Gordon Institute of Business Science
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To engage or not? An exploratory case study on how multinational enterprises can engage with development finance institutions to promote host country industrialization in Africa.

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Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Philosophy International Business at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Abstract

Nonmarket strategy presents alternative strategies that firms can use to create value, yet, most nonmarket studies have not considered multinational enterprises (MNEs) and development finance institutions' (DFIs) engagement and how they can promote host country development in Africa. This study, therefore sought to understand how MNEs could engage with DFIs to drive host country industrialization, using sustainable development goal number nine (SDG-9) as an organising principle.

Based on an exploratory case study, 15 participants from the MNE and its subsidiaries, DFIs and experts were interviewed. Scholars have been calling for a better understanding of how MNEs engage with external stakeholders in addressing socio-economic issues in emerging countries. This study has therefore contributed by shedding light in this respect. The study found that, i) The host country's industrialization, through foreign direct investment (FDI), is a consequence of a good investment climate and therefore improbable to happen as a result of a nonmarket strategy. ii) To drive industrialization, Africa must have an integrated infrastructure that dissuade elitism and supports small and medium-sized enterprises and industrialization. iii) MNE subsidiaries operating in Africa are no different from start-ups and host country institutions must be cognisance of this in how they engage with subsidiaries in Africa. iv) Managing complexity and available flexible finance is key in managing successful partnerships between MNEs and DFIs.

This study provides useful details to the nuances that are important in engaging in nonmarket strategies that have not been considered for MNEs operating in Africa. It brings to light the constraints of multiple embeddedness of subsidiaries operating in Africa and their battles as they seek to engage in nonmarket strategies. Further, the study contributes to the nonmarket strategy literature by considering DFIs as important actors in driving development within Africa.

Keywords

Industrialization, multinational enterprises, development finance institutions, Africa

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List of abbreviations

AfDB	Africa development bank
ASEAN	Association of Southeast Asian Nations
B4IG	Business for Inclusive Growth
CSR	Corporate social development
COMESA	Common market for Eastern and Southern Africa
DFI	Development finance institution
FDI	Foreign direct investment
GDP	Gross domestic product
KfW	German development bank
HQ	Headquarters
IB	International Business
JV	Joint venture
LOF	Liability of foreignness
JIBS	Journal of international business studies
MNE	Multinational enterprise
NGO	Non-governmental organisation
ODA	Official development assistance
OECD	Organisation for economic co-operation and development
RQ	Research question
SDG	Sustainable development goals
SQ	Sub-question
SME	Small medium enterprise
TRALAC	Trade Law Centre
UN	United Nations
UNIDO	United Nations development organisation
USD	United States dollar

Chapter 1 Introduction to the Research Problem

1.1. Introduction

Industrialization in Africa lags many of its peers in the developing world, largely dominated by commodity exports with low value addition (Morris & Fessehaie, 2014). In 2018, only 3.5 percent of the total global foreign direct investment (FDI) inflows and 6.5 percent of the total FDI inflows going into developing countries were channelled into Africa (Trade & Development, 2019). Further, at the time of writing, FDI driven industrialization was not the answer for Africa. This is a challenge for Africa and the multinational enterprises (MNEs) that operate on the continent in how they grow and make investment decisions (Barnard, Cuervo-Cazurra, & Manning, 2017).

Nonmarket strategy presents alternate strategies that companies can use to create and generate value that supports host countries through engaging with other nonmarket actors (Baron, 1995; Dorobantu, Kaul, & Zelner, 2017; Liedong, Rajwani, & Mellahi, 2017). Development finance institutions (DFIs) have a developmental mandate and have the financial resources that can be leveraged (Nielson, Parks, & Tierney, 2017), while MNEs have technology and know-how (Muff, Kapalka, & Dyllick, 2017) that can help accelerate Africa’s industrialization efforts. However, most of the nonmarket studies have not considered MNEs’ and DFIs’ engagement and how it can promote host country development in Africa.

Society’s expectations have been on the rise, amidst blurring lines of what is the role of private and public institutions in driving development (Kolk, 2016). Sustainable development goals (SDGs) offer a framework to address “what matters most and that explicitly brings dimensions of human well-being into the study of MNEs…” (Kolk, 2016, p. 10). SDG-9, which makes a call to attend to industry, innovation and infrastructure, is in the domain of management scholars (George, Howard-Grenville, Joshi, & Tihanyi, 2016). Achieving this goal calls for engagement with other stakeholders, such as the government institutions, non-organisational organisations, etc. This exploratory study, therefore first sought to understand, how MNEs and DFIs could engage to promote host country development in Africa. Second, it aimed to explore if SDG-9 could be an organising principle between MNEs and DFIs to promote host country industrialization in Africa.

1.2. Background to the research problem

The purpose of this section is to provide context of Africa as a setting for this study. This is not just to add colour, but to also bring meaning and elucidate the unique dynamics of Africa as a setting (Barnard et al., 2017; Bello & Kostova, 2012; Delios, 2017; Meyer & Peng, 2016). Even though many of Africa perspectives are not unique, they represent an extreme case and are therefore critical in giving deep insights into the phenomenon under study (Barnard, 2020). This section therefore sets forth Africa as an emerging market and its importance within the international business (IB) studies.

Consisting of 54 countries, Africa is a highly fragmented continent, characterised by different languages, religions and cultures (Barnard et al., 2017). Africa is home to a young population, hosting some of the fastest growing economies in the world (Marquis & Raynard, 2015). However, it is not without challenges. The region continues to grapple with poor industrialization (Kaplinsky & Morris, 2019) which has many ramifications, not just for governments and the people of Africa, but also for the many MNEs that operate in this continent. The region is characterised by varying institutional voids (Chipp, Wocke, Strandberg, & Chiba, 2019) which means firms operating in Africa have to contend with fulfilling business needs and filling voids that are pervasive (Barnard et al., 2017).

According to the United Nations Development Organisation (UNIDO) 2019 report, Africa accounts for less than 1 percent of the global manufacturing output. Despite the capital flows into some African countries, economic activities have remained largely informal (Narula, 2014). One of the objectives (f) of the Africa continental free trade area (AfCFTA) is to improve the "…socio-economic development, diversification and industrialization across Africa" (TRALAC, 2018, p. 21). This is all in attempt to address socio-economic outlook in the continent, as industrialization is critical in driving economic activity and converting primary inputs into finished products (Ahmad, Khattak, Khan, & Rahman, 2020), especially in Africa which is endowed with various natural resources. As Narula (2014, p. 5) noted, one cannot separate "poverty and underdevelopment", they are synonymous.

Emerging markets are attractive as they offer growth opportunities (Chipp et al., 2019; Marquis & Raynard, 2015). However, Africa's low industrial base, which is dominated by commodity exports with low value addition (Morris & Fessehaie, 2014), makes growth illusive and slow. This has impact on the MNEs which are seeking growth of their subsidiaries in emerging markets (Meyer & Peng, 2016). However, growth is influenced by the characteristics of the economy, which is defined by the firms that make up that economy (Penrose & Penrose, 2009). Consequently, in Africa it means MNEs have to deal with great complexity and uncertainty, which is prevalent in these markets (Luo, Zhang, & Bu, 2019) and contend with slow growth prospects.

There is an opportunity for the MNEs to collaborate and co-develop with different partners and contribute to the industrialization of Africa through innovative ideas (Luo et al., 2019). This then requires firms to have strategies that evolve with the environments in which they operate (Luo et al., 2019), as well as nonmarket strategies that address the critical issues within society for the benefit of all (Oetzel & Doh, 2009). However, to address these challenges, MNEs will not invest alone because of the risks associated with emerging markets (Olsen, Sofka, & Grimpe, 2016). Governments are not going to be able to do this by themselves, they need the involvement of the private sector and other development partners (Muff et al., 2017) and key to these are the development finance institutions (DFIs). DFIs have played a catalytic role in the industrialization of now the developed world (Thorne & Du Toit, 2009). In Africa, DFIs have been driving infrastructure projects to improve the countries' attractiveness as investment destinations (Nielson et al., 2017).

On the other hand MNE host countries are increasingly looking for opportunities to partner with external actors for sustainable development in emerging markets (Große-Puppendahl, Byiers, & Bilal, 2016). Therefore, is therefore an opportunity for MNEs to better engage with the DFIs. This would be for a mutual benefits, not just for the MNEs that form them, but also for the benefit of the society in which they operate (Hillman, Withers, & Collins, 2009). Such benefits can be achieved by addressing some of the socio-economic issues and earning MNEs the much-needed legitimacy (Hillman et al., 2009).

1.3. Business need for the study

In February 2019, the World Bank and the European Commission released a joint communication stating that, given the rapid changes in the global environment, robust and effective partnerships are required to address job creation and inclusive growth in order to drive sustainable development. The United Nations Development Organisation (UNIDO) has also emphasised the importance of partnerships with international players to drive industrialization. Such calls highlight that capital is not the only prerequite to driving industrialization, access to skills and access to technology are also critical factors (Narula, 2014). As argued by Muff et al. (2017), MNEs have access to technology and therefore can have a significant impact in driving industrialization.

The Organisation for Economic Co-operation and Development's (OECD) initiative led by the G7 countries, Business for Inclusive Growth (B4IG) has seen a coalition of initially 34

MNEs with a combined revenue of over a trillion US Dollars (OECD, 2019). This number, at the time of writing, sat at 40 MNEs (OECD, 2019). The purpose of this initiative is to tackle inequality by bringing in different stakeholders focused on building partnerships between the different stakeholders to accelerate development in emerging markets as there is an appreciation that any growth that is not inclusive will not provide lasting impact (OECD, 2019). The initiative is built on three pillars, first, the pledge to deal with inequalities within the business community. Second, to build incubator to test new business models that are inclusive. And the third pillar is to drive inclusive growth, by looking at innovative financing models between different stakeholders.

In 2018, CNBC Africa interviewed the President of the African development bank (AfDB), Adesina Akinwumi. He indicated that the bank had launched an industrialization strategy as part of its five priorities. The bank's ambition is to move the industrial GDP from 700 billion dollars to 1.7 trillion dollars by 2030 in Africa. To this effect, from 2018 the bank has committed 35 billion dollars for the next 10 years to support their industrialization efforts (CNBC Africa, 2018).

In a study done by Accenture (2018), where 1000s chief executive officers (CEOs) were interviewed, it was found that 89 percent of the CEOs believed that addressing socio-economic issues offered an opportunity to rethink their business models. Further, 100 percent of the surveyed CEOs indicated that better collaboration across sectors was mandatory to make an impact (Accenture, 2018). The deputy secretary general of the UN, Amina J. Mohammed, stated that there was a lack of deeper and strategic collaborations (Accenture, 2018). The former President of the World Bank, Jim, Yong Kim, in 2017 stated, "there are substantial financial resources, trillions of dollars, 'sitting on the side-lines' in capital markets, generating modest returns compared to what they could potentially get, if invested in developing countries" (Jomo & Chowdhury, 2019).

Africa industrialisation therefore offers both an opportunity and a challenge for MNEs. This presents an opportunity to think about how to create new business models that might not have been considered to advance their business in Africa, while at the same time contributing to development by leveraging available financial resources that sit with the DFIs and move their interaction from being opportunistic and create local impact.

1.4. Research contribution

This study is positioned within the nonmarket strategy literature, which is defined by Dorobantu et al. (2017) as the study of alternative strategies available to MNEs to engage with their external environment. Several studies that have looked at MNEs' engagement with external actors have focused attention on non-governmental organisations (NGOs) and the host governments (e.g. den Hond, de Bakker, & Doh, 2015; Dorobantu et al., 2017; Liedong et al., 2017; Mellahi, Frynas, Sun, & Siegel, 2016; Olsen et al., 2016; Teegen, Doh, & Vachani, 2004). Therefore, this study set to contribute firstly to the nonmarket strategy literature by bringing in DFIs as important nonmarket players which are critical in the context of Africa industrialization agenda.

DFIs are part of the MNEs' external environment and, as noted by Nielson et al. (2017), there is a growing call for DFIs to increase their support to private firms and support development. Buckley, Doh, and Benischke (2017, p. 18) challenged "…IB researchers to revisit and refine their understanding of how firms manage their international operations, how these firms interact with local and global stakeholders and most importantly understand what role MNEs play in addressing society's most pressing issues". Secondly, this study sought to answer this call by understanding how MNEs can engage with DFIs to promote host country development in Africa.

The introduction of the sustainable development goals (SDGs), have opened up possibility of what can be achieved by the MNEs given their innovation and global presence (Muff et al., 2017). The SDGs are seventeen global goals intended to achieve improved standards of living and a sustainable future (Muff et al., 2017). The SDGs are diverse, covering different aspects of human development and well-being (Kolk, 2016; Liverman, 2018). Literature has been biased towards environmental SDGs (Vazquez-Brust, Piao, de Melo, Yaryd, & de Carvalho, 2020), however, as George et al. (2016) argued, SDG-8, 9 and 12 are in the domain of management scholars. Therefore, lastly, this study sought to understand if SDG-9 could be the organising principle between MNEs and DFIs to promote host country industrialization in Africa.

In summary, this study provides very useful details to the nuances that are important in engaging in nonmarket strategies that have not been considered for MNEs operating in Africa. It brings to light the constraints of multiple embeddedness of subsidiaries operating in Africa and their battles as they seek to engage in nonmarket strategies. Further, the study contributes to the nonmarket strategy literature by considering DFIs as important actors in driving development within Africa.

1.5. Conclusion

Positioned within the nonmarket strategy literature, this exploratory case study, first sought to understand, how MNEs and FDIs could engage to promote host country development in Africa. Second, it aimed to explore if SDG-9 could be an organising principle between MNEs and DFIs to promote host country industrialization in Africa. This study provides very useful details to the nuances that are important in engaging in nonmarket strategies that have not been considered for MNEs operating in Africa.

It brings to light the constraints of multiple embeddedness of subsidiaries operating in Africa and their battles as they seek to engage in nonmarket strategies. Further, the study contributes to the nonmarket strategy literature by considering DFIs as important actors in driving development within Africa. As scholars called for IB research that has practical impact and connected to reality on the ground (Buckley et al., 2017; Delios, 2017; Doh, 2017; Dörrenbächer & Gammelgaard, 2019; Kolk, 2016), this study sought to contribute to that call.

Chapter 2 Theory and Literature Review

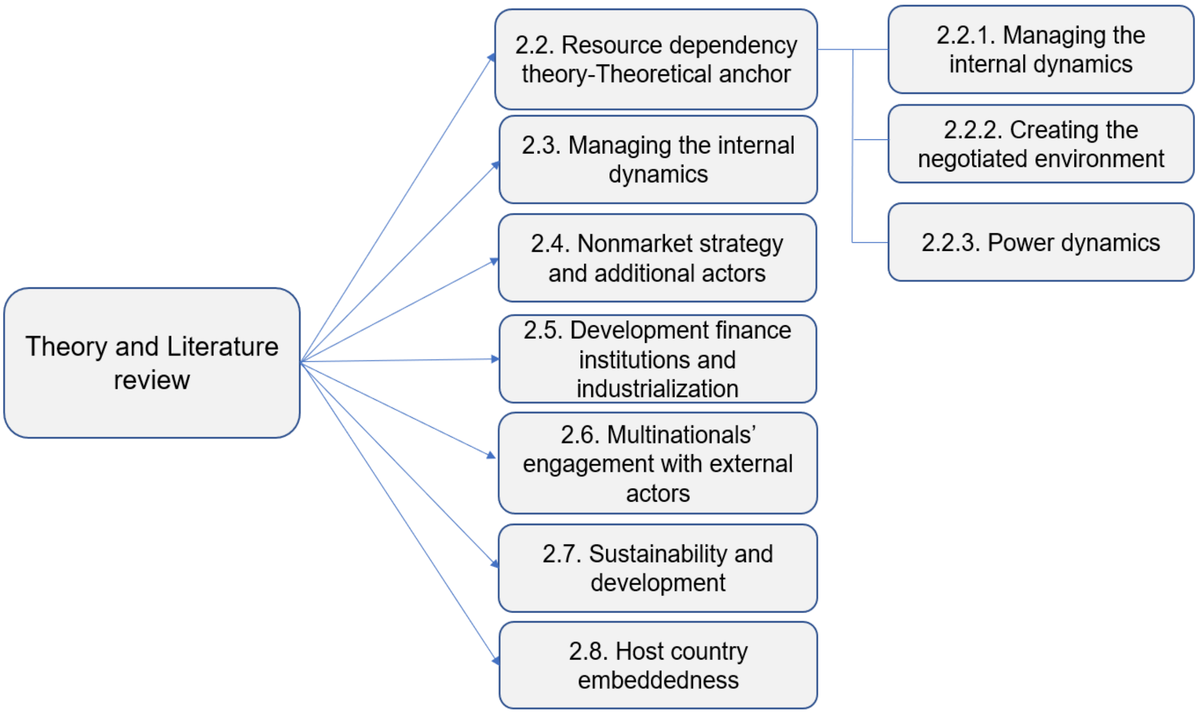
2.1. Introduction

This chapter provides literature review that positions this study within the current scholarly debate and discuss the resource dependency theory (RDT) as a theoretical anchor for this study. It is however important to highlight that there was a consideration to employ the stakeholder theory as well. Both the stakeholder theory and RDT have many parallels which identify an organisation's interdependence with the external environment (Hillman et al., 2009). The stakeholder theory gives a better explanation of "how and why" stakeholders' impact on the behaviour and performance of the firm (Mellahi et al., 2016).

Stakeholder's influence over a firm is through power and legitimacy, which Mitchell, Agle, and Wood (1997) identified as independent variables in stakeholder management. Mellahi et al. (2016, p. 12), in their review of best suitable theories for the MNE engagement with nonmarket actors, indicated that one of the issues not resolved is where the MNE's focus should be, that is paying "attention to their home stakeholders or their host-country stakeholders". The authors argued that the RDT would be best suited to answer these questions (Mellahi et al., 2016). Consequently, the RDT has been chosen as a theoretical lens for this study. Positioned within the nonmarket literature, this study sought to understand how multinational enterprises (MNEs) can engage with development finance institutions (DFIs) to promote host country industrialization in Africa.

This chapter is laid out as follows: Section 2.2 and Section 2.3 will first review the RDT literature, giving a descriptive view of the main constructs on which, this study is grounded. Section 2.4 will unpack the literature that positions this study within the nonmarket strategy literature. Section 2.5 will describe the role of DFIs and why they are an important actor that MNEs could engage with through their nonmarket strategy. Section 2.6 will cover the motives behind why MNEs engage with the external actors within the nonmarket environment and indicate where the gaps in literature are. Section 2.7 will provide a preamble of SDGs and argue why they belong in the international business (IB) domain and why that matters as an organising principle for engagement. Section 2.8 will discuss the concept of local embeddedness, which is key to understanding the essence of the nonmarket strategy. Figure 1 below summarises a roadmap of the topics covered in this chapter.

Figure 1: Literature review roadmap



Source: Author's own.

2.2. Resource dependency theory -Theoretical anchor

The study was grounded on Pfeffer and Salancik (2003) resource dependency theory (RDT), which looks at the interdependence between firms and their external environment. In the introduction to the seminal Pfeffer and Salancik (2003), the authors see organisations as deeply rooted in networks of interdependence as they seek control for resources. The authors continue to say, such control is sought as their survival and growth are dependent on these resources, which are sometimes attainable from their external environment. These dependencies are often mutual and at times indirect and it is dependence that influences interorganisational engagements (Hillman et al., 2009; Malatesta & Smith, 2014; Pfeffer & Salancik, 2003). Therefore, there is a need to harness available resources at the disposal of any organisation (Mellahi et al., 2016; Pfeffer & Salancik, 2003), as firms seek to create not just social value, but also economic value (den Hond et al., 2015).

The resources could be financial, physical, sources of information or even social legitimacy (Marquis & Raynard, 2015; Olsen et al., 2016). Consequently, different scholars have articulated that, where MNEs lack specific resources, they collaborate with other external actors to forge new ways of creating value and growth (Cuervo-Cazurra, Mudambi, & Pedersen, 2019a; Dahan, Doh, Oetzel, & Yaziji, 2010). Pfeffer and Salancik (2003) have argued that legitimacy is a critical element, as the organisational impact on social actors has become key with the emphasis being on efficiencies, rather organisational effectiveness. Effectiveness is measured by those outside the organisation- while efficiencies is an internal measurement of how the organisation is performing. This is important in understanding the pressures exerted on organisations to be effective in the environments in which they operate. Therefore, for organisations seeking legitimacy, forming links with reputable organisations is key (Drees & Heugens, 2013).

Pfeffer and Salancik (2003) in the RDT theory make three key submissions, first is that the choices and decisions of the organisation are influenced by both the external environment and the internal dynamics of the organisation. Secondly, organisations have an opportunity to manage their external environment to effectively pursue their organisational goals. Thirdly, power influences the dynamics of interdependencies, as those that have resources have power over those dependent on them. And critically, this resource dependency also influences the internal power dynamics, where those who are decision makers in how resources can be obtained possess the power (Child, 2018; Pfeffer & Salancik, 2003).

The RDT considers several strategies that the organisations engage in as part of dealing with interdependencies, a) mergers and acquisition, b) joint ventures and interorganisational relationships, c) the role of the board of directors, d) political action, and e) executive succession planning (Hillman et al., 2009). The several strategies are therefore not only limited to equity-based arrangements. However, organisations can form linkages through non-contractual agreements that allow organisations to engage and share resources (Pfeffer & Salancik, 2003). The authors continue to say, this is a preferred mechanism for organisations because it offers flexibility given that the arrangements can be re-negotiated as they are less formal. And because these interactions can be re-negotiated, they are dynamic and evolve as each re-model their strategies to gain advantage. The focus of the study was through the interorganisational relationships, as the engagements between MNEs and DFIs are not equity based. However they are important to create bonds that allow each partner to tap into the networks of the other to influence their own strategic goals (Pfeffer & Salancik, 2003).

2.2.1. Managing the internal dynamics

In dealing with the external environment, firms either adapt buffering or bridging activities (den Hond et al., 2015). They define buffering as the process of insulating the internal organisations from the effects of the external environment. And bridging is where the organisation adapts its internal activities to reflect the demands of the external environment. The choice whether to buffer or bridge is influenced by the power dynamics within the organisation (den Hond et al., 2015). Buffering is closed looped as it limits the interaction of the organisation with the external environment, however, bridging allows the organisations to extend outside the boundaries of their internal environment and leverage resources in the external environment (Ahammad, Tarba, Frynas, & Scola, 2017). Managing the external environment requires either adaptation or avoidance (Pfeffer & Salancik, 2003).

One of the key submissions of the RDT is that whether the external environment of the organisation is visible or not to the decision makers, it still does impact the organisation (Pfeffer & Salancik, 2003). Therefore, the poor industrial base of Africa (Morris & Fessehaie, 2014) has in impact on the performance of the MNEs invested in Africa. And critical to Pfeffer and Salancik (2003) submission is that, even if the environment is not attended by organisations, it still has impact on the outcomes of the organisations. As highlighted above, an important premise of the RDT is that, the environment within which organisations function has an impact on it and it is the role of management to decide the best strategy on how to engage with the environment. The choice of the strategies employed include who to engage with as part of managing its environment.

2.2.2. Creating the negotiated environment

The RDT's second submission is that organisations have an opportunity to manage their external environment to effectively pursue their organisational goals- as the external environment is not a given, but created (Pfeffer & Salancik, 2003). This can be done through what the Pfeffer & Salancik called, the negotiated environment. When operating in uncertain environments, organisations create linkages with each other for better outcomes (Drees & Heugens, 2013; Pfeffer & Salancik, 2003). This is what will effectively determine how the resources are distributed and through these engagements give legitimacy to the organisation (Drees & Heugens, 2013; Hillman et al., 2009; Pfeffer & Salancik, 2003).

2.2.3. Power dynamics

The RDT's third submission is that power influences the dynamics of interdependencies, as those that have resources have power over those dependent on them. However, dependence on external resources also has impact on the internal dynamics. As those who have the power to make decision have power on those who depend on them (Cuervo-Cazurra, Mudambi, & Pedersen, 2019b; Pfeffer & Salancik, 2003). RDT sees power is outwardly focused as it reside with the HQ which have to provide direction on issues that emanate from the external environment (Mudambi & Pedersen, 2007). Subsidiaries that have unique competencies can effectively resist power from HQs, which works in network structures that give subsidiaries power to act (Cuervo-Cazurra et al., 2019b). RDT provides a good base to understand the internal dynamics within organizations (Mudambi & Pedersen, 2007).

2.3. Nonmarket strategy and additional actors

Nonmarket strategy has been recognised as an effective strategy for the firm's survival, performance and as a source of competitive advantage (Mellahi et al., 2016). As Baron (1995) noted, strategic management is concerned with both the firm's internal and external environment. Therefore, the environment consists of nonmarket actors and market. The nonmarket actors include governments and governmental institutions, NGOs, media, etc. (Baron, 1995; Doh, McGuire, & Ozaki, 2015). Nonmarket strategy is defined by Dorobantu et al. (2017, p. 3) as "a study of the alternative strategies that firms employ to create and appropriate value" to deal with institutional voids. And this is the same definition that is offered by (Baron, 1995; Liedong et al., 2017; Mellahi et al., 2016). Using the definition of nonmarket actors, which include government institutions, most of the DFIs are government institutions (Nielson et al., 2017) and would therefore be characterised as nonmarket actors who are in the external environment of the firm.

The nonmarket strategy view is that the business environment is endogenous (Baron, Neale, & Rao, 2016) and therefore, firms have to be intentional about how they manage these strategies. As MNEs forge collaborative relationships with local institutions to promote economic development in host countries, it is an important way to embedding MNEs within the host country while allowing both partners to achieve their strategic goals (Buckley et al., 2017; Dorobantu et al., 2017; Oetzel & Doh, 2009). This is in line with the RDT, which presumes that interorganisational engagements will materialise to the degree that there is perceived benefits in such engagements (den Hond et al., 2015).

Therefore, partnerships with nonmarket players as a means not only for legitimacy, but also access resources and protect the investments of the firm, is a critical strategy (Dorobantu et al., 2017). Especially in a region like Africa, firms adjust their strategies to accommodate the external environment (Cuervo-Cazurra et al., 2019a). As argued by Dorobantu et al. (2017, p. 1), firms which operate in environments with institutional voids can create value "by either adapting to, augmenting or in collaboration with others".

Several studies that have looked at MNEs' engagement with external actors have focused attention mainly on the NGOs and host governments (e.g. den Hond et al., 2015; Dorobantu et al., 2017; Liedong et al., 2017; Mellahi et al., 2016; Olsen et al., 2016; Teegen et al., 2004). Their emphasis has been on how these interactions help MNEs achieve legitimacy and how they engage in corporate political strategies to influence government regulation as MNEs deal with the liability of foreignness.

The economic impact of MNEs in partnership with NGOs was looked at by (Oetzel & Doh, 2009) and as Kolk (2016) noted, the study did not cover developing countries. Kolk (2016) further observed that the discussion on the role of MNEs on development have paid attention to economic topics, like FDI and spill-overs (e.g. Narula & Dunning, 2000; Narula & Pineli, 2017). Kolk (2016) therefore challenged IB scholars to broaden the scope beyond economic topics. Therefore, this study set to contribute, firstly to the nonmarket strategy literature, by bringing in DFIs as important nonmarket players who are critical in the context of Africa developmental agenda.

2.4. Development finance institutions and industrialisation

Development finance institutions (DFIs) provide development finance which is "…defined as the provision of finance to those market segments/projects that are not well served by the financial and capital markets, and or whose social benefits exceed their commercial ones" (Goga, Bosiu, & Bell, 2019, p. 5). DFIs are therefore generally referred to as a lender of last resort, providing longer payment terms with the focus in resolving market failures in the supply of finance to address development objectives (Thorne & Du Toit, 2009). DFIs are funded in the main by donor countries which is accounted for as ODA to leverage other private funding (Te Velde, 2011). According to Mawdsley (2018) an increasing amount of ODA has been channelled through FDIs for the purpose of supporting private companies to drive development, especially in developing countries.

DFIs have however suffered failures in developing countries, which has increased the need to execute their mandate while maintaining financial prudence (Thorne & Du Toit, 2009). DFIs, as much as any other firms require a conducive institutional environment to effectively deliver on its mandate (Thorne & Du Toit, 2009). However, Haini (2019) looking at the impact of financial institutions in the Association of Southeast Asian Nations (ASEAN), found that financial institutions which emphasized stability more than growth did not positively contribute to the economic growth. DFIs are therefore required to balance what at times looks like conflicting needs, that is driving development while maintaining financial prudence (Thorne & Du Toit, 2009).

There is however a huge gap to be closed to facilitate the much required investments in Africa and the role of DFIs in unlocking private capital is key (Mawdsley, 2018). DFIs are credited for playing a critical role in the industrialization of Japan and also the rebuilding of Europe post-war (Thorne & Du Toit, 2009). The authors continue to note that, critical to the success of the early DFIs was leveraging private sector funding in the projects that DFIs undertake. DFIs have financial resources through which they support both the public and the private sector in the form of loans, equity and guarantees (Te Velde, 2011). Interestingly, Liverman (2018) challenged development geographers to better engage with development discussions and engage with international institutions to address developmental issues. This is a similar call made by Buckley et al. (2017) to the IB scholars and indicating that this requires research that looks at interdisciplinary perspectives. Equally, there is a growing call for DFIs to increase their support to private firms and support development in emerging countries (Nielson et al., 2017). It is in this context that DFIs are considered an important external actor for this study, seeking to understand how MNEs and DFIs can engage to promote host-country industrialization in Africa.

