

Gordon Institute of Business Science

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How who you know impacts on what you know: A qualitative study into the partnership and employment strategies of South African companies in Sub-Saharan Africa, using social network theory

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ABSTRACT

Economies with weak or inefficient institutions are often replete with structural holes that if filled lead to the expansion of network structures and new intelligence regarding market opportunities. South African companies embarking on an internationalisation strategy into Sub-Saharan Africa could benefit from the insights and experiences of some of South Africa's biggest companies currently investing in the region. This research analyses these experiences and offers contribution to the understanding of how inter-organisational partnerships and employment decisions impact on a company's ability to bridge the structural holes they face in Sub-Saharan Africa.

Using a qualitative research process, semi-structured interviews were conducted with eleven senior managers from South African companies. The findings from the research suggests that inter-organisational partnerships and employment decisions, if conducted properly, positively impacts on a company's ability to navigate these structural holes. South African expatriates, deployed as senior managers in the host country operation, are highly valued for their ability to transfer skills and knowledge to the local workforce. However, the knowledge gaps displayed by expatriates are most effectively closed by host country partners or employees

Keywords: Social Network Theory; Structural Holes; Institutional Voids, Network, Inter-organisational partner.

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 Business Administration 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.

Niall Wilkins

Signature: _____

Date: _____

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CHAPTER ONE: INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Introduction

Economies with weak or inefficient institutions create networks rich with structural holes that create opportunities for companies to acquire new customers and market insight, each of which contribute to their competitive advantage (Batjargal, Hitt, Tsui & Arreglel, 2013; Burt, 2015). Understanding how to maximise the benefits of the structural holes that these markets present should be considered when developing the internationalisation strategy of businesses in Sub-Saharan Africa. Capitalising on these structural holes through strategic partnerships and employment decisions will diversify a company's network structure, as it exposes a company to new networks and actors that were otherwise unknown (Aarstad, 2012). This allows a company to access salient and trusted information that provides for faster learning, innovation, and competitive advantage over those that are outside of the network structures without access to these actors, networks, and sources of information (Adams, Makramalla, & Miron, 2014).

Using the framework of social network theory, which looks at how actors (organisations, groups, and individuals) interact with others within their network, this study investigates how South African companies enter into new markets and establish themselves within these new networks. Structural holes – gaps in the information flow between actors (Burt, 1992, 2004, 2015) – play an increasingly important role as they provide both opportunity and risk to companies and have a greater impact in markets characterised by weak and inefficient institutions (Batjargal et al , 2013). Partnership decisions play a critical role in determining a company's success in exploiting the opportunities that these structural holes present (Burt, 2004, 2015).

South African companies investing in Sub-Saharan Africa will continue to face competition from other multi-national corporations (MNCs), both from developed and emerging economies (UNCTAD, 2014b). Africa is the world's fastest growing region for foreign direct investment (FDI), with an increase of 65% in capital investment in 2014, whereas the global FDI market only grew by 1% (Fingar, 2015). Growth for 2015 is expected to be at 3.75% and increase to 4.25% in 2016 (IMF, 2015). While this is down from previous years, it is still one of the fastest growing regions in the world. Accordingly, companies investing FDI into

Africa cite domestic growth market potential as their motive (Fingar, 2015). The trend of FDI flows into Africa is set to continue for the medium to long-term.

Importantly, this FDI isn't only coming from developed markets. Investment flows from emerging markets have been increasing over the years (UNCTAD, 2014a). Understanding the pattern of investment behaviour of emerging economy multinational corporations (EEMNC'S) is becoming increasingly important (Ang, Benischke, & Doh, 2014), as their share of global foreign direct investment (FDI) continues to increase. Africa and, in particular, Sub-Saharan Africa, should continue to receive high levels of FDI relative to the rest of the world. Improving demographics, urbanisation, and a growing middle class are all contributing to the attractiveness of the region. As interest in the region from investors and MNC's from across the globe continues, more research will be needed to contribute to understanding how social network theory can provide insight in making these investments more sustainable. More research needs to be done around how companies operating in these markets engage with their network structures to overcome the challenges they continually encounter (Walther, 2014).

1.2 Research motivation and objectives

The motivation behind the research was to investigate how South African companies are utilising their networks in the markets they are operating in and whether they are using partnerships to bridge the structural holes they face. By gaining insight as to how these companies are doing, this study will contribute to the management and network theory in this regard.

The first objective is to discover what impact inter-organisational partners are having on how structural holes are navigated and bridged. Understanding how companies choose their partners, the role that the partners play, and the outcomes of these partnership will contribute to business strategy of South African companies investing in these markets.

The second objective is to understand the role that individuals play in this regard. This is identified as being important, as it underlines why and who South African companies are employing in these markets and the challenges they face. The focus here is on locally employed individuals as well as South African expatriates that are sent out to these operations. The focus on locally recruited employees is to investigate the role that local knowledge and experience plays for these employees who are potential bridge-builders.

Focus is also placed on expatriate employees in order to investigate the functions they fulfil in these operations and what are the potential benefits or setbacks of having South Africans working to support the businesses growth and development in the new markets.

1.3 Contribution

Extensive research and literature exists on all of the concepts and frameworks identified in this study, including social network theory and structural holes (Burt, 1992, 2004, 2015) Institutions (North, 1986, 1990, 1991a); Institutional voids (Khanna & Palepu, 1997, 2010; Khanna & Palepu & Singh, 2010; Hajer, 2003; Mair & Marti, 2009). However, this research is limited in its reference and analysis of Sub-Saharan Africa (Luiz & Charalambous, 2009; Luiz & Stewart, 2014; Walther 2014). As more and more investment flows towards the region and companies seek to establish operations in these markets, the analysis of how social network theory can provide insight into partnership decisions can contribute to the international business management literature.

The unique contribution that this study makes to this body of knowledge is the key significance that inter-organisational partners and employment decisions have as mediating variables in the application of social network theory in Sub-Saharan Africa.

A qualitative study was decided upon for the purposes of this study. The motivation behind this was to allow for in-depth, semi-structured interviews to take place that will allow greater insight regarding the motivation behind decisions and strategies, as well as the ongoing practices of companies expanding into Sub-Saharan Africa. Interviews were conducted with representatives from eleven companies. All interviews were recorded and transcribed for coding analysis and accuracy.

Transcripts were coded and analysed in order to develop themes and sub-themes related to the literature. Drawing on the literature and the data collected, recommendations and suggestions are made regarding the research around the role that inter-organisational partnerships and employment decisions play in bridging the structural holes they encounter.

As mentioned previously, literature around this general subject matter is extensive, yet there are limitations to the analysis regarding Sub-Saharan Africa. The literature review unpacks the concepts and maps out the development of core concepts and theories that are relevant

in today's business and academic literature. The limitations of the study will also be displayed, as well as the continued motivation and need for this type of research in the African context.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The literature review provides an opportunity to position the study within specific domains of academic research and helps to contextualise similar research and ideas that are related to the field of study. The purpose of the literature is to provide the reader with a timeline of the academic development related to the study. To achieve this, prior articles, research papers, and reports are used to develop and explain concepts that are pertinent to the study as well as assist in identifying the areas where the current research could possibly contribute.

For the purposes of this study, the literature review interrogates the concept of structural holes, within the framework of social network theory and the contribution that this academic theory has made in terms of understanding what structural holes are, the role that brokers play in overcoming them, and, subsequently, the opportunity that they can often provide to companies willing to work with brokers, either as organisational partners or individuals they employ.

Structural holes often occur in areas where institutional voids exist. The review will, therefore, contextualise the concept of institutional voids, particularly in relation to emerging markets. As such, understanding the concept of institutional voids and the impact they have within the framework of social network theory and structural holes will also be discussed.

2.2 Social Network Theory

Network theory is an essential study of how individuals, organisations or groups interact with others found within their network. Regarding the managerial aspect, social networks have been used to understand performance (Sparrowe, Liden, Wayne, & Kraimer, 2001), as well as turnover promotion and creativity (Burt, 2004), and innovation (Obstfeld, 2005). As a discipline, network theory refers to the mechanisms and processes that interact and work with network structures to result in certain outcomes for the individual or group (Borgatti & Halgin, 2011).

Network theory research focuses on relationships between actors. It emphasises whether the actors are individuals, work units, or organisations (Brass, Galaskiewicz, Wenpin, & Greve, 2004). Actors, in network theory, are located within various networks of interconnected relationships, which allow for opportunities and constraints on behaviours (Brass et al., 2004). Actors are, therefore, not seen in isolation but rather as connected entities, and it is this connectedness (levels of relationships) that defines actors' centrality within a group. Goyal and Vega-Redondo (2007) explain that this connection improves timely access to relevant information on trade opportunities and job vacancies. The significant advantage of bridging networks was considered important during the early work of Granovetter (1973) and the notion of the structural roles provided by Burt (1992, 1993, 2004, 2015). The bridging gaps, especially in structural roles, resulted in potential benefits in terms of payoff advantages (Goyal & Vega-Redondo, 2007). A network, in this regard, is then a collection of actors along with a set of ties of a certain type that link them. These ties are then interconnected through shared end points that form paths that indirectly link actors that are not directly tied (Borgatti & Halgin, 2011).

A network refers to a set of nodes and ties representing some relationship or lack thereof between the nodes, where the nodes are the actors (Brass et al., 2004). These nodes include organisations, work units, and individuals. Brass et al. (2004) explain that the important content for relationships between nodes represented by ties is limited by the imaginations of researchers. People from the same culture interact with each other and they ease their mode of communication and increase the predictability of their behaviours. Brass et al. (2004) further argue that a network is influenced by the workflow requirements of a firm. Communication patterns contribute to organisation's change in adopting new technologies. This change in communication technology, such as using electronic mail, have led to increased interests in the effects of technology on communication networks (Brass et al., 2004).

Social networks are used to gather resources necessary for growth. These include: knowledge, customers, supplies and capital (Adams et al., 2004). This study investigates how South African companies entering markets in Sub-Saharan Africa use social networks, if at all, to access these resources. Gaps within social networks provide an opportunity for inter-organisational collaboration, which, if exploited, contribute to a firm's survival and positive performance (Brass et al., 2004). Structural holes within a company's social network

provide them with the opportunity to gather diverse sources of knowledge and information (Aarstad, 2012).

