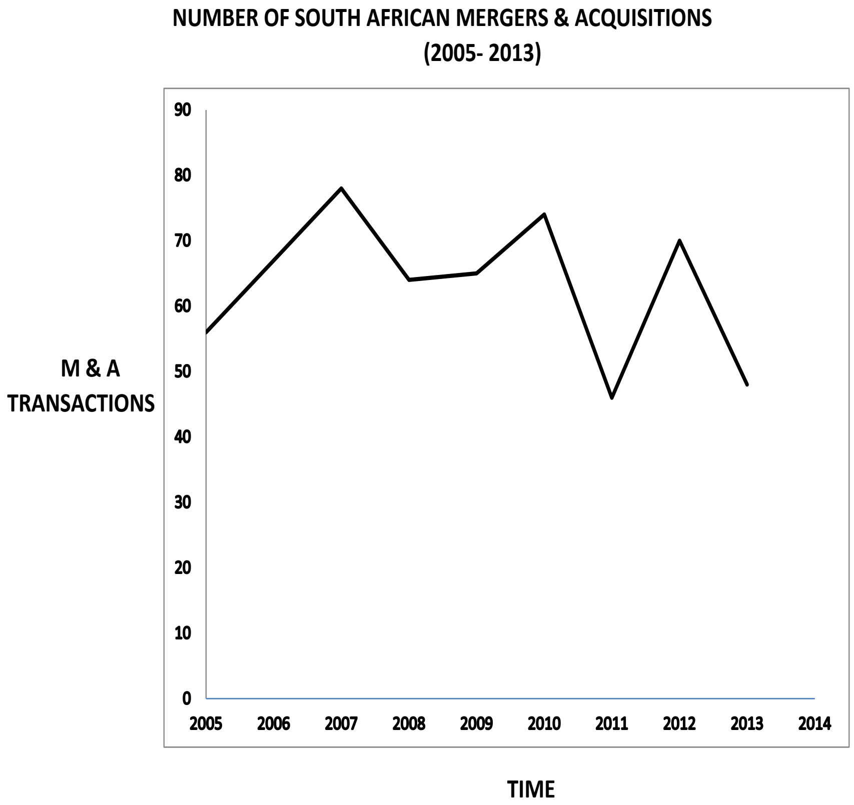
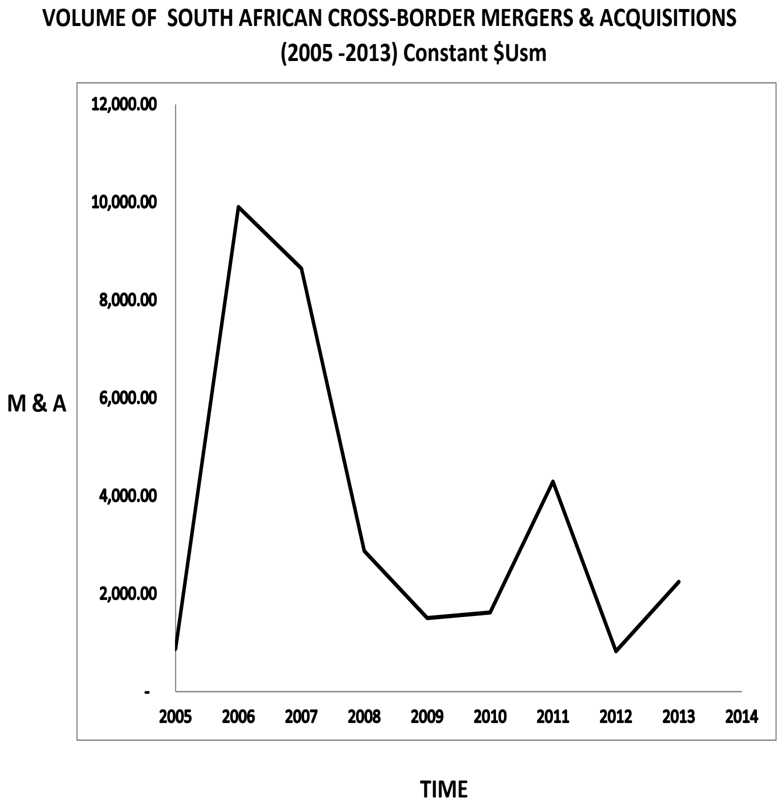


Figure 4.7



Source: United Nations Conference on Trade and Development (UNCTAD), World Investment Report, 2014.

4.3 Nigeria

In the period before 1994, OFDI from Nigeria was not significant because the country was experiencing the effects of strong protectionist economic policies, which were implemented in the 1970s by the military governments in power. At the same time, the Nigerian Enterprises Promotion Decree (NEPD) of 1972 firmly imposed restrictions on the entry of FDI into Nigeria, which was amended further in 1977 to ensure the national ownership of specific economic activities (Tumala et al., 2011). Conversely, this law resulted in the limitation on outward foreign direct investments by Nigerian enterprises. For the greater part of the 1980s to the early 1990s, Nigeria was under military rule, and it experienced very challenging economic times, mainly due to heavy external debts and balance of payments problems. The country, however, undertook an International Monetary Fund (IMF) supervised structural adjustment programme (SAP) and economic liberalisation, which led to the privatisation of state-owned utility monopolies, restructuring of the economy, and an opening-up of trade (WIR-Nigeria, 2014). Some positive effects of the SAP programme were noticed in the economy during the mid- to late-1990s and, by this time, Nigeria was also on its way to full democracy and international integration by 1999. Though the pre-1999 period had minimal OFDI flows, Nigerian firms during this time were developing their entrepreneurial capacities and honing their firm capabilities.

4.3.1 OFDI Flows from Nigeria

Over the 20-year period from 1994 to 2013, Nigeria reported OFDI flows of about $10.7 billion, which accounted for about 20% of total flows from SSA (UNCTAD, 2013). OFDI flows from Nigeria only really began to take off from 1994, though they were still low, with a cumulative total of just $2.7 billion for the 13-year period to 2006. During this time, OFDI averaged about $200 million a year (UNCTAD, 2014). This time can be described as a transition period from the end of military rule to the beginning of a hopeful democracy, in addition to bringing increased international confidence and capital, which had been lacking during the era of non-democratic government. It can also be argued that, during this time, the foundations of internationalisation were gradually being developed. However, from 2007, the effects of these foundations could clearly be seen, as Nigerian OFDI flows increased to a total of $8 billion by 2013, averaging $1.1 billion a year (UNCTAD, 2014).

The direction of these OFDI flows was diversified, at first benefitting Africa, with countries in the Western African region receiving an average of 20% of Nigerian OFDI flows in 2011–2012 (Doguwa et al., 2014). Nigeria is a regional economic power in this region and, due to regional trade agreements the country has with those in the Economic Community of West African States (ECOWAS), it boosts economic activities there (WIR-Nigeria, 2014). Nonetheless, this volume of OFDI to the Western African region is significant and encouraging, as it would no doubt be channelled towards boosting economic activities in countries like Benin, Ghana, Togo, Senegal, Ivory Coast, Gambia, and Equatorial Guinea, which could also be argued to be due to the market-seeking and resource-seeking motives of Nigerian firms in neighbouring countries.

Other regions in SSA, such as the Eastern, Central, Southern, and even Northern African regions, are also beneficiaries of Nigerian OFDI, which can be attributed to Nigeria's leading role in the African union and its strong socio-economic ties to leading countries in these regions like Kenya, South Africa, Uganda, Angola, Botswana, Zambia, and Egypt. Nigerian OFDI, however, also flowed quite significantly to regions beyond Africa, and, between 2011 and 2012, the European Union was a recipient of over 50% of Nigerian OFDI flows. Furthermore, North America, Asia, and the Middle Eastern regions also received substantial Nigerian OFDI, averaging, per region, around 5% to 10% of the OFDI flows (UNCTAD, 2014). The OFDI flows from Nigeria to these regions were mainly invested in the finance, real estate, business services, and insurance sectors (Doguwa et al., 2014), which could be argued to be due to the efficiency- and strategic asset-seeking motives of Nigerian MNEs in these regions.

4.3.2 Nigerian Greenfield FDI and Mergers and Acquisitions

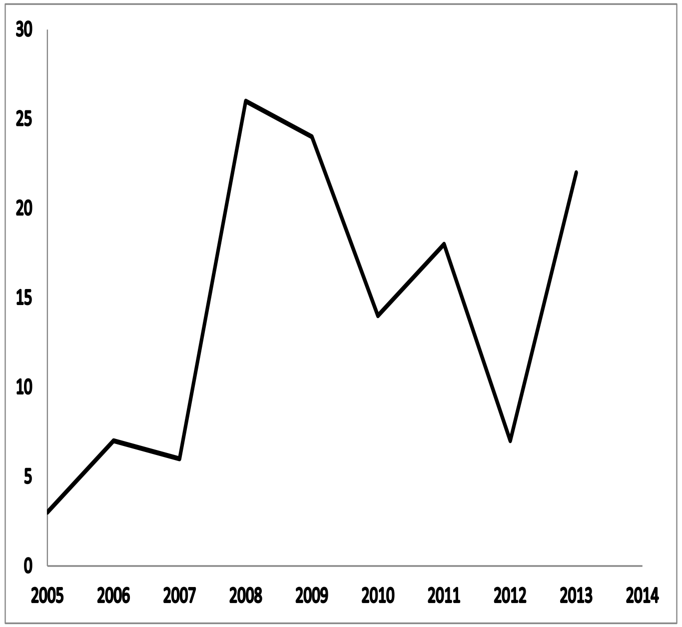
The OFDI flows from Nigeria are also reflected in its greenfield and M&A investment activity from 2006. From Figures 4.8 to 4.11, it can be seen that greenfield OFDI activity was almost non-existent in Nigeria before 2006; however, between 2006 and 2013, there were about 122 greenfield OFDI projects, with an annual average of almost $1 billion being invested. For cross-border mergers and acquisitions, Nigeria also invested a cumulative total of about $800 million between 2006 and 2013 in about 31 projects.

NIGERIAN GREENFIELD OFDI

Figure 4.8

NUMBER OF NIGERIAN GREENFIELD OFDI TRANSACTIONS (2005 - 2011)

GREENFIELD TRANSACTIONS

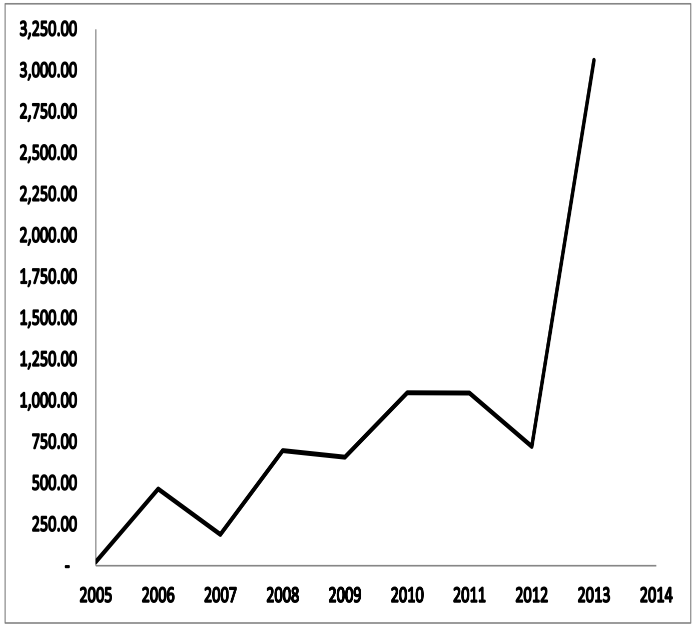


TIME

Figure 4.9

VOLUME OF NIGERIAN GREENFIELD OFDI (2005 -2013) Constant $USm

GREENFIELD OFDI



TIME

Source: United Nations Conference on Trade and Development (UNCTAD), World Investment Report, 2014.

NIGERIAN MERGERS AND ACQUISITIONS

Figure 4.10

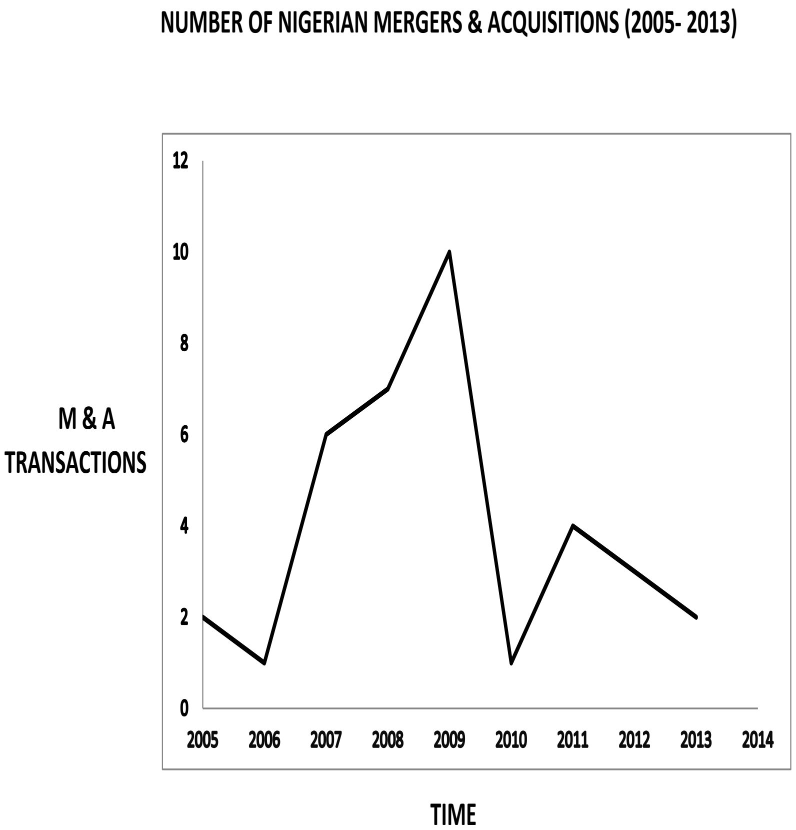
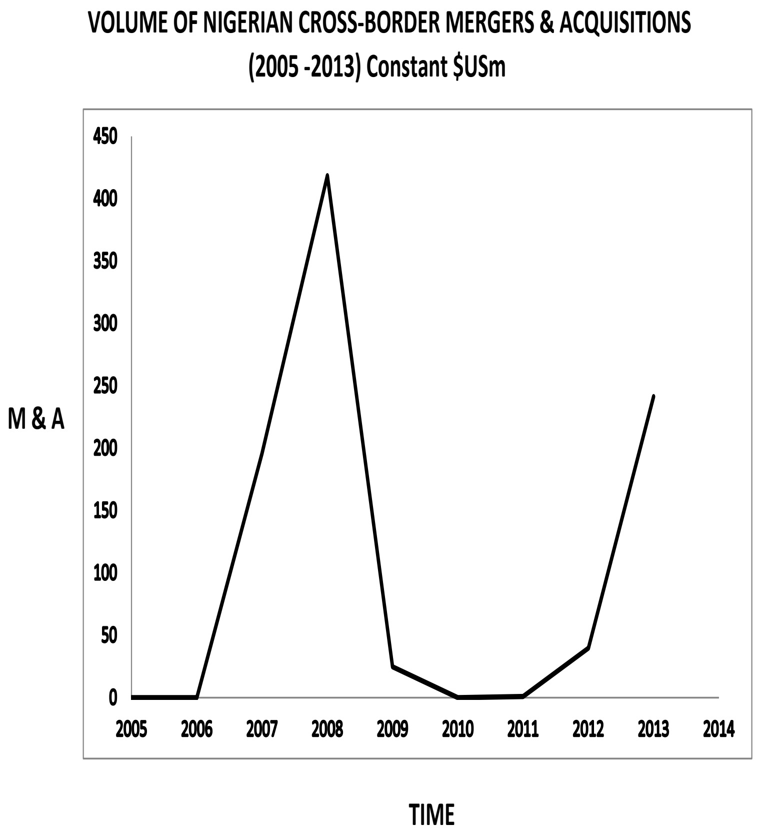


Figure 4.11



Source: United Nations Conference on Trade and Development (UNCTAD), World Investment Report, 2014.

From the figures, it can be seen that there has been a surge of greenfield and M&A activities from 2008, which can be attributed to the increased international expansion of Nigerian banks, including listings on the London Stock Exchange, and also the Nigerian investment interest in crude oil resources of Sao Tome and Principe (SCR, 2011; Punch, 2012; All Africa, 2014). Furthermore, from this period, the Nigerian conglomerate Dangote Group started carrying out strategic mergers and acquisitions in Central and Southern Africa for its cement business (SAC, 2008).

4.4 Kenya

Kenya has a unique internationalisation path based on its socio-political and economic background. After independence in 1963, Kenya became a diverse community made up of post-colonial Europeans, Indian migrant settlers, and the African tribes local to the area. This diversity continued over the years and impacted on its business sector, which reflected this mixed background in its establishments. This became an advantage to Kenya because its firms and entrepreneurial environment developed faster as a result of the multiple talents available to the sector. In this regard, some Kenyan firms had become established in local and even regional business activities in East Africa from the 1960s and 1970s. Kenya has always had a form of democratic rule and never experienced a military government. However, on the back of its balance of payments crises in the 1970s, it moved towards becoming a closed economy for a period of about 20 years (Gertz, 2008). During this time, Kenya adopted import substitution and foreign exchange restriction policies, which helped to develop the Kenyan local manufacturing and agriculture sectors but also eventually limited the inflow and outflow of foreign direct investment. However, due to pressure from international finance institutions and trade partners, Kenya commenced IMF- and World Bank-stimulated liberalisation of its economy and monetary policies from the early 1980s until the mid-1990s, within which trade liberalisation and privatisation of the economy was a priority. Furthermore, Kenya went ahead and relaxed its strict foreign exchange restrictions by 1994, which paved the way for the flows of foreign direct investment in and out of the country. This eventually revived Kenya's export sector, which went on to develop competitive advantages in the trade of horticulture and textiles to foreign countries (Gertz, 2008). In addition, the advantages developed in manufacturing during the 1980s were also developed by Kenyan firms in the new dispensation.

4.4.1 OFDI Flows from Kenya

OFDI flows from Kenya in the 20-year period from 1994 to 2013 were reported to be just $219 million, accounting for only 0.4% of the $54billion total flows from SSA (UNCTAD, 2013). These OFDI figures for Kenya do not appear to tally with the perceived level of foreign direct investment being made by Kenyan firms into other countries. The cumulative flow of just $219 million between 1994 and 2003 as reported by UNCTAD is at variance with the robust firm-level data of internationalising Kenyan firms and the activities of their overseas subsidiaries, which depict huge foreign operations. This variance can be attributed to data measurement challenges that could have been encountered by UNCTAD during the collation of data from organisations in Kenya. In addition, it can be argued that incomplete statistical data was provided by the bodies responsible for this in Kenya. The complete OFDI figures from internationalising firms may not have been accessible because many of the firms are privately owned and are not under any obligation to give OFDI figures to Kenyan statistics-gathering organisations. In this regard, it is very likely that the UNCTAD OFDI data figures do not fully reflect the extent of OFDI activities in Kenya due to these data collection challenges.

4.4.2 Kenyan Greenfield FDI and Mergers and Acquisitions

The OFDI figures, however, do show some seemingly compensating levels of activity with regard to greenfield OFDI. From Figures 4.12 to 4.15 below, it can be seen that Kenya invested a yearly average of $630 million in 165 greenfield FDI projects between 2005 and 2013. However, the merger and acquisitions figures are low, as they show only $29 million being invested in 28 projects in the same period. All the same, there is OFDI activity coming from Kenya, and this is geographically targeted to the East African Community (EAC) region. Kenya is the business hub of EAC, which includes, among others, Uganda, Tanzania, Burundi, Rwanda, Ethiopia, and South Sudan. In the EAC, the major beneficiaries of Kenyan OFDI are Tanzania, Uganda, and South Sudan. Furthermore, through the Common Market for East and South Africa (COMESA), regional trade agreements exist between Eastern, Southern, and Central African countries, which are home to 479.3 million people, representing the largest regional economic zone in Africa (Muuka & Ezumah, 2015).

KENYAN GREENFIELD OFDI

Figure 4.12

NUMBER OF KENYAN GREENFIELD OFDI TRANSACTIONS
(2005 - 2013)

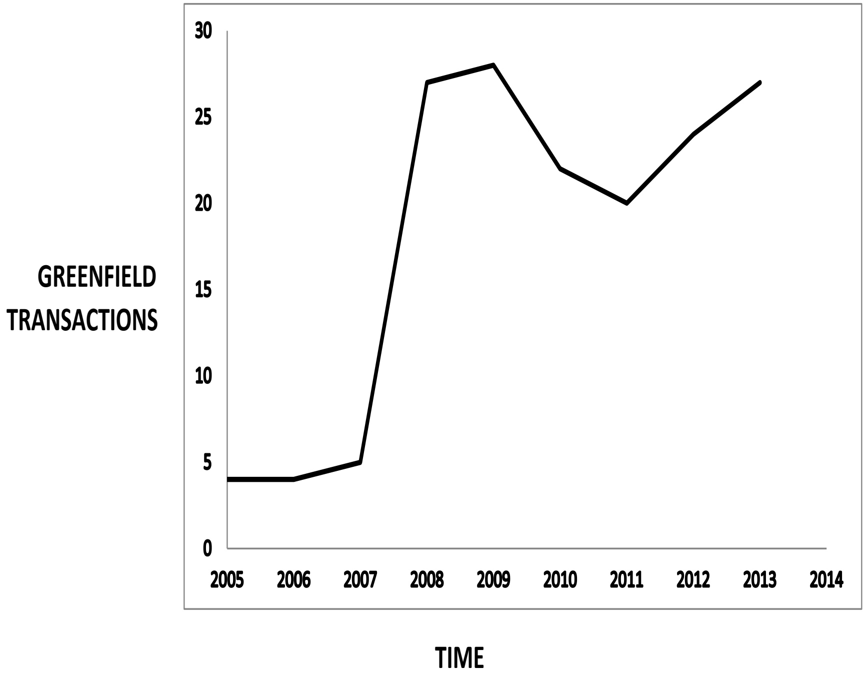
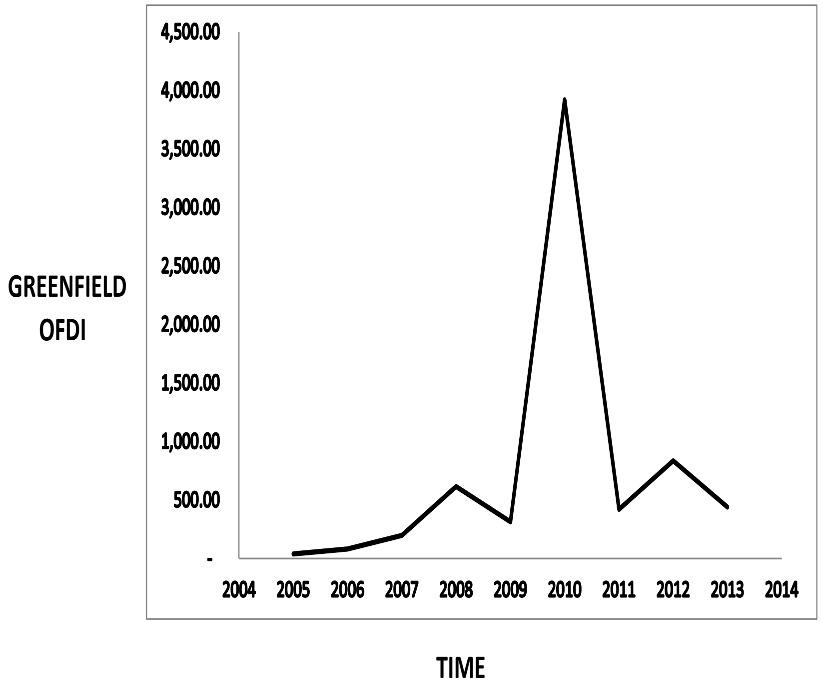


Figure 4.13

VOLUME OF KENYAN GREENFIELD OFDI
(2005 -2013) Constant $USm

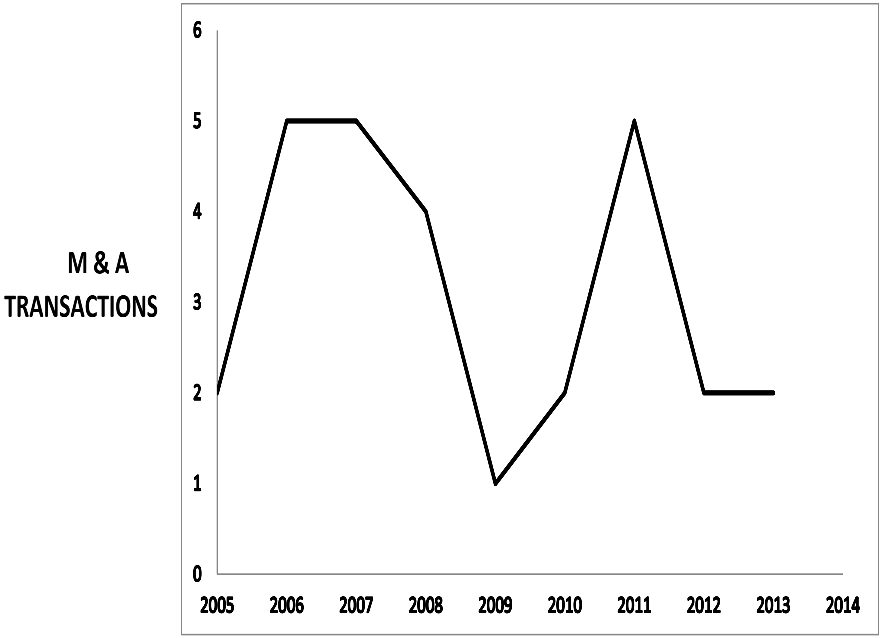


Source: United Nations Conference on Trade and Development (UNCTAD), World Investment Report, 2014.

KENYAN MERGERS AND ACQUISITIONS

Figure 4.14

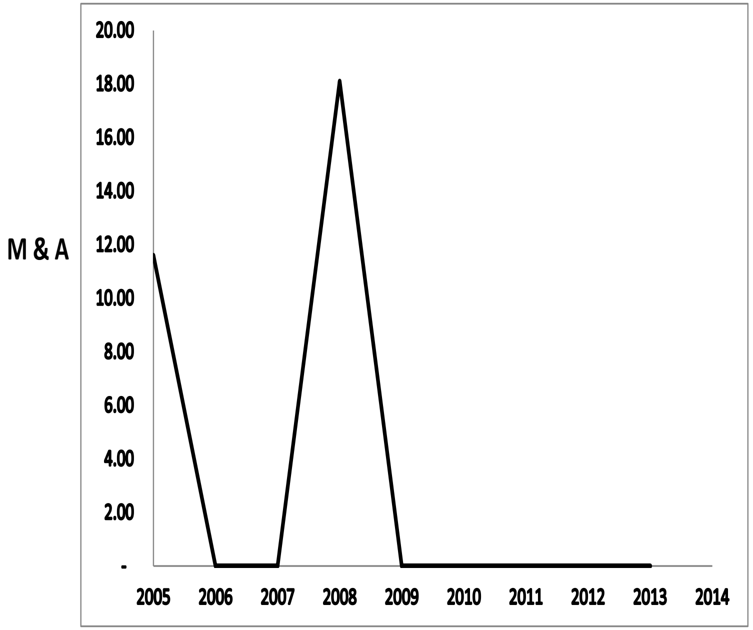
NUMBER OF KENYAN MERGERS & ACQUISITIONS (2005- 2013)



TIME

Figure 4.15

VOLUME OF KENYAN CROSS-BORDER MERGERS & ACQUISITIONS (2005 -2013) Constant $USm



TIME

Source: United Nations Conference on Trade and Development (UNCTAD), World Investment Report, 2014.

Kenya has benefitted from this and has extended its OFDI operations to many other countries in Central and Southern Africa, like the DRC, Zambia, Malawi, and South Africa. In the Western and Northern African regions, some Kenyan OFI activity exists in countries like Nigeria and Egypt; however, there is little evidence of major OFDI activity of Kenyan firms in most of the countries in these regions. However, Kenyan firms are active in OFDI internationally, with some firms having operations in Europe, North America, Asia, and the Middle East.

4.5 Conceptual Foundations

The research now addresses the key factors and issues relating to OFDI in developing regions. In doing so, it will develop the foundation of a conceptual framework that will provide a guide to the issues regarding OFDI in SSA. A conceptual framework is a way of thinking about a question or phenomenon and representing, through a variety of perspectives, how its complexity works (Bordage & Yudkowsky, 2016). It explains, through graphics or a narrative, the main concepts or constructs identified from theory and empirical research and their relationships (Miles & Huberman, 1994; Andersen, 1997). Through the lived experience of the researcher, conceptualisations, and reflections, a framework makes arguments that explain, describe, or predict the relationships between concepts (Stichler & Hamilton, 2008). In essence, a conceptual framework has several components. It can show which constructs and factors impact on a phenomenon and how it is perceived and investigated by the research. In addition, a conceptual framework can be based on more than one theory, therefore drawing constructs from several theories (Andersen, 1997; Green, 2014). In addition to theories and empirical research, a third component of a conceptual framework is the personal interests of the researcher with respect to social background, curiosities, life experience, and philosophical leanings (Ravitch & Riggan, 2012). The criteria for a conceptual framework is proposing arguments relating to the intersecting constructs of a phenomenon supported by theory, empirical research, and the researcher's interests. With the emergence of internationalising firms from SSA, this chapter develops a new framework that proposes to enhance research in this area and achieve a deeper understanding of SSA internationalisation.

4.6 Framework Pathways and Theoretical Linkages

In addition to arguments resulting from an aggregation of constructs, developing the foundations for the SSA conceptual framework in this research requires some milestones in the process. First, a thorough review of theory, approaches, and empirical research is carried out in order to enhance the derived foundations of the framework, followed by a critical reflection on the theories and approaches that are applicable to the proposed framework. These reflections then lead to the syntheses and identification of proposed pathways through which internationalisation can occur in an emerging market. The key constructs within the pathways are then identified, explained, linked to extant theory, and justified.

The research now sets out the arguments that amalgamate the criteria and the milestones necessary for the foundation of the framework for internationalisation in emerging markets. In this regard, this study argues that there are pathways that can reveal the routes related to how and why internationalisation occurs. A conceptual framework that seeks to understand the internationalisation process in an emerging market like SSA needs to identify and expound those pathways, which are further linked to constructs. The research postulates that there are seven pathways that reveal how and why internationalisation occurs and that also indicate the various influencing push and pull factors: knowledge, resources, networks, environment, enterprise, governance, and region. These factors will now be explained further.

Knowledge is crucial to understanding the internationalisation process (Johanson & Wiedersham, 1975; Eriksson et al., 1997; Blomsterno et al., 2002). For the purpose of the framework, knowledge is further considered in the context of two constructs, which are learning and experience. To suggest that knowledge is a crucial pathway to internationalisation, it is necessary to probe learning and experience further through relevant literature. Learning relates to the information and the acquisition of understanding that an internationalising firm gains about its process of investing in other locations. It includes the learning garnered through its interactions with social networks and from the founders of a firm (Ellis, 2000; Etemad & Lee, 2003; Rialp et al., 2005). For an emerging market firm that is not familiar with the host country, it goes through a gradual organisational learning process (Johanson & Vahlne, 1977; Matanda, 2012). The firm will progress with this internationalisation learning in stages based on the volume and quality of information about its host location and culture (Kogut & Singh, 1988). Learning is part of the knowledge process that internationalising firms go through, and considering it within the framework helps to explain the phenomenon. On the other hand, it can be argued that experience relates to the observation of situations, encounters, and events that shape the international development of the firm. It accounts for the experience of the managers and that obtained through engagement with institutions (Reuber & Fisher, 1997; Athanassio & Nigh, 2002). This experience is crucial for internationalising firms and is garnered over time or through local knowledge of the host country (Weinstein, 1977; Erramilli, 1991).

For internationalising firms originating from Africa, this experience is often lacking, particularly when such firms carry the liability of Africanness related to their own cultural bias (Ngwu et al., 2015), a liability that can be further intensified if the firm is small and new (Boso et al., 2016). For such firms, the location and distance of the host country is important, as geographically closer countries would offer immediate opportunities for developing much needed internationalisation experience (Kogut & Singh, 1988; Kostova, 1999; Ghemawat, 2001). Gaining experience is therefore a crucial part of the process of carrying out operations in foreign countries. By identifying and incorporating learning and experience into the knowledge construct, the conceptual framework accounts for important components of the internationalisation phenomenon being investigated.

The next pathway relates to the resources that are deployed as a means for internationalisation. In the context of internationalisation, resources can be described as possessions, characteristics, or locations that a firm owns, controls, or has access to in its bid to operate abroad (Bain, 1956; Penrose, 1958; Wernerfelt, 1984). Resources can be considered here through five constructs, which are assets, technology, size, cost advantage, and human resources. With regard to assets, a firm can own or have access to strategic assets or organisational resources that it uses to internationalise (Barney, 1991). It can also be attracted to internationalisation when it seeks to own or control such assets in a foreign location (Behrman, 1972; Heenan-Keegan, 1979; Anwar & Mughal, 2017). Technology is also a key resource that a firm can deploy in its international operations (Malyuchi, 2017). The ability to be proficient in technology, as well as accumulating and adapting it, helps firms to be competitive in other foreign locations (Lecraw, 1979; Cantwell, 1989; Cantwell & Tolentino, 1990).

Resources also include the potentially available labour in the home or host country that a firm can access in order to enhance its internationalisation process. For instance, foreign investors seeking to establish labour-intensive operations will be attracted by the labour endowments of the host country (Blonigen & Piger, 2011), which can have positive implications for developing regions that are labour abundant. The labour productivity of the home country can also be a push factor influencing a firm to leverage its opportunities abroad (Saad et al., 2011). Human resources are the people working for or with a firm that possess skills crucial to its operations. In this regard, human resources are important to determining FDI in developing regions (Barro, 1991; Osabutey et al., 2012). It is therefore a key sub-component for internationalising firms, as it can aid the growth of foreign operations and enhance its effects on host or home countries (Schneider & Frey, 1985; Borensztein et al., 1998; Noorbakhsh et al., 2001).

Governance is the pathway concerned with the macro environment of a host or home country, and it is important within a framework for internationalisation as it relates to the country level structures and processes that are used for decision making, policy, and administration (Luiz & Stephan, 2011). The present study advances this argument by considering three constructs, which are the socio-political, economic, and institutional environments. Socio-political factors relate to how the society and government can bear influence on a firm and its internationalisation process. For instance, the extent of stability and social cohesion can be crucial factors for why a firm decides to consider carrying out operations in another foreign location (Mbalyohere, 2016). Additionally, the political structure and bureaucracy within the country can have an impact on the level of support available to a firm seeking to invest abroad (Lall, 1983; Wells, 1983). Economic factors also have a role to play in a governance pathway. For example, protectionist policies like capital account controls or foreign exchange restrictions are also economic factors to consider when examining foreign direct investment (Kravis & Lipsey, 1982; Lall, 1983; Wells, 1983; Chakrabarti, 2001; Asiedu & Lien, 2004). The level of trade openness is also an economic factor that determines OFDI, as trade policies can enhance or restrict foreign direct investment (Kandiero & Chitiga, 2006; Groh & Wich, 2012; Liargovas & Skandalis, 2012).

The institutional construct is another factor in the governance pathway. Institutions are the established governance frameworks that are deployed for administrative purposes within a host or home country. The level of institutional quality and support can influence the enablement or restriction of OFDI, and it is a crucial consideration in the process (North, 1990; Blonigen & Piger, 2011; Ajai, 2015). In the case of emerging markets in particular, the liberalisation of institutional policy can create conditions that prompt firms to invest overseas (Kumar, 2007). Infrastructure is also a key consideration in terms of transportation, communications, and electrical power. Infrastructure is critical to the socio-economic life of a nation, its volumes of trade, and to firms interested in internationalisation (Arnold & Quelch, 1998; Dollar & Kraay, 2003).

This research postulates that networks are another important pathway, which refer to the interconnections between various people, entities, and institutions. In the context of internationalisation, networks and their related factors are crucial to the process of foreign direct investment (Ibeh 2015; Johanson & Mattson, 1987; 1988; Coviello & Munro, 1995; 1997). Networks can be further considered based on three constructs, which are relationships, stakeholders, and partners. Relationships can be viewed as connections based on social, ethnic, cultural, linguistic, or collaborative affiliations that can help to explain firms' activities (Aldrich, 1979). These relationships are foundational to developing business operations in foreign countries, as firms will rely on them to provide direction and support (Lall, 1983; Wells, 1983; Ellis, 2000). For emerging market firms to be competitive in overseas markets, they need to attain competitiveness in quality, technology, pricing, and design (Van Agtmael, 2007), and relationships further enhance such required levels of competitiveness. For instance, emerging markets have strong relationship-based environments in which their firms can develop capabilities that they use to compete in similar host markets (Garg & Delios, 2007). Relationships within the context of internationalisation are also boosted when there is a shared culture across the host and home country (Hofstede, 1980; 2001).

Similarly, stakeholders such as customers and suppliers have a role to play in the internationalisation process. For instance, in the area of services in particular, firms will leverage networks and follow their customers to new markets for the continuation of service provision (Sharma & Johanson, 1987; Erramilli, 1990; 1992; Sharma, 1994; Hellman, 1996; Boojihawon & Acholonu, 2013). Through their networks, internationalising firms also seek out the local and foreign partners that can be important facilitators of their internationalisation aspirations. These local partners can enhance their knowledge of host market conditions and distribution systems (Kumar & McLeod, 1981; Amungo, 2016).

Another crucial pathway is environment, which relates to the surrounding conditions that have an impact on internationalisation. In business, these environmental factors are constantly changing and should be considered in internationalisation (O'Farrell & Wood, 1994). Constructs of this pathway are suggested to be ecology, country risk, market, competition, and operations. Ecology relates to the nature of the host and home country with regard to national culture, societal values, and perceptions (Kogut & Singh, 1988; Hofstede, 2001). It has been argued that how an investor analyses the ecology of a home or host country influences internationalisation decisions and will determine the direction of foreign investment (Chandler, 1962; Young, 1987). Country risk relates to the general security risk, operational, ownership, and currency transfer risk, risk attitudes, and risk mitigation (Root, 1987). Firms are interested in the security of their resources and also require some level of certainty before investment confidence can be developed. The level of perceived risk about a country is a factor that is accessed during the internationalisation process based on the potential impact of risk to foreign operations.

The market is an important construct in internationalisation and is concerned with, among other things, market size, growth, and regulatory impacts (Davidson, 1980; Agarwal & Ramaswami, 1992; Boojihawon & Acholonu, 2013; Adeleye et al., 2015). Large markets with significant growth opportunities are crucial to firms undertaking the internationalisation process (Lim, 2001; Chung & Enderwick, 2011; Amal & Tomio, 2012). For a firm operating from a large home market, it will develop capabilities that will be useful if it decides to operate abroad. Additionally, a host country with a large market is attractive to investors due to the potential for exploiting sales opportunities there (Lee & Slater, 2007; Read, 2008; Singh et al., 2011; Ibrahim et al., 2012). Furthermore, the level of regulation in the market is also crucial, since overregulated or underregulated markets have different strategic attractions for foreign investors (Luiz & Stephan, 2011).

The competitive intensity in the industry environment also impacts on internationalisation, as competitive pressures in the home or host market can influence a firm's decision (Sakarya et al., 2007; Adeleye et al., 2015; Grosse, 2015). Other factors such as industry rivalry and oligopolistic behaviour can lead firms to follow each other into foreign markets in order to protect overseas market share (Knickerbocker, 1973; Wells, 1983). Assessing these factors accurately is important for an internationalising firm. The operational structure and efficiency within the host and home country environment is concerned with the country-specific advantages (CSA) that a country brings to the business value chain (Rugman & Verbeke, 2003). An internationalising firm can use these country-specific advantages to organise its own operations according to the benefits it can derive from its home country and the intended host country.

The enterprise pathway relates to the various aspects of the organisation seeking to leverage its unique and transferrable competitive advantages to operate abroad (Bain, 1956; Penrose, 1958). These advantages incorporate constructs such as a firm's management, characteristics, entrepreneurial drive, internationalisation strategy, and performance. The experience, capacity, decision style, skills, and attitude of the organisation will affect the management procedures and policies used for FDI location choice (Vernon, 1966; Reid, 1983; Turnbull, 1987). More influencing factors are firm-specific advantages (FSA) and organisational culture, strategy, size, and financial strength (Perlmutter, 1969; Bilkey, 1978; Aaby & Slater, 1989; Rugman, 1996; 2009; Tolentino, 2010), which are developed within the institutional context of home markets and then used to expand abroad (Aulakh, 2007). Additionally, the internationalising firms' ability to organise these factors and internalise intermediate input transaction costs will enhance the exploitation of host market imperfections (Coase, 1937; Hymer, 1960; Kindlerberger, 1969; Buckley & Casson, 1976).

The binding force that brings all these factors together for the firm is the entrepreneurial orientation and drive of its promoters with regard to their dynamic behavioural patterns, ability, and innovative capacity. The management of the firm and its entrepreneurial behaviour therefore bears an influence on the eventual location choice and internationalisation strategy used for foreign operations and subsidiaries (Horst, 1972; Bartlett & Ghoshal, 1989; Melin, 1992). Such internationalisation strategies can be diverse and unique, particularly for emerging market firms seeking to make initial breakthroughs into foreign markets (Chittor & Ray, 2007; Ramamurti & Singh, 2009; Ramamurti, 2012). Some strategies by new international ventures from emerging market focus on swift entry modes, such accelerated internationalisation or springboard approaches (Oviatt & McDougall, 1994; Knight & Cavusgil, 2004; Mathews, 2006; Luo & Tung, 2007).