2.5. Multinationals' engagement with external actors

In the Journal of International Business Studies (JIBS) founding article Wright (1970, p. 4) submitted that one of areas of concern for IB studies is "…in some way with the interrelationships between the operations of the business firm and the international or foreign environments in which the firm operates". Furthermore, MNE's survival is linked to the development in the region and how they engage with the local environment (Lorenzen, Mudambi, & Schotter, 2020).

Working with other external organisations, MNEs can minimise the risk they would take were they to go at it alone and accelerate their growth potential in markets that would have been difficult to access by themselves (Boddewyn & Doh, 2011; Dahan et al., 2010; den Hond et al., 2015; Dorobantu et al., 2017; Liedong et al., 2017; Vazquez-Brust et al., 2020). The external relationships that MNEs establish have business benefits and also help organisations establish legitimacy in host countries (Meyer, Li, & Schotter, 2020), as firms seek what Dorobantu et al. (2017, p. 32) referred to as "alternative strategies that firms employ to create and appropriate value" as they deal with weak institutions.

MNE's engagement with external actors in host countries through their subsidiaries is important for MNEs, not only for their operational activities, but to also draw in resources as they seek legitimacy (Meyer et al., 2020). MNEs have an opportunity to extract resources from external stakeholders to help them create both social and economic value (den Hond et al., 2015). What is not clear from literature is how this is effectively taking place. Dörrenbächer and Gammelgaard (2019) argued that the IB research needs to bring understanding on how MNEs' business practices are impacting humananity. Given the preamble in chapter 1, one of the biggest challenges in Africa is the lack of the industrial base (Morris & Fessehaie, 2014), which directly impacts on the livelihoods of the people of Africa. More scholars are calling for IB research that has practical impact and connected to reality on the ground (Buckley et al., 2017; Delios, 2017; Doh, 2017; Dörrenbächer & Gammelgaard, 2019; Kolk, 2016).

Developing countries have opened up to MNEs as they are less considered as "tools of imperialism", but rather, they are seen to play a critical role in driving industrialization for host countries (Narula & Pineli, 2017, p. 1). And MNEs are important in breaking what Narula (2014) calls the "cycle of poverty" (p. 8). This is because they do not just contribute to employment creation and technology transfer, but also to both fiscal linkages and value chain developments (Narula & Pineli, 2017).

However, the institutional environment in Africa is challenging, with huge infrastructural gaps (Chipp et al., 2019) The institutional environment has huge ramifications on investments and growth options for business operating in Africa (Barnard et al., 2017; Cuervo-Cazzura, Cuervo-Cazurra, & Narula, 2015). Consequently, some firms adapt their strategies to cope with the environment, while others simply avoid such environments (Doh, Rodrigues, Saka-Helmhout, & Makhija, 2017b). Barnard et al. (2017) have made the case for Africa, arguing that some of the empirical evidence does not paint an all gloomy picture regarding Africa's business environment.

This is not by any means a denial of a tough operating environment, but a submission that a certain level of flexibility is required in doing business in Africa. As argued by Luo et al. (2019), MNEs operating in such environment have to contend with complexity and uncertainty that characterizes these markets. And as such, firms operating in Africa are balancing dual goals of address socio-economic issues while pursuing business goals (Barnard et al., 2017). Partnerships and nonmarket strategies have been found to be useful in dealing in markets with institutional voids (Doh et al., 2017b). In a study by Bucheli, Salvaj, and Kim (2018) they found that, business groups, were some of the strategies firms use to deal with market imperfections.

Addressing socio-economic issues will not be accomplished through corporate social responsibility (CSR) projects by firms operating in isolation, but through collaborative efforts (Vazquez-Brust et al., 2020). Oetzel and Doh (2009) proposed collaborative relationships between MNEs and NGOs to promote host country development. This call has been reiterated by Buckley et al. (2017) and to this end challenged international business (IB) scholars to study how MNEs interact with external actors to address socio-economic issues. Although Doh et al. (2015) acknowledged that, apart from the NGOs, the International Monetary Fund (IMF), the World Bank, and World Trade Organization (WTO) are new additional actors that have become formal participants in the business setting, however, they fell short of including the DFIs, whose role and mandate in development cannot be ignored.

MNEs have access to technologies that are required to drive industrialization and therefore, through collaborations, there is an opportunity to extend their businesses beyond developed countries (Muff et al., 2017). However, existing research has indicated that firms that come from established markets avoid markets that are characterised by high uncertainty (Luo et al., 2019). Olsen et al. (2016) have therefore articulated that MNEs will not invest alone because of the risks associated with the emerging markets and therefore need to engage with organisations from different spheres to tackle socio-economic issues.

DFIs are part of the MNEs' external environment and as, noted by Nielson et al. (2017), there is also a growing call for DFIs to increase their support to private firms and support development. This is important in a region like Africa, because, as argued by Dorobantu et al. (2017, p. 1), firms that operate in environments with institutional voids can create value "by either adapting to, augmenting or in collaboration with others". These interactions, however, are complex and multifaceted, thus Doh et al. (2015) have challenged IB scholars to research and understand the external environment in which the MNEs operate, including both local and global stakeholders. This call has also been extended by Buckley et al. (2017), for the IB scholarship to understand the interaction of the MNEs in addressing society's pressing needs.

Wettstein, Giuliani, Santangelo, and Stahl (2019) heeded the call made by Buckley et al. (2017), however, the authors looked at the role that MNEs can play in addressing human rights, thus integrating IB with human rights. Buckley et al. (2017) have also expressed the need for IB scholarship to contribute to public policy while addressing business needs. The authors further challenge that IB scholarship to be open to interdisciplinary work and these views are also shared by (Kolk, 2016). In line with the call for "…IB researchers to revisit and refine their understanding of how firms manage their international operations, how these firms interact with local and global stakeholders and most importantly understand what role MNEs play in addressing society's most pressing issues" (Buckley et al., 2017, p. 18) - this study, secondly, sought to answer this call, to understand how MNEs can engage with DFIs to promote host country development in Africa.

2.6. Sustainability and development

Africa is characterised by institutional voids (Chipp et al., 2019), consequently firms operating in the region have to find ways of doing business, while contending with how to fill the voids that are pervasive (Barnard et al., 2017). This is as emerging markets cannot be ignored (Marquis & Raynard, 2015) and there is an opportunity to seek ways to generate value (Dorobantu et al., 2017). As the lines are blurred on who is responsible for driving development between the public and the private sector (Kolk, 2016). Inequitable development in host countries persist and more is asked of the MNEs to contribute in their localities where they do business (Drees & Heugens, 2013; Lorenzen et al., 2020). Afterall, the very survival of the MNEs is bound with the environments in which they operate, noted (Lorenzen et al.).

In 2003, the United Nations (UN) introduced what was then known as the millennium development goals (MDGs) and these have subsequently been replaced by the sustainable development goals (SDGs) from 2015 (Liverman, 2018). SDGs are considered as an improvement from the MDGs, covering issues related to people, planet, prosperity and partnerships (Kolk, 2016; Liverman, 2018; Muff et al., 2017). In developing the SDGs, the process of consultation was broad, however, there are concerns that they are too ambitious with many targets with no agreed or defined performance indicators (Liverman, 2018).

One of the criticism of SDGs is the issue of funding (Liverman, 2018). There are different figures that have been bandied about of what would be required to reach the SDGs by 2030 as per the ambitions. And Mawdsley (2018) have noted that the dominant voices are from the MNEs and development institutions as they seek for partnerships to unlock development finance (Mawdsley, 2018). According to the OECD (2018) report on development aid at a glance, Africa has been one of the main recipients of aid since 1990. In 2016 alone, Africa received just under 50 billion US Dollars (USD) in official development assistance (ODA). OECD defines ODA as aid that is given to eligible countries for economic development. In Africa, when split by sector, 44% of this ODA is allocated to social relief, with only 20% and 10% allocated to economic activities and production respectively (OECD, 2018). ODA is now allocated through DFIs, who have the responsibility to fund the private firms to address development (Mawdsley, 2018).

As reflected by Vazquez-Brust et al. (2020), literature is biased towards environmental, climate change and life on land, sustainable production, which revolves around just four of the seventeen SDGs. It is not startling then that in their study they found that the most explored SDGs in literature were SDG-7, which talks to ‘affordable and clean energy’, SDG-12, which relates to, ‘sustainable consumption and production’, SDG-13, which talks to climate change and SDG-15, which is about ‘life on land’ (Vazquez-Brust et al., 2020). However, SDG-8, SDG-9 and SDG-12 are in the domain of management scholars and achieving these goals calls for “…collective, collaborative and coordinated effort” (George et al., 2016, p. 3).

Muff et al. (2017) argued that MNEs have access to technologies that are required to solve socio-economic issues. Therefore, addressing socio-economic issues will not be accomplished through CSR projects by firms operating alone, but through collaborative efforts by the MNEs with other stakeholders (Vazquez-Brust et al., 2020). According to Kolk (2016, p. 10), addressing SDGs is about tackling “what matters most and that explicitly brings dimensions of human well-being into the study of MNEs…” Therefore, this study sought to understand if SDG-9 could be the organising principle between MNEs and DFIs to promote host country industrialization in Africa. Given the broad definition of socio-economic issues, the focus of this study will be on industrialization. This is through the lens of Industry, innovation and infrastructure (SDG 9).

2.7. Host country embeddedness

Local embeddedness is a key to success for any MNE, even though there is much focus around centralised global strategies (Hansen, Pedersen, & Petersen, 2009; Meyer, Mudambi, & Narula, 2011). This is the same submission that is made by Zhang, Xie, Li, and Cheng (2019), who argued that attaining global orchestration is critical, however being locally responsive is just as beneficial. In fact, Lorenzen et al. (2020, p. 14) contended that "a strategy purely focusing on global orchestration typically generates short-term returns to the MNE." The authors define local embeddedness as being able "…to take full advantage of the opportunities in every local context […] while being sufficiently internal embedded within the MNE network for the benefits of the external embeddedness to be potentially available to the rest of the MNE "(Meyer et al., 2011, p. 2). Local embeddedness is therefore beneficial not only for the MNEs own performance, but for host countries as well (Lorenzen et al., 2020). Mudambi and Pedersen (2007) argued that local embeddedness is vital for the MNE subsidiaries to build competencies, which give rise to a specific advantage. However, this requires MNE subsidiaries to be embedded within the host countries, while being connected to the headquarters (HQs) (Cuervo-Cazurra et al., 2019b).

Lorenzen et al. (2020), although their study focused on MNE strategy for the city-regions- they described what they called "local spawning" as a novel strategy that MNEs can use to local embed. And this involves connecting through embedding with the local entrepreneurial ecosystem. The authors expressed different ways through which MNEs can engage at the local level and these include using corporate venturing to support local business or alliances. MNEs operating in emerging markets are shifting their strategies to be locally embedded. This was noted by Luo (2007) who studied MNEs operating in China, how they were shifting their strategies from looking at the market as opportunistic and becoming what he terms strategic insiders.

As strategic insiders, one of the shifts has been centred around local adaptation, integration with the local business ecosystem (Luo, 2007). Luo further observed that effectiveness, which is measured in social capital is key to attaining efficiencies in China and being accepted as an insider. Therefore, MNEs operating in China have adapted bridging strategies and adapted their internal processes to the demands of the local environment (Ahammad et al., 2017; den Hond et al., 2015).

2.8. Conclusion

In conclusion, organisations are deeply rooted in networks of interdependence as they seek control for resources and which are sometimes attainable from their external environment (Hillman et al., 2009; Pfeffer & Salancik, 2003). To access these resources, MNEs can collaborate with other external actors to forge new ways of creating value and growth (Cuervo-Cazurra et al., 2019a; Dahan et al., 2010). Resource dependency is impacted by the internal power dynamics, where those who are decision makers in how resources can be obtained possess the power.

Organisations can use interorganisational relationships as a way of dealing with interdependencies (Pfeffer & Salancik, 2003). Organisations can choose to insulate against the effects of the external environment or adapt its activities to the demands of the external environment (den Hond et al., 2015). MNE's engagement with external actors in host countries is important for MNEs as they seek legitimacy (Meyer et al., 2020).

Nonmarket strategy offers organisations an alternative strategy to create value while addressing institutional voids (e.g. Liedong et al., 2017). DFIs have played a significant role in the industrialization of the now developed economies and are important for Africa (Thorne & Du Toit, 2009). Therefore, DFIs are considered an important external actor for this study, seeking to understand how MNEs and DFIs can engage to promote host-country industrialization in Africa. SDG-9 is in the domain of management scholars and therefore sought to understand if it could be the organising principle between MNEs and DFIs. Local embeddedness is beneficial for the MNEs own performance, but also for host countries as well (Lorenzen et al., 2020). And to that effect, MNEs are shifting their strategies to be locally embedded. This chapter presented the theory underscoring this study, in seeking to understand how MNEs can engage with DFIs to promote host country industrialization in Africa.

Chapter 3 Research Questions

3.1. Introduction

This chapter will present the research question as formulated from the literature review outlined in the previous chapter.

3.2. Research Question

Building on the call made by Buckley et al. (2017), that is to understand how the MNEs engage with external actors to address socio-economic issues. The main research question (RQ) for this study was to understand:

RQ-1 How MNEs can engage with DFIs to promote host country industrialization in Africa?

As argued by different scholars (e.g. George et al., 2016; Vazquez-Brust et al., 2020) studies looking at SDGs have been biased towards environmental issues. To connect to the main question above, the sub-question (SQ) for this study was:

SQ-1 Can sustainable development goal nine (SDG-9) be an organising principle between MNEs and DFIs to promote host country industrialization in Africa?

3.3. Conclusion

An exploratory case study was the research design undertaken to answer the research question and its sub-question. The data was collected through 15 semi-structured interviews and secondary data through online platforms to corroborate information provided by the participants. The participants were from the MNE HQs, subsidiaries in Africa, regional and global DFIs and experts in the area of development in Africa. The research methodology will be outlined in the next chapter.

Chapter 4 Research methodology

4.1. Introduction

This chapter outlines the methodology and design that was followed to answer the research questions posed in chapter 3. It also provides justification on the design process. The study was based on a qualitative view using a single embedded, exploratory case study methodology. The study was based on an interpretivist epistemological position and constructionism ontological approach. The interview participants were drawn from senior executives and managers from the MNE HQs, subsidiary heads in Africa, senior managers from regional and international DFIs and experts who have a closer understanding of development in Africa.

4.2. Research Design

This study took a qualitative view using a case study as a research methodology. Qualitative research was chosen as the study was concerned with getting a deeper understanding on how MNEs can engage with DFIs to promote host country industrialization in Africa. Doz (2011) and McCracken (2011) articulated how powerful qualitative methods are when the goal is to discover how participants see the world and when in-depth understanding of a phenomenon is sought.

Wrona and Sinzig (2018) have argued that the study of a MNE's external environment must be done outside the comfort of the researcher's office environment. Delios (2017) challenged researchers to "go out and engage with the real world" (p. 6), hence a qualitative approach was chosen. The case study approach was selected as the study sought to understand a phenomenon that is contextualised within the MNE HQs, its subsidiaries and within the local and global DFIs (Rosenberg & Yates, 2007). This was a single embedded case study as the idea was not to only focus on the participants from the MNE and its subsidiary, but to also get the insights from both the local and global DFIs (Yazan, 2015).

The case study approach therefore allowed for the exploration of these interactions at multiple levels, thus accessing diverse data sources (Baxter & Jack, 2008). The data was mainly collected through semi-structured interviews, online company reports and media reports (Yazan, 2015). The use of multiple sources was "…to capture the case under study in its complexity and entirety" and to triangulate information collected for quality control (Yazan, 2015, p. 9). While guided by the interview guide, the follow-up questions were guided by the individual responses given by the participants to reflect and talk to their experiences.

4.3. Research Philosophical Framework

Using Cunliffe (2011) description, the researcher holds subjectivist assumptions, believing that people give meaning to their environment, which is informed by their personal knowledge and experiences. Gioia, Corley, and Hamilton (2013) agreed to this notion that our world is fundamentally socially shaped and as such, the researcher sought the thoughts, intentions and actions that informed the participants.

The epistemological position was interpretivist, based on the abduction approach as the data from the participants was interpreted to understand patterns, themes. Conclusions were then drawn from the data presented (Higgins, Trehan, McGowan, & Berglund, 2015; Hlady-Rispal & Jouison-Laffitte, 2014). The abduction approach allowed for the interpretation and recontextualising of data within the literature (Gehman et al., 2018; Hlady-Rispal & Jouison-Laffitte, 2014).

The ontological position was based on the constructivist approach, which is founded on the belief that people derive knowledge and meaning out of experiences and therefore, it is through the eyes of the participants that knowledge was constructed (Higgins et al., 2015). This does not suggest the denial of a real world, but doubts an existence of an objective reality and as such relied on the experiences and the knowledge of the participants (Hlady-Rispal & Jouison-Laffitte, 2014). According to Yazan (2015), the constructivist approach should be the basis of a qualitative case study design as the data is constructed from the views of the participants.

Creswell, Hanson, Clark Plano, and Morales (2007) impressed the importance of declaring the researcher's axiology, which describes the values and beliefs of a researcher. The researcher in qualitative is a research instrument and as such, bring their own biases (Cunliffe, 2011; Fusch, Fusch, & Ness, 2018; Ochieng, 2009). First and foremost, I am an African, who have a strong desire to see Africa develop and therefore predisposed to be bias. The very attraction to the topic of study is influenced by the work the researcher performs in Africa. Being confronted by the realisation of missing industries in different countries, the researcher has often asked the question, with all the available resources, is there not anything that can be done?

There was therefore a possibility that the researcher's beliefs, values and experiences about the topic could taint the research. At most times in the research process, the researcher has been conscious of her own feeling. This allowed the researcher to bracket her own feelings and values and allow the voice of the participants to emerge. This made the process enriching, as it allowed the researcher to step out of what she knows and believes in order to see that the data tells its own story. The truth is, if the researcher had to write this without the views of the participants, the conclusions would have been vastly different to the findings of this study. Therefore, bracketing the researcher's own beliefs and views has made the whole process much more enriching.

4.4. Population and Research Setting

The study was set in the context of a European MNE with employees of over 100 000 with subsidiaries in different parts of Africa. The population of executives within the strategy department was estimated at over 50 people. The population within the subsidiary was four, which represented the managing directors of the subsidiaries. The population within the DFIs were over a thousand people. The study focused on the MNE's HQs, its subsidiaries in Africa and DFIs from both Europe and Africa. The views of experts in the area of development were also sought with four of the participants interviewed representing the experts' view.

Both formal and informal networks were used to access and negotiate access to participants for the study (Saunders, Lewis, & Thornhill, 2019). The participants were generous and almost all offered to help with access if required to other participants and availed themselves for any follow-up questions. Given the enormity of the MNE, the population for this case study was; a) executives and senior managers within the MNE, both in the strategy and corporate sustainability teams; b) the executives within the subsidiaries who are responsible for executing strategies, and the DFIs both from Europe and Africa.

4.5. Sampling Method and Size

The case took a non-probability sampling method using the maximum variation purposive sampling technique (Etikan, Musa, & Alkassim, 2016). Non-probability method was chosen to target participants who would be able to provide insights into the research study (Etikan et al., 2016; Patton, 2002). Maximum variation, which refers to the heterogeneity of the sample, was dictated by the context in which the case study was set and was selected to provide diverse insights both from within the MNE and its subsidiaries and the DFIs (Etikan et al., 2016).

The purposive sampling technique was selected as it allowed for identification and selection of individuals that are experts in their field and therefore well positioned to provide insights into this study (Etikan et al., 2016; Patton, 2002). An element of snowballing technique was implemented to get access to the participants (Zikmund, Carr, & Griffin, 2018). Access was relatively easy and most of the participants offered introductions to other participants if it was required. The only access the researcher could not secure was with a board member of the MNE. It was suggested by one of the participants that getting a board member's view was going to add value as they would have an overview of strategies implemented in different regions. Table 1 below summarises the sample size that was selected from the population in the different classes of the population mix.

Table 1: Summary of the population and Sample

Population	Sample
a) Executives/Senior Managers: Strategy Development/Corporate Sustainability	3
b) Executives/Senior Managers: Subsidiaries in Emerging Africa	3
c) Senior Managers: Development Finance institutions	5
d) Experts	4
Method: **Non-probability** sampling method	
Technique: **Purposive** and **Snowball** techniques	

Source: Author's own.

a) Executives and Senior Managers: Strategy Development and Corporate Sustainability

The basis for the selection of the executives in strategy and corporate sustainability was that they were responsible for crafting MNE strategies both at a corporate and divisional level (Curchod, Patriotta, & Wright, 2020). They are therefore best suited to make decisions of who to partner or not partner with as they drive organisational performance. They were therefore suitable informants in understanding how MNEs can engage with DFIs to promote host country industrialization (Yazan, 2015; Zikmund et al., 2018).

b) Executives and Senior Managers: Subsidiaries in Emerging Africa

The executives heading the subsidiaries in emerging markets are at the forefront of strategy execution activities and understand the challenges that come with institutional gaps in the markets in which they operate (Curchod et al., 2020). According to Curchod et al. (2020), the differences in the MNE home and the host country environment can be a source of tension in the execution of global strategy and as such, subsidiaries are key in the development of collaborative engagements with different partners.

MNE subsidiaries, using their political capability, are expected to interact with host governments and other stakeholders in a bid to achieve their mandate as defined by the global HQs (Curchod et al., 2020). MNE subsidiaries act as boundary spanners, as they are embedded in the local context (Curchod et al., 2020). It was in this context that the MNE subsidiaries were selected as part of the sample.

c) Executives and Senior Managers: Regional and global DFIs

The purpose of this study was to understand how MNEs can engage with DFIs to promote host country industrialization. On the one hand, local DFIs have financial resources that can be channelled for developmental purposes as they seek to establish industries in their home countries. International DFIs have a mandate from their home country government to help home MNEs establish a footprint in emerging markets (Große-Puppendahl et al., 2016).

4.6. Quality and Data Validity

The number of participants interviewed were 15 as reflected in table 1 above, which is the minimum acceptable number for qualitative studies (Mason, 2010). Most of the codes were generated in the first four interviews and the last three interviews did not generate more than two new codes. According to Fusch and Ness (2015), data saturation is reached when there are no new themes emerging from the data analysis and this can be achieved with a sample as small as six. McCracken (2011), however, argued that eight participants would be adequate for many research studies.

In a study done by Guest, Bunce, and Johnson (2006), it was found that data saturation was reached with twelve interviews, however Francis et al. (2010) argued that their data saturation could have been anywhere between seven and twelve, but could not be assessed as their data sets were in groups of six. However, Guest et al. (2006) cautioned that the number of participants could be influenced by the heterogeneity of the sample. The sample heterogeneity was a big factor in this study. Although there were not many new codes generated after fourth interview, the views generated by other participants were useful in increasing the code grounding (see example in Figure 2 below). Some of the new codes which became critical findings to the study were generated with interview 12 and this was reflective of the heterogeneity of the sample.

Figure 2: Example of code grounding

Name	Grounded
QQ	40
Africa setting	33
MNEs can play a positive role	33
Investment framework	32
Partnerships	28
Africa industrial transformation	26
Transformational Projects	22
Ownership	21
Human capital	20
SMEs-The missing middle	20
MNEs as corporate citizens	19
Africa full of opportunities	18
The role of the state	18
FDI in Africa exploitative	17
DFIs funding	17
The role of UN Agencies	17
Local impact	17
Financing	16

Source: Author’s own- Generated from Atlas.ti.

Bowen (2008) also argued for a constant comparative method, which called for analyses of new data against already collected data until the point of diminishing returns is reached. It was however not practical to analyse each interview before moving to the next one. This was because some appointments were scheduled too close to one another to allow for the data transcription and analysis. This was heavily influenced by the availability of the participants.

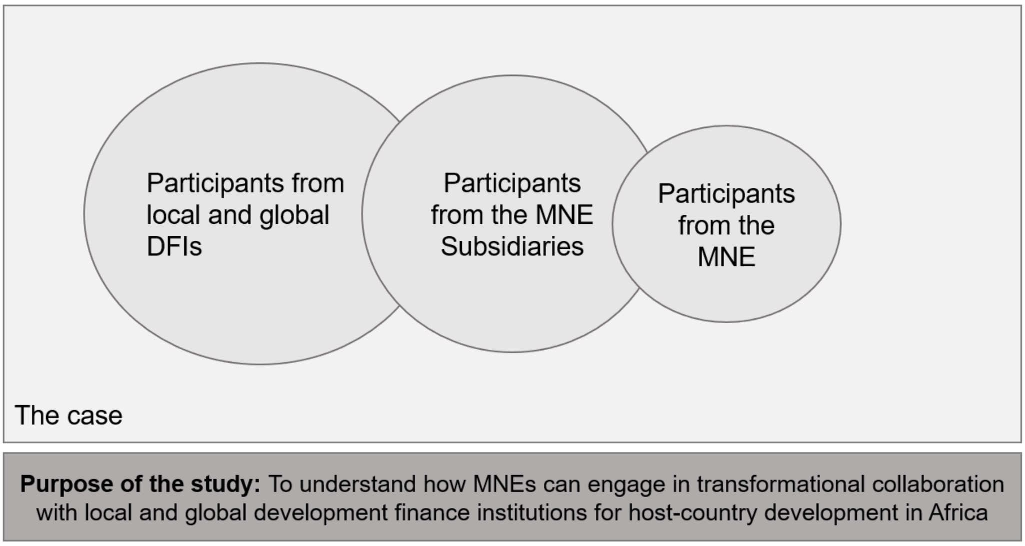
4.7. Reliability and Validity

Fusch et al. (2018) stated that qualitative researchers come with their own biases which could have an impact on the credibility and dependability of the data. Creswell and Miller (2000) categorised triangulation within the postpositivist paradigm. However, triangulation was achieved by corroborating data collected from the different secondary sources (Yazan, 2015). This was particularly useful where participants shared views on data that could be verified and thus ensured the quality of the data presented in this report. The field notes were recorded during the analysis phase, which helped to identify some of the categories and themes emerging from the data (see Appendix 2) for the raw notes captured during the analysis phase. Although Mulhall (2003) raised concerns of the inherent bias in the field notes, in that the researcher decides on what is observed and what is ignored, Yazan (2015) argued that observation is an important element of the data that is collected.

In drawing categories and themes during the data analysis, care was taken to look for disconfirming evidence (negative evidence) that it does not outweigh supporting evidence (Creswell & Miller, 2000). Adequate time was spent with the participant with an average interview time being 66 minutes and the longest lasting close to two hours. This helped to clarify issues raised during the interview. Most of the participants offered a follow up interview if there was a need, but this was not necessary. Lastly, to ensure data credibility, thick and rich descriptions have been given that directly presents the quotes of the participants to give details that will help give the reader get a sense of having experienced events detailed in this case study (Creswell & Miller, 2000; Hyett, Kenny, & Dickson-Swift, 2014; Yazan, 2015).

4.8. Unit of Analysis

Figure 3: Summary of the unit of analysis for this case study



Source: Author's own, adapted from (Grünbaum, 2007, p. 12).

Figure 3 above demonstrates the case layers of this single embedded case study, with participants who were key informants within the case making the unit of analysis (Grünbaum, 2007). To bind the scope of this case, the study only focused on a single MNE with its subsidiary and its interactions with both local and global DFIs (Baxter & Jack, 2008).

4.9. Measurement Instrument

The study used multiple sources of data and these included: semi-structured interviews, online documents and field notes (Yazan, 2015). This was mainly to corroborate what the participants said, where data could be verified. This included an interview conducted by CNBC Africa with the current President of the AfDB (Adesina Akinwumi). This interview was relevant as he was addressing "a new course for Africa industrialization" and his voice on industrialization is relevant as the President of one of the important DFIs in the region. The interview was transcribed and coded as other transcripts.

The interview guide (Appendix 3) was developed to help guide the interview process and ensure that the general issues pertaining to answering the research question were answered (Turner III, 2010). The interviews were audio recorded, with permission from the participants, to allow for later transcribing of the data for analysis. Listening to the interviews while cleaning out the transcripts generated by the Otter software, gave a very good sense of the main things that came out of the interview. As noted by McCracken

(2011), the transcription process was frustrating, as the software had made too many errors in some cases. However, the process was useful when the data analysis began.

As part of the interview preparation, a pilot run was conducted to check for the validity of the interview guide and questions to ensure that they help answer the research questions (Kallio, Pietilä, Johnson, & Kangasniemi, 2016; McCracken, 2011; Turner III, 2010). The first two interviews were used as a pilot runs, however the interview quality from the first participant used for a pilot was good. It provided a lot of depth to the understanding of research question and therefore was analysed as the normal interviews. The pilot run was useful as there was a need to think about framing the questions to reflect the heterogeneity of the sample. Consequently, interview no. 2 could not be analysed in detail, as this was with an internal colleague and the researcher felt the responses were too scripted.

Participants were briefed on the purpose of the interview, the length of the interviews and consent to audio-record the interview was sought (Turner III, 2010). All graciously agreed to the recording and this made the data analysis easy and reflected the views of the participants. This would have been difficult if notes had to be taken during the interview, this as better comprehension of what was submitted could only be reached at the point of analysis. Anonymity was ensured and therefore interview recordings and transcripts have been stored without participants identifiers. Only the interview transcripts will be submitted as the identifiers could be removed, which is not possible with the audio recordings.

4.10. Data collection

The data was collected as outlined in section 4.9. above. Given the travel restrictions and the dispersion of participants around different parts of the world, interviews were conducted through online interviews using MS Teams and Webex with video functionality. The video functionality was really important, not just to establish rapport (Saunders et al., 2019), but also to effectively engage, as was clear when a participant was processing a question and therefore was important not to interrupt. This was observed with one of the participants, who processed his thoughts before verbalising them. As a result of the video functionality, this was visible and avoided a great danger of interrupting the thought process. This would have been difficult had the video functionality been absent and therefore allowed for a great interview which would had been not possible. Running interviews online helped with accessibility as the participants could conduct the interviews at the comfort of their homes.