2.3 Network Theory and Africa

Collaborative behaviours in organisations contribute to the most effective research and a greater sharing of skills and knowledge. Roebken (2008) explains that social networking provides a higher degree of interaction among people. Research foundations across national borders have demonstrated that a network of collaboration provide access to important information and financial resources. Burris (2004) argues that networking is highly associated with visibility and this influences the ability of an organisation to gain additional advantages in terms of information access and financial resources. The research and literature on emerging markets is growing. Fletcher and Fang (2006) looked at the impact of culture on network formation in emerging Asian markets. In addition, Kumar and Pattnaik (2014) discuss how networks are homogenous in relation to the behavioural and socio-demographic characteristics of ties.

There is very little analysis that has been applied to Sub-Saharan Africa. Walther (2014) postulates two main reasons for the analysis of Sub-Saharan Africa in relation to networking. Firstly, the sociological studies in the 1970s focused on social and family issues, while anthropologists in Africa were not considered mainstream. Second, approaches applied by academics overshadowed formal network analysis in favour of econometrics or qualitative studies. The perception that network theory has not been applied to Sub-Saharan Africa was a motivation behind the current research, which attempted to investigate the way in which South African companies utilise their networks to bridge the structural holes and overcome the institutional voids they encounter. While several studies on network theory have been conducted, they have focused on kinship, health conditions (Adams, Madhavan, & Simon, 2006) and on the role of social networks in coping with vulnerability (Schneegg, 2006).

The role of brokers is particularly important when considering the African context (Walther, 2014). A business operation in which there is very little reliance on formal institutions (institutional voids) shows that actors have become embedded within their network of partners and customers (Walther, 2014). This contributes to the development of trust and reliance network by different actors. However, research has shown that embedding

excessively can also have limitations where entrepreneurs are potentially excluded from networks and opportunities as they are not well-known. This demonstrates that networks favour the well-connected rather than the well qualified (Walther, 2014).

Globalisation and the widening of trade opportunities has forced embedded actors to develop new ties that stretch beyond the bounds of the local business community. This has encouraged the development of brokerage relations made of weak ties, which are necessary to do business with distant partners who may not share the same origin, religion, or culture. As a result, West African traders are increasingly forced to combine embeddedness within the social group with brokerage ties (Walther, 2014). Traders now need to find a balance between the norms of group solidarity and instrumental linkages across structural holes (Meagher, 2010).

Developing the concept of brokers further is important. Constituting a powerful category of actors without an idea of the trade is a challenge. Walther (2014) identifies how the concept has evolved from an African perspective where they are formally recognised as being actors willing to engage in business. The social network theory identifies brokers as occupying a structural position in relation to other actors, taking advantage of their position to bridge ties (Burt 1992, 2015; Walther, 2014). Walther (2014) concludes that the success of economic activity does not rely solely on the attributes of the social actors, but also their ability to draw on resources from the structure of their social relations (act as brokers). As such, the weak ties – which are the broker’s acquaintances outside of the immediate partner/friendship network – will play an increasingly important role in trade development in Africa, as they connect to more networks of information, threats, and opportunities, and become more relevant as increasing numbers of international companies invest in Africa.

The main network theories that have emerged over the year and they include the Granovetter’s Strength of Weak Ties (SWT) theory. In 1973, Granovetter wrote the ‘Strength of weak ties,’ and argued that strong ties are unlikely to be the source of novel information as weak ties really act as bridges and that because bridges are really the only source of novel information, weak ties therefore present themselves as the best potential sources of novel information (Borgatti & Halgin, 2011). The second main theory within this framework is that of structural holes and is discussed in detail below.

Levin and Barnard (2013) contributed to the literature on network ties in emerging markets. They argue that less-developed countries benefit from being connected to technologically and economically-advanced countries. Focusing their study on intra-organisational networks, the study findings from Levin and Barnard (2013) were consistent with McDemott and Corredoira's (2010) findings, who found that locally obtained knowledge can also be useful just like the information obtained from partners in the developed world.

While the perspective of the article is from the developed to the developing countries, the underlying point is that locally obtained information is useful. This argument is pertinent to this study, as it investigates the way in which South African companies are utilising local knowledge and network ties to maximise their internationalisation in Africa.

2.4 Structural Holes

Pivotal to this field of study is the network theory concept of 'structural holes'. Structural holes are holes in the information flow between groups and are "a correlate of organisational learning, representing the ability of the firm to recognise the value of new external information, assimilate it and apply it to commercial ends" (Burt, 2004, p. 357). The application of this concept, therefore, moves social network theory from the anthropological context to the business context as they become the social capital, which creates a competitive advantage for actors whose relationships can span these holes (Houy, 2009). The existence of structural holes between two groups illustrates how internally focused the actors are on their own networks, not realising the possible opportunities that exist beyond the boundaries of their network.

Ultimately, information within networks becomes homogenous, tacit, and, therefore, 'sticky' (Burt, 2015). Densely connected people within clusters disconnect buffered by the structural holes between them. As such information breadth, timing, and arbitrage advantages to people whose networks span the structural holes (Burt, 2015). Gaps within networks provide opportunity which if capitalised on can contribute to a company's survival and performance (Brass et al, 2004). Ultimately, the more disconnected the contacts in a network, the more likely the network spans structural holes (Burt, 2015).

Burt (2015) describes brokers, within the context of structural holes, as being exposed to these breakdowns and gaps in communication, which gives them the opportunity to detect

productive and new combinations of previously segregated information. They are also able to see alternate sets of people whose interest would be served if the new combination were realised (Burt, 2015). Brokers in this context are ultimately bridge-builders. Burt has remained consistent with his understanding of the role that brokers play, taking advantage of sparsely dense parts of the networks from where they can create ties to other actors across structural holes (Burt 1992).

Structural holes, therefore, present a valuable context for these bridge-builders. Brokers can operate and coordinate across the holes building bridges of connections with actors on different sides of the structural hole (Burt, 1992, 2004, 2015). It is widely agreed that the knowledge of the structure of interaction between opposite groups is vital for proper understanding and spread of new ideas. Renjie and Guangyu (2014) assert that organisations that have network positions with a greater number of connections have more effective ties. Therefore, they gain highly structural benefits regarding the competitive network.

Structural holes, once bridged, provide firms with the opportunity to enter into partnerships and collaboration. As trust and norms are established, innovation, and level of output increases as a result of the increased collaboration (McFayden, Semadeni, & Cannella, 2009). Companies that have successfully overcome the structural holes they face have managed to adapt their business models and strategies in order to maximise the opportunity. As Burt (2004) states, “organisations with management and collaboration networks that bridge structural holes in their market seem to learn faster and be more productive” (p. 357).

Burt (1992) developed the term ‘structural hole’ calling it a “relationship of non-redundancy between two contacts...where the hole is the buffer” (p. 65), and, because of the hole, the two contacts provide network benefits that are in some degree additive rather than overlapping. Strong relationships between contacts indicate the absence of the structural hole.

The theory of structural holes developed from the understanding that higher rates of return were realised based on the competitive advantage that actors had as a result of the network structures they were involved in and the location of these networks in relation to the market (Burt, 1992). According to Burt (1992), the three forms of capital that actors bring to the

'arena' are financial; human and social capital. Financial and human refers to the individuals property (raw materials; sites) while human is the specific skills needed to produce the goods and services while social capital is the relationships that the actor has with other players and developed contacts. Social capital of individuals aggregates into the social capital of organisations.

All three elements of capital that Burt (1992) refers to are pertinent to this study and relate specifically to the first two questions included in the present study's interview schedule. Kogut (2000) explains that inter-organisational partnerships, in question one, are argued as being those organisations that possess the financial and human capital referred to. Social capital, as per the outline above, relates to the second question, which focuses on specific individual employment decisions based on the social capital that they can bring to the organisation.

2.5 Structural Holes and Social Capital

Social capital implies a strategy of maintaining the structure of existing relationships. William and Durrance (2008) argue that social capital in social network is a conceptual tool inherent in the development of structural relations between the actors. Accordingly, social capital requires maintenance and reinvestment into the structure of prevailing relationships. It is the driving force for maintaining resources and gaining improved resources (William & Durrance, 2008). Valenzuela, Park, and Kee (2009) explain that social capital is important, since it shows the accessibility of resources available to individuals through social networking. People with diverse networks have more social capital compared to those with less diverse networks (Valenzuela et al., 2009). Research on the social capital of the firm has made the argument that competitive advantage stems from organisational advantage, or, rather, the connections within a firm (Bartkus & Davis, 2009). To investigate the structural dimension of social capital within firms, Lehtimaki and Karintaus (2013) argue that high levels of social capital do facilitate the efficient transfer of information. It also assists in solving complex problems and enhances the creation of new ideas for business opportunities (Lehtimaki & Karintaus, 2013).

Social capital seeks to enforce norms of behaviour, and, therefore, acts as a constraint. Conformity leads to predictability, which helps organisations' perform according to the expectations. Valenzuela et al. (2009) explain that social capital in social network is

important since it inspires the employees within the firm to work towards achieving the firm's goals. This enables the organisation to reproduce the existing network structure and building the social capital accessible to all employees. Entrepreneurs with strong networks accumulate social capital, which presents them with insights into the needs of community immigrants (Martinez & Aldrich, 2011). This social capital shows a shared system of information that enables people within a network to have a unique understanding of the information they receive. Jack and Anderson (2002), in Martinez and Aldrich (2011), explain that the social capital promotes the evaluation of local opportunities, as members form cohesive communities are in better positions to examine and seize local opportunities that serve local markets. Burt (1992) interprets the importance of social capital differently. Rather than the reproduction of the networks, the author argues that the emphasis should be placed on the opportunities that structural holes can create by focusing on an open structure as opposed to the closed structure presented by the social capital example, above. Kohut (2000) explains that brokers form non-redundant relationships bring new information, and, therefore, transform the network structure emphasising the value that exists between the networks and not within them. For Burt (1992), partner selection, more than social capital, determines effective cooperation between firms.

2.6 Structural Holes and Institutions

Research on the success of ventures into new markets has started to look at the impact of inconsistent associations (Martinez & Aldrich, 2011). This builds on the work by Ostrom (2010) that the outcomes of success are reliant on the local institutional context, which includes multiple centres of decision-making. This institutional polycentricity is defined as spontaneous interactions of multiple institutional rules and norms and mutual adjustments among institutional actors (Batjargal, Hitt, Tsui, Arregle, Webb, & Miller, 2013).