The last pathway is region, which relates to the influence that constructs such as regional geographic location and implicit factors can have on internationalisation activity (Blonigen & Piger, 2011). Location is important to the decision to conduct operations in a foreign country (Ohlin, 1977), and it be considered from various perspectives, including the cultural, terrestrial, and psychic distance between the home and host country (Johanson & Vahlne, 1977; Papadopoulos & Denis, 1988; Terpstra & Yu, 1988; Ghemawat, 2001). The importance of location is also based on culture, quality of institutions, or the strategic geographic position of a host or home country to internationalisation activity (Kogut & Singh, 1988; Kaufmann et al., 2009; Hofstede, 2011; Luiz & Stephan, 2011). Emerging market firms will deploy their locational knowledge of home and regional markets to initially seek entry into neighbouring countries before going into more advanced markets later (Khanna & Palepu, 2005).

The regional specificity of OFDI activity by emerging market firms depends on the sophistication level of their competitive advantages and that of the host market location (Suavant & Pradhan, 2010). The geographic location and size of home markets also determine whether or not a firm will seek out substitute host markets with better prospects (O'Farrell & Wood, 1994; Kayam, 2009). The activities of emerging market firms reflect influences derived from geographic location conditions; nonetheless, they still attach importance to local market dominance, even after they succeed in host countries (Klein & Wocke, 2007; Gammeltoft et al., 2010). The implicit factors inherent to a location also significantly influence the internationalisation process of a firm, including regional integration and strategy, business nomadism of entrepreneurs, international influence ambitions, and the demand for goods and services by diaspora citizens (Mbalyohere, 2016; Ogbechie & Iheanachor, 2016).

The theoretical links to the pathway constructs can be seen in Table 4.1 and can be traced back to the discussions in Chapter 2 on FDI theory, approaches, literature on emerging markets, and SSA studies. From the arguments made about the conceptual framework, the seven pathways have various constructs and push and pull factors within them that influence the internationalisation process. The seven pathways have been fused into a graphical matrix for further reference in Table 4.2, within which the constructs have also been extracted from the pathways and have been synthesised and organised. Further, Table 4.2 also contains details of related push and pull factors influencing OFDI in emerging markets. To determine which factors are specifically relevant to SSA, it is necessary to analyse some of the key ones within the context of further relevant research, which will be carried out in the next section.

Table 4.1: Theoretical Links to the Pathway Constructs

Pathway Name	Pathway Constructs	Theory & Literature Links
KNOWLEDGE	Learning and Experience	Johanson & Wiedersham 1975; Blomsterno et al 2002; Eriksson et al 1997; Etemad & Lee, 2003; Rialp et al. 2005; Johanson and Vahlne, 1977; Kogut & Singh, 1988; Athanassio & Nigh 2002; Reuber & Fisher, 1997; Ngwu et al, 2015; Boso et al, 2016; Ghemawat, 2001; Kostova, 1999; Weinstein, 1977; Erramilli, 1991; Ellis, 2000; Matanda, 2012.
RESOURCES	Assets, Technology, Size, Cost Advantage, Human Resources	Bain, 1956; Penrose, 1958; Wernerfelt, 1984; Barney, 1991; Behrman, 1972; Heenan-Keegan, 1979; Anwar and Mughal 2017; Lecraw, 1979; Cantwell, 1989; Cantwell & Tolentino 1990; Barro 1991, Osabutey et. al, 2012; Schneider and Frey, 1985; Borensztein et al., 1998; Noorbakhsh et al., 2001; Malyuchi, 2017; Saad et al, 2011.
GOVERNANCE	Socio-Political Environement, Economic Environement, Institutional Environment	Lall, 1983; Wells,1983; Asiedu & Lien, 2004; Kravis & Lipsey, 1982; Luiz & Stephan, 2011; Chakrabarti, 2001: Kandiero & Chitiga, 2006; Groh & Wich, 2012; Liargovas & Skandalis, 2012: North, 1990; Blonigen & Piger, 2011; Kumar, 2007; Ajai 2015, Arnold & Quelch, 1998; Mbalyohere, 2016; Dollar and Kraay, 2003.

Pathway Name	Pathway Constructs	Theory & Literature Links
NETWORKS	Relationships, Stakeholders, Partners	Ibeh 2015; Johanson & Mattson 1987, 1988; Coviello & Munro, 1995, 1997; Aldrich, 1979; Lall, 1983; Wells, 1983; Kumar & McLeod, 1981; Hofstede; 1980, 2001; Sharma & Johanson, 1987; Sharma, 1994; Erramilli 1990 & 1992; Van Agtmael, 2007; Garg & Delios, 2007; Hellman, 1996; Ellis, 2000; Boojihawon & Acholonu (2013); Amungo (2016)
ENVIRONMENT	Ecology, Country Risk, Market, Competition, Operations	O'Farrell & Wood, 1994; Kogut & Singh, 1988; Hofstede, 2001; Davidson, 1980; Chandler, 1962; Young 1987; Root, 1987; Agarwal & Ramaswami, 1992; Amal & Tomio, 2012; Boojihawon & Acholonu 2013; Adeleye et al, 2015; Lim, 2001; Chung & Enderwick, 2011; Read, 2008; Singh et al, 2011; Ibrahim et al, 2012; Sakarya et al, 2007; Luiz & Stephan, 2011; Lee & Slater, 2007; Grosse, 2015; Knickerbocker, 1973; Wells, 1983; Rugman & Verbeke, 2003
ENTERPRISE	Management, Firm Characteristics, Entrepreneurship, Internationalisation Strategy, Performance	Coase, 1937; Vernon, 1966, Reid, 1983; Turnbull, 1987; Perlmutter, 1969; Rugman, 1996, 2009; Horst, 1972; Bilkey, 1978; Hymer, 1960; Kindlerberger, 1969; Aaby & Slater, 1989; Buckley & Casson, 1976; Bartlett & Ghoshal, 1989;Chittor & Ray, 2007; Aulakh, 2007; Melin, 1992; Ramamurti & Singh 2009; Ramamurti, 2012; Mathews, 2006; Tolentino, 2010; Luo & Tung, 2007; Oviatt and McDougall (1994); Knight & Cavusgil, 2004
REGION	Location, Implicit Factors	Ohlin, 1977; Johanson & Vahlne, 1977; Ghemawat, 2001; Kaufmann et al, 2009; O'Farrell & Wood, 1994; Hofstede, 2011; Papadopoulos & Denis, 1988; Ogbechie and Iheanachor, 2016; Kayam, 2009; Gammeltoft et al, 2010;Khanna & Palepu, 2006; Blonigen & Piger, 2011; Klein & Wocke, 2007; Luiz & Stephan, 2011; Kogut & Singh, 1988; Suavant & Pradhan, 2010; Terprastra & Yu, 1988; Mbalyohere, 2016

Table 4.2: OFDI Factor Table for Emerging Markets

OFDI FACTOR TABLE FOR EMERGING MARKETS
7 Pathways, 25 Groups & 120 Factors,

KNOWLEDGE	RESOURCES	GOVERNANCE	NETWORKS	ENVIRONMENT	ENTERPRISE	REGION
LEARNING	**ASSETS**	**SOCIO-POLITICAL**	**RELATIONSHIPS**	**ECOLOGY**	**MANAGEMENT**	**LOCATION**
Educational knowledge	Natural resources	Government policies	Ethnic linkages	Home nation ecology	Management experience	Terrestial distance
Business knowledge	Organisational resources	Social cohesion	Cultural affinities	Host nation ecology	Managerial choices	Psychic distance
Local knowledge	Strategic assets	Political structure	Language similarity		Managerial attitude	Geographic blocs
Foreign training		Stability	Alliances	**COUNTRY RISK**	Management skill	Strategic location
Information availability	**TECHNOLOGY**	Corruption	Collaborations	Socio-Political	Management decision-style	Cultural diversity
Information quality	Technology proficiency	Bureaucratic issues	Socio-political ties	Security	Management capacity	
Organisational learning	Technological accumulation	Hegemonic pressure		Risk attitudes		**IMPLICIT**
	Technological adaptation		**STAKEHOLDERS**	Economic	**FIRM**	Socio-Political liberation
EXPERIENCE	Technological intensity	**ECONOMIC**	Client following	Risk mitigation	Firm competence	Regional integration
Business experience	Technology diffusion	Economic restructuring	Supplier influence		Firm vision & mission	Business nomadism
International experience		GDP	Stakeholder interests	**MARKET**	Firm financial strength	Economic convergence
Local experience	**SIZE**	GDP Per Capita		Market knowledge	Firm growth	Diaspora demand
Incremental knowledge	Population	National savings	**PARTNERS**	Market volatility	Firm resilience	International influence
	Labour availability	Production cost	Corporate relationships	Market commitment	Firm size & structure	
		Foreign currency control	Local partners	Market regulation	Firm advantages	
	COST ADVANTAGE	OFDI policy	Foreign partners	Market size	Organisational culture	
	Low cost labour	Development stage		Market integration	Enterprise strategy	
	Cost efficiency	Taxation		Market growth		
		Fiscal & monetary policy		Oversaturation	**ENTREPRENEURSHIP**	
	HUMAN RESOURCES	Balance of payments			Innovation	
	HR proficiency	Trade restrictions		**COMPETITION**	Entrepreneurial behaviour	
	HR specialisation	Market mediation		Industry rivalry	Entrepreneurial ability	
	HR quality	Trade diversification		Monopolistic Activity		
				Oligopolistic reaction	**INTERNATIONALISATION**	
		INSTITUTIONAL		Competitive intensity	Product differentiation	
		Legal Framework			Stages internationalisation	
		Infrastructure		**OPERATIONS**	Accelerated internationalisation	
		State owned enterprises		Operational structure	Industry consolidation	
		Institutional support		Operational efficiency	Mover advantages	
					Entry modes (IJV, M&A)	
					PERFORMANCE	
					Subsidiary performance	
					Competitive advantage	

Source: Compiled by the Researcher

4.7 OFDI Push and Pull Factors Influencing SSA

From the conceptual foundations developed in the pathway and constructs, the research now extracts the OFDI factors that are perceived to be influential in the SSA region. The influential factors in the region are considered within the context of the three largest countries with OFDI activity: South Africa, Nigeria, and Kenya. The breadth and depth of these OFDI issues are broad, and there appear to be a number of possible factors motivating them.

Each possible factor is therefore discussed further against the background of the OFDI literature, topical literature, and data relevant to the region. Considering the factors in the context of SSA helps to highlight the key underlying issues relating to OFDI there. This moves the research further towards building on its conceptual foundations in order to propose a holistic OFDI framework for the region. The factors are classified as push and pull factors, which will be discussed further in the following sections.

4.7.1 **Pull Factors**

Pull factors are influences or attractions that cause OFDI activity but are external to a home country and internal to the host country. Ten of these have been identified from the conceptual arguments and Table 4.2 as being possible pull factors that have an impact in SSA. The extracted pull factors can be seen in Table 4.3.

Strategic Assets

Large SSA countries need to acquire strategic assets, such as natural resources, intellectual property, licences, information, and technology patents in order to help their economies grow. To gain access to these assets in other countries, especially in Africa, they channel OFDI to the locations that have them (Anwar & Mughal, 2017). There is external competition, as Chinese firms are also seeking to acquire strategic assets in regions like Africa (Buckley et al., 2007), meaning that SSA countries like South Africa, which need the same resources, therefore have to actively compete for them (Kumar, 1982; Page & Willem te Velde, 2004). Furthermore, not competing against China would strategically reduce the influence that a country like South Africa has on other SSA countries. In the case of Nigeria, it also seeks strategic assets in the areas of oil and gas, communications, and infrastructure, and it has made foreign direct investments in countries such as Equatorial Guinea for this purpose. These investments are meant to gain strategic influence over the assets in these countries. In the case of Kenya, strategic asset-seeking OFDI does not appear to be a major factor.

Table 4.3

SSA OFDI PULL FACTORS
Strategic Assets
International Influence
Market Growth
Networks
Geographic Blocs
Efficiency
Foreign Training
Diaspora Demand
Regional Integration
Business Nomadism

International Influence

International influence within the global community is highly prized for large SSA countries as a means of increasing their nascent national respect and relevance. In this regard, OFDI is a tool used toward such an end (Boojihawon & Acholonu, 2013). In the case of South Africa, it has a huge population of about 55 million and is the largest country in the Southern African region by both economic and geographic size. The country is also perceived to be a giant in natural resources such as precious metals. It therefore needs to be seen a key player in industries within its own sphere of influence in Africa and carries out OFDI for this purpose. Similarly, Nigeria also has an important position, with the country being perceived as the giant of Africa and an international player relevant to the economic repositioning of the continent. Nigeria and its firms have been active in economic diplomacy, with strategic collaborations with the Cable News

Network (CNN) of the USA to promote African growth through programmes such as African Voices, sponsored by Globacom, Passion to Portfolio, sponsored by Access Bank, and FaceTime on CNN Marketplace Africa, sponsored by the Dangote group (This Day 2015c; CNN, 2016; CNN, 2017a). The country receives huge international media mileage as being at the forefront of African socio-cultural promotion. FDI from Nigeria has also been flowing into the continent, including a US$400 million investment into Zambia (This Day, 2015b). Therefore, size, international spread, global branding, and international geographic footprint are seen as necessary requirements to being acknowledged as a serious economic contender from the region.

Market Growth

In the SSA region, market growth is a motivation for OFDI because of the potential for expansion (Grosse, 2015). Market growth into foreign territories can also be a buffer against home country risks (Makino et al., 2002). In its post-apartheid period, market growth aspirations have driven South Africa to carry out OFDI. In the case of Nigeria, relative to other SSA countries, it is very large, in addition to having regional trade agreements with the likes of ECOWAS and joint trade agreements with other SSA countries. In this regard, it has the potential to integrate cross-border markets in the region through OFDI. For Kenya, market-seeking activities are an important factor in OFDI undertakings due to its size and geographic location within the EAC and COMESA. Countries in this zone straddle Central Africa, Southern Africa, Northern Africa, the Middle East, and the Indian Ocean, all in an expanded market of over 400 million people (Zepeda et al., 2009). With the EAC and COMESA having such important advantages, Kenyan is strategically located and carries out OFDI into this regional market.

Networks

Networks relate to cultural systems, corporate linkages, ethnic affinities, business partners, and customer relationships. Developing countries tend to internationalise into countries that share networks with their home country or in which it has networks (Kumar, 1982). In this regard, networks are a factor that have motivated SSA OFDI activities (Boojihawon & Acholonu, 2013; Ibeh, 2015). South Africa has important networks with many countries in SSA, especially in SADC. There is a shared history, language, and culture within the countries in the region that binds them together and helps to ease the conduct of business. In this sense, South African OFDI flows readily to the countries before going any further. For Nigeria, the networks it shares or has in neighbouring SSA countries is a factor for consideration in its OFDI activities. A number of Nigerian languages are commonly used within the rest of the ECOWAS region, which also has shared heritage, culture, trading links, inter-marriages, and colonial affinity with Nigeria. This enables OFDI from Nigeria into these neighbouring countries. In the case of Kenya, local tribes in Eastern Africa have their own languages and have built their own social, cultural, and trade linkages over time. These networks have helped to reduce the psychic barriers to entry that are encountered during OFDI. Kenyans of Indian heritage also have Indian relatives who have settled in other EAC countries, such as Uganda and Tanzania, which has resulted in a spillover of business linkages within the region. In this regard, there is an interflow of OFDI investments between Kenya, Uganda, and Tanzania due to these networks.

Geographic Blocs

Geographic blocs in the region are important to OFDI. For instance, South Africa has a close relationship with countries in the SADC geographic bloc, and it shares close relationships with other blocs in Eastern and Western Africa. These blocs contributed toward helping South Africa defeat apartheid, and they all share a close socio-political bond. The ties with these geographic blocs are factors that aid the entry of South African OFDI into SSA countries. Nigeria also has socio-political ties to countries in various blocs in SSA, mainly due to the role Nigeria played as a giant of Africa during the independence and political struggles of nations like Namibia, South Africa, Mozambique, Zimbabwe, and Angola. Nigeria has also played very active roles in emergency relief, peace-keeping, and conflict resolution across SSA in places such as the Democratic Republic of Congo, Sudan, Somalia, Ethiopia, Liberia, and Sierra-Leone, which have endeared Nigeria to many countries in SSA and paved the way for the ease of its OFDI into the region.

Efficiency

The search for efficiency with regard to issues like lower labour and production costs relates to efficiency-seeking OFDIs (Buckley, 1996). In this regard, efficiency seeking is a factor driving SSA OFDI (Ibeh, 2015; Anwar & Mughal, 2017). In the case of the international division of labour, where cost reduction is important, a developing host nation in SSA will prefer OFDI from another developing country in the region due to perceptions of exploitation from developed countries' MNEs. This is particularly the case if they completely absorb the advantages from maximising low-cost capital and labour, such that there is no gain to the host nation (MacBean, 1971). Developing nations carrying out OFDI into other developing countries leads to cooperation and the development of industrial systems constellations (Heenan & Keegan, 1979).

Foreign Training

In SSA, a high value is placed on training and experience, with a greater emphasis on the foreign aspect. In the region, managers who are future candidates for higher office are sent to subsidiaries in host countries to gain training and experience. This is also a motivation for OFDI (Ogbechie & Iheanachor 2016). These managers are often brought back home after a while to head operations in the home headquarters. Overseas training and experience is therefore a supporting factor for OFDI activities in the region.

Diaspora Demand

Due to globalisation, there are now large numbers of nationals from various countries who reside in host countries as a diaspora group and have created a cultural proximity for their home products and firms (Buckley et al., 2007). This is likened to a diaspora demand, and it is an experientially determined OFDI factor in the SSA region that has hitherto not received much attention. In this case, diaspora demand is a situation where ethnic SSA nationalities resident in foreign countries require certain goods and services directly from their home nations. This demand abroad for homegrown processed and even cooked food has spurred on the OFDI activities from SSA. Not much is known about diaspora demand in the case of South Africa and Kenya, but for Nigeria it has an influence on OFDI, with many local Nigerian foods being exported and used in ethnic restaurants and shops internationally (CNN, 2010; Mama Cass, 2014; OluOlufoods, 2014).

Regional Integration

Regional integration relates to the processes and institutional mechanisms that foster closer socio-economic and cultural ties among countries in the same geographic proximity (Borzel, 2011). Regional integration influences growth and can bring the benefits of economies of scale and trade development to SSA (Ibeh & Nwankwo, 2015).

Within this integration is a Pan-Africanist belief in the vision to support African growth and prosperity through OFDI (Mbalyohere, 2016). Nigeria has been at the forefront of this, and its vice president has postulated African economic integration and has expressed the further intention to support OFDI into other African countries (Guardian News, 2015). South Africa has also been a proponent of integration, and it has an African Renaissance and International Co-operation Fund, the purpose of which is to enhance development and integration on the continent (DIRC, 2015). An initiative like this is based on the patronage culture in the region, which has filtered into all aspects of society, including business.

Business Nomadism

Cultural and trading nomadism is very prevalent in SSA. In this case, local tribesmen, migrants, and traders from centuries past until now will relocate to other geographic regions in defiance of what they perceive to be artificial borders. This nomadism is based on the long-ingrained recognition of natural geographic delineations, hunches, or inclinations. It is undertaken to explore further for prosperity and to transact along traditional trading linkages such as the Indian-Trans Saharan Trade Route. Commodities like gold, salt, and spices were traded along this route, which stretched from India into the SSA region from the Sahara and then to Western Africa and down to Sudan, Central, and Eastern Africa (Met Museum, 2000). A case in point is the Memons, who are Indians of Pakistani origin that initially traded in spices, clothes, and leather with Arab traders about ten centuries ago. The Memons later became attracted to the potential trade volumes in Sub-Saharan Africa and eventually migrated to countries such as Kenya and Tanzania. The descendants of these migrants continued to trade in these locations and, over generations, built up cross-border businesses that have thrived (Salyani, 2016). The present-day descendants of these traders and migrants, who now operate in modern businesses, have evolved a form of their age-old culture into what this research can describe as 'business nomadism'. In this case, business people in SSA with this cultural heritage will be naturally inclined to migrate regularly out of their geographic business base to explore the possibility of prosperity in other locations. This can therefore be seen as another factor leading to the promotion of OFDI in the region.

4.7.2 **Push Factors**

Push factors can occur at the country, industry, or firm levels and relate to the internal influences within a home country that cause OFDI activity toward a host country. Ten push factors, which can be seen in Table 4.4, with a possible impact on SSA have been identified from the conceptual arguments and from Table 4.2.

Table 4.4

SSA OFDI PUSH FACTORS
Technology & Innovation
Firm Resilience
Economic Restructuring
Trade Diversification
Infrastructure
Country Risk
Enterprise Strategy
Competitive Advantage
Industry Rivalry
Institutional Support

Technology and Innovation

Selling adapted innovations to countries with similar levels of development is often a factor that motivates developing countries to internationalise (Kumar, 1982), and it is also a factor that has motivated SSA OFDI. South African OFDI into other African nations is linked to technological and innovation-based solutions that have been proven to work in South Africa. For instance, the expertise of the country in the areas of communication and information technology is a factor that has boosted its OFDI (MTN, 2013).

In the case of Nigeria, technology and innovation has also been a motivating factor for OFDI (Amungo, 2016). The country has adapted various products in the areas of ICT and telecommunications for use in the Western Africa region (Zinox, 2014). In Kenya, the aspect of technology and innovative enterprise is also prevalent with the advent of various adapted products for the region (EAC, 2013).

Firm Resilience Capabilities

Firm resilience capabilities have been examined in the critical analysis of OFDI approaches, and they are also considered here as a factor influencing OFDI in all the three countries. The socio-economic challenges of conducting business in SSA have, over the years, developed a steely resilience in their firms. Sub-Saharan Africa has economic, socio-political, and institutional conditions that can only be described as immensely daunting and sometimes unimaginable. It is described as one of the most difficult places in the world to do business due to endemic challenges such as corruption, bureaucratic inefficiency, unstable regulation, high socio-political risk, and dilapidated infrastructure (EIU, 2012).

The challenges for developing business growth in the region also include inadequate capital, scarce skilled labour, and planning and logistics hurdles (Accenture, 2009). Adeleye, White, and Boso (2016) also argue that the SSA region is characterised by volatility, uncertainty, complexity, and ambiguity (VUCA). The SSA region therefore remains a complex terrain in which to conduct business (Lago, 2014). Operating in this environment provides the ability to cope with such immense challenges and to convert the substantial opportunities there. In this sense, the knowledge, experience, and extra confidence gained from developing survival and productive mechanisms in SSA have evolved into resilience capabilities, which have become a motivation and push factor for OFDI.

Economic Restructuring

In South Africa, the post-apartheid years have witnessed much economic restructuring in the areas of trade and investment, property rights, land reform, and black economic empowerment initiatives. As a result of this, many SSA countries opened up their borders to OFDI from South Africa, which has become a newly valued economic partner. This has helped to further consolidate the OFDI strategy of South Africa and aid its international competitiveness. In the case of Nigeria, its economic reforms have also been a factor aiding OFDI from Nigeria. The relaxation of protectionist trade policies and the privatisation of the economy from the late 1980s to the mid-1990s were significant milestones. Then, the relaxation of foreign exchange controls in 1995 and the regulatory support for foreign investment helped to aid the transfer of capital and the promotion of investments across Nigerian borders (Tumala, 2011). These steps by the Nigerian government were push factors that catalysed the OFDI activities of Nigerian firms.

Nonetheless, with a decline of about $10 billion in oil export income for 2015, Nigeria has struggled to sustain the foreign exchange requirements of its economy (This Day, 2015). As a result, it has witnessed a gradual return to trade protectionist and broad foreign exchange control policies, which risk obstructing its economic growth (Business Day, 2015). This will have a cascading effect of limiting Nigeria's gains in OFDI. In terms of restructuring, the Kenyan government has also commenced an IMF-supervised economic reform programme to help its ailing economy, which has seen the country improve its GDP growth to 6% as of October 2014. The IMF expresses confidence in the prospects of the economy (Reuters, 2014). The recent presidential election has, however, been disputed, and economic stability hinges on a peaceful political atmosphere (CNN, 2017). Progress here should also result in an improvement for Kenyan internationalisation aspirations.

Trade Diversification

Exporting leads to internationalisation and to the development of international business activities (Aggarwal & Agmon, 1990). Trade diversification of SSA economies into exports is a factor that has played a role in OFDI, particularly in the case of Nigeria and Kenya. Nigeria has carried out a rebalancing of the economy from being an import-led economy to a non-oil export economy. Nigeria is still a major oil exporter, but its non-oil exports in commodities, alloys, and industrial equipment doubled by 2011 when compared to the preceding years (NBS, 2013; 2014). This has provided an export-based foundation and has led to the development of advanced forms of internationalisation, such as joint ventures, strategic alliances, and mergers and acquisitions. Kenya has developed its manufacturing, tea, and horticulture industries into an export platform, which now accounts for about 30% of Kenyan GDP (Zepeda et al., 2009). Exporting orientation has an important relationship with OFDI as it provides useful information about foreign market size, preferences, and institutional environment, which can be used as a basis for OFDI (Pradhan, 2004). This broad export production platform is a factor in the OFDI activities of Kenya.

Infrastructure

Public infrastructural challenges are common in most SSA countries, except for South Africa, which has a reasonably well-developed system. In the case of Nigeria, however, a push factor stimulating Nigerian OFDI is the persistent challenge of inadequate infrastructure. Limited transportation links and severe power outages lead to a reliance on private power solutions, which inhibits high-capacity production. In a form of efficiency-seeking OFDI, affected firms invest abroad to seek out the required infrastructural environment for the uninterrupted production of goods and services. In Kenya, infrastructure systems were relatively sound in the 1970s and 1980s, but, in recent years, these systems have deteriorated significantly. For instance, the electricity supply averaged just 751 million kWh between 2012 and 2014 (World Bank, 2012; KNBS, 2014b). These infrastructural challenges in Kenya have severely affected economic activities and investor confidence (Abala, 2014). Infrastructural decline is therefore a factor that is pushing Nigerian and Kenyan firms to seek more efficient operations in other territories through OFDI.

Country Risk

The overall economic and socio-political risk of a developing country is an ever-present challenge. In SSA, this motivates OFDI for risk diversification purposes (Ogbechie & Acholonu, 2016). Nigeria grapples with stabilising its economy, with inflation averaging 12% and a fluctuation in the growth of real GDP rates (NBS, 2013). Nigeria also has challenges with declining oil export income and huge currency depreciations. Non-oil export growth also needs a boost to maintain the highs of 6.4% in 2014 (World Bank, 2015). Nigeria has had additional and serious challenges with its national security due to recent surges in local insurrections and religiously-motivated violence. To mitigate these risks, OFDI into seemingly safer environments abroad is a desired option. Kenya has also experienced economic risk over the years and has witnessed a worsening trade deficit (Kenya, 2014). The economy has fluctuations in GDP, inflation, and other macroeconomic factors. For example, inflation peaked at 14% in 2011 and GDP growth rates averaged 4.5% between 2011 and 2013 (KNBS, 2014). The Kenyan economy is expected to accelerate based on average projected growth rates of 6% for the period 2015–2018.

There are, however, still concerns about reduced production capacity for exports and a stagnating manufacturing sector (World Bank, 2015b). With regard to security and socio-political stability, Kenya has been relatively stable for most of its post-independence life. However, it went through serious political turmoil and ethnic violence in 2007 to 2008 that severely affected its economic growth and export markets (Zepeda et al., 2009). Kenya has also experienced high-level security challenges since 2013 which, in addition to ongoing political concerns, has resulted in risk aversion by investors (Kenya, 2014). Generally, business confidence is fragile, as such turbulence and uncertainty can create a difficult environment, and carrying out OFDI can be a hedge against perceived uncertainty (Brouthers et al., 2000).

Enterprise Strategy

Enterprise strategy relates to the inadvertent, deliberate, and competent business strategies that motivate OFDI in SSA (Grosse, 2015). South Africa honed well developed strategies during the pre-apartheid era that have helped its OFDI into other countries. In the case of Nigeria, these strategies have been developed over time in challenging environments, which has enabled ventures into other countries. For Kenya, the enterprise strategy of its OFDI is more inadvertent due to the role of migrant settlers, especially those of an Indian origin. East African Indians are perceived as possessing great drive and frugality and have earned the reputation of being respectable business people. Their ancestors originally came to East Africa as carpenters and masons in 1593 and stayed on. Later, another large influx arrived between 1896 and 1901 to help build a railway line from Mombasa to Uganda (BBC, 2000). Under colonial rule, they expanded and, from interactions with colonial Europeans, they were exposed to Western financial systems, which helped them to structure their businesses better and gain access to financial services. During their time in Africa, they strategically maintained links with Indians in other continents, which allowed them to inadvertently carry out international business operations across various borders (Read, 1972; VA, 2014). Since there is a large population of Indian settlers in Kenya with a good business pedigree, OFDI helps them to maximise the long-established trading and migrant links that are an inherent part of their strategy.

Competitive Advantage

Competitive advantage aids OFDI from SSA (Ibeh, 2015). South Africa and its firms have, over the years, developed competitive advantage in the areas of information technology, manufacturing, telecommunications, finance, mining, and retail. Most of the OFDI from South Africa tends to be from these sectors. For Nigeria, conducting intensive business activities in their home environment has enabled its firms to also develop unique competitive advantages, which are especially noticeable in service-related industries like banking, finance, technology, and telecommunications. The sector-specific competitive advantages that they have mastered are in the areas of specialised marketing, value creation, exceptional customer service, asset management, and robust operational processes. With regard to competitive advantage, Kenya and its firms are involved in food processing and in the manufacture of non-food products, which accounts for about 20% of total exports (Kiringai et al., 2006; Zepeda et al., 2009). Products from these sectors that are successful domestically are adapted for export to other developing countries. Kenya is also active in telecommunications and IT. For the purpose of industry consolidation and the protection of external markets, Kenya carries out OFDI in other developing countries, especially within its geographic region in the EAC.

Industry Rivalry

Industry rivalry within business sectors leads to high competitive intensity and OFDI from SSA (Adeleye et al., 2015; Ogbechie & Acholonu, 2016). In the case of South Africa, in its pre-apartheid days, it could not really compete globally due to international sanctions, and the internal competitive environment therefore became fierce as the South African market was no longer large enough to contain all the local players. In the post-apartheid era, however, sanctions were lifted, which enabled OFDI and eased local competitive pressures. For Nigeria, its local market has been experiencing cycles of weakening consumer demand. There has been decline in the size of some of its key business sectors, such as finance and manufacturing (NBS, 2013; 2014b), which has resulted in greater industry rivalry encouraging OFDI into other geographic regions for market-seeking purposes. Industry rivalry is also intense in Kenya, where the telecommunications and manufacturing sectors experience competitive intensity.

Institutional Support

Institutional support is an important factor that can aid OFDI in the region, as support at governmental level helps to provide valued sovereign backing and can aid foreign investment through subsidies and tax relief (Amankwah-Amoah & Debrah, 2015; Mbalyohere, 2016). In the case of South Africa, there is support for OFDI by the government due to the belief that it will enhance the economy and international competitiveness (UNCTAD, 2005). This support is despite the majority of OFDI vehicles being owned privately or controlled by labour unions and pension funds (LRS, 2011). In the case of Nigeria, its governmental support for OFDI is focused on exports for now. Intervention at the governmental level to actively promote non-oil OFDI through other avenues, like joint ventures and M&As, is currently limited. In Kenya, the government has been seen to actively support OFDI activities as a means of growing the Kenyan economy through policy interventions in exports, which is achieved through special economic zones and by seeking strategic bilateral trade agreements with key countries (Kenya, 2014).

Summary

The previous sections have outlined the twenty push and pull factors that are considered to be the most relevant to SSA OFDI activities. Since they have been considered within the context of the issues in SSA, these factors are seen to be those specifically addressing OFDI in the region. They can therefore be used for developing an OFDI typology for the region. It is also necessary to reflect on these factors here based on their effect on the host countries, especially in SSA, because OFDI by the large SSA countries could be argued to encourage a form of neo-dependency in the SSA region. The dependency argument, especially with regard to developing countries, cautions against the tendency of weak developing countries to become dependent on stronger ones (Dos Santos, 1970; Kobrin, 1984). With South Africa, Nigeria, and Kenya being such dominant economic players in SSA, the issues regarding long-term dependency need to be addressed. In this regard, it will be necessary to consider thorough local stakeholder engagement when carrying out OFDI activities so that this potential pitfall can be avoided. It will also be beneficial for these SSA countries to actively promote the positive spillovers from their foreign investments for the benefit of their host countries, most of which are also developing countries.

4.8 Toward a Holistic SSA OFDI Framework

Twenty push and pull factors have been analysed in this study. This is indicative of the factors that can influence OFDI in the SSA region. Each factor also has some level of impact on SSA OFDI because of the likely endogenous influences they all have across the geographic entities in the region. Having reviewed the twenty relevant push and pull OFDI factors, these are the key factors that can be accommodated within a holistic OFDI framework. A gap has therefore been identified in the literature for the proposal of such an OFDI framework that brings together the key factors for SSA. It should be considered that such a proposed framework is subject to the views, experiences, and interpretations of the present research. Its objectivity, however, is enhanced as it draws from additional literary and theoretical foundations, pathways, and constructs, as seen earlier in the chapter. With this background in mind, the study will now outline a framework that addresses the main factors influencing the OFDI phenomenon in SSA.

4.8.1 The SSA OFDI Framework

The SSA OFDI framework accommodates the key factors that have pushing and pulling influences in SSA and ranks these based on relevance. The framework, as can be seen in Table 4.5, organises the push and pull factors based on their perceived level of influence in the region. The level of influence is indicated in a descending order of dots, and all the factors have been ranked in this manner. For pull factors, we can see that market growth is extremely relevant while other important pulling influences are networks, strategic assets, efficiency, and regional blocs.

With regard to geographic blocs, the leadership roles of regional players will have a large influence on the volume and direction of OFDI flows. For instance, at least 20% of the OFDI from Nigeria has gone to countries in the Western Africa region, where it has a lot of influence and respect. There are also more subtle pull effects, such as foreign training and diaspora demand, impacting on OFDI.

With regard to the push factors, enterprise strategy, competitive advantage, industry rivalry, technology and innovation, country risk, and firm resilience capabilities are prominent in SSA. Technology and innovation is a surprising key factor, when considering the comparatively lower level of development and innovative advancement in

SSA. It appears that the region is bridging this gap and is using technology and innovation as a means to propagate OFDI.

Table 4.5

SSA OFDI FRAMEWORK

PULL FACTORS	**INFLUENCE**		
Market Growth	●	●	●
Networks	●	●	●
Strategic Assets	●	●	
Efficiency	●	●	
Geographic Blocs	●	●	
Diaspora Demand	●	●	
Foreign Training	●	●	
International Influence	●		
Business Nomadism	●		
Regional Integration	●		
PUSH FACTORS	**INFLUENCE**		
Enterprise Strategy	●	●	●
Competitive Advantage	●	●	●
Industry Rivalry	●	●	●
Technology & Innovation	●	●	●
Country Environment & Risk	●	●	
Firm Resilience	●	●	
Institutional Support	●	●	
Trade Diversification	●		
Infrastructure	●		
Economic Restructuring	●		

In addition, enterprise strategy and competitive advantage appear to be home-grown in this regard, based on the nature of the region. These have certainly evolved from testing out what works and what does not work in such a highly unpredictable environment. Furthermore, the issue of enterprise strategy is also indicative of a higher level of business sophistication than would normally have been expected for a developing region. This means that the region is developing some competencies in OFDI and is on the heels of India, China, and South America. Country risk is also a prominent push factor with effects on OFDI in the region. Even though the issue of country risk seems unpalatable, it does appear to have the effect of actually pushing SSA firms to carry out OFDI into other countries. As long as this OFDI is not pure capital flight, then it could be inferred that a certain level of under-development and risk is actually a catalyst for developing OFDI capacities. OFDI then serves as a means to accelerate development and prevent growth stagnation.

4.8.2 Applying the SSA OFDI Framework

The above-outlined Sub-Saharan OFDI framework helps to understand the phenomenon better and the important influences driving it. The framework is therefore beneficial as a policy tool for international bodies charged with the responsibility of developing OFDI and fostering growth in SSA. The framework draws from various theories and can therefore be generalised and applied to other developing regions where they share similar socio-economic or political characteristics with SSA. In this case, there is reason to extend the framework to explain OFDI in such regions. The framework can also be used by countries in the developed world as a tool for considering the evolution and patterns of OFDI in regions of interest.

In applying the framework, it serves as a guide for how to address OFDI in a specific location. In so doing, the identification of the presence or absence of relevant key factors will indicate the state of OFDI interaction in that location. This is an iterative process and can be taken further to differentiate which of the identified factors have push or pull influences. The framework is useful as an OFDI research tool that can be used to engage with primary and secondary data and to conduct case studies. It helps to develop foundations for interpretative and granular cross-analyses of OFDI influences on firms and industry sectors, which provides a deeper understanding of the issues and forms the basis for developing propositions that explain the OFDI phenomenon. The framework is applied for this purpose in the next chapter. Generally, the SSA OFDI framework provides a robust picture and is useful to firms, policy makers, researchers, theorists, development economists, and non-governmental organisations.

4.9 Summary and Conclusion

This chapter has considered the evolution of OFDI in developing economies, including the advent of OFDI in SSA. OFDI flows from SSA were $54 billion from 1994 to 2013, and this was to both developing and developed regions. Although small when compared to other locations, it is still an emerging phenomenon due to the economic and socio-political history of SSA. Country studies for Kenya, Nigeria, and South Africa were conducted, and the development of OFDI, including mergers and acquisitions and greenfield investments, were considered. Based on reviewed theory and literature, the research argued for the conceptual foundations of an OFDI framework. Building on the pathways and constructs advanced from this argument, it developed a comprehensive table of OFDI factors for emerging markets. Potential factors influencing OFDI in SSA were extracted from this table and analysed further using topical research. Furthermore, the research derived the twenty push and pull factors deemed specific to SSA, which were subsequently ranked in order of importance to arrive at a holistic OFDI framework for SSA. The framework links the roots of its validity and generalisability to the foundational process of incorporating the key theories, approaches, constructs, and factors related to OFDI from emerging markets.

Based on the conceptual foundations and OFDI framework presented in this section, this study suggests that it is necessary for emerging markets to focus on stimulating OFDI capacity, which can be done through identifying the influences on OFDI, propagating OFDI growth mechanisms, and formulating policies to encourage firms to embrace OFDI. There is also the need to improve the quality and quantity of OFDI data at the institutional level in SSA, which will aid further research into the phenomenon. At the decision-making levels in SSA, more attention should be given to the salient and experiential OFDI issues that are region specific, as these will highlight natural conduits to develop the potentials of OFDI further in the region. Greater efforts are also required at this level to develop general awareness about the unique capabilities for OFDI from the region. There is also more potential to harness the possibilities of OFDI at the firm level in SSA. Understanding and developing the OFDI activities of SSA firms are the next logical steps towards actualising the potential gains of foreign direct investment for the region, and such firm level OFDI activities in SSA will be analysed in the following chapters.

Chapter 5: Firm Internationalisation in Sub-Saharan Africa: Five Firm Case Studies

To complement the OFDI studies presented in the last chapter, and to deploy the Sub-Saharan Africa OFDI framework as a basis for analysis, the research now moves on to the firm level. In this regard, the research focuses on firm-level internationalisation behaviour and empirical patterns through five case studies. The cases aim to provide an insight into the decisions, strategies, competitive advantages, market selection patterns, and challenges of internationalising SSA firms. This chapter will address the issues related to firm-level internationalisation in Sub-Saharan Africa through direct engagement with stakeholders in firms. This is necessary in order to obtain important primary data on internationalisation, as this is often not readily available for emerging economies (Goldstein, 2006). The primary data in this section is supported with secondary data sourced from company reports and publicly available information. There have also been some previous case studies by other researchers, which were reviewed in Chapter 2, which add considerably to the growing body of knowledge and are useful contributions. To further unravel the phenomenon of internationalisation in SSA, this chapter will now examine several case studies in the region using only indigenous firms from SSA, which are preferred because they are a direct product of the local environment and carry out their market-driven processes mainly independent of government resources, political motivations, and other sectorial interventions. From this perspective, the research can therefore study and analyse internationalisation in SSA as it relates to the specific characteristics of the region and the firms that operate in it. The chapter is organised as follows: Section 5.1 outlines the case studies and how they were conducted. Section 5.2 provides an overview of the five firms, while detailed studies of the five cases follow in Sections 5.3 to 5.7 for Tiger Brands, Globacom, ARM, Access Bank, and Mi-Fone respectively. Section 5.8 discusses the case study findings, theoretical links, and relevance while Section 5.9 provides a summary and conclusion.

5.1 Outline of the Case Studies

As described in Chapter 3, this research uses a case study methodology. Case studies help to describe a phenomenon and provide the prospect for understanding the assumptions that underpin theory. On this basis, the research engaged with stakeholders directly involved in the internationalisation phenomenon in SSA and conducted the cases to obtain detailed insight. The research involved firms in the three largest SSA economies - Nigeria, Kenya, and South Africa, because few countries in SSA have an economy of considerable size with an additional pool of indigenous internationalising firms. For sector spread, different industrial groups were represented in the sample of firms chosen: consumer goods manufacturing, banking and financial services, and telecommunications and mobile telephony. Although choosing one sector or region could have helped with specialisation, it can however be argued that geographic and sector spread is useful in interpreting data from a heterogeneous region and for the generalising of research findings. To test the interview guide and the template, a pilot study was conducted as an interview lasting for 60 minutes with a senior official of an internationalising SSA firm, which gave clarity to the interview guide and helped to test the interview arrangements and recording equipment.