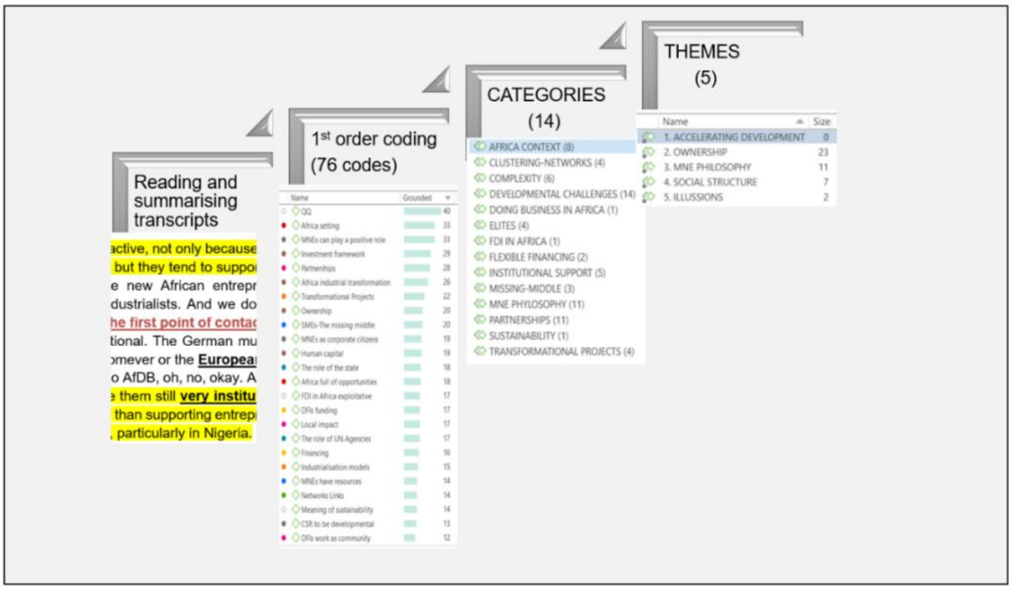
A total of 16.5 hours was spent in interviews which averaged 66 minutes each, with the shortest interview being 44 minutes and the longest lasting close to 2 hours. The interviews started from the 17th of September 2020 with the last interviews concluded on the 5th of November 2020. Both the interview recordings and transcripts have been saved without participant identifiers on the in the cloud software Microsoft OneDrive for safekeep and copies will also be submitted along with this report to GIBS as part of the requirements. The transcribed manuscripts were also transferred to the ATLAS.ti software and saved as documents for the analysis and this also allowed for ease of retrieval of the project data (Hyett et al., 2014).

4.11. Data Analysis Approach

This section demonstrates how the data was analysed using examples taken from the data analysis software (See figure 4 below). Saldaña (2015) argued that the strategies employed in the data analysis are to be guided by the nature of the research questions. Further, as the research question is exploratory, the inductive content analysis approach was used (Hsieh & Shannon, 2005). Content analysis approach has no specific philosophical roots and hence a great starting point for qualitative research (Erlingsson & Brysiewicz, 2017; Guest, MacQueen, & Namey, 2012). To bring rigour to the analytical process, the ATLAS.ti software was used for data analysis (De Massis & Kotlar, 2014). Rigour does not come from the use of the software, but by provision of records of data analysed, as well as from the transparency of the data analysis to reach the conclusions (Hyett et al., 2014). This section has sought to establish that transparency.

As outlined in section 4.9. above, the interviews were recorded and transcribed using the Otter software. Using the recordings, the transcripts generated by Otter software were corrected for the software errors to reflect what the participants said. This was followed by a thorough reading of the transcripts and making summaries of the transcripts of the key thoughts coming through from the participants. Care was taken to remove any participants identifiers and the transcripts were analysed using the Atlas.ti software. The coding process: A combination of descriptive and in-vivo coding was used (Saldaña, 2015). Initially, 103 codes were generated, which were later condensed to 76 codes as some of the codes were similar to the codes already generated. The codes were further categorised into 14 categories and 5 themes generated from the categories. Figure 4 below gives an example of how the coding process was undertaken.

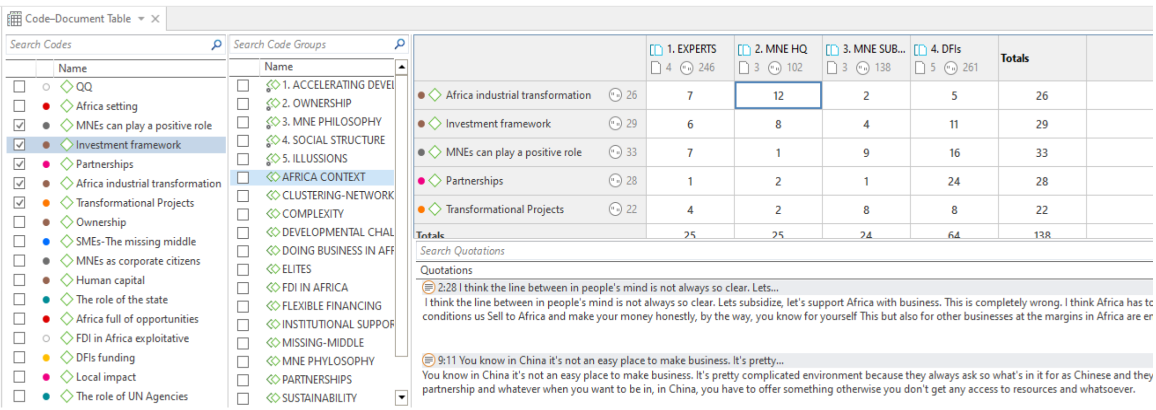
Figure 4: Example of a coding process



Source: Author's own- Illustrated from (Saldaña, 2015, p. 36).

The process of re-analysing the codes to look for meaning and patterns was done using the Code-Document Table functionality in Atlas.ti. This was useful as it allowed for comparison of quotes from the different participants groups, thus within case and across case analysis was possible. It was also a good way to check which codes were not reflected by a group within the sample group. The Code-Document table analysis could be done at a code, category and theme level. See figure 5 below for an example of how the code-document table was used.

Figure 5: Example of a Code-Document Table

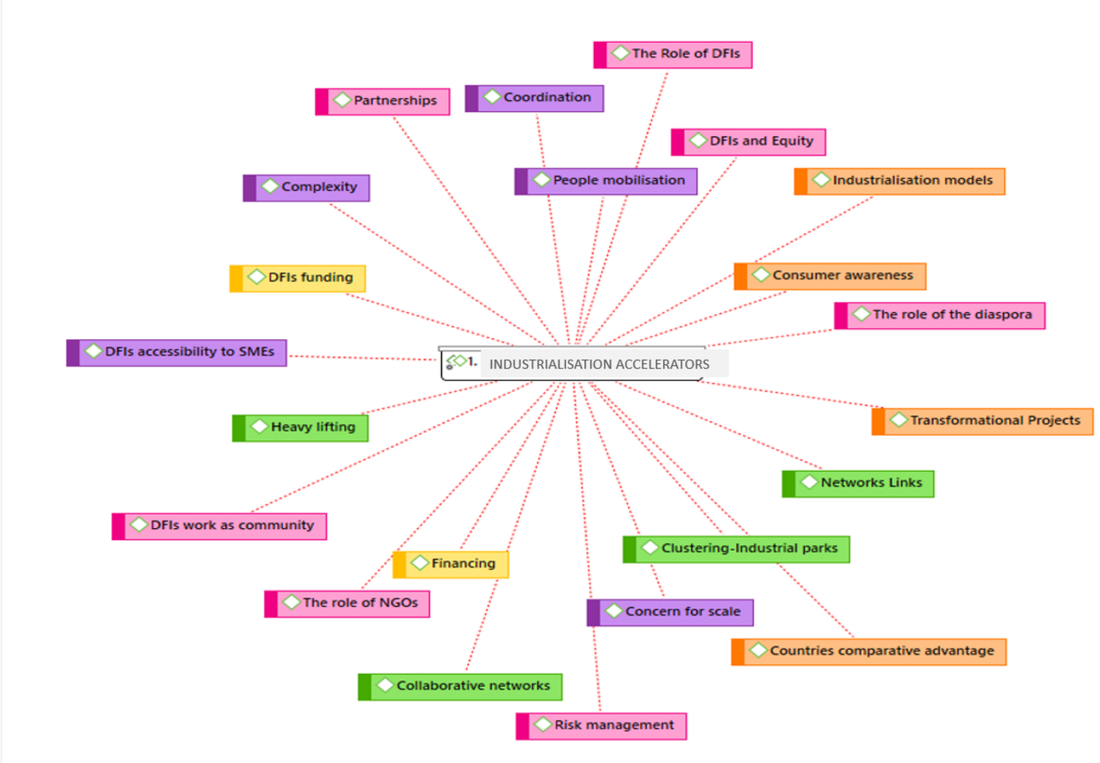


Source: Author's own- Generated from Atlas.ti.

The codes were thereafter categorised to form categories that have similar meanings. The categories were finally grouped into themes and the emerging themes were compared to the theoretical data and for data analysis (Erlingsson & Brysiewicz, 2013, 2017). Using the networks on the Atlas.ti software, the codes forming the five themes can be visualised below, see figure 5-9. The code book (Appendix 3) provides the data structure and shows how the themes were derived from the codes, which according to Gioia et al. (2013) is an essential component to establish rigour in qualitative research as it provides transparency on how conclusions were reached.

As Hyett et al. (2014) stated, rigour does not come from the use of the software, but from the providing of records of data analysed, as well as from the transparency of the data analysis to reach the conclusions. This section has sought to establish that transparency. Guest et al. (2012) called the thematic approach rigorous, inductive, transparent and a credible of textual data analysis.

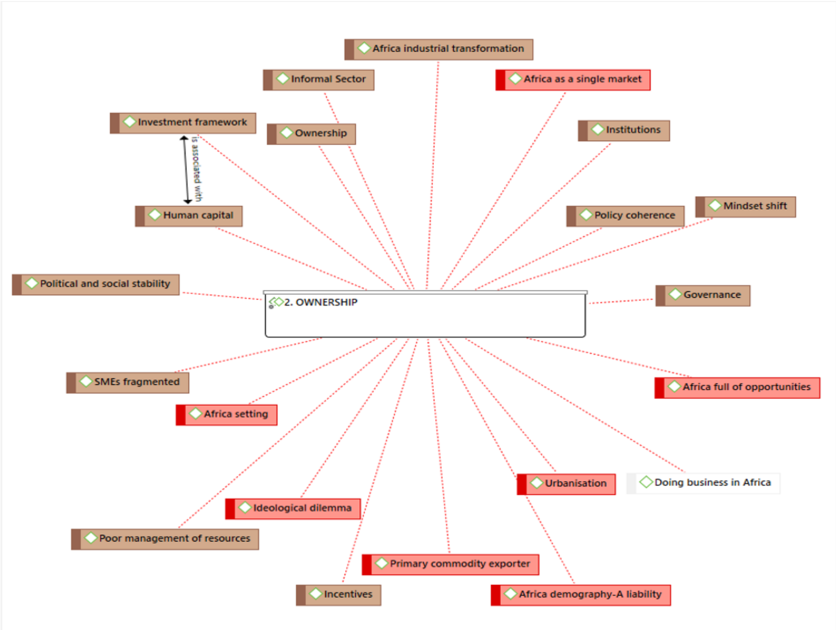
Figure 6: Code Networks for the theme- INDUSTRIALIZATION ACCELERATORS



Source: Author’s own. Generated from Atlas.ti software

Figure 6 above shows the codes that were grouped and formed the theme, Accelerating Development. These codes related what participants reflected as important elements that will accelerate industrialization in Africa.

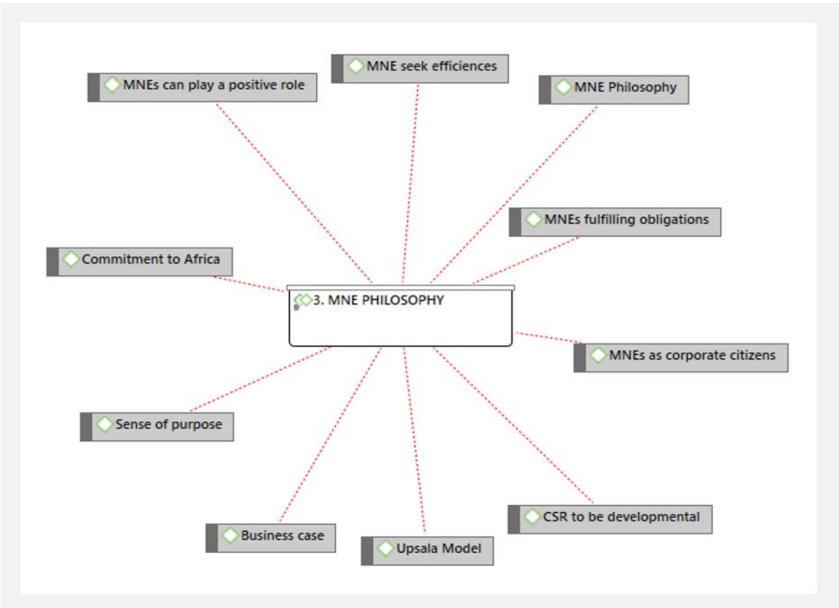
Figure 7: Code Networks for the theme- Ownership



Source: Author's own. Generated from Atlas.ti software

Figure 7 above shows the codes that were grouped and formed the theme, Ownership. These codes related what participants were referring to as areas where Africa needed to take ownership.

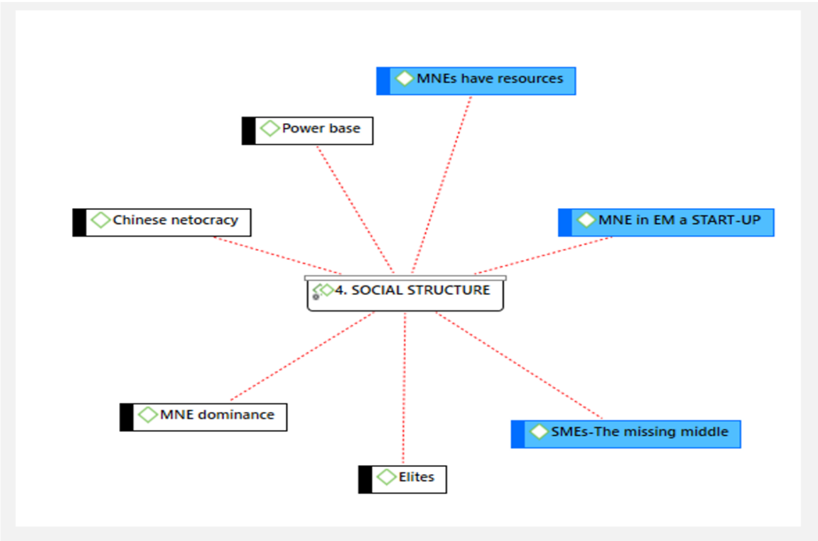
Figure 8: Code Networks for the theme- MNE Philosophy



Source: Author's own. Generated from Atlas.ti software

Figure 8 above shows the codes that were grouped and formed the theme, MNE Philosophy.

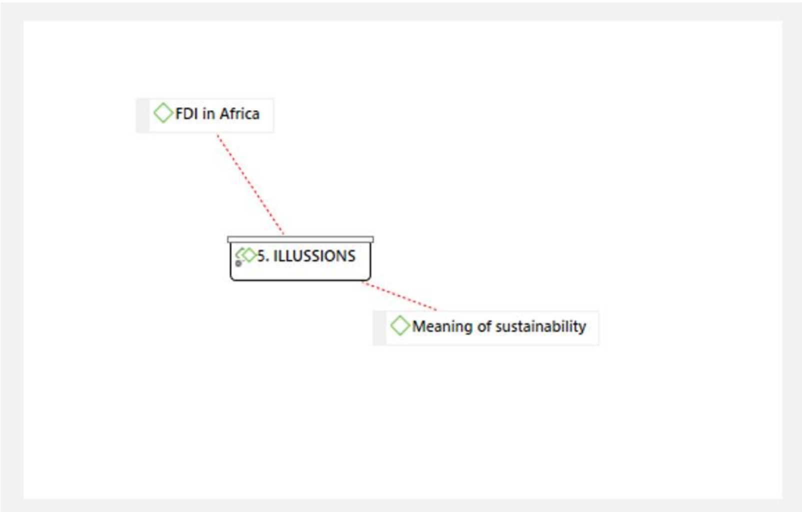
Figure 9: Code Networks for the theme- Social Structure



Source: Author’s own. Generated from Atlas.ti software

Figure 9 shows the two codes that made up the category, Address Social Structure.

Figure 10: Code Networks for the theme- Illusions



Source: Author’s own. Generated from Atlas.ti software

Figure 10 shows the two codes that made up the category, Illusions.

4.12. Ethical consideration and data storage

Ethical considerations were critical during the study. As guided by the GIBS protocol, ethical clearance approval was received on the 10th of September 2020. Data collection commenced on the 15th of September 2020. Confidentiality was promised for all the participants, except one, the former secretary general of COMESA, as he did not mind being named in the report. However, in keeping with the standardised approach, all identifiers were removed on the transcripts. All transcripts without name identifiers for the participants will be saved on the University of Pretoria repository for safe keeping for ten years, in line with the University of Pretoria guidelines. However, audio recordings have not been submitted, but are available should any verifications be necessary. This is in consideration of confidentiality promised to the participants.

4.13. Limitation of Research Design Methods

Qualitative research design brings with it the researcher's own biases if not properly managed and disclosed, as the researcher is the primary instrument in both data collection and data analysis (Fusch et al., 2018; Ochieng, 2009). Although qualitative research brings deep insights into the phenomenon under study, generalisation of the findings to a wider population is limited (Chetty, 1996; Ochieng, 2009). There are no formulas, nor a way of reproducing the researcher's analytical and assumed thought process (Hyett et al., 2014).

The second limitation is that this study used a single case and therefore missed an opportunity to compare data if multiple cases were used (Chetty, 1996). The researcher believes that a multiple case would enrich the data by bringing understanding of how MNEs are influenced by their home country institutions in how they engage with the different external actors as they seek to leverage resources embedded in those structures (Curchod et al., 2020).

The third limitation relates to the very strength of the case study methodology, which is the use of multiple sources of data. Patton (2002) and Hyett et al. (2014) argued that the large amount of collected data might mean that some data is omitted and not properly analysed, especially for novice researchers. The fourth limitation is the observation of physical artefacts, as suggested by Yazan (2015), will be limited as the interviews are likely to be online interviews given the current travel restrictions. Physical artefacts are an important element in data collection as they give subtle clues of the culture of the organisation under investigation, which would help provide the setting for the case (Yazan, 2015).

Chapter 5 Results

5.1. Introduction

This study sought to explore how MNEs can engage with the DFIs to promote host country industrialization in Africa. This study was informed by the growing demand by IB scholars to understand how MNEs engage with different external partners to address host country development in emerging markets. DFIs have the financial resources and the mandate to drive development in Africa and the MNEs have the know-how and industry expertise and are therefore well placed to make a dent in driving industrialization in Africa. As outlined in chapter 1, CEOs of large MNEs acknowledged that any growth that is not inclusive is not sustainable and therefore a need to accelerate industrialization in emerging markets. Development in Africa is important for the growth of MNEs and increasing their business contribution from Africa (Meyer & Peng, 2016). The one sub-question sought to understand if sustainable development goal nine (SDG-9) can be an organising principle between MNEs and DFIs to promote host country industrialization in Africa.

Using the case study design as detailed in the previous chapter, the data was collected through 15 semi-structured interviews and secondary data through online platforms to corroborate information provided by the participants. The participants were from the MNE HQs, subsidiaries in Africa, regional and global DFIs, and experts in the area of development in Africa. A total of 16.5 hours was spent in interviews which averaged 66 minutes each, with the shortest interview being 44 minutes and the longest lasting close to 2 hours. The interviews started from the 17th of September 2020 and concluded on the 5th of November 2020. In presenting the data, while taking care to present where the view is emanating from where it matters- the overall presentation will be addressing the emerging categories and themes than presenting how many people share a view (McCracken, 2011).

5.2. Sample description

As reflected in Table 2 below, the participants were made up of professionals from executives and senior managers within the MNE HQs, MNE subsidiaries operating in Africa and DFIs. To get an expert perspective on industrialization in Africa, four experts were interviewed, including the former secretary general of COMESA, the former chief trade negotiator from Zambia, and two experts both currently working for the UN agencies and have worked with various UN agencies looking at development projects in Africa. For ethical consideration and agreement with the MNE participants, the name of the MNE will not be disclosed. Suffice it to mention that the firm was a German MNE that has global operations and subsidiary offices across Africa.

One participant from the MNE was the vice president of the global strategy team and his views were critical as he is the custodian of one of the biggest MNE’s operational division. The MNE participant was the senior vice president looking after the emerging markets in Europe, the Middle East and Africa (EMEA). His perspectives were important as the participant was the highest-ranking person on the affairs of emerging markets in EMEA. The last MNE participant was from the global sustainability strategy team and was therefore responsible for leading the sustainability strategy team. The subsidiary participants were represented by the Africa president, who has the Africa-wide responsibility with a team of regional managing directors reporting to him. The second subsidiary participant was represented by the managing director of the West Africa region. And the last participant is the Manager in-charge of sustainability in Africa.

The DFIs participants were drawn from both international and regional DFIs. These included the African Development Bank (AfDB), the Industrial Development Corporation (IDC), the German Development Corporation (DEG), a subsidiary of the German Development bank (KfW) and France’s Promotion and Participation for Economic Cooperation (PROPARCO). AfDB and IDC were chosen because they were one of the most active DFIs in Africa, with AfDB covering the whole continent and IDC being active not just in South Africa, but in other countries in Sub-Saharan Africa, although limited in scale. DEG was chosen as it is a German DFI as the MNE under study is a German company. Both PROPARCO and FMO, which is the Dutch development bank, were cited as one of the active DFIs in Africa and therefore their views were important. Access to FMO was not possible. Attempts to also access Africa’s Trade and Development bank were not successful.

One participant from the HQs of AfDB in Côte d'Ivoire was interviewed. Through secondary data, an interview of Adesina Akinwumi, the President of AfDB addressing, A new course for Africa’s industrialization was accessed and analysed. One participant from IDC from IDC HQs in Sandton, South Africa was interviewed. Two participants from DEG were interviewed, one based in Germany and the other based at the regional offices in South Africa. One participant from PROPARCO from their offices in Nigeria was interviewed. Given the limitations of travel because of COVID-19 restrictions, all interviews were done online as outlined in the previous chapter. Participants provided invaluable information to help answer the research questions. Table 2 below provides a summary of the participant profile.

Table 2: Sample profile

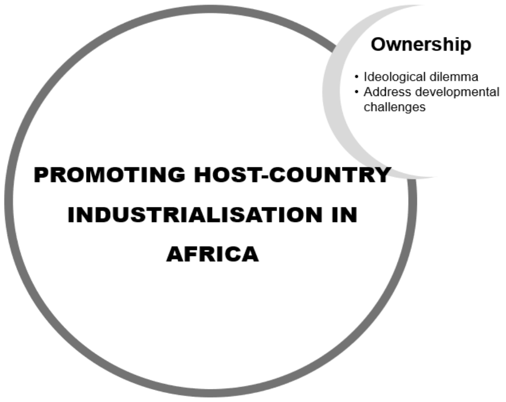
Participant	Gender	Duration of the interview (Min)	Location	Position	Highest education	Population	Date of interview
5	Male	68	Istanbul	Senior Vice President	Degree	MNE-HQ	06.10.2020
7	Male	58	Brussels	Vice President	PhD	MNE-HQ	13.10.2020
9	Male	57	Germany	Senior Manager	Masters	MNE-HQ	15.10.2020
2	Male	44	Ghana	Regional Manager	Masters	MNE-Sub	17.09.2020
10	Male	60	Kenya	President	PhD	MNE-Sub	21.10.2020
12	Male	64	Nigeria	Managing Director	PhD	MNE-Sub	23.10.2020
6	Female	55	Cote de vior	Director	Masters	DFI	12.10.2020
3	Male	59	Germany	Vice President	Masters	DFI	25.09.2020
8	Female	68	South Africa	Senior Manager	Masters	DFI	14.10.2020
13	Female	58	South Africa	Regional Director	Degree	DFI	26.10.2020
14	Male	59	Nigeria	Senior Investment Officer	Degree	DFI	05-11.2011
1	Male	104	Switzerland	Expert- various UN Agencies	Masters	Experts	15.09.2020
4	Male	119	South Africa	Expert-Former COMESA Secretary General	Masters	Experts	27.09.2020
11	Male	58	Germany	Expert- various UN Agencies	Masters	Experts	21.10.2020
15	Female	60	Switzerland	Expert-Former Trade Chief negotiator	Degree	Experts	05.11.2020
TOTAL Time Spent (min)		991					
TOTAL Time Spent (hours)		16.5					
Average interview time		66.1					

Table 2. above summarises the list of participants, their positions, educational background, the institutions that they represent, duration and date of the interviews.

5.3. Results: Theme- OWNERSHIP

As a background question, all the participants were asked to give their perspective on Africa's industrialization, their sense of where it was it and the challenges it faces. The aim of this question was to get an overall sense from each of the participants regarding the general topic of industrialization in Africa. This question was important in providing the context. The answer to the question is presented under two themes; ownership and addressing social structure, as depicted in figure 11 and figure 12 below. The ownership theme was created from the ideological dilemma, addressing developmental challenges and doing business in Africa categories. The theme addressing social structure was created from; elites and the missing middle-SMEs categories. Both these themes will be discussed in detail under each category below.

Figure 11: Presentation of results by themes-OWNERSHIP



Source: Author's own.

5.3.1. Ideological dilemma

The overarching response to this question was that Africa's industrialization has lagged that of its peers and given the natural resources and the sheer population, Africa could have done better. There was a sense that post-independence, Africa failed to transform its industrial base, even though that was in the founding constitution of the then Organisation for African Unity (OAU), now the African Union (AU):

> "*…fast forward, what happened then after independence for quite a good number of countries, they started talking about taking control of the commanding heights of the economy, as they used to call it, they started talking about a structural transformation of African economies. In fact, when you look at the Organisation of African Unity, the OAU, which has been replaced by the AU. At its founding, one of the resolutions was that, you know, Africa had to modernise and industrialise*" (Participant-4).

At the heart of this failure is Africa's ideological dilemma as outlined by Participant-1. Africa failed to deal with the past and instil a sense of pride in what it means to be an African and therefore continues to have an inferiority complex cited Participan-4. Lack of direction was expressed in the statement below:

> "*So when you look at the industrialization of Africa, in my view, it has been disturbed beyond being disturbed, it is also created what I would call an ideological dilemma, because governments they don't know how to support the industrialization process*" (Participant-1).

This as Africa has lost the sense of its identity and therefore has been experimenting with different economic models to drive economic growth with failed import substitution policies, articulated Participant-4. This leaving many countries struggling to realise the industrialization objectives:

> "*So, what happened then, is that quite a good number of countries in Africa started with the import substitution, you know. And some of them nationalised the existing, you know, industries. And, unfortunately, import substitution did not work, because these industries became an appendage of the then one-party state ruling of the government […] What it meant is that*, *they were not run as commercial entities, they run as extensions of the state. And this is what made import substitution fail in Africa*" (Participant-4).

Highlighting the challenges of the business environment, "The business environment has definitely been a stumbling block. Enabling environment is key. And governments have promoted import substitution policies, they promoted state owned enterprises, there's too much government involvement into what private sector can and cannot do. And there's a lot of red tape" (Participant-6). In the interview with Adesina Akinwumi, conducted by CNBC Africa, he expressed concerns that with few exceptions, like Morocco, Ethiopia and Rwanda, most of the African countries were de-industrializing:

> "*Well, you know, if you take a look at the case of Africa, one area that I think we need to make sure that we are not normalizing is the fact that many African countries are actually de-industrialising, they are not even industrialising. And so, some of them are losing a big share of their industrial output. You know, big ones that have been actually shedding quite a lot in terms of the industrial value added between 2010 and 2017*."

And the same sentiments were expressed by Participant-8, "We have basically South Africa as an industrialised country where we have full value chain integration with its own difficulties. But, but outside South Africa, I don't see any country where we really drive local manufactured industrialization to the extent as it would be needed".

Adesina also expressed the need for a mindset shift and aligned with the ownership theme, challenged that Africa must resolve the infrastructure deficit, stating, "When we should be accelerating industrialization, then we've got to take a look at ourselves in the mirror and ask ourselves why. First and foremost, we've got to change the infrastructure deficit situation on the continent [which is] not acceptable. Because, how do you industrialise when we have no power? How do you industrialise [when] you have no good logistic base to be able to get your things to pour them out, you know? And therefore, [to] be more competitive, to close Africa's infrastructure gap is one of the things that we must absolutely do and do very, very fast".

Even though Africa is one continent it is a very diverse continent which has its challenges for Africa's industrialization, and that creates its own dynamics in creating a single market. Participant-5 summed it well, indicating that *"Africa in itself is very mosaic"* and therefore it is not going to be a single approach that is used, but lessons from one country can be applied. These sentiments were also shared by Adesina who noted:

> "*Well you know it's very, very hard to give a cookie cutter model for all of African countries because they are very, very diverse […] so you cannot do that. But there are certain principles and certain lessons that one can learn from the experiences of those that have industrialised very well*"*.*

Participant-1 and 4 articulated that Africa was initiated into the global markets as a commodity exporter because of colonial policies that were meant to exploit Africa's rich resources. To industrialise, African leaders failed to dismantle colonial policies and enact coherent policies that address the developmental agenda of Africa. As such, there has been no ownership nor clarity on the policies to follow. African leaders also failed to build priorities building of institutions that would support Africa's industrialization. This has left Africa in a limbo, constantly seeking permission to implement policies. This has left Africa with lack of independence to act and drive Africa's agenda:

> "*But then the question that arises is, is it because of leadership? I would say, yes, because our leaders have not given pride a place of prominence to building institutions […] And if you're a leader, and you don't even take ownership of the policies that you pronounce, then the question is how are you going to pursue the agenda for structural transformation for Africa*"*?* (Participant 4).