2.6.1 Polycentrism

Greenwood, Raynard, Kodeih, Micelotta, and Lounsbury (2011) explain that institutions are complex and multifaceted and their implications for the actions of an organisation are interdependent. With this assumption, the institutional polycentrism theory proposes that institutional environments are characterised by multiplicity, which involves the confluence of various interrelated institutions (Batjargal et al., 2013).

Ostrom (2005) explains that the confluence of various institutions is theorised to have different impacts on the outcomes compared to a single institution, since the convergence is characterised by mutual reinforcement and dynamic interaction. As such, the theory of institutional polycentrism suggests that institutions originate from multiple (poly) rule-setting centres such as governments, associations, and communities (Ostrom, 2010).

These polycentric economies display a confluence of dynamic interactions and mutual reinforcements of different types of institutions which have qualitatively different effects on the outcomes, as opposed to an economy with a single or few institutions (Batjargal et al., 2013). Polycentrism is important because of the way the multiple decision-making centres and actors adjust and order their relations, creating a complex system of governance under which organisations and individuals act legitimately (Batjargal et al, 2013; Ostrom, 2010).

Ostrom and Ahn (2009), in Batjargal et al. (2013), argue that the influence of ineffective and weak institutions inspires the social actors to utilise networks as the substitutes for insufficient institutional support. This is because networks assist in acquiring enough resources from resource holders who partly operate on formal institutional arrangements. Webb, Tihanyi, Ireland, and Sirmon (2009) assert that the structural holes in an organisation's network is important, as a consequence of effective access informal resource holders when formal institutional orders is unfavourable for all entrepreneurs.

The concept of institutional polycentricity signifies the spontaneous relations of various institutional rules and mutual adjustments (Webb et al., 2009). Similarly, there can also be a confluence of weak and inefficient institutions, which generates ambiguity and uncertainty in the institutions. These environments, therefore, force individuals or organisations to build diverse networks that are rich in structural holes (Batjargal et al., 2013). Within this environment of weak, inefficient or limited institutions, actors are forced to reach out to informal resource holders, operating outside the usual institutional arrangements. These weak or inefficient institutions, therefore, create networks that are rich in structural holes, creating opportunities for brokers to act as bridges, linking actors within various networks to one another so that previously unrealised opportunities and information can be realised and shared. Institutions, therefore, play a critical role in providing clarity to investors, both foreign and domestic, that the economy they are investing in is well structured and governed (Schrammel, 2013). This, in turn, creates an expectation of consistency in the response by

the institutions, contributing to the efficiency in which transactions are handled and investments made easier. Where these formal constraints are lacking, formal institutions are replaced by informal mechanisms, which come at a higher transactional cost, which North (1990) labelled as insufficiencies, and, ultimately, institutional voids, which he described as the lack of institutional facilities, norms, and regulations needed for a well-functioning economy.

Institutional context influences the way companies are regulated and supported (Batjargal 2010), where strong institutions with formal rules can act as a mediator between structural holes. Weak institutions impose unreasonable restrictions and can impede the pursuit of new opportunities, which negatively impact on innovation (McKenzie, Rapoport, & Bar-Îlân, 2004). Similarly, inefficient institutions also impede the success of new business opportunities, as they increase opportunity costs (McKenzie et al., 2004).

McKenzie et al. (2004) argue that the combination of weak and inefficient institutions are associated with an increasing number of structural holes within the social networks, which negatively impact on the revenue and growth of new ventures. Critically, these networks with structural holes also provide an opportunity to access non-redundant private information, such as new sales opportunities, customers, product for existing customers, and new distribution channels (McKenzie et al., 2004). This positive impact increases in relation to the weakness and inefficiency of institutions. As such, the weaker and more inefficient an institutional context is, the greater the impact (positive or negative) will be (McKenzie et al., 2004).

This understanding of the impact that the institutions can have on new ventures and established companies is an underlying motivator behind this study, which aims to further the knowledge around how South African companies invested in countries with weak or inefficient institutions are overcoming these challenges. Interestingly, product-based companies tend to fare better in markets with weak or inefficient institutions, as they are generally protected by patents and trademarks. Established companies also tend not to rely on brokers to fill their knowledge gaps. Rather, they build knowledge-based centres in-house or commission them to smaller companies. For established companies, structural holes provide access to new markets and customers (McKenzie et al., 2004). Applying this research to South African companies operating in Africa is also an underlying motivator

behind this study, particularly regarding the research questions around inter-organisational partnerships and the employment of locals in order to build in-house, bridge-building capabilities.

2.7 Institutions and Institutional Voids

African markets represent specific challenges for multinational business. This is because they are relatively unexplored and they also have weak institutional frameworks, such as flawed judiciaries and weak regulatory systems (Luiz & Stewart, 2014). Such institutional conditions, such as weak fluid rules, can deliberately provide unexpected behaviours and enterprises attempt to exploit such weaknesses. Pajunen (2008), in Luiz and Stewart (2014), argues that institutional voids in host countries are considered the primary contributors of pervasive bureaucratic behaviours in an organisation. The existence of this institutional void contributes to governmental discretion and control over resources (Cuervo-Cazurra, 2008).

2.7.1 Institutions

Schrammel (2013) argues that institutions are the determinants of economic performance, which implies that they are the key factors to superior performance. Efficient institutions solve problems if incentives are included to develop and implement property rights as the basis of human interaction (Schrammel, 2013). Institutions directly impact on the performance of economies, and the level of economic performance is influenced by the efficiency of the economy's institutions (North, 1990; Schrammel, 2013). Institutions, according to North (1990), provide structure and context within which there is a certain degree of certainty regarding how outcomes will be determined. They are human constructs that direct political, economic, and social interaction made of both informal constraints and formal rules (North, 1986, 1991).

2.7.2 Institutional Voids

Schmitter (2010) explains that responses to institutional orientation are explicit or implicit and they influence the institutions and addresses institutional voids. Organisations are viewed as participative agencies, which cooperate politically to preserve and promote the achievements of business goals and objectives. In other cases, business bodies engage in both integrated and direct political participation during the development of business-backed political revelries (Schmitter, 2010). Politically-oriented and inefficient institutions may

contribute to increased government interventions in business activities, poor regulation, and monopolistic distribution of resource (Batjargal et al., 2013).

Khanna and Palepu (2010) argue that deficiencies in market mechanisms are influenced by institutional voids. Such imperfections occur due to non-existent institutions that support the market. Lack of predictability in the economic activities, in relation to developed markets, characterises the emerging trends in markets (Khanna & Palepu, 2010). Institutions in emerging markets are unnecessarily dysfunctional, but they have insufficiencies in regulatory effects and transactional confidence. Hajer (2003) builds on this, arguing that institutional voids are found in places where no clear rules and norms exist, according to which politics is to be conducted and policy measures to be agreed upon. Hajer (2003) explains that there are no generally accepted rules and norms that exist. Tan (2009), in Batjargal et al. (2013), argues that weaknesses in institutional voids provide substantial challenges to business agencies anticipating to engage in the emerging and frontier markets.

Mair and Marti (2009) broaden the definition of institutional voids and describe them as situations where institutional arrangements that support markets are absent, weak, or fail to accomplish the role expected from them. In terms of business development and investment, stronger institutions impact positively on the level of cross-border activities within emerging markets, as they contribute to the trust that an investor has in the economy (Meyer, Bhaumik, Estrin, & Peng, 2009). Realising this, Khanna and Palepu (2010) further developed their understanding of institutional voids and the impact they have, highlighting that institutional voids exist when there is an absence of formal institutions that support markets in contexts that have other informal institutional arrangements, which, in turn, impedes market participation (Khanna & Palepu, 2010).

Institutional voids have a direct impact on the way in which businesses operate and the investment decisions that companies make. This is based on the belief that institutions originate within the social, economic, business, political, and legal contexts of the society and become part of the normal day-to-day economic activities. As such, the effects of institutional voids are continuously felt by firms throughout their activity chains, as they try to overcome these voids (Luiz & Stewart, 2014).

2.8 Institutional Voids in Emerging Markets

Batjargal et al. (2013) argue that organisations, mainly the business bodies, have the possibility to directly influence institutions, both positively and negatively. This influence on organisational culture is compounded by the levels of economic development that creates the per capita income of the firm (Batjargal et al., 2013). According to Khanna (2015), markets are institutional arrangements that allow buyers and sellers to come together. Emerging markets are characterised by a lack of predictability in economic activity relative to developed markets (Khanna & Palepu, 2010) and refer to the incompleteness of such institutional arrangements (Khanna, 2015). This incompleteness, which defines emerging markets, adds to their unpredictability in terms of economic activity, due, in part, to the lack of regulatory effect (Luiz & Callum, 2013).

Institutions in emerging markets, while not dysfunctional, do lack the regulatory effect, choice, and transactional confidence of the institutions (North, 1984; Luiz & Stewart, 2014). A view of institutional voids in emerging markets reveals the lack of socio-political structures that facilitate market operation, such as law enforcement systems and functional consumer redress mechanisms (Khanna & Palepu, 2010; Zhao, Tan, & Park, 2013).

Khanna, Palepu, and Sinha (2010) argue that successful companies work around institutional voids, as evidenced by Philip's expansion into rural Ghana with their solar lantern products. Van Den Waeyenberg and Hens (2012) explain that these companies come up with policies for carrying out business in new markets that differ from those they use in their homes; they also find ways of executing them. They customise their approaches to fit each of the institutional contexts they encounter (Khanna et al., 2010). As such, the development of innovative and adaptive business models when investing in economies results in institutional voids becoming critical. However, it is critical to underline the type of innovation required. Luiz and Stewart (2014) caution against companies being influenced by ineffective politically orientated institutions, which result in poor regulation, excessive governmental intervention in business operations, and the monopolistic provision of resources, as they lead to incidences of corruption (Luiz & Stewart, 2014; Peyton & Belasen, 2012).