5.1.1 **Organisation of the Case Studies**

The case studies are concerned with the qualitative enquiry of OFDI of SSA firms, their internationalisation process, and influencing factors. Each of the five case studies are therefore organised around the research questions relating to the investigation in this thesis. In this regard, each case study provides background information about, among other factors, the firm's business foundation, size, turnover, employee numbers, and countries of operation. The case then investigates the firm internationalisation process by considering the firm's international market selection patterns. This considers the approach and the methods used by firms in choosing the location for international business activity. In addition, the push and pull factors influencing the process are reviewed and discussed. This is with regard to the specific factors which are unique to each firm and its international operations. The case then analyses the market entry modes and processes of the firm, including how it controls the operations of subsidiaries located in the foreign territories. The case then concludes with a case summary. Later in the chapter, the findings from the five cases are discussed, including the links with OFDI and internationalisation literature. For granular details, additional cross-analysis of cases is carried out in Chapter 6.

5.1.2 Interviews and Interviewees

The embedded multiple case studies were conducted through semi-structured interviews with company officers in five SSA firms. The case studies presented the opportunity to engage and interview senior stakeholders involved in the decision-making process and execution of internationalisation plans. The interviewees were selected based on criteria including accessibility, managerial functionality, and years of experience. Business expertise of the interviewees includes international market selection, executive management, strategic planning, risk management, international expansion, regulatory compliance, sales, quality assurance, and operations. The research reduced gender bias by having both male and female interviewees. For details of the interviewees, see Table 5.1.

Senior officers from SSA firms were interviewed because a very high level of organisational authority was required based on the sensitive nature of the information and the amount of detail necessary. These interviewees were key informants, and their extensive company knowledge and experience were required to obtain good quality primary data. The interviewees were contacted well in advance of the interview sessions in order to synchronise their appointment calendars with the research timeline. Interviews were held between May and July 2015 and, due to the diverse locations of the interviewees and their schedule constraints, were conducted through Skype video and telephone calls. The interview sessions were undertaken using semi-structured interview guides as seen in Appendix 6.1.

Leeway was further given to the interviewees to discuss pertinent issues in detail, which resulted in rich data with additional useful information and insight. Interviews ranged from 40 to 100 minutes and were recorded via an audio digital recorder and transcribed immediate afterwards, which enabled instant recall of events and ensured the reliability of the information transcribed. The transcribed information resulted in over one hundred pages of primary data. To ascertain data validity, copies of the proofread transcripts were sent to the interviewees so that they could verify the contents. Further to the data obtained from the interviewees as key informants, additional validity checks were carried out by obtaining data from public interviews of other key firm officers and from firm records. Subsequent review of the data from the different sources did not reveal any substantial variations.

Table 5.1: Case Study Interviewees

Firm	Sector	Country	Interviewee	Function
Tiger Brands	FMCG & Consumer Goods	South Africa	Mr. Luigi Ferrini	Sales Director
Globacom	Telecommunications & Mobile Telephony	Nigeria	Confidential	Executive-Level Officer
ARM	Financial Services	Nigeria	Mrs. Folasade Adeloye	CEO, ARM Trustees & Chief Compliance Officer, ARM Group
Access Bank	Banking & Financial Services	Nigeria	Confidential	Executive-Level Officer
Mi-Fone	Telecommunications & Mobile Telephony	Kenya	Mr. Alpesh Patel	CEO

5.1.3 Determining the Influence of Push and Pull Factors

Since the push and pull factors influencing the internationalisation process will be assessed in detail, an outline is now provided relating to how the researcher determined their influence within the case studies. The influence of the push and pull factors was determined from the primary data in the case studies, secondary data, and firm records, and certain parameters were used for determining this influence. The first consideration was the emphasis placed on the importance of particular push and pull factors during the interviews, which was recognised when direct affirmations were made on particular factors by an interviewee. This was useful in evaluating the most crucial factors for the firms. The second consideration was the level of engagement with each factor during the interviews, which was indicated by the vibrant discussions and loquacity made around a factor by the interviewees. The third consideration was based on the relevance of a factor to long-term plans, industry objectives, and the home country aspirations. On this basis, the factors were ordered in a hierarchy in the cases studies. For further cross-analysis, a points-based method was also beneficial in ranking the factors, wherein numerical points were allocated based on the aforementioned considerations.

5.2 Overview of the Five Firms

The SSA region has been active in OFDI for over two decades. Within this time, firms from the region have been carrying out OFDI to other countries within the region and beyond. Some studies have emerged in this area, which were discussed in the previous chapter. In regard to the case studies conducted across the region, five SSA firms from the consumer goods manufacturing, banking and financial services, and telecommunications sectors were selected for this purpose: Tiger Brands from South Africa, Globacom, Asset and Resource Management (ARM), and Access Bank from Nigeria, and Mi-Fone Telecommunications from Kenya. The three sectors represent some the most vibrant in the region currently, and they provide representation across the manufacturing and service-driven industries. In addition, these sectors are large, with substantial competitive interactions, organisation, and management of resources. The sectors are also emergent and are just developing market knowledge in internationalisation. Their experience in this regard will help to identify the influence of OFDI push and pull factors. For instance, the enterprise strategy for internationalisation is viewed across different sectors, which helps to cross-analyse the different ways firms approach the process. Competitive advantages will manifest themselves differently across sectors, and the sectorial spread of the firms in the cases allows for reflection on these. The spread of the firms across sectors also allow the cases to determine how a factor like market growth is viewed across the cases. The firms are from different countries in SSA, and how they interact with their networks for OFDI helps to determine the level of such influences. The interplay between several OFDI approaches and theories already reviewed will be reflected within the cases and the industries, this determines theoretical relevance to SSA.

The firms, as seen in Figures 5.1 to 5.5, vary, amongst other things, in terms of age, turnover, experience, and sector. For instance, the firms have total employees ranging from 500 to 20,600. For firms with employees at the lower end of the spectrum, this shows the importance of small and medium-sized enterprises (SMEs) to the economies of these countries. For firms with employee numbers at the upper end of the spectrum, this is a significant and noteworthy statistic for SSA, more so when gainful employment is such an important factor in developing regions.

Figures 5.1 to 5.4: Overview of the Five SSA Firms in the Case Studies

Figure 5.1: Yearly Turnover 2014/2015

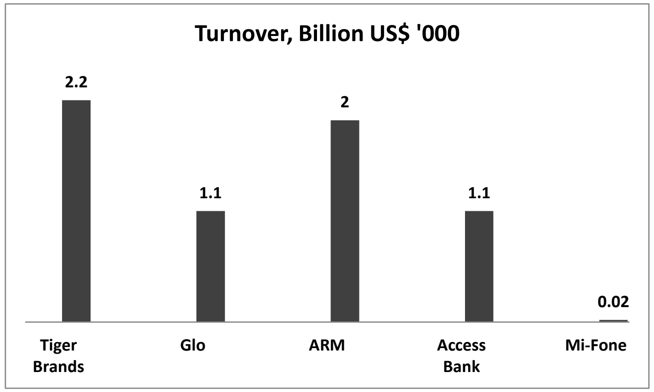


Figure 5.2: Employees

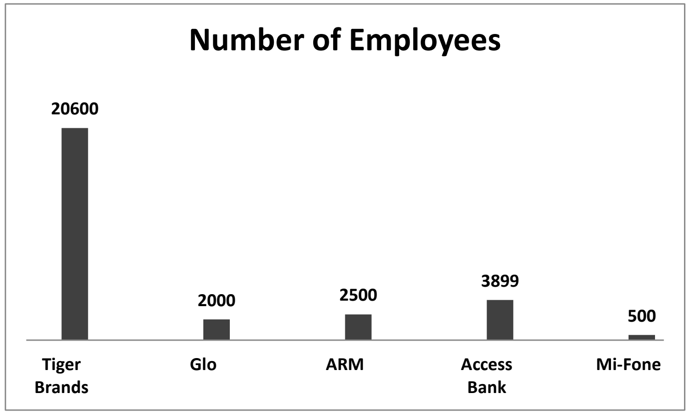


Figure 5.3: Host Countries

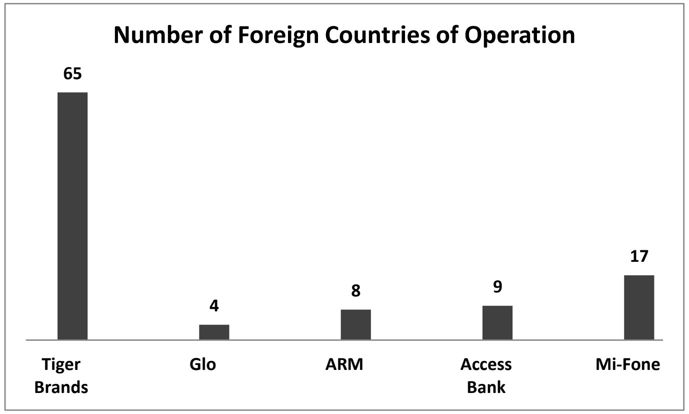
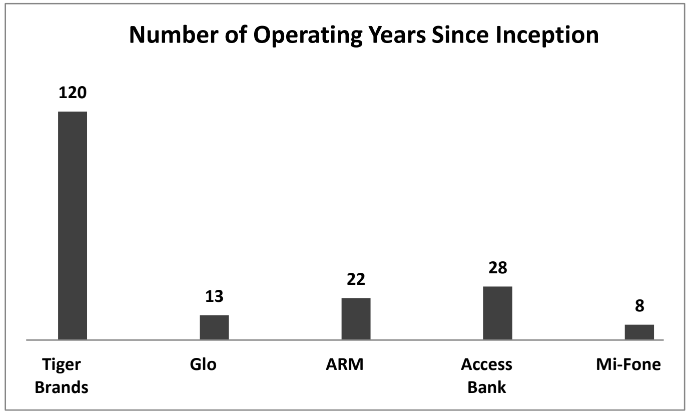
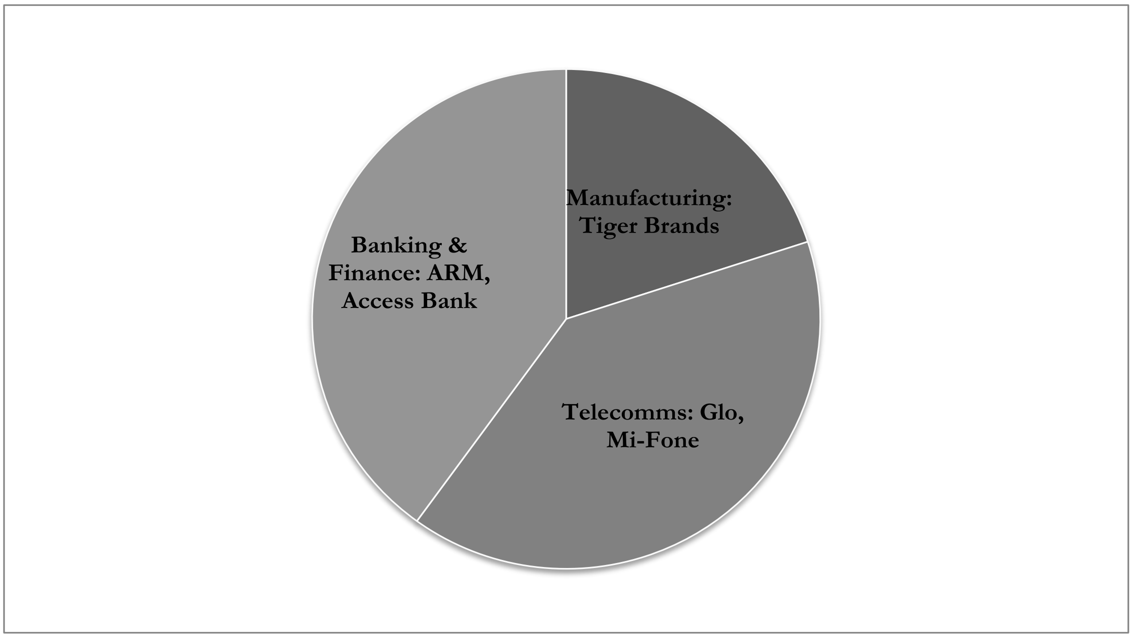


Figure 5.4: Operational Years



The yearly revenues range from $US20 million to US$2.2 billion, which provides a wide spread from SMEs to very large firms. This allows for the cases to be viewed with regard to varying levels of resources available to the firms. The level of resources available to each firm will have an impact on the internationalisation process and will determine their entry mode. The operational years of the firms range from 8 to 120, highlighting the range of experience of the firms. The younger firms will contend with comparative inexperience and a lack of internationalisation knowledge. The cases will highlight any differences between process or strategy in this regard. The number of countries the firms operate in range from 4 to 65, which gives a spread between early-stage and established international operations. In this sense, the firms with a larger number of countries to manage will leverage internationalisation processes that are more expedient. The number of countries of operation also have a bearing on how the firms approach the issue of subsidiary control and autonomy in these countries.

Figure 5.5: Sectorial Spread of SSA Firms in the Case Studies



The ownership and managerial style of the firms also vary. Some of the firms have a wide ownership base and a formal management style, while others have a smaller ownership structure with a more entrepreneurial approach. The cases particularly reveal instances where entrepreneurial flair has a direct impact on the internationalisation process.

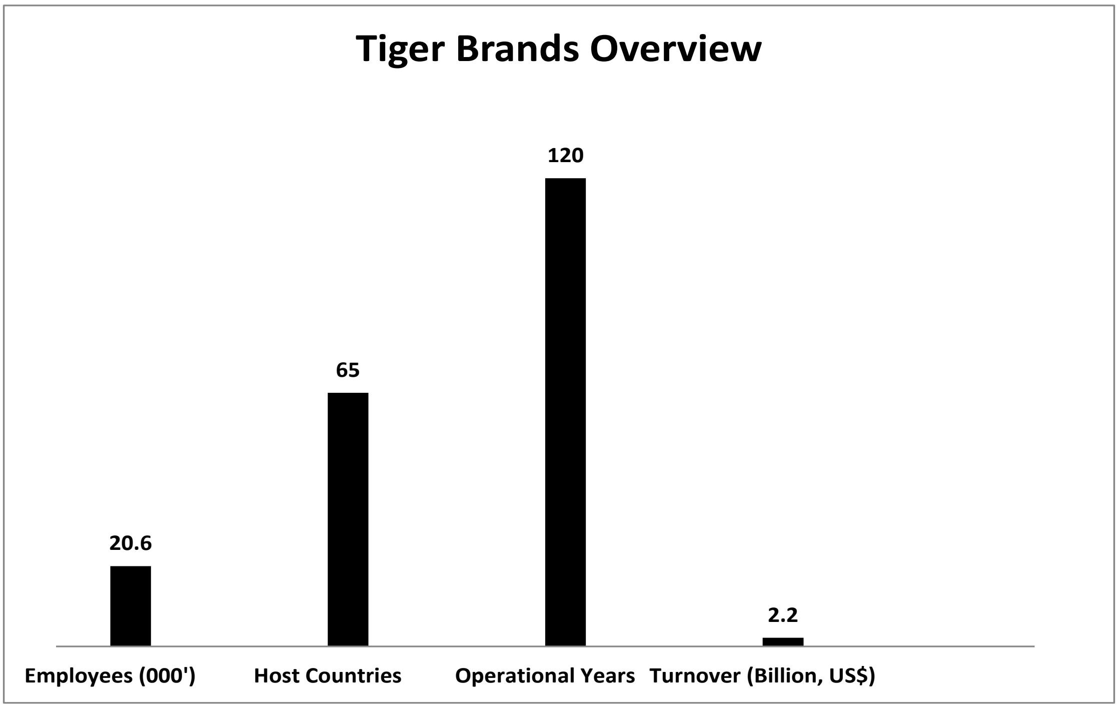
5.2.1 Applying the SSA OFDI Framework

Five cases were used to study internationalisation from SSA. In addition, the SSA OFDI framework from Chapter 4 was applied to the case study data gathered from each firm. The 20 push and pull factors from the framework were considered in the primary data in order to identify the influential and relevant factors, which were also analysed with the use of supporting secondary data. The influencing factors that were relevant through the data were extracted and subsequently arranged in order of importance. Establishing the crucial factors influencing the internationalisation of these firms begins the process of developing a pattern that explains the phenomenon in the region. This pattern is a synthesis of the occurrences across the varied firms and sectors and helps to develop a generalisation of how the process occurs in the region.

5.3 Tiger Brands

Tiger Brands Limited of South Africa is a top 40 Johannesburg Stock Exchange (JSE) company, whose footprint extends across the African continent and beyond. With over 20,600 employees, a 2014 turnover of about R31.7 billion (US$2.25 billion), and operating income of about R4.2 billion (US$315 million), it is one of the largest manufacturers and marketers of fast-moving consumer goods (FMCG) from Africa.

Figure 5.6:



Tiger Brands started as a family business in 1896 and has developed through the acquisition of various businesses, expansion, joint ventures, and brand building. It now operates in over 65 countries across six continents. One of the continents the firm exports to is Europe, and it therefore has a presence in the single market of the EU region. It benefits from the current openness to trade within the region, which allows its products to move freely across the member states. However, there will be future impacts on this, given the upcoming exit of the UK from the EU. Its key operational divisions include Grains, Consumer Brands, and the essential International Division, which controls the partly and wholly-owned Tiger Brands businesses, which include Carozzi (Chile), Chococam (Cameroon), Deli Foods (Nigeria), EATBI (Ethiopia), Haco Tiger Brands (Kenya), National Foods (Zimbabwe), UAC Foods (Nigeria), and Dangote Flour Mills (Nigeria). The International Division also handles all exports and external distribution and accounts for about 25% of the total turnover of the company, in addition to also being seen as an important growth driver for the company and representing a significant mid- to long-term internationalisation opportunity (Tiger Brands, 2014; 2015).

5.3.1 Tiger Brands Internationalisation Process and Market Selection Patterns

The process of internationalisation of Tiger Brands considers its strategic decisions as to how it narrows down its choice of foreign markets. For Tiger brands, its international markets relate to country markets located in different geographic locations. For its initial market selection, the firm uses a context-specific approach as its conducts a multi-stage screening process. As stated by the interviewee, '*we look at opportunities, we do due diligence, and then we make a decision*', in addition to a grouping approach also being used to determine potential markets: '*we consider the socio-economic environment and see if there are similar product categories in the target market*'. Tiger brands uses firm-based and market-based approaches for market selection (Johanson, 1997; Terpstra & Yu, 1988). It therefore considers factors such as resources, market growth, strategic assets, competitive advantage, country risk, etc. In this regard, the interviewee stated that '*the priority is growth […] organic growth in the African markets. We have our resources in different categories, so we pull resources and expertise from those categories'*. Furthermore, at the point of market entry, Tiger brands uses a systematic market selection method through objective criteria such as board reviews and country visits (Yip et al. 2000). It obtains board approval and proceeds carefully to test the market with an initial commitment before undertaking full foreign operations: '*It is presented to the board and executive for approval and accepted. We are very cautious and proceed first to a market with a few brands and then consider their performance'*. With regard to the market selection by Tiger Brands, there are several push and pull factors that influence its choice of international markets, which will be examined further in the following section.

5.3.2 **Tiger Brands Pull Factors**

Tiger Brands has three key pull factors that influence its internationalisation: market growth, strategic assets, and efficiency.

Market Growth

In its plans (Tiger Brands, 2015), the company identifies the need to gain market growth as very important, and so it primarily carries out its internationalisation for market-related reasons, which include the attraction of large external markets, access to strategic market locations, and openness to trade. Luigi Ferrini, Sales Director of Tiger Brands, stated that '*the size of the market (host) is an important consideration'*. For the company, a growth-driven desire to capture large external markets is a primary motivation for internationalisation, particularly within the African continent, which has strong growth prospects (Euromonitor, 2014). Peter Matlare, previous CEO of Tiger Brands, has stated that the 'prospects for growth in the rest of Africa remains promising. Tiger Brands continues to believe that expansion into the balance of the continent will be a significant growth vector in the medium to long term' (Tiger Brands, 2014). In addition, the openness to trade of host country markets is an important consideration for Tiger Brands, as it is deemed necessary for internationalisation and maintaining their interest in the market. On this note, the sales director of Tiger Brands maintained that *'we will still be interested if they are open'*.

Strategic Assets

Strategic assets located in host countries are important to the company. In its internationalisation, the company seeks the acquisition of brands, intellectual property, and other firms if they are strategic to its growth plans. In an annual report, the company described its international operations as 'seeking new opportunities for expansion through green/brownfield initiatives and appropriate acquisitions' (Tiger Brands, 2014).

An example of the acquisition of a strategic asset was its purchase of Dangote Flour Mills (DFM) in Nigeria in 2012, which was a strategic asset in the sense that it allowed Tiger Brands to enter into the continental flour milling business. It must be noted, however, that the acquisition of strategic assets in host countries requires extra caution by investing firms, as international expansion does not always guarantee improved performance (Contractor, 2007). In the case of Tiger Brands, the company appears to have paid too much for the acquisition of Dangote Flour Mills, as the firm sustained continual losses and the foreign investment there had to be written off from the company books of Tiger Brands (Financial Mail, 2015). Nonetheless, if proper due diligence is carried out, strategic assets remain an important attraction for internationalisation due to other benefits that can be gained. In this regard, the company sales director stated that the company *'also consider opportunities to learn and feed off the companies we buy; for instance, we bought a company in another country, and we were able to take technology from one country to the other'*.

Efficiency

Efficiency relates to, among other things, lower wage costs, labour availability, infrastructure, skilled human resources, and higher capital efficiency. Considering that developing countries are labour dominant, efficiency in this regard has implications for the deployed capital of firms. For SSA firms like Tiger Brands, efficiency is a point to consider as it seeks to carry out its internationalisation in a way that fully maximises scarce resources. In this regard, some efficiency factors are important attractions for internationalisation. The interviewee commented on such factors by stating: '*We look at the people and consider the human resources and available labour'*. Although Tiger brands is influenced by lower wage costs and the availability of labour, it is not influenced by other efficiency factors like infrastructure: '*We first look at potential for growth, and if it is there then it does not matter the level of infrastructure, as we leverage off the management on the ground who have operated there before. So, we leverage on this, and what we can then do is bring in our own efficiency and systems to augment this'*. Tiger Brands is not deterred by inadequate infrastructure when internationalising into developing regions like SSA, provided the benefits that accrue from the market are enough to compensate for such inadequacies.

5.3.3 Discussion of Pull Factors

Tiger Brands is influenced by pull factors including market growth (market size and openness), strategic assets (human and intellectual capital), and efficiency (lower wages and labour availability). These pull factors have been discussed in order of priority, as seen in Table 5.2. Market growth was referred to several times by the interviewee as the main reason for carrying out foreign operations, in addition to also featuring prominently in secondary data and in comments by other senior officials of the firm in public documents.

Next in order of priority was strategic assets, which are important to the firm because the acquisition of intellectual property is in line with its long-terms plans. Efficiency came next, which is relevant due to the manufacturing operations that the firm is engaged in. Pull factors like networks, international influence, and geographic blocs were expected to feature due to the position of South Africa as a leading country in the continent. They were not, however, deemed to be critical to the internationalisation of Tiger Brands. Foreign training, diaspora demand, and business nomadism also did not feature, as there was no primary or secondary level data to support their importance.

Table 5.2: Tiger Brands Pull Factors

PULL FACTORS	ORDER	INFLUENCE
Market Growth	**1**	● ● ●
Strategic Assets	**2**	● ● ●
Efficiency	**3**	● ●

5.3.4 Tiger Brands Push Factors

Tiger Brands has six push factors that have impacted on its internationalisation: enterprise strategy, competitive advantage, industry rivalry, firm resilience capabilities effects, home environment and risk, and technology and innovation.

Enterprise Strategy

For Tiger Brands, the enterprise strategy that influenced its internationalisation was developed to be in effect until 2019, revolving around the following strategic statement: ‘To be the most admired, branded FMCG company in emerging markets’. The firm also seeks ‘to drive scale in international territories’ and it believes that ‘expansion in the rest of Africa represents a significant growth opportunity for the group in the medium to longer term' (Tiger Brands, 2014). This strategy revolves around why the firm is motivated to undertake internationalisation and also includes how it intends to carry out the process. The board and senior management of the firm met to discuss the long-term plans of the organisation, and they carved out an internationalisation strategy to fit with this. In this regard, the sales director of Tiger Brands stated that '*it was a strategic decision agreed by the board. In order to get the strategic growth required for development, it was presented to the board and executive for approval and was accepted'*.

Competitive Advantage

The competitive advantage of Tiger Brands has been a push factor influencing its international operations. The firm has competitive advantages with regard to its industry expertise, large internal resources, effective leadership, and skilled human resources. Its main competitive advantage is, however, in one area, which the interviewee set out as follows: *'It is in both (manufacturing and brand development), but more in brand development. This is the expertise that we bring in: brand capability'*. This competitive advantage as identified by the firm has been the backbone of their internationalisation exercise. Tiger Brands, even by its name, is known to be the custodian of some of the leading FMCG product brands from South Africa. It currently has over forty brands, some of which have been around for decades and have a great deal of customer loyalty. In this sense, the company owns 'strong, resilient and leading brands' and continually increases its investments in them (Tiger Brands, 2011). The firm therefore seeks to maximise this competitive advantage by leveraging them in internationalisation, as set out in its annual report: 'the growth strategy is further supported by the exports of the group's South African brands' (Tiger Brands, 2014).

Industry Rivalry

Industry rivalry has been an important factor pushing Tiger Brands to seek markets in other countries like Nigeria and Kenya. This rivalry in the local fast-moving consumer goods manufacturing sector has led to high levels of competitive intensity between Tiger Brands and other major firms, such as Pioneer Foods, AVI, and RCL Foods. Tiger Brands annual report stated that 'the competitive landscape within the South African retail market has become even more intense, with retailers increasing their footprint through store expansion across South Africa and the rest of the continent' (Tiger Brands, 2011a). Furthermore, the firm has also experienced market saturation and weakening consumer demand in the local South African market, leading to greater competition (CNBC Africa, 2014). The sales director maintained that the industry rivalry *'is very intensive, and the existing competitors in the market intensify their reaction, drop their price and margins slip. The competitive reaction is very strong'.* Industry rivalry and competition are without a doubt key motivating factors that have pushed Tiger Brands to establish operations abroad. It is an interesting development that the level of local competition is so keen that it can catalyse internationalisation activity.

Firm Resilience Capabilities

Firm resilience capabilities were also identified by Tiger Brands as having a strong influence on their activities. Its previous CEO, Peter Matlare, said that 'our business model is more resilient; while the external environment has continued to be, and will remain, challenging, the Group has the resilience to overcome these challenges' (Tiger Brands, 2015b; World Grain, 2016). Resilience is a necessary requirement for firms operating from a challenging developing country and intending to carry out activities abroad. In this regard, various components of firm resilience capabilities were identified in Tiger Brands that have coalesced over time, including survival mechanisms, extreme determination, inherent motivation, persevering confidence, resilient capacity, opportunity conversion, and business aggression. For instance, the resilient capacity of its product brands has helped Tiger Brands to sustain its operational performance even in challenging times. In its 2015 report, the firm said that 'there was a modest improvement in the domestic operating margin, demonstrating the resilience and power of the group's brands in challenging times' (Tiger Brands, 2015), while the sales director of the firm also stated that *'going the long haul requires some level of endurance. You need endurance'.* For the firm, it is inferred that they develop firm resilience capabilities as a source of energy, motivation, and sheer survival.

Country Environment and Risk

Country environment and risk in this context refers to South Africa, which is Tiger Brands home country and is the operating environment and risk profile that influences the internationalisation of the firm. Tiger Brands has identified the local operating environment as very tough with regard to business conditions, infrastructure, security, and regulation (Engineering News, 2015). The firm has also identified the need to mitigate the risk and volatility present in its operating environment as one of the considerations prompting its need for internationalisation. The chairman's letter to stakeholders in 2011 put this in context and set the background for their subsequent push to internationalise:

> My letter focuses on the environment and context in which the group has operated, as well as its strategy to continue delivering value for all stakeholders. The year under review has been characterised by difficult macroeconomic conditions in South Africa […]. Notwithstanding these difficult trading conditions in South Africa, the year has been marked by significant strategic expansion of the company's geographic footprint, particularly in Africa. […] we have stressed the need for wider African expansion to widen the base for future growth (Tiger Brands, 2011a).

With the operating environment being rather tough, the firm sought opportunities abroad in places like Cameroon and Ethiopia so that it could spread its risk and mitigate against unexpected events. Ferrini also stated that *'it has been very challenging operating in South Africa. We always look at how we can spread and move our risk around because it is very unpredictable and volatile'.*

Technology and Innovation

The opportunity for technological innovation of its products has also motivated the firm to seek markets abroad. Technological innovation is therefore at the forefront of the factors influencing the internationalisation of the firm as it provides opportunities to build on existing assets and maximise these in other countries. For Tiger Brands, when it is attracted by the possibilities for innovation in a new market, it starts off by sending its original product, or brands, to foreign markets in a technology transfer arrangement. For instance, when Tiger Brands acquired 51% of Haco Kenya in 2008, it carried out a technology transfer to the newly formed Haco Tiger Brands to help build on the existing brands (Haco Tiger Brands, 2010). Later on, the firm evolved new products by adapting its base products or carrying out add-ons to original solutions in order to make them more acceptable in specific territories and enhance marketability. In this sense, Ferrini commented that *'predominantly, we go there with our existing products and build on the existing brands, but we are also on the lookout for how we can develop new brands in the market […], but we start off with our existing brands. We are brand driven'.*

5.3.5 **Discussion of Push Factors**

Tiger Brands has six push factors that have impacted on its internationalisation, as can be seen in Table 5.3: enterprise strategy, competitive advantage, industry rivalry, firm resilience capabilities effects, home environment and risk, and technology and innovation. Enterprise strategy was ranked first because the interviewee, Luigi Ferrini, placed emphasis on the importance of this strategy and referred to it several times, in addition to it featuring frequently in the firm's secondary data. Competitive advantage came next because it was also identified during the interview as being quite important. For instance, the brand marketing power of the firm was identified as being relevant to the firm's focus as a brand leader. After this came industry rivalry, due to the intensive nature of the industry the firm operates in. Other factors were also subsequently ranked based on their considered importance to the firm. Some of the factors that were expected to feature did not appear due to the lack of availability of any primary or secondary data. However, some surprising absences were international influence and economic restructuring, which were expected to feature due to the role of South Africa in SSA and its economic restructuring to encourage internationalisation.

Table 5.3: Tiger Brands Push Factors

PUSH FACTORS	ORDER	INFLUENCE
Enterprise Strategy	1	● ● ●
Competitive Advantage	2	● ● ●
Industry Rivalry	3	● ● ●
Technology & Innovation	4	● ●
Firm Resilience Effects	5	● ●
Country Environment & Risk	6	●

5.3.6 **Tiger Brands' Market Entry Modes and Processes**

Subsequent to the influence of the aforementioned push and pull factors, Tiger Brands preferred entry mode for its selected markets is mergers and acquisitions. In this regard, the interviewee stated that *'we only do acquisitions, which are to build the brand. We look at existing businesses and acquire them if they don't have strong brands from one country to another'*. To improve its growth vectors, Tiger Brands carries out this M&A activity incrementally in several markets over a long period of time: '*we don't see internationalisation as a one- or two-year plan; it is a long-term or five-year plan. Once we have committed, we go the long haul'*. Additionally, the level of local industry knowledge obtained during acquisitions is important to Tiger Brands: '*we leverage off the experience existing in the same host market; we don't export experience straightaway, but, in the companies we acquire, we leverage existing management and structure first, and this gives us some immediate edge and grace period to learn and know the markets better'*. In its acquisitions, Tiger Brands has its own method of implementing the market entry by means of exercising immediate management control: '*We have learned from acquisitions that you need to put your own capable management structure in place quickly so that operations are running to your standard. Once you announce the acquisition, the sooner you do this, the bigger the success rate. You should also exercise more control over the subsidiaries and to do this as soon as the deal is done*'. Through its acquisitions, Tiger Brands strongly enhances its brand presence. It has spread into 65 countries and 6 continents across the world in what this research describes as a trans-global operation. Based on this broad trans-global spread, the company has garnered innovation and success, particularly from its operations in developed countries: '*We take most of our learning and innovation from developed countries rather than developing countries, and the rate of success is higher. So, investments to developed countries remain on our radar, but we will be careful about it'*.

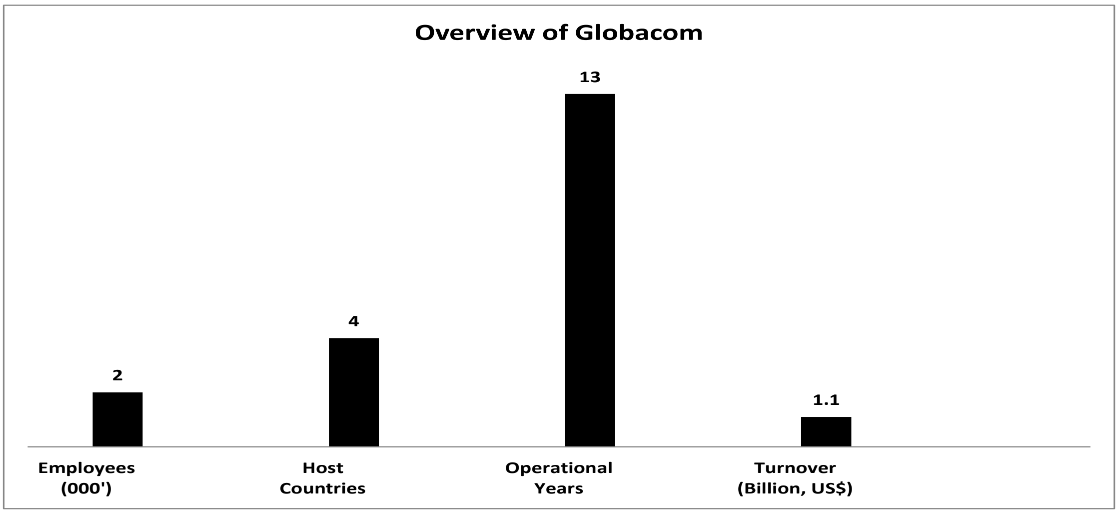
5.3.7 **Summary of Tiger Brands' Case Study**

Tiger Brands is a leading SSA internationalising firm, which uses firm-based and market-based approaches to access its potential markets. It then uses a systematic market selection method to make brand acquisitions in specific international markets that will enhance its growth aspirations. It has fashioned an enterprise strategy to address supply gaps that exist in the international market for cost-effective food and beverage products. It does this by deploying its unique and sustained brand development capability to make diversified investments in fast-moving consumer goods (FMCG) and manufacturing. The firm is adept at navigating challenging conditions related to the market saturation, weakening demand, risk, and volatility that exist in its home and host environments. In this regard, it has found ways to be resilient through opportunity conversion, endurance, and persevering confidence. It therefore captures market growth opportunities and drives economies of scale in new territories by leveraging on internal resources, resilience, and industry expertise. It seeks to profit from the markets by expanding its geographic footprint through aggressive acquisition of competing brands and companies in host countries. In this process, it adapts and innovates its products to comply with the host country's market desires, while also harnessing intellectual properties that exist there.

5.4 Globacom (Glo)

Glo Mobile Communications (Globacom) commenced operations in Nigeria in 2003 as the country's fourth licensed GSM operator. Among other services, it immediately introduced lower tariffs and pay-per-second billing. By 2008, its subscriber base had grown to almost 15 million, and it also launched in the Republic of Benin. In 2009, Globacom acquired an operating license in Ghana, and, in 2011, it commenced a 9,800km-long submarine optical fibre cable project from the UK to West Africa called Glo-1 at a cost of $800 million, the first of its kind by a wholly indigenously-owned African company. Globacom business units include Glo Broad Access, which offers landline telephones, broadband internet, and video, and Glo Gateway, which handles international wholesale voice and data exchange, covering 140 countries and 235 networks. Globacom is currently one of the top 100 firms in Nigeria, employing over 2,000 people, with a yearly revenue estimated to be over $1.14billion. With around 35 million subscribers, it is one of the fastest growing telecommunication companies in Sub-Saharan Africa (ITN, 2009; Globacom, 2014; Vanguard, 2015).

Figure 5.7:



5.4.1 Globacom Internationalisation Process and Market Selection Patterns

The international market for Glo is based more on homogeneous customer groups. Its key target group is clusters of customers who need access to communications facilities or who have cultural similarities to its home country. The market selection process at the firm therefore takes this into consideration. It uses a grouping and market-based approach to review potential markets with similar socio-economic opportunities that fit its target customer base (Root, 1987). The interviewee stated that '*some of the countries like Kenya don't have the same opportunity; they are saturated and are mature markets. Benin was a natural choice, and Ghana too is viable, while Togo is not. So, it is based on opportunities'*. Furthermore, the firm approaches its market selection process using a systematic method (O'Farrell & Wood, 1998). This is by means of carrying out market research to capture the demographics of the market and its preferences, which the interviewee argued '*is very important because when you are doing market planning, market demography, you must understand what matters to them, what their standard is like'*. In addition, the firm sets its expectations for the potential market and carries out exploratory country visits to ascertain the opportunities for investments and concessions. The Globacom executive stated that

> *the team sent to the country are given requirements and a licence opportunity, and, based on all that, they come back and discuss at the board level and then go back again until they get the license. It does not occur overnight. Licenses cost money, and the finances for the license take time. If you have to pay a million dollars for a license, you have to negotiate and get concessions. A huge amount of firm time and resources go into this process.*

Globacom also carries out unsystematic market selection, which selects country markets based on the exigencies of a one-off project. For example, it partly chose to conduct operations in Ghana as a reaction to the country's locational benefits as a landing point for its submarine optic fibre cable: '*the company has a submarine cable that runs from Portugal and stops in Ghana and the west coast of Africa, so, because of that, we are leveraging on the submarine cable infrastructure to expand operations into Africa'*. After considering market selection by Globacom, it is necessary to review several of the push and pull factors that influence its choice of international markets.

5.4.2 **Globacom Pull Factors**

Globacom has six pull factors that have influenced its internationalisation process: market growth, strategic assets, networks, efficiency, diaspora demand, and foreign training.

Market Growth

For Globacom, market growth relates to external markets, strategic market locations, and openness, which are all pivotal to its internationalisation. To access the whole Western African market, the firm expanded from Nigeria into the neighbouring countries of Benin and Ghana. Its attraction to Ghana is predicated on the relatively larger market penetration for mobiles phones there, which is estimated to be 81%, compared to 55% for Nigeria (African Telecom, 2012). Although Nigeria has a bigger population, the potential for Globacom to achieve higher market penetration across the border is attractive. The Globacom executive interviewed also stated that the opportunity to capture external markets was important, as he claimed that '*first it is the market opportunity in those places*'. In addition to the market opportunities, Globacom also values how open its host markets are, with the executive commenting that '*the host countries are open to welcoming investments*'.

Strategic Assets

Strategic assets present in other countries attract Globacom's internationalisation into those territories. In this case, however, the firm actually owns the strategic assets in the foreign location and then uses them as a reason to operate there. This is strategic asset leveraging, as in the case of the firm's 9,800km sub-sea fibre optic telecommunications cable that runs from Europe to the West African coast (ITN, 2010). The Globacom interviewee remarked that '*we are leveraging on the submarine cable infrastructure. The cable is a strategic asset that can carry data, so it makes sense to leverage on it*'.

The firm has gone on to carry out extensive internationalisation operations into West African countries like Ghana and Benin so that it could deploy this wholly-owned strategic asset for long-distance communications, data, and broadband internet services (TLG, 2010).

Networks

Leveraging on human and corporate networks is an important attraction and factor that has aided the internationalisation of Globacom. With regard to this process, the firm deploys various aspects of networks, such as cultural affiliations, business partnerships, and corporate relationships. Globacom also forms networks with other organisation for the purpose of developing markets, just as it did with Vodafone UK, which was attracted to the firm due to its knowledge of African markets (ITWeb Africa, 2015). In this case, Globacom entered into a non-equity strategic partnership with Vodafone to work together in Nigeria and the Benin Republic on the joint development of high-level telecoms products, data, and customer experience. In a press release, Globacom Executive Director for Special Projects, Mr. Mike Jituboh, stated:

> This partnership is unique and far-reaching, giving corporate and individual subscribers on the Globacom network in Nigeria and the Republic of Benin an edge, particularly in voice and data services. The partnership is in line with Globacom tradition of partnering with global leaders to avail consumers of the best telecommunications services (Vodafone, 2015).

Globacom also places a premium on the personal relationships and linkages that its executives or partners have in the host country. The interviewee stated that *'most of the time, we use people that we have relationships with. There are established networks and linkages across the region'*. Networks are therefore a critical influencing factor for Globacom, which have been deployed to enter into new markets and develop their business and brands.

Efficiency

Efficiency is an internationalisation factor for Globacom, which seeks to carry out its operations in a way that fully maximises scarce resources. Efficiency relating to lower wage costs, labour availability, and skilled human resources in foreign countries is therefore important to Globacom. According to the interviewee:

> *The good thing about West African countries is that they have skilled vocational labour. It is important to us that the labour is available locally. Our contractors use local people for this, and the quality of work is good. The labour is cheaper when compared to the same labour in Nigeria. It is lower, and we naturally like lower labour rates. Even for the skilled human*

> *resources, it is cheaper in the host countries as they don't earn as much as Nigerians, and this is an important factor for our expansion.*

The firm advocates its preference to be an equal opportunity employer in all its international activities and seeks to present a level playing field with regard to labour and skilled resources (Globacom, 2005). When the firm finds foreign locations within which it can be more efficient in these areas, it would naturally seek to operate in these territories. However, efficiency in this context excludes infrastructure in the host environment. For Globacom, this is not considered as absolutely necessary since infrastructure provision is generally unreliable in Africa. In this case, therefore, once a business opportunity exists in a host environment, Globacom will decide to build its own power and communications infrastructure systems there: *'whether they have infrastructure or not, we will go in and establish anyway, as long as the country is viable'*.