This view was strongly expressed by the Participant 1 and Participant 4, who are Africans and have history working with the African governments in the area of industrialization. Lamenting the lack of ownership, the Participant-4 commented:

> "*The second aspect which is important is the issue of ownership. Do we own these programmes that I'm talking about? The answer is no, we don't own them. Because we all follow the conventional wisdom, even in terms of the monetary policy, macroeconomic policies, we just follow what they do. If they say there must be quantitative easing, we just follow the same, if they say, interest rates should come down, they come down, but they are all saying they are market determined,*

but they are not market determined. I'll give you an example, if they are market determined, why should they be based on sentiment?"

To sum up the sentiments regarding what is expected out of Africa, Participant-1 said, "if Africa wants to move forward, it should not expect to manna from heaven. They should not expect money from China or money from the leading countries to support them for industrialization, no. Industrialization is a game that as Africa we have to play."

Particicpant-11 expressed some optimism that Africa will find herself and develop some dynamism from within, stating, "I'm quite optimistic that Africa will develop some more dynamism […] from inside, but thanks to more free trade, and the growing needs to invest, also an opportunity that arise in supporting this population growth you know, in terms of for example food processing etc., because this is the basis for the industrial development, is the agricultural reforms and increase productivity" *(*Participant-11).

5.3.2. Addressing developmental challenges

There was also a strong sense of agreement between the participants that industrialization was not going to happen in a vacuum, but that the right environment must be in place to encourage investment and making it easy to do business in the region. The general view from the experts was that political instability frustrates industrialization in the region. All the experts highlighted how critical it is for countries to build infrastructure that is aligned to their development goals and put in place the necessary incentives and ensuring working institutions to attract investment:

> "*…it's clear from the different experiences of different countries […] it's about the stability, the political stability […] if you have political stability, then you would have clarity in terms of the institutions but also the accompanying provisions that would attract investment*" (Participant-15).
>
> "*For me, if a country decides what we would like to see is investment coming, being facilitated, they would need to put in place the necessary infrastructure, the necessary procedures, or accompanying incentives, where this is provided, that in itself is a reflection of your commitment*" (Participant-1).

Participant-7 and 9 from the MNE indicated that the weakness of the infrastructure surrounding business makes it difficult to operate in such environments. They emphasized that as an MNE, they are invested in countries that have stable environments and Africa makes it very difficult to take long term investment decisions:

"…*the weakness of infrastructures, logistics infrastructures and generally all of this services that are that are surrounding business, and this is not yet fully developed, and the more you go away from the countries which have a shore to one or the other ocean, it becomes more of a challenge*" (Participant-7).

Participant-7 emphasized that the political set-up does not have to be a democracy, if it could guarantee stability which would allow for a planning ground for business assumptions. And that even if one receives incentives, the basic investment framework is the starting point. It is a prerequisite that every country provides political confidence and that one's investments will survive the next regime change. Further, there must be a mechanism to deal with corruption:

"*So and this also I don't have any experience and have barely looked at it, but also here again these are well-intended initiatives, can be from whoever, can be by country Germany, can be the WHO* [World Health Organization]*, can be whoever, and they come with these financing opportunities or they bring in a partner that is inactive, that's attractive. But as long as this is, it is not really even that wherever you go that you have a certain environment, which is, let's say a stable country. There's no bribery around. So basic, you know basic, basic infrastructure*" (Participant-7).

Both subsidiaries participants raised similar concerns and lamented the rampant levels of corruption in the region. The participants from the subsidiaries were however quick to acknowledge that there were countries in Africa that were actively doing something to improve the investment framework:

"*…And you end up with a 20 years gap of having not invested healthcare, education and infrastructure, now the basic things… they don't do it, you add corruption on top of that and let's say, even if there's a stance and and some level of intervention against corruption is still rampant*" *(*Participant-12).

The views from the DFI participants were not any different, highlighting that although the governments in Africa are beginning to articulate better the importance of the private sector, it must be accompanied by a well-meaning business environment. Participant-3,6,8,14 mentioned it would be critical to identity and work on key infrastructure projects, that is, electricity, roads and important transport corridors to create access to market. They emphasized that the private sector will not invest if they perceive risk to be high, as they are looking for markets with low risks and higher returns. The ease of doing business is critical and these are the things that the government needs to put in place to ensure that investors can rely on existing regulations and reliable institutions. Participant-6 commented:

> “*And therefore, I think there is still a lot to do in order to improve the overall investment framework and therefore industrialization. The grounds have to be laid by providing stability and good economic outlook*”.

The need to improve the infrastructure in Africa as a pre-requisite to development was also raised by Adesina Akinwumi:

> “*So, the opportunities are literally limitless. But I think that those are the things that I would say. But in terms of location, I think capital goes to the location where capital is confident. And so, the countries that are doing the right things, managing their macroeconomic environment better, making sure that they provide the right kind of fiscal incentives that will attract to private sector, and where there is political will to drive development and to support private sector growth, that's where the money is going to be […] you cannot really direct capital capital that chooses where it goes. And where the environment is right, and where the environment is supportive, capital always stays there”*

And summing the sentiments on having a resolve, determination, Adesina noted, “Well first, is that recognise that your size doesn't matter, your natural resources, don't matter. What matters is your creativity, your determination and your drive to get your people out of poverty through industrialization. If Korea, as small as Korea is, is able to do that I don't see why Africa cannot do that, and I don't see why every single African country can’t do that. It's time for us to look at ourselves in the mirror and say, let's change our ways now”.

5.3.3. Doing business in Africa

Although this category was not shared broadly across all participant groups, there are some key take-aways that are worth mentioning. Participant-1 indicated that although the investment climate is a prerequisite for investments and industrialization, he noted that even though Zimbabwe as a country had undergone tremendous challenges over the past 20 years, there are companies that have no international links and have continued to survive and expand in that environment. In Africa you must create markets for yourself and for that you must be very creative, noted Participant-3. And continued to note, how the lack of order and the fear of the unknown scares off investors that love order. Participant-11 made an example of a mid-size engineering German company that operates in 50 countries in Africa and said:

"*They are very flexible and I think this is the right approach also for any larger organisations and company, to be very open for partnerships and have a very transparent low hierarchies as you need this kind of organisation I think to be successful in this market*" (Participant-3).

Participant-14 from the DFIs noted that you need stamina to operate in Africa and the importance of being on the ground if you are to successfully navigate Africa. He made an example of the recent clashes in Nigeria which prompted their HQ to be concerned with their safety. He mentioned that however being on the ground, they had a different reading on the issues, unlike someone reading it on the news:

"*You must have someone that you trust in the market to look at day to day activities and to feel the climate. So, there are protests going on and all that, but when you read about the protests from another place from Europe, the killings going on is different when you're in the country, and so you're feeling it. From the head office, we need to close down, you need to go back to France and we're like, it's not as serious here, we are here, things are calm, you know. But from outside which is also one of the things we do with the head office, the head office will always say, what do you think? Yes, we can see the numbers and all that, but really what's your judgment? You have to be on ground to call that judgment, that is a very important fact*" (Participant-14).

Referring to the same incident in Nigeria, Participant-14 reflected the same, that HQs are quick to want to protect their expatriates, which signals the lack of embeddedness in local communities,

"*And, look how many people in the past ten days, have asked me, do you have an evacuation plan. Hallo, okay. Okay, I'm very cautious and conscious about my own safety, but, you know, we are 99percent African people in this company […] This attitude is still very vivid. And I'm not suicidal, but if you have a company where all the expatriates are flown out of the country, as soon as something goes wrong, what image do you project to the key stakeholders in the country (Participant-12)?*

And closing off Participant-12 from the subsidiary indicated that as MNEs, they have no choice but have a strategy for Africa and highlighted that MNEs cannot be driven by purpose and not be in Africa, citing:

"Africa has a large enough population that you can't… ignore them. And, and I think it's the way you deal with Africa, which will make the difference. Some of them again

would just ignore it, or they just don't want to know that, and just in there because I need to have it in mind, in my vision statement, ***others will just learn how we do business in Africa for Africa and be successful down the road*** (Participant-12, own bold).

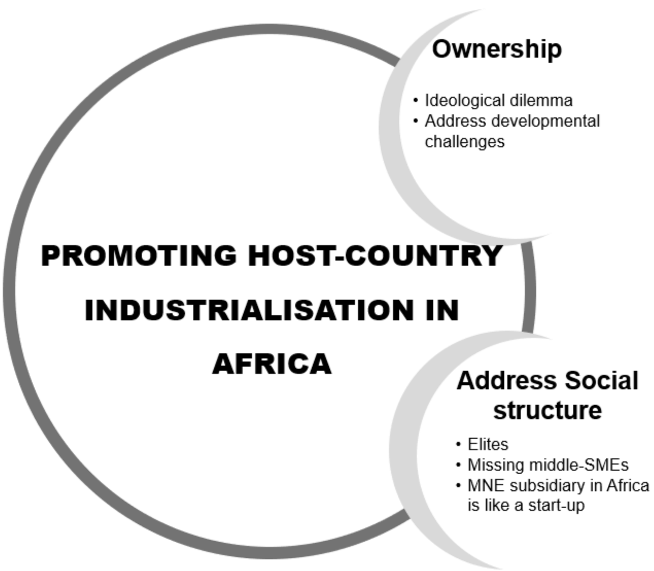
5.3.4. Concluding remarks- Ownership

In this theme of ownership, there was an overarching sense that as much as Africa can look outside to drive its industrialization, there was a greater need to look within and take ownership of the macro-economic policies that will take the continent forward and break the ideological dilemma that has persisted. There was also a sense that irrespective of the programmes and incentives that Africa offers for investments, if the fundamental investment framework that covers the institutions is absent, Africa will still find it difficult to close the gaps in its industrialization efforts.

5.4. Theme- ADDRESS SOCIAL STRUCTURES

This theme was derived from two main categories; elites and the missing middle-SMEs. As outlined above, this theme is still part of the initial background question where all the participants were asked to give their perspective on Africa’s industrialization, their sense of where it was and the challenges it faces. Figure 12 below summarises the theme.

Figure 12: Presentation of results by themes- ADDRESS SOCIAL STRUCTURE



Source: Author’s own.

5.4.1. Elites

This category was shared across the different participants except for the subsidiary participants. This category defines the impact of those who have power in the society and how that power is exercised. The sense was that there is a ruling elite who, because of the benefits that they derive out of the imperfect institutions in Africa, continue to drag development (e.g. Participant-1,4,8). Participant-4 described, the African elites, bureaucratic elites, and business elites as holding many in Africa hostage as they seek to drive and promote policies that do not benefit the society at large. Business is seen as the one who are "…paying the piper to play the tune" and therefore cannot be given a freehand when it comes to designing programs that would benefit the masses (Participant-1). Participant-4 made this statement:

> "*So, what am I saying here? I'm saying that the African elite, the ruling elite, they have deliberately impoverished the poor people in order for them to hold them hostage. Now, if you look at business council, it represents big business, it does not represent the SMEs. Now, big business, what is the interest of big business? Big business is integrated into the global economy, isn't it? But big business is also an integral part of the ruling elite, the SMEs are not"*.

Similar views were shared by one of the MNE participants, who articulated that even in developed countries, democracy is not working well and therefore wealth inequality is becoming a concern (Participant-5). Narrated how the bridges of Paris were slowly becoming shelters for many who were finding themselves homeless. The participant saw this as one of the hindrances of seeking opportunities in Africa as big MNEs "…*focus on what is big, as big is beautiful … and big power always win"* (Participant-5).

MNEs were considered as dominant players in most markets and are the ones that set contracts and, in many cases, squeezing the smaller players, articulated one of the DFIs participants (Participant-3). To this end, there is an increasing political pressure especially in Germany to introduce what is known as fair trade. This is to enforce that big MNEs do not unduly abuse their dominant position to the detriment of the smaller players.

> "*I think, especially in many segments where we see huge multinationals dominating the market. This is just not the case. They are the ones who set the contracts, and they normally do it, of course, in a way, trying to shift all risks to their suppliers and to squeeze them. So, I think there are some also some mindset changes going on*" (Participant-3).

This play of power is also seen when MNEs come to invest in Africa, where the negotiations are skewed and therefore do not lead to development that encourages know-how transfer (Participant-8). Narrating the example where Indian investors would insist on bringing in staff from India to work in their subsidiaries, they are setting up in the Africa region.

> "*So, the Indians came, but the problem is that they insisted to employ, to bring some foreign nationals into the country, some Indian guys, so we had a problem with that. But they said, well, if you want our money, we want about 60 of our people to come and work here*" (Participant-8).

This view is similar to the view shared above by Participant-1 that, if left to the one who pays the piper to play the tune, there is no goodwill to drive development. Participant-14 also commented that when they evaluate the projects they invest in, one of the criteria is that it benefits the common man verses serving only the elites in society.

5.4.2. The missing middle-SMEs

The position of this study was on understanding how MNEs could engage with DFIs to promote host country industrialization in Africa, however almost all the participants indicated that the biggest challenge that was causing Africa to lag in industrialization was the underdeveloped SME sector. Participant-4 said, Africans often speak of the missing middle and that, for him, the missing middle in Africa is the SME sector, expressing the frustration, narrated:

> "*So, what is missing in Africa, the missing middle for me are the SMEs. So, you don't have development institutions that support the SMEs. They will tell you that the SMEs are un-bankable. How do you bank them? They will tell you that the amount of money that you have to disburse to them is very little, because even the amount that they disburse, some of them will tell you, we don't disburse anything less than 5 million US dollars. Now, already you have left the bulk of the people who can produce, so again, it is structural and institutionally we have these weaknesses*" (Participant-4).

Over two thirds of the world economies are led by SMEs, however in Africa, the SMEs sector remains on the periphery and largely informal, commented Participant-15. Participant-5 commented how France in comparison to Germany, struggled to grow in the beginning as it was dominated by large firms and expressed that you need small companies as an engine for any economy:

> "*And there are also many examples in in other countries, I think Germany is always a very good example of that if you compare to France where we had the cult of big Companies, they call it the CSC 40. CSC 40 biggest in the stock*

> *exchange, and blah, blah, blah. And but these ones, in fact, are not making the economy of France and what was missing was the small companies. And this, we also need for Africa enormously*" (Participant-5).

The view that the industrial base of Germany was built on the strength of the thriving SME sector was also shared by one of the DFI participants, "…well, in Germany, but I would say in many industrialised countries, the backbone of the economy normally is not driven by multinationals, it's really the SME industry" (Participant-3). Therefore, neglecting to create structures that supports entrepreneurship is worrying for a continent that needs to drive industrialization, commented Participant-5. You develop capabilities and put in place structures that support local entrepreneurs, he commented:

> "*But this is to me at the end of the day, the economic development without social development and especially in Africa, that's dead on arrival. […] You can be sure that it will or that it will fail. And something which is very important, I believe is also, as that gets us a little closer to our core topic in this discussion. If you do not create a structure of small entrepreneurs that's really very, very worrying for a country which needs development. Because development does not come from the top ten or top five multinationals or even big locals, the real development where people get a job is by creating thousands and thousands of smaller companies*" (Participant-5).

The SME sector has been marginalized in Africa, lamented Participant-6, even though SMEs are critical in trade and logistics. Raising the same point as raised above, that in many industrialized nations, the backbone of the economy is the SMEs, not the MNEs. There is a need to develop them locally said Participant-3. SMEs need to be given fair treatment and get better access to funding as this would have an impact, pointed out Participant-6. "The policy around the SMEs has been really weak" and therefore needs to be strengthened" (Participant-6).

5.4.3. MNE Subsidiary in Africa is like a start-up

Multinational subsidiaries operating in Africa are no different to start-ups was a point strongly articulated by two of participants from the MNE subsidiary and the sentiments were also supported by some of the DFIs participant, albeit differently. One lamented the poor networks which meant that *"companies are left to heavy lift the entire chain"* (Participant-6). It is Participant-12 who strongly expressed,

> *…whereas multinational in a developing country is usually a start-up, maybe you don't see that in South Africa, but trust me, in Kenya, in Nigeria, in Algeria, in Ivory Coast, we are start-ups, which is great because with the start-ups, we have the*

mindset of entrepreneurs, but we are start-ups. We have the same requirements as any other entrepreneurs with his or her start-up (Participant-12).

When asked what he sees as the role that can be played by MNEs in the industrialization of Africa, the sense is that MNEs can play a role in supporting the local industry, however when they come up with innovative business models that can help support the local industry, they are told MNEs are too big and concerned with only making money (Participant-10). Although they have a role they can play, they are neglected:

> "*We as a private company who's really trying to support local development, we don't get support, we are not heard, we are told we are too big, we don't believe you, you will just make money. I think that the multinational companies could play an important role, but they are neglected*" (Participant -10).

This combined with the view that MNEs have resources and therefore do not need DFIs (Participant-3, 11), means the overall industrialization agenda sits on the sidelines as the discussions that ought to be happening are not happening. Often MNEs, through their subsidiaries, are not able to effectively contribute to the industrialization of Africa. There was also a sense of despair in that subsidiaries who have the local presence see the need and the opportunities to contribute. However, find themselves in a difficult position as their voices with the HQs are not loud enough and also are not able to get attention from the local institutions as they see them as an extension of 'a big MNE' and hence needing no support and this is expressed below:

> "*It's an uphill battle, I mean, we always have to fight with the low relevance or insignificance of our Africa business on the global perspective. Here we also have to admit that our growth projections we have submitted for Africa, have unfortunately not being achieved or realised. So it's two fold…It's insufficient appreciation of Africa by our HQ's or institution's focus*" (Participant-10).

And although the subsidiaries have the autonomy to make some business decisions, they however, do not have the latitude to make financial commitments, "First of all, I think we are relatively independent to drive few things locally in Africa. Nevertheless, if it comes to own financial commitment, as we discussed for some projects, it becomes a bit difficult. But yes, that's a problem that we have not been, that we do not have the freedom to basically participate and support these projects" (Participant-10).

Carrying MNE big brand names, none buy the story that MNEs could be financially incentivized to support the industrialization through technology know-how. (Participant-12). Further elaborating on this point:

“*The financial institutions do not see that, they see us, we look super sexy for them. I have bankers calling us every week at a CEO level. The guys, they are billion dollars institutions begging us, can we be your banker, they don't even realise there's not much to bank. But they are so paranoid about, about the brand and I think it’s the same from the development finance institutions. They believe, you guys, you don't need anything, you have everything that you want*” (Participant-12).

Participant-14 corroborated that MNEs equally need DFI funding as they might have assets worth billions, but not the cash flow required for expansion, especially when considering complex investment in Africa:

“*So, I look at the numbers of units or numbers of multinationals and the money is not really there. The money could be, they have lots of assets, they are worth a billion dollars, but this billion dollars in assets, you can't can't break down the building in order to expand and all that*” (Participant-14).

Participant-3 also confirmed the views shared by subsidiary participants above that financial institutions do not support them when they are working on projects that could have a developmental impact. The role of collaborating for the promotion of industrialization is not considered, but the transactions are seen from a commercial standpoint:

“*But maybe because the role of my organisation,* [DFI), *MNEs are not our target group and it's not the target group of many of development finance institutions. Multinationals normally have resources and they have access to liquidity and access to finance. And they do not need development finance institutions who are more focused on bringing those companies who have more difficulties in going abroad because they lack the experience, they lack the resources, etc. Multinationals from my point of view, they have no problem in finding finance if they really want to invest into a new country*” (Participant-3).

Again, on the point of the subsidiary’s inability to make or take financial decisions, this was also expressed by Participant-13, (one of the DFI participants) who was also expressing her frustration, that, even though collaborating with MNEs can benefit Africa, they did not have access to the decision makers in Europe. This is mainly because, from the HQ level, Africa is a small part of their business and the DFIs although could be an international DFI and operating in Africa, they are not even known in their home-countries:

> "*It's tricky because I think the access on a subsidiary level is easier than on a head office level. But when we pitch, we obviously sell a commodity, which is liquidity. And so, a lot of the multinationals it's like oh no, that's a head office function. But then in the head office terms, they are so overbanked with big commercial banks in Europe* [...] *So, often I feel we struggle with getting the attention and it's easier to get access,* [with the subsidiaries] *but not always to get a decision on a local level. Funding which is relevant on a local part is not always relevant in head office terms*" (Participant-13).

Participant-12 says this is not just his own experience, but a lot of the MNE subsidiary CEOs operating in Africa share the same frustrations, stating, "…and you realise the guys are like me, they are 40 people in that company, they make maybe 10 million better, but they are the Mr Nobody, but they carry a big brand. And they're all the same, they're all struggling as we do, with not knowing whether we're going to be paying the salary this month or we short of cash. Supply chain doesn't work, and we can't find people and on and on and on, **but that's the life of a start-up**" (Participant-12, own bold).

5.4.4. Concluding remarks-Addressing social structures

The theme of addressing social structures highlighted the need for Africa to deal with the fundamental social structures if it is to be successful in driving industrialization. Of key importance was the question of addressing the elites in society, who have allowed a limited access social order system that has perpetuated the exclusion of the masses from political and economic resources to the benefit of the elites. This is expressed in policies and lack of institutions that support the SME sector, but mainly driven by big businesses. The prominence of the elites and weakened institutions has resulted in an unending cycle of corruption and poor governance across the different spheres of government institutions and therefore compromised Africa's industrialization efforts.

Even though this study had not aimed to investigate SMEs, it is one of the themes that came out very strongly. Particularly, that while looking at how MNEs can engage with DFIs to promote host country industrialization, the critical sector that needs to be developed if Africa is to industrialise is the SME sector. There was a strong sense that Africa needs to build an enabling environment for the SME sector if it is to achieve industrialization. Given the business environment in most of the African countries, some of the MNEs operating in Africa operate in an environment that has a lot of institutional voids. So, even though subsidiaries believe they can make an impact in helping with the industrialization of Africa, there is still a sense of frustration among such participants, as they have no adequate support from either their HQs nor from the local institutions.

5.5. Theme- INDUSTRIALIZATION ACCELERATORS

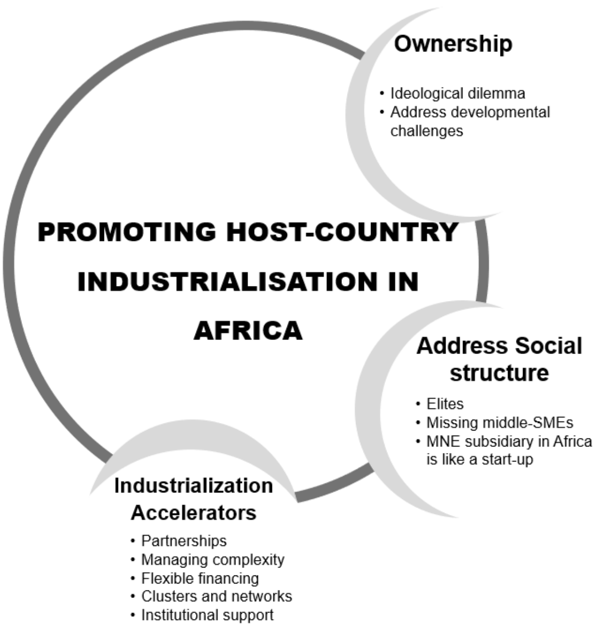
This section will discuss two themes, industrialization accelerators and MNE philosophy that will help answer the research question,

> How can MNEs engage with DFIs to promote host country industrialization in Africa?

The theme industrialization accelerators was created from the following categories: partnerships, managing complexity, clusters and networks, flexible financing, institutional support and transformational projects. The theme MNE philosophy was created from the same category, which was made up of different codes related to the role that can be played by the MNE in the industrialization of Africa, the attitude of the MNE with regards to the host country environment, etc. Please refer to Codebook in Appendix 4 that shows how the codes were grouped into categories and into themes.

Figure 13 below depicts industrialization accelerators theme to be discussed. The categories emerged as important factors that would accelerate industrialization in Africa and in the concluding remarks below, a reflection is made on how this answers the research question: how can MNEs engage with DFIs to promote host country development in Africa?

Figure 13: Presentation of results by themes-INDUSTRIALIZATION ACCELERATORS



Source: Author’s own.

5.5.1. Partnerships

In answering the research question of how MNEs can engage with DFIs to promote host country development in Africa, partnership was one of the categories from the participants. It is, however, important to note that the category of partnership was not strong from the MNE HQ perspective. The view from the MNE HQ perspective was that if the investment framework was not in place, there was no one who would want to invest, unless they were seeking for resources that can only be found in Africa, as the African market remains an opportunistic market for MNEs seeking markets (Participant-7).

> "*But I do see it when it comes to these are markets, which we see as an opportunity to have additional sales, where we sell materials, but I think it's less so when it comes to, should we do an investment in Africa. And it's not just if you look at the population, you know, by numbers of people that are in Africa, I think you could think of some investments to Africa, but who would have the guts to decide so to do so? If you're not in the in the field of mining or, let's say exploring of raw materials, which you have to go and dig in Africa to get out them out, otherwise you wouldn't find them elsewhere*" (Participant 7).

Participant-7 however, articulated that partnerships which could be considered would be joint venture (JVs). However. the role of a local partner would be to bring local knowledge, access to markets, or could deal with a complex environment of the host country, which may include navigating complex political environments.

> "*And maybe his contribution* [partner contribution] *can come from highly complex, let's say environment in the country. So, he can ease because he speaks the language, he knows the culture, he knows what to do with politicians and then you already in the discussion to say okay well it sounds all so complicated. So yes, this is something I don't have any idea about. And you will always put your money on opportunities that are less risky*" (Participant 7).

The notion that MNEs could partner with the DFIs to help promote industrialization in host-countries in Africa was not seen as a possibility from the MNE perspective, as raising capital "is not a complicated issue" expressed (Participant-7). This view is shared by some of the DFI participants (e.g. Participant-3), who stated that MNEs have the resources and therefore do not need DFIs.

The view from the subsidiaries was however very different. These participants saw a need to work with the DFIs to help promote host country development through technology transfer, as Participant-12, indicated, MNEs have lots of know-how. However, the participants in the subsidiaries felt that DFIs were not accessible to them as an MNE subsidiaries. Participant-10 commented, “We need financing organizations, but they need to refine their approach, as they are not accessible, I don’t know if we can convince them”.

The subsidiary participants felt that, even though there could be scope for partnering with the DFIs to promote host country development, the challenge was that the DFIs were not accessible as MNEs were perceived by the DFIs as not in need funding. As indicated above, there was a sense that MNE subsidiaries need to be considered no differently to start-ups when operating in emerging markets such as Africa.

There is however a sense that in partnership for host country industrialization, MNEs can bring in know-how which they have plenty of and through it can help lift value chains (Participant-6,12). One of the subsidiary participants indicated that operating in Africa was forcing them to look at business models that are innovative, however the participants has thus far found no support to implement them as they require partnerships (Participant-12). The question from the subsidiary point of view is whether there would be a mindset shift in how the MNE subsidiaries are viewed and how they can contribute to the host country development:

> “*The HQ is an investor for me, it's my internal investor, and they support us if they believe in us, that's typically what they do. But if we had others who could join us, we would grow a lot faster. And we are struggling I think to make them realise that we are under constraint*” (Participant-12).

The view from the DFIs was also that the scale of development required in Africa could only be closed by partnerships (Participant-6, 8). DFIs are no strangers to partnerships as they confirmed that as DFIs, they work as a community when they invest in projects. There is also a very strong collaboration with the local commercial banks through which they provide guarantees for lending to SMEs. DFIs also closely collaborate with private equity firms and venture capital firms, who are viewed as an extended arm of the DFIs As articulated by the subsidiary participants, DFIs also see MNEs as partners who could bring know-how through relationships and collaboration:

> “*So, what I'm saying to you, in a nutshell, where multinationals can play a role is through building strong partnerships with DFIs to ensure that projects have the necessary development impact*” (Participant 8).

Participants from the DFIs indicated that all the deals they engage in are tailor made and that could be the case with different partnerships with MNEs. MNEs could bring equity, and the DFIs provide debt and that way create projects at scale or any other arrangement required to make a project a success. DFIs indicated that at times they take equity stakes in some of their deals. Each deal was different depending on the merits at hand. Participant-3, 8 emphasized that they do not just provide commercial finance, but also provide grants to support project partners in improving the overall impact. Participant 8 proximity to the governments and state-owned enterprises (SOEs) also made them an important partner as they can create the necessary access for policy intervention if required. Participant-3 indicated how at times MNEs, especially from Eastern Europe, were looking for their support, more for political protection than financial reasons.

> "*What might be interesting and what we've seen in some countries, in Eastern Europe astonishingly, is that even multinationals look for support from an institution like ours, it's not because of advice of country knowledge or legal knowledge or finance resources, it's because of the kind of political protection. So, they know if my project is financed by a public institution like ours, which is indirectly the German government, I have a certain kind of political protection. However, we have not seen any such approach for any country in Sub-Saharan Africa, which might indicate that this is not the biggest concern of multinationals*" (Participant 3).

DFIs see an opportunity to bring in critical players, the right players, the right skills and form the right syndication to revive some of the key industries and thus contribute to industrialization in Africa. "We can't do this alone. We have to make sure that you have the right collaboration, the right partnerships, so that you can syndicate the deals and the projects properly" (Participant 8).