Innovating business models and strategies to overcome the lack of generally accepted rules and practices means that businesses have to adapt to the environments in which they are operating. Manikandan and Ramachandran (2013) argue that businesses are overcoming these institutional voids through the formation of business groups. Schrammel (2013) argues that clusters are formed by companies, as they have the ability to direct their amenities to voids in the recognised settings. This contributes to reducing competitive disadvantages and generating incentives for other businesses to participate in the cluster and pay for such services (Schrammel, 2013).

The inability to overcome these weak and inefficient institutions can lead to a lack of communication, which in respect to product development and distribution, which can affect the relationship between suppliers and customers leading to product market voids (Parmigiani & Rivera-Santos, 2015)

2.9 Institutional Voids in Africa

Research around institutional voids in Africa and how multinational corporations are overcoming them is limited. Van Den Waeyenberg and Hens (2012), through the case study involving Philip's solar lighting expansion into rural Ghana, highlight the institutional voids and innovative processes required at each phase in order to overcome the institutional voids they encountered. In fact, much of the research regarding institutional voids has focused on how they are overcome in terms of MNC's wanting to access the base of the pyramid (London & Hart, 2004; Seelos & Mair, 2007; Vachani & Smith, 2008). Important contributions have been made by Luiz and Stewart (2014) around corruption, which is allowed to develop as a result of institutional voids, resulting in higher costs for companies that are unwilling to engage in corrupt activities. While conducting research on South African companies' experiences in Sub-Saharan Africa, Luiz and Charalambous (2009) found that good general country governance, [low] corruption levels, and the presence of high quality, transparent regulatory frameworks and public institutions is very beneficial for South African companies that are considering investing in Sub-Saharan Africa.

2.10 Institutional Voids and Growth

Africa, and, in particular, SSA will grow as both a source of FDI and a destination with middle income growth in Africa showing significant development over the past decade (Freemantle, 2014). The Economist (2012) argues that SSA will continue to experience increased

consumer spending, natural resource discoveries, rapid urbanisation, and increased technology usage over the coming decade. This growth has prompted the argument that Africa has grasped a milestone in its progress in history and is poised to participate in a more substantial role in the global economy (UNCTAD, 2014). Importantly, this growth is expensive where institutional voids exist. The establishment of business and company operations come at higher transaction costs, since they lack property right safeguards, and, therefore, are bound to personal exchanges (Schrammel, 2013).

The uncertainty that results from institutional voids increases the transaction and adjustment costs that companies experience when making these investments. Institutional voids bring the quality of a country's governance into question. In this regard, poor governance increases the costs of doing business for investors and entrepreneurs. It introduces elements of risk and uncertainty in the investors' decision-making calculus that affects their expected rate of return on investment. It can also create distortions in investment decisions that lead to suboptimal outcomes being realised for the economy (UNCTAD, 2014). These perceptions are critical when attracting long-term investment. This is because government effectiveness is an integral part of institutional systems, which represents a host nation's institutional governance and reflects perceptions of the quality of public services and the quality of policy formulations and implementation. Importantly, the perceptions of a host nation are institutional governance (Deng & Yang, 2015).

To counter these institutional challenges, countries on the continent are attempting to diversify their economies in order to attract new FDI and partnerships into their economies (Luiz & Charalambous, 2009). These initiatives are undermined by the persistent negative impact of perceived political instability, which is based on, amongst others, the required presence of high quality, transparent regulatory frameworks and public institutions (Luiz & Charalambous, 2009).

Many countries in the continent are becoming aware of the challenges that FDI encounter is important refers to institutional sophistication. This shows that both the top-down maturation of the regulatory system standardises a firm's behaviour and the bottom-up modification and growth of popular inventiveness that redefine shareholder involvement (Zhao, Tan, & Park, 2014).

Accordingly, top-down approaches will require legal and normative prescriptions for firms that create a standardised and enforceable set of formal rules for firms to comply with. This sophistication approach argues against the void-focused perspective. This is because it has limited power to capture the bigger picture considering the rapid social transition in emerging markets, while still recognising the stickiness of institutional voids and accommodates the interplay of voids and development as a source of conflict (Zhao et al., 2014).

Corruption is another major challenge that host countries and investors face when considering investment strategies. Institutional voids in host countries are understood as being the main cause of bureaucratic and organisational corruption. Institutional voids can result in governmental discretion and control over resources without oversight and corruption (Luiz & Stewart, 2014). Therefore, corruption becomes a major challenge that companies face when considering investing in Africa. Political and organisational corruption is prevalent throughout the continent (Transparency International, 2014).

Political corruption is defined to include the activities of public officials, which result in the abuse of public power for the purpose of personal gain on the part of the official (Luiz & Stewart, 2014; Spencer & Gomez, 2011). Organisational corruption, on the other hand, is defined as the abuse of power that is organisational in nature and results in the conscious violation of ethical or legal rules of the organisation for personal gain and possibly to the detriment of the organisation (Luiz & Stewart, 2014, p. 384).

Emerging markets, therefore, become characterised by institutional weaknesses and are thus more prone to corruption than developed markets, as such “business in these environments potentially comes at a higher cost to companies that pursue ethical behaviour as they may lose opportunities to others who are less scrupulous” (Luiz & Stewart, 2014, p. 395).

The literature review has focused on the core concepts related to the field of study, highlighting their applicability to the research and how they have informed the formation of the research questions and the interview schedule. Structural holes, prevalent in markets and economies with weak or inefficient institutions, present both an opportunity and risk to companies entering into those markets. One of the key ways to bridge these structural holes is through the formation of partnerships, either organisational or individual partnerships,

where the partners can act as brokers building bridges between the structural holes. The review now develops the understanding of these two main types of partnerships.

2.11 Inter-Organisational Collaboration and Structural Holes

2.11.1 Inter-organisational Cooperation

Inter-organisational cooperation is identified as joint ventures, strategic alliances, collaborations, business groups, outsourcing, joint programming, and relational contracts. These cooperation structures provide frameworks for organisations to work together in order to overcome the structural hole's they encounter. Brass et al. (2004) develop motives on the existence of inter-organisational cooperation. The motives include learning, trust, and norm formation.

2.11.2 Learning

With regards to learning, research indicates that firms with more experience in working with other organisations are more likely to create increasingly diverse network ties and become more dominant in the networks. Besides, their increased network experience leads to greater knowledge. As such, firms that engaged in learning about the industry through inter-organisational cooperation become more attractive network partners as their knowledge increases (Brass et al., 2004).

2.11.3 Trust

Previous encounters have demonstrated that trust between individuals and organisations do influence future inter-organisational cooperation. Brass et al. (2004) argue that inter-organisational network depends on people's trust. This relational trust indicates that strategic alliances were more likely to be formed between organisations. This is consistent at the senior level where a senior management's social capital in the company is translated into inter-organisational alliances (Chung, Singh, & Lee, 2000). Kogut (2000) explains that the ties attenuated the impact of customers' needs in terms of resources; therefore, actors should trust each other. Such practice shows the implications of behaviour rules, which, in turn, results in creating network entities (Kogut & Walker, 2001).

2.11.4 Norm Formation

The formation of norms enhances the likelihood of successful inter-organisational collaborations. These collaborations develop despite the trust that may exist (Brass et al., 2004). A key norm that has developed in inter-organisational collaboration is the reciprocity norm (Kogut, 2000). According to Kogut (2000), the rules of behaviour (norms) create network identities, and reciprocity norms become heuristics in which actors use to further make relationships with other actors.

In relation to the research that size matters, companies are more likely to embark on an inter-organisational collaboration if they have similar status and power (Ostrom, 2010). Knoke (2001) explain that a strategic alliance enables two organisations to remain legally dependent and they also share their managerial controls and benefits of performance based on the assigned tasks. This is because commitment from one party far exceeds the other, and one party would ultimately incur obligations that could not be paid back. Brass et al. (2004) acknowledge these findings, but suggest that while there may seem to be similarity in the link between alliances, the findings from the research result from the challenges associated with negotiating cooperative partnerships among actors with different capabilities and power.

2.12 Outcomes of Inter-organisational Collaborations

Having outlined the motivation as to why companies embark on these inter-organisational collaborations, one now focuses on research involving the outcomes of such collaborations. Network ties are pursued because they convey information and they are perceived to be very influential information channels, as they deliver relevant and confidential information that is possible to affect performance (Brass et al., 2004). As a result of these, benefits associated with network ties contribute to different consequences, which include imitation, innovation, firm survival, and performance.

2.12.1 Imitation

Large amounts of evidence suggest that imitation follows network ties among organisations (Burt et al., 2004). Networks not only speed up the diffusion of information and the practices that are known, but also on the costs and benefits of adoption, and, therefore, influence behaviour. Martinez and Aldrich (2011) argue that strongly cohesive communities are the major social mechanism of reproduction. As such, these communities tend to facilitate

imitation. Strong ties and social capital fosters a strong network that provides business opportunities and does not bind potential entrepreneurs based on the application of new ideas. This creates the opportunity for bridging the ties in response to radical innovations (Martinez & Aldrich, 2011).

2.12.2 Innovation

Innovation is arguably an unintended consequence of network ties. Companies with weak ties and often not in competition with each other share ideas and knowledge across organisational boundaries (Burt et al., 2004).

2.12.3 Firm Survival

Network ties have a positive influence on access to information, which, in turn, contributes to positive outcomes. New firms are likely to fail based on their lack of access to resources. Partnerships diversify the company's network structure and expose it to new networks and actors that were otherwise unknown (Aarstad, 2012), which contributes to a firm's survival.

2.12.4 Performance

The consequence of performance is closely related to that of survival, as the attributes that foster survival are similar to those that increase a firm's performance. According to Podolny (1993), a main contributor to performance is that visible network ties are interpreted as a signal of quality that confers status on a firm, thus increasing the price of its products or services. Weak ties also contribute to the performance of a firm. This is particularly prevalent in industries where weak ties facilitate information collection. Strong ties, on the other hand, become more relevant when firms want to reduce competitive intensity in stable industries (Brass et al., 2004).

Inter-organisational networks are founded and created on similar mechanisms that create interpersonal networks. Like the individual, organisations extend their ties towards valuable information and resources. Critically though, they are constrained by their managers' experience and expertise. Organisations are also heavily affected by market relations, and, therefore, influence the consequence of membership in inter-organisational networks (Brass et al., 2004).