Diaspora Demand

For Globacom, the effect of a large number of Nigerian citizens present as a diaspora group in Western African host countries is an attracting factor for venturing into those countries. The diaspora effect motivates the firm to export its services to these countries where this population exists, as they are already familiar with the home firm and would likely use its services more readily. For instance, in Ghana, it is estimated that there are about one million Nigerian residents, inclusive of the 71,000 students in higher institutions (Ghanadot, 2012). In the case of the Benin Republic, it has a strong cultural link to Nigeria, and its past President Boni Yayi, even said that 55% of the population of his country have Nigerian origins (The Guardian, 2015). In this regard, the Globacom interviewee stated that '*there is a large Nigerian population in Ghana and Benin who would use Glo, and this is a large cultural factor. There is a diaspora effect'*.

Foreign Training

Foreign training is a pull factor that was mentioned by Globacom as a consideration when operating abroad. The firm regularly deploys its staff to go and train in its foreign subsidiaries for various reasons. For instance, headquarters staff are sent to be part of projects abroad to gain knowledge for strengthening its operations and management. The interviewee commented that *'the management have gained from having a base abroad to send Nigerian staff. The staff too have benefitted, as they can eventually lead those operations'*. In addition, foreign training also enables Globacom staff to obtain soft skills, such as managing cultural diversity. The foreign subsidiaries are in a new environment that can hone these skills and, in this regard, the interviewee stated that, *'in Ghana, the local law in terms of employment is very specific on how you treat your staff and medical requirements, and all this is by law. We have learned to be very accommodating of their culture'*.

Furthermore, when the firm experiences temporary staff shortages in its subsidiaries, it sends in its headquarters staff to fill in and uses such an opportunity to get foreign training, which has further use in new product development. In this regard, the Globacom interviewee observed that

> *if the head of HR in Ghana is going on vacation, somebody in Lagos will go there (Ghana) and take an overview to learn about the systems there, and the same goes for other departments. Local knowledge in the other countries has an impact on the products. There is an element of synergy and knowledge sharing across all units.*

5.4.3 **Discussion of Pull Factors**

Globacom has six pull factors that have influenced its internationalisation process: market growth, strategic assets, networks, efficiency, diaspora demand, and foreign training. Market growth was ranked first, given that it is a major factor for the firm's internationalisation, as commented on variously by the interviewee. Strategic assets came next, as it also became clear during the interview that leveraging its sub-sea telecommunication cable was very important to the firm. The ownership of its own telecommunications submarine cable provides the firm with technological proficiency and control over the internal conditions of supply for such a vital intermediate technology input. Next came networks, which were also revealed to be a crucial factor, based on the industry and personal relationships the firm had built in the region, discussed in detail during the interviews.

Efficiency followed next, as the firm places an emphasis on labour cost savings and labour availability, as indicated in the case data and from secondary records. However, the firm does not consider infrastructure-related efficiency as a prerequisite, since it builds its own, provided the market opportunity exists. Diaspora demand was next due to the large presence of Nigerians in foreign countries, which was briefly commented upon. Foreign training was the sixth factor, which was mentioned sparingly in the case data.

Four factors were not prioritised, as there was no data from the interviews or the secondary records to indicate their influence on Globacom.

Table 5.4: Globacom Pull Factors

PULL FACTORS	ORDER	INFLUENCE
Market Growth	**1**	● ● ●
Strategic Assets	**2**	● ● ●
Networks	**3**	● ●
Efficiency	**4**	● ●
Diaspora Demand	**5**	●
Foreign Training	**6**	●

5.4.4 **Globacom Push Factors**

Globacom has seven push factors that have impacted on its internationalisation: enterprise strategy, competitive advantage, industry rivalry, firm resilience capabilities effects, home environment and risk, technology and innovation, and institutional support.

Enterprise Strategy

The internationalisation strategy for Globacom was developed at the board and executive level, with the interviewee stating that *'it was a board decision'*. At these meetings, the long-term plans of the organisation were synchronised with an internationalisation strategy, which was to carry out internationalisation as a gradual process over time. Once the strategic decision had been taken, the next issue would be to commence with the actual implementation. The interviewee commented that *'an advance team goes in to meet regulators and open discussions with stakeholders; it usually all takes time'*. The strategy also includes being the last entrant into some foreign territories to thereby gain a late-mover advantage in those markets:

> *Being the latest entrant into Ghana in 2009, you could say that Glo had an advantage, as the regulators protect the latest entrant in terms of pricing, as your price can be lower than others for the sake of the license fee that you paid. They put a cap on the older operators' expansion, so you have a price advantage for about two years, which is to protect the latest investors, support the industry, and prevent monopolies.*

So, the enterprise strategy of Globacom revolved around prompt board decisions, incremental deployment, and pragmatic market strategies, such as late-mover advantages, which work best in some host markets.

Competitive Advantage

The competitive advantages of Globacom is an important push factor for its international operations, and it has these advantages in various areas. For instance, it has an entrepreneurship environment that is influenced by the work ethic and leadership attitude of its owner and CEO Mike Adenuga. In this regard, the interviewee said that *'the ownership factor and attitude to work has a lot of influence'.* The CEO of Globacom positions his firm to be competitive, and he places great emphasis on results. In a public interview, Adenuga stated that

> leading the pack is the only worthwhile resolve for the achiever. There is no room for second place. It is not the mere participant, but the achiever, the winner, the leader who makes the difference that advances the course of humankind in the judgment of history (The Guardian, 2014).

Additionally, Globacom has competitive advantage due to its vast network of relationships that have been developed at various institutional levels and in many territories on the continent. It relies a great deal on these relationships to move its business forward. The firm also has a multicultural working environment, which allows it to benefit from the experience, knowledge, and contacts of people from many countries. According to the interviewee:

> *Some of our people in the home office have good relationships in the region, as some of them have worked in the African Development Bank, so they know people in government institutions*

across West Africa. We have a lot of expertise; we have people from about 13 nations working with us. It is a very multi-cultural environment.

The competitive advantage of Globacom is the backbone to their whole internationalisation exercise, with firm leadership being crucial.

Technology and Innovation

The opportunity for technological innovation of its solutions and products has also been a factor that has motivated Globacom to seek markets abroad. By building on existing assets, the firm adapts its base of products or carries out add-ons to original solutions, which makes the products more acceptable in foreign territories and enhances marketability. The interviewee stated that *'products sold abroad are different because you have to satisfy the local regulators. You take into consideration differences in culture. The way they are sold is different due to cultural differences and belief systems'*. Furthermore, the firm is at the forefront of communication technology development in Africa and has been a recipient of honours from the African Information Technology and Communications Awards for its role on the continent in this regard (Globacom, 2014a). The firm also attracts talented people to develop and maintain its high-end technological equipment operations. For instance, it recently appointed a former Telecel Zimbabwe CEO, Frances Mawindi, to be its Chief Operating Officer (Technomag, 2015). Through its skilled human resources, the firm has kept up with the competitive environment in its sector and has also been able to provide its customers with services they would get in most developed parts of the world. The firm develops its technological proficiency and then uses this to provide customers in foreign markets with services, such as high-speed internet bandwidth, 4G technology, airport Wi-Fi, electronic money, and car mobile tracking devices (Tech Times, 2015). In this regard, the interviewee said of Globacom: '*We have a lot of firm technological knowhow*'.

Industry Rivalry

For Globacom, industry rivalry in the telecommunications has been a factor motivating it to seek markets in other countries. In 2003, the firm was the last entrant into the sector in Nigeria, and it faced an uphill task competing against rivals such as MTN and V-Mobile, who were already well established (TotalTel, 2003). From start-up, Globacom therefore experienced pressure from competitive intensity, as it controlled only 13% of the market share in 2003, compared to its rivals MTN with 52% and V-Mobile with 31%

respectively (Okwori & Adeyanju, 2006). Furthermore, when it eventually commenced business, weakening consumer demand also began to shrink the existing local market. The interviewee stated that *'the market has shrunk, as people are not talking like they used to, as they are using more data; they use Skype, Blackberry, and WhatsApp, etc.'*. This led Globacom to actively seek markets in other countries and to also follow other operators to new markets in order to remain competitive: '*MTN and another were already there in Ghana. You could say Glo was the last entrant and followed MTN to Ghana'*. Globacom has reacted to the high level of industry rivalry in the telecommunications sector with its own highly competitive tactics of aggressive marketing, pricing wars, and market-entry strategies. Nonetheless, intense competition leads to the need to develop more markets, and this has been a motivating factor that has pushed Globacom to establish operations abroad and also actively follow its competitors to new markets.

Country Environment and Risk

Nigeria is Globacom's home country, and, for the firm, its local operating environment is very tough and hostile with regard to infrastructure, among other things. The firm has experienced threats to its business as a result of assaults on its telecommunications facilities by militants in volatile locations (This Day, 2012). Furthermore, the regulatory environment in the home country is harsh, with huge government fees affecting top-end growth for operators in the telecommunications sector (The Guardian, 2015a). In addition, the economic climate in the country has resulted in a decline in the demand for telecommunications services (This Day, 2016). According to the interviewee,

> *the operating environment is hostile in terms of electricity. We have to provide our own power; you can imagine having 7,000 base stations, and each base station needs two generators, which have a limited life span, and we have to fuel them. We also have to expand, open shops, open network stations, more base stations, employ security staff to protect them, some of whom will pilfer your fuel. We lost four states in Nigeria due to the security issues in the North, and we lost revenue; the networks shut down and we could not reach those areas.*

With the operating environment being rather tough and hostile, Globacom manages its exposure in Nigeria by spreading its risk into other foreign locations through internationalisation.

Firm Resilience Capabilities

For Globacom, the essence of firm resilience capabilities is that they form part of the company's survival mechanism, which includes its extreme determination to attract and retain customers. In addition, this resilience has developed a persevering confidence, a predictive capacity, and a market-making ability for the firm, as in the case of pioneering per-second billing in Nigeria (Okwori & Adeyanju, 2006). Firm resilience capabilities have been identified by the firm as having a strong influence on its internationalisation process. According to the interviewee,

> *firm resilience has been developed in terms of efficiency through cutting costs, managing people, developing in-house applications, and taking care of network problems. We have developed a lot of in-house capabilities and knowledge development and sharing, which has built specialised capabilities and aggression, i.e. sales aggression [and] has been useful abroad because we transfer the knowledge and information. Even before they ask, we take it to the subsidiaries, as they may need it further down the line.*

Furthermore, the firm considers its organisation and facilities to be resilient to the challenges of providing expanding telecommunications services (The Nation, 2013). With regard to Globacom, it can be said that the firm's resilience has coalesced over time to develop attributes that can be likened to extreme determination and ingrained endurance. The company therefore uses this built-up firm resilience as a catalyst to solve immediate challenges in its operating environment and develop the specialised capabilities necessary to carry out internationalisation.

Institutional Support

Globacom receives some level of support from its home government, based on its network of relationships in public institutions and its services to the telecommunications industry. For instance, when the firm commenced business activities, it came up with a strategy to launch the 'per-second billing' system in Nigeria, as compared to the existing per-minute system being operated by its competitors. The firm presented its case to senior stakeholders in the country's Communication Commission and received approval to implement it. The firm was acknowledged by the federal government for its innovations in the industry, which have enabled it to become a key player on the continent. The Nigerian government also pledged to support the firm in its internationalisation efforts, with the Communications Minister Adebayo Shittu stating:

> Nigeria owes a debt of gratitude to Glo, and we shall support you until you become an Octopus on the African continent. Given what you have done in Nigeria, I am not surprised that Glo is conquering Africa now. I urge you to continue to play your role, and Africa will continue to show appreciation to you for liberating the space for telecommunication services (This Day, 2016).

Additionally, Globacom also provides a great deal of data and telecommunication services to many government institutions, such as the presidency, the military, immigration services, the police, and federal ministries (Biztech, 2015). For this reason, the firm is seen as a strategic partner by the government. According to the interviewee, '*we have very good relationships with the government and even provide data and other services to them; we have no problems with them'*.

5.4.5 **Discussion of Push Factors**

With regard to push factors, enterprise strategy was ranked first, as can be seen in Table 5.5, as it was discussed in detail during the interviews as being very important to the firm.

Table 5.5: Globacom Push Factors

PUSH FACTORS	ORDER	INFLUENCE
Enterprise Strategy	1	● ● ●
Competitive Advantage	2	● ● ●
Industry Rivalry	3	● ●
Technology & Innovation	4	● ●
Country Environment & Risk	5	● ●
Firm Resilience Capabilities	6	● ●
Institutional Support	7	●

Competitive advantage was prioritised second, as, during the interview, it became clear that the firms' entrepreneurial skills were instrumental to its success in foreign markets. Since the level of industry rivalry in the sector makes it crucial, this factor was prioritised next. In addition, as a telecommunications firm, technology and innovation are important and were ranked fourth. Other factors were subsequently ordered based on the results in the case data and on their perceived importance to the firm. Three factors were not listed as no data reflected their relevance to the internationalisation of the firm.

5.4.6 **Globacom Market Entry Modes and Processes**

Further to its influencing push and pull factors, the mode of entry of Globacom for chosen markets is often greenfield investments; in this sense, according to the interviewee, '*in Ghana and Benin, we did greenfield as we procured new licenses and built new companies from the ground up with new structures'*. However, the firm oscillates between greenfield investments and M&As, depending on the territory and its need for an accelerated internationalisation process there. Accordingly,

> *in Ivory Coast, we have seen that the market is viable, so we went to partner with an existing network in an M&A. Both greenfield and M&A have their advantages and disadvantages. With greenfield, you can grow organically and build the network to your specification, but it takes time and is more expensive. However, when you go and acquire, it is shorter and faster and you get quicker returns on investment.*

In either its greenfield or M&A market entry mode, Globacom effectively structures its foreign operations in a way that aligns to its home country headquarters command and control systems. In this regard, the interviewee stated that '*the way it is structured is that the other business units in other countries mirror the Nigerian counterpart units; whoever sits in Nigeria is expected to oversee that aspect in the other countries. There is an element of control'*. Globacom's ability to deploy pragmatic foreign market entry modes is built on the back of what can be described as pre-internationalisation processes developed through sustained growth in its home market. Its eventual entry into the international stage has been through the sub-continental internationalisation exploration into neighbouring countries in West Africa. The firm has the potential to carry out extensive operations further afield, but it appears to be willing to adopt a more organic growth plan based on its market selection patterns.

5.4.7 **Summary of Globacom's Case Study**

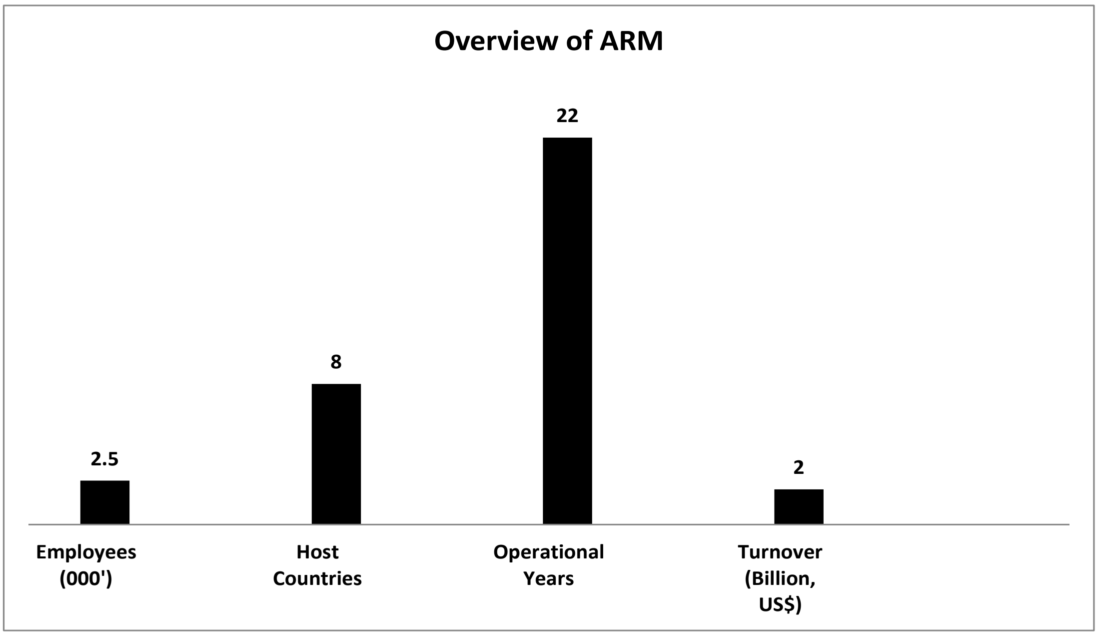
Globacom is a growing telecommunications firm in SSA, whose international market options are based on homogenous market groups, which are eventually selected using grouping and market-based approaches. It then uses both systematic and unsystematic market selection methods to conduct greenfield and M&A international activities. Its enterprise strategy is to incrementally penetrate new markets through leveraging on strategic technology assets, like its underseas telecommunications cable. This way, it is able to address information-related gaps in the region by providing cost-effective data and communication services. To achieve this market growth, the firm exploits its deep understanding of the institutional context in SSA, its extensive network of contacts in the region, considerable resources, and the entrepreneurial drive of its founder. The firm has encountered very demanding business environments, which have endemic challenges with regard to security, shrinking demand, and inadequate infrastructure. However, the firm has continued to operate innovatively through 'resilience capabilities' such as extreme determination, business sales aggression, predictive capacity, and market making. It internationalises to host countries that have large diaspora groups and that are also efficient in skilled human resources, labour availability, and lower wages. It operates sub-continentally and internationally, mainly through wholly-owned subsidiaries that allow it to deploy strategies like its per-second billing system, which helps the company to outperform its intense competition.

5.5 Asset & Resources Management (ARM)

Assets & Resources Management (ARM) was established in 1994 as a financial services and asset management firm in Nigeria, regulated by the Nigerian Securities and Exchange Commission (SEC). It offers wealth creation opportunities from a mix of traditional asset management, financial, and investment services. Over the years, ARM has sought to increase its assets under management (AUM) capacity for which it charges clients a 1.5% fee. To increase this AUM, from 1995, the company ventured into real estate developments and infrastructure projects. It also went into the hospitality and wellbeing sector in Nigeria in collaboration with Sofitel and Four Seasons by Sheraton Hotels. It has performed well and, as at 2017, it employed about 2,500 people and had over 600,000 clients, a turnover of about US$2 billion, and had attained an AUM of around N1.24 trillion ($4.9 billion). In 2013, ARM started a restructuring process to focus its diverse business structure. ARM now has a holding company with two company groups, the first of which is its 'Traditional Assets Management Group', with subsidiaries ARM Trustees, ARM Pension, ARM Life & Annuity, ARM Securities, and ARM Financial Advisers.

The second is its 'New Age Asset Management/Alternative Asset Management Group', with its subsidiary companies ARM Hospitality, ARM Capital Partners, ARM Agriculture Fund, ARM Properties & Real Estate, and ARM Infrastructure Fund. The latter is used for international projects to gain a track record, drive further investments, and establish more foreign linkages. In 2014, ARM started the process of acquiring Mixta, a real estate company in Spain, which has projects in Spain and across Africa, Algeria, Egypt, Ivory Coast, Morocco, Mauritania, Senegal, and Tunisia. ARM completed the acquisition of Mixta Spain in March 2015 (ARM, 2015; ARM, 2015b; ARM, 2015c; Mixta, 2015). Through the Mixta acquisition, ARM has access to the single market in the EU region.

Figure 5.8:



5.5.1 ARM Internationalisation Process and Market Selection Patterns

ARM considers country markets in its international market selection. Using a context specific approach, the firm carries out its selection of markets based on stages that involve preliminary and detailed screening. Adeloye stated that *'it starts with the corporate strategy team, which identifies the opportunities'*. In addition, it deploys a market-based approach to consider the selection of markets based on factors such as market size and competitive advantage (Koch, 2001). Such was the consideration in its selection of the whole SSA region as a potential market: 'The *Geographic focus is SSA-wide; in the past, it may have been the focus to go to countries close by, but now our focus is SSA-wide*'. Market-based approach factors, such as strategic assets, stability, and institutional environment are also used in the market selection. This is the case in the choice of Spain for ARM's foreign operations, as Spanish firms hold critical property assets of interest to ARM, while the country also has the desired institutional stability. In deciding on its eventual markets, the firm also deploys decision-maker dependant factors, such as its experience, financial resources, and managerial competence. In implementing its market selection, the firm deploys a systematic approach (Wood, 1998). It uses consultancy services for conducting research into its options and for examining the financial viabilities of its potential foreign operations. According to Adeloye, '*we call in consultants, we do due diligence, and look at the viability and the numbers'*. Subsequent to ARM's market selection, there are several influencing push and pull factors that are of relevance, which will be discussed further in the following sections.

5.5.2 **ARM Pull Factors**

ARM has four pull factors that have influenced it: market growth, strategic assets, networks, and efficiency.

Market Growth

Market growth is one of the most important pull factors for ARM. The firm has identified the African continent as being largely unexplored with regard to investments and asset management. It therefore sees huge opportunities for expansion within the African territory, and its group CEO, Jumoke Ogundare, commented that the firm had revised its vision and is now becoming an Africa-focused business (This Day, 2015a). While entering new growth markets is important to ARM, of paramount importance is also the openness of those foreign markets, which could be in the form of tariff removals, etc. According to Adeloye,

> *in this SSA market, the opportunities are immense. To enter SSA, there has to be openness for it to succeed, like in our Ghana experience, where there was none and it did not go well. But, if we are going to Europe, we do not need so much of this because the market is a level playing field in developed economies, but in developing countries you need this.*

Openness to trade in the markets of the host countries is therefore an important consideration of ARM. It maintains their interest in the market and is deemed necessary for internationalisation to succeed in a developing region like SSA. This internationalisation is driven by acquisitions and, according to its deputy CEO, Sadiq Mohammed, the firm's development has been hinged on building 'a diversified and integrated asset management and funds business through organic growth and acquisitions over the years' (Business Day, 2015a). The attraction of market growth for ARM is strong, and to develop this uses various tools. For instance, its ARM Infrastructure Fund is used for international projects to gain a track record, drive further investments, and establish more foreign linkages.

Strategic Assets

Strategic assets is an important factor influencing ARM, as the firm seeks these assets in other countries as a reason to internationalise. The firm gets revenue from charging a 1.5% fee for assets under management, so it is always seeking to increase its AUM, even in other countries. However, its traditional asset management markets are shrinking due to increased client demands and competition. The firm is therefore attracted to opportunities for accessing strategic assets in foreign locations through internationalisation. This motivated its recent acquisition of Mixta Spain, which was formerly owned by a group of investors including Morgan Stanley, the World Bank Group, and the International Finance Corporation (ARM, 2015). From this acquisition, ARM has established a new subsidiary called Mixta Africa, which now has 10,000 housing units and a land bank of 20 million square meters on the African continent. According to Adeloye,

> s*aying to a client, 'we have a house for you to buy in Morocco or the Riviera', that is what keeps us in business, so, for these reasons, we look offshore to get such opportunities for our clients. We seek to add value to our clients through internationalisation. Mixta Spain has affordable real estate projects across Africa; it is attractive, and, of course, it also has shareholders from across Europe.*

In addition to real estate assets, ARM is also attracted to foreign strategic assets related to intellectual property, concessions, licenses, and infrastructure. It often gets access to these foreign assets through mergers and acquisitions: 'W*hen we do M&As, we acquire everything: trademarks, licenses, and all the intellectual property, and we use these in addition to ours. Like in Ivory Coast, the intellectual property is under private public partnership (PPP). We also go into infrastructure concessions'.*

Networks

For ARM, having the right personal and corporate networks in a foreign location is an attraction for internationalising. During its first attempts at internationalisation, the firm found out the hard way about the importance of developing the right networks in foreign locations. For instance, it went into Mauritius on its own and tried to set up an aviation company, but this failed due to the presence of a local monopoly. The firm then tried the aviation sector again in Ivory Coast and met the same resistance, and so it could not enter the market. Eventually, the firm learned how to partner with the local population and the governments in the host countries in joint venture arrangements. It finds this model to be successful and would therefore actively enter foreign locations where these networks exist or can be developed. The interviewee said that, '*from experience, you need to work with the government or the local people'*. ARM actually developed the necessary skill set in this area from its local projects, where it actively collaborates with various stakeholders inclusive of federal and state governments and other partners such as financing organisations.

Efficiency

ARM manages funds and assets for its clients, so an influential pull factor is efficiency in the form of higher capital efficiency that creates more value. When the firm is able to achieve higher capital efficiency, it can leverage its assets under management for better profits. The firm will therefore seek opportunities that exist in foreign countries if it will help to achieve this objective. In this regard, Adeloye stated:

> *We want to add value, even in our profit making, and this is not to say there is no value in Nigeria, as there is; however, we want to increase our AUM capability. So, for us, we feel it is better to chart new territories, as there is always that uncaptured market.*

Furthermore, the firm also has a subsidiary called ARM capital partners, through which it seeks to obtain good returns on invested capital through entrepreneurial collaborations at home and in foreign countries (ARM, 2015b).

In seeking capital efficiency in foreign markets, the issue of diligent capital allocation is important. To achieve this, the firm carries out extensive risk management procedures to ensure that competent risk/return decisions are made on its allocated capital (ARM, 2015d). For instance, in seeking to invest in Mixta Spain, ARM realised there was a large transaction risk due to the fact that they were investing in a foreign firm with a different language, culture, and operational systems. According to Adeloye, *'we dealt with the import and export of capital because, in Spain, the forex regulation is stringent, and so we have to go through all the process'*. Eventually, this transaction went through, as the firm has ventured into a previously uncaptured market to attain more capital efficiency.

5.5.3 **Discussion of Pull Factors**

For ARM, it is clear that market growth into unexplored areas of SSA has a major influence on the firm. The interviewee commented on this various times, and it is also apparent from secondary data on the firm. Strategic assets were ranked next because increasing assets under management (AUM) in international territories is part of the firm's plans, as it places an importance on being able to offer its clients a variety of assets from different geographic territories. The next factor was networks, which have been prioritised based on the learning experience of the firm relating to the need to develop good networks during the internationalisation process. Efficiency was featured based on the data reflecting the firms desire to attain higher capital efficiency. On the other hand, six pull factors were not included in this case study, as they did not have any considerable influence on the firm. From this group, some factors like diaspora demand and foreign training were expected to feature due to their perceived importance to a firm like ARM, which is operating in the financial sector from Nigeria. These factors, however, did not have any considerable primary or secondary level data to support their relevance in this study.

Table 5.6: ARM Pull Factors

PULL FACTORS	ORDER	INFLUENCE
Market Growth	**1**	● ● ●
Strategic Assets	**2**	● ● ●
Networks	**3**	● ●
Efficiency	**4**	● ●

5.5.4 **ARM Push Factors**

ARM has seven push factors that have impacted on its internationalisation: enterprise strategy, competitive advantage, industry rivalry, firm resilience capabilities, home environment and risk, technology and innovation, and institutional support.

Enterprise Strategy

The enterprise strategy of the firm was developed when it commenced business. According to the chairman of ARM, Felix Ohiwerei, its strategy is to be a key player in the asset management sector and continually adapt to changes in the financial services sector (Vanguard, 2015). From its inception, the firm also included in this strategy a long-term plan to explore foreign markets for growth and opportunities in real estate and infrastructure. According to Adeloye, *'it has always been part of the long-term strategy right from inception*'. Furthermore, the founding CEO of ARM, Mr Deji Alli, stated that

> developing and managing infrastructure in West Africa, and in Nigeria in particular, have long been an integral part of ARM's vision and long-term strategic plan. We have steadily and purposefully pursued our infrastructure strategy from as far back as the year 2000, evidence of which is our successful achievement of financial closure of the Lekki Toll Road transaction in 2008 (The Nation, 2012).

The enterprise strategy of ARM places a premium on value addition through internationalisation into new markets as a first mover, and, in the interview, Adeloye stated said that the firm '*need[s] to get a first-mover advantage into a massive market that no one else is considering'*. Implementing this internationalisation strategy is, however, a very long process for ARM, since it considers project costing, foreign exchange regulations, and market entry modes before sending in a legal team to carry out the negotiations. Once the strategic decision has been implemented in stages, the firm then commences operations.

Industry Rivalry

In Nigeria, where ARM operates, industry rivalry in the financial sector is very keen, with many players competing for the market in asset management, pension funds, and structured financing.

ARM experiences cross competition in different products and solutions locally and also contends with other strong players in its traditional business of asset management. In the view of ARM, this intense local competition for the same set of customers has also led to the creation of uncontrolled monopolies, which is stifling its business:

> *They (monopolies) have been allowed to grow so much, whereas, in other countries, the regulators would have stepped in, and those kinds of monopolies are managed, but here it is not controlled. There is no point competing locally with huge competitors when we can go for uncontested markets in SSA. We need to get a first-mover advantage into a massive market that no one else is considering.*

The advent of these local monopolies has pushed ARM to seek markets in other countries. Going abroad is, however, not a panacea, as competitors can still follow the market leaders into new territories; in this sense, the ARM interviewee stated that *'there is oligopoly in the market. So, as Mixta Africa starts doing well, you are likely to see others doing the same, although we have a first-mover advantage'.*

Industry rivalry has certainly motivated ARM to establish operations abroad and has been a major catalyst for the activities of such firms in the international arena.

Competitive Advantage

For ARM, its competitive advantage has been a critical factor, giving it the confidence to enter foreign markets, not only in Africa but also in developed economies. This competitive advantage has various facets. First, the competitive advantage of the firm lies in the strength of its management team, which was led by its founding CEO, Deji Alli. According to the interviewee, *'if you have a visionary as the CEO, regardless of what the challenges are, you surmount them'.*

Secondly, ARM prides itself on its own proven methodology and culture of doing business successfully in the financial sector. It calls this the 'ARM way' and has honed this from its operations and business experience in challenging developing economies in Africa. Adeloye commented that the firm has '*our ARM way of doing things, which is our competitive advantage'.* The core competencies that make up the 'ARM way' include outstanding products, timely execution, quality research, thoughtful leadership, competitive pricing, quality service delivery, and excellent relationship management (ARM, 2015).

To strengthen the 'ARM way', the firm trains its staff in the leading international business schools and also attracts renowned faculties to its training schools in Africa. It therefore believes that, although its 'ARM way' was developed in Africa, it is of international standard and can be used successfully anywhere in the world.

Country Environment and Risk

For ARM, the operating environment in Nigeria is considered to be tough, with the market conditions for financial institutions being generally challenging (The Guardian, 2015b). In this regard, the firm has witnessed resistance from customers with regard to patronage of its services: '*from the client perspective, clients never want to pay. The wealthier they are, the less they want to pay and the more services they want, and, at the end of the day, it is your value proposition that you emphasise*'.

The financial sector in Nigeria has also encountered challenges with regard to stringent regulation, which makes daily business activities onerous for all players in the industry (FBN, 2015). ARM is no exception:

> *For my industry (non-bank financial), it is tough. I will look at it from a regulatory perspective and from a client perspective. From the regulatory perspective, it is tough doing non-bank financial business in Nigeria, as the regulator does not seem to understand our business. In Nigeria, it is highly regulated, and once private equity is more than two billion naira, you must register. The registration can take anything from six months to one year, so it is a very difficult terrain, a very difficult business terrain indeed.*

Due to the challenges of operating from Nigeria, ARM hedges its risk by seeking opportunities in foreign locations. By doing this, it is able to mitigate against volatility in its home operating environment.

Firm Resilience Capabilities

At ARM, a push factor that has also influenced the firm is its resilience with regard to extreme risk management, market making, high predictive ability, knowledge acquisition, and tenacity. For instance, in demonstrating market making, the firm studied its environment and realised that pensions were going to be a potentially big revenue earner if the market could be properly regulated and reformed. It helped to drive regulation in the sector, and thereby raised its revenue by 45% to become one of the largest pension funds managers in Nigeria (African Business, 2014).

Pension reforms are also sweeping other countries in Africa, such as Ivory Coast, Gabon, Kenya, Senegal, and Uganda (Africa Report, 2012), which makes internationalisation into the continent based on its proven resilience attractive to ARM. With regard to its tenacity, ARM has been able to operate successfully from a challenging developing country and still make an impact beyond its home country:

> *Look at the harshness of the economy and the cost of doing business; we have been very resilient, very tenacious. I think it is just tenacity by a bunch of young people led by a visionary who is able to predict where the market is going in terms of pension reform, infrastructure, etc.*

Technology and Innovation

The solutions and products that ARM deploys for its clients are a crucial aspect of its business. To achieve this, it deploys high-level technology and innovation, which keep it at the forefront of the financial industry. When it is able to deploy such technology, it becomes a push factor enabling the firm to seek new markets in foreign countries where it can have the opportunity to maximise its technology. Since its solutions are mainly for developing countries, the firm strives to obtain technology that has a low cost of acquisition and that enables it to maintain cost effectiveness with its clients.

For instance, the firm invests in advanced technology to aid its business and, with regard to one such acquisition, Nike Ogunlana, the senior vice-president of ARM, stated that:

> In order to maintain our position as a market leader in the West African financial market, we require the 'best of breed' technological support systems that enable us to actively trade in global equity and fixed-income instruments. Our investors require diversified global investments, and Hi-Portfolio/3 is flexible in nature and transcends currency borders with multi-instrument capabilities [...]. With Hi-Trust, ARM has acquired a product with a low cost of ownership to help compensate for changes in the demanding West African market (bobsguide, 2004).

Innovation of its solutions to meet the expectations of its customers in various countries is also important to ARM; in this sense, Adeloye stated that '*to remain relevant, we need to give add-ons – what you add to the offer that they cannot do themselves'*.

Institutional Support

For ARM, although the issue of institutional support appears to be tacit, the firm did receive some government support in Nigeria over the years in the form of the necessary approvals required for the firm to carry out its road infrastructure and real estate projects. For instance, when ARM launched its US$290 million Lekki-Epe Toll Road infrastructure project in Lagos, Nigeria, its foreign financing partners required a sovereign guarantee from the Nigerian Federal Government before they could proceed. ARM received full approval, ensuring that the project went ahead (DFID, 2015). Furthermore, the transaction included financial and regulatory support from the Lagos state government, who became a partner in the project through a public private partnership (PPP) arrangement (ARM, 2010).

With this momentum, the firm then went on the develop more projects, which included golf courses and large estates, for which it also received support from the state government in the form of reduced consent fee costs, stamp duties, and capital gains taxes (ARM, 2014). Such institutional support at various levels enabled ARM to develop capacity in the area of large and complex infrastructure and real estate projects, which proved useful when it internationalised and took over Mixta Spain. During this foreign transaction, the Spanish regulatory authorities also required the foreign affairs ministry of the Nigerian government to approve ARM for the transaction, and this was done. According to Adeloye, '*in Spain, all the transaction documents have to be endorsed by the ministry of foreign affairs in Nigeria, so they do this for us*'.

5.5.5 Discussion of Push Factors

Enterprise strategy was the most important push factor for ARM, due to the attention drawn to its strategic importance during the interview, followed by competitive advantage, with the 'ARM way' being mentioned in particular during the interviews as a crucial component. Next was industry rivalry, which was prioritised here due to the level of competition in the financial sector in Nigeria. Other important factors were country environment and risk and technology and innovation, in addition to the firm resilience capabilities of ARM that have enabled it to survive and internationalise from a challenging home country. Institutional support was also ranked. The other factors that are not listed did not have sufficient data to support their inclusion.

Table 5.7: ARM Push Factors

PUSH FACTORS	ORDER	INFLUENCE
Enterprise Strategy	1	● ● ●
Competitive Advantage	2	● ●
Industry Rivalry	3	● ●
Country Environment & Risk	4	● ●
Technology & Innovation	5	●
Firm Resilience Capabilities	6	●
Institutional Support	7	●

5.5.6 ARM Market Entry Modes and Processes

Further to its push and pull factors, the chosen modes of entry for international markets by ARM are joint ventures (JVs) and mergers and acquisitions, which it uses depending on the location. Adeloye stated:

> *We have done a lot of JVs, and we swing between M&As and JVs depending on the jurisdiction. In SSA, it is better to do JVs because it is easier in terms of regulation and protection because the local partners know the market or the partner can even be the government. What we find, in this terrain, is that if you have the backing of the government, it makes things easier going into Europe – it is just an acquisition, since they are a more developed region.*

In the process of conducting its M&As, the firm sometimes finds the process challenging, particularly in developed countries, which have a very different legal and jurisdictional process: '*M&A is quite a hectic and an onerous process. In Spain, the Spanish* *regulation is stringent, the law is strict, and the jurisdictional difference is quite wide'.* Additionally, during its M&As, the firm moves to take control of intellectual property assets to enhance its own. For its JVs, there is no direct focus on intellectual property, as it is accessible through its agreements:

> *When we do M&As, we acquire everything: trademarks, licenses, and all intellectual property (IP), and we use these in addition to ours. Unless it is a JV, then there is no question of IP, as it sits within the SPV of the JV. Like in Ivory Coast, the IP is under the public private partnership memorandum of understanding to build a golf course hotel and housing community.*

In its post-M&A activity, ARM immediately sends in its own staff to protect its investment and to implement its own way of doing business:

> *You have to protect your investment. That is not to say that we do not trust the staff there, but it is because of the way we have done our business over the last 20 years. The new staff there won't understand this, so we need to send people there to teach them how we do business until they settle.*

ARM also exerts further control of subsidiaries from its home country office and seeks to immediately align the cultural differences in its operations with those in its foreign operations. In this sense, Adeloye stated that

> *there is a lot of control of the subsidiaries from the head office in Nigeria, especially because they are new companies. Operations are new, and we do the post-M&A challenges, integration issues, language issues, and culture issues. For instance, in Mixta Spain, they are more execution oriented, without attention to detail, and ARM is more detail oriented, so we have to find a way to merge and overcome the friction when we come together, as there are a lot of cultural differences.*

ARM's market entry modes are developed from its pre-internationalisation efforts in its home market, Nigeria, which are based on skilled, visionary leadership. Its foreign operations to other countries can be described as both a continental spread across Africa and an intercontinental spread into countries in other continents, such as Europe. The firm plans to spend its future consolidating what has worked in its internationalisation as it also charts further territories in new markets.

5.5.7 Summary of ARM's Case Study

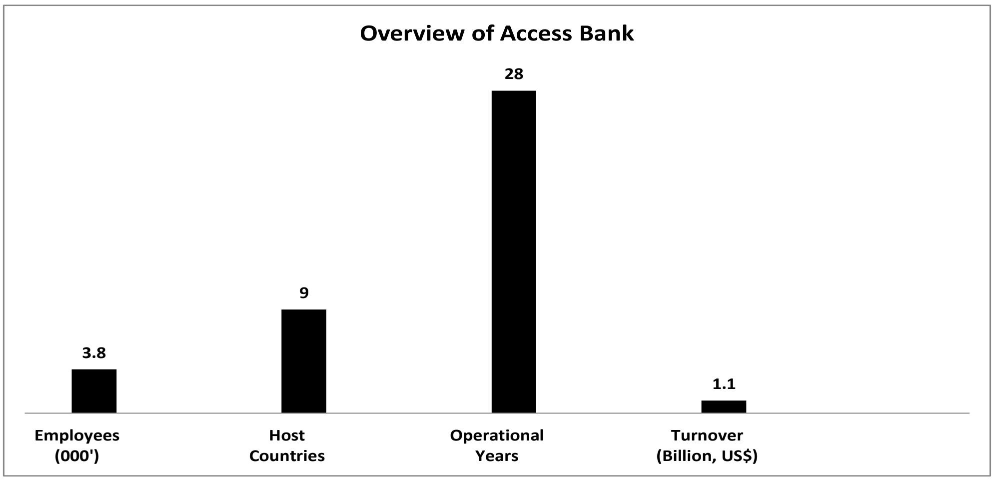
ARM is a leading financial institution in SSA, whose international market options are based on country markets that are selected using context and market-based approaches. It then uses a systematic market selection method to conduct JV and M&A international activities. Its enterprise strategy is to add value to clients by intermediation in the market deficiencies in asset management, infrastructure, and real estate internationally. The firm has identified the region as possessing untapped market growth, and it converts these opportunities by leveraging on its visionary managerial capabilities, its 'ARM way' of organisational culture, and its strong knowledge development. The firm has encountered operational challenges in its environment related to inadequate regulation, unstable polices, and reduced margins due to intense competition.

It responded to this with developed resilient capacities related to extreme risk management, high predictive ability, tenacity, and market making. The firm converts international opportunities for market growth through the establishment of joint ventures and by making strategic acquisitions. In this regard, its resilient capacity enabled the firm to make the bold acquisition of Mixta, a leading real estate firm in Spain previously owned by investors including Morgan Stanley and the World Bank. This unusual South-North acquisition from ARM allowed it, as an SSA firm, to integrate the strategic assets and intellectual property of Mixta Spain and extend its overall operations internationally.

5.6 Access Bank

Access Bank was issued a Nigerian banking license in 1988, was incorporated as a privately owned commercial bank in 1989, and was publicly listed on the Nigeria Stock Exchange in 1998. The Bank's main business activities are organised along four customer segments, each served by strategic business units: Corporate and Investment Banking, Commercial Banking, Business Banking, and Personal Banking. It appointed a new CEO and executive team in 2002 with a mandate to reposition the bank as a leading Nigerian financial institution. The firm executed a successful transformational agenda and, at the peak of this activity, as of 2013, it had about 20,000 employees (Business Day, 2013). By 2016, Access Bank had streamlined its operations and was reported as having 3,899 employees, 7.3 million customers, total revenue of about N381 billion (US$1.1 billion), profit after tax of about N65 billion (US$188 million), and 830,000 shareholders (Access Bank, 2016).

Figure 5.9:



International operations are a key part of the firm's business, and the subsidiaries of Access Bank in other countries account for about 10% of total revenues and about 14% of profit after tax. It is one of Sub-Saharan Africa's largest and most successful companies, with a network of about 366 branches and service outlets across Nigeria, DR Congo, Gambia, Ghana, Rwanda, Zambia, Sierra Leone, UAE, China, and the UK, among others (Access Bank, 2014; 2015). Through the establishment of its UK subsidiary, Access Bank can operate in the UK financial markets through a financial passport. Once the UK leaves the EU, however, the continued use of such financial passports is subject to successful negotiations between the EU and the UK.