What would be important is to manage the expectations of the diverse groups of partners (Participant-8). Further indicating that these partnerships are not easy to manage and require trade-offs. Making an example of deals where you could have a Chinese or Indian company that wants to bring know-how yet wants to bring their own people to manage the operations. With all the complexities, it was agreed that it is still the right approach, but one needs to be clear of what one is willing to give and what is classified as an absolute deal breaker (Participant-8).

5.5.2. Managing complexity

The ability to manage complexity emerged as one of the categories that is critical to manage if MNEs and DFIs are to engage to promote host country industrialization in Africa. Some of the experts raised frustration with bureaucratic government complexity, where there are talks and conferences, but, are accompanied by inaction (Participant-1,3,15). There was therefore a sense that stakeholders would have to play less of politics to get key projects that would act as a catalyst going (Participant-4). Further observed that part of the complexity comes from government bureaucratic processes and systems, which are a critical building block in industrialization, whether through infrastructure investment or policies:

> "*But I always tell people, don't get involved in their politics, deal with it as a development programme. Because when you deal with development, nobody fights you. But if you then deal with development, but you also get involved in their politics, they will fight you. So, leave the political terrain to them, but also be strategic at what point to get buy in. It is when you have put up your own systems, your own to organisational framework*" (Participant 4).

The second element raised is the complexity around access to finance for SMEs, which most agree is the backbone of industrialization. The requirements to access funding from DFIs was noted as being very restrictive, thus leaving many behind who would not meet the criteria of a minimum investment of five million dollars lamented Participant-4,10,12.

The issue of complexity was also raised by one of the MNE participant, who felt that MNE structures are already complex and there "is always a temptation to simply" (Participant-5). The view shared by the experts is also shared by the subsidiary participants, who felt that DFIs are after scale, citing that it seems that is their key performance indicator (Participant-10,12). There was however a recognition that this was probably done to reduce complexity.

From the DFI perspective, investing in what one of the participants referred to as "containership" businesses- businesses that are already big and established, it minimises risk significantly as the businesses are already established and therefore no need to change the sail. Commenting on the complexity of handling deals, Participant-14 indicated that a single deal takes between four to six months. And therefore, a need to simply and reduce complexity:

> "*We need to limit the risk we already take, we are already playing in places where there is so much risk and it's again to reach out to more people, you're going to encounter a lot more risk for example, so when we do a deal where you're going to*

> *do a deal with $10 million, the company in that deal is already known, you know that they have some standards. So, it is less likely that we get swindled by such a company as you would by a company that requires $1,000 or $10,000* (Participant-14).

Given the resources that some of these DFIs have, managing complexity is critical. All the DFI participants indicated that complexity management is one of the reasons they work with private equity firms, venture capitalists or local commercial banks. Such firms aid in managing this complexity as these institutions tend to be far better resourced (Participant-13, 14). This complexity also extended to working with MNEs as Participant-8 mentioned, these partnerships are generally complex to manage and require a lot of trade-offs. This was also expressed by Participant-14, who noted, "*it's always fascinating working with the multinationals, because sometimes it could be a lot more complicated…"*. However, on the positive side, Participant-14 commented that *"another thing with the multinationals, is that […] they are quite experienced and efficient. So, you work with top people. So, information is always available*"*.*

5.5.3. Clusters and networks

It is important to note that the term industrial parks, clusters, and special economic zones were clustered under the same category as participants raised them as a good option to create structures that allow for grouping of activities. This category was raised by most the participants except for participants from the MNE HQs. The view expressed by the experts was around the importance of Africa building clusters, as companies within the clusters could group themselves to access funding (Participant-1,4,11).

Participant-4 was also quick to mention that a cluster system requires a mindset shift, because according to the participant, people in Africa have lost a sense of working together. Clusters were not only mentioned as a tool to access funding but were also seen as an important structure to create networks (Participant-6). Participant-11 made an example that generally, German mid-size companies are conservative and risk averse because they do not have historical ties in Africa. Therefore, such companies need an established and structured set-up that will allow them to plug and play. Therefore, one of the ways DFIs could be involved in driving industrialization in Africa could be through setting up that infrastructure:

> "*And this is where the development banks have a responsibility to provide that infrastructure, leveraging the ones who are already in country because they have an existing structure and they have some experience and they could help hosting others. We have two requests of multinational asking us, can we set up our facility*

inside your facility? So I think, again, if you reframe this, taking into account the development or the development financial institutions, there may be an opportunity for them to be involved and not just wait until a project gets big enough" (Participant 12).

Participant-11 viewed French companies as better networked in Africa because of their colonial history and were therefore familiar with the terrain. These networks could be leveraged by other European companies who want to invest in Africa but are hesitant because of the lack of networks and infrastructure to host them (Participant-11).

The subsidiary participants also shared the same views that in an environment where the ease of doing business is low, "…getting grouped together is probably a good idea" (Participant 12). Working together in clusters as groups is seen as a way business could share their struggles and have a sense of community, which could be leveraged to access finance, as it could make it easier for the financiers as the needs could be aggregated (Participant-4, 12).

DFIs also shared similar views around the theme of clusters and networks, where Participant mentioned that in Africa there are no strong institutions, further company networks are also viewed as weak:

"*In Africa, because in many cases the institutions are not there, the company networks aren't there. There is no network building, so companies are left to* ***heavy lift*** *the entire chain. So that is really a cost to kind of the company, but also it means that the ecosystem, in your words, the collaborative networks, aren't there for companies to collaborate with companies. Companies are left to* [do the] *heavy lifting* [in] *every part of the chain to kind of smooth the risk*" (Participant 6).

Creating an infrastructure that would encourage networking would encourage companies that also prefer to invest in partnerships. This was critical as "German companies are reluctant in investing by themselves" (Participant 3). Building such clusters would thus make it easier to further develop supporting infrastructure (Participant-12,14).

5.5.4. Flexible financing

Reliance on external DFIs was not considered as a financing model that Africa could rely on to build its industries, commented one of the Participant-1, 4. The view was that most of the DFIs get funding from the market and therefore their mandate is driven by the owners of capital. There was a sense that Africa needs to raise its own capital to drive its developmental agenda. Again, this category was not highlighted from the MNE HQ perspective, for whom financing is not the issue, however totally governed by the investment framework on whether to invest or not in Africa.

However, the subsidiary participants had concerns pertaining to this category. The first concern centred on the perceived difficulty in accessing DFIs who are concerned with containership projects -as they look for scale. Participant-12 mentioned that the easiest part of the process is obtaining funding from, for example, the World Bank, as part of the hard labour is already complete. The second concern was that regional DFIs tended to focus on mega infrastructure projects, which are critical, however the DFIs neglected the development of the SMEs in Africa (Participant-10,12). There was also a sense that the money channelled into Africa for development aid could be better used in driving development, rather than funding for the sake of funding, as articulated:

> "*So, I sometimes have the feeling in Germany that our development aid is basically*, [how should I say]*, we feel a bit guilty, we feel sorry about Africa and we give them some money and then we feel better. I'm pretty sure that we could achieve more with less, but money which is really allocated to the right projects*" (Participant 10).

Even though Participant-1 was of the view that Africa must raise its own capital to develop itself, Participant-10 was of the view that "… the Western world needs to continue to support Africa's development and industrialization". However, it was emphasised that all the resources are to be put to productive use as corruption was also a big hurdle in some of the projects that are executed in Africa (Participant-10).

The DFI participants also agreed that there is a need for flexible financing, citing that, "…flexible capital is very difficult and it's not in the realm of corporate social responsibility … so, I think we really need to think about who and how we can provide that financing" (Participant 6). There is also a view that DFIs can provide a de-risking mechanism for the private sector as an organising principle (Participant-1). Participant-3, however shared that he does not think money is really the bottleneck, but, "it's more the rest of the story" [which is the poor investment climate]. Most of the DFI participants agreed that DFIs are a lender of last resort as they take more risk than commercial banks as their mandate is development. (Participant-6,8,13,14). However, DFIs also need to balance development with financial sustainability:

> "*So, we call it our twin pillar approach to development, right. So, one pillar is development impact, the other pillar is financial sustainability, and I am not even talking profit, financial stability*" (Participant 8).

5.5.5. Institutional support

Industrialization will not happen in a vacuum, *"…somebody needs to establish a base for this industrialization*" (Participant 11). There was a sense amongst all participants that the state has a huge role to play in driving development. Among the experts, Participant-1&4 there was a sense that Africa needs a developmental state and that the notion that things are to be left to the markets was an illusion, indicating that even the now developed nations had a very strong state intervention at the beginning that catalysed their industries,

> "*You find that pre-colonial industrialization was actually championed by the governments. This is the same model that the first world used to develop their industries. That's why we used to have these railway and steel companies, owned by the British government. The same applies in the US, the same applies even with the Asian Tigers; Malaysia, Indonesia, Taiwan, there's been a strong involvement of government in supporting the industrialization process*" (Participant 1).

There was also a sense that policy must be backed by financial resourcing for it to work, as articulated below:

> "*So, in my view at the policy level we need to clear policy, and those clear policy should be supported by money. By this I mean, if a government comes up with a policy to promote the development of a sector, in their budget, the national budget there should be a budget line to support the implementation of that project of that a policy*" (Participant 1).

The same views were also shared by the subsidiary participants, in that industrialization needs strong institutional support and the governments have to play their role well and Participant-10 articulated, " I think first of all you need to really have a government initiative to support local development in a much more structured way than we have today".

The government needs to understand that they have a duty to provide infrastructure that will promote industrialization. And therefore, industrialization is not just the responsibility of the private sector, cited Participant-5:

> "*And it's absolutely clear that developing the industry and developing the economy is not only the matter of the private sector and corporates, because if you let it* [be] *so it will lead nowhere. It will lead to undue management of wealth, so, the political will and the capabilities and to apply the will that's absolutely fundamental and you don't see it in all African countries today*" (Participant-5).

Institutional support is not only from the home-country government, but the MNE home-governments can play a role, cited one of the subsidiary participants. Given the migration issues that is a concern of many of the developed countries:

> "*And you see migration and you see people moving up North because they are looking for, a better future. It's much more efficient and much more meaningful to operate at the source and create value… For Germany, Nigeria is only migration and security, full stop. It means that, don't try to talk to Mrs Merkel about economic development, unless it has an impact on migration and it has an impact on security*" *(*Participant-12).

Participant-12 further indicated that a bigger share of DFIs' funding is from home-country governments and could therefore influence where the money is allocated:

> "*So, everything is linked, so the countries have a responsibility somehow to orchestrate the release to drive the development bank, they are not private institution, they are all financed by countries, directly or indirectly*" (Participant-12).

This view is however not shared by one of the expert participants, who believed that German government specifically has little influence in terms of where the money goes:

> "*The government actually doesn't influence too much the investment decision of German private companies. It's not like in China, where they mobilise companies and get the funding. Even KfW, the development bank, they don't look at it so much strategically. The country that takes the loan from the German Development Bank gets the best value*" (Participant-11).

The DFI participants also shared similar sentiments, citing that governments have to come on board and do what they do well, that is provide a policy framework and also the supporting infrastructure (Participant-6). There was also a sense of despair on the available capacity for African governments to provide the necessary infrastructure required to drive industrialization in Africa, "We do not have the flexibility in the government's here in Africa today, to be able to do the infrastructure that we need to have the growth that we need. It's a critical issue" (Participant-6).

The same view is expressed by Adesina Akinwumi, emphasing the need for institutional support, "The second one is that where you find a lot more success is when the government actually support the private sector. So to your point of public private partnerships are going to be very, very important. Now, if you take for example the case of Ethiopia, Ethiopia's industrial value added grew by 500percent between 2012 and 2018.

What made it different? Ethiopia invested heavily in creating industrial parks, special economic …and enable them with infrastructure.”

5.5.6. Concluding remarks- Industrialization accelerators

In answering the question of how MNEs can engage with DFIs to promote host country industrialization in Africa, the sentiments are, partnerships between MNEs and DFIs would be necessary, however this would not be effective unless the MNE subsidiaries who are in touch with the realities on the ground are able to convey a clear message to the HQs of what these partnerships mean. Although there was a strong agreement amongst the DFI participants for the need for partnerships, a distinction was made on the local and regional DFIs versus the voices of the international DFIs. Even amongst the international DFIs, it was also noted that the participants based at the local offices in Africa were more sympathetic to the cause and the need to look for partnerships that can help drive industrialization in Africa. Unless there is a clear cause and a transformational project that brings the different parties together, this would remain a dream.

Added to the problem was that not all parties are sold out to Africa as an investment destination. If there is to be an engagement that looks at how to promote host country development, it will have to consider carefully how to manage complexity as MNEs by default are complex organisations. This, combined with the complexity of managing complex deals and the availability of human resources from the DFIs, would need to be carefully considered.

Clusters were considered a good way to aggregate and create an environment to host potential investors who might be staying off as there was no structure to host them. Clusters were also seen as important infrastructure that could become a place to create community and bring together SMEs in partnership with MNEs for easy know-how transfer and access to funding. Clusters were also considered as a means to create networks which are largely missing in most of the African countries, and to help private companies who are mostly left heavy lifting by themselves.

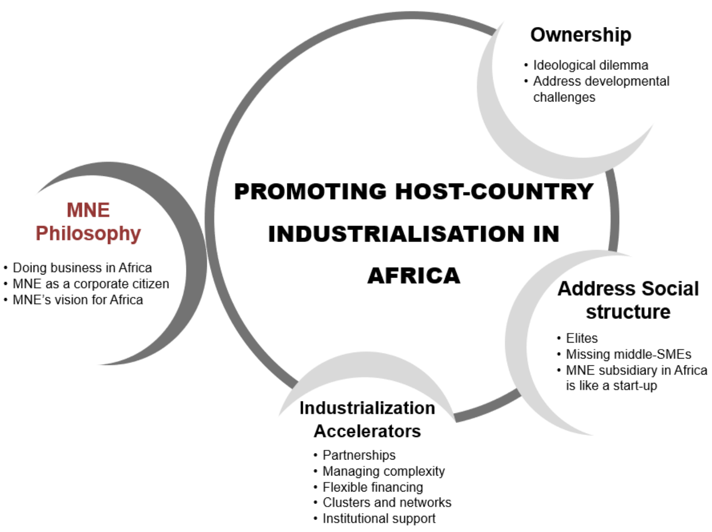
Flexible finance was also cited as an important element in terms of how MNEs can engage with DFIs in promoting host country industrialization. As indicated above, if Africa wants to industrialise, supporting the SME sector is critical. Given the assertion that MNE subsidiaries operating in Africa are no different to start-ups themselves, there is an opportunity to look at how to pair them with local SMEs to support technology transfer, while at the same time building industrial capacity. Flexible financing is therefore a critical element in understanding who will be responsible for what, who takes equity, who provides debt, and who provides de-risking mechanisms for specific projects.

Institutional support cannot be over-emphasised, as indicated in the first theme of ownership, Africa have to ultimately take ownership of its development and put in place policies that support industrialization. As Participant-1 indicated, policies must be backed with necessary funding, whether for human capital development or for providing the incentives necessary to drive development.

5.6. MNE PHILOSOPHY

As outlined above, the theme MNE philosophy is the second theme that will be discussed in answering the research question: how can MNEs engage with DFIs to promote host country industrialization in Africa? Figure 14 below depicts the categories of this theme. As with the theme illusions (extrapolated in more detail later in the document), this theme also sits outside the circle of promoting host country industrialization. This is because it is the philosophy of the MNE will determine whether the MNE will engage or not to promote host-country development. This was an in-vivo generated code and was carried through into a category and into a theme as it best communicates the underlying findings. The two codes that will be discussed under this theme are, MNE as a corporate citizen and MNE's vision for Africa.

Figure 14: Presentation of results by themes-MNE Philosophy



Source: Author's own.

5.6.1. MNEs as corporate citizens

When participants were asked what the role MNEs could play in driving industrialization through partnering with the DFIs in Africa, the responses were mixed. Some participants expressed their doubts about the role of the MNEs in development based on what they have seen in Africa (e.g. Participant-1,3,4,7,8,13).The majority of the participants indicated that at most, when MNEs refer to helping host country development they mean CSR, which is seen as a public relations exercise rather than a means for contributing to development (Partcipant-4,8,13). The response from some of the MNE HQ participants was straight to the point, that the expectation that MNEs were going to contribute to development in Africa was probably misaligned and that rather, the focus should be on attracting medium enterprises that are looking to grow outside the boarders of their home-countries (Participant-7). This is mostly because MNEs are spoilt for choice in terms of where to put their investments:

> "*I don't know if the multinationals are those companies to attract first. Because they are multinational, they have many opportunities to invest… Every government in the world is knocking on our door and asking if we are willing to invest in their country, so there's a huge competition because it's so attractive. It's not just for us, but most multinationals*" (Participant-7).

From the experts' view, some of the sentiments that came through is that MNEs have a tendency of not contributing to the local industry and tend to bring in resources from their home-country, even when there is an opportunity to develop a local industry and their inputs (Participant-1,4). Some participants made examples with the mining companies operating in Africa and questioned the contribution they make in development (Participant-4,8). Participants also expressed that at most, MNEs talk about CSR, which means building a school or a clinic (Participant-4,8,13). Narrating how MNEs are not part of the local community and not identified as corporate citizens:

> "As *long as we see them as multinationals coming from outside and not being part of us, that is a problem. But if, on the other hand, we start by saying multinational companies in our countries* [are] *our corporate citizens, let's introduce the concept of a corporate citizen. What are the obligations of a corporate citizen? It's not only in terms of paying the taxes, or it's also developmental, because where they come from, they are corporate citizens. In Germany (and this is the reason why the German economy continues to be the strongest economy), if you look at Germany,*

including their technical colleges, these are linked into the multinational companies" (Participant-4).

The submission is that MNEs in their home-country are corporate citizens, however, they behave differently in Africa (Participant-4). Participant-8 expressed that MNEs are satisfied with just donating computers and that CSR as a concept was more about silencing the conscience of the MNEs operating in poverty-stricken communities:

> "*…who came up with the idea of corporate social responsibility? It is not us, it is the same companies, because they saw poverty around them and they said, in order for us to be good corporates, we must be socially responsible*" (Participant-4).

Participant-10 expressed that MNEs could create more impact if CSR money was channeled towards development. Expressing his frustration, Participant-10 articulated, "The guys responsible for our CSR activities, they think differently. They come from an intellectual social world, they, they are like living on a different planet. You can't talk to them. It's impossible. They are these 'we save the world people'. Yeah. I mean they speak a different language, they're completely different. It's impossible. I mean, I tried several times."

Participant-4, expressed, "If you look at Germany, including their technical colleges, these are linked into the multinational companies. When you finish there, you already have a job there, because you have also been doing, you know, training, therefore you go and work there. So, it's a different thing. You don't find that in Africa. In Africa, if they are going to do that, then it's a question of maybe donating computers because they are not corporate citizens. We are seeing them as outsiders, but in their countries, they function as corporate citizens."

And this was further corroborated by Participant-11, who stated, "In Germany for an example, the industry is actually paying about 30 billion euros per year to educate these people, young people. It's not that they're not expecting the state to do, you know, the state is just doing some theoretical training for them and give them the diploma. But in a way, it's not just the state that should do it because that was the case in the past where the state was just educating people and not looking at the market. And so there needs to be some, but it's also always related to the local context" (Participant-11).

According to the Germany Trade and Invest, in 2017 Germany had over 1.3 million youth in vocational training and typically 74 percent of those in vocational training get absorbed by the companies hosting them. According to the Federal institute for vocational education and training- the major part of the funding is provided by the companies themselves, while the other part is provided by the state and the individuals themselves. This is motivated by the goal to reduce unemployment and the demand on the social systems. This cost was placed at 27.2 billion euros, confirming the rough estimate provided by Participant-11 above.

The sentiments from one of the subsidiary participants was that MNEs used to have an apathetic attitude that has somehow changed over the past two decades. Companies were now driven by high sense of purpose with the total value to society KPI taking a prominent place (Participant-12):

> "*We have no choice but try to create as much value as we can for ourselves and for the people around us. I can't see any other option, the easy way is the way out, yes. But as a multinational, if we see the change that I've seen for the past 20 years on multinational being the 'don't care', all the way* [to] *now when you look at all the CEOs, […] they are all driven by a very high sense of purpose and the companies are more and more driven by a very high sense of purpose. It's still about making money, yes, but that it's not about making money for the sake of making money and that's where that total value to society type of KPI becomes very prominent. So, if you follow this and if you believe in this, it is not bullshit*" (Participant-12).

Participant-12 expressed that there a need for MNEs in Africa to show that their actions are not predatory and, in that respect, walk the talk. Expressed a sense of hope that things were changing, albeit not yet there.

> "*I don't think we are there; I don't think we are there from a total multinational perspective. So, we are still very much perceived because we don't explain to people, and we don't walk the talk and still perceived as predatory in some geographies and only interested by, by short term stuff. […] We have a long history of not creating value in country for the country. And not even going back to colonial times, not even. I have seen things changing. And maybe because of my years in Asia, when you go to our company in Thailand or Bangkok, it's not, it's not a German company anymore, it's a Thai company. It's a Thai company by mindset and by essence. In Africa, we are not there yet. And we have the responsibility and a lot of my work is to really go out there and explain why we* [are] *in Africa*" (Participant-12).

The views from the DFIs were mixed, where in some instances there was a sense that MNEs were forced to look beyond their core business and support the entire value chain where they do business,

> "*…they are forced in thinking larger not only in their core business. But they have to make sure that there is a kind of overall improvement, which starts with qualification, or qualification of own staff but also qualification of suppliers. So, I think there is an interest in not only setting up your own industry. But in setting up the whole infrastructure around, and in supporting suppliers, and whoever is important to run your business smoothly in supporting and educating them*" (Participant-3).

Similar sentiments about the reluctance of the contribution that was made by MNEs in host-countries was also shared by some DFIs participants,

> *"I don't think that when you build a school that you did a good deed, I'm generalising. And I'm talking down a little bit, which I don't like to do. But I hope you understand where I'm coming from. A lot of businesses see operations in Africa as a bit of a trial and error and may not necessarily really put it on the same radar or strength or link as they would with other parts of the world"* (Participant-13).

And reflecting on the South African experience, Participant-8 commented:

> "*So, if you look at the mining sector, the social labour plan as an example, some of the things the mining companies do, I mean, it's ridiculous the stuff that they do and it doesn't really change anything and that policy was meant to change the lives of people, especially in the mining towns. And they will build the clinics and they would do this and they'll do that. But the key thing was as soon as the mines closed, that town becomes a ghost town. So, what have they really done? Have they done any development? So, the issue around the social labour plans should change. It shouldn't be about building clinics and hospitals*" (Participant-8).

5.6.2. MNEs vision for Africa

Albeit the skepticism around what the contribution of MNEs could be when it comes to engaging for host country development, there was also a shared sense that MNEs can positively contribute (e.g. Participant-1, 6). However, this was dependent on the vision that the MNEs have for Africa as indicated by Participant-1,

> *"I see opportunities, depending on the vision of that MNE in question.* […] *And so if they don't want to integrate their operations with Africa, they'll continue to subcontract their micro enterprises in their home countries or micro enterprises in China, Vietnam or in Taiwan"* (Participant-1).

The philosophy of the MNEs determines what they do and commit to in the region as some of the activities by the multinationals do not support Africa integration, as was cited by Participant-1.

> "*But on the negative side, you find that it depends with the structure and the* ***philosophy of the multinational****. Some of them when they set up shop, they set up shop specifically to supply a certain market. And then they can even have subsidiaries in Africa*…*So, this is one way I see multinationals, but then it depends, because if these multinationals either they've moved to Africa, but they think Africa is either just the market or is a source of cheap labour. So, it has to do with the* ***philosophy of the multinational****. So, they come to Africa for cheap labour or for the market* (Participant-1, own bold).

Some of the interventions that MNEs get involved in, are when there are legal obligations, like Fair Trade that is coming up in Europe, "The one thing that has also created this scramble for these companies to come directly, you know these concepts of fair trade etc., and so forth. There is a lot of literature coming up. I've read it but I have not made my conclusions" (Participant-1).

A similar sentiment was shared by Participant-11, who said, "companies are under pressure, I mean there are some political movements, for example, there's a new law on the supply chain [fair trade]". Participant-15 further confirmed that some MNEs were under pressure, "I think the social obligations on their part have also spearheaded them in a direction where they want to seek partnerships".

And from the MNE HQ perspective, business decisions come once an opportunity has been identified and considerations regarding the safety of pursuing such an opportunity have been taken into account (Participant-7). Further stating, whether an MNE is from

Asia or Europe, the mentality is the same as business managers are taught by the same professors.

The views expressed by the subsidiary participants were that, as MNEs operating in host-countries, they have an enormous role to play (Participant-10, 12). Sentiment expressed by Participant-12 that strategies regarding addressing socio-economic issues are not perfect and a sense that they are not understood by everyone within the company. However, can make an impact in terms of the know-how of which MNEs have plenty. Participant-12 further expressed that MNE contribution in host-countries might not be measured in terms of jobs but have a bigger contribution to make in collaborating with local and international institutions, "…we have suddenly a bigger contribution. It's not measured in terms of jobs, that if we were able to open ourselves up as we do and connect with academia and then immediately, we have an impact" (Participant-12).

Participant-12 expressed that," authentic relationships with local stakeholders will be a challenge if you are not able to show commitment". Narrating the same sentiments as expressed by Participant-1 above on the importance of the vision and the philosophy of the MNE for Africa, this is what Participant-12 expressed that, "The CEOs and maybe let me say the board, I think have a genuine commitment about Africa. Now when you go down to the operating divisions where the money becomes a focus very, very quickly change…" (Participant-12).

DFIs expressed hope that if MNEs had the commitment, there was an opportunity to not only create spillover effects in the markets in which they operate, but also help build the value chains and thus creating an ecosystem for the SMEs. "So, I really do think that MNEs have a role to play with regards to all these value chains. That's just in terms of investment and creating opportunities for an ecosystem of SME" (Participant-6).
As if making a plea, Participant-6 further commented, "I think we need MNEs to start thinking strategically about the investments they're making". MNEs could look at prioritized investments and bundled assets, as some governments in Africa do not have the flexibility to deliver the infrastructure that is required to achieve the growth that is needed (Participant-6). There is also a "need to work out a conversation that says, how do we really collaborate to tackle transformational projects that Africa need…? And it would be nice to frame this in a business conversation and not CSR conversation. We need to have the private sector think more long term'' (Participant-6).

5.6.3. Doing business in Africa

Although this category was not shared broadly across all participant groups, there are some key take-aways that are worth mentioning. Participant-1 indicated that although the investment climate is a prerequisite for investments and industrialization, he noted that even though Zimbabwe as a country had undergone tremendous challenges over the past 20 years, there are companies that have no international links and have continued to survive and expand in that environment. In Africa you must create markets for yourself and for that you must be very creative, noted Participant-3. And continued to note, how the lack of order and the fear of the unknown scares off investors that love order. Participant-11 made an example of a mid-size engineering German company that operates in 50 countries in Africa and said:

> "*They are very flexible and I think this is the right approach also for any larger organisations and company, to be very open for partnerships and have a very transparent low hierarchies as you need this kind of organisation I think to be successful in this market*" (Participant-3).

Participant-14 from the DFIs noted that you need stamina to operate in Africa and the importance of being on the ground if you are to successfully navigate Africa. He made an example of the recent clashes in Nigeria which prompted their HQ to be concerned with their safety. He mentioned that however being on the ground, they had a different reading on the issues, unlike someone reading it on the news:

> "*You must have someone that you trust in the market to look at day to day activities and to feel the climate. So, there are protests going on and all that, but when you read about the protests from another place from Europe, the killings going on is different when you're in the country, and so you're feeling it. From the head office, we need to close down, you need to go back to France and we're like, it's not as serious here, we are here, things are calm, you know. But from outside which is also one of the things we do with the head office, the head office will always say, what do you think? Yes, we can see the numbers and all that, but really what's your judgment? You have to be on ground to call that judgment, that is a very important fact*" (Participant-14).

Referring to the same incident in Nigeria, Participant-14 reflected the same, that HQs are quick to want to protect their expatriates, which signals the lack of embeddedness in local communities,

> "*And, look how many people in the past ten days, have asked me, do you have an evacuation plan. Hallo, okay. Okay, I'm very cautious and conscious about my own*

> *safety, but, you know, we are 99percent African people in this company […] This attitude is still very vivid. And I'm not suicidal, but if you have a company where all the expatriates are flown out of the country, as soon as something goes wrong, what image do you project to the key stakeholders in the country (Participant-12)?*

And closing off Participant-12 from the subsidiary indicated that as MNEs, they have no choice but have a strategy for Africa and highlighted that MNEs cannot be driven by purpose and not be in Africa, citing:

> *"Africa has a large enough population that you can't… ignore them. And, and I think it's the way you deal with Africa, which will make the difference. Some of them again would just ignore it, or they just don't want to know that, and just in there because I need to have it in mind, in my vision statement,* ***others will just learn how we do business in Africa for Africa and be successful down the road*** (Participant-12, own bold).

5.6.4. Concluding remarks- MNE philosophy

In answering the research question, how can MNEs engage with DFIs to promote host country industrialization, the overarching from the MNE HQ perspective is that, industrialisation will not be driven by MNEs in Africa. And as such, the focus should rather be on attracting medium enterprises looking to expand to other markets, but most importantly, Africa have to build capacity from within. This view was also shared by some of the international DFIs, especially participants not based in host countries. The view from the experts and other DFIs participants was that of cautioned optimism, thus, saying, it will depend on the philosophy of the MNE, the vision that the MNEs have for Africa. The question was whether MNEs in host countries see themselves as corporate citizens or not. As seen with most of the themes, the view from the subsidiary perspective was an optimistic view. From the subsidiary point of view, they see a role they can play, but also have a sense that more needs to be done to better articulate the role they can play in host countries. Equally important, the view that came through in this theme, that doing business in Africa requires a certain level of flexibility and, therefore MNEs doing business in Africa need to learn to adapt and be successful and there will simply ignore the region.