Firm survival and performance are seen as being important aspects of the motivation behind inter-organisational collaboration. These motives form two main themes that underpin the research and help explain why South African companies make the partnership and employment decisions. Critically, the performance of firms may depend on their networks of collaboration at the industry level and collaboration amongst firms may be the result of collaboration amongst individuals (Brass et al., 2004, p. 808). Having insights on how these decisions are taken in emerging markets is critical.

The focus of the literature review now turns to the changing nature of human resource methods, highlighting that what works in the domicile market may not be relevant to emerging markets, particularly in relation to institutional voids. Understanding the motivation behind the appointment of expatriate employees is also investigated, as this was a key objective for this study, and, ultimately, became one of the research questions.

2.13 Institutional Voids and Changing Human Resource Methods

Recent literature on the development of human resource management, particularly relating to emerging markets, is realising that the standardisation of this practice isn't straightforward and that these emerging markets present very different contexts to the ones the parent MNC's are used to. Emerging markets are often economies and markets in economic and political transition where institutional voids exist, which make localised HR practices very different (Davis & Luiz, 2015). Emerging markets continue to attract growing levels of FDI despite the fact that it is still considered a difficult place to do business due to high transaction costs and institutional voids (Luiz & Rupal, 2013). Davis and Luiz (2013) argue that the combination of weak institutions and fluid rules of the game, MNC HR strategies and structures need to adapt to navigate the uncertain environment.

2.13.1 The Role of Expatriate Employees

The expansion of South African companies into Sub-Saharan Africa has meant that South African expatriates are becoming more and more prevalent in the subsidiary companies on the continent (Ravu & Parker, 2015). The need for South Africans in these roles is informed by two major drivers. Firstly, there is a shortage of essential skills throughout the continent, which South Africans predominantly possess. Finally, the notion that by deploying staff to these new markets, companies are entrenching their corporate culture, work ethic, and

company specific skills within the local staff (Davis & Luiz, 2015; Ngongo et al, 2013; Samet, 2013).

An expatriate is defined as an individual that has been transferred away from their native country to another host country, with the specific intention to work there (Hoking, Brown, & Harzing, 2004, in Ravu & Parker, 2015). A successful deployment is deemed as being one that implies effective knowledge transfer from the parent to the subsidiary, and, hence, value is added to the organisation (Ravu & Parker, 2015).

2.13.2 Contextual Intelligence

Khanna (2015) explains that contextual intelligence is the ability to understand the limits of our knowledge and to adapt that knowledge to a context different to the one in which it was developed. To achieve this, a framework needs to be developed that allows people to intelligently account for this contextual complexity in order to render it analytically tractable and empirically meaningful (Khanna, 2015). This work is developed from the earlier analysis of companies in emerging markets where Khanna et al. (2010) argue that successful companies work around institutional voids. They come up with tactics for carrying out business in upcoming markets, which are unlike those they use at home. They also find fresh methods of executing them and customise their approaches to fit each nation's institutional context (Khanna et al., 2010).

In order for South African companies to capitalise on the economic potential that Sub-Saharan Africa seems to offer, both in terms as a source and destination, companies in South Africa will have to adapt their internationalisation strategy to maximise the opportunities that structural holes present. These strategies must be able to adjust to structural holes they encounter and overcome the institutional voids that prevail in the host economies in which they have invested.

2.14 Conclusion

The review has discussed, in detail, the impact that structural holes have in terms of a company's growth, both in a negative and positive light. Companies that remain engaged in their own networks will not realise the diverse opportunities that potentially exist outside of their network boundaries. Companies that use brokers, either through partnerships or employment decisions, create opportunities to capitalise on unrealised opportunities.

Importantly and critically, emerging markets, with weak or inefficient institutions, exhibit increasing numbers of structural holes, which present both threats and opportunities to companies.

Network theory was identified as a critical framework within which to analyse the internationalisation strategy of companies in South Africa. It was utilised because of the emphasis it places on relationships (ties). Markets in which investments are being made lack many of the formal polycentric institutions that dominate South Africa's domestic market. These markets, which are often weak and inefficient, dominate the investment landscape and alternative strategies are needed in order to create the best opportunity for success. Developing the concept of network theory further, the role of brokers becomes more and more evident.

Considerable literature has been written about social network theory and role that sectors play in developing networks, particularly from a more developed 'western' perspective. The concepts of institutional voids and structural holes have received similar attention, although there is a large focus on emerging markets within the institutional void literature. Little has been written about Sub-Saharan Africa and even less so regarding Southern or even South Africa.

Detailing the concepts of network theory, structural holes, and institutional voids, the literature review has taken the reader through the core developments around these concepts and reiterated their relevance to South African companies, despite the lack of research with a focus on this particular geographic region. More research in this field of study is needed, particularly as more companies will seek to increase their exposure to markets throughout the continent, as opportunities in South Africa become harder to realise in a weakening economy with increased competition.

Institutional voids play a significant role in how a company navigates the new markets it is entering. Generally, the transitional nature of emerging markets implies that institutional voids or weak and inefficient institutions will describe the environment in which companies will have to operate. As such, understanding the concept, the implications, and, most importantly, both the threats and opportunities that they present was discussed.

Inter-organisational partnership was identified as being a way that companies navigate the structural holes and to make the most out of the opportunities that they present. Literature around this theme investigated and described the motivations and outcomes of this type of partnership. Throughout the review, it was apparent that the depth of literature on Sub-Saharan Africa and South Africa, in particular, is limited. With South Africa being one of the top FDI providers to Africa, this indicates massive opportunities for further research in this field, particularly regarding human resources and partnership structures.

Finally, the role of South African expatriates was developed. Understanding the academic theory and underpinnings behind expatriate deployment assisted in analysing the role that these generally highly experienced and highly skilled individuals play in a company's internationalisation strategy.

Developing an understanding of the depth and history of these concepts provided the researcher with insight and understanding regarding the knowledge and literature that is currently available, but, more importantly, where there are shortcomings and limited research exists. Through the reconfiguration of the literature available and applying its relevance to a different context (Sub-Saharan Africa), which is mediated by two key variables (i.e., inter-organisational partnerships and employment decisions), a new perspective has been obtained on the application of social network theory to international business.

CHAPTER THREE: RESEARCH QUESTIONS

3.1 Introduction

The creation of the research questions was informed by the Flick's (2007) stages of the interview process. Following these stages assisted the interviewer in outlining what was required, possible challenges that may have occurred and to establish a consistent line of thought throughout.

As such the research questions were deliberated and carefully constructed. Several interactions between the researcher and supervisor occurred in order to ensure continuity, alignment and relevance to the subject matter that was researched.

In the design of the research questions, three main questions were postulated. These, in turn, were supported by subordinate questions that were developed to help tease out information from the interviewees if the initial questions were insufficient in producing responses. The research questions are outlined below:

3.2 Interview Schedule

The sub questions (i-xii) are identified as supportive of answering the main research questions (1 – 3). They are, therefore, seen as being probing questions directed towards the specifics of this study in order to add depth to the current study.

3.2.1 Research Question 1

Does the appointment of inter-organisational partners impact on a company's ability to navigate the structural holes it encounters?

- i) How are potential organisational partners identified?*
- ii) What preparatory work is done before the choice of organisational partner is confirmed?*
- iii) From where are the chosen organisational partners drawn? Why?*

3.2.2 Research Question 2

Are specific employment decisions made to mitigate the structural holes companies encounter when trying to develop partnerships?

- iv) Are structural holes identified before the decision to employ new staff is made? Explain?*

- v) *From where are the new employees drawn? Why?*
- vi) *How are new employees identified?*

3.2.3 Research Question 3

What role are South African employees playing in your internationalisation strategy?

- vii) *Are South African expatriates employed in senior management roles during the organisational start-up phase? Why?*
- viii) *What is the organisational effect of employing South African managers in senior roles?*
- ix) *At what point in the organisational life-cycle are South African senior managers replaced by locals? Why?*

CHAPTER FOUR: RESEARCH METHODOLOGY

4.1 Introduction

The research methodology outlined in this chapter was informed by the research questions detailed in the previous chapter. Conducting the research methodology in this manner assisted in establishing congruency between the research questions, the research methodology adopted, and the analytical processing of the data. These processes are detailed below.

4.2 Methodology

4.2.1 Research Design

The research philosophy of critical realism has been adopted due to the necessity to understand “the deeper structures and relations that are not directly observable but lie beneath the surface of social reality” (Saunders & Lewis, 2012, p. 106). This approach is important given the understanding that networks are utilised to overcome institutional voids and form bridges across structural holes that may otherwise hinder the success of a business. The approach in this study is deductive in nature, as the study will be testing social network theory and its application in terms of engaging structural holes (Saunders & Lewis, 2012).

The study is qualitative in design because the aim is to interpret, through samples, how companies adapt to the specific environment in which they are competing for market share. The purpose of this study is to discover new insight as to how social network theory influences inter-organisational partnership and employment decisions as a motivator for overcoming structural holes in Sub-Saharan Africa. Critical to the understanding of the companies’ behaviour is the context in which they are operating.

This study is applied in nature, as it seeks to further the understanding of real world problems being faced by South African companies (Bickman & Rog, 2009). The research design is qualitative and will use a mixture of interviews and secondary data as sources of information and data collection. Interviews were conducted with representatives from South African companies that are listed on the Johannesburg Stock Exchange (JSE) and currently have operations in Sub-Saharan Africa. Listed companies have been chosen, as their results and

other information is publicly available and easily accessible. Interviews were scheduled with senior managers in the sampled companies who were able to discuss their respective company's employment decisions to overcome the structural holes they encounter and develop strategic partnerships.

Secondary data consisted primarily of research papers, journal articles, and economic data obtained from well-established, widely accepted academic peer-reviewed journals. Desktop research was also conducted to gather information. The majority of this information was sourced from financial and news websites, as these form an integral way in which developments within the market are communicated. Sources such as these also provide important context to the results and other information that is released directly by the companies. Opinions within the media provided the researcher with a critical layer of analysis within which to interpret information. For international perspectives, the Economist and Financial Times were used. The data is secondary in nature in that the information extracted from journal articles was intended for other research that is relevant to the research being conducted in this study. Information gathered from news media is also secondary in nature, as its original intention was to inform the general public. It, however, remains relevant to this research project (Saunders & Lewis, 2012).