5.6.1 Access Bank Internationalisation Process and Market Selection Patterns

In its international market selection, Access bank is interested in country markets, which are chosen from a set of options. In this regard, Access bank uses a firm-based and decision-maker approach for its market selection (Aaby & Slater, 1989). It deploys factors such as its experience, client demand, managerial competence, and oligopolistic reaction bear influence on the process. Markets were accessed based on decisions by the banks leadership to select markets where trade could be enhanced. The interviewee stated: '*we know that trade is set to increase as our economy and GDP grows, and this growth will come from foreign* *partnerships. One of the things we decided was to create a channel for where legitimate trade flows will be made easier for the customer'*.

In its eventual foray into internationalisation, however, Access Bank's market selection method can be described as unsystematic and reactive (Westhead et al. 2001). In this sense, its market selection choice became driven by the banking industry trend to expand globally at that time. So, its initial decision to go abroad became reactive and was based on the need to respond to competitors and customers who were expanding abroad:

> *In 2007, that was a boom period in Nigeria and globally, and there was a growth period, and it seemed that a lot of African countries were going to join the boom. Access bank also joined the race to expand globally from the African perspective. A lot of customers were expanding in Africa and beyond, and we followed them.*

However, the firm discovered later that its initial market selection method was not beneficial in certain markets because it found them to be economically shallow. In this regard, the interviewee stated that,

> *as we later learned, it was not all as clear-cut as it seemed since some markets were quite shallow. When we got into some of those economies in Africa, we discovered some had shallow economies. After the 2008 to 2009 economic crises, some could not even sustain banking operations the way we like to do it, so we closed down subsidiaries in some and reduced our interest in others.*

Having learned from this initial experience, the bank used more systematic market selections methods for its subsequent international market choices. Its formal objective criteria for market selection included detailed strategic research and policies that can justify its reasons for choosing an international market: '*However, over the years, we have identified more strategic reasons to expand globally, at least from the bank's perspective. From our strategy policy, we have chosen, as a bank, to focus on Asian markets'*. Further to the selection of its markets, the influencing push and pull factors impacting its internationalisation process will now be discussed.

5.6.2 **Access Bank Pull Factors**

Access Bank has four pull factors that have been identified as important to its internationalisation: market growth, networks, geographic blocs, and diaspora demand.

Market Growth

For Access Bank, a key pull factor is market growth through increased trade, which has the intent of increasing its share of markets and also integrating those markets through exceptional services. Access Bank also identified that trade flows between Nigeria and other countries in Africa and Asia were increasing and would depend on international linkages. The establishment of efficient international banking operations would therefore enable the Bank to derive the expected synergies and achieve key growth metrics. The bank executive said:

> *We are providing premium services and also increasing market share; if, for instance, you were a Chinese firm and you have two banks and one can do transfers easier and one can interact with some of your suppliers better, then you will definitely prefer the one that has made the extra effort.*

By expanding into new markets in Asia and Europe, Access Bank aims to increase the revenue earned from foreign operation from 10% to 20%. Concerning its market growth, Access Bank's CEO has stated that 'to expand from its current 10 percent of revenue in foreign markets, the bank is looking at organic growth' (Reuters, 2015).

Networks

For Access Bank, networks are an important pull factor in terms of following its existing customers into new territories. Access Bank has developed a network of customers over time, some of which have ventured abroad. To stay close to these customers and not lose them to competitors, the bank has set up subsidiaries in new territories to provide banking services to its customers. According to the Access Bank official,

> *we are largely following the relationships being built from Nigeria, which is the home country of a lot of these organisations. Trade between Asia and Africa has been growing, and we realise we didn't know some of these Asian customers too well, whereas some of the Nigerian customers we have known for a long time and have established banking relationships with them. So, a local presence there [Asia], with some partnership built with their apex bank and regulators makes it easier to transfer money funds between the home country [Nigeria] and the host country [China], and you can do that with confidence. […] a lot of customers were expanding in Africa and beyond and we followed them.*

For instance, in addition to conducting transactions in Europe, Africa, and Asia, customers of Access Bank also do business in the United Arab Emirates (UAE). The bank therefore recently set up an office in UAE to meet the needs of its customers in this region (The National, 2015). Furthermore, it identified the UAE as crucial to its network of customers in terms of the level of trade flows between UAE and Africa, which rose from $2.5 billion in 2000 to $22.8 billion in 2013 (Reuters, 2015). Certainly, Access Bank leveraged existing customer relationship networks to follow them and expand operations internationally.

Geographic Blocs

Another pull factor for Access Bank has been geographic blocs in SSA with regard to presence in strategic locations. The bank sees strategic growth opportunities in Sub-Saharan Africa, which it has actualised. The firm's previous CEO, Aigboje Aig-Imoukhuede, stated that 'we see Sub-Saharan Africa (SSA) from a perspective of wanting to be in the high performing countries' (Business Day, 2013). In the interview, the bank official also commented:

> *You don't have to be present in every African country, but you need to be present in some strategic locations where it is easy to conduct business, like in the case of Rwanda. You can do a lot of business in Southern Africa from Rwanda, which is a trade hub for this part of the world. We will be in specific geographies to strengthen our banking relationships and our banking franchise.*

Nonetheless, while the African geographic bloc is important to the bank, it needs to consider external blocs as a hedge against operating solely in Africa, and its current CEO has stated that 'the bank already has operations in ten overseas markets, mainly in Africa, but it is targeting countries outside the continent as a balance against Africa' (Reuters, 2015).

Diaspora Demand

A strong pull factor for Access Bank is the demand for its services by nationals of its home country who are located in foreign countries. The bank has a special 'diaspora banking' service, which it put in place to address the banking needs of Nigerians living abroad. It offers them the opportunity of opening savings, current, and domiciliary accounts, with the added advantage of being able to operate the accounts from anywhere in the world (Access Bank, 2014). In this sense, the bank official commented that *'there is also the provision of banking services to Nigerian diaspora'*. The bank is able to attract this crop of non-resident nationals through banking solutions that offer convenience and accessibility. Since its customers can operate local accounts from abroad, Access Bank is encouraged to set up subsidiaries in foreign locations where there is a large diaspora group.

5.6.3 **Discussion of Pull Factors**

For Access Bank, market growth was prioritised first as a pull factor, due to its importance to the growth aspirations of the firm with regard to entering various geographic regions. It is also important as the firm enters new markets by deploying unique services that are based on enhancing trade flows between customers in different territories. Networks were next, since the firm places a premium on its relationships as they help it to achieve its plans. The firm also has an existing customer network, which compels it to follow them to new markets. Geographic blocs were also seen to be crucial to the firm, as it can leverage hubs to internationalise.

Diaspora demand was also prioritised because the firm identifies strongly with its home country population overseas and seeks to provide them with financial services. Some factors, such as strategic assets and efficiency, were expected to have featured in the pull factors for the firm but, surprisingly, they were identified as not having significant influence. The other factors were not listed, as there was no evidence to support their inclusion.

Table 5.8: Access Bank Pull Factors

PULL FACTORS	ORDER	INFLUENCE
Market Growth	**1**	● ● ●
Networks	**2**	● ● ●
Geographic Blocs	**3**	● ●
Diaspora Demand	**4**	● ●

5.6.4 **Access Bank Push Factors**

Access Bank has six push factors that have impacted on its internationalisation: enterprise strategy, competitive advantage, industry rivalry firm resilience capabilities, home environment and risk, and technology and innovation.

Enterprise Strategy

For Access Bank, its enterprise strategy was developed at the board and executive level in order to enable it to cope with operating in a difficult business sector. Its CEO has stated that 'our growth strategy, within the context of a difficult market, is focused on carefully targeting growth segments' (CEO Insight, 2015). Part of the growth segments of the bank included trade flows, and the bank developed this into an internationalisation strategy. Concerning this strategy, the interviewee maintained that

> *this strategy of the bank was identified by the current MD and his partner, Aig, when they took over the bank in 2002. So, internationalisation has always been part of the strategy of the bank, and we see it as an opportunity area and have built platforms and improved the efficiency and effectiveness of these platforms over the last 13 to 15 years.*

The strategy of Access Bank is to continually expand its footprint in Africa while developing and implementing a global operating model that will help it become a preferred African bank (Premium Times, 2013). The strategy of the bank has been a key push factor, which sees it making moves to penetrate new foreign markets.

Industry Rivalry

Industry rivalry in the banking sector in Nigeria is quite keen, and Access Bank has had its own experience with shrinking market share due to the intensity of competition. Its banking franchise has faced stiff local competition from other strong banking brands. To mitigate these issues, expansion out of the home country of Nigeria and into a less challenging terrain was therefore an option for Access Bank to consider, which it did. The firm also targeted locations that would enhance its brand franchise and customer relationships. According to the interviewee, '*you need to be present in some strategic locations where it is easy to conduct business. We will be in specific geographies to strengthen our banking relationships and our banking franchise'.* The firm's expansion into foreign territories was also consolidated with strategic acquisitions of industry rivals, such as Intercontinental Bank

Nigeria, which had strong foreign presence and enabled Access Bank to gain market share (Reuters, 2015).

Competitive Advantage

The competitive advantage of Access Bank has been a factor that has pushed it to establish operations abroad with the confidence that it has the capability to deliver on its targets. Access Bank has competitive advantage in the areas of its industry expertise, large internal resources, and the specialised capabilities of the firm's workforce, which is particularly motivated, skilled, and passionate about the firm's vision. The bank constantly looks out for the right people to recruit into its ranks (Access Bank GRP 2015), with Aig-Imoukhuede, previous CEO of the firm, stating:

> We have a workforce that is extremely passionate and identifies with the core values that we have set our minds on, an intellectually driven, high energy, high tempo workforce; we set targets and we have created phenomenal execution capabilities (Business Day, 2013).

This competitive advantage, with regard to the bank's workforce, has been pivotal to its progress with its internationalisation efforts. Its staff sets high targets of achievement for its international operations and executes the plans of the bank efficiently. For instance, if a subsidiary is not performing to expectations, the Access Bank team will move quickly to manage, intervene, or even close operations entirely in a bid to maintain the financial stability of the group. In this regard, the interviewee stated that *'some of the subsidiaries have not been profitable, and we have a minimum run rate in terms of revenue and operations level, and you need to be profitable. If you are not, the subsidiary will be bleeding the group, and if you are not contributing to the group, we see no reason why we should bother holding on to that region. Some could not even sustain banking operations the way we like to do it, so we closed down subsidiaries in some and reduced our interest in others'.* The firm's staff having the capability to make such tough decisions has certainly helped it to maintain its competitive edge in such a challenging sector.

Technology and Innovation

Technology and innovation has been critical to Access Bank's internationalisation. The firm's previous chairman, Gbenga Oyebode, maintained that its digital platforms were instrumental to the banks success (Access Bank, 2014). For instance, the bank recently deployed self-service software called the CR2 BankWorld Omni-channel, and it intends to use this software to manage its self-service channels, including internet banking, ATM, and mobile banking services (Vanguard, 2015). The firm's reliance on technology, however, goes back to 2007, when Access Bank made a public offer to raise funds and amassed about $1.4 billion. Thereafter, it devoted 9% ($100 million) of this huge resource to IT infrastructure and 17.5% ($200 million) to foreign expansion and operations (Access Bank, 2008). The IT infrastructure was deliberately designed to allow the bank to expand into new territories and operate successfully there. This infrastructure included a

> single-network communication platform for all Access Bank subsidiaries, a custom designed Flex cube application solution for the Access Bank Group, a single global and integrated communications process platform, and establishment of a Group Technology Information SBU that supports the strategic requirements of all Access Bank subsidiaries (Access Bank, 2008).

The bank thus used its newly energised technology and innovation as a push factor to internationalise, in what it termed a 'regional and OECD initiative'.

Country Environment and Risk

The next push factor for Access Bank is the home operating environment in Nigeria, which it regards as being tough and in a constant state of change. The interviewee stated that '*the operating environment in Nigeria has become tougher recently [and] the regulatory environment has been tighter; [a] series of political changes and policies are in flux at the moment'*. With the operating environment being challenging, the bank pursues its opportunities for international expansion as a mechanism for limiting its exposure. Nonetheless, the bank has a conservative approach to risk and, despite the need to internationalise, it intends to do this cautiously. Its CEO has stated that 'global expansion is being done very carefully, taking into account our moderate risk appetite. We will not be expanding very quickly but most likely are looking at one or two countries a year' (Reuters, 2015).

Firm Resilience Capabilities

Access Bank has operated successfully from its home country due to the resilience of the firm and its executives. For instance, the bank's leadership had an inherent motivation to build a great institution, no matter the challenges. Its previous CEO, Aig-Imoukhuede, maintained that he 'wanted to have on [his] track record or CV the establishment or the creation of a world class institution' (Business Day, 2013). Such business drive contributed to the overall resilience of the firm in other areas, such as its predictive capacity to understand the trends and future directions of the market. Concerning their resilience, the interviewee stated:

> *Absolutely, we have built up firm resilience; we see patterns in the economy and have greater predictive capacity. It is used for foreign operations. We tend to see some of the risk crystallising in their environment before they do. For some of the developing economies that are similar to ours, we have greater predictive capacity.*

The resilience of the bank was also identified by its shareholders, who lauded its overall performance despite the challenges (Nigerian Nation, 2016).

5.6.5 **Discussion of Push Factors**

Based on the various comments made during the interview, enterprise strategy was prioritised first because it is deemed crucial to the internationalisation of Access Bank. Next was industry rivalry, which was identified to be very intense among banks, thereby pushing Access Bank to keep up with competitors. The firm's competitive advantage was ranked next as an important factor due to various comments made about the its industry expertise, executive leadership, and energetic workforce. These important competitive advantages lead to a form of differentiation for the bank with regard to its services. Other factors were subsequently prioritised based on their perceived importance to the firm and its internationalisation process. Four factors did not receive any listing as they had no data. From this group, two factors that were expected to feature because of the firms focus on international trade were trade diversification and economic restructuring. They did not, however, have any primary or secondary data to support their inclusion as influential factors.

Table 5.9: Access Bank Push Factors

PUSH FACTORS	ORDER	INFLUENCE
Enterprise Strategy	**1**	● ● ●
Industry Rivalry	**2**	● ● ●
Competitive Advantage	**3**	● ● ●
Country Environment & Risk	**4**	● ●
Technology & Innovation	**5**	● ●
Firm Resilience Capabilities	**6**	●

5.6.6 Access Bank Market Entry Modes and Processes

Further to its push and pull factors, the chosen modes of entry for international markets by Access Bank are greenfield investments and mergers and acquisitions. The choice of market entry mode would depend on the way banking is ascertained to be practiced in that location. Where Access Bank finds the banking systems and culture to be similar to its home country, it will carry out an M&A. In this regard, the interviewee stated that *'it depends on the territory. In Africa a lot of the internationalisation we did were M&As, and we looked for a firm target and a culture that fits ours to some extent and we took it up from there'.* Where the firm finds the culture and way of banking to be very different, it will carry out a greenfield investment and develop its operation organically:

> *In Asia, you can't do a lot of M&As because the way they do banking is completely different from what we understand to be banking. Firms that have large banks in Asia, in Europe, or North America have built up relationships for years, and we don't plan to rush into this level of relationships. UK was a greenfield, and we started small and built it up gradually, and it has been doing very well.*

Subsequent to its greenfield and M&A entry modes, Access Bank structures the control over its subsidiaries based on their assessed risk profiles. According to the interviewee, *when you are creating assets, it depends on the assets and the capital adequacy ratio and risk profile. There are varying degrees of autonomy. Some subsidiaries that we have, they have their own chief risk officers, some have their own chief risk officer, but who reports to the group, and some don't have one at all, and all their credit approval has to come through the group.*

For subsidiaries with low risk profiles, the firm will exert less control and give them more autonomy. For other subsidiaries considered as having risky operations, Access Bank reduces their autonomy and exerts more control as a means of mitigating the risks to its overall business:

For Asia, they are a representative office and are tied to the centre. The UK is probably one of the most autonomous because their balance sheet is self-sustaining and they don't require much cover from the group, so they are quite independent. For some of the other subsidiaries, they have a higher risk profile, so you can't just allow them to be autonomous because anything that affects them affects the group in terms of reputational risk, credit risk, and operational risk. It all translates back instantly, so they can't just be autonomous.

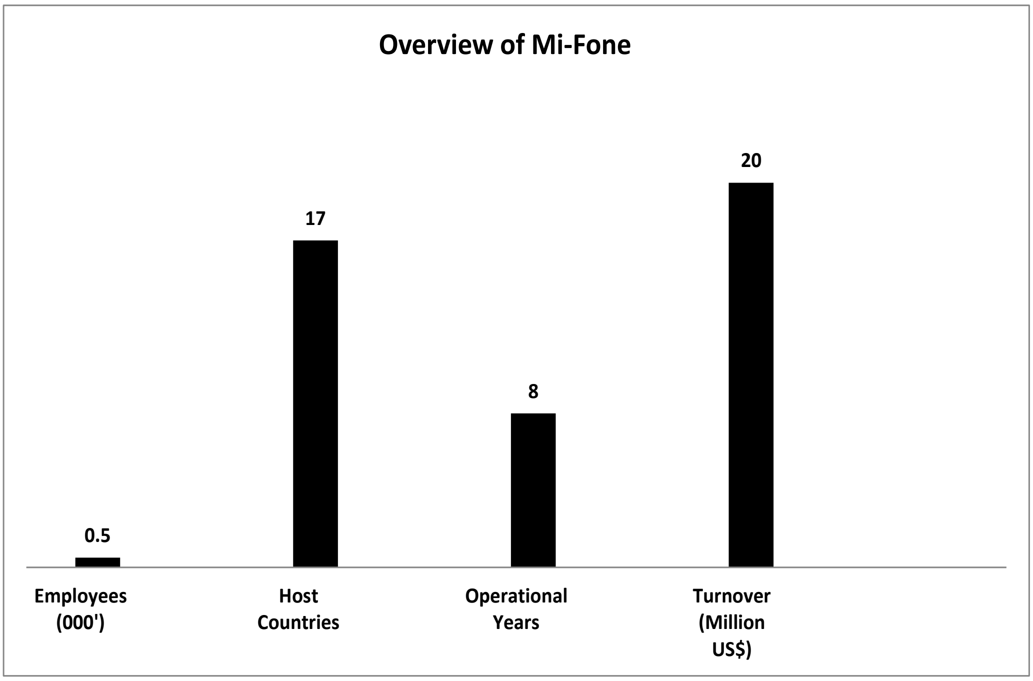
5.6.7 **Summary of Access Bank's Case Study**

Access Bank is a top-tier bank in Africa that uses firm- and decision-maker-based approaches for its market selection patterns. It uses both an unsystematic and systematic market selection method to carry out greenfield and merger and acquisition investments in foreign countries. It hinges its enterprise strategy on increasing market growth by meeting the market gaps in the provision of international trade-driven financial services between territories. The bank is able to do this by leveraging its motivated workforce, large resources, and industry expertise. Access bank also devotes a huge amount of resources towards enabling technology and innovation infrastructure that allows it to create platforms for supporting its internationalisation strategy. The bank faces difficult operating markets due to economic upheavals, market uncertainty, and intense competition. However, it deploys 'resilience capabilities' related to its inherent motivation, predictive ability, business development aggression, and significant problem-solving skills. The firm operates in host territories through a mix of wholly-owned subsidiaries, joint ventures, and strategic acquisitions, which are determined by the territory and inherent risk profile. In seeking host territories, it favours locations that can act as strategic geographic hubs and platforms into other important locations. It also gives priority to locations where there are large diaspora groups and where its customers have relocated. Access Bank keeps close to its customers and predicts their future needs, which it has forecasted to be in increased trade flows to countries in Europe and Asia. In this regard, the firm has primed its internationalisation process to serve such a need.

5.7 Mi-Fone Telecommunications

After its inception in 2008, Mi-Fone, headquartered in Kenya, has gone on to develop the fastest growing mobile telephony devices brand in Africa. In its first month of operations in April 2008, Mi-Fone received orders for 15,000 units and has since sold more than three million units with over US$20 million in yearly revenue. Over 500 people are employed through Mi-Fone and its distribution network in 17 countries.

Figure 5.10:



Its product range is manufactured in China, with stripped down features that allow the phones to have extended battery life. It has also created a whole new telecoms market category in the emerging mass market sector. The company's strategy is to sell handsets with sufficient design features at a price that makes them attractive to young people. Mi-Fone believes that expensive branded handsets are not realistic for low-end African customers and sees a gap in the market to service this group of customers with cheaper branded handsets. It therefore markets in regions where young internet users can afford cheap mobile devices that allow them to browse and access all the social media and information pages. Mi-Fone has developed a network of distributors, operators, and retailers in key markets. It is available in 15 African countries, including Ghana, Madagascar, Nigeria, Uganda, Mauritius, Kenya, South Africa, Tanzania, Rwanda, Angola, and DR Congo, as well as in India. The company has also commenced plans to build a $US30 million phone manufacturing and assembly plant in Nigeria. This commitment to FDI into the country is meant to convert the large market of 45 million potential users in Nigeria and also to leverage on lower labour costs (BusinessDay, 2013a). Internationalisation by Mi-Fone is stimulated by its belief that the mobile phone is the future of the African continent (Mi-Fone, 2015).

5.7.1 **Mi-Fone Internationalisation Process and Market Selection Patterns**

In its international market selection, Mi-Fone is interested in homogeneous customers groups in Africa (Buerki et al. 2014). This group includes low-income earners and young people with aspirations for telecommunications and internet connectivity. It seeks such groups in different country markets, specifically in Africa, and structures its business approach to meet their needs. Its international market selection relies on the decision-maker approach to market selection, which, in this case, is related to the firms' experience and social networks (Leonidou & Katsikeas, 1996). Its initial process of market selection will first consider the networks of relationships that the firm has in various potential markets. Alpesh Patel, CEO of Mi-Fone, stated that:

> *First of all, we find out who we know in that country – most of the markets we have been successful in have been because we have very good local partners. We would never go into a new market on our own, as we would not understand the terrain […] the culture and language difference can be barriers. Choice of territory for us is always based on having the right local connections.*

The intention of the firm is to leverage its existing relationships to develop potential partners that can help in its internationalisation efforts into that host market. After assessing the strength of its relationships in different markets, Mi-Fone then goes through a process of accessing and vetting the suitability of potential business partners. When potential markets and partners are identified, the firm further goes through a systematic method of selecting those markets that it will eventually do business in (Knight, 2000). This selection method is based on formal criteria such as country visits, market research, and industry statistics from the International Telecommunications Union (ITU). The purpose of this is to carry out due diligence on potential partners and to know more about the business environment in the intended host market. According to Alpesh Patel:

> *Do your research: what are the costs for setting up a local entity, duties, price index, government regulations, etc. So, the research will take a good three to six months. Visit the country – having a local partner can get a lot of this stuff addressed for you. So, get to know the people, get to know the characters, do some background checks about credibility, as they will be representing your firm. Diligence on partners is important.*

Once the firm has concluded its country visits and carried out due diligence on its potential partners, the level of suitability of the host country increases and it is more inclined to internationalise into that territory. The firm also uses unsystematic methods as it reacts to competitive pressures by following larger competitors into markets. Patel mentioned that '*we follow competition all the time; we do product benchmarking*'. In addition to its market selection patterns, the firm is influenced by various push and pull factors, which will be examined next.

5.7.2 **Mi-Fone Pull Factors**

Mi-Fone has three pull factors that have impacted on it: market growth, networks, and geographic blocs.

Market Growth

Market growth has been an important pull factor for Mi-Fone with regard to market expansion within Africa. In 2011, the firm identified that the telecommunication penetration rates in Africa are very low, at just 5% for data services. Mi-Fone therefore recognised that the African continent was a big growth market with a lot of room for the development of data services (Devtelecoms, 2011). The massive consumer market of the continent held an attraction for the firm, and this saw it pushing to internationalise to various locations in order to capture markets that needed data on mobile handsets. Its first wave of internationalisation enabled the firm to capture a large customer base after selling over one million handsets (McKinsey, 2013) During the interview, Patel commented that *'increasing our footprint was a consideration. We did not want to put our eggs in one basket in terms of being in one territory'*.

Networks

The existing personal and corporate networks in a host country hold a strong attraction for Mi-Fone. The firm places a premium on the personal relationships and potential partners it has access to in the countries it intends to operate in. Of particular importance are the local partners in the host countries it intends to operate in. The firm forms strategic relationships with these local partners, who are potential product distributors in the various countries. According to the CEO,

> *the factor here has mainly been based on personal connections. Sometimes, you might think you have the right local partner, and you are wrong, it could be the wrong person, so we have also made those mistakes. Just because you have a strong and powerful local guy in a country does not mean he or she will be good for your business.*

For instance, Mi-Fone identified a leading online retailer in Nigeria and formed a partnership that allowed it to sell its handsets in that territory (Nicom, 2016). Networks for Mi-Fone are therefore a critical influencing factor that it considers when entering new markets to develop its business.

Geographic Blocs

Another factor influencing Mi-Fone to internationalise is geographic blocs with regard to the geographic diversity of the region. Right from inception, the firm recognised that the there was a vibrant diversity across the continent. It had a market of 300 million people that were yet to have voice connectivity and 700 million without access to the internet (The Channel, 2012). Providing these people in the diverse market of Africa with telecommunications was therefore an experience the firm looked forward to. Concerning this, the CEO stated that

> *the reason is to spread our wings and take advantage of the diversity in the different sections of Africa. So, spreading our wings means we can experience doing business in East Africa, West Africa, South Africa, Francophone Africa, etc. Part of the reason is also for this experience.*

Mi-Fone internationalised into the key geographic blocs of Western, Eastern, Central, and Southern Africa. It therefore set up a system of distributors and operator channels to ensure its handsets could be readily purchased in countries such as Senegal, Rwanda, Ghana, Nigeria, Kenya, Tanzania, and South Africa (Tekedia, 2011).

5.7.3 **Discussion of Pull Factors**

Market growth for Mi-Fone was prioritised first, as the CEO commented during the interview that the huge potential in the SSA market was a motivation for the firm, which sought market growth as a way of mitigating against the risks of operating in one location. Right after this came networks, which are very important to the firm as it heavily relies on its contacts in foreign locations to get information before deciding on the location. This extensive network of contacts in these countries eventually aids its foreign operations if it decides to internationalise there. Next was geographic blocs, which were ranked due to the emphasis given by the firm on the need to explore disparate regions in Africa. The different geographic blocs in Africa are therefore a motivation to tap into such diversity and internationalise. From the seven other factors that were not prioritised, strategic assets and efficiency were expected to feature due to their perceived importance to a telecommunications firm, but, surprisingly, they did not feature. Additionally, due to the role of Kenya in East Africa, regional integration and diaspora demand from its citizens overseas were also expected to have been influential factors, but there was no primary or secondary data to support these and the other factors that were not prioritised.

Table 5.10: Mi-Fone Pull Factors

PULL FACTORS	ORDER	INFLUENCE
Market Growth	**1**	● ● ●
Networks	**2**	● ● ●
Geographic Blocs	**3**	● ●

5.7.4 **Mi-Fone Push Factors**

Mi-Fone has six push factors that have impacted on its internationalisation: enterprise strategy, competitive advantage, industry rivalry, firm resilience capabilities, home environment and risk, and technology and innovation.

Enterprise Strategy

The enterprise strategy of Mi-Fone was developed by the executive team, led by its CEO, CFO, and others. The strategy was to be a nimble communications brand that would internationalise into regions of Africa with a large number of young people. Its target in the foreign territories was young users who needed internet connectivity and could not afford a $500 laptop but could afford a much cheaper $20 phone device that would allow them to browse the web (BA, 2008). Internationalisation was therefore embedded in the long-terms plans of the company, with the CEO stating that *'it was part of our strategy'*. This strategy was deliberate and incremental, with the CEO also commenting that '*it does take a lot of time and resources'*. The strategy therefore involved cautious efforts to understand new terrains, cultures, costs of setting-up, local duties, and government regulations. In implementing its strategy for host markets, the firm also ensured that it emphasised the fine line of separating its cheaper generic handsets from other more expensive brands like Samsung and Apple by emphasising helping customers to achieve their aspirations in a less expensive way.

Industry Rivalry

Another push factor for Mi-Fone is the level of industry rivalry in the African communications sector, which is mostly controlled by the very large brands like Apple, Samsung, Xiaomi, Motorola, and Huawei. There is therefore a great deal of oligopolistic activity, which results in expensive products and huge margins. For Mi-Fone, since it has to compete against bigger firms, it needs to follow closely what they do and where they go so that it can respond competitively:

> *We follow the competition all the time; we do product benchmarking. Companies that are very large competitors make huge 40–50% margins in Africa. They make a killing because the customers are not complaining. There are no consumer bureaus and no one protecting the people.*

The level of industry rivalry pushes Mi-Fone to enter territories where its competitors are operating so that it can obtain market share. In some cases, the firm needs to consolidate further in certain foreign territories in order to keep the competition in check. For instance, Mi-Fone had to aggressively consolidate its operations in large foreign markets like Nigeria in a bid to fend off the aspirations of Chinese-owned Xiaomi, which it accused of infringing on its 'Mi' brand. In Nigeria, Mi-Fone went to court and successfully obtained an injunction restraining Xiaomi from using the 'Mi' brand to market mobile devices (ITN, 2016). Xiaomi is one of the biggest mobile device brands in the world and, in defending its decision to challenge Xiaomi in Nigeria, Patel, the CEO of Mi-Fone, said:

> Mi-Fone was established in 2008 and, from day one, we followed the rule of law and promptly registered the 'Mi' trademarks in the relevant classes. We certainly do not mind any competition, but we cannot afford to have confusion amongst consumers with two separate brands bearing the 'Mi' product brand name. Nigeria has and will always be a key market for us (Business World, 2016).

Mi-Fone considers the business of mobile devices to be the most competitive sector in the world, and it certainly does not shy away from going against the competition and also leveraging on the competitive atmosphere to enter and consolidate in foreign markets.

Competitive Advantage

Competitive advantage is a push factor for Mi-Fone with regard to its marketing expertise, passionate executives, and technological proficiency. Being an indigenous African brand trying to compete with bigger competitors, the firm had to identify where its strengths lay and deploy these to its benefit. An important competitive advantage for Mi-Fone is its marketing, which is aggressive and pragmatic. The CEO has stated that

> anyone can go to China and procure phones. We home in on quality and packaging. Furthermore, because we are marketing to people at the bottom of the consumer pyramid, we've also made good use of guerrilla marketing and social media (Emag, 2012).

The marketing strategy of Mi-Fone is built around generating as much free media attention as it can get based on doing unusual things. For instance, launching its Mi-Obama phone in Kenya to commemorate Obama's inauguration as US president. It was the first President Obama-themed phone in the world that resulted in an emotional resonance with his Kenyan fans, with 8,000 handsets sold in four days and two million free online impressions (PCMag, 2009; Hwmia, 2014). The firm also received a free mention on CNN when it launched a black emoticon ahead of Apple, thereby creating interest on international social media. This type of sensational and social media-based marketing enabled the firm to push into about 17 countries within a short period of operations. For Mi-Fone, without deploying its competitive advantage in marketing, it would have had a much more difficult task of trying to penetrate and survive in the SSA telecommunications market.

Technology and Innovation

Another push factor for the firm is innovation, with the Mi-Fone CEO stating that, *'most of the time, it is the same product that we may enhance for different territories. In different markets, it comes out in different price points'*. For instance, Mi-Fone made a handset called the Mi-Tribe, designed to last for two to three days on a single charge (Mi-Fone, 2016). Mi-Fone, however, decided to launch this phone in Nigeria, which is known to have challenges with regard to stable electricity supplies. Both phones were manufactured from similar components but were differentiated for the two markets. Furthermore, the firm has used its size to its advantage by innovating faster than other larger competitors, which it does by bringing out newer products and tools that are relevant to its African users and doing so at a rate that leaves its competitors trying to catch up. For instance, Mi-Fone is the first brand in the African market to make emoticons with black character images, which created identities that local users in different African countries could identify with and spread within their circles of influence. In going even further, the firm was the first to produce phones with a dedicated Facebook button, and the innovative social media-friendly product was introduced to its social media users in different countries on the continent. In this regard, the CEO commented that the firm was 'the first brand to produce a phone with a Facebook button […] way back in 2010' (Tuko, 2015). For Mi-Fone, technology and innovation is at the forefront of influencing factors on SSA internationalisation, as it provides opportunities to build on existing assets and maximise these in other countries.

Firm Resilience Capabilities

A factor that has had a strong influence on the internationalisation of Mi-Fone is its own firm resilience, which is reflected in the firm's extreme determination, market making, practical experience, predictive ability, and relationship/leveraging abilities. The firm recognises that it had gone through harsh operational terrain in Africa, but it is proud of its record of surviving. The culture of Mi-Fone is that, in having prevailed in such challenging conditions in the continent, it has become stronger by the experience. The firm believes that its tough essence has been forged by this resilience, which it developed through experiencing harsh market conditions, limited resources, and larger competitors (Hwmia, 2015):

> *We build our resilience every day in Africa because the environment in Africa is not conducive to entrepreneurs; there is no support, and you are up against a lot of big competition. There is no embracing of start-ups in Africa. We bring something very different to the table here in terms of our experience. So, we have had resistance from day one, especially in our field, where people are very brand conscious, and this is the most competitive sector in the world, which is mobile devices.*

With such resilience, Mi-Fone boldly takes steps to enter different host markets in the continent based on the belief that it has what it takes to thrive in such conditions. Other firms have recognised this resilience in Mi-Fone and have sought to partner with the company in order to enter the mobile market in Africa. For instance, Mi-Fone signed a strategic alliance with Jolla, owners of an emerging phone operating system called Sailfish, in order to penetrate the African market (TechCrunch, 2016). On the basis of its resilience, Mi-Fone has been taking internationalisation initiatives into the regions of Africa where there are large markets. Since its very survival can be attributed to its resilience to challenges in the African environment, the firm has been very keen to push its market expansion everywhere on the continent.

Country Environment and Risk

Mi-Fone has its corporate headquarters in Kenya, and the firm considers its operating environment to be generally difficult (Juuchini, 2015). Over the years, Kenya has experienced a history of challenges with regard to infrastructure, security, and fiscal stability, which have impacted on the operations of businesses in the country. There are also notable challenges with interest rates and the foreign exchange system, which have resulted in a tough environment for businesses (Star, 2015). For the mobile devices market, Kenya is regarded as one of Africa's toughest markets due to weakening marginal revenues, price competition, and oligopolies (R&M, 2008). This operating environment requires businesses in the sector to be innovative in how they achieve a successful business model. In the case of Mi-Fone, these local challenges present an opportunity to expand its operations into other foreign territories as a means of spreading its risk profile. According to the firm's CEO, *'we did not want to put our eggs in one basket in terms of being in one territory'*. For Mi-Fone, this meant that, although it operated out of Kenya, it could still take on a Pan-African outlook and brand itself as the African mobile phone device maker. This African branding endeared Mi-Fone to customers and partners in the Africa continent. In this sense, the firm has been able to successfully convert a challenging operational environment into a catalyst for internationalising its product and brand across the continent.

5.7.5 Discussion of Push Factors

Enterprise strategy was ranked first for Mi-Fone based on the importance placed on this factor during the interviews. In this regard, it is crucial to the internationalisation of the firm and has been prioritised for this reason. Next was industry rivalry, which was ranked due to the comments made during the interview about the mobile phone sector being the most competitive. The firm experiences intense industry rivalry, and thereby undertakes competitive benchmarking to keep its competition in view. Secondary data also supports this level of industry rivalry and its importance. Competitive advantage was affirmed as being important to the firm due to its marketing expertise and executive talent, which is used to enhance operations in foreign countries. Next was the technology and innovation of the firm, which is crucial, especially given that it is in the telecommunications industry. The firm uses its innovation and technological proficiency to enhance its foreign operations.

Table 5.11: Mi-Fone Push Factors

PUSH FACTORS	ORDER	INFLUENCE
Enterprise Strategy	**1**	● ● ●
Industry Rivalry	**2**	● ● ●
Competitive Advantage	**3**	● ●
Technology & Innovation	**4**	● ●
Firm Resilience Capabilities	**5**	●
Country Environment & Risk	**6**	●

Firm resilience was also prioritised, as comments were made about the firm's resilience being built up daily through extreme determination, practical experience, and market making. Country environment and risk was ranked next based on the available data. Four other factors were not included, as there was no primary or secondary data to support them

5.7.6 **Mi-Fone Market Entry Modes and Processes**

Subsequent to the consideration of push and pull factors, the chosen international entry modes for Mi-Fone are distributorship licenses and greenfield investments into the African market. In its initial stages of internationalisation, the firm appoints distributors who are licensed to sell Mi-Fone products and promote those brands among the customer segment in their location. The appointed distributors have a great deal of autonomy and are at liberty to control their own affairs with minimal oversight from Mi-Fone. As Patel stated, '*in the past, we entered markets using distribution, and most of the time we give the distribution rights so they can run their own operation'*. Mi-Fone had the option of using the profits gained from this model to expand organically by developing its own direct subsidiary operations, but it chose to spread rapidly into other countries using the existing channel of distributions licenses. However, the firm later realised that this was an error: '*one of the mistakes we made was expanding our reach too quickly; we should have used our profits to expand organically, but we spread ourselves too thin based on our resources. We got too excited. So, don't get too excited'*. Additionally, Mi-Fone also realised that, based on operating distribution licenses, it was losing market share because it did not directly control the subsidiaries in the host markets. It then decided to change to a greenfield model: '*Now, we are running our own subsidiaries, fully owned and controlled by us, so we get our own market share. One of the ways to get market share in Africa is to have your own operation, and now we represent ourselves'*. Mi-Fone recognises that it made initial mistakes in its initial internationalisation processes into Africa based on the highly heterogeneous nature of the region. It now recognises that this diversity is quite broad and cannot be taken for granted, as it provides a unique business experience:

> *We have made a lot of mistakes, but we keep on learning from those mistakes. You cannot paint Africa with a single brush stroke; what you learn in it is that it is not like India or China. Here, you have 54 countries, each with its own nuances, each has its own way of doing*

business, different systems, and this is the biggest challenge, as you have to have a compartmentalised view, as one size does not fit all.

5.7.7 **Summary of Mi-Fone's Case Study**

Mi-Fone is an emerging mobile telephony firm from Africa that uses the decision-maker-based approach for its market selection patterns. It also deploys a mix of unsystematic and systematic market selection methods to carry out distributive licensing and greenfield operations in foreign countries. It has the enterprise strategy of providing affordable data-enabled mobile handsets through incremental internationalisation. Its strategy seeks to meet the existing gap in the marketplace for the provision of data services to young consumers at the bottom end of the market in Africa. To do this, the firm leverages on its entrepreneurial drive, passion, and extensive capabilities in marketing, branding, and technology. It also constantly innovates by creatively devising adapted and culturally relevant products that appeal to its target market. For this, it regularly converts trending socio-cultural issues and market collaboration opportunities. It internationalises through licensing, distributorship, and wholly-owned subsidiaries. It also has an extensive network of contacts across the continent that it relies on for market information, assessment of new territories, and due diligence of potential partners. The firm faces operating challenges due to market instability, industry uncertainty, and larger and aggressive competitors. However, it regularly reinforces its resilience with regard to its survival abilities, extreme determination, market-making capabilities, and practical experience. The firm does not underestimate the challenges faced by emerging international firms from SSA due to the heterogeneous nature of the region and its deficient institutional mechanisms. Instead, it appreciates the unlimited potential in the region, which it can covert to growth by leveraging on the resources and advantages that have sustained it so far.

5.8 Case Study Findings, Theoretical Links, and Relevance

The thesis has conducted case studies on five SSA firms and has produced findings based on primary data from the interviews, secondary data, and firm records. The findings will be discussed here, which can provide direction regarding the relevance of the OFDI and internationalisation theories and approaches reviewed in Chapter 2. On this basis, the general case findings indicate that international market selection by SSA firms is conducted using both systematic and unsystematic methods, which are influenced by, context, market based, firm and decision-maker factors. These are in line with the findings of Root, (1987), Papadopoulos and Denis (1988), Terpstra & Yu, (1988), Aaby and Slater (1989), O'Farrell and Wood (1994), Leonidou and Katsikeas (1996), Johanson, (1997), Wood, (1998), Knight, (2000). Yip et al. (2000), and Koch, (2001). With regard to the market entry mode, firms make their decisions on entry mode based on some yardsticks, and SSA firms use strategic goals, experiential knowledge, locational fit, and risk-based approaches to determine their foreign market entry modes. These modes include greenfield investments, mergers and acquisitions, distributorships, and joint ventures, which is supported by the findings of Hill et al. (1990), Agarwal and Ramaswami (1992), Kim and Hwang (1992), Kwon and Konopa (1993), and Chung and Enderwick (2001), and SSA firms also exert a lot of control over their firm subsidiaries. Some firms exert this control due to the level of uncertainty in the host environment, which is indicative of Type 1 FDI. Other SSA firms exert subsidiary control due to the need to guarantee performance and profitability, which is indicative of Type 2 FDI. These findings support the arguments of Hymer (1960).

Additional case findings indicate that fourteen push and pull factors (as merged in Appendices 6.3 and 6.4), are found to be prominent out of twenty factors from the SSA framework. It is now necessary to discuss the findings relating to these factors as they reflect in the cases across the region. Such discussions will also be useful in highlighting areas where the case findings show alignment, or otherwise, with relevant theories and approaches.

5.8.1 **Pull Factors**

From the fourteen factors in the case data, seven crucial pull factors were identified: market growth, strategic assets, networks, efficiency, diaspora demand, foreign training, and geographic blocs. These seven pull factors are the most relevant in the SSA region and have been ranked in Figure 5.11.