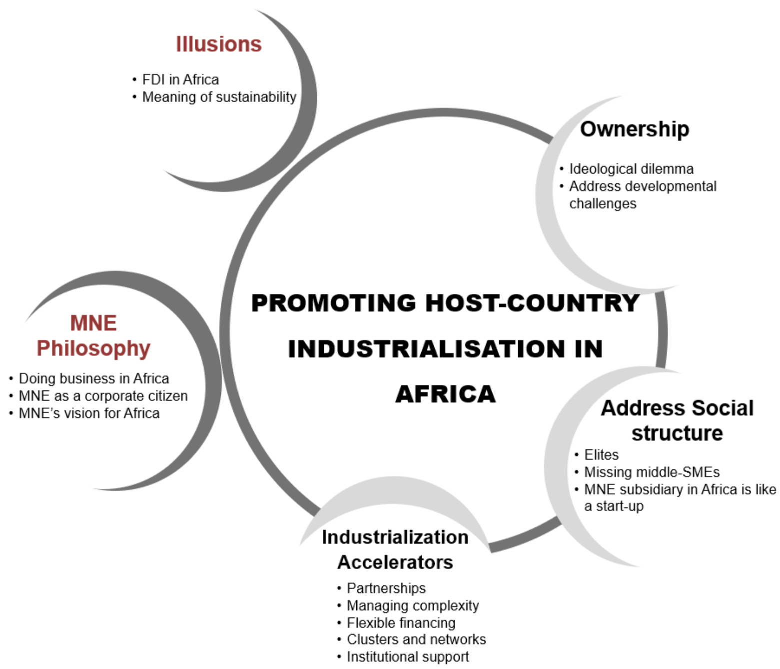
5.7. Theme- ILLUSIONS

The main research question that this study sought to understand was how MNEs could engage with DFIs in promoting host country development. Using the framework of SDGs, with a special focus on SDG-9, which addresses the building of resilient infrastructure and promotion of inclusive and sustainable industrialization, the sub-question looked at:

> Can sustainable development goal nine (SDG-9) can be an organising principle between MNEs and DFIs to promote host country industrialization in Africa?

The theme illusions will answer the research sub-question. This theme was derived from the two main categories: Foreign direct investment (FDI) in Africa and the meaning of sustainability. This theme was termed illusions as the sentiments amongst the participants was that FDI and sustainability goals by the MNEs will not drive industrialization of Africa. Therefore, using a simple model as depicted in Figure 15 below, the theme illusions has been drawn outside the circle, which means this will not be the driver for industrialization.

Figure 15: Presentation of results by themes- illusions



Source: Author's own.

5.7.1. FDI in Africa will not drive industrialization

The participants were asked whether the UN SDGs, especially SDG-9, offered an opportunity for industrialization in Africa given that many MNEs were signatories to the UN global compact and therefore bought into the notion of SDGs. The expert’s Participant expressed:

> “*What I've seen is many African countries still believe that it’s the foreign direct investment (FDI) that is going to come and help them move forward. But when you look at numbers on foreign direct investment you find that a big chunk of it is going into extractive industries*” (Participant-1).

And similar views were also expressed by Participant-11, stating:

> *So, it's something about the structure. Some figures, I mean of the German investment in Africa, is just flat. It's just not going anywhere, while the others really, I mean it goes up and down. They sort of follow the trends you know. Maybe also luxury because so far, the German economy in the last 10-15 years has been doing very well and being very busy.So there was no need to expand into new markets. Why would you invest the little resources you have, the people you have, in new markets that are very difficult where you don't know what's going on?* (Participant-11).

Participant-11 further expressed that the structure of African economies was such that further development would be required before there could be an increase in investment mainly German companies. But also submitted that maybe German companies in particular may “never come in because there’ll be too late, you know, because they would have missed the chance, that is also possible” (Participant-11).

Africa cannot expect ‘outsiders’ to drive Africa industrialization and this must be driven within Africa by Africa (Participant-11). This tied in with the theme of ownership that Africa has to take ownership for its industrialization efforts. One of the participants commented:

> “*I really don't think that Germany or European industry needs to save or to develop the industrial base in Africa, it could be also like the Moroccans, Northern Africans or South Africans or the Indians, you know, and then Germany and Europe, they will play their role, you know, like, maybe just being a supplier, you know. It's maybe this expectation, that sort of this industrialization that Europe was lucky enough to experience that you can replicate it the same way with the same players, you know, it will be different*” (Participant-11).

Participant-11 further warned that if industrialization is expected to happen through FDI, the continent might end up like Hungary, whose economy is so highly dependent on German investments. Instead, the focus should be on building industries with local African champions.

From the MNE perspective, Participant-5 summed it up as “difficult to run faster than the music”, emphasising that Africa must play the music that the MNEs will dance too, in sync. Further, Participant-5 noted that so far Africa was considered as a source of critical resources or a market for excess products produced in plants around the world. This sentiment was equally shared by the subsidiary Participant-10, who noted the influx of Chinese FDI in Africa, but questioned the motives and if the investment was actually creating and leading to industrialization and technology transfer. There is a sense that Chinese investment in Africa is a scramble for raw materials:

> “*I mean for me, they will own Africa.. The best example is this port in in Sri Lanka which was taken over by Chinese after Sri Lanka couldn't pay the debt any longer. And that will happen in Africa. They want to secure their raw materials, they have a strategic thing, they want to partner with African governments, develop a role where basically, the ultimate target for the Chinese is not developing Africa, but creat*ing *a dependence of African governments on China. That's their target.* (Participant-10).

The same sentiments were expressed by one other subsidiary participant who expressed, “I mean you can question whether China is bringing any value to Africa, that's a different topic” (Participant-12). The same sceptism on the FDI coming to Africa was also raised by another participant, stating, “China, I think is investing a lot in in Africa, mainly they, let's say, I think my assumption would be a little bit that they are a little bit also selfish, because they rely on the, let's say, on the resources that of which there are a lot in Africa” (Participant-9).

5.7.2. Meaning of sustainability

The framing of the research sub-question can SDG-9 be a driver for industrialization in Africa? was informed by the fact that a number of MNEs are signatories to the UN SDGs. Some were even involved in the crafting of the UN’s SDGs. And given that the most of the SDGs studies were around environmental issues (as outlined in Chapter 2), was curious to understand how different SDGs, particularly SDG-9 as it relates to driving industrialization were translated into MNEs strategies. Especially in regions like Africa whose industrial base still requires development.

Again, the sentiments were, SDGs are good on paper, however, there should be no expectation that Africa would benefit from the SDG-9 to be a driver for industrialization as Africa has no ownership of these SDGs. And those that have ownership, are not doing anything in that respect.

> “*The problem we have is that even when you look at SDG-9, what we call the compact, it is them again which have influenced how it is structured. We have no input at all in what is called SDGs. No, they didn't come from us. That's why if you look at this, they are not implementing them in Africa, because there is no ownership. So, I am going back to my favourite theme, to say that we must have, we must take the intellectual ownership, pragmatic ownership of what we're discussing, it cannot come from outside*” (Participant-4).

The website of the MNE on which this case study is centred, confirmed that it actively participated as a member of the working group in the development of the SDGs, corroborating the statement made by Participant-4 above. Further, the website highlighted the SDGs that the organisation is fully aligned with, include SDG-9. Participant-4 strongly felt that the reason there would be no strong commitment was because MNEs were not corporate citizens in host-countries and therefore did not exhibit the same commitments they have for home-countries.

> “*So, if I were to look at SDG-9, I would simply say, high sounding as it is, we must go back to basics and say, are they corporate citizens? And if we say corporate citizen, then we define exactly what a corporate citizen will do. We will also look at what they do as corporate citizens really from where they come from*” (Participant 4)

The sentiment expressed by Participant-4 above was shared by an MNE Participant-7, who, when asked what SDG-9 meant for them when formulating strategies stated, “I can't comment too much more because I don't know those issues” (Participant-7). Participant-9, who was responsible for the Global strategy for an operating division in sustainability, summarised what is currently reflected in their strategy as far as the SDGs are concerned:

> “*I would call it mega trends or drivers we addressing, that the first one would be to* ***reduce carbon dioxide emissions****, the second one would be to* ***prevent waste and littering****. And the third one is the one I mentioned before also is* ***careful resource consumption not to waste resources****”* (Participant-9, own bold).

The participant further stated:

> “*I don’t know if in our report if we address all sustainability development goals, but what I have seen also in my research now what competitors are doing and what customers are doing, usually, most of them focus on a few, not all of them, but a few where they can really contribute something*” (Partipant-9).

The focus for sustainability is mainly on environmental and sustainable consumption and production. The focus is mainly in Europe as that is where there is a strongest pressure from the legislation point of view, with the European green deal in place.

> "*I'm currently a little bit Europe focused as that of course, I'm here and what we see if you compare, for example, our three big regions, Asia, Europe and North America, the dynamics regarding sustainability are the biggest in Europe and the most dynamic ones in Europe. Yeah, and that's why we are lot Europe centric still currently because what we saw in the past that for example, China quickly followed but adopted a lot of things that were developed in Europe*" (Participant-9).

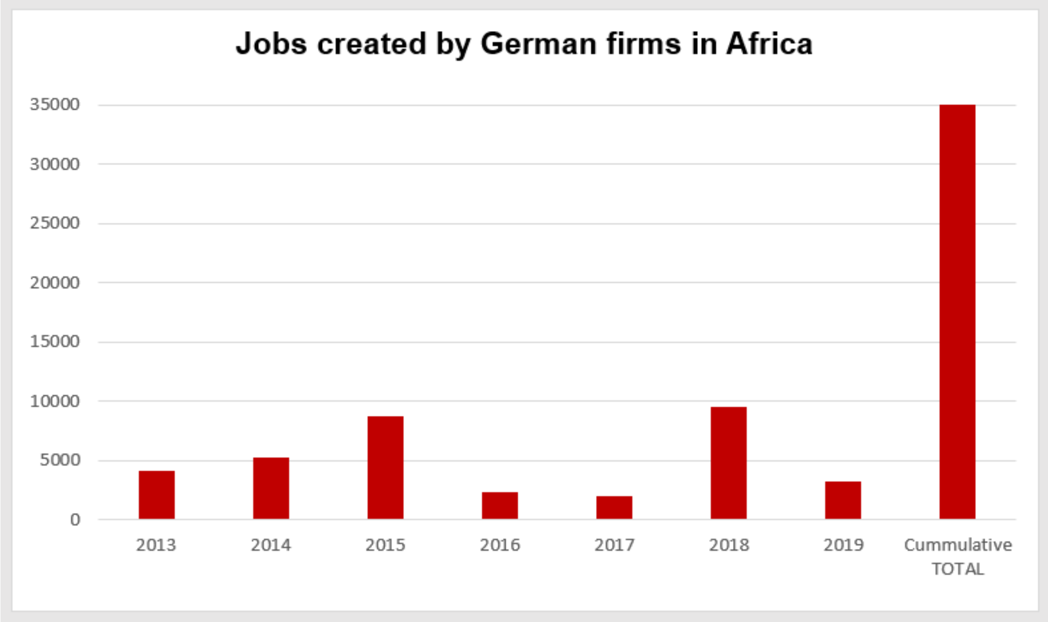
The focus on the sustainability topics was directed where there was the biggest pressure from the home country perspective, "*And what you also see still, maybe I'm a little bit biased because I'm currently so much focusing on the circular economy, but with a strong focus on the environmental aspect because that's the biggest pressure we get currently as the industry*" (Participant-9).

One of the issues with sustainability initiatives is ensuring economic sustainability with the initiatives that are taken and that is where some of the pressures come from, with Participant-9 further stating, "…I am now also challenged by my boss, how do we really earn money with that yeah and then it comes back again, to how can we benefit…?".

There was an acceptance that the contribution of MNEs in terms of creating industries that will bring employment was limited and that a greater contribution can be made by MNEs in the area of knowledge transfer as cited by Participant-12:

> "*It didn't take me long to realise that we will never have a tremendous impact in terms of job creation, even if we created dozens of jobs and thousands of people to get access to proper health care, fine. But I am scared in a continent like Africa, it's not even a drop in the ocean. So, it's good, but it's not sufficient. Now, when we were looking around on asking ourselves the exact same question, where can we have an impact? You know what we have, we have know-how and we have plenty […] I think that the multinationals have a responsibility in terms of knowledge transfer and it's so easy, it doesn't cost anything. It costs a bit of time and a bit of resources, that would be for me the number one thing that they can do*" (Participant-12).

The graph below depicts the number of jobs created by German FDI in Africa. This validates the sentiments expressed, that MNE contribution in creating jobs is insignificant, especially when considering German FDI, but rather technology know-how is where the impact can be made.



Source: Generated with data from FDI Intelligence

5.7.3. Concluding remarks- Illusions

The theme was termed illusion as from the participants, it was clear that an expectation that through the SDG-9 could be a driver for industrialization was just an illusion. Linked to the previous theme of ownership, it was clear that any industrial development that could happen in Africa would have to be developed from within. As participants indicated, bulk of the FDI coming into Africa is extractive and some participants questioned whether the presence of China's FDI in Africa was leading to any industrialization.

Although there are 17 SDGs, it was clear from the participants that the focus from the MNE is on SDGs that relate to the environment as that is where the biggest pressure was coming from in their home country, as such, SDG-9 was not even on the strategic discussion. It is therefore clear from the data presented above that SDG-9 will not be a driver for industrialization in Africa unless there is a shift in the mindset and the philosophy of the MNEs as will be discussed below.

5.8. Conclusion and summary of findings

This study sought to answer one research question with one sub-question. In answering the main research question, how can MNEs engage with DFIs to promote host country industrialization in Africa, the principal findings presented above are summarised. First, the study found that, what is critical, and key is that Africa takes ownership of its development. As unless the right investment framework is created, Africa will find it difficult to attractive investment, except that which is looking for resources in Africa. Secondly, the study found that the focus for Africa should be on building the SME sector where the biggest impact will be in driving industrialization. And considerations should be made to create an integrative infrastructure that can host both SMEs and MNEs to create a sense of community. And key to that is the submission that MNE subsidiaries operating in Africa are no different to start-ups.

Fourthly, managing complexity and available flexible finance is key in managing successful partnerships between MNEs and DFIs. And lastly under this research question, the findings were, Africa offers opportunities, however MNEs operating in Africa need flexibility and learn how to do business in Africa. The MNE philosophy will determine whether partnerships could be forged between MNEs and DFIs. For MNEs that identify as corporate citizens and have vision for Africa will redefine their CSR activities to have a developmental impact.

In answering the research sub-question, can sustainable development goal nine (SDG-9) can be an organising principle between MNEs and DFIs to promote host country industrialization in Africa? The principal findings, firstly, it is an illusion for Africa to be believe that FDI will address industrialization, however what is critical is to mobilise from within. Secondly, SDGs look good on paper, but the priority is where there is the biggest pressure from the MNE's home country. This following chapter will therefore unpack the findings in relation to the theory presented in Chapter 2.

Chapter 6 Discussion of results

6.1. Introduction

The previous chapter presented results providing support of the data gathered through the interviews and secondary sources. This study sought to answer the question of how MNEs can engage with DFIs for host country development in Africa as the main question. The sub-question sought to understand if sustainable development goal nine (SDG-9) can be an organising principle between MNEs and DFIs to promote host country industrialization in Africa. The study aimed to answer Buckley et al. (2017) call, which challenged IB scholars to understand how MNEs interact with external players, as collaborative engagements can contribute to host country development while achieving their own strategic goals. These interactions are complex and multifaceted and therefore important to understand the external environment in which MNEs operate (Doh et al., 2015). One of the concerns of IB studies is understanding the interrelationships between the firms and "international or foreign environments in which the firm operates" (Kolk, 2016, p. 3). And Kolk (2016) lamented that studies focusing on sustainable development have not received the necessary attention. It is in this context that this study was undertaken.

The findings to the main research question on how MNEs can engage with DFIs for host country development in Africa was that the engagement can happen, albeit complex as Doh et al. (2015) posited. This is because the overarching sentiments from this study were that Africa needs to take ownership of its development and resolve the ideological dilemma of how to drive industrialization. The second area that needs to be addressed, according to this study's findings, is the social structure that has allowed the business elites to thrive, while neglecting the critical SME sector, which is key to the industrialization of Africa.

In addressing the social structures, one of the key findings was that MNE subsidiaries operating in emerging markets are no different to start-ups or SMEs themselves. This finding is critical in understanding how the local institutions and governments engage with subsidiaries in host country, because, although they are constrained, they sit with the critical know-how that needs to be leveraged to drive host country industrialization. Findings also relating to the main question identified factors that would be critical to how MNEs engage with DFIs, which will be discussed below. Another critical finding relating to the main research question was that engagements with the DFIs were also highly dependent on the MNE philosophy, that is, how they relate as corporate citizens in host-countries and their vision for Africa.

The research sub-question sought to understand if SDG-9 can be an organising principle between MNEs and DFIs to promote host country industrialization in Africa. As reflected by Vazquez-Brust et al. (2020), literature is biased towards environmental, life on land and sustainable production SDGs, which revolves around just four of the seventeen SDGs. However, to achieve industrialization and economic development in emerging markets, MNEs cannot not shy away from addressing industry, innovation and infrastructure, which is reflected by SDG-9. George et al. (2016) argued the same, that SDG-8, 9 and 12 are in the domain of management scholars and that achieving these goals calls for "…collective, collaborative and coordinated effort" (p. 3).

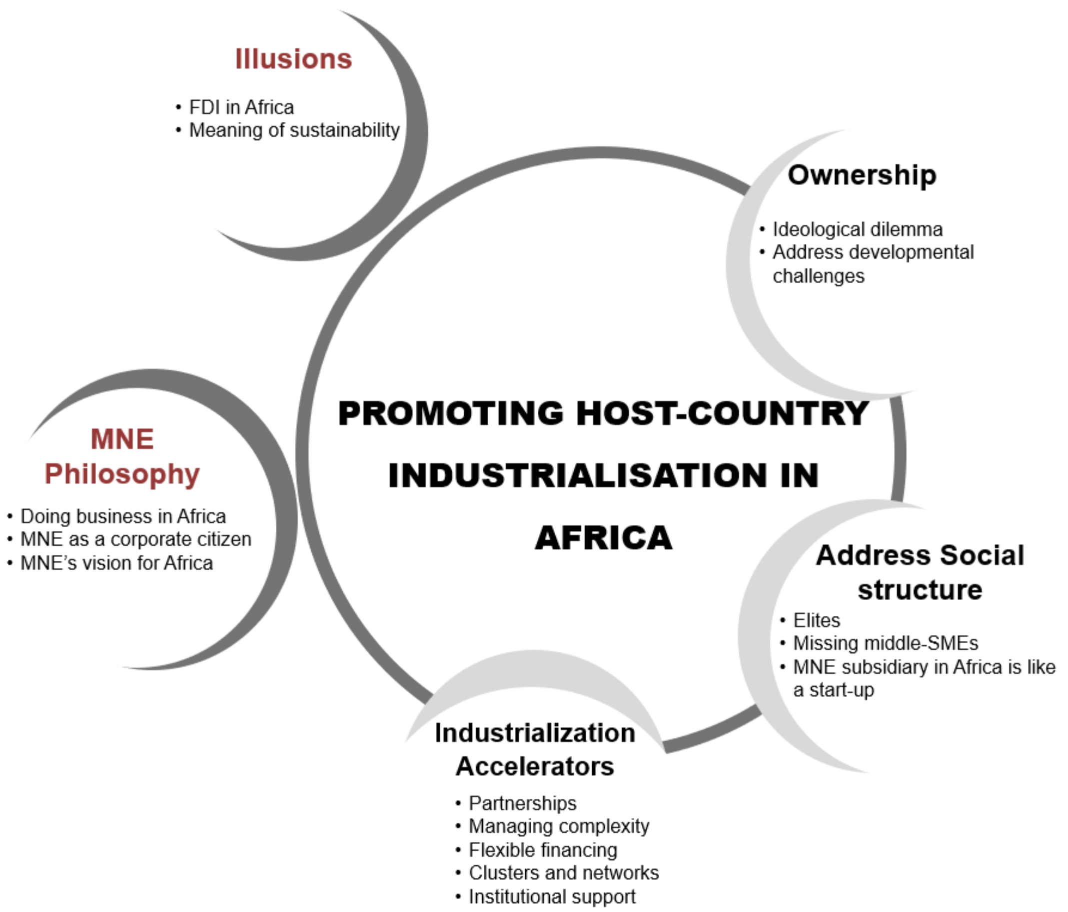
Muff et al. (2017) noted that MNEs have access to technologies that are required to address socio-economic issues, and through collaboration lies an opportunity for the MNEs to extend their businesses beyond just developed countries, but also in the emerging countries. Collaborations would allow MNEs to minimise the risks that they would have to take were they to go at it alone and effectively accelerate their growth potential in markets that would have been difficult to access by themselves (Boddewyn & Doh, 2011; Dahan et al., 2010; den Hond et al., 2015; Dorobantu et al., 2017; Liedong et al., 2017; Vazquez-Brust et al., 2020). It was in this context that this sub-question was raised, to understand if SDG-9 can be an organising principle between MNEs and DFIs to address industrialization in Africa.

The main finding to this question was that it is an illusion to believe that SDG-9 could be an organising principle between MNEs and DFIs to promote host country industrialization in Africa. This is because SDG-9 was not even on the strategic plans of MNE in the case study. The focus was on environmental SDGs, where there is pressure from the MNE home-country. Grouped under the theme, illusions, FDI in Africa and the meaning of sustainability will be discussed.

The findings are summarised as themes in Figure 15 below and will be discussed under each research questions. The first two themes that will be covered in this section are: ownership and the need to address social structures. These two themes summarise the findings of the background question that was asked as an opening question to all the participants. Participants were asked to give their perspective on Africa's industrialization, the sense of where it was and the challenges it faces. The aim of this question was to get an overall sense from each of the participants on their perception of industrialization in Africa. There are emerging themes that were not part of the literature presented in Chapter 2 and will therefore be discussed using relevant literature to bring understanding of the findings in relation to theory. As noted by McCracken (2011), qualitative research bring with it a much broader view.

This chapter has been organised in four sections; Section 6.2 and Section 6.3 will cover the two themes, ownership and the need to address social structures. Section 6.4 and Section 6.5 will cover the two themes related to the main research question: industrialization accelerators and MNE philosophy. Section 6.6 will cover the last theme, illusions, which will answer the research sub-question. Section 6.7 will draw conclusions, bringing all the different themes together and cover the main findings of this research and how they fit within the existing literature.

Figure 16: Summary of results by themes



Source: Author's own.

6.2. OWNERSHIP THEME

6.2.1. Ideological dilemma

An ideological dilemma is what frustrates Africa's industrialization efforts. This was one of the overarching submissions from the participants in this study. This as Africa's industrialization lags that of many regions of the world. Given the natural resources and the size of population, which means a good market base, Africa could have done better. That said, there is an acknowledgement that even though Africa as a continent, it is mosaic, with different cultures, religion and languages (Barnard et al., 2017), as such, Africa's industrialization strategy is not going to be uniform (Morris & Fessehaie, 2014). Post-independence, Africa failed to transform its industrial base even though that was contained in the founding constitution of the AU, then the OAU. At the heart of this failure is Africa's ideological dilemma as leaders experimented with different economic development models, as most pursued import-substitution policies, driven by SOEs. However, these became an appendage for the one-state party government as participant-4 aptly put it.

According to Cuervo-Cazurra, Gaur, and Singh (2019), the ideological tension of who is responsible for driving economic development (that is the market or government) is because of the swing between pro-market and government intervention that has played out in the history of the global economy. Consequently, this pendulum is at work in Africa as the leaders grapple with which model to follow, the Washington or the Beijing consensus, as Cuervo-Cazurra et al. (2019) puts it. The economic development models purported by the World Trade organisation (WTO) have been seen to advance the interest of developed country MNEs (Oetzel & Doh, 2009), thus contributing to this dilemma. Thus the adoption of the pro-market policies in developing countries has resulted in poorly developed industrial policies as they are often mixed with import-substitution ideologies (Narula, 2014).

Africa's colonial history still reverberates with many as the social impact it left is still felt, as narrated by Participant-1. To that effect, part of what fuelled import-substitution policies was the notion that MNEs were an impediment to development (Narula, 2018). However, in most countries in Africa, import substitution failed to deliver the intended outcomes (Narula & Pineli, 2017). There is a need to have a clear ideological stance that provides certainty in the quo vadis of the continent, otherwise if not resolved, this dilemma will cost Africa the much-needed progress in its efforts to industrialise (Participant-1).

6.2.2. Addressing developmental challenges

Creating the correct investment framework, was a point that all the participants agreed to, with a strong sense from Particiapant-7 that irrespective of the programmes and incentives that Africa offers for investments, if the fundamental investment framework is absent, Africa will still find it difficult to close the gaps in its industrialization efforts. Location advantage is still a prerequisite for FDI flows and not only incentives and subsidies noted (Mudambi et al., 2018; Narula, 2014, 2018). Addressing developmental challenges is inclusive of all the fundamentals that need to be in place to drive a thriving economy were the general sentiments from all the participants. These include good governance, the right human capital, political stability, proper management of resources, proper industrial policies and addressing the informality of the African SME sector. The poor investment framework was one of the reasons cited for the poor performance of Africa in driving industrialization.

Luo et al. (2019) stated that, firms that are familiar with high levels of regulations and structure prefer to invest in markets that guarantee some stability. These sentiments were strongly shared by the multinational enterprise (MNEs) Participant-7 and Participant-5. DFI Participant-3 and expert Participant-11 also shared similar views, where an emphasis was made that German companies are used to structured environments and would ordinarily avoid unstable environments with no structure. One of the strategies that firms employ to deal with institutional voids is simply avoiding such environments (Chipp et al., 2019; Doh et al., 2017b). This also confirms the observation by Cuervo-Cazzura et al. (2015) who also articulated that the development of the host country is critical for development. This combined with institutional gaps, characterised by inadequate human capital development, poor networks and relationships building (Meyer & Peng, 2016) is what has left Africa in a scramble to industrialise so it can create the much needed jobs.

6.3. ADDRESS SOCIAL STRUCTURES THEME

6.3.1. Elites

Elites in society were cited by Participant-1,4, 5, 8, 11,14 as one of the issues Africa needs to address to accelerate its industrialization efforts. There is a sense that the ruling elites, business elites have held hostage many in Africa. This is through the weak institutions and policies that do not benefit the society at large. Business is seen as the one paying the ‘piper to play the tune’ and therefore cannot be given a freehand when it comes to designing programs that would benefit the masses of the people of Africa. The issue of elites in society who prefer to keep the existing state of affairs to protect their interests is also noted by (Dorobantu et al., 2017). The issue of the elites in society is not just an African issue, as Participant-5 lamented the failure of democracy even in developed countries- and cited how bridges in Paris were becoming shelter to those who found themselves homeless. And this is as the inequality gap continued to grow. MNEs themselves were seen as part of the elites, who have to be curtailed by regulations like fair trade to ensure that there is fair treatment of small businesses who find themselves bullied by big business, whether in contracts that leave all the risks with the small players. "Fair Trade is a labelling initiative aimed at improving the lives of the poor in developing countries by offering better terms to producers and helping them to organize" (Dragusanu, Giovannucci, & Nunn, 2014, p. 1). The question is why there would be a need for such initiatives?

Elites were also seen as the MNEs that come to invest in Africa but have no intentions of equipping the locals nor transferring any know-how, as some insist on bringing senior management teams from home-countries and therefore locals are left as general workers as cited Participant-8. Participant-8 further indicated that they use FDI as a way of bullying governments to give incentives, while the long-term benefits for the host country are not good. These views confirm what was noted by (Doh et al., 2017b) who noted that "African business systems are characterised by deep and impermeable divisions between economic sectors underpinned by elite interests in maintaining separation even at the expense of economic performance" (p. 6). This is also noted by Bucheli et al. (2018) who found that, business groups, which were formed to deal with market imperfections continued to operate even when there was a transition towards an open market. The authors put this continued existence of the business groups squarely on the unwillingness of elites to relinquish benefits associated with being connected to these businesses. Therefore, if Africa does not deal with the issue of elites in society, there could be no real change.

Meyer and Peng (2016) offered what might be a solution to curtail political elites, referencing China who formed "state asset management companies" as a way of improving governance while political elites run the affairs of SOEs. According to Meyer and Peng (2016), this is said to have shown some improvements; albeit dealing with political elites only. However, if such elites are not dealt with, MNEs and other firms, in an attempt to deal with imperfect social structures might "create their own reinforcing structural market imperfections" (Bucheli et al., 2018, p. 26). Acemoglu and Robinson (2010, p. 20) refers to this as the iron law of oligarchy, which states, "…it is never possible to have real change in society, because when new groups mobilise or are created in the process of socioeconomic change, they simple replace pre-existing elites and groups and behave in qualitatively similar ways" and hence perpetuate existing structures.

6.3.2. The missing middle-SME sector

The missing SMEs were termed "the missing middle" by Participant-4. However, the importance of the SMEs sector was raised by all the participants with exception of Participants- 8 and 9. The submission here was that, if Africa does not deal with the missing SMEs sector in Africa, discussions on how MNEs could engage with DFIs to promote host country industrialization would not be fruitful. Participants acknowledged that it has been established in most of the industrialised countries that the industrialization is driven by the SME sector. In contrast though, Lorenzen et al. (2020) in what they termed local spawning, submitted that MNEs are to be actively engaged with the local SME community in various forms. They continue to challenge that, "The key strategic issue is whether MNEs will focus only on their well-known competencies of orchestrating global value chains, or they will also undertake complementary activities of engaging with entrepreneurial ecosystem…" (p. 12).