Interviews with representatives from these companies formed the primary data that was used for this research project. Interviews were identified as an important way to bring out statements that could be analysed (Crouch & McKenzie, 2006) and relate directly to interviewees' experiences and knowledge (Patton, 2001). This becomes particularly relevant when analysing the strategies embarked upon to overcome the structural holes encountered.

The interviews were semi-structured in nature. A list of questions (see Appendix C) were developed to ask the participants. The questions remained constant throughout the interviews, but were asked in different orders based on the responses and general discussion with each interviewee. Questions that are not on the schedule were also asked as a result of the discussions that ensued. These were revealed through the transcripts pertaining to the interviews.

The questions in the interviews were open-ended in nature, as this allowed for information, opinions, and points of view being collected without running the risk of pre-empting these views that may have resulted from selecting a closed-ended pre-determined questionnaire format. Direct quotations from the interviewees allowed for raw data to be collected and analysed, gaining insight into respondents' experiences and perceptions (Patton, 2001).

4.2.2 Interview Process

The interview provides the researcher with the opportunity to ask questions and listen to what people's views and opinions are in their own words, providing a lens through which to view their surroundings (Flick, 2007). The interview is a careful questioning and listening approach that has the objective of obtaining thoroughly tested knowledge (Flick, 2007). As a tool for research, qualitative interviews have become a research method in their own right, with increasing literature on how to carry out interviews as part of research (Gaubrium & Holstein, 2002; Glaser & Strauss, 1967; Flick, 2007).

The interviews, for the purpose of the study, were qualitative in nature. The purpose was to obtain, through the interview questions and answers, qualitative information, looking for slight distinctions from the interviewees, and working with words and sentences instead of numbers and equations (Flick, 2007).

The interview process was semi-structured in nature, and specific questions were identified as part of the interview schedule. However if the need or interest arose, questions outside of the interview schedule were asked. Similarly, not all questions in the interview schedule were asked in some of the interviews. The decision not to ask all the questions in the interview schedule was based on the belief that the questions had been answered through the interviewees' responses to earlier questions. Often, responses from the interviewees covered varying elements of the proposed schedule and did not warrant questions being asked again.

The interview process itself provided important information that need to be documented. Flick (2007) underlines the importance of being a master of the subject matter before the interview process begins, as this enables the interviewer to sense the meaning of answers and "the possible horizon of possible meanings that it opens up" (Flick, 2007, p. 60). As the interview process continued, the interviewer was more comfortable with the questions and

asking secondary questions to follow up on initial responses. Having completed the process and analysing this outcome, the conclusion is that as the familiarity with the subject matter, interview schedule, and general process increased, as did the interviewer's confidence in the interview process. In terms of understanding and future recommendations, it is suggested that more pilot interviews be conducted and that the subject matter be mastered to an even higher level, as this will enable more productive interviews to be completed.

4.2.3 Designing the Interviews

4.2.3.1 Seven Stages of the Interview Process

In order to extract the most out of the interview process for the interview, Flick (2007) has identified seven stages of the interview process. These stages assist the interviewer through the potential hardships of the interview journey and assists in maintaining the initial vision and engagement throughout the interview research process. The seven stages are:

- Thematising
- Designing
- Interviewing
- Transcribing
- Analysing
- Verifying
- Reporting

The interview process, which was carefully constructed, followed a similar structure to the one outlined by Flick (2007), above. The stage of thematising is the formation of the research questions and focuses on the why, what, and how of the interview and is associated with understanding the overall purpose of the study (Flick, 2007). The designing of the interviews, as discussed earlier, formed a major part of this process and contributed to the interviews' success in extracting information from the interviewees.

Designing the final interview schedule involved several drafts being created, discussed, and tested for validity, relevance, and accuracy in relation to the subject matter and overarching research questions. The development of the interview schedule, therefore, went through a rigorous process, and several discussions regarding the structure, wording, and aspects covered were held. As the process developed, the interview schedule became more

succinct, eliminating the open-ended questions that featured in the original draft (see Appendix E). This is supported by Flick (2007), who states “the kind of knowledge produced in the interview depends to a considerable extent on the wording of the questions, which should be in line with the purpose of the research study” (p. 63). Ultimately, the quality of the interview depends on the skill, design, and execution of the interview by the researcher.

In the design of the interview schedule, three main questions were postulated. These, in turn, were supported by subordinate questions that were developed to help tease out information from the interviewees if the initial questions were insufficient in producing responses.

Interviewing was a considerable process and took much more time than originally anticipated. The selection of interviewees’ followed several processes (discussed later in the chapter) and was focused on a one-on-one interaction. The ideal was to meet with the interviewees in a face-to-face environment; however, time and budget constraint meant that several interviews were conducted electronically.

The remaining stages of the interview process were followed. However, the transcribing was outsourced to a professional company due to the researcher’s time constraints. The analysis and verification of the data and the reporting all form part of this study and are captured in the subsequent chapters.

4.3 2.2 Population

The population for this study is South African companies that are listed on the Johannesburg Stock Exchange who have an identified internationalisation strategy in Sub-Saharan Africa. Internationalisation, in this context, is understood to be outside of South Africa, but within Sub-Saharan Africa.

Defining the population involved a two-step process. The first was straight forward in that it was the total list of companies on the JSE, and the information was readily available. In terms of the sample size, it is important to note that the listed companies provided a pool from which to interview companies about their internationalisation strategy in Sub-Saharan Africa. The research was not reflective of the JSE per se. As such, the data obtained is not to draw any conclusions or make any assumptions or inferences about the JSE. Rather the

data collected is reflective of the companies that were selected and how the data and findings will contribute to the understanding of how social network theory is being adapted to overcome the structural holes the companies involved in this study encounter. As mentioned earlier, the JSE was used as a pool given the readily available information about companies and the ease with which to draw a sample from.

4.3 2.3 Sampling Method

The sampling frame that was used included the listed companies with identified operations in Africa. 'Identified' indicates that it is easily determinable that the company has functioning operations in one or more countries outside of South Africa's borders. The advantage of using listed companies as a population means that there is a complete list of the population. As such, a probability sampling method can be utilised (Saunders & Lewis, 2012).

Initially, a stratified random sampling method was decided as the most appropriate sampling method to be used to determine which companies should be approached for interviews. This method was adopted, as it aligned nicely with the way that the Johannesburg Stock Exchange (JSE) divides companies into various sectors. As such, the stratified random sampling approach meant that the sampling frame could be divided into strata that were relevant to this study (Saunders & Lewis, 2012). Companies were, therefore, divided into various sectors as outlined by the JSE. This was done and each company within the strata was assigned a value and a simple random sample was conducted.

This method of sampling proved problematic, as the various sectors (as identified in the JSE Handbook) have wide ranging numbers of companies in them. These ranged from one, such as the Basic Materials-Basic Resources-Forestry and Paper-Forestry to the Financials-Real Estate Investment Trusts-Diversified sector, which has fourteen listed companies in it (Profile's Stock Exchange Handbook, 2015). Following this method resulted in several sectors of South African commerce being omitted from possible selection.

A second sampling method was, therefore, adopted. Taking into account the challenges experienced with the initial sampling techniques, it was decided that a simple random sampling method be adopted. Simple random sampling, still a form of the preferred probability sampling method outlined earlier, allowed each company an equal opportunity as being identified for study. A major disadvantage that is often associated with this form of

sampling is obtaining a complete list of the population (Saunders & Lewis, 2012). This is not a disadvantage in this sample, as the population is already identified and listed on the JSE as readily available public data. One major disadvantage of this method is that certain sectors may not be represented in the sample, as they only have one company operating in them. Should that company not be selected, then the sector is overlooked.

In carrying out the sampling process, Saunders and Lewis' (2012) steps were undertaken:

- Defining the population;
- Determining the sample size;
- Listing of the population;
- Assigning of numbers to the companies;
- Random number generation; and
- Sample selection.

This sampling method produced similar results to the initial method. Again, sectors with minimal company representation were omitted. Accepting this limitation, the researcher continued with the sampling method and was able to create a sample of sixty-one companies.

In order to collect sufficient data from the companies, it was determined that twenty-one interviews be conducted. A rational decision was made that one in three companies would be available for interview so a sample size of sixty-one was created. Listing the population was also easy, as the names of all the listed companies are readily available. Numbering the companies was easy and a simple 1 -396 was utilised. This number was determined by the number of companies that are listed on the JSE and actively trading as functioning companies. Selecting random numbers was achieved using a basic excel equation.

Once the list was established, the researcher began to contact the companies and requested interviews with the relevant employees that would be able to answer and discuss the questions raised in the interview schedule. Immediately, this process of requesting interviews and engaging with the companies proved challenging. Without some sort of access, the researcher encountered continuous refusals to interview or simple non-responses from the companies.

A period of limited data collection ensued and the researcher was forced to adapt the sampling method. Ultimately, a convenience sample was created based on the researcher's own social networks that were able to provide access to appropriate individuals within appropriate companies. While this convenience sample certainly did not allow for an equal opportunity for companies to be selected, it did (coincidentally) provide the researcher with a wide-range on companies that represent six very different sectors: Construction; Banking; Information Technology; Agriculture; Medical and Retail. A total of eleven companies were represented in the interviews.

Table 1: Number of respondents per sector:

Sector	Number of Respondents
Agriculture	1
Banking	3
Construction	1
Oil and Gas	1
Information Technology	1
Medical	1
Retail	3

An advantage of using the convenience method of sampling meant that the researcher was able to leverage the social networks available in order to setup meetings with the representatives from the companies. These individuals were also more accommodating, as the request for the interviews was based on both strong and weak ties between the researcher and the senior company representatives.

4.3 2.4 Unit of Analysis

For the purposes of this study, the unit of analysis was all the listed companies on the JSE. This study assessed how companies operating in Sub-Saharan Africa are using employment decisions to overcome the structural holes they encounter and establish strategic business partnerships.

4.4 Measuring Tool

The research design is qualitative in nature, with an in-depth analysis of strategy decisions. The purpose of the study is to uncover how companies, through inter-organisational partnerships or specific employment decisions, overcome the structural holes they encounter. The research will be conducted using interviews, peer-reviewed journal articles, published results, and the news media (as outlined earlier).