For pull factors, the primary data from the five case studies point to the fact that market size and market growth are very important considerations for internationalising SSA firms. The firms are attracted to large markets within SSA and beyond because they present opportunities to grow their customer bases, increase market share, and increase revenues. External markets also present opportunities to sell new products and solutions to hitherto untapped areas. Market growth into the SSA region receives a great deal of attention, as the firms see Africa as a huge growth opportunity due to its abundant human and material resources. These findings relating to the influence of market size and market growth align with the findings of Davidson (1980), Lall (1982), Wells (1983), Terpstra and Yu (1988), Erramilli and Rao (1990), and Lee and Slater (2007). The findings from the cases also support those of Boojihawon and Acholonu (2013), Grosse (2015), and Anwar and Mughal (2017), with regard to the importance of market factors to OFDI.

Figure 5.11: Pull Factors

PULL FACTORS	ORDER
Market Growth	1
Networks	2
Strategic Assets	3
Efficiency	4
Geographic Blocs	5
Diaspora Demand	6
Foreign Training	7

Further to the findings on market size and growth is the complementary importance of openness to trade in goods, which is crucial to SSA firms as it enhances their market entry and internationalisation to foreign territories. Additionally, openness to trade is important to firms internationalising into SSA because countries in close geographical proximity within the region have formed trading, economic, and customs communities, which include the Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC), and the Common Market for Eastern and Southern Africa (COMESA). In this regard, countries in such regional blocs forming customs unions, with joint tariffs, capital controls, and foreign exchange restrictions, can result in affecting openness to trade. Removal of such protectionist policies can enhance openness of trade and its impact on internationalisation. The findings from the cases that trade openness enhances internationalisation and OFDI is supported by the findings of Kandiero and Chitiga (2006), Groh and Wich (2012), and Liargovas and Skandalis (2012).

In further findings, SSA firms attain market growth based on the assumption of a level of market imperfection in the region, which is consistent with the market imperfection theory of Kindleberger (1969). In addition, when SSA firms are trying to achieve this market growth, they enter new markets using various market integration techniques, such as operational efficiency. Such attempts at market integration in SSA is in line with that described by Read (1983), concerning firms seeking positioning in international markets using such techniques. The use of market integration techniques by SSA firms in this regard is also in line with the argument of Ragazzi (1973). Market integration by firms in SSA also supports the findings of Johanson and Mattsson (1988) with regard to the classification of internationalising firms based on market integration patterns. Contrary to the findings from the case studies, the conclusion of Rolfe et al. (2015), that market size is not relevant to African firms carrying out greenfield FDI, does not find support. In this sense, there is enough primary data-based evidence from the case studies showing market size to be relevant to FDI, irrespective of the mode of entry, and it is still relevant even in cases of greenfield FDI.

From the cases, networks were found to be an important factor, as firms rely on personal and corporate networks to carry out OFDI. In this regard, cultural, business, and institutional relationships have been crucial linkages that help to develop the market knowledge and experience required to internationalise. In the cases, it has been particularly useful to place a premium on cultivating strategic relationships when conducting OFDI into other SSA countries. Firms that ignore the importance of diligently cultivating the right networks and local partners in the region experience failure in their initial OFDI attempts. Many of the SSA firms, however, leverage business and personal relationships to enhance their internationalisation processes, which supports the findings of Kumar and McLeod (1981), Sharma and Johanson (1987), and Hellman (1996). In the cases, the maintenance of corporate relationships is important to firms, as they follow their customers to new markets, even beyond SSA. The findings on client following or customer-driven internationalisation from the cases align with those of Weinstein (1977), Terpstra and Yu (1988), and Erramilli and Rao (1990; 1992). Foreign markets outside SSA present the firms with a high level of psychic distance. To internationalise successfully, SSA firms rely on their home countries' cultural networks that are present in the host market, which provides them with a foothold and soft landing to develop their operations. The general conclusion that networks are crucial to SSA internationalisation is in line with the findings of Johanson and Mattson (1987), Coviello and Munro (1995; 1997), and Ellis (2000). The case study findings are also in line with those of Ibeh (2015) and Mbalyohere (2016) with regard to the importance of networks to internationalisation.

Strategic assets are important to internationalising firms, as can be seen from the cases. Firms are attracted to assets like production facilities, licences, infrastructure, financial assets, brands, and intellectual property, and the opportunity to access and own such strategic assets is an influencing factor for internationalisation. Firms seek these strategic assets as a means of increasing competitive advantages and capacity in their sectors. Ownership of strategic assets also gives the firms internalising advantages with regard to controlling the supply of the crucial intermediate inputs necessary for their business. Some firms go further to leverage the acquisition of strategic assets in other countries as a means of carrying out more international operations. The case findings regarding strategic assets are in line with the findings of Behrman (1972). In addition, the ownership of a strategic asset like telecommunication submarine cables provides SSA firms with technological proficiency, which is in line with the findings of Cantwell (1989) and Tolentino (1990). Furthermore, the ownership of such strategic assets provides firms with vital control over the internal conditions of supply for their intermediate technology inputs. This is an example of internalisation occurring in SSA, thus supporting the internalisation theory of Buckley and Casson (1976). Strategic assets also enhance locational factors considered during internationalisation, which is in line with the location theory of Ohlin (1977) and the country-specific advantages (CSA) theory of Rugman (1981) and Rugman and Verbeke (2003). The importance of strategic assets to the internationalisation process is also supported by the findings of Ibeh (2015) and Anwar and Mughal (2017).

Efficiency is a pull factor that is prevalent in the cases and is deemed important. Firms seek to reduce operational costs through efficiency gains from labour availability, higher capital leveraging, skilled human resources, and lower wage costs. Host countries that present opportunities for efficiency are attractive to the firms, as they help to accelerate their growth vectors. Efficiency as an OFDI factor also helps the firms to mitigate operational risks, improve managerial productivity, gain greater competence, and attain higher profits. SSA firms seek this efficiency across different markets depending on the area of national competitiveness. For OFDI to other SSA countries, efficiency seeking is attracted by lower wages and labour availability. If the OFDI is for developed countries, then efficiency seeking is geared more towards higher capital leveraging, infrastructure, managerial competence, and skilled resources. The findings on efficiency and the importance of wage costs and labour availability are consistent with Lecraw (1977) in regard to labour intensive technology accumulation. SSA firms do not, however, consider efficiency with regard to infrastructure in host countries as necessary and are ready to build their own provided the market opportunities exist. Other pull factors, such as geographic blocs, diaspora demand, and foreign training, are also prominent in the cases. The cases show that regional blocs and cultural linkages play a role in SSA internationalisation. Some SSA firms set up foreign subsidiaries in neighbouring countries or countries with a large diaspora population before proceeding to other foreign markets, which is in line with the findings of Kogut and Singh (1988), Khanna and Palepu (2005), and Luiz and Stephan (2011).

5.8.2 **Push Factors**

Seven push factors were also identified from the case data: competitive advantage, enterprise strategy, industry rivalry, home environment, firm resilience capabilities, technology and innovation, and institutional support, which are ranked in Figure 5.12. The push factors will now be discussed according to their relevance.

With regard to the push factors, enterprise strategy features prominently across the cases, which highlight that it is a deliberate function of internationalising firms honed at board level. From the cases, it can be seen that the strategy and structure of SSA firm internationalisation is derived from an environmental analysis that takes into consideration the operating environment, marketing strategy, and industry sectors of the firms, a finding that is in line with the studies of Chandler (1962), Turnbull (1987), Young (1987), and Ibeh (2000). The SSA firm strategy also involves a deliberate and continuous process that incorporates how firm growth is achievable through internationalisation, which is in line with Melin (1992). The cases also show that the enterprise strategy for internationalisation is a long-term plan that is developed from the early years of the firm and is then executed when the conditions are right. For instance, when SSA firms deploy their enterprise strategy for internationalisation, they do so in a stage-like fashion, which is in line with the stages theory of Johanson and Wiedersheim-Paul (1975), Johanson and Vahlne (1977), and Wiedersheim-Paul et al. (1978).

Figure 5.12: Push Factors

PUSH FACTORS	ORDER
Enterprise Strategy	1
Competitve Advantage	2
Industry Rivalry	3
Technology & Innovation	4
Country Environment & Risk	5
Firm Resilience Capabilities	6
Institutional Support	7

In addition, when SSA firms internationalise into the SSA region, they carry this out as small steps and in an incremental fashion and as a means of managing SSA market heterogeneity, high flux, and psychic distance. This supports the behavioural-based incremental approach of Johanson and Vahlne (1977) in SSA as well as the similar findings of Jekanyika Matanda (2012). In such an incremental process, SSA firms take larger steps into the region and beyond as their experiential knowledge and learning increases, which is supported by the findings of Eriksson et al. (1997), Reuber and Fisher (1997), and Blomsterno et al. (2002). In addition, as SSA firms make increasing commitments to internationalisation and more distant markets, they adapt and innovate their processes, such as changing their market entry modes, which is line with the findings of Bilkey and Tesar (1977), Cavusgil (1980), and Czinkota (1982).

The thesis has also found that some SSA firms use accelerated internationalisation and a springboard approach in later stages of the process. In such cases for SSA firms, this is in line with the exceptions already identified by Johansen and Vahlne (1977) with regard to firms with large resources or internationalisation experience. On this basis, the accelerated internationalisation approach of Mathews (2006) can find some support from the findings, in addition to the NIV approach of Oviatt and McDougall (1994) and the springboard approach of Luo and Tung (2007). This study has also found that, in their internationalisation activities, SSA firms are relatively emerging homegrown players that have to compete in new, larger, and more complex external markets. The firms therefore discover ways to overcome such complexities, which is in line with the arguments of Adeleye, White, and Boso (2016) with regard to the liabilities of country of origin, smallness, and newness. The cases depict that the enterprise strategy to internationalise is central to the activities of these firms, which is also in line with the findings of Grosse (2015).

Competitive advantage has been shown to be an important factor across the cases, revealing itself in several ways, including brand development, entrepreneurial drive, visionary leadership, firm-specific advantages (FSA), motivated workforce, organisational culture, strategy, industry expertise, work ethic, financial strength, skilled human resources, managerial competence, and relationships. The cases show that SSA firms possess such competitive advantages, which supports the resource-based view of Penrose (1971). The competitive advantages of SSA firms are perfected from competitive national environments, which is in line with the arguments of Porter (1990). Such competitive advantages, like sectorial expertise, executive leadership, and an energetic workforce, lead to a form of differentiation in the firms with regard to their products and services, a finding in line with Chamberlin's (1933) emphasis on the differentiation of firms. Furthermore, as part of competitive advantages, some of the firms have extensive financial resources while others have talented management in their resource pool. These resources provide an edge for the firms with regard to their capabilities to internationalise, and this finding is in line with the resource-based view of Barney (1991). Competitive advantage has been shown across the cases to be developed within the institutional context and to be crucial to the internationalisation process. It brings together the key abilities of the firm and is central to the execution of the firms' entry modes into different regions, in addition to further helping to maintain a competitive edge against host country firms. The findings regarding competitive advantage further aligns with those of Bilkey (1978), Reid (1983), Aaby and Slater (1989), Rugman (1996), Rugman and Verbeke (2003), Aulakh (2007), and Ogbechie and Iheanachor (2016).

Industry rivalry is also a crucial factor across the cases and, in all the sectors in the cases, industrial rivalry is intense. Such intense competition also leads to consolidation and the creation of monopolies, which further increase the pressure on margins. Firms respond with internationalisation strategies that help to open up new opportunities for market expansion beyond the intense home markets. In doing so, the cases also show that the firms still benchmark their internationalisation activities and follow each other into foreign markets. In which case, the competition continues at the international level as the firms race to penetrate untapped foreign markets. Industry rivalry therefore influences SSA firms to internationalise, which leads to oligopolistic reactions and bandwagon effects. Furthermore, SSA firms also experience home operating environments with challenges, including shrinking local markets, which leads them to find opportunities in other countries. The findings from the cases are consistent with those of Knickerbocker (1973), Lecraw (1977), and Adeleye et al. (2015) concerning the influence of industry rivalry.

From the case analyses, technology and innovation also plays an important role in the internationalisation process. Firms invest in technology in order to enable them to lead in their industries. They then enhance the locally-tested products and introduce them to foreign markets with similar demands. Firms also have a fast rate of innovation, which enables them to be nimble enough to spread their products widely in foreign markets. The cases also highlight that SSA firms invest in technology and innovation for the purpose of leveraging such resources in order to internationalise. These findings support those of Cantwell (1979), Lecraw (1979), Cantwell and Tolentino (1990), Amungo (2016), and Malyuchi (2017).

Country environment and risk, firm resilience capabilities, and institutional support are also key factors from the cases analyses. With regard to institutional support, the cases show that there is tacit institutional support for the internationalisation of SSA firms. Concerning country environment and risk, the firms variously experience host and home market conditions that present high operational risks. Country risk issues influence the internationalisation process of SSA firms, and the general findings are in line with those of Root (1987). This research has also highlighted the issue of firm resilience capabilities as an emergent perspective. In this regard, the cases illustrate that the firms operate in tough and uncertain markets and that SSA firms rely on, among other factors, tenacity, extreme risk management, and market prediction ability in this regard. Based on the case studies and the primary data analysed, SSA firms have no real institutional or external support mechanisms, which leads to the development of and reliance on internally built-up firm resilience capabilities in order to survive and thrive. Therefore, for the firms, firm resilience is a prerequisite to succeeding in their challenging local environments, and it is also a critical requirement for their internationalisation processes. Firm resilience is what they imbibe and do on a daily basis as a means of mitigating the various challenging issues they face. It is a practical and real aspect of the operational and internationalising activities of SSA firms. On this basis, the case study analyses have presented robust support for the firm resilience capabilities argument of this thesis.

To enhance the general case findings, the push and pull factors identified from the case data can be analysed further at a more granular level. These granular dimensions are sub-factors, which are critical to a deeper understanding of the interactions driving OFDI and internationalisation. In this regard, the fourteen push and pull factors have ninety-four third-order sub-factors embedded in them. Out of these sub-factors, coded case data was generated for seventy-two of them by the research. Contained in these detailed findings are patterns, similarities, and differences in the case data, which are useful in understanding internationalisation in the region. These dimensions are not fully addressed in previous literature, and the cases here present an opportunity to carry out such an undertaking. A detailed cross-case analysis of these dimensions is expected to identify patterns across the cases and their business sectors, in addition to also highlighting other significant issues relating to how the factors influence OFDI. This granular cross-case analysis will be conducted in the next chapter in order to further examine additional patterns, similarities, and differences. The general case study findings in this chapter have, however, detailed the internationalisation processes of SSA firms. They have also shown various OFDI and internationalisation theories and approaches as being relevant to SSA. Such findings contribute to the understanding of internationalisation from the emerging market of SSA.

5.9 Summary and Conclusion

This chapter has focused on firm-level internationalisation in Sub-Saharan Africa based on direct engagement with stakeholders in home-grown SSA firms. The research used the case study methodology to help in the depiction of the internationalisation phenomenon in SSA from three of the largest SSA economies: South Africa, Nigeria, and Kenya. It used two units of analysis, which were the firm and country, and was an embedded multiple case study using multiple units and levels of analysis. Primary data for the study was sourced from semi-structured interviews with company officers in five SSA firms: Tiger Brands from South Africa, Globacom, Asset and Resource Management (ARM), and Access Bank from Nigeria, and Mi-Fone from Kenya. The firms have turnovers ranging from US$20 million to US$2.2 billion, operational years spanning from 8 to 120, and employee numbers ranging from 500 to 20,600. The firm interviewees were selected based on organisational authority, experience, accessibility, and managerial functionality. The five firms came from the manufacturing, banking and finance, and telecommunications sectors; they were selected for the multiple case studies based on their relevance to the SSA internationalisation phenomenon, and good primary data was subsequently obtained. Case data was also supported with secondary data sourced from company reports and publicly available information. Data from the cases was analysed using themed codes, and a pilot study was also conducted to test the interview guide and template. The SSA OFDI framework was also applied.

From the case studies, the research found that SSA firms use both systematic and unsystematic market selection methods. In determining foreign market entry modes such as Greenfield and M&A, SSA firms use strategic goals, experiential knowledge, locational fit, and risk-based approaches. The research also found that the firms had different factors influencing them, but there were fourteen main push and pull factors that were prominent from the twenty factors in the SSA framework. The fourteen push and pull factors were also ordered in a hierarchy based on their prioritisation in the cases studies. From these fourteen factors, the study identified seven crucial pull factors, i.e. market growth, networks, strategic assets, efficiency, geographic blocs, diaspora demand, and foreign training, and seven crucial push factors, i.e. enterprise strategy, competitive advantage, industry rivalry, technology and innovation, country environment and risk, firm resilience capabilities, and institutional support. From the pull factors, host country market growth was very important to firms as it gave them the potential benefit of increasing market share and revenue. With regard to the push factors, enterprise strategy was very prominent as it was a deliberate long-term decision of the firms to internationalise.

Based on a review of the key case findings, it was found that the research is in line with various extant theories and emergent approaches. Based on the case studies, firms carrying out internationalisation in SSA should consider their intended strategy, market, competitive advantages, resources, and processes carefully before deciding on foreign territories, mode of entry, and scale of operations. It is important for firms to also note that prominent push and pull factors have dimensions with more granularity, highlighting patterns, similarities, and differences that can further explain internationalisation. The next chapter will examine these dimensions and cross-analyse the cases further.

Chapter 6: Firm Internationalisation in Sub Saharan Africa; Cross-Case Analysis of Firm Case Studies

This chapter will now cross-analyse the five case studies, as it is important to consider additional possibilities and perspectives with regard to the internationalisation phenomenon, which will require further analysis of the data at an even more granular level. The cross-case analysis will examine the similarities and difference between the firms and the factors influencing their internationalisation and will determine the dynamics of the relationships between the push and pull factors as well as the level of influence they have on internationalisation in SSA. The cross-case analysis will also consider factor similarities and differences and those of the firms in the different business sectors of operation. The cross-sectorial analysis will further help in identifying any internationalisation patterns that are sector specific and unique on one hand, or those that can be generalised on the other. Furthermore, the study has variously considered the known and emerging OFDI theories that are impacting upon internationalisation in SSA. Therefore, the cross-case analysis also presents an opportunity to further dissect the relevance of these theories with regard to the known push and pull factors influencing the phenomenon, which helps the study move towards making propositions to explain internationalisation in SSA.

This chapter is organised as follows: Section 6.1 describes the methodology and model of cross-case analysis, while Sections 6.2 and 6.3 present the cross-case analyses of push and pull factors respectively. Section 6.4 is a cross-case study comparison of the push and pull factors in firm internationalisation, while Section 6.5 carries out a cross-case comparison of the push and pull factors by business sector. Section 6.6 discusses the key findings and implications, including propositions, a taxonomy of SSA MNEs, and an internationalisation structure. Section 6.7 is the summary and conclusion.

6.1 The Methodology and Model of Cross-Case Analysis

To conduct the cross-analyses and achieve granularity, template analysis was used (King, 1998). The flexibility of the template analysis coding method enabled the research to use tightly defined codes and also predetermined iterative codes as required in order to allow for deductive and inductive interpretations respectively. For the cross-case analysis, a template model was developed from the SSA OFDI framework in order for the themed codes to be used in analysing the data. The template (see Appendix 6.2) has a hierarchy ranging from first-order to third-order codes and was developed iteratively during the course of the research. It was used for all the case data and contains themed codes for identifying patterns in the primary data and interpreting the information. The template is comprised of two first-order codes, 20 second-order codes, and 94 third-order codes. This level of granularity in the codes allowed for the proper application of the SSA OFDI framework and for an in-depth cross-case analysis of data, in addition to enabling the research to cover as many of the areas that needed to be addressed with respect to the internationalisation phenomenon in SSA. The multiple cases are further analysed here using the cross-case technique proposed by Eisenhardt (1989), which allows for an understanding of the specific aspects of each case as well as the similarities and differences between the respective cases.

6.2 A Cross-Case Analysis of Pull Factors in SSA Firm Internationalisation

To provide background to the cross-case analysis pull factors, they have been summarised in Table 6.1, in addition to also being ordered in a hierarchy based on their ranking from the cases studies in Chapter 5. In this sense, they have been ranked according to a score and will be analysed in turn in this section. From these rankings, it can be seen that market growth was consistently prioritised by all five firms as the most crucial pull factor. Networks were prioritised as either the second or third most crucial factor in four of the cases studies, so, overall, networks are listed as the next most important pull factor. Strategic assets were prioritised second in three of the cases, and, overall, are ranked as the third most important factor. Although efficiency was also prioritised in three case studies, it was lower than strategic assets in the order of factors, and so it is ranked fourth. The same yardstick was used for geographic blocs and diaspora demand, which are ranked as fifth and sixth respectively. Foreign training was prioritised in only one case study and has been ranked seventh, while regional integration, international influence, and business nomadism have not been ranked or cross-analysed because they did not generate any case data. Based on the seven ranked pull factors, the research will now cross-analyse the granular sub-factors in the case data for the firms. Extracts from the interview data template compiled in Appendix 6.2 are used for the cross-case analysis of factors and sub-factors.

Table 6.1: Ranked Pull Factors from the Case Studies

Pull Factor	Tiger Brands	ARM	Access Bank	Glo	Mi-Fone	Factor Score
Market Growth	***	***	***	***	***	15
Networks	-	**	***	**	***	10
Strategic Assets	***	***	-	***	-	9
Efficiency	**	**	-	**	-	6
Geographic Blocs	-	-	**		**	4
Diaspora Demand	-	-	**	*	-	3
Foreign Training	-	-	-	*	-	1

Source: Research Evaluation. NB: *** Very Important; ** Important; * Some Importance

The Role of Market Growth in SSA Firm Internationalisation

Without exception, market growth was found to be the most prominent factor mentioned across all the five cases in three countries, thus highlighting its importance as an influential pull factor. Furthermore, it can be seen from Table 6.2 that it has granular sub-factors that include market size, trade openness, market integration, unexplored markets, and strategic markets. Market size was mentioned by all five firms as a critical component, while openness to trade was discussed by Tiger Brands, Globacom, and ARM as being an important consideration. It should be noted that, although the two other firms did not specifically mention trade openness, this does not rule out its importance to them. For instance, Access Bank mentioned the need to enhance trade flows as a catalyst to its entry into foreign markets such as the EU and UK.

Additionally, without openness in the host countries, it would have been challenging for Tiger Brands and Mi-Fone to penetrate the number of locations they currently operate in. Openness is therefore a very important aspect of market growth and internationalisation.

Table 6.2: Market Growth Codes and Case Data

TEMPLATE & INTERVIEWS					
1. PULL FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
1.1 MARKET GROWTH					
1.1.1 Market Size & Expansion	A Motivation	Expansion into SSA	To SSA & Europe	Expansion into SSA	Size & Growth Seeking
1.1.2 Trade Openness	Openness is Important	Important in SSA			Openness is an Attraction
1.1.3 Market Integration					
1.1.4 Unexplored Markets		SSA is Unexplored	Asia is Unexplored		
1.1.5 Strategic Market		SSA is Strategic Market	It is Important		

In the case of unexplored markets, SSA and Asia were specifically identified as crucial by ARM and Access Bank respectively. The other three firms did not specifically discuss unexplored markets, and it can be inferred that focusing on particular geographic locations has not been a deliberate part of their strategy.

For example, while Tiger Brands is quite active in Africa, it is also exploring opportunities in other parts of the world, such as South America. With regard to strategic markets, however, ARM and Access Bank mentioned that going into markets that provide the maximum benefits was a deliberate policy. The other firms did not mention strategic markets, but their actions show where they consider to be important, such as in the case of Tiger Brands, which invested heavily in Nigeria, the most populous country in Western Africa.

The Role of Networks in SSA Firm Internationalisation

Network factors featured prominently in the case studies. From Table 6.3, network factors have sub-factors that include ethnic and cultural linkages, corporate relationships, client following, and business partners. With regard to ethnic and cultural linkages, Globacom and Access Bank found this to be important, since the links that Nigeria has with other countries in SSA were important to their business, and they used these as leverage to operate in those territories. For the other three firms, the issue of ethnic and cultural linkages was deemed not to be crucial in their internationalisation. These firms are more driven by potential market size and the spread across SSA, so ethnic or cultural links are not so important. For corporate relationships, this was quite important to Globacom, which had staff with historical relationships in important corporate organisations in the region, which became useful when the firm decided to operate in several countries and needed the assistance of various institutions. None of the other firms identified corporate relationships as being crucial. In the situation where they can internationalise without a great deal of reliance on other institutions, then extensive corporate relationships would not be required for their foreign activities. Client following was only mentioned by Access Bank, in which it was identified by the firm as a crucial reason to go overseas so that it could stay close to important clients and offer them services they were used to from their home country.

Table 6.3: Networks Codes and Case Data

TEMPLATE & INTERVIEWS

1. PULL FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
1.2 NETWORKS					
1.2.1 Ethnic/Cultural Linkages	Used Networks & Links		It is Important		
1.2.2 Corporate Relationships	Leveraged Relationships				
1.2.3 Client Following			Followed Customers		
1.2.4 Business Partners	Used Local Partners			Used Local Partners	

Strategic Assets as Leverage in the Firm Internationalisation Process

Strategic assets also featured prominently as a pull factor, and its sub-factors can be seen in Table 6.4, which include natural resources, licenses, concessions, key assets, intellectual property, and human capital. Natural resources, as a strategic asset attracting internationalisation, were not mentioned by any of the firms, which could be due to sectorial interest, as firms in the mining sector would be more interested in natural resources while the firms studied here are involved in other sectors. This cannot be said of the other sub-factors that featured across the firms. For instance, the issuance of a telecommunications gateway licence in Ivory Coast was an attraction for Globacom to enter that market. Although there is no evidence of the other firms receiving similar licences in their sectors, it can be argued that, had this been the case, they would also have been attracted to those host countries.

Nonetheless, concessions were another way of being attracted to host countries, and this is what ARM received, also in Ivory Coast. It is interesting to note that Ivory Coast has been able to use the provision of strategic assets to attract international firms into its territory, which is indicative of policies in that country favouring FDI. Under the sub-factor of key assets, Globacom required to internationalise so that it could leverage its fibre optic submarine cable asset, which runs across the entire Western African coast. ARM was also attracted by the opportunity to gain or increase its assets under management (AUM) in foreign countries. The other firms did not comment on key assets, so it can be inferred that there were no tangible assets attracting them to foreign locations.

There were, however, intangible assets, such as the sub-factor of intellectual property, influencing ARM and Tiger Brands. With regard to ARM, it saw its successful 'ARM way' as having evolved into an international best practice and was motivated to propagate it in foreign locations. For Tiger Brands, its attraction to foreign locations included the potential to gain intellectual property in the form of industry, market, and technical knowledge. In the case of human capital, Globacom and Tiger Brands found it to be an important attraction, as they could deploy skilled local workers in their managerial and operational processes. Although the other firms did not specifically mention human capital, it can be argued that it is still important to them in foreign locations.

Table 6.4: Strategic Assets Codes and Case Data

TEMPLATE & INTERVIEWS					
1. PULL FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
1.3 STRATEGIC ASSETS					
1.3.1 Natural Resources					
1.3.2 Licenses	Gateway In Ivory Coast				
1.3.3 Concessions		In Ivory Coast			
1.3.4 Key Assets	Submarine Cable	Large AUM Capability			
1.3.5 Intellectual Property		The ARM Way			Seeks IP In Expansions
1.3.6 Human Capital	It is important				It is important

SSA Firm Internationalisation and the Influence of Efficiency

Efficiency has an important place in the internationalisation process and, as can be seen in Table 6.5, it has lower wage costs, labour availability, higher capital efficiency, and host infrastructure as its sub-factors. With regard to lower wage costs, Globacom and Tiger Brands found such a factor to be important in their attraction to foreign territories. Globacom carries out most of its operations in new territories as greenfield investments, which requires the firm to build and maintain its own telecommunications infrastructure. On the other hand, Tiger Brands carries out manufacturing for its own brands in foreign locations. Labour costs would therefore be a large part of the operational costs of these two firms, and, if they can get this cost reduced elsewhere, then they will be attracted. The other three firms did not mention wage costs as a consideration, and it can therefore be inferred that they are not heavily dependent on labour for their operations.

With regard to the sub-factor of labour availability, the same argument applies, as the abundance of labour in host territories attracts firms that are heavily labour dependant. With regard to higher capital efficiency, Globacom is attracted to locations where it can get more for the investments it has put in place. For instance, in situations where it can pay less for the same or higher level of management, vocational staff, and operations, as in Benin Republic and Ghana, then it is attracted to those locations. ARM also seeks locations where it can attain higher capital efficiency, and its entry into Spain has enabled this. With regard to infrastructure in the host countries, the firms did not mention this as being important, since the potential of the market was more critical. In the case of Globacom, the firm even went ahead and built its own infrastructure in its foreign operational locations.

SSA Firm Internationalisation and the Role of Geographic Blocs

A further pull factor identified in the study was geographic blocs, comprised of the sub-factors socio-political bonds, multi-lateral relations, geographic diversity, and strategic locations, as can be seen in Table 6.6. For socio-political bonds and multi-lateral relations, none of the firms commented on their importance as an attraction for internationalisation. This is surprising, especially for firms from Nigeria and South Africa, which have strong regional roles in Western Africa and Southern Africa respectively and beyond. It can be argued that these sub-factors still play an indirect role in laying the foundation for internationalisation.

Table 6.5: Efficiency Codes and Case Data

TEMPLATE & INTERVIEWS					
1. PULL FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
1.5 EFFICIENCY					
1.5.1 Lower Wage Costs	Achieved				It is Considered
1.5.2 Labour Availability	Important				It is Considered
1.5.3 Higher Capital Efficiency	Achieved	Seeks it			
1.5.4 Host Infrastructure	Built its own				Not as Crucial as Market

Table 6.6: Geographic Blocs Codes and Case Data

TEMPLATE & INTERVIEWS					
1. PULL FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
1.4 GEOGRAPHIC BLOCS					
1.4.1 Socio-Political Bonds					
1.4.2 Multi-Lateral Relations					
1.4.3 Geographic Diversity				SSA Diversity Impt	
1.4.4 Strategic Locations			UK and Rwanda Impt		

For instance, firms from Nigeria are often well received in other African countries due to the benevolent role played by Nigeria in their early stage of development. Additionally, South African firms also received favourable and sympathetic concessions from many host countries after their departure from apartheid-based political policies. The geographic diversity sub-factor was, however, deemed to be very important by Mi-Fone. In this sense, the firm celebrates the diversity in Africa as a deliberate strategy and sees internationalisation as an opportunity to explore the varied potentials in the regional. Other firms did not comment on diversity, and it can therefore be said not to be a deliberate policy on their part.

The Pull of Diaspora Demand on the SSA Firm Internationalisation Process

Diaspora demand has two sub-factors, as can be seen in Table 6.7, which are product demand and services demand. None of the firms made any comment about product demand, which could simply be due to the specific nature of the demand by the diaspora, which is often for specialised diaspora products that the firms interviewed in this study may not be involved in. Conversely, the same cannot be said for services demand, as Globacom and Access Bank feature here. There is demand for the telecommunication services of Globacom by the Nigerian diaspora in Ghana and Benin republic, and Access Bank's services are also demanded by Nigerians resident in all the countries in which it operates, including the UK. Diaspora demand will continue to be a pull factor attracting firms to provide services and products to the significant number of Africans in host countries.

The Effect of Foreign Training in SSA Firm Internationalisation

Foreign training as a pull factor has management trainees, manager development, territory knowledge, and culture and diversity as sub-factors, as can be seen in Table 6.8. Management trainees were not mentioned by any of the firms, which is indicative of not really using their international operations to train fresh executives. It can be argued that some firms in SSA have not yet fully embraced the benefits of having fresh executives go overseas to experience business from the perspective of the firms' subsidiaries. For some firms, however, it is a deliberate policy to train new managers locally first.

Table 6.7: Diaspora Demand Codes and Case Data

TEMPLATE & INTERVIEWS					
1. PULL FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
1.10 DIASPORA DEMAND					
1.10.1 Products Demand					
1.10.2 Services Demand	Diaspora Effects Present		Serves Diaspora		

Table 6.8: Foreign Training Codes and Case Data

TEMPLATE & INTERVIEWS					
1. PULL FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
1.9 FOREIGN TRAINING					
1.9.1 Management Trainees					
1.9.2 Manager Development	Important				Important
1.9.3 Territory Knowledge	A Motivation				Can be leveraged
1.9.4 Culture & Diversity	Knowledge Is Crucial				

For instance, the management style of a firm like ARM is to ingrain its business philosophy of the 'ARM way' into everything it does. ARM would prefer to use its ARM philosophy to train fresh managers in the local home country first before giving them international exposure. On the other hand, the manager development sub-factor received support from Globacom, which is indicative of the need for more experienced managers to receive training in overseas subsidiaries as part of their exposure to the firm's systems in other countries.

6.3 A Cross-Case Analysis of Push Factors in SSA Firm Internationalisation

To provide background to the cross-case analysis of push factors, they have been summarised in Table 6.9, which shows how the seven push factors fared in the case studies. The push factors have also been ordered into a hierarchy based on their ranking in the cases studies. They are ranked in a similar manner to the factors in Section 6.3. From these rankings, it can be seen that enterprise strategy was consistently mentioned and prioritised in all of the five cases as the most crucial pull factor. On this basis, it has been ranked accordingly as the first and most important push factor. Additionally, competitive advantage, industry rivalry, technology and innovation, country environment and risk, and firm resilience capabilities were mentioned in all the five cases, while institutional support was only prioritised in two cases.

The factors have been listed in Table 6.9 according to their order of importance and how they have been prioritised. For instance, competitive advantage was prioritised as the second or third most important factor in four cases, and it has been ranked second overall after enterprise strategy. This same method was used to rank all the other factors. Since economic restructuring, trade diversification, and home infrastructure did not generate any case data and were not deemed to exert any influence, they have not been ranked here, and, for this very reason, their sub-factors have not been cross-analysed in the research. The study will now examine and cross-analyse the case data from the five firms based on the seven relevant push factors and their granular sub-factors. Templates of interview data in Appendix 6.2 have also been extracted and used for the cross-case analysis of factors and sub-factors, which will now be considered across the cases in the SSA region.

Table 6.9: Ranked Push Factors from the Case Studies

Push Factor	Tiger Brands	ARM	Access Bank	Glo	Mi-Fone	Factor Score
Enterprise Strategy	***	***	***	***	***	15
Competitive Advantage	***	***	***	***	**	14
Industry Rivalry	***	**	***	**	***	13
Technology & Innovation	**	*	**	**	**	9
Country Environment & Risk	*	**	**	**	*	8
Firm Resilience Capabilities	**	*	*	**	*	7
Institutional Support	-	*	*	*	-	3

Source, Research Evaluation. NB: *** Very Important; ** Important; * Some Importance

Enterprise Strategy and the SSA Firm Internationalisation Process

Enterprise strategy is arguably the most important push factor for SSA firms, and it has various sub-components, as can be seen in Table 6.10. Commencing with the sub-factor deliberate internationalisation, all the five firms confirmed that this was part of their firm strategy, ratified at the board level. All the firms took specific and conscious measures to plan and implement their internationalisation. On the contrary, natural internationalisation was not mentioned because the process did not just occur as a natural consequence of events in the business of the firms. The firms had to go out of their way to make internationalisation occur since the natural circumstances of their challenging local operating environments would not have made it an easy route to take. Concerning stages internationalisation and market commitment, all the firms commented that internationalisation occurs in stages and they take their time to carefully and incrementally go through the process. However, ARM defined its stages internationalisation as occurring in the early part of the process, which is not surprising as the same firm deployed another sub-factor, accelerated internationalisation, in its South-North acquisition of Mixta Spain.

Table 6.10: Enterprise Strategy Codes and Case Data

TEMPLATE & INTERVIEWS					
2. PUSH FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
2.2 ENTERPRISE STRATEGY					
2.2.1 Deliberate Internationalisation	A Board Decision	Long Term Strategy	Strategy To Aid Trade	Company Strategy	Strategic Board Decision
2.2.2 Natural Internationalisation					
2.2.3 Stages Internationalisation	Stages With Time	Long Stages Process	Occurred in Stages	Takes 3 to 6 Months	Takes Time
2.2.4 Accelerated Internationalisation		Used This For Spain		Deployed Networks	
2.2.5 Mover Advantages	Late Mover	SSA First Mover	Late Mover	Late Mover	
2.2.6 Market Commitment	Incremental	Incremental	Very Cautious	Very Cautious	Very Cautious
2.2.7 Value Generation	Strategic Asset Gains	Value From Spain	Value In Africa & UK	Customer Value	Value From Growth
2.2.8 Subsidiary Control	Centralised HQ Control	Full Control From HQ	Exerts Varied Control	Controls Subsidiaries	Exerts HQ Control
2.2.9 Learning Experience	Psychic Distance	Spanish Jurisdiction	Banking In China	French Barriers	Due Diligence Is Important

Mi-Fone was the only other firm that used a form of accelerated internationalisation through the rapid establishment of distributorship partners in several countries. The three other firms did not mention using accelerated internationalisation, and there is no evidence of it in their processes. It can therefore be argued that they prefer to deploy the stages and incremental approach throughout the whole process.

The Importance of Competitive Advantage in SSA Firm Internationalisation

Competitive advantage was a crucial push factor in the internationalisation of SSA firms, and, as can be seen from Table 6.11, it is comprised of many sub-factors. First, all the five firms identified where their firm specialised capabilities lay, including leveraging relationships, marketing, management expertise, innovation, and even custom-made business philosophies. While their capabilities are not exhaustive, the firms were able to note the few things that they do really well and that give them the confidence to seek opportunities abroad. Another sub-factor was industry expertise, which all the firms commented on, noting the various areas of industry in which they excelled and could also develop in foreign locations. With regard to technological proficiency, all the firms specifically developed advantages in this area and found it to be an important component of their internationalisation. For instance, Access Bank specifically developed technological proficiency that would allow it to operate efficiently in foreign countries.

SSA Firm Internationalisation and the Intensity of Industry Rivalry

Industry rivalry was also an important factor with many sub-factors, as can be seen in Table 6.12. Regarding competitive intensity, all the firms commented that they faced very strong and intensive competition in their local markets, which stimulated the need to seek markets overseas. Furthermore, most of the firms also encountered declining market size and weakening consumer demand. For instance, Tiger Brands experienced a reduction in the food sector in South Africa, which prompted it to seek foreign markets. On the other hand, with regard to weaker consumer demand, Globacom experienced this from customers who speak less on the phone, while ARM's experience has been from customers who are more demanding and better informed about other options. With regard to following the market leaders into new territories, almost all the firms commented that this took place. Globacom admitted that it followed MTN to Ghana, while Mi-Fone admitted that it follows the competition all the time.

Table 6.11: Competitive Advantage Codes and Case Data

TEMPLATE & INTERVIEWS					
2. PUSH FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
2.1 COMPETITIVE ADVANTAGE					
2.1.1 Firm Capabilities	Leveraging Relationships	The 'ARM Way'	Driven Workforce	Marketing	Brand Capability
2.1.2 Industry Expertise	Technology Knowhow	Asset Management	Banking and Trade	Communications	Food Manufacturing
2.1.3 Technology Proficiency	Crucial	Important	Deployed	Proficient	Important
2.1.4 Industry Consolidation			Consolidated Banks		Food & Beverage
2.1.5 Market Protection					
2.1.6 Large Internal Resources	Used Huge Resources	Committed Resources	Used Huge Resources		Expended Vast Resources
2.1.7 Entrepreneurial Ability	Ownership Factor	Visionary CEO	Commited Executives	Passionate CEO	Commited Executives
2.1.8 Skilled Human Resources	V. Skilled & Diverse	Very Well Trained	Skilled & Motivated	Very Experienced	V. Skilled & Diverse

Table 6.12: Industry Rivalry Codes and Case Data

TEMPLATE & INTERVIEWS					
2. PUSH FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
2.3 INDUSTRY RIVALRY					
2.3.1 Competitive Intensity	High	Intense Competition	Competitive Sector	Very Competitive	Very Strong
2.3.2 Market Size Decline	Shrinking Local Markets	Due To Saturation	Sectorial Decline		Sectorial Decline
2.3.3 Lower Profit Margins	Higher costs, lower profits	Clients Paying Less		Low Margins	Price Wars; Low Margins
2.3.4 Weakining Consumer Demand	Customers Speak Less	Sophisticated Clients	Weak Market Demand		Weakened Demand
2.3.5 Market Leader' Followership	Followed MTN To Ghana	Cross-Followership	Cross- Followership	Follows Competition	
2.3.6 Oligopolistic Reaction	Keen Reaction	Very Keen	Got Keen Reaction	Got Keen Reaction	Got Keen Reaction
2.3.7 Monopoly Activity	Faced Monopolies	Highly Unregulated	Sectorial Monopolies	Sectorial Monopolies	Strong Local Monopolies

Tiger Brands made no comment about following others, and it can therefore be inferred that, because the firm is the market leader in its sector, other competitors tend to follow it. All the firms mentioned that there was keen oligopolistic reaction in the market to their activities, and they all identified the activity of monopolies. In particular, ARM identified that the monopolies in its sector were severely under-regulated and had grown too large.

The Role of Technology and Innovation in SSA Firm Internationalisation

As can be seen in Table 6.13, technology and innovation has sub-factors that include technological adaptation, innovative enterprise, and technology accumulation. With regard to technological adaptation, all the five firms mentioned adapting products and solutions that they deployed in host countries. None of the firms appeared to develop entirely new products or solutions in their host countries. The commonality here is that these firms are internationalising into developing countries that have similar needs, and they can therefore maximise the current base of solutions and products with little adjustments. The innovative enterprise sub-factor was also acknowledged by all the firms as being crucially important, since a level of innovation is necessary to operate successfully in some of the foreign locations. Furthermore, all of the firms acknowledged the role of technology accumulation as an influence for internationalisation. Tiger Brands saw the opportunity to accumulate manufacturing technology in acquired firms as a motivation to enter new territories, while Access Bank also accumulated high-end technology that would set it apart in the banking and finance industry and enable it to compete internationally.