Participant-5 made an example of how France, in comparison to Germany, struggled to grow in the beginning as it was dominated by large firms, noting that a thriving SME sector was needed in Africa. Of concern was that Africa had neglected structures that support the SMEs sector. Critical to this was the issue of funding, incoherent policies and a largely informal SME sector. Kaplinsky and Morris (2019, p. 3) articulated positing that "the problem with SMEs is not that they are small, but that they are lonely."

All the DFIs participants were cognisant of the state that SMEs find themselves and some indicated how they were partnering with private equity firms, venture capitalist and local commercial banks to reach some SMEs. The big concern was that DFIs were not completely available to SMEs as typically their ticket size is in millions of dollars, which automatically excludes a lot of players. DFIs targeted what Participant-13 referred to as "containership" projects, where the sail is already established and just need more "fuel" to go further. As Narula (2014) noted, large firms have a tendency to monopolise the industries and it is therefore important that industrialization is driven by the domestic firms. However, nurturing the SMEs sector is critical as their flexibility means they can be more dynamic to market changes (Kaplinsky & Morris, 2019).

6.3.3. MNE subsidiary in Africa is like a start-up

One of the key findings from this study was that MNE subsidiaries operating in Africa are no different to start-ups as articulated by Participant-12. This was an unexpected finding as subsidiaries carry the brand names of the big MNEs that they represent and are accorded that position of supremacy that comes with the brands they represent. As Participant-12 put it candidly, that from the institutions point of view, “they look sexy”. This is critical as subsidiaries are seen as agents of their HQs and miss the recognition that they can be entrepreneurs who formulate strategies that fit host country environment (Meyer et al., 2020). What this study found was that it was the subsidiary Participants-5 and 12 who felt there was scope to engage with DFIs to promote the country industrialization. And this is because these participants are embedded in local structures and therefore have a real sense of the limitations on the ground as they battle to balance institutional duality or multiple embeddedness (Curchod et al., 2020; Meyer et al., 2020). Through the know-how available to them, subsidiary participants felt there was an opportunity to create new business models that support local industries (Buckley et al., 2017; Doh et al., 2017b). However, their only have “delegated decision rights” or “loaned power” with veto power sitting at the HQs, specifically for financial (Cuervo-Cazurra et al., 2019b, p. 2).

As indicated by Meyer et al. (2020), subsidiaries are seen from the HQ perspective and not as separate units that have life of their own. This was the submission by Participant-12, that as subsidiaries, they carry big MNEs brand names, yet their reality in Africa was no different to that of a start-up, who have to be concerned about the very survival of their business. Because of the big brand names that they carry, they don’t get attention from institutions like the DFIs. They are considered self-sufficient.

In this case, would this qualify as liability of foreignness (LOF) (Meyer et al., 2020; Wöcke & Moodley, 2015)? The view that subsidiaries are self-sufficient was also shared by international DFIs, therefore subsidiaries were not being ignored based on their foreignness, rather because of the perception that they have all the resources they need (Participant-3,6,8,13). Meyer et al. (2020) noted that LOF increases if subsidiaries are dependent on the HQs, as this process might mean it could take time to make decisions which have to be approved at HQ level. Consequently, the desire for the subsidiaries to carry out their nonmarket strategies which could benefit the host countries are thwarted or significantly slowed down. If they were to forge ahead, these initiatives would require HQ approvals (Meyer et al., 2020), which could be futile as HQs would rather look someone else to invest their resources, as cited by Participant-7, MNEs get calls in all countries to come and invest.

The poor development of the industrial base in Africa (Morris & Fessehaie, 2014) means that, business contributions of some subsidiaries are rendered insignificant. Consequently, obtaining the resources required to make a difference in the host country becomes an uphill battle as cited by Participant-10. It was clear from the findings that the MNE HQs were not going to invest in countries where the investment framework was not adequate (Participant-7). Subsidiaries are a critical channel for technology transfer provided there is willingness to do so, both from the HQ and subsidiary perspective (Luo et al., 2019). There is a sense of willingness from the subsidiaries as they seek to strike a hard balance of aligning MNE strategies with the institutional environment (Curchod et al., 2020; Meyer et al., 2020), they however need the support from the DFIs, which might make it easy for HQs to support subsidiary local strategy (Meyer et al., 2020).

6.4. INDUSTRILISATION ACCELERATORS THEME

6.4.1. Partnerships

In answering the question of how can MNEs engage with DFIs to promote host country development in Africa, partnership was one of the stronger themes from the DFIs and subsidiary participants. Narula (2018), citing the example of Australia and Norway, noted that through collaboration with other actors and effective technology innovation it was possible for countries to move from extractive industries into tertiary activities. However, the MNE HQs participant perspective was that if the investment framework was not in place, no one would want to invest unless they were seeking resources that could only be found in Africa, as the African market remains an opportunistic market for MNEs seeking markets. Even though Olsen et al. (2016) stated that in attempts to lower the risks associated with emerging markets, MNEs will seek partnerships, this study found that the MNE investigated showed low appetite for Africa on the basis of a poor investment framework.

There was, however, a submission from Participant-7 that JVs offer an opportunity, but there must be clear understanding of the value that is brought in by the local partner given the complexity of dealing with JV partners. Partcipant-3 used an example of Eastern European MNEs who partner with DFIs not necessarily for funding or technical expertise, but for political protection. This is because most DFIs carry the name of their home government that provide some of their funding. The importance of partnerships with nonmarket players not only provides legitimacy, but also political protection (Dorobantu et al., 2017). And as submitted by the RDT, one of the benefits of interorganisational linkages is leveraging legitimacy through association (Pfeffer & Salancik, 2003).

What is clear is that although many MNEs have adopted the SDG principles, the investment decisions are still guided by meeting the bottom line for organisations. The study found that the DFI participants, especially the local DFIs, were more open to partnerships with MNEs as they see them as a source of know-how and could help in building the value chains required to build an industrial base (Participant-6,8,14). MNE subsidiary Participant-10,12 were more open to partnerships, likely because subsidiaries understand how partnerships improve their legitimacy in host countries (Narula, 2018). There was also a submission that these partnerships were not easy and therefore the importance should be placed on each party to be clear about the trade-offs, articulated Participant-8.

6.4.2. Managing Complexity

In engaging for host country development, this study also found that managing complexity would be critical (Participant-5,8,13,14). The complexity surrounding multiple stakeholders partnerships was also noted by (Dahan et al., 2010). The second complexity issue raised was access to finance in order to drive industrialization (Participant-1,4,6,8,10,12,15). Such importance was noted because DFIs do not see MNE subsidiaries as start-ups, and the local SME sector is not able to access the required finance because of the ticket sizes that DFIs finance (Participant-4,10,12,15). This presents an opportunity for the local DFIs to consider how they bundle MNE subsidiaries that have projects that could support industrialization in partnership with the host country SME sector. Luo et al. (2019) submitted that MNEs must contend with the issue of high complexity in dealing with host country institutions.

Linked to the theme of ownership was the submission that Africa cannot rely on DFI funding to drive its industrialization (Participant-1,3,4,7,9). The sense was that Africa needs to raise its own capital to build its industries. However, some participants, (e.g. Participant-6,8,15) felt that Africa does not have the capacity to raise its own funding as most of the governments in Africa are bankrupt. To this end, there is a need to have flexible financing to finance projects that are aimed at driving industrialization. Participant-6 submitted that flexible financing is difficult and does not sit in the realm of CSR, therefore a need to see how to put it together. Participant-10 citing that money allocated to CSR in Africa could be better utilised in programmes that promote overall sustainability.

6.4.3. Clusters and networks

This study also found that clusters and networks would be important in driving industrialization in Africa. The benefits of clusters, which include innovation, entrepreneurship, job creation and the overall economic development have been covered in literature (e.g. Turkina & Van Assche, 2018) with Cano-Kollmann, Cantwell, Hannigan, Mudambi, and Song (2016) highlighting the need to rediscover the importance of the location. Brazil, Italy and the United Kingdom provide a good example of using clusters to drive their industrialization (Kaplinsky & Morris, 2019). There are attempts by many developing countries to increase their attractiveness by investing in clusters amongst other things (Zhang et al., 2019). In the context of Africa, which is still characterised by institutional voids, geographical clustering is an important strategy to consider (Doh et al., 2017b).

The challenge with the clusters in Africa is that they are largely informal and although some have some elements of dynamism (Kaplinsky & Morris, 2019), there is a need to formalise them and bring in MNEs into such clusters and help uplift the SME sector for host-countries, while helping the MNEs expand their businesses. Empirical evidence shows a positive role MNEs have in the formation of clusters and the impact they have on host countries (Mudambi & Santangelo, 2016). As noted by Lorenzen et al. (2020) MNEs and start-ups need each as they are required for an effective ecosystem. However, the persisting informality means that there is lack of network building in Africa and as such have left companies to 'heavy lift' as cited by one of the participants. Therefore, grouping MNEs with SMEs would create networks, linkages and a sense of community (Narula, 2018).

Clusters would also be critical as a location to host new firms wanting to invest in Africa as some companies wanting to come to Africa found that there is a lack of structures to host them (Participant-12). As highlighted in this study, Participant-12 indicated that they have been approached by other MNEs wanting to set-up offices within their premises, indicating a need for structures that allow potential investors to leverage on existing structures. Chipp et al. (2019, p. 9) describes this as "piggybacking", where companies investing in new territories abroad, would use "another firm's existing local network". Even though piggybacking is seen to accommodate foreign companies coming into new host-countries, it could also be a structure to accommodate local SMEs. Thus, allowing them to piggyback on the networks and structures that exist within the clusters and importantly for knowledge transfer from the MNEs.

Additionally, to address social structures that promote elitism, thus further embedding market imperfections by creating new market imperfections (Bucheli et al., 2018)), a deliberate inclusion of both MNEs and SMEs is paramount. In their study, Chipp et al. (2019) found that networks are an important entry strategy for MNEs looking to bridge institutional voids in emerging markets, which is further highlighted in the findings of this research.

Network creation would be a starting point for MNEs looking for JV partnerships, , because, as Luo et al. (2019, p. 9) noted, MNEs are likely to consider JVs or subsidiaries in locations “where they have stronger economic and cultural links and historical ties.” Therefore, the intentional clustering of SMEs and MNEs could create cultural links that would be attractive for other firms looking to go abroad, solidifying the importance of networks and relationships in doing business in Africa (Meyer & Peng, 2016). Following the agency approach to filling institutional voids (Chipp et al., 2019), clusters would allow for MNEs to partner with the DFIs and other stakeholders to address the challenges of industrialization. It was noted by Kaplinsky and Morris (2019, p. 12) that, “If the current low level of SME development and nascent clusters are to grow and expand into viable and vibrant collectives of exporting SMEs, then a much grander vision of trade and industry integration has to be adopted and implemented.” The statement reflects the need and the urgency to investigate and create clusters that are dynamic and allow for the promotion of industrialization. It further emphasises the need to have a vibrant SME sector.

6.4.4. Flexible finance and Institutional support

The last two factors that were raised in answering the question, how MNEs can engage with DFIs to promote host country development were flexible financing and institutional support. This will be discussed together because of some overlaps. As highlighted by Participant-11, industrialization will not happen in a vacuum, a base needs to be established. The role of the host country governments in putting in place policies that will support industrialization is therefore critical. This cannot be adjudicated to the private sector (Kaplinsky & Morris, 2019).

Developing and implementing policies that support industrialisation is in the domain of host governments and equally, ensuring a favourable investment framework. This is where the role of the DFIs was highlighted as critical in closing that gap. As noted by Mawdsley (2018), an increasing amount of ODA has been channelled through FDIs for the purpose of supporting private companies to drive development. However, some DFIs are self-sustaining which creates a dilemma when choice between profitable projects and financing projects that are developmental (Thorne & Du Toit, 2009).

Of concern, however, was that the SME sector that needs funding the most, was not well supported. In their local spawning strategy, Lorenzen et al. (2020) submitted that MNEs through their corporate venture funds can finance start-ups. This can be done in partnership with DFIs. And as argued by Thorne and Du Toit (2009), the DFIs that have been able to weather the storms and deliver to their mandate, have been those that have learned to leverage private finance. Participant-8, well noted that as DFIs, they have a “twin approach” to development which must consider both financial stability and development impact. This is a conundrum that DFIs have to carefully navigate (Goga et al., 2019; Thorne & Du Toit, 2009). Consequently, this highlighting a need for MNEs and DFIs to engage better.

The role of MNE home government was also raised, as they are in some cases funders of the DFIs. Participant-12 indicating that, the language that German Chancellor would understand, is if the discussion is framed around immigration issues. As this is one of the challenges Germany is grappling with. Participant-11 also highlighted that German government does not get involved in the financing decisions of German MNEs. Narula (2018) cited that with the exception of China, most home country governments are not involved in the activities of their MNEs, however Tang and Buckley (2020) have acknowledged the role that is played by the home country governments in shaping business ecosystems.

6.5. MNE PHILOSOPHY THEME

6.5.1. MNE as a corporate citizen

As outlined above, the theme MNE philosophy is the second theme that will be discussed in this section, answering the question, how can MNEs engage with DFIs to promote host country industrialization in Africa. As depicted in figure 15 above, the theme sits outside the circle of promoting host country industrialization. The placement reflects this study's findings that it is the philosophy of the MNE that will determine whether MNEs engage to promote host country industrialization. The MNE philosophy is determined by how the MNE views itself (either as a corporate citizen or not), whether the MNE has its own vision for Africa and if the MNE has embraced the way of doing business in Africa.

Citing examples of the mining towns in South Africa and other places where MNEs operate, Participant-8 and 13 expressed pessimism on the role that can be played by the MNEs in promoting host country industrialization. The sentiments were also shared by Participant-1, 3, 4, 6 and 7. The section will first cover the discussion around the different views between the MNE and its subsidiary and follow with the discussion of MNE as a corporate citizen and lastly cover MNEs vision for Africa.

One of the findings of this study was that the MNE philosophy will determine whether MNEs would engage with DFIs to promote host country development. There were strong views from the MNE HQ that the adequacy and structures of the investment framework were a "deal breaker", especially because MNEs were spoilt for choice as to where to take their investments, as reflected Participant-7. This is aligned to the observation of Wrona and Sinzig (2018), that the philosophy of the leadership determines if organisation will opt for bridging activities- which is altering the internal processes to the demands of the external environment. And it also holds true that an organisation's behaviour is underscored by the context in which it operates (Hillman et al., 2009; Pfeffer & Salancik, 2003). On one end, also aligned with what was noted by Narula and Dunning (2000), that competition is rife amongst the government to attract FDI to their countries.

The submission from Participant-5, 7 and 11 was however that the MNEs should not be the focus to promote host country industrialization, but rather the focus should be placed on medium companies wanting to internationalise. This is aligned with existing research that firms that are used to a structured and regulated environment would avoid environments with high uncertainty (e.g Luo et al., 2019). In contrast though, Lorenzen et al. (2020, p. 16) have challenged that where SMEs activity is weak, "…MNEs have no choice but to encourage the development of start-ups." However, the subsidiaries were more confident on the role they could play in host country development, however, do not have veto power on financial decisions. The effects of the environment, in this case, the lack of a thriving SME sector in Africa, might not be in the radar of the decision makers (HQs), however this has an impact on the survival and growth of the organisation and therefore important to manage (Pfeffer & Salancik, 2003).

The biggest concern from the subsidiary perspective was that they themselves were operating as a start-up in Africa as outlined above. From the subsidiary perspective there is an appreciation of how these engagements would embed them into the social fibre of the countries in which their operate as noted by (Oetzel & Doh, 2009). However, they find it an uphill battle, as they struggle to balance the business growth ambitions with the lack of support given the insignificance of their business in Africa. Curchod et al. (2020) noted the difficulty for subsidiaries to find a fit between nonmarket and business strategy, as they battle to balance growth and local embeddedness (Meyer & Peng, 2016). Cuervo-Cazurra et al. (2019b, p. 2) sums up well the dilemma that subsidiary have to navigate:

> *"On the other hand, subsidiaries are controlled and supervised by the MNC HQs that, in most cases, is the ultimate owner of the subsidiaries' assets. A key question is therefore how subsidiaries can operate in this space between being embedded in the action and hierarchically controlled. Or put differently, how subsidiaries acquire the mandates, scope of responsibilities and power to conduct their activities."*

Participant-10 indicated, they are "relatively independent to drive few things locally in Africa", however they are limited in the financial commitments they can make. This frustration is as a result of a lack of control on financial resource, which impacts on the ability of the subsidiary to pursue its own strategy (Cuervo-Cazurra et al., 2019b; Meyer et al., 2020). This leaves subsidiaries with no bargaining power (Meyer et al., 2020) at the local level. This was also expressed by DFI Participant-13, noting that subsidiary management was accessible, but they do not have any decision-making powers as financial decisions are made at the HQ level.

Corporate citizenry was also raised, as some participants questioned the very basis of expecting MNEs to contribute to host country industrialization. Participant-1, 4, 8, 13 indicating that for most MNEs, corporate citizenry was demonstrated through their CSR activities, which, according to participants, do not go further than building schools and clinics or donating computers. Participant-4 contrasting his perceptions of what MNEs do in their home countries. Participant-1,4, 8,13 were of the view that if MNEs do not see themselves as corporate citizens within the host-country, no matter how good the sustainability initiates they subscribe to, it would not translate to promoting any development. Moon, Crane, and Matten (2005, p. 7) argued that corporate citizenry is "not only about status, but accountability, legitimacy and participation" and therefore, it comes with obligations that go further than voluntarism.

The framing of the research question was not with the CSR idea in mind, as the consideration was these engagements could result in achieving business goals, rather than being a CSR activity. It was not originally included because CSR is understood to be outside the core responsibility of the firm (Matten & Moon, 2008). However, host country development partnerships are centered within business activities and are mutually beneficial to the participants (Buckley et al., 2017; Oetzel & Doh, 2009). Participant-6 commented that, in working out how to source flexible financing, it would be important that the discussions are "a business conversation and not a CSR conversation". This association of development with CSR is limiting as it assumes one sidedness, where the MNEs are giving and only get a sense of legitimacy as a reward. After all, nonmarket strategy is about finding or considering alternate strategies to create value while dealing with institutional voids (Dorobantu et al., 2017; Mellahi et al., 2016). As highlighted above, there is a certain agility that is required with doing business in Africa. Barnard et al. (2017, p. 8) noted that many companies doing business in Africa operate with "multiple goals simultaneously" with both social benefits and profitability goals. There is there a question of how MNEs can move from being a "…foreign investor to [a] strategic insider" (Luo et al., 2019, p. 20).

6.5.2. MNEs vision for Africa

The second finding to be discussed under the MNE philosophy is the MNE's vision for Africa. Some of the MNEs operating in Africa have not covered themselves in glory and hence there is still a lot of scepticism on what their role they could play articulated Participant-12. Those who operate in the region are viewed to have created enclaves around them, thus leaving very little benefit in the communities in which they operate (Narula, 2018).

Participants-1, 4, 5, 7, 9, 10, 13 articulated that for some MNEs, Africa is not a strategic market and therefore investments are either driven by the resources that can only be found in Africa, cheap labour, or the perception that Africa is merely a market in which to sell excess products produced in developed countries. If those are the motives, the perception is that there are little spill-overs that the host countries experience. These sentiments capture the thoughts by Narula (2014) that although there is a push for FDI with the belief that it would drive industrialization, it is still not clear if FDI does drive development.

For an example, Particiapants-1, 9, 10, 11 expressed some pessimism surrounding the FDI from China, which was largely described as extractive. Such investments were perceived as doing little good for the host countries, as typically Chinese businesses have very minimal interaction with indigenous firms nor local communities as even labour is imported (Chipp et al., 2019). Looking at the transfer of technology by Chinese construction companies operating in Ghana, Osabutey and Jackson (2019) found that that was no technology transfer taking place.

Even though there was a realisation that the attitude of MNEs in how they operate in host countries is less predatory, there is also an acceptance that the embeddedness of some MNEs in Africa is not where it should be - as Participant-12 compared the MNE operation in Thailand in compared to what is observed in Africa. And expressed concerns that there could be a disconnect between the board level and the operational divisions regarding the corporate strategy for Africa. MNEs doing business in Africa show a "need for social embeddedness, which refers to the ability to create competitive advantage based on a deep understanding of and integration with the local environment" (Marquis & Raynard, 2015). Ultimately, MNEs have a choice to connect or disconnect (Lorenzen et al., 2020) with the host countries in Africa.

6.5.3. Doing business in Africa

Doing business in Africa requires a certain attitude and mindset, articulated Participant-14. That is flexibility and openness to forge the necessary partnerships, adapting the product portfolio to suit the market needs were some of the submissions made by Participant-1. Making an example of Zimbabwe, where the business environment has not been conducive for over two decades, he pointed out that there are businesses that are thriving in that environment. This is the same view articulated by Barnard (2020), that despite the chaos, "There are nonetheless firms in Zimbabwe that have survived that extreme turbulence" (p. 3).

It is an established finding that diversity and instability is what characterises the business environment in emerging economies (Meyer & Peng, 2016), in contrast, Barnard et al. (2017, p. 2) argued that some of the findings "contradict the usual perception of Africa as a too-risky business context." Therefore, for MNEs doing business in Africa, it is imperative that they learn how to do business on the continent successfully, or they will simply ignore the region (Doh et al., 2017b). There is an opportunity to seize the available resources (Zhang et al., 2019) and create socio-economic impact by adapting competencies to suite the local demands. This is critical in doing business in Africa. MNEs can sit on the side lines and wait for a perfect environment or they could look at how they build capabilities to operate in such an environment. As Luo et al. (2019) submitted, MNEs have to contend with complexity and uncertainty that comes with emerging markets. Even the good book says, "he who observes the wind will not sow, and he who regards the clouds will not reap" (Ecclesiastes 11:4). To this end, MNEs need to consider strategies to leverage market opportunities while dealing with informal institutions in Africa (Luo et al., 2019).

6.6. ILLUSIONS THEME

6.6.1. FDI in Africa

This section will discuss the last theme, illusions, which presents the discussion to the findings to the question of whether SDG-9 could be an organising principle between MNEs and DFIs to promote host country industrialization. This theme will discuss two categories: FDI in Africa and the meaning of sustainability. The findings are summed up in two statements, first, it is an illusion for Africa to believe that FDI will address industrialization, rather mobilisation from within will (Participant-1, 4, 5, 7, 11). As Participant-5 indicated, Africa must play the tune that everyone ought to dance to. And secondly, SDGs look good on paper, but the priority is where there is the biggest pressure from the MNE's home country (Participant-1, 4).

Strongly linked to the ownership theme presented above, the sentiments were that although many African countries were looking for FDI or foreign firms to help it drive its industrialization, this was simple an illusion, as development has to start from within (Participant-1, 4, 5, 7, 11). Participant-6, however noted that it is not all the African countries that have the required resources to catalyse the development that is required and this view is shared by Jomo and Chowdhury (2019) and therefore highlight the critical role of DFIs in bridging the gap.

Firstly, the FDI numbers in Africa are low and of the FDI that is coming in, is mostly going into extractive industries. And this is confirmed by the Trade and Development (2019) statistics which show that, Africa received a combined FDI inflow of 46 billion dollars in 2018. This is a mere 3.5 percent of the total global FDI inflows and only a share of 6.5 percent of the inflows to the developing economies. It is clear from these numbers that Africa FDI lags far behind, even amongst the developing countries. The structure of the African economies was such that further development would be required, before there could be an increase in investment, especially from German companies because of where the typical German companies are in the value chain expressed Participant-11.

Although Cuervo-Cazzura et al. (2015) warned that categorising FDI can be misleading, however, the sentiments from this study are that FDI in Africa is largely resource seeking and does very little to contribute to the overall industrialization of the continent. The Trade and Development (2019, p. 18) report stated that "the rise in flows was mainly due to the continuation of resource seeking investments…". The expectation is that the presence of MNEs will contribute to know-how and other things like human capital development (Osabutey & Jackson, 2019), however, Narula and Pineli (2017) have indicated that the overall benefits of FDI are dependent on the quality of the investment, which is determined by the MNE motivations for investment. This is not to suggest that FDI has no benefits for the host country, as there is evidence that suggest the positive effects of FDI (Osabutey & Jackson, 2019). What the findings of this study however suggest is that, instead of focusing on what FDI could do, the focus must be inward looking for Africa. This is also the observation of Kaplinsky and Morris (2019) who have emphasised the importance of raising and supporting indigenous SME sector, but not at the exclusion of FDI.

Ramamurti (2004) noted that although MNEs have capital and resources for developing countries, it was the diaspora that played a catalytic role in driving host-country development. Further stating that in the 1980s, close to 80 percent of the FDI in China came from China's diaspora. Ye (2009) noted that though China had aspired to take the Japanese and South Korean development model which restricted FDI in favour of indigenous firms, these efforts failed as the Chinese diaspora became a strong catalyst for China's industrialization. Again, linked to the ownership theme, the Chinese industrialization path was linked the Chinese people taking the lead (Ye, 2009) and the same is expected of Africa, to take ownership rather than expect FDI to be the answer. When the conditions are right, FDI will come, as FDI is attracted to locations that offer advantages (Narula & Pineli, 2017). As Narula (2014) noted, FDI policies have focused on attracting FDI and ignored calling for better embedding of MNEs in host countries.

6.6.2. The meaning of sustainability

The framing of the question can SDG-9 be a driver for industrialization in Africa, was informed by the fact that several MNEs have adopted the UN's SDGs. With SDG-9 focusing on fostering innovation, building infrastructure and promoting sustainable industrialization, the question sought to understand if this could be the organising principle between MNEs and DFIs to promote industrialization in Africa. The main finding was that SDGs look good on paper, but the priority is where there is the biggest pressure from the MNE's home country (Participant-1, 4, 9). This is aligned with the findings of Van Zanten and Van Tulder (2018, p. 3) who found that, MNEs engage in SDGs where they have control internally, or SDGs that "avoid harm than those that do good". What was clear from the MNE perspective was that they were concerned with SDGs related to the circular economy and the environment as reflected by Participant-9. This was because of the pressures they have in Europe relating to these. The RDT submits that the internal decisions undertaken by the organisations are reflective of the pressures emanating from the external environment (Pfeffer & Salancik, 2003). Although many companies were participants in the formulation of the SDGs and have committed to incorporating them in their strategies (Van Zanten & Van Tulder, 2018), it was clear that focus was where the biggest pressure is.

According to Wettstein et al. (2019), SDGs offer an opportunity to influence business models and strategies for MNEs. However, if the investment framework is not adequate, even the well-meaning initiatives like the SDGs will not pull MNEs into Africa nor drive those already invested in Africa to pump in more resources. As noted by Narula and Pineli (2017), a sound investment framework is a key determinant to investment.

6.7. Conclusion

The results of this study, as discussed above, make the following contributions to the current scholarly debate. Firstly, the host country industrialization through FDI is a consequence of a good investment climate (Luo et al., 2019; Narula, 2014, 2018) and therefore unlikely to happen as a result of a nonmarket strategy, unless the MNE HQ have a different philosophy about Africa. Even though several scholars have highlighted a potential for MNEs to forge alternative strategies that will allow the MNEs to grow while addressing socio-economic issues through engaging with external stakeholders (e.g. Buckley et al., 2017; Cuervo-Cazurra et al., 2019a; Dorobantu et al., 2017), this study has found that the investment climate was still a huge consideration for some of the MNEs.

Except HQs have a different philosophy for Africa by, delegating power to the subsidiaries and offer financial leverage for their subsidiaries to pursue nonmarket strategies that respond to the local needs (Cuervo-Cazurra et al., 2019b; Meyer et al., 2020), subsidiary efforts to engage in nonmarket strategy would be frustrated. As the RDT outlined, the power resides with those who have resources (Child, 2018; Pfeffer & Salancik, 2003) and in this case the HQ have the power to determine how financial resources are distributed.

In the case of subsidiaries and the DFIs, it is the researcher's submission that the power dynamics are equal, as DFIs have the financial resources, however, as Narula (2014) noted, to drive industrialization, capital is not the only prerequisite, but access to skills and technology is critical and subsidiaries have access to technology (Muff et al., 2017). With the right mandate, the subsidiaries can effectively engage with DFIs for the promotion of host industrialization. As Luo et al. (2019, p. 20) articulated, it is a question of whether the MNE wants to move from being a "…foreign investor to strategic insider".

Secondly, to drive industrialization, Africa has to better support local SMEs, as they are important for both trade and industrialization (Kaplinsky & Morris, 2019). This can be done through clusters, which will allow for the firms within the clusters to create networks (Doh, Rodrigues, Saka-Helmhout, & Makhija, 2017a; Zhang et al., 2019). The critical finding though is that these clusters should host not just the local SMEs, but MNEs and be a platform to host other firms looking to internationalise. As Chipp et al. (2019) noted, this would allow for the other firms to piggyback on the existing infrastructure. And by promoting integrated clusters, this will address perpetuating elitism in society. This would further avoid dealing with imperfect social structures by reinforcing other "structural market imperfections" (Bucheli et al., 2018, p. 26). MNEs, through their subsidiary, can help with technology transfer (Muff et al., 2017) as well as better allocate the CSR funding in projects that promote host country industrialization. Again, this is dependent on whether the MNE identifies as a corporate citizen and how it wants to be embedded in the local structures. DFIs can be instrumental in funding some of the projects and the infrastructure around these clusters.

Thirdly, one of the critical findings in this study is the submission that MNE subsidiaries operating in Africa are no different from start-ups. This might have been missed as Meyer et al. (2020, p. 2) indicated, "…comparatively few studies focus on the foreign subsidiary as the unit of analysis. Most studies view subsidiaries from the perspective of HQ rather than from the perspective of the subsidiary itself." In line with the RDT submission, subsidiaries are dependent on their HQ for resources and power dynamics are in favour of the HQ. Because subsidiaries lack financial resources to execute their local nonmarket strategies, they are more open to engaging with DFIs (Marquis & Raynard, 2015; Olsen et al., 2016).