For the coding of the data, a computer software program, known as NVivo10, was utilised by the researcher. This aided in the organisation of the developed codes and the tabulation of the number of occurrences of the themes, per participant. The primary data were coded and portions significant to the analysis were extracted. These are called 'quotations'. The quotations are then linked to the relevant codes. By making these linkages a 'network' is created. These networks were the main tools that drove the analysis.

NVivo10 was chosen as the measuring tool because it enables the analysis of unstructured data from several different types of sources. Documents are stored in a single location, are easily retrieved, and all quotations used can be traced back to the original source. NVivo10 was used because it aided the researcher in uncovering and analysing, in a systematic way, complex ideas and details in the unstructured data. Through the coding and annotating of primary data, the software helped to visualise the complex relations that existed (Lewins & Silver, 2007).

4.5 Pilot Interviews

Pilot interviews with colleagues and fellow students were conducted. This enabled the researcher to familiarise himself with the interview process, establish an appropriate comfort in asking the questions, as well as establish an understanding of how long the interviews would take and which questions, generally, would take longer to answer. The pilot interviews were limited to three participants.

4.6 Data Analysis

For the analysis of data, the researcher employed a qualitative thematic analysis approach where the interviews with the participants were analysed by extracting the most meaningful responses they shared in relation to the purpose and research questions in this study. It can also be assured that before the analysis, the researcher fully immersed himself with the

study, removing any bias and preconceptions about the topic. By doing so, themes were formed based on the responses from the company representatives. In particular, the researcher followed King and Horrocks' (2010) stages in completing a thematic analysis process. There were three main stages that followed, which were:

- (1) "Descriptive Coding;
- (2) Interpretive Coding; and
- (3) Overarching Themes" (p. 153).

In Stage One or the "descriptive coding" phase, the researcher:

- (a) Thoroughly read the interview transcripts;
- (b) Highlighted the significant responses and noted comments beside the material;
- (c) Defined the codes to be used later on;
- (d) Repeated this process for all 11 interviews and modified the codes along the process; and
- (e) Conducted a "quality check" of data.

In Stage Two or the "interpretive coding" phase, the researcher then:

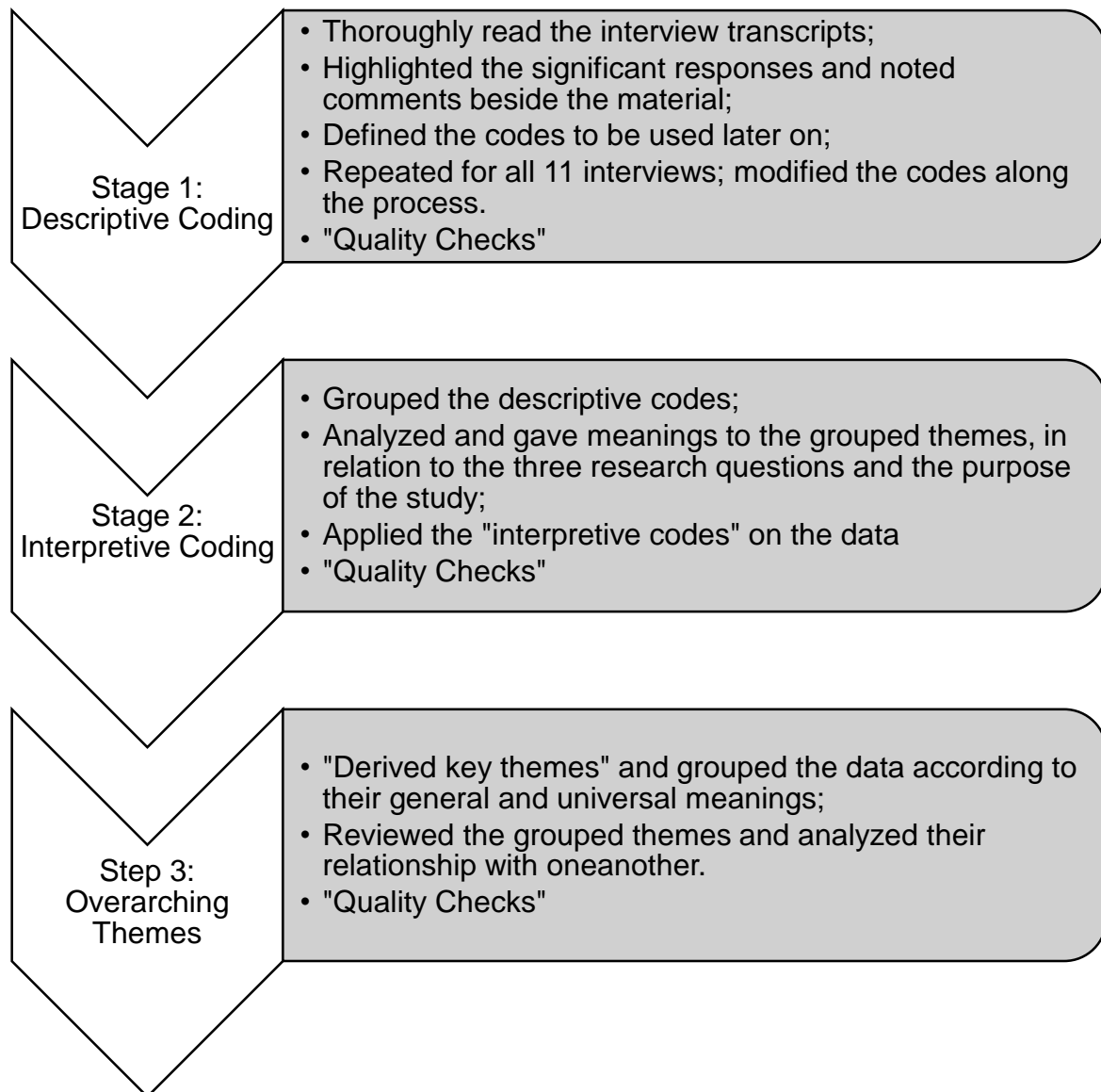
- (a) Grouped the descriptive codes;
- (b) Analysed and gave meanings to the grouped themes, in relation to the three research questions and the purpose of the study;
- (c) Applied the "interpretive codes" on the data; and
- (d) Conducted a "quality check" of data.

Finally, in Stage Three or the "overarching themes" phase, the researcher:

- (a) Derived key themes and grouped the data according to their general and universal meanings;
- (b) Reviewed the grouped themes and analysed their relationship with one another;
- (b) Conducted a "quality check" of all findings.

It must be noted that King and Horrocks (2010) steps were modified to fit this particular study.

Figure 1. Thematic Analysis Process.



Source: King and Horrocks (2010).

In addition, the themes that received the most number of occurrences for each research question were considered as the major themes in the study. Meanwhile, the other significant perceptions formed were then tagged as the minor themes of the study. In the next section, the researcher presents the findings of the study with the tables, figures, and verbatim texts to support the results established.

4.7 Evidence of Trustworthiness

For the qualitative exploratory research design using a thematic analysis based on the interviews that were conducted, the researcher was able to engage in different practices that demonstrate data verification or the evidence of trustworthiness of the themes formed. More specifically, the characteristics of research that can be found in this study are credibility, transferability, and conformability.

Credibility was instituted by guaranteeing that the problem or issue being discussed was constantly presented and recognised throughout the study. The interviews with the company representatives were guided with semi-structured questions to secure complete and clear answers from the participants, addressing the research questions in the study. Interviews were also conducted in an environment where both parties could properly hear and understand each other so that the participants could correctly and accurately address the queries of the researcher. Meanwhile, if there were unclear or new terms stated by the participants, the researcher asked the participants to repeat and restate their responses. Credibility was then enacted when the researcher asked and validated if the responses shared by the participants were authentic and accurate.

The researcher also reviewed and examined the interview transcripts following each interview to make sure that all data were constant and coincided with the responses from the participants. For a more systematic coding, the researcher also utilised NVivo10 by QSR. Finally, for the transferability as well as conformability, the researcher presented the first-hand perceptions and experiences of the participants for the future scholars and researchers as well as analysed them thoroughly to benefit from the new findings that the current study brings to the field of business and education.

4.8 Limitations

- Due to time limitations and the availability of senior managers within the companies, only eleven companies were able to be interviewed. While this is indeed a limitation, the information and data received from the interviews was insightful and relevant to this study.

- As discussed earlier in the chapter, the sampling method did have some limitations. The most notable of which was that certain sectors of the JSE had a high probability of not being selected for the study. This proved to be true. An additional limitation in this regard is that because certain sectors were not selected, the findings from the study are, therefore, unlikely to be applicable across all sectors.
- The composition of the questionnaire proved to be a challenge. Interviewees tended to struggle to understand the questions as they were asked. This involved the interviewer having to repeatedly outline the academic framework under which the research was being conducted.
- The interview schedule was also very concept heavy, which meant the interviewer was constantly unpacking and explaining the concepts in the questions. Several times interviewees' asked to see the questions in order to assist with their own conceptualisation and understanding of the questions. Accepting the limitations around the questionnaire and the need for clarification during the interview process resulted in an awareness of how the interview schedule could be better designed and presented in future iterations of similar research.
- Unlisted or private companies were not considered for inclusion in this study, which might have provided different responses to the interview schedule questions.
- The transcribing of the interviews was outsourced due to time constraints. This may have resulted in words and statements being captured incorrectly before being coded.
- Only companies from the Chief Operating Office were interviewed, not partner companies or individuals in the Host Country. This inevitably leads to weaker triangulation (respondent statements tend to be taken at face value) and greater limitation on the generalisability of findings from an academic perspective.
- Countries where companies are investing were limited to English speaking only. This was done deliberately as a result of the financial, time, and language constraints on the author. As such, there may be alternative applications that could be adopted as a result of cultural and language affinity with the host country.

CHAPTER FIVE: RESULTS

5.1 Introduction

This chapter presents the data in relation to the research questions developed in chapter three and establishes themes associated with the questions asked during the interviews that were conducted. For ease of reference, the data has been tabulated below (Table 1) and depicts to the reader the themes that emerged, the responses associated with those themes, and a percentage to underline the share that the identified theme made up in relation to the research question.

A total of ten themes were identified based on the data obtained through the interview with the respondents. The strongest response and theme was around the role that South African expatriates play in a company's internationalisation strategy, where South Africans are identified as being key sources of knowledge. The lowest response rate was one and was recorded in each of the research questions. The first instance related to the first research question and was around the theme of inter-organisational partnerships having no impact, with the focus rather on internal employee development. The second instance occurred around research question 2 and related to the theme of locating employees as a result of other company recommendations. The final instance was in relation to the third research question and relates to the theme that South African expatriates are placed based on their training and knowledge. The responses and themes are detailed below in Table 1.

Table 2. Summary of questions, themes and number of responses

Research Questions	Key Themes that emerged from the data	No. of responses	Percentage
1. Does the appointment of inter-organisational partner's impact on a company's ability to navigate the structural holes it encounters?	Theme 1A: Impact is dependent on the organizational partner and preparedness of company	6	55
Subordinate Questions:	Theme 1B: Impacts the navigation of structural holes	4	36
I. How are potential organisational partners identified?	Theme 1C : No Impact on the navigation of structural holes as company is focused on the constant development of employees	1	9
II. What preparatory work is done before the choice of organisational partner is confirmed?			
III. From where are the chosen organisational partners drawn? Why?			
TOTAL		11	100
2. Are specific employment decisions made to mitigate the structural holes companies encounter when trying to develop partnerships?	Theme 2A: Recruitment is from the local setting- skill and training development included	5	45
Subordinate Questions:	Theme 2B: Mainly based on the skills and capabilities they can offer	4	37
IV. Are structural holes identified before the decision to employ new staff is made? Explain?	Theme 2C: Mainly based on the qualifications they possess	1	9
V. From where are the new employees drawn? Why?	Theme 2D: Recommendations from the partnering organizations	1	9
VI. How are new employees identified?			
TOTAL		11	100
3. What role are South African employees playing in your internationalisation strategy?	Theme 3A: South African employees hold the key positions for the transferring of skills and knowledge	7	64
Subordinate questions:	Theme 3B: Strategy is based on the targeted location and skill	4	36
VII. Are South African expatriates employed in senior management roles during the organisational start-up phase? Why?			
VIII. What is the organisational effect of employing South African managers in senior roles?			
IX. At what point in the organisational life-cycle are South African senior managers replaced by locals? Why?			
TOTAL		11	100

5.2 Research Question 1: Does the appointment of inter-organisational partner's impact on a company's ability to navigate the structural holes it encounters?

5.2.1 Thematic Label 1: The appointment of inter-organisational partner's impact on a company's ability to navigate the structural holes it encounters

5.2.1.1 Theme 1A: Impact is dependent on the organizational partner and preparedness of company

Participant 5 explained that the impact of the appointment of inter-organisational partnerships on the structural holes depend on the preparedness and planning of the company. He furthered that if there is a general lack of compatibility, then the gaps will definitely grow bigger:

In general, if you've found the right one, are you bringing the right sort of partner to plug that gap then it can only be a positive if I, in my opinion, to the organisation, but where it is most detrimental is where unfortunately what happens a lot of the time is it is not compliant. You get the wrong third party, you get the wrong internal recruitment, you bring in the wrong individual who is basically detrimental for all the good that all the role, that gap you were trying to plug as a gap.

They lack the compatibility with your organisation or we want them to do the wrong things and that's where frustration boils over, poor service creeps in, and questions about value for money crop up. And those are the things again that undermine the intention of doing the right thing by recognising there is a gaps there we need to address it and addressing it in the right way.

Participant 7 reported:

So overall the company to come and whether it has the capability to perform whichever asking question to the extent that we don't have the capabilities internally the first port of call is going to obviously comply with our procurement and our procurements as we go out and we can include tenders to provide the service in question based on that you would effectively have to select a service provider.

Participant 8 highlighted how structural holes are always present. However, the gaps can be dependent on how the partners can be of help, along with the resources available and other factors:

No just to finish off, they can definitely assist you in navigating through these structural holes you know, they just have a better understanding of the country, of how things are done, and I think they have a lot more emphasis on the practical side of how things are done whereas a third company might have a lot of theoretical knowledge you know reading through, doing homework and reading through you know all your legislation and systems, but the theory and the practical can sometimes be a bit more, you know different from each other. And that's where I would say your local inter-organisational partners do play a big role.

Participant 9 reported:

So you look for, he was previously he was the head chief of roads at the in the government, they call it the road agency. So he was the director of roads, we employed, he resigned for some reason I don't know, we employed him on a salary and a shareholder, a small shareholding in the company. That process also worked because you can use this guy to get to bridge the gap. So he interacts with the client, he negotiates on your behalf, he's an employee, which also works up to a point where what happened to us eventually is, I don't know if I'm jumping the questions...

Participant 10 shared an experience when a deal or partnership went wrong due to the structural holes pertaining to the misunderstanding between the two organisations involved:

... So it was a bit harsh and a bit embarrassing, but you know I guess that was a misunderstanding so that again supports your point, how important that bridge is so that you don't have the misunderstanding because obviously the company went to Uganda with the view that they would be doing a legitimate partnerships, business, the other partner were looking for donations, some donate equipment and donate I guess some funding. So that didn't work out, so that was an unfortunate situation, but that was before my time so I don't have any of the details, but it happened, it's a factual, it was a factual statement.

Participant 11 noted:

I mean the starting point for us, I would guess, are the areas where we really battle in the other countries we go into and the answer is yes. I'll give you some examples where we rely on the networks that we currently have to fill those gaps.

5.2.1.2 Theme 1B: Impacts the navigation of structural holes

Participant 1 explained that although the appointment of inter-organisational partners affects their capability to direct the structural holes that they have, they address this by maximising the resources that they have. This means that the company sources and examines their 'central ability' and would work from there. Once they see that things are not going as planned, they will make necessary changes until they are on the right track:

From a broad based perspective, you're asking me there could be multiple factors to entering new markets. So from a legal side of things, yes we would use a professional firm of accountants and lawyers. Typically, we'd source those through our existing relationships that we have here in South Africa. Because we have I guess relationships with all of the big firms, and whichever one is the strongest in that particular market or location we'd typically go with them. And it's not that we, sometimes we actually change them midstream, if we find we are not getting what we want we will change.

So that will go towards establishing the legal entity in that particular location, but then there is a whole host of things that we also have to do. What we typically do on entering a market, we try and leverage as much of our central ability as possible. So from a merchandise, sourcing, and assortment point of view, that is typically controlled from here. So in essence we are just rolling out branches in those locations, so it's stores, we looking to roll out stores. So firstly the big thing is finding a location and that is the, in Africa, it's probably the biggest challenge and the other side of it is logistics, is finding the right people to work with who can enable your supply chain.

Participant 3 highlighted how their company has a long process of appointing inter-organisational partners. He also added that gaps are addressed by maximising their corporate customer service with the different branches of their corporate dealings:

The corporate relationship allows us then to land in a country a couple of years later, 3-5 years later in the country with a business banking proposition and essentially with a private executive and salaried proposition. So, and it's then really about connecting the, so for example I mean now we're corporate bankers to the company, so our private offering becomes individual banking solutions to the executives, we bank the staff, salaried staff, we start to connect the value chain.

So how do we close those gaps that you talk about? We're using the corporate customer to help create those linkages between corporates and between corporates and their suppliers which are typically businesses. So if that makes sense. So this thing about follow the money...

Participant 4 explained how their company or organisation tried to pattern their environment and strategy according to the local conditions in order to build the structural present:

The lower response to investing in the rest of Africa has always been to involve a minority partner, a local minority partner who we perceive to be useful in helping us navigate the local environment, ok. And these aren't, they have almost be quirks of circumstance as opposed to deliberate choices, so Tanzania for example, the government privatised a national asset and they then retained a 25% share in the business of Illovo sugar, and then plus we took on what we considered at that stage a marketing partner. So I suppose the general answer to your question is that we tried, through shareholding in the company, create the local incentive to perform under local conditions.

Participant 6 stated that the changes and bringing in of new partners definitely creates greater structural holes, but that these can be minimised depending on how plans are designed to address these structural holes:

So we take long to do things ourselves, because it's such a big organisation. We tend to do things, to take so much time to do things ourselves, now imagine when we bring someone from outside. So, there's definitely value in going outside to local people, local businesses, they understand the market better, but you don't know them well, you know, they don't know you that well. So, it's, it makes business sense, but it just tends, in my experience, tends to take longer for things to happen.

5.2.1.3 Theme 1C: No Impact on the navigation of structural holes as company is focused on the constant development of employees

Participant 2 shared their company's process of internationalization in which they are focused on developing their employees. Thus, if there were gaps and limitations, they would be addressed and fulfilled along the way:

So I think the story for me there is you know when a company starts very small, the resource you want generally is a generalist type of resource because we can't always

start a business with our ideal employee base, function scaling. So what happens is someone like me is hired, who is actually not a specialist in any verticals but has a very broad commercial understanding of doing business in South Africa but across different verticals, and an understanding of the industry specialist, which is in the game of advertising. What happens is that as we expand, the depths of my abilities become apparent, and that is when I motivate for new resources to come on who are specialised to bridge the gaps. And we identify which partners for us are the ones who have the biggest revenue opportunity, and those are the gaps we fill fast. Or where I have the least skill set, those are the gaps we fill fast. So ultimately we evolve the capability of our business by hiring based on the level of depth and the expansion we have with the big spenders. We, effectively, as a business we work with verticals.

5.3 Research Question 2: Are specific employment decisions made to mitigate the structural holes companies encounter when trying to develop partnerships?

5.3.1 Thematic Label 2: The specific employment decisions made to mitigate the structural holes companies encounter when trying to develop partnerships

5.3.1.1 Theme 2A: Recruitment is from the local setting- skill and training development included

Participant 1 shared their main strategy of recruiting from local management in their target markets as well as training and developing individuals in South Africa and their target markets:

Then in terms of people development, we will go in and look to recruit local management and we are probably, we pretty much management light. We don't look to put in regional offices, we don't look to put in regional distribution centres or anything like that. We would only consider doing something like that if we got to a point where the scale of the operation would mean that it would add value. And I guess our approach is quite different to many of our competitors and other organisations. So we can enter markets get good returns quite quickly.

We would look at a local agency and we wouldn't just use one to get the initial foothold to identify the, you know the first candidates. We'd look to train those people, we'd bring them here, and train them in South Africa and then put them back in those markets. We minimise the use of expats. In West Africa, we did have an expat

regional manager there