The Impact of Country Environment and Risk on SSA Firm Internationalisation

Country environment and risk also has its own sub-factors, as can be seen in Table 6.14, which include security risk, economic risk, operating environment, and risk mitigation. Starting with security risk, two firms were concerned about the risk issues in their host countries, with Globacom in particular having to contend with a myriad of security situations affecting its business in unsettled parts of its home country. This situation would certainly influence its decision to seek opportunities in foreign countries that have reduced security concerns. Access Bank's business has also been affected due to security loopholes that have exposed its branches to losses.

Table 6.13: Technology and Innovation Codes and Case Data

TEMPLATE & INTERVIEWS					
2. PUSH FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
2.4 TECHNOLOGY & INNOVATION					
2.4.1 Techonology Adaptation	Adapted Products	Enhanced Solutions	Adapted Solutions	Enhances Solutions	Adapts Technology Hosts
2.4.2 Innovative Enterprise	Highly Innovative	Solution Add-Ons	Highly Innovative	It is Important	Builds on Existing Brands
2.4.3 Technology Accumulation	Uses It In Hosts	Accumulates It	Deploys It In Hosts	Uses It For Markets	Accumulates Technology

Table 6.14: Country Environment and Risk Codes and Case Data

TEMPLATE & INTERVIEWS					
2. PUSH FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
2.9 COUNTRY ENVIRONMENT & RISK					
2.9.1 Security Risk	Huge Security Issues		Security Concerns		
2.9.2 Economic Risk		Harsh Economy	Economic Volatility		Volatility Concerns
2.9.3 Operating Environment	Hostile Environment	Tough and Inefficient	Tough and In Flux		Tough Conditions
2.9.4 Risk Mitigation		Mitigates Risk Profile	Manages Risk Cycles	Motivates Expansion	Limits Volatility

The bank has had to collaborate closely with security organisations and donate towards their needs. The three other firms did not specifically mention security issues; however, it can be argued that they would also be a legitimate concern for these firms.

SSA Firm Internationalisation and the Emergence of Firm Resilience Capabilities

Firm resilience has many sub-factors, as can be seen in Table 6.15. With regard to these sub-factors, it can be seen that survival mechanisms received comments from all the firms. In various ways, the firms have to find ways to manage the challenges they face in their environments, which can affect the survival of their businesses. For instance, Globacom had to learn how to handle the infrastructural challenges in its home country, which involved setting up its own power infrastructure and supporting logistics comprised of standby generators, diesel supply, and maintenance. Further, being able to surmount this challenge influenced their decision to go into other foreign territories with infrastructure issues, as they already knew how to tackle such problems.

Access Bank was able to develop ways and means for identifying patterns in the home economy in order to determine when conditions were favourable or otherwise, which allowed them to make decisions that helped the firm to survive. With this skill set, they were able to internationalise into other developing countries with unpredictable economies, knowing that they had the ability to identify the patterns necessary to survive. Similar arguments can be made for most of the other sub-factors, which all the firms commented on as being important to their internationalisation, albeit from differing perspectives. In considering the sub-factor inherent motivation, for example, the firms had different reasons that ranged from building a world-class institution with brand recognition to being a pioneer in the internationalisation of firms in the financial sector.

With a sub-factor like market-making, the firms commented on their various methods of creating new markets in their local territories, examples of which are ARM, which drove pension regulations to grow the market exponentially, and Globacom, which developed the data infrastructure to support the potential for internet services. With regard to the sub-factor high business aggression, the firms had differing ways of describing their business aggression, ranging from special capabilities in sales to business development, asset building, and marketing. The wide suite of sub-factors culminated in the firms developing the necessary resilience to internationalise into other foreign territories.

Table 6.15: Firm Resilience Capabilities Codes and Case Data

TEMPLATE & INTERVIEWS					
2. PUSH FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
2.6 FIRM RESILIENCE					
2.6.1 Survival Mechanisms	Handle Infrastructure	Surmount Challenges	Economic Patterns	Build Resilience Daily	Plans For Long Term
2.6.2 Extreme Determination	Seeks Customer Retention	Succeed Without Govt	Overcome Economy	To Get Market Share	
2.6.3 Persevering Confidence	Extreme	Very High	Very High	Very High	Very High
2.6.4 Practical Experience			Business Turnaround	Field Experience	
2.6.5 Inherent Motivation	To Pioneer	To Create Value	Build An Institution	Serve Bottom Market	Drive Growth
2.6.6 Resilient Capacity		Very Resilient		Keeps Pushing	Endurance
2.6.7 Opportunity Conversion	Per Second Billing System		Banking Consolidation	SSA Market Potential	Food Industry Consolidation
2.6.8 Leveraging Local Networks	Very Adept			Very Skilled	
2.6.9 Extreme Risk Mgt Strategies		Highly Skilled	Understand Risk Cycles		
2.6.10 Market Making	Data Provision	Pensions Regulation	Derivatives, Swaps	Cheaper Phones	Food and Beverage Brands
2.6.11 Phenomenal Capabilites	Business Drive	Leadership & Team	Business Execution	Leadership & Team	Business Commitment
2.6.12 High Knowledge Acquisition	Always Acquires Knowledge	Training & Academy	Intellectually Driven		
2.6.13 International Best Practices		Business Ethics	Global Model		Good Structure & Reporting
2.6.14 High Predictive Ability	Pre-Empt Subsidiaries	Agric and Infrastructure	Scenario Testing	Consumer Behaviour	Industry Direction
2.6.15 High Business Aggression	In Sales	In Growing AUM	Business Development	In Marketing	In Marketing and Sales
2.6.16 High Problem Solving Skills	Solves Network Problems	Solve Clients Needs	Customer Trade Issues	Communication Needs	Solve Nutrition Needs

Institutional Support and SSA Firm Internationalisation

In Table 6.16, it can be seen that institutional support has the sub-factors government support, policy intervention, export subsidy, and stakeholder support. With regard to government support, only Globacom and ARM mentioned receiving support from their home countries. In the case of ARM, the support was qualified in that the firm only received an endorsement by the Nigerian government for its bid to take over Mixta Spain after it was specifically requested. ARM has, however, been the beneficiary of ancillary institutional support for its various infrastructure projects in Nigeria. In the case of Globacom, the support it received for its international operations can only be described as indirect and was also based on the relationships it had developed with contacts within the home government. On the other hand, Access Bank never mentioned this factor, whereas Mi-Fone and Tiger Brands specifically stated that they did not receive any form of support whatsoever. In the case of Tiger Brands, however, it can be argued that they received indirect support, especially in Nigeria, as the South African government actively undertakes soft diplomacy in Africa's largest country as a means of paving the way for its firms to operate smoothly. For instance, the South African government regularly makes diplomatic moves to prevent reprisal actions on South African firms by the Nigerian government, which occurs any time there is an escalation of the sensitive relationship between its citizens and Nigerians in the South African diaspora.

With regard to policy interventions, when Globacom started its per-second billing initiative, it received the support of the Nigerian government, which went on to make it a policy for the local communications industry. Globacom eventually used this to indirectly support its strategy for per-second billing when it internationalised into other foreign territories. None of the firms mentioned receiving any subsidies for exported goods, which can be attributed to none of them using the export of goods as a means of market entry. With regard to stakeholder support, only ARM mentioned receiving some rudimentary form of support from the local securities commission for some of its projects in other countries. On the other hand, Tiger Brands stated that it did not receive any support from stakeholders but rather encountered interference from local stakeholders who were displeased with its acquisitions in other countries.

Table 6.16: Institutional Support Codes and Case Data

TEMPLATE & INTERVIEWS					
2. PUSH FACTOR CODES	GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
2.7 INSTITUTIONAL SUPPORT					
2.7.1 Government Support	Favourable Disposition	Got Endorsement		None Received	None Received
2.7.2 Policy Intervention	Per Sec Billing Support				
2.7.3 Export Subsidy & Zones					
2.7.4 Stakeholder Support		Securities Commission			Investor Interference in M&A

6.4 Cross-Case Study Comparison of the Push and Pull Factors in Firm Internationalisation

All of the push and pull factors have been merged and ranked according to their importance in Table 6.17. The method of ranking for each factor was based on the total points allocated to that factor based on its influence across the cases. Based on the final ranking here, the combined push and pull factors have also been separated into three groups as a means of identifying the most important ones. On this basis, Group A is the most important, containing those factors that were consistently ranked as first with a strong influence across all five cases and a total score of 15. Group B is for factors with total scores of between 6 and 14 that had a strong influence across the cases but were not consistently ranked first. Group C is for factors with total scores below 5 that had a limited influence across the cases and did not rank as first in any of the case studies. From Table 6.17, it can be seen that one push factor and one pull factor meet the criteria to be categorised into Group A, which are enterprise strategy and market growth respectively. In this sense, enterprise strategy and market growth are the two most important factors influencing SSA firms in their internationalisation process. After analysis and reflection, enterprise strategy has been ranked first as the most important of all the push and pull factors studied in this research since, throughout all the case data and secondary data for the firms, it was described as the source, guide, and driving force of their internationalisation processes. For many of the firms, the strategy to internationalise was formulated from inception and embedded in their plans. Enterprise strategy therefore preceded the attraction of market growth and the other push and pull factors, which all came after the fact. Market growth has been ranked as the second most influential of all the push and pull factors, in addition to also being the most important pull factor, which incorporates market size and was very influential across all the cases, irrespective of home country of origin. Market growth has a very strong influence on the location choice of the firms, irrespective of entry modes, which range from greenfield investment to joint ventures and M&As. There are other factors that had a significant influence across the firms, i.e. competitive advantage, industry rivalry, and networks. In particular, competitive advantage is influential in all the sectors and is indicative of the development of internal resources across internationalising firms in the region. Industry rivalry also indicates that a very intense and competitive business environment in the region is stimulating internationalisation.

Table 6.17: Combined Push and Pull Factors

Sub -Saharan Africa Pull & Push Factors	Group	Factor Type	Tiger Brands	ARM	Access Bank	Glo	Mi-Fone	Factor Score
Enterprise Strategy	A	Push	***	***	***	***	***	15
Market Growth	A	Pull	***	***	***	***	***	15
Competitive Advantage	B	Push	***	***	***	***	**	14
Industry Rivalry	B	Push	***	**	***	**	***	13
Networks	B	Pull	-	**	***	**	***	10
Strategic Assets	B	Pull	***	***	-	***	-	9
Technology & Innovation	B	Push	**	*	**	**	**	9
Country Environment & Risk	B	Push	*	**	**	**	*	8
Firm Resilience Effects	B	Push	**	*	*	**	*	7
Efficiency	B	Pull	**	**	-	**	-	6
Geographic Blocs	C	Pull	-	-	-	**	**	4
Diaspora Demand	C	Pull	-	*	**	-	-	3
Institutional Support	C	Push	-	*	-	*	-	3
Foreign Training	C	Pull	-	*	-	-	-	1

Source: Research Evaluation. NB: *** Very Important; ** Important; * Some Importance

As a key pull factor, networks fit in well with the need to internationalise, as the firms then gravitate towards the host countries where they have useful linkages. Strategic assets is a unique factor in that, although it did not feature in two of the cases, it still ranks very strongly in at least one firm across the three sectors, which underscores the attention that internationalising firms in all sectors pay to the importance of owning and leveraging strategic assets in host countries. Technology and innovation, on the other hand, is ranked robustly across the cases, which is indicative of its growing influence with internationalising firms in developing regions. There is also evidence from the rankings that firm resilience features as a strong influencing factor for firms across all the sectors. In this regard, the challenges encountered in home countries are not specific to any sector, as all the firms have to grapple with such issues. Efficiency is also influential, as it is ranked in at least one firm in each sector, indicating that they actively seek this in the host countries they are investing in. The other factors, such as geographic blocs, diaspora demand, institutional support, and foreign training, are also ranked in at least one case, indicating the influence of these factors.

It is necessary to also compare how the factors rank in each individual case. On this basis, it can be seen that Tiger Brands is ranked in ten factors in Groups A and B only. The factors in Group C have limited influence, and it is instructive that Tiger Brands is not influenced by any of the factors here. In this sense, it can be inferred that, due to its age, size, and experience, the firm is influenced in its internationalisation process by the stronger push and pull factors. ARM is ranked in 13 factors out of the 14, all of which are in the three groups. It has the most number of factors ranked, and such a wide influence of the push and pull factors on the firm is indicative of its willingness to experiment in its internationalising process. On the other hand, Access Bank is ranked in only nine factors, across all the groups. The firm mitigates risk in its internationalisation process, which can be reflected in its level of influence on the firms based on the number of factors ranked. For example, Glo has 12 factors ranked in all the groups, which is the second highest number ranked. In this sense, the firm has openly embraced internationalisation and the high number of influencing factors is a reflection of this. In contrast, Mi-Fone has nine factors ranked in all the groups, which is suggestive of its cautious approach to internationalisation.

The dichotomy of push and pull factors further necessitates a consideration of supremacy between the two in the context of the cases. In this regard, when comparing the ranking of the push and pull factors across the three groups, it can be seen that there are six push factors ranked in the top two groups, compared to just four pull factors. Furthermore, the cumulative score of all the push factors across the three groups is 69, compared to a cumulative score of 48 for the pull factors. In this regard, it can be concluded that push factors bear more influence on the internationalisation process of firms in SSA than pull factors. Consequent to this comparison of the factors influencing the firms, it is now necessary to carry out an analysis of the cases across the various sectors in which the firms operate.

6.5 Cross-Case Study Comparison of Push and Pull Factors by Sector

The cases reviewed have cut across three sectors, which are consumer goods manufacturing, telecommunications and mobile telephony, and banking and financial services. With case studies, one case is often enough for analysis and, since each sector has at least one case, a cross-analysis of all the three sectors is deemed practical. Moreover, some sectors are attached to more than one case study, which further supports generalisability. This section therefore cross-analyses the firms on a sectorial basis and considers the similarities and differences between the three sectors based on the case findings. This cross-case analysis expressly aids the research in identifying the issues that are of relevance to all the sectors and those that are sector specific.

6.5.1 Consumer Goods Manufacturing Sector

Starting with the consumer goods manufacturing sector, Tiger Brands has been operating for over 120 years, and this high level of maturity has given the firm time to develop its productions facilities for consumer goods. This has provided a base for momentum in the firm's eventual internationalisation and is reflected in the number of international operations (65) attributed to the firm. The geographic spread of operations is also across several continents, and the speed of internationalisation is controlled through the firm's incremental and step-by-step mergers and acquisitions process. The maturity of the firm also reflects on the sector, as, in comparison to the finance and telecommunications sectors, its geographic spread of operations is different and more diverse. A similarity between the consumer sector and the other sectors is that Tiger Brands has been integrating in the sector through its acquisition of various food and consumer brands, and it has been carrying out this integration across the large SSA market as a means of internationalising.

On the other hand, there is no evidence of client following in this sector, which is similar to the situation in the telecommunications sector but different from that of the finance sector. Since both the consumer goods sector and the telecommunications sectors provide service to retail clients who are often immobile to each territory, there is a need to consolidate on each foreign territory. In the consumer goods sector, the issue of working with local partners is important, but not as important as brand management, so not much emphasis is placed on it. Nonetheless, territory knowledge is still relevant. For instance, Tiger Brands is attracted to acquisitions in foreign countries where the managers have a lot of knowledge about the local territory. It often leverages this knowledge in order to obtain an immediate edge as a new entrant in that market. The consumer goods sector is not immune to economic risk, as this affects consumer purchasing power, and it is generally similar to the finance sector in this regard.

6.5.2 **Telecommunications and Mobile Telephony Sector**

For the firms in this sector, the operational years of Mi-Fone and Globacom are different, at 8 and 13 years respectively. The same can be said for their size, as Mi-Fone is a much smaller firm, with a turnover of $20 million, compared to a larger firm like Globacom, with a turnover of more than US$1 billion. Nonetheless, despite its size, Globacom operates in only four countries, whereas the smaller Mi-Fone has a presence in 17 countries, including Francophone Africa, and so the number of the firms' foreign operations is also different. The speed of internationalisation also differs, as Globacom prefers incremental greenfield investments, while Mi-Fone internationalises through accelerated growth that leverages on relationships built across the region. It can be inferred that the high flux of the sector reflects in the differences seen in the international operations of the firms. In addition, each firm has to respond in its own way to the uncertainties in a highly competitive sector, and so sectorial patterns are not easily developed.

There are even more differences between the firms. Mi-Fone is integrating at the bottom end of the African market for mobile devices and is the first to attempt to capture a previously ignored market. Globacom, however, did not give any indication of integrating the telecommunications market, so it appears that integration is also not sector specific in this case. However, there is some similarity between the two firms with regard to client following. Both Mi-Fone and Globacom target retail customers in each market and therefore did not indicate that they followed their customers. The telecommunications sector therefore differs to the finance sector with regard to following customers. Reliance on business partners is another area of similarity for the sector, as both Globacom and Mi-Fone identified it as important to their internationalisation, since the telecommunications and mobile telephony sector requires its solutions to be widely distributed, which means prioritising the need to work closely with many partners who know the local terrain well. Territory knowledge is also important to firms in the telecommunications sector. In the case of Globacom, the potential for its managers to get knowledge about a new foreign territory is a motivation for its operations there.

Culture and diversity also have important influences on both Globacom and Mi-Fone. In this sense, they recognise the need for their staff to be skilled in diversity, and they therefore embrace opportunities to learn in foreign countries since that experience will be of benefit to the firm in future overseas endeavours. Firms in the telecommunications sector made no mention of economic risk as impacting on them. It can be argued that the sector has in-built mechanisms that help its firms to manage the effects of economic risk. Furthermore, since telecommunications are an essential aspect of life in developing countries, consumers place a premium on services provided to them directly. The revenues the firms receive from this would help to limit shocks from economic volatility in the host country. Nonetheless, these firms would not be completely immune. With regard to geographic spread, both firms have only carried out direct international operations in the African continent. It would seem that the capital-intensive nature of the sector and its high regulatory entry barriers would make it very challenging for both firms to enter more developed markets at this stage.

6.5.3 Banking and Financial Services Sector

In the banking and financial services sector, the first area of comparison is with regard to the size and maturity of the firms. The two firms in this sector, ARM and Access Bank, have been operating for just under 30 years, and they have turnovers of between US$1 and 2 billion per annum. The maturity of their operations reflects a similarly in their internationalisation activities, as both firms took their time before venturing abroad and now have a comparable number of foreign operations, i.e. 8 and 9 respectively. Another area of interest for comparison is market integration. For example, Access Bank integrated the markets to influence internationalisation through the provision of services that fill efficiency gaps. ARM also integrated the middle-income real estate market on the continent. Another comparison relates to following customers. In this regard, although Access Bank followed its customers to new territories, ARM, as another finance firm, did not. In this regard, it can be argued that ARM's investment business model is more suited to providing services to new clients in each local territory.

Concerning the need to work with local partners, internationalising firms in the sector acknowledged its importance, although it would not prevent them from proceeding to new territories. Another important area concerns the knowledge of the foreign territory, as firms in the sector faced initial knowledge deficiencies. ARM, for example, encountered language and culture issues when carrying out transactions in Spain, while Access Bank experienced similar challenges in China. It can therefore be inferred that internationalising SSA firms assume that knowledge transfer within the sector is relatively smooth across borders, when it is not. Concerning economic risk, it would seem that firms in the financial sector are all impacted by market volatility, as their activities are closely linked to the economy. For instance, Access Bank commented about the level of flux in the operating environment, while ARM mentioned the level of inefficiencies in the regulatory system that was affecting its business. With regard to the geographic spread of firms in the sector, there is a wide area of coverage in relation to internationalisation. ARM internationalised into the whole African region and also went cross-Atlantic into Europe through its Spanish acquisition. Access Bank has also not limited its international activities to Africa alone, but has ventured beyond by going into Europe and Asia. It can therefore be inferred that firms in the sector are not regional bound in their internationalisation.

The speed of internationalisation in the sector is also of interest. There is a difference here as, while Access Bank preferred a more incremental and step-by-step process, ARM adopted a more aggressive and accelerated approach in its initial stages of internationalisation into Spain before slowing down later to consolidate incrementally. With regard to its activities on the African continent, the firm also adopted an incremental approach. It would appear that there is no sectorial bias for speed of internationalisation. as it seems to be firm specific and based on a firm's internal or location strategies. Methods of internationalisation differ, as both firms deploy methods ranging from JVs, M&As, and greenfield investments, depending on the level of development in the location. Therefore, firms in the sector are similar in their pragmatism and flexibility with regard to how they internationalise.

6.5.4 **Summary**

The sectors have some other general similarities and differences that cut across all three sectors. For instance, with regard to mover advantages, most firms in all sectors used late-mover advantages to gain benefits in the market, with the exception of ARM in the banking and financial services sector, which preferred a first-mover advantage that seemed beneficial to its initial stage of entry to new markets. Concerning subsidiary control, all the sectors are similar, as their firms all have strong headquarters control over their foreign subsidiaries. With regard to learning experience, all the sectors are similar, as the firms desired to gain new knowledge in foreign territories. They all learned something new about the process, which helped them when they moved on to other countries. None of the sectors had direct market protection in their territories, which would have encouraged them to grow and develop overseas markets. Nonetheless, it can be said that all the sectors enjoyed indirect market protection as a result of inefficiencies in local competition regulations. Across all three sectors, there is the presence of immense entrepreneurial ability and skilled human resources, which have positively impacted on internationalisation.

6.6 SSA Firm Internationalisation: Key Findings and Implications

Having cross-analysed the factors influencing internationalisation and the firms' sectors, the research has obtained more information about OFDI and internationalisation in SSA. Several finding and patterns have emerged, shedding more light on this emerging phenomenon in the region and enabling the generalisation of findings, in addition to presenting an opportunity to reflect on the unique aspects of the process, which include the implications for contemporary discourse and future research within international business studies, policy-making institutions, and business practice. In this regard, the thesis will now synthesise its findings from the case studies and the cross-analysis and proceed to advance a taxonomy that describes SSA OFDI and firm internationalisation.

6.6.1 The Taxonomy of SSA MNEs

Based on the results of the SSA OFDI framework, the case studies, and the cross-analysis, this thesis synthesises and advances a taxonomy of SSA MNEs operating in foreign markets. The taxonomy is a concise description and synopsis of the types of SSA firms and their strategies and operational patterns concerning OFDI and internationalisation. In this regard, four outlines are advanced, the first of which is the market growth optimiser. An example of this is Tiger Brands, which seeks aggressive market growth in locations where it can deploy its competitive advantages profitably. A market growth optimiser is not particularly concerned with the level of institutional development or infrastructure available in a host country; rather, it interested in the market opportunities that allow it to enhance its product offering and propagate its brand and industry position across its business sector. Market growth optimisers establish strong control over the marketing strategies of their subsidiaries and will put in place the management mechanisms to ensure this.

The second is the strategic asset aggregator, examples being Globacom and ARM, for which internationalisation serves the purpose of gaining key assets that enhance their industry position and customer offering. A strategic asset aggregator leverages its internal assets or acquires external assets so that it can accrue asset based competitive advantages for its foreign subsidiaries. The firm also integrates back these subsidiary advantages to enhance its home country headquarters capabilities for other foreign operations. In the case of Globacom, it used its underseas cable asset from Portugal to enhance its subsidiary operations in Ghana. The competitive advantages from the Ghanaian underseas cable-backed communications operations strengthened the headquarters in its service offering to other locations like Benin Republic. ARM aggregated the strategic assets of Mixta Spain, which subsequently enhanced the asset under management (AUM) capability of its headquarters operations, which was used to penetrate other international markets in Africa.

The third is the networks consolidator. In this case, the internationalising firm relies on networks garnered from personal and corporate relationships, and it leverages these relationships for internationalisation. In particular, the network consolidator is keen to enhance its business relationships, and it therefore develops predictive capabilities for understanding what customer needs are in certain foreign locations. It also makes additional efforts to enhance its service delivery capabilities in foreign location where its customers conduct business.

The fourth is the low-cost market converter, an example of which is Mi-Fone. In this case, the firm already has a low-cost strategy for its products, and it then identifies specific international market segments in which it can produce or sell its products. It uses aggressive and cost-effective techniques to target international markets by developing unique products and market entry techniques, which help it to convert international market segments into customers. This taxonomy, while only being a starting point on the journey to understanding the internationalisation process in SSA, provides a perspective on the unique nature of the process in the region.

6.6.2 Internationalisation Structure and Research Propositions

On the basis of the derived OFDI SSA framework, case studies, push and pull factors results, theoretical findings and taxonomy of SSA MNEs, the research has developed an SSA internationalisation structure, as can be seen in Figure 6.1. This brings it all together by graphically depicting all the findings, and leads to the development of propositions. A proposition is a connection between constructs that tries to define the answers to research questions (Avan & White, 2001), as well as providing a window into the solutions for resolving the research problem. On the basis of all the foregoing and the cross-case analysis carried out in this chapter, the research will now outline its propositions concerning the internationalisation phenomenon in SSA:

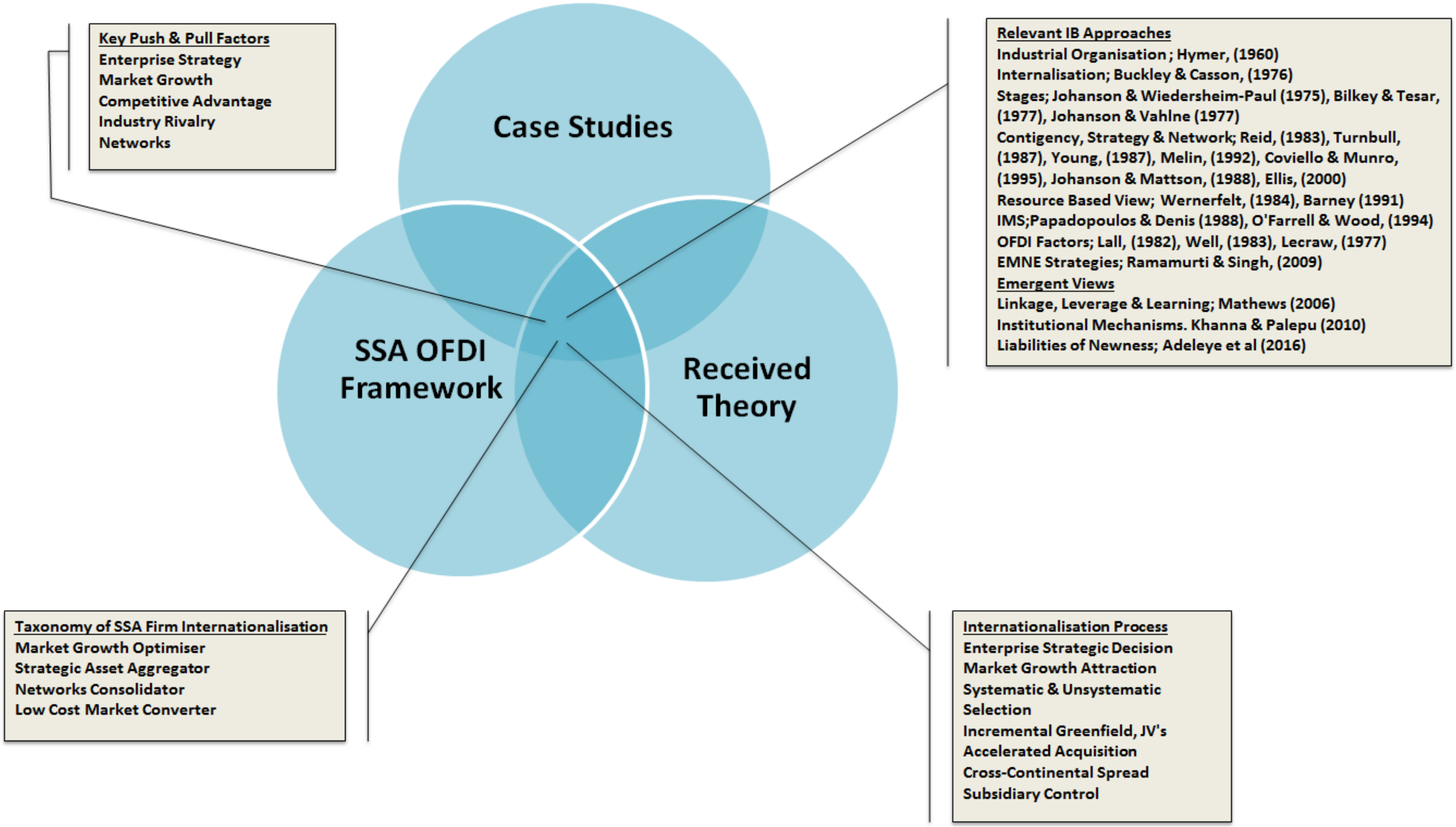
Proposition One: In the taxonomy of SSA MNEs, four outlines of internationalising SSA firms are the market growth optimiser, the strategic asset aggregator, the network consolidator, and the low-cost market converter.

Proposition Two: Enterprise strategy is the most important and influential push factor influencing the internationalisation process of SSA firms.

Proposition Three: The important push factors that have influenced SSA firms to internationalise are competitive advantage, industry rivalry, technology and innovation, country environment and risk, firm resilience capabilities, and institutional support.

Proposition Four: Market growth is the most important and influential pull factor influencing SSA firms in the internationalisation process.

Figure 6.1: SSA Internationalisation Structure



Proposition Five: Important pull factors influencing SSA firms in the internationalisation process are networks, strategic assets, efficiency, geographic blocs, diaspora demand, and foreign training.

Proposition Six: From all the push and pull factors, enterprise strategy is the most important factor influencing the internationalisation process of SSA firms, while market growth is the second most important factor influencing SSA firms.

Proposition Seven: In the internationalisation process of SSA firms, push factors have a greater influence than pull factors.

Proposition Eight: When determining sub-factors, market size, openness to trade, and human capital in host countries exert a pull influence on the internationalisation process of SSA firms.

6.6.3 Feasibility of Proposition Testing

Building on the work carried out in this research, these propositions can benefit from testing through future studies designed specifically for this purpose. The objective of testing the research propositions is to investigate the extent to which they can be applied in further contexts of firm internationalisation in SSA. The testing can aim to reach conclusions about how relevant these propositions are in current internationalisation processes. Testing can also help to generalise the propositions in broad business environments and validate the organisational outcomes for internationalising firms.

To test the propositions, they would need to be classified, either as relational or non-relational propositions (Avan & White, 2001). This classification is determined by analysing the underlying constructs of the propositions in order to assess the extent of the relationships. The constructs can also be analysed to assess their measurability. These steps will indicate if the constructs will be tested as independent or dependent variables in the case being relational or if they will be tested as declarative statements in the case of being non-relational. These decisions will also determine the methodology of testing and research design.

Initial indications on the feasibility of testing the propositions in this research are that the research design could be qualitative-based. In this case, extended access to primary and secondary data will be required from many more firms and countries across SSA. The use of qualitative methods will involve engaging with managers, senior executives, and key players involved in the internationalisation process. To bring the proposition testing into the core of the firm internationalisation experience, it would ideally be done in live business environments, which can be realised through research involvement and participation in ongoing internationalisation projects by SSA firms. There are some options concerning the methods for doing this.

The first option, and probably the least costly in terms of time and resources, is the use of questionnaires, which could be developed around the propositions and would seek to obtain the opinion of various stakeholders in the internationalising firms. This option would need to contend with the often low response rate to questionnaires and the possibility of detachment by respondents. A second option is the use of structured interviews specifically developed around the research propositions. To enhance the generalisation of the proposition testing, the interviews should be done with firm managers and stakeholders across many firms. There will be challenges here with regard to gaining access to the interviewees and obtaining the resources for carrying out the extensive interviews in many firms across various countries. A third option is conducting an ethnographic-based longitudinal study that involves the research being embedded within several SSA firms over several years.

Embedding the research within firm business environments over a considerable period of time would enable a detailed and direct study of internationalising firm activities. Such firms can then be observed through various stages, such as the development of local competitive capabilities, internationalisation decision making, international market selection, foreign market entry, and operating overseas subsidiaries. Another option for testing the propositions is to conduct an action research-based study, which would allow the researcher to actively participate in the internationalisation processes of these firms on a regular basis. The longitudinal and action-based research options would require extensive negotiation with regard to access to firms and the need for developing considerable confidence in the research by the firms involved. It would also require substantial financial, research, and logistics resources, which would be necessary to initiate and sustain such studies over the required period of time. If the resources could be accessed, then these two options are feasible for obtaining long-term results for the proposition testing.

The internationalisation structure and research propositions enumerated in this chapter encapsulate the findings and outcome of the study. They also address the aims and research questions outlined at the start of the thesis. A final summary of these propositions, along with policy implications, will be discussed in the concluding chapter.

6.7 Summary and Conclusion

The study in this chapter has focused on a granular cross-case analysis of five firm cases in Sub-Saharan Africa. Data was analysed using the template analysis method, involving the production of themed codes of different orders that were used to identify meaningful units of information, behaviour, or phrases. The themed codes ranged from first-order to third-order codes and were derived from theory, frameworks, and pre-existing knowledge. The data was analysed using a cross-case technique, which provided the opportunity for a deeper understanding of various issues concern OFDI and internationalisation in the SSA region. A cross-analysis of the push and pull factors ranked them according to scores, and extracts from the template were further used to analyse them in detail. In this analysis, the sub-factors for each factor were studied. Further cross-analysis was carried out on the seventy-three sub-factors that had data so that granular details about case similarities and differences could be derived, which provided more context into the nature and influence of the factors.

From the cases, the study found that, out of 20 factors from the SSA framework, 14 push and pull factors were prominent. All the push and pull factors were thereafter ranked into three groups according to influence and compared in a cross-case exercise. In this regard, enterprise strategy and market growth were found to be the most crucial push and pull factors respectively, while enterprise strategy was then found to be the most important of all the factors. The cumulative scores for the push and pull factors were also compared, and it was found that push factors had a much higher score and bore more influence on the internationalisation process of firms in SSA. A comparison was also carried out on how many factors were ranked in each firm's case study and how influential the factors were. The influence of the factors in each case helped to reflect on the unique internationalisation behaviour of different firms. The study then compared the push and pull factors according to the firms' sectors and found various similarities and differences in factor influence across the sectors depending on sectorial circumstances. The research found the SSA OFDI framework useful as a tool to be deployed during the case studies and cross-analyses. On this basis, the OFDI framework is beneficial to regional stakeholders in determining the relevant push and pull factors and the internationalisation process for SSA firms. Based on the all the research, cross-case analyses, and theoretical linkages, this study advanced a taxonomy of SSA MNEs, postulated an internationalisation structure and outlined eight propositions for SSA. The findings here, with regard to OFDI, its influencing factors, and the internationalisation process, can be adopted for use by institutions concerned with SSA in order to improve the OFDI and internationalisation process in the region. A review of the findings from, and implications of, the entire research will be carried in the next chapter.

Chapter 7: OFDI and Firm Internationalisation from Sub-Saharan Africa: Summary and Conclusions

This thesis has examined outward foreign direct investment and firm internationalisation from SSA. The field of international business in Sub-Saharan Africa is still in its early stages, which leaves room for exploratory research. To this end, detailed research was carried out at the country and firm levels of internationalisation in SSA, with the main area of interest being the factors of outward FDI in Sub-Saharan Africa and the internationalisation process for SSA firms. The study has examined the relevance of existing and emergent international business and FDI theories that are applicable to SSA. This chapter will provide the conclusion to the study. In doing so, it will summarise the various sections of the study and conclude with key research findings, contributions, policy recommendations, and future research directions.

7.1 Literature Review

The thesis commenced with a definition of FDI, the concept of control, and the advent of international capital flows, which was followed by a detailed literature review of foundational and mainstream theories, within which the focus was on micro-economic theories of FDI, internationalisation approaches, emerging markets' OFDI theories, and the SSA OFDI literature. This review involved theories and approaches such as industrial organisation, market imperfection, transaction cost, location, interdependence, internalisation, competitive advantage, and the resource-based view, in addition to also including firm internationalisation approaches, such as stages, innovation, networks, contingency, business strategy, international market selection, and foreign market entry modes, and emerging markets research including developing country OFDI theories, leverage, linkage and learning (LLL), springboard, new international ventures (NIV), and emerging markets internationalisation strategies. For additional context of issues at the country level, it also provided an overview of macro-economic approaches to FDI and an outline of the literature related to the inward determinants of FDI. The detailed literature review provided the study with the foundation to understand and apply the multi-faceted and overlapping nature of theories in the field of international business.

7.2 Methodology

The study adopted a funnel-like approach to its investigation, which involved starting with conceptual studies at the country level before moving on to firm-level studies. To achieve this, the study conducted a methodological discussion that looked into the design, philosophical direction, methodological approach, strategy, and methods of the research. With regard to philosophy, the research identified a preference for the phenomenological/inductive methodology. For its OFDI research, the study identified the need to argue for a conceptual foundation that would contribute towards a framework in SSA. The case study and interview approaches were used to obtain primary data at the firm level and to elicit the key findings. Before commencing the case studies, a pilot study was conducted in order to fine tune the techniques deployed at the firm level. Using template analysis, the results from the cases were further cross-analysed at the granular level to identify patterns of similarities and differences.

7.3 The Research

The thesis carried out a conceptual study on outward foreign direct investment from SSA, within which country studies of Kenya, Nigeria, and South Africa were conducted, in addition to also considering the development of OFDI, including mergers and acquisitions and greenfield investments. Based on the critical literature review from Chapter 2, the research developed the foundation of a conceptual framework through seven pathways and constructs and a broad range of OFDI push and pull factors for developing regions. These were then developed into a comprehensive table of OFDI factors for developing regions. The thesis conducted further topical research and derived a comprehensive framework for OFDI factors for SSA, which comprised twenty push and pull factors deemed relevant to the region. Studying OFDI at the conceptual level enabled the research to eventually consider internationalisation in Sub-Saharan Africa at the micro level.

Thereafter, the study focused on firm-level internationalisation in Sub-Saharan Africa as at it relates to firm strategy, internationalisation processes, and market selection patterns. It used the case study methodology and template analysis to study and analyse five SSA firms drawn from South Africa, Nigeria, and Kenya, which were Tiger Brands, Globacom, Asset and Resource Management (ARM), Access Bank, and Mi-Fone. Using an inductive methodology, the research achieved robust research findings, as outlined in the following sections.

7.4 Key Findings from the Conceptual Framework, Case Studies, and Cross-Firm Analysis

In Chapter 4, the study developed the SSA OFDI framework, with its importance being that previous OFDI theories and factors are not singularly applicable to SSA due to the heterogeneous nature of the region. On this basis, since past OFDI research has been based on developed countries, or at best developing countries in other regions, these characteristics of SSA OFDI have not been previously studied in detail. Furthermore, even if they have been studied, the available theories could not have completely deciphered all OFDI influences in SSA without taking into account the unusual nature of the business terrain and its entrepreneurs. For instance, although the main theories had thrown up interesting issues for consideration regarding OFDI in developing regions, they could not have anticipated the rapid development of SSA OFDI over the last 20 years in particular. No single theory could have the predictive capacity to know how post-apartheid SSA firms would evolve to make a strong entrance on the international scene and become global players within such a short time. Furthermore, the theories could not have entirely identified the exact features or experiences of internationalising SSA firms, as the phenomenon was not even under contemporary research consideration until recently. The study finds the Sub-Saharan OFDI framework to be a robust tool and encourages its use in forming research questions, developing hypotheses, engaging with data, extending theory, accommodating new approaches, and synthesising OFDI influences in the region.

In Chapter 5, the research conducted case studies on five firms and discovered the internationalisation process of these firms as described by their market selection patterns and market entry modes. With regard to market selection, SSA firms use either systematic or unsystematic methods as required. The study also recognised that SSA firms determine foreign market entry modes by using strategic goals, experiential knowledge, locational fit, and risk-based approaches. Through these, the preferred entry modes are mainly greenfield investments, joint ventures, and M&As. It also found that SSA firms exert considerable control over their subsidiaries, so these modes are preferred as they tend to give more control to the headquarters. The case study also made findings with regard to 14 push and pull factors being significant to the study of firm internationalisation in SSA.

In discovering pull factors such as market growth, networks, strategic assets, efficiency, geographic blocs, diaspora demand, and foreign training, the study has identified the important influences on the process. These results are significant for stakeholders. From the perspective of a home country, these pull factors are the external influences on its OFDI, while, from the perspective of a host country, the important internal determinants that influence the flow of FDI to it are represented by these seven factors. The research also found various push factors, i.e. enterprise strategy, competitive advantage, industry rivalry, technology and innovation, country environment and risk, and firm resilience capabilities, as being internal influences. From the perspective of a home country, these are internal determinants that influence its OFDI, while, from the perspective of a host country, these are external factors that influence the flow of FDI towards it.

It is useful to note that, from the case study findings, enterprise strategy and market growth are the most important push and pull factors respectively. It is also worth noting that both push and pull factors may not be mutually exclusive and that a firm can have an enterprise strategy to develop market growth. This should be of vital interest to most stakeholders and a specific pointer concerning how to dually leverage push and pull factors in particular circumstances. It is also instructive to note that enterprise strategy is the most important of all the factors and that push factors exert more influence than pull factors in SSA. This indicates that there are more endogenous pressures on OFDI in the home countries of the region compared to exogenous pressures. The role of such endogenous influences can be attributed to the internal dynamics at play in the developing countries in SSA, in addition to highlighting the level of importance that the various internal factors of a country have on the internationalisation activities of its firms. This is not to say that the exogenous pull influences can be discounted, as this is not the case because there are some very strong influencing factors, such as market growth. However, the push factors are the predominant influence.

In Chapter 6, the study cross-analysed all the firm cases and their business sectors, which made clearer the process, patterns, and strategies used by SSA firms in their internationalisation. A particular finding is that the internationalisation process in the SSA firms starts as enterprise strategy decided at the board level before being implemented in a stage-like process. This indicates that, based on the common need to manage uncertainty, similar behavioural patterns exist across SSA firms operating in the high-risk SSA environment. The study then synthesised all the foregoing to advance a taxonomy of

SSA MNEs, which provided four outlines of SSA internationalising firms. These are the market growth optimiser that seeks aggressive market growth in locations, the strategic asset aggregator that internationalises to gain key assets, the network consolidator that leverages personal and corporate relationships for internationalisation, and the low-cost market converter that targets international markets using low-cost products and unique market entry techniques.

The study then went on to make eight propositions to explain the phenomenon and developed an SSA internationalisation structure that brought all the findings together. Through these, it is submitted that the study has addressed the various research questions raised in the thesis.

7.5 The Research Aims and Related Findings

This section will consider the results in line with the research questions and aims. During the course of the study, several findings provided answers to research questions relating to what could be discovered with respect to SSA OFDI and the important push and pull factors, what the internationalisation process of SSA firms is, and how relevant FDI and internationalisation theories and approaches are to SSA, which helped the study to achieve its related aims. How the aims were achieved will now be outlined. The first aim of the research was to analyse OFDI from SSA and discover the important push and pull influencing factors. In this regard, the research studied OFDI across three of the largest economies, i.e. South Africa, Nigeria, and Kenya, and found that the general trend of OFDI from SSA has seen an upswing from 2009, with these three countries at the forefront. The research also identified the direction of OFDI flows into SSA and to developed regions, in addition to analysing the trends in greenfield investments and mergers and acquisitions from these countries. These OFDI analyses set the background for a foundational argument relating to an OFDI framework for an emerging market like SSA. The study then analysed various push and pull factors that influence outward foreign direct investment from SSA. The results from the study indicated a broad range of OFDI push and pull factors for developing regions, which was developed into a comprehensive table. From the factors relevant to developing regions, the study also derived 20 push and pull factors for SSA into an OFDI framework. Further findings from the case studies of the five SSA firms carrying out OFDI revealed that 14 OFDI push and pull factors are influential. In this sense, the results show that the important pull factors are market growth, networks, strategic assets, efficiency, geographic blocs, diaspora demand, and foreign training, whereas the crucial push factors are enterprise strategy, competitive advantage, industry rivalry, technology and innovation, country environment and risk, firm resilience capabilities, and institutional support. Enterprise strategy and market growth are the most important push and pull factors respectively. It was further discovered that enterprise strategy is the most important of all the factors and that push factors have a higher priority and influence than pull factors in the internationalisation process. With regard to the foregoing, the first aim of the research is achieved.

The second aim of the research was to explore and understand the internationalisation process of SSA firms. Through case studies, the thesis found that, in the internationalisation process of SSA firms, they deploy an internationalisation-based enterprise strategy that is decided at the board level. Internationalisation is often implemented in a stage-like process that takes time but which can be accelerated through the means of acquisitions if required. SSA firms shortlist their intended markets based on homogeneous customer groups, while others prefer country markets. They then go through market selection patterns that are contextual, market, or decision-maker based. SSA firms also use market selection methods that vary between systematic and unsystematic. In the case of the latter, this has led to some firms going into markets they should not have. They have subsequently learned from their mistakes and evolved to use systematic market selection methods, wherein they carry out thorough research and conduct country visits before making final decisions regarding the choice of country markets. Further results also revealed that, in the process of internationalisation, SSA firms use foreign market entry modes that are a mixture of greenfield investments, joint ventures, M&As, and distributorship licenses. Outcomes also showed that these firms exert a lot of control over their foreign subsidiaries. On the bases of all these outcomes, the second aim of the research is achieved

The final aim of the research was to examine the traditional and emergent FDI and internationalisation theories and approaches that are relevant in SSA. In this regard, the case studies found support for several theories and approaches that are relevant to SSA, including, amongst others, the internalisation theory of Buckley and Casson (1976); the OFDI theories of Lall (1982), Wells (1983), Cantwell (1989), and Tolentino (1990); the stages/behavioural theories of Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977); the resource-based theories of Penrose (1971), Wernerfelt (1984), and

Barney (1991); the contingency approach of Reid (1983) and Turnbull (1987); the network approach of Johanson and Mattsson (1988) and Coviello and Munro (1995; 1997); the international market selection approach of Papadopoulos and Denis (1988) and O'Farrell and Wood (1994); the institutional approach of Khanna and Palepu (2005; 2010); the EMNE internationalisation strategies of Chittor and Ray (2007) and Ramamurti and Singh (2009); emergent SSA approaches such as the knowledge approach of Matanda (2012) and Ibeh (2015); the SSA OFDI factors approach of Adeleye et al. (2015) and Ibeh (2015); the network approach of Boso et al. (2016); and, finally, the taxonomy of SSA MNEs and the firm resilience approach of this thesis. Through these findings, the final aim of the research is achieved.

This thesis submits that, on the basis of its research, conceptual work, case studies, synthesis, and findings, all the aims of the research have been met. In addition, the thesis suggests that an original contribution has been made towards improving the understanding of OFDI in SSA and the internationalisation process of SSA MNEs, including their market selection patterns and foreign market entry modes.

7.6 Policy Implications of the Research

There are several policy implications of the research. For example, the findings concerning market size as a determinant of FDI have implications for an emerging region like SSA. In this regard, an MNE that possesses competitive advantages over other firms is more amenable to establishing operations in a host market. In such a situation, if a foreign firm is interested in SSA, the existing large markets will present unique opportunities to harmonise the market conditions in the business sectors of SSA economies using its firm advantages. This stimulates the development of entirely new growth opportunities, jobs, and income in the SSA region by MNEs harmonising their firm advantages with market conditions. The findings also indicate the importance of human capital to internationalising firms. In this regard, if a host country has sufficient human capital, then it has the potential to become better developed. The implication is that local industrial clusters that have developed from FDI could eventually achieve effective levels of managerial, operational, marketing, and technological expertise, which reduces their level of local firm dependence on the relationships with the MNEs. In their clusters, the local firms will have developed productive capacities, technical skills, and market knowledge based on international best practices and quality expectations. These local clusters will eventually develop to a stage where they leverage their new-found knowledge or technology in the absence of the foreign firms who may have separated from them. This capacity can be combined with other local push factors in attempts towards international expansion. Thus, the clusters could actually become springboards for local firms to commence outward direct foreign investment or new international ventures. SSA, by virtue of relatively lower wage costs, is a natural destination for foreign direct capital that requires a good level of human capital. It would therefore be a travesty if potential foreign capital is not attracted because the human capital in the host country is not well developed. It would also be a further loss to the region if the potential for local firms to improve their firm specific assets or ownership advantages cannot be achieved. Further still, it would not be beneficial if firms that could be primed to eventually compete internationally are not able to do so. It is in the best interest of the SSA region to encourage such local firms to develop human capital. This can help to grow economies based on productive capacity linkages with foreign firms in the host country. Additionally, the development of human capital also provides the SSA region with the potential to increase absorptive capacities, which allow it to specifically engage with advanced forms of knowledge and derive benefits from the positive interactions. In this sense, such positive interactions with stocks of human capital will produce economic growth in SSA.

There are additional policy implications for OFDI in SSA. Hitherto, governments in the region have focused a great deal of attention on SOEs as the potential driving force of internationalisation and the champions of national pride, which is to the detriment of indigenous private firms who are actually the main drivers of OFDI from the region. Furthermore, SOEs are often large bureaucratic organisations with political links and affiliations that can make it challenging to make and implement decisions. On the other hand, indigenous firms have management structures that enable the robust decisions required to implement internationalisation. For these firms to go further in internationalisation, they will require resources and support from their home environments. The necessary institutional structures need to be put in place to support the international aspirations of these firms. In addition, there are requirements for increasing the depth of the information, knowledge, and learning cycles of these firms so that they can deepen their international management skills. This puts a responsibility of capacity development on stakeholders in the SSA region. The gains to be obtained from embracing the required policy changes for OFDI will be the enhancement of firm growth and the attendant economic benefits to the region.

Furthermore, the findings concerning openness to trade have implications for the regional economic zones in SSA, which include the Economic Community of West African States (ECOWAS), The Southern African Development Community (SADC), The Economic Community of Central African States (ECCAS), the seven state 'Horn of Africa' Intergovernmental Authority on Development (IGAD), and The Common Market for Eastern and Southern Africa (COMESA). The implications are that the formation of customs unions in these zones and the resultant implementation of joint tariffs could have an adverse impact on trade effects and supply factor entry changes. Regional integration can certainly bring the benefits of economies of scale and swift economic development to SSA. While this may hold true, regional integration strengthens customs unions, and this must be managed in ways that will not adversely affect openness to trade and FDI inflows. The institutionalisation of regional customs unions should therefore limit restrictive tariffs and trade policies that can discourage potential foreign investors.

This research therefore argues for a need to restructure the implementation of customs unions in SSA along these lines. Policy makers should ensure, through control mechanisms, that customs unions encourage intra-SSA trade. Such mechanisms can harmonise prolific trade policies and tariffs in the different customs unions such that they are favourable to FDI flows. Furthermore, implementing these control mechanisms will aid the aspirations for the internalisation of intermediate inputs by MNEs in SSA. Such internalisation will increase economic activities in the locations in which the MNE decides to operate, which brings with it capital abundance, job increases, and social good in the form of, amongst other things, managerial and technological spill overs, all of which will occur to a higher degree in an economic environment that is open to trade.

For SSA firms internationalising into various markets abroad, the issue of customs unions in these locations also has policy implications. Of particular interest is the EU customs union and the effects of the United Kingdom's referendum to leave the EU by 2019, otherwise known as Brexit. The EU and the UK are now negotiating parties to new relational arrangements in a post-Brexit era. Since internationalising SSA firms have a presence in the UK or other EU countries, the outcomes of the Brexit arrangements will have an impact on these firms. For instance, prior to Brexit, the EU had implemented a structured and favourable customs union, tariff schedule, and quotas for member states like the UK. These arrangements promoted positive effects on trade by the EU and UK, as they encouraged openness to trade and FDI. However, there are now uncertainties in the EU region due to the plethora of post-Brexit proposals by both negotiating parties, such as hard borders, soft borders, and customs partnerships. In addition, these uncertainties regarding the eventual Brexit outcome have an impact on investor confidence, in addition to the added risk of customs union and tariff fragmentation. These could all lead to adverse effects on openness to trade in the UK and other EU countries. For an SSA firm operating from the UK or another EU country prior to Brexit, it would hitherto enjoy access to the single market across the European Union. If the SSA firm is a financial institution located in the UK, then it would have enjoyed EU financial 'passport' arrangements that allow it to trade in the financial markets of the region.

When Brexit occurs, there will be a loss of financial 'passport' rights if there is no agreement on financial regulation equivalence with the EU before Brexit. In this case, once the UK leaves and is outside the EU, it will likely have a third-country status with the EU, meaning a different set of rules will apply. If SSA financial institutions in the UK are to prevent a loss of their financial passports to EU markets, they will need to put in place new passporting arrangements, which will result in additional regulatory and financial obligations that can lead to investor reappraisals of current EU and UK market selection measures. Investors and policy are encouraged to put in place measures to mitigate these issues. For these, the thesis makes some suggestions later in this chapter.

7.7 Contributions of the Research

The research has elucidated SSA OFDI and the process of internationalisation by SSA MNEs in the region. It has identified an SSA framework, international market selection patterns, and market entry modes. Additionally, the thesis has determined the relevance of traditional and emergent international business approaches and it has postulated on the influencing push and pull OFDI factors. The research has therefore made beneficial contributions to the study of FDI and internationalisation in SSA. In particular, the conceptual OFDI pathways and comprehensive table are useful tools for researching OFDI factors in developing regions. Furthermore, the Sub-Saharan OFDI framework accommodates seminal approaches, emergent arguments, and experiential factors in the determination of OFDI, specifically for SSA. Through the embedded multiple case studies, the research has pioneered detailed cross-case analysis across firms and business sectors in the three largest economies in SSA. It has further advances a taxonomy of SSA

MNEs, which describes the nature of internationalising firms and makes key propositions regarding the phenomenon in the SSA region. The study also depicts an internationalisation structure that brings all the concepts together.

The thesis submits that its research and findings fill gaps concerning the study of FDI and internationalisation in the SSA region. In this regard, it boosts knowledge of OFDI from the SSA region and takes the academic discourse further, increases the understanding of OFDI and internationalisation by SSA MNEs, and makes original contributions to the existing international business literature and research.

7.8 Research Limitations

The research had some limitations. First, there was the need for the researcher to balance detailed academic research with competing responsibilities related to work and family life. However, this was managed through family, supervisor, peer, and university support systems. In addition, the research analysis had to take into consideration the researcher's ontological and epistemological perspectives on the study, which had a bearing on the arguments put forward and the interpretations thereof. Due to time and resource limitations, it was also challenging within a PhD research project to attempt extending the study into more geographic areas in SSA. For instance, the research was mainly conducted from the UK, whereas the researcher would have liked to have visited various countries in SSA to conduct more meetings with many more SSA firms. There were certainly other opportunities for collaborative discussions with various senior stakeholders in many SSA internationalising firms. This would, however, have required direct visits across various countries over a long period of time, which could not materialise due to the specified resources and time available for the research. The research also experienced limitations due to the diversity of the firms studied, as they had different ages, sizes, and characteristics, and comparing like for like was therefore challenging. Furthermore, published and current information for the region was difficult to obtain, as there were challenges with regard to the collation of sources. In this sense, the institutions that could provide data were also emergent, and it therefore took a long time to collate and clean where available, which put a strain on the time resources of the research. Nonetheless, the research has deployed the available data, time, and resources to arrive at the findings and contributions herein.

7.9 Future Research Directions

The thesis will now provide some future research directions. International business research will benefit from studies that can test the propositions outlined in this research. Such studies across more firms and countries will enhance further growth in the knowledge of OFDI and internationalisation in SSA. An area of relevant future research would be the eventual impact of Brexit on the internationalisation processes of SSA firms operating in the EU. It would be useful to understand the learning experience of such SSA firms in managing Brexit uncertainties and restructuring their foreign operations. Based on new arrangements within the EU, it would also be of interest to discover how SSA firms select potential European markets and determine their market entry modes. Of additional interest would be the investment promotion and economic development activities of other non-EU locations, which may seek to attract SSA OFDI away from potentially fragmented markets in EU and into their regions. How SSA firms could potentially pivot into such non-EU geographic locations would be of further research interest. Future research could also consider longitudinal, ethnographic, or action-based research into SSA firms if access, time, and resources permit.

The thesis also suggests studies that will examine the potentials of industry clusters in SSA to become springboards of OFDI. Of particular interest would be how these clusters act as incubators for future SSA MNEs and the impact of institutional deficiencies on such internationalisation potential. Studies on how decision makers derive OFDI policies in the SSA region will also be of interest as it will outline lessons learnt so far and the path through which the process can be further enhanced. This thesis further suggests studies analysing instances of South–North internationalisation from the SSA region. Future research should be conceptual in nature, as this would be useful in addressing the salient issues regarding OFDI and internationalisation in SSA. Due to the heterogeneous nature of SSA, more case studies are encouraged, as they would contribute to the discourse on internationalisation in SSA. Further, it would help the study area to benefit from different perspectives, which is increasingly important as the region is rapidly evolving, and currently undiscovered interactions are likely to be of interest in the future. In general, such interactions in the region will require constant research, adaptation, and reflection in order to ensure practical outcomes that are beneficial to decision makers and stakeholders.

7.10 Recommendations

From the case studies and interviews, it was found that SSA firms often choose to use one market selection method, which can either be systematic or unsystematic, and firms can switch from one to the other depending on which they find to be better for their operations. However, this study suggests using both systematic and unsystematic market selection methods at the same time and for the same market selection process. In implementing this, the SSA firm uses the unsystematic and intuition-based method to shortlist a few options for potential markets, and then this shortlist of potential markets goes through a systematic market selection method, where quantitative analysis, detailed research, and country visits are used to determine the final choice. This amalgamated method ensures that the experiential knowledge of the business driver is accounted for in the initial intuitive selection. This also results in reduced financial expenditure on research and it also helps in making further provision for swifter market selection in the case where the internationalisation model involves a speedy and disruptive market innovation. The additional use of a systematic quantitative method in the final selection also ensures that the choice is evaluated empirically and can provide assurances that the decision risks are being well managed.

Due to the findings from the case studies regarding openness to trade and market growth, it is recommended that closed-door, structuralist, and protectionist policies, such as import substitution or tariff impositions, are avoided in global markets since they impede flows of foreign direct investment from the region. Instead, countries should strive to open up their economies so that they can attract capital, technology, and innovation. Embracing liberalist and free market policies will enhance access to more foreign investment and will result in greater economic growth and convergence. For countries in SSA, they could also work towards harmonising the various custom and economic zones into one union with the free movement of goods, services, and people.

For EU countries with customs unions, clearly, internationalising SSA firms with EU operations will encounter some challenges regarding post-Brexit arrangements and access to a single market. This thesis therefore recommends that EU and UK policy makers, prioritise the equivalence and harmonisation of customs unions and tariff schedules. This will help to maintain investor confidence and ensure that the FDI flows and internationalisation processes of foreign firms are not impaired. Policy makers should also put a flexible financial passport regime in place that would allow banks and financial institutions operating from the UK to maintain access to financial markets within the EU. Additionally, EU policy makers should grant regulatory equivalence between their financial regulations and those of the UK so that both regimes are operated jointly, which would ensure that UK financial institutions can continue to offer services across the EU in the post-Brexit era.

Prior to the final exit of the UK from the EU, this thesis recommends that SSA firms exporting to the EU or from the EU should prepare thorough scenario analyses on possible changes to tariffs, duties, and exchange rates, which will provide a means of managing the volatilities to their trade when Brexit occurs. For SSA firms with financial service operations in the EU, this thesis recommends that they immediately carry out legal entity restructuring of their UK and EU subsidiaries. As part of the restructuring, they can develop or acquire new entities in EU countries with financial passport rights. Alternatively, the UK subsidiaries of such firms can merge with another firm in an EU country and keep the UK office as a locally regulated branch. For the EU subsidiaries of SSA firms that still need to operate in the UK, they can also acquire a firm in the UK or establish an authorised subsidiary that is subject to UK regulatory laws. In addition to all of the above, SSA firms with EU operations could generally diversify their product, service, and market offering all across the EU and UK as a way of hedging against the uncertainties of Brexit. Furthermore, internationalising SSA firms can stay ahead of the Brexit issues through proactive planning, strategic risk management, and impact analysis, all of which will take into consideration the full extent of regulatory changes on their foreign operations in UK or EU countries.

For SSA countries seeking to attract OFDI, it is recommended that they should invest in the development of human capital, which will attract foreign investors and aid economic growth in the region. Placing a high premium on investment in human capital not only enhances foreign investment but also prepares local firms to embark on their own process and journey of developing into the home-grown MNEs of the future. It is also recommended that the institutional mechanisms of SSA countries, in terms of their institutions, decision-making procedures, and policy formulation processes, should aim to achieve complete autonomy. These institutional mechanisms should be developed through constant training, access to current information, and institutionalised priority to research results. For instance, the Sub-Saharan OFDI framework of this study could be adopted for use by countries and stakeholders in determining the relevant push and pull factors. The internationalisation structure also developed herein can be a useful guide on the process in SSA. Utilising such research-based tools would enhance decision-making capacity in the region in the general interest of growth and development.

It is recommended that more attention be given to OFDI issues in the region, as stakeholders should focus on ways to stimulate OFDI capacity. This can be done through identification of the influences on OFDI, propagating OFDI growth mechanisms, and formulating policies to encourage OFDI. It is also recommended that governments and institutions in SSA should make more effort towards improving the quality and quantity of OFDI data, which would aid further research into the phenomenon. More attention also needs to be given to the salient and experiential OFDI issues that are region specific, as these will highlight natural conduits to develop the potentials of OFDI further in the region. Stakeholders need to give more attention to the unique capabilities of SSA firms based on the firm resilience developed from operating in the region. A greater awareness will eventually lead to a realisation of the action steps required to help these unique firms hone their capabilities further to becoming OFDI leaders. The research recommends that firms carrying out internationalisation in SSA should consider their intended strategy, market, competitive advantages, resources, and processes carefully before deciding on the foreign territories, mode of entry, and scale of operations.

Internationalising SSA firms should also take the time to study, appreciate, and understand the heterogeneous institutional context of the SSA environment they are operating in, which would involve a deeper understanding of the institutional mechanisms related to the nature and status of institutions, decision-making processes, and the policy development environment. Firms should accept the reality that a lack of institutional mechanisms in SSA may subsist for a while and will need to be addressed within the framework of the culture that exists in Africa. This culture is different from country to country, and firms should take into consideration the ethnic, trade, feudal, and colonial aspects of the continent's history. The thesis suggests that SSA firms should address institutional mechanism deficiencies by leveraging their 'resilience capabilities' to initiate innovative solutions. As a means of propagating these capabilities, SSA MNEs should seek to capture the exact competences that make up their unique firm resilience capabilities so that this knowledge can be managed for the purpose of training future firm managers and leaders. Within this context, firms can then develop enterprise strategies that seek to address the deficiencies in these institutional mechanisms by deploying the competitive advantages of the firms to attain market growth, strategic assets, efficiency, and resources

This thesis submits that the taxonomy of SSA MNEs is a starting point for concise descriptions of internationalising firms from the region. It suggests that, since firm-level information of internationalising firms from the region is emergent, the taxonomy should be embraced as a synopsis that enhances the research discourse in the region. Based on previous calls from researchers for more case studies on the region, it is suggested that the taxonomy should be seen as a fresh perspective for advancing the uniqueness of internationalisation from the SSA region. As a response to the distinctive nature of its internationalising firms, the taxonomy also provides opportunities for collaboration by researchers interested in the region.

In conclusion, this thesis suggests that its findings, with regard to the OFDI push and pull influencing factors, the internationalisation process of SSA MNEs, and the taxonomy of SSA MNEs, should be considered and adopted by decision makers and stakeholders, as a contribution towards improving OFDI and internationalisation knowledge and capacity from the region.

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APPENDICES

Appendix 4.1: Sub-Saharan Africa Country List by Region

SSA Regions	Countries
EASTERN AFRICA	Kenya, Uganda,Tanzania, Djibo Eritrea, Ethiopia, Somalia, Rwa Burundi, Comoros Zimbabwe, Seychelles, Mauritius, Mozambique, Madagascar, Malawi, Zambia
CENTRAL AFRICA	Congo, Equatorial Guinea, DRC, Gabon, Chad, Sao Tome & Principe, Angola Central African Republic, Cameroon
SOUTHERN AFRICA	Namibia, South Africa, Swazilan Botswana, Lesotho.
WESTERN AFRICA	Nigeria, Ghana, Ivory Coast, Be Togo, Senegal, Gambia, St Helena, Liberia, Gabon Guinea, Sierra Leone, Guinea B Burkina-Faso, Cape Verde, Niger, Mauritania, Mali
SUDAN(NORTH/EAST AFRICA)	Sudan, South Sudan

Source: United Nations Conference on Trade and Development (UNCTAD), Handbook of Statistics, 2000–2015

Appendix 5.1

OFDI FACTOR TABLE FOR EMERGING MARKETS
7 Pathways, 25 Groups & 120 Factors,

KNOWLEDGE	RESOURCES	GOVERNANCE	NETWORKS	ENVIRONMENT	ENTERPRISE	REGION
LEARNING	**ASSETS**	**SOCIO-POLITICAL**	**RELATIONSHIPS**	**ECOLOGY**	**MANAGEMENT**	**LOCATION**
Educational knowledge	Natural resources	Government policies	Ethnic linkages	Home nation ecology	Management experience	Terrestial distance
Business knowledge	Organisational resources	Social cohesion	Cultural affinities	Host nation ecology	Managerial choices	Psychic distance
Local knowledge	Strategic assets	Political structure	Language similarity		Managerial attitude	Geographic blocs
Foreign training		Stability	Alliances	**COUNTRY RISK**	Management skill	Strategic location
Information availability	**TECHNOLOGY**	Corruption	Collaborations	Socio-Political	Management decision-style	Cultural diversity
Information quality	Technology proficiency	Bureaucratic issues	Socio-political ties	Security	Management capacity	
Organisational learning	Technological accumulation	Hegemonic pressure		Risk attitudes		**IMPLICIT**
	Technological adaptation		**STAKEHOLDERS**	Economic	**FIRM**	Socio-Political liberation
EXPERIENCE	Technological intensity	**ECONOMIC**	Client following	Risk mitigation	Firm competence	Regional integration
Business experience	Technology diffusion	Economic restructuring	Supplier influence		Firm vision & mission	Business nomadism
International experience		GDP	Stakeholder interests	**MARKET**	Firm financial strength	Economic convergence
Local experience	**SIZE**	GDP Per Capita		Market knowledge	Firm growth	Diaspora demand
Incremental knowledge	Population	National savings	**PARTNERS**	Market volatility	Firm resilience	International influence
	Labour availability	Production cost	Corporate relationships	Market commitment	Firm size & structure	
		Foreign currency control	Local partners	Market regulation	Firm advantages	
	COST ADVANTAGE	OFDI policy	Foreign partners	Market size	Organisational culture	
	Low cost labour	Development stage		Market integration	Enterprise strategy	
	Cost efficiency	Taxation		Market growth		
		Fiscal & monetary policy		Oversaturation	**ENTREPRENEURSHIP**	
	HUMAN RESOURCES	Balance of payments			Innovation	
	HR proficiency	Trade restrictions		**COMPETITION**	Entrepreneurial behaviour	
	HR specialisation	Market mediation		Industry rivalry	Entrepreneurial ability	
	HR quality	Trade diversification		Monopolistic Activity		
				Oligopolistic reaction	**INTERNATIONALISATION**	
		INSTITUTIONAL		Competitive intensity	Product differentiation	
		Legal Framework			Stages internationalisation	
		Infrastructure		**OPERATIONS**	Accelerated internationalisation	
		State owned enterprises		Operational structure	Industry consolidation	
		Institutional support		Operational efficiency	Mover advantages	
					Entry modes (IJV, M&A)	
					PERFORMANCE	
					Subsidiary performance	
					Competitive advantage	

Source: Derived by This Research

Appendix 6.1**: Sample Interview Guide for SSA Firms**

- Why did your firm establish foreign operations?
- How did your firm take the decision to internationalise?
- What type of internationalisation path did you take?
- What process did you go through during this process?
- How much time and resources did it involve?
- What particular capabilities or assets have your firm developed in this process?
- What is the operating home environment like for your company?
- Have the challenges in your home country built up any specialised resilience in your firm?
- Is the geographic distance between your home and host countries a major consideration?
- Have you considered socio-cultural or ethnic linkages in your decisions to go into these countries?
- Have you received home country support for your international operations?
- Is market size a consideration in the countries you go into?
- Do you consider the cost of labour and quality of human resources in the target countries?
- Do you take the same products you have to host territories or do you differentiate with new products there?
- Do you carry out risk management by going to these other countries?
- Is experience and knowledge in the host country a consideration?
- Do you get host government interference?
- Is infrastructure efficiency a consideration in your host countries?
- What is the performance of your subsidiaries like?
- What is the competitive nature in the home and host markets like?
- Do you follow existing competitors or do they follow you?
- Is prestige or regional relevance a consideration for internationalisation?
- Is openness to trade a consideration in the host countries you go into?
- Are there any other factors that attracted you to host markets or pushed you out of your home market?

- Do you take the same managerial expertise to host countries, and is this more profitable in those places?
- What is the core or specialised capability of your company?
- Has this capability worked for you in the countries you go into?
- Can you compare your past internationalisation experience to your present-day plans, bearing in mind you have mentioned that you are more risk averse? What is going to happen?
- What has been the lesson to your firm from this internationalisation exercise?

Appendix 6.2: Final Research Template and Interview Analysis

	TEMPLATE & INTERVIEWS					
		NIGERIA	**NIGERIA**	**NIGERIA**	**KENYA**	**SOUTH AFRICA**
	1. PULL FACTOR CODES	**GLOBACOM**	**ARM**	**ACCESS BANK**	**MI-FONE**	**TIGER BRANDS**
1.1	**MARKET GROWTH**					
1.1.1	Market Size & Expansion	Mkt. Expansion Is A Motivation	Expansion to Large SSA Market	Expansion To SSA, Europe	Expansion in SSA	Market Size & Growth Seeking
1.1.2	Trade Openness	Openness Exist in Hosts & Impt.	Openness Required in SSA			Openness Is An Attraction
1.1.3	Market Integration	Integrates Market For Data	Integrates Real Estate in SSA	Integrates On Efficiency Gaps	Bottom Market Integration	Integrates Markets For Food FMCG
1.1.4	Unexplored Markets		SSA Market is Unexplored	Asia Market is Unexplored		
1.1.5	Strategic Market		SSA is Strategic Growth Market	Strategic Locations Impt.		
1.2	**NETWORKS**					
1.2.1	Ethnic/Cultural Linkages	Used Networks & Links		Aided SSA Internationalisation		
1.2.2	Corporate Relationships	Leveraged Relationships				
1.2.3	Customer Followership			Followed Customers Abroad		
1.2.4	Business Partners	Used Local Partners in Host			Local Partners Aided Intz.	
1.3	**STRATEGIC ASSETS**					
1.3.1	Natural Resources					
1.3.2	Licenses	Gateway In Ivory Coast				
1.3.3	Concessions		Concession in Ivory Coast			
1.3.4	Key Assets	Have Submarine Cable To W/A	Large AUM Capability			
1.3.5	Intellectual Property		The ARM Way			IP Seeking Aided Expansion
1.3.6	Human Capital	It is important				It is important
1.4	**GEOGRAPHIC BLOCS**					
1.4.1	Socio-Political Bonds					
1.4.2	Multi-Lateral Relations					
1.4.3	Geographic Diversity				SSA Diversity Aided Intz.	
1.4.4	Strategic Locations			UK and Rwanda are Hubs		
1.5	**EFFICIENCY**					
1.5.1	Lower Wage Costs	Achieved				Lower Wage Cost is Considered
1.5.2	Labour Availability	Labour Availability Is Important				Available Labour is Considered
1.5.3	Higher Capital Efficiency	Achieved	Seeks it			
1.5.4	Host Infrastructure	Built its own				Not important if market exists

	TEMPLATE & INTERVIEWS		NIGERIA	NIGERIA	NIGERIA	KENYA	SOUTH AFRICA
			GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
1.6	**REGIONAL INTEGRATION**						
	1.6.1	Regional Growth					
	1.6.2	Economic Integration					
	1.6.3	Rennaissance					
1.7	**INTERNATIONAL INFLUENCE**						
	1.7.1	Economic Diplomacy					
	1.7.2	Geographic Spread					
	1.7.3	Global Branding					
1.8	**BUSINESS NOMADISM**						
	1.8.1	Trans Regional Trade					
1.9	**FOREIGN TRAINING**						
	1.9.1	Management Trainees					
	1.9.2	Manager Development	Important				Important
	1.9.3	Territory Knowledge	A Motivation				Can be leveraged
	1.9.4	Culture & Diversity	Knowledge Here Is Crucial				
1.10	**DIASPORA DEMAND**						
	1.10.1	Products Demand					
	1.10.2	Services Demand	Diaspora Effects Present		Aided Internationalisation		
2.1	**COMPETITIVE ADVANTAGE**						
	2.1.1	Firm Specialised Capabilities	Leveraging Relationships	The 'ARM Way' of Business	Driven, Energetic Workforce	Innovation & Marketing	Brand & Managerial Capability
	2.1.2	Industry Expertise	Technology Knowhow	Financial Asset Management	Banking and Trade	Communications & Tech	Food Manufacturing & Sales
	2.1.3	Technology Proficiency	Crucial	Impotant	Deployed	Proficient	Important
	2.1.4	Industry Consolidation			Consolidated Banks		Consolidated Food & Beverage
	2.1.5	Market Protection					
	2.1.6	Large Internal Resources	Deployed Huge Resources	Committed Large Resources	Used Huge Resources		Expended Vast Resources
	2.1.7	Entrepreneurial Ability	Ownership Factor & Attitude	Visionary CEO	Commited Executives	Passionate CEO	Commited Executives
	2.1.8	Skilled Human Resources	V. Skilled & Diverse	Very Well Trained	Highly Skilled & Motivated	Very Experienced	V. Skilled & Diverse

TEMPLATE & INTERVIEWS		NIGERIA	NIGERIA	NIGERIA	KENYA	SOUTH AFRICA
		GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
2.2 ENTERPRISE STRATEGY						
2.2.1	Deliberate Internationalisation	A Board Decision	Long Term Strategy	Strategy To Aid Trade	Company Strategy	Strategic Board Decision
2.2.2	Natural Internationalisation					
2.2.3	Stages Internationalisation	Stages With Time	Long Stages Process	Occurred in Stages	Takes 3 to 6 Months	Takes Time
2.2.4	Accelerated Internationalisation		Used This For Spain		Deployed Networks	
2.2.5	Mover Advantages	Late Mover	SSA First Mover	Late Mover	Late Mover	
2.2.6	Market Commitment	Incremental	Incremental	Very Cautious	Very Cautious	Very Cautious
2.2.7	Value Generation	Strategic Asset Gains	Value From Spain	Value In Africa & UK	Customer Value	Value From Growth
2.2.8	Subsidiary Control	Centralised HQ Control	Full Control From HQ	Exerts Varied Control	Controls Subsidiaries	Exerts HQ Control
2.2.9	Learning Experience	Psychic Distance	Spanish Jurisdiction	Banking In China	French Barriers	Due Diligence Is Important
2.3 INDUSTRY RIVALRY						
2.3.1	Competitive Intensity	High	Intense Competition	Competitive Sector	Very Competitive	Very Strong
2.3.2	Market Size Decline	Shrinking Local Markets	Due To Saturation	Sectorial Decline		Sectorial Decline
2.3.3	Lower Profit Margins	Higher costs, lower profits	Clients Paying Less		Low Margins	Price Wars; Low Margins
2.3.4	Weakining Consumer Demand	Customers Speak Less	Sophisticated Clients	Weak Market Demand		Weakened Demand
2.3.5	Market Leader' Followership	Followed MTN To Ghana	Cross-Followership	Cross- Followership	Follows Competition	
2.3.6	Oligopolistic Reaction	Keen Reaction	Very Keen	Got Keen Reaction	Got Keen Reaction	Got Keen Reaction
2.3.7	Monopoly Activity	Faced Monopolies	Highly Unregulated	Sectorial Monopolies	Sectorial Monopolies	Strong Local Monopolies
2.4 TECHNOLOGY & INNOVATION						
2.4.1	Techonology Adaptation	Adapted Products	Enhanced Its Solutions	Adapted Solutions	Enhances Solutions	Adapts Technology in Hosts
2.4.2	Innovative Enterprise	Highly Innovative	Solution Add-Ons	Highly Innovative	It is Important	Builds on Existing Brands
2.4.3	Technology Accumulation	Uses It In Hosts	Accumulates It	Deploys It In Hosts	Uses It For Markets	Accumulates Technology
2.5 ECONOMIC RESTRUCTURING						
2.5.1	Foreign Exchange Liberalisation					
2.5.2	Privatisation of Economy					

	TEMPLATE & INTERVIEWS	NIGERIA	NIGERIA	NIGERIA	KENYA	SOUTH AFRICA
		GLOBACOM	ARM	ACCESS BANK	MI-FONE	TIGER BRANDS
2.6	**FIRM RESILIENCE**					
2.6.1	Survival Mechanisms	Handle Infrastructure Issues	Surmount All Challenges	Find Patterns In Economy	Build Resilience Daily	Plan For Long Term
2.6.2	Extreme Determination	Seeks To Retain Customers	Succeed Without Govt Support	To Overcome Tough Economy	To Get Market Share	
2.6.3	Persevering Confidence	Extreme	Very High	Very High	Very High	Very High
2.6.4	Practical Experience			Business Turnaround	Field Experience	
2.6.5	Inherent Motivation	To Pioneer	To Create Value	Build A Great Institution	To Serve Bottom Market	Drive Growth
2.6.6	Resilient Capacity		Very Resilient		Keeps Pushing	Endurance
2.6.7	Opportunity Conversion	Per Second Billing System. Data		Local Banking Consolidation	SSA Market Potential	Food Industry Consolidation
2.6.8	Leveraging Local Networks	Very Adept			Very Skilled	
2.6.9	Extreme Risk Mgt Strategies		Highly Skilled	Understand Risk Cycles		
2.6.10	Market Making	Data Communication Provision	Pensions. Drive Regulation	Derivatives, Swaps & IFRS	Cheaper Phones	Food and Beverage Brands
2.6.11	Phenomenal Capabilites	Business Drive	Leadership & Team Dynamics	Business Execution	Leadership & Team Building	Business Commitment
2.6.12	High Knowledge Acquisition	Always Acquires Knowledge	Training & ARM Academy	Intellectually Driven		
2.6.13	International Best Practices		Business Ethics & Standards	Global Operating Model		Good Structure & Reporting
2.6.14	High Predictive Ability	Pre-Empt Subsidiary Needs	Agric and Infrastructure Devts.	Financial Scenario Testing	Consumer Behaviour	Industry Direction
2.6.15	High Business Aggression	In Sales	In Growing AUM	In Business Development	In Marketing	In Marketing and Sales
2.6.16	High Problem Solving Skills	Solves Network Problems	Solve Clients Asset Needs	Solve Customer Trade Issues	Solve Communication Needs	Solve Nutrition Needs
2.7	**INSTITUTIONAL SUPPORT**					
2.7.1	Government Support	Favourable Govt disposition	Foreign Ministry Endorsement		None Received	None Received
2.7.2	Policy Intervention	Per Second Billing Policy Support				
2.7.3	Export Subsidy & Zones					
2.7.4	Stakeholder Support		Securities Commission Support			Investor Interference in M&A

	TEMPLATE & INTERVIEWS		**NIGERIA**	**NIGERIA**	**NIGERIA**	**KENYA**	**SOUTH AFRICA**
			GLOBACOM	**ARM**	**ACCESS BANK**	**MI-FONE**	**TIGER BRANDS**
2.8	**TRADE DIVERSIFICATION**						
	2.8.1	Non-Oil Export Promotion					
	2.8.2	Export Platform					
2.9	**COUNTRY ENVIRONMENT & RISK**						
	2.9.1	Security Risk	Huge Security Issues		Security Concerns		
	2.9.2	Economic Risk		Harsh Economy	Economic Volatility		Volatility Concerns
	2.9.3	Operating Environment	Hostile Home Environment	Tough, Inefficient Home Env.	Tough, V. Regulatory, Flux		Tough in Home and Host Nations
	2.9.4	Risk Mitigation		Mitigates Risk Profile	Manages Risk Cycles	Risk Mitigation Aided Intz.	Risk Volatility Aided Intz
2.10	**HOME INFRASTRUCTURE**						
	2.10.1	Limited Transport Links					
	2.10.2	Inefficient Electrical Supply					

Source: Case Study Data Compiled by This Research

Appendix 6.3: Merged Pull Factors from the Case Studies

PULL FACTORS	ORDER	TIGER BRANDS	PULL FACTORS	ORDER	GLO	PULL FACTORS	ORDER	ARM	PULL FACTORS	ORDER	ACCESS BANK	PULL FACTORS	ORDER	MIFONE
Market Growth	1	●	Market Growth	1	●	Market Growth	1	●	Market Growth	1	●	Market Growth	1	●
Strategic Assets	2	●	Strategic Assets	2	●	Strategic Assets	2	●	Networks	2	●	Networks	2	●
Efficiency	3	●	Networks	3	●	Networks	3	●	Geographic Blocs	3	●	Geographic Blocs	3	●
Networks			Efficiency	4	●	Efficiency	4	●	Diaspora Demand	4	●	Efficiency		
Geographic Blocs			Diaspora Demand	5	●	Geographic Blocs			Strategic Assets			Strategic Assets		
Diaspora Demand			Foreign Training	6	●	Diaspora Demand			Efficiency			Diaspora Demand		
Foreign Training			Geographic Blocs			Foreign Training			Foreign Training			Foreign Training		
Regional Integration			Regional Integration			Regional Integration			Regional Integration			Regional Integration		
International Influence			International Influence			International Influence			International Influence			International Influence		
Business Nomadism			Business Nomadism			Business Nomadism			Business Nomadism			Business Nomadism		

Appendix 6.4: Merged Push Factors from the Case Studies

PUSH FACTORS	ORDER	TIGER BRANDS	PUSH FACTORS	ORDER	GLO	PUSH FACTORS	ORDER	ARM	PUSH FACTORS	ORDER	ACCESS BANK	PUSH FACTORS	ORDER	MIFONE
Enterprise Strategy	1	●	Enterprise Strategy	1	●	Enterprise Strategy	1	●	Enterprise Strategy	1	●	Enterprise Strategy	1	●
Competitive Advantage	2	●	Competitive Advantage	2	●	Industry Rivalry	2	●	Industry Rivalry	2	●	Tech & Innovation	2	●
Industry Rivalry	3	●	Tech & Innovation	3	●	Competitive Advantage	3	●	Competitive Advantage	3	●	Industry Rivalry	3	●
Firm Resilience Effects	4	●	Industry Rivalry	4	●	Country Environment	4	●	Tech & Innovation	4	●	Competitive Advantage	4	●
Country Environment	5	●	Country Environment	5	●	Firm Resilience Effects	5	●	Country Environment	5	●	Firm Resilience Effects	5	●
Tech & Innovation	6	●	Firm Resilience Effects	6	●	Tech & Innovation	6	●	Firm Resilience Effects	6	●	Country Environment	6	●
Institutional Support			Institutional Support	7	●	Institutional Support	7	●	Institutional Support			Institutional Support		
Economic Restructuring			Economic Restructuring			Economic Restructuring			Economic Restructuring			Economic Restructuring		
Trade Diversification			Trade Diversification			Trade Diversification			Trade Diversification			Trade Diversification		
Home Infrastructure			Home Infrastructure			Home Infrastructure			Home Infrastructure			Home Infrastructure		