Fourthly, managing complexity will be the hallmark of finding a working relationship between MNEs and DFIs. The complexity surrounding multiple stakeholders partnerships was also noted by (Dahan et al., 2010). DFIs have some mechanisms such as working with private equity firms and venture capitalists. It will therefore be important to understand from the onset of these engagements that the issue of complexity is dealt with and understood by all parties. Of importance is also how subsidiaries are empowered to make financial decisions on the nonmarket strategies to allow for speed and less complexity seeking for decisions. As Hansen et al. (2009) noted, when it comes to critical decisions, subsidiaries are managed from the HQs, however it is important to understand how subsidiaries balance taking action and being embedded in the local context as these interests might not be aligned (Cuervo-Cazurra et al., 2019a).

Lastly, there is a clear need for flexible finance and institutional support. Finance would be critical, as there was a realisation that MNEs may, in some instances, struggle with working capital. OECD (2019) in partnership with 40 MNEs have started an initiative in which one of the three pillars is to promote "inclusive growth financing and promote innovative financing mechanism between business, government and philanthropic actors". As some of the MNEs are already part of this initiative, it could be an opportunity to see if that does provide some leverage. The role of the local governments could not be overemphasised, as ultimately, one of the findings in this study represented by the two themes: ownership and addressing social structures that sit at the domain of local governments. There is therefore a need to resolve the ideological dilemma, decide whether it be a Washington or the Beijing consensus that will work in Africa (Cuervo-Cazurra et al., 2019a) or anything in between. Location advantage is still a prerequisite for

FDI flows and not incentives and subsidies (Narula, 2014, 2018), therefore, if Africa wants to drive industrialization through FDI, the governments have to take ownership of creating a favourable environment, starting with implementing clear industrial policies supported by requisite funding. It is critical that SME development sits at the centre of policy.

Chapter 7 Conclusion

7.1. Introduction

The previous chapter presented the main findings of this research and discussed the findings in relation to theory. This chapter concludes this research paper by highlighting the main findings of this research and articulates how they impact different stakeholders. The study contribution and future research recommendation will be discussed. It will also highlight the limitations of this study and the implications on the results presented. This chapter is organised in four sections: section 7.2 will review the study's main objections. Section 7.3 will provide the summary of the principal findings. Section 7.4 will discuss the contributions of this study. Section 7.5 will cover the limitations and lastly, section 7.6 will cover the research contributions and articulate why this study was important.

7.2. Research objectives

This study was set out to understand how MNEs could engage with DFIs to promote host country industrialization in Africa. Further, the research sought to understand if SDG-9 could be an organising principle between the MNEs and DFIs. The research question and subsequent sub-question were based on the propositions set out in chapter 3, namely, because MNEs have access to technology, they could engage with DFIs who have financial resources through nonmarket strategy. As outlined by the RDT, where MNEs lack resources, they would use interorganisational relationships to leverage resources (Pfeffer & Salancik, 2003).

This study was not just important for academic purposes, but the discussions around how to promote industrialization was relevant to current debate amongst the policy makers and institutions. As highlighted in chapter 1, Africa needs to industrialise to address socio-economic issues that plague the continent and impact on the living standards of the people of Africa (Ahammad et al., 2017). As Kaplinsky and Morris (2019) noted, unemployment is one of Africa's pressing challenges and therefore increasing an industrial base is critical to creating employment opportunities. From the business point of view, MNEs are searching for growth opportunities in emerging markets (Meyer & Peng, 2016) and Africa offers possibilities, but contributes a small share of many of the MNEs businesses. Africa has only managed to attract 6.5 percent of the total FDI flows compared to its peers in other emerging markets (Trade & Development, 2019). And this requires a consideration of other strategies that would be effective.

Nonmarket strategy proposes an alternative strategy that MNEs could adopt to complete their market strategies and help them to grow in the markets that they operate in (e.g. den Hond et al., 2015; Dorobantu et al., 2017). However, most studies that have looked at MNEs engagement with external actors have focused attention mainly on the NGOs and host governments (e.g. den Hond et al., 2015; Dorobantu et al., 2017; Liedong et al., 2017; Mellahi et al., 2016; Olsen et al., 2016; Teegen et al., 2004). And the emphasis has been placed on how these interactions help MNEs achieve legitimacy and how they engage in corporate political strategies to influence government regulation as MNEs deal with the liability of foreignness. Therefore, studies within the nonmarket strategy domain have not considered DFIs as an important stakeholder through which MNEs could interact with. Consequently, studies have not covered how MNEs could interact with DFIs to deliver economic value for the MNEs while driving host-country development.

As indicated by Participant-4 and verified through secondary data, MNEs were active participants in the design of the SDGs. They have subsequently adapted them in their reporting. Therefore, as a sub-question this study sought to understand if the SDG-9 could be the organising principle between the MNEs and DFIs to drive industrialization in Africa. Several scholars have acknowledged that the studies on SDGs have tended to focus on environmental issues (Dörrenbächer & Gammelgaard, 2019; George et al., 2016; Kolk, 2016; Vazquez-Brust et al., 2020). This is not to suggest that environmental issues are not important, but the immediate priority for Africa calls for the reduction of unemployment, especially amongst the youth and the women (Kaplinsky & Morris, 2019). It was therefore important to understand where other SDGs like SDG-9 feature withing MNE strategies.

To answer the research question and the sub-question, a case study design was followed. As outlined in chapter 4. Fifteen participants were interviewed following a semi-structured interview approach. And secondary data was used to corroborate some of the verifiable data by the participants. The participants were drawn from the MNE HQ, MNE subsidiaries, and from both regional and international DFIs. To better understand the dynamics, experts that have handled issues of industrialization were also interviewed. The experts included the former secretary general of COMESA, the former Chief Trade negotiator from Zambia, and two experts both currently working for the UN agencies and have worked with various UN agencies looking at development projects in Africa. Qualitative research truly provided depth in this study as participants could freely describe how they saw industrialization in Africa, how MNEs and DFIs could engage to address this challenge and if sustainability could be what brings all parties together. The participants are senior people within their organisations and they therefore spoke with authority and frankness.

7.3. Summary of principal findings

In answering the question, how can MNEs and DFIs engage to promote host country development in Africa, this study found that, firstly, the host country industrialization through FDI is a consequence of a good investment climate (Luo et al., 2019; Narula, 2014, 2018). This was the guiding principle from the MNE HQ perspective. Executing a nonmarket strategy was not a priority from the MNE HQ perspective. It is therefore the MNE philosophy, whether it identifies as a corporate citizen and the vision that the MNE has for Africa that would determine its engagement in nonmarket strategy in Africa. The subsidiaries however had a different view which highlighted the complexity of multiple embeddedness for the subsidiaries (Curchod et al., 2020; Meyer et al., 2020). As subsidiaries are dependent on HQ for financial resources, they are therefore limited in how they can execute nonmarket strategies that could benefit the host countries. The call by Luo et al. (2019, p. 20) for MNEs to move from being a "…foreign investor to strategic insider" captures the sentiments.

Secondly, to drive industrialization, Africa has to better support local SMEs, as they are important for both trade and industrialization (Kaplinsky & Morris, 2019). This can be done through clusters, which will allow for the firms within the clusters to create networks (Doh et al., 2017a; Zhang et al., 2019). Critical is that these clusters should host not just the local SMEs, but also MNEs. Furthermore, clusters should be a platform to host other firms looking to internationalise, effectively allowing other firms to piggyback on the existing infrastructure (Chipp et al., 2019). By creating integrated clusters, this would address perpetuating elitism in society by avoiding dealing with imperfect social structures by reinforcing other "structural market imperfections" (Bucheli et al., 2018, p. 26). MNEs, through their subsidiary, can help with technology transfer (Muff et al., 2017) and also better allocate CSR funding in projects that promote host country industrialization. DFIs can be instrumental in funding some of the projects and the infrastructure around these clusters.

Thirdly, one of the critical findings in this study is the submission that MNE subsidiaries operating in Africa are no different from start-ups. This might have been missed in other studies as (Meyer et al., 2020, p. 2) indicated, "…comparatively few studies focus on the foreign subsidiary as the unit of analysis. Most studies view subsidiaries from the perspective of HQ rather than from the perspective of the subsidiary itself". This is a significant finding from this study as it further explains why subsidiary participants were more open to engaging with DFIs. Subsidiaries need financial resources to help drive their nonmarket strategy. This notion was supported by the views of the HQ who noted that although financial resources are not an issue, priority is given to places that provide a good investment framework (Narula & Pineli, 2017).

Fourthly, managing complexity will be the hallmark of finding a working relationship between MNEs and DFIs. The complexity surrounding multiple stakeholders partnerships was also noted by (Dahan et al., 2010). It will therefore be important to understand from the onset of these engagements that the issue of complexity is dealt with and understood by all parties. Of importance is also how subsidiaries are empowered to make financial decisions on the nonmarket strategies to allow for speed and less complexity seeking for decisions. This complexity also means understanding how the subsidiaries balance taking action and being embedded in the local context as these interests might not be aligned (Cuervo-Cazurra et al., 2019a).

Finally, there is a clear need for flexible finance and institutional support. Finance would be critical, as there is a realisation that subsidiaries in the host-country may in some instances struggle with working capital. It also came out very strongly that host-country governments must take an ownership and address many structural issues that will promote the investment framework in Africa.

7.4. Theoretical research contributions

This study contributed to the nonmarket strategy literature, firstly by introducing DFIs as an important external actor that MNEs can engage with to drive their nonmarket strategy. This study confirmed the need for nonmarket strategy as they have a potential to benefit both the MNEs that form them and also the partners involved (Hillman et al., 2009). It also confirms that firms in need of resources would seek to form interorganisational relationships with the firms that have those resources (Pfeffer & Salancik, 2003). Importantly, it also provides part of the answer to the question that Buckley et al. (2017) said scholars need to understand, that is, how MNEs engage stakeholders to address socio-economic issues. This research study was based on real needs of which finding answers to is critical. The study further answered a call of many scholars that IB research has to have practical impact and connected to reality on the ground (Buckley et al., 2017; Delios, 2017; Doh, 2017; Dörrenbächer & Gammelgaard, 2019; Kolk, 2016).

Secondly, the finding that MNE subsidiaries are no different to start-ups in Africa is a critical finding. This is especially so within the nonmarket strategy literature and for the host-country institutions. This study found that subsidiaries are willing to engage and address host-country development with the know-how that they possess; however, not having the financial strength limits what they can do. This needs to be further explored (as detailed in section 7.6 below).

7.5. Methodology contributions

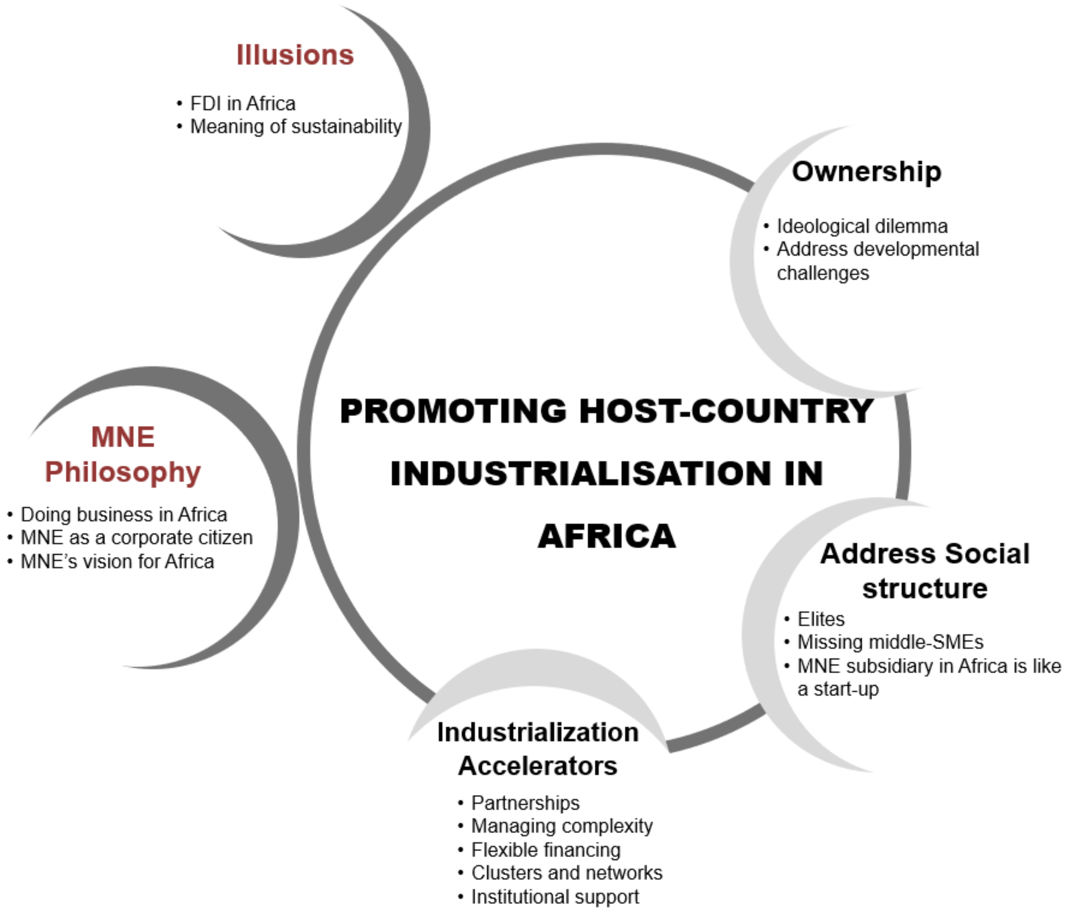
Firstly, as Wrona and Sinzig (2018) and Delios (2017) challenged, the study of the MNE's external environment must be done outside the comfort of the researcher's office environment and challenged researchers to engage with the real world. Although the researcher's movement was restricted due to the COVID-19 regulations, the qualitative methodology did provide deep insights which were only made possible by the discussions held with the participants during the interview process.

Secondly, the purposeful inclusion of both the participants from the MNE HQ and their subsidiaries provided richness that would not have been possible if the subsidiaries were considered from the MNE HQ perspective. As Meyer et al. (2020, p. 2) noted, few studies consider the “subsidiary as the unit of analysis” as most look at it from the HQ perspective. Hence this study has been able to highlight the complexities of institutional duality (Curchod et al., 2020) and difficulty with multiple embeddedness of subsidiaries (Meyer et al., 2020).

7.6. Practical implications

This study has practical implications that are important for the policy makers and global managers. The model used to discuss the results (Figure 17) below, was not just useful to present the results, but also provides a useful model to think about host-country development in Africa. Inside the big circle are the levers that policy makers can pull to accelerate industrialization in Africa. And outside the bigger circle are important drivers, however their impact in the initial phase of industrialisation is not as critical as the ones inside.

Figure 17: Promoting host country industrialization in Africa



Source: Author's own.

7.6.1. Implications for policy makers

This study emphasised the need to take ownership by addressing the ideological dilemma and find a working model for Africa. Whether it is the Washington consensus or Beijing consensus (Cuervo-Cazurra et al., 2019a) or even an African consensus, there has to be ownership. Policymakers also need to address the developmental challenges to create an environment that is conducive for business (Narula & Pineli, 2017). There is also a need to address social structures and this is directly linked to how they structure the clusters in the region. Clusters should be integrative, that is, host both SMEs and MNEs, to allow for the network formation, that way those within the clusters can piggyback on the existing infrastructure (Chipp et al., 2019). Thus, such clusters will create a community that does not leave companies to do the heavy lifting alone. Policymakers also need to recognise that behind the big MNEs names, subsidiaries in Africa are no different to start-ups. Therefore, host-countries that have the presence of MNEs through their subsidiaries have an opportunity to leverage their presence, especially where there is willingness to work with institutions for know-how transfer that will support host country industrialization. And lastly for policy makers, there is a need to realise that FDI driven industrialization will only remain an illusion if the fundamentals are not taken care of. The current FDI numbers that have been discussed clearly show that Africa must lead of its own industrialization. MNEs prioritise sustainability where they have pressure from their host country. As Van Zanten and Van Tulder (2018) noted, their focus is on SDGs that avoid harm more than those that do good. Thus, as good as SDGs are on paper, African governments have to take ownership in how they drive these.

7.6.2. Implications for global managers

Africa's underdevelopment presents an opportunity for growth, MNEs can explore nonmarket strategies that they can use to effectively participate in Africa. This would not only be for the host-country development, but also gives them an opportunity to expand and grow their businesses by leveraging resources available in their environment (Cuervo-Cazurra et al., 2019a; Olsen et al., 2016; Pfeffer & Salancik, 2003). There is empirical evidence that Africa is not as risky as perceived (Barnard et al., 2017). However, this study has found that, it the MNE philosophy that will determine whether they engage or not with the host country institutions to promote Africa's development. It is a choice of whether MNEs see themselves as corporate citizens in host countries or not.

The study also found that if an MNE has a vision for Africa, it can participate as a "strategic insider" as articulated by (Luo et al., 2019). They do not have to invest by themselves, there are willing potential partners like the DFIs, but they must come to the table. Lorenzen et al. (2020) have argued that, even in localities where the SME activity is weak, MNEs can play a significant role in the development of local start-ups and that way knit themselves in the social fibre of the communities where they do business. To this end, MNEs need to consider strategies to leverage market opportunities while dealing with informal institutions in Africa (Luo et al., 2019).

7.6. Study limitations

The first limitation is the inability to compare German MNEs in different industries. The study was based on a German MNE operating in a specific industry. Therefore, using one MNE limits the generalisability of the results. As Yin (2013) argued, generalization remains an issue, especially when a limited number of cases is studied. It would have been useful to compare MNEs in the same industry operating in Africa. Secondly, the MNE used as a case is a German MNE and because of cultural dynamics it would also have been beneficial if the study was set up as a comparative case study, taking MNEs in a similar industry, but from different home countries, e.g. the United States and China.

Thirdly, the study would have greatly benefited greatly if the sample included a participant representing the board of directors. McCracken (2011) submitted that with qualitative research, purposive sampling is critical in giving insights to the phenomenon being studied. A board member would have given a critical perspective to understand where is the disconnect between corporate strategies and implementation within the operating divisions, as Participant-12 mentioned.

7.7. Future research

To conclude this chapter, recommendations are made regarding future studies that can be pursued building on this study, firstly, the phenomenon of the subsidiary being no different to a start-up needs to be further pursued. The study could take a country focus, e.g. Nigeria and understand how MNE subsidiaries are able or not able to execute local nonmarket strategies. A qualitative research design, either using a case study or phenomenological enquiry would probably give the best outcomes. As the case study would help give in-depth understanding of this phenomenon (Creswell et al., 2007). A or phenomenological enquiry would help understand the essence of this phenomenon (Creswell et al., 2007). The sample would have to be the Managing Directors running the operations in Africa.

Secondly, a study looking at nature of clusters in Africa to understand if they are integrative, that is hosting both indigenous SMEs and MNEs. The secondary question would be to understand how they are serving as a platform to host other firms who are internationalising to Africa. This could be a participatory action research, which would invite the participants within the cluster to understand how these clusters function (Creswell et al., 2007). Thirdly, a comparative case study can be done, sampling from different home country and compare with this study which studied a German MNE. A comparative case study looking at German MNEs operating in different industries to understand how they are local embedding their operations in Africa and how that is contributing to Africa development.

Appendix 1: Consistency matrix

TITLE: To engage or not? An exploratory case study on how multinational enterprises can engage with development finance institutions to promote host country industrialization in Africa.

Research Questions	**Literature Review**	**Data collection tool (semi-structured interviews and secondary data**	**Analysis**
RQ 1 How can MNEs engage with DFIs to promote host-country industrialization in Africa?	(Buckley et al., 2017; Dahan et al., 2010; den Hond et al., 2015; Doh et al., 2015; Dorobantu et al., 2017; Kolk, 2016; Muff et al., 2017; Oetzel & Doh, 2009)	Semi structured interviews and secondary data	Content Analysis
SQ-1 Can sustainable development goal-9 (SDG-9) be a driver for industrialization in Africa?	(Dörrenbächer & Gammelgaard, 2019; George et al., 2016; Kolk, 2016; Muff et al., 2017; Vazquez-Brust et al., 2020; Wettstein et al., 2019)	Semi structured interviews and secondary data	Content Analysis

Appendix 2: Field notes: Analytical memo

Appendix 2 presents the researchers raw notes that were captured during the data analysis phase. The notes are therefore not structured in any way or form, by represents some of the notes that were taken during the analysis.

Interesting to note that some participants not comfortable to call corruption, corruption, but prefer to use words like, "money going into people pockets", "personal benefits". The meaning of sustainability is skewed towards environmental issues and compliance topics and less about development or socio-economic impact. Check my articles that was a study done that MNEs are more likely to do initiatives that relate to compliance.

The theme of importance of SMEs coming out very strongly as the key driver for economic development. Almost to say, that MNEs are not going to be the drivers in host countries. Yet one of the MNE participant when talking about the MNE as a corporate citizen talked about the linkages that it had created that support local businesses.

The DFIs have the sense that MNEs have resources and therefore do not need them and interestingly, the view is shared by the MNEs from the HQ level as well. Quote from the MNE participant, "We had got contact with them in almost all countries but very often they are offering programs where we answer , 'we are big multinational, we know this already and we have the resources and we don't need your help." However, the picture is completely different when speaking to the subsidiaries, who feel they need support of the DFIs as they work on projects that have a strong developmental agenda.

Interesting as well that the MNEs have issues of dealing with smaller customers, as this represents complexity for them and therefore small customers given to distribution. On the other hand, governments are also paying attention to the bigger companies while SMEs are neglected with weak policies around SMEs.

Different voices on the right models to drive industrialization>>> Special economic zones>>> Industrial Parks//Clustering. On one end some of the voices say it is the role of the state to provide the infrastructure, however the governments in Africa are heavily indebted, which means it will be difficult to deliver the infrastructure for the growth required: See interview 6 (Check what is the level of indebtedness of governments in Sub-Sahara Africa. One of the key findings is that, even though there is an agreement that engagements are important, not much is happening between MNEs and DFIs

One of the interesting findings >>> MNEs in emerging markets being as good as a START-UP. Check how this concept ties in with the MISSING MIDDLE -SME Concept. According to interview 12, MNEs in emerging markets have the same struggles of how they will pay salaries as they sometimes do not generate enough business. Yet, behind the big brands, all assume they need no help. Also see how this tie in with the concept that came through from interview 6, that companies are left to HEAVY LIFT as there are no business networks and therefore forced to look at how they build value chains.

MNE a START-UP>>>MISSING MIDDLE>>>HEAVY LIFTING

What is also interesting is the perceived view of the UN agencies and how they are viewed by both MNE and DFIs. They are not a trusted partner. They are seen to be very bureaucratic. DFIs work as a community and the focus is on expanding this community: Private Equity/ Venture capitalists/commercial banks, etc... the role of MNE with technology transfer.

Appendix 3: Interview Guide

<table>
<tr><th>Theme</th><th>Prompt Question</th></tr>
<tr><td>Biographical Questions</td><td>Position, educational background, years in the current role (This was asked if the data could not be verified on the participants Linkedin profile).</td></tr>
<tr><td>Context setting</td><td>Can you give me your perspective on Africa’s industrialization to date?</td></tr>
<tr><td>RQ-1

How multinational enterprises (MNEs) can engage with development finance institutions (DFIs) to promote host-country industrialization in Africa?</td><td>1. What do you see as a role that can be played by MNEs if working in partnership with DFIs to promote industrialization in Africa?
2. Do you think as an MNE we can play a more prominent role in building inclusive and sustainable industrialization in Africa?
3. As an MNE you are used to forming alliances and different collaborative structures, do you any room to form partnerships with DFIs to address developmental agenda beyond philanthropic gestures, but that help drive the business growth?</td></tr>
<tr><td>SQ-1 Can sustainable development goal-9 (SDG-9) be a driver for industrialization in Africa?
SDG-9 Industry, innovation and infrastructure
✓ Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
Business for Inclusive Growth (B4IG) Initiative- OECD initiative which 40 MNEs are part of include the MNE under study
Built on 3 Pillars
✓ Business Pledge against inequalities
✓ Incubator to design or expand new inclusive business models.
✓ Inclusive growth financing to promote innovative financing mechanism between business, government and philanthropic actors.</td><td>4. The organisation is a member of the UN Global Compact and also part of an OCED initiative called, Business for Inclusive Growth this is a commitment to make to achieve long term business success by creating value added for the environment, society and the economy using SDGs:
a) I would like to understand how these translate into strategic decisions.
b) Do you see room to achieve both business growth goals while at the same time addressing socio-economic goals- in this case industrialization in Africa?</td></tr>
</table>

Appendix 4: Codebook

CODE	CODE DESCRIPTION	CATEGORY	THEME
Africa as a single market	Importance of Africa as a single market	AFRICA CONTEXT	OWNERSHIP
Africa demography-A liability	The young people with high unemployment in SSA		
Africa full of opportunities	Africa has untapped potential		
Primary commodity exporter	SSA a commodity exporter		
Urbanisation	Impact of urbanisation in SSA		
Africa setting	Background info on Africa and industrialisation		
Being on the ground	Local presence		
Ideological dilemma	Idealogical dilemma		
Incentives	Incentives for development	DEVELOPMENTAL CHALLENGES	
Governance	Governance issues		
Human capital	Issues relating to human capital in SSA		
Africa industrial transformation	How SSA industrialisation is perceived		
Informal Sector	Economy dominated by informal sector		
Importance of Institutions	Importance of institutions in driving industrialisation		
Investment framework	Importance of investment framework in driving industrialisation		
Mindset shift	Mindset shift in driving industrialisation		
Ownership	Africa has to take ownership for its development		
Policy coherence	Policy to be aligned to funding		
Political and social stability	Linked to investment framework		
Poor management of resources	Corruption and wasteful expenditure		
SMEs fragmented	SMEs fragmented-not easy to reach and coordinate		
Doing business in Africa	Doing business in SSA requires a certain mindset	DOING BUSINESS IN AFRICA	
Covid impact	Positive impact of Covid 19 to re-align		
MNE Philosophy	Attitude of the MNE towards host-country	MNE PHILOSOPHY	MNE PHILOSOPHY
MNE seek efficiences	MNE driven by efficiency		
MNEs as corporate citizen at home-country	MNE behavior towards development at home		
MNEs as corporate citizens	What does it mean to be a corporate citizen		
MNEs can play a positive role	There is a role to be played by MNEs, know-how, training, etc		
MNEs fulfilling obligations	MNEs driven by legal obligations		
Upsala Model	MNEs prefer a staggered approach to investment		
Sense of purpose	MNEs now have a stronger sense of purpose		
Commitment to Africa	Commitment to Africa dependant on the MNE philosophy		
CSR to be developmental	CSR could be more impactful		
Business case	MNEs driven by business case that makes sense		
Chinese netocracy	Seen as what differentiates China in its development	ELITES	SOCIAL STRUCTURE
Elites	Elites seen to have a strong position and the status qou in Africa		
Power base	Who holds the power in the economy		
MNE dominance	MNEs have dominance, which could be unfair		
MNE in EM a START-UP	MNE subsidiaries operate as a start-up in emerging markets	MISSING MIDDLE	
SMEs-The missing middle	SSA has not developed a thriving SME sector		
MNEs have resources	A perception that MNEs have resources to plow in Africa		
FDI in Africa exploitative	FDI in Africa seeking resources or markets, not developmental	FDI IN AFRICA	ILLUSIONS
Meaning of sustainability	Sustainability largely defined as environmental	SUSTAINABILITY	

CODE	CODE DESCRIPTION	CATEGORY	THEME
Partnerships	Different forms of partnerships described	PARTNERSHIPS	ACCELERATING DEVELOPMENT
The Role of DFIs	What is understood to be role of DFIs		
The role of NGOs	What is understood to be role of NGOs		
The role of the diaspora	The role of the diaspora in development		
Private sector development	The importance of the private sector		
Risk management	Dealing with risk management while pursuing development		
DFIs and Equity	Conditions where DFIs take equity		
DFIs work as community	DFIs work with other institions		
Alliances	Different forms of alliances described		
Its about the people	The role of people in development		
Local impact	The impact created		
Managing Complexity	How both DFIs and MNEs deal with complexity	COMPLEXITY	
Concern for scale	Where DFIs are cited as concerned with big projects		
Containership	Projects preferred by DFIs-Big Containership		
Coordination	Coordination described as an issue in development		
People mobilisation	Community mobilisation in development-not easy		
DFIs accessibility to SMEs	DFIs perceived as not accessible to SMEs		
Clustering-Industrial parks	Different forms of clusters indicated as a possible structure	CLUSTERING-NETWORKS	
Collaborative networks	The kind of collaborative networks required		
Heavy lifting	The burden of poor institutions-Leave private sector heavy lifting		
Networks Links	Important networks to support private sector in development		
Transformational Projects	Projects that will create the necessary momentum	TRANSFORMATIONAL PROJECTS	
Consumer awareness	Consumers aware of sustainability issues		
Industrialisation models	Different industrialisations seen to work in other parts of the world		
Countries comparative advantage (CCA)	CCA should be the basis for investment		
Financing	Dealing with financing issues to drive development	FLEXIBLE FINANCING	
DFIs funding	How DFIs execute their funding		
The role of home-country governments	The role played by MNE home-countries in host-county developmen	INSTITUTIONAL SUPPORT	
The role of the state	The role of the state in host-country industrialisation		
The role of UN Agencies	The role of the UN agencies in development		
Migration issues	The motivation for home-country governement		
Who is responsible for development	Perceived role for development		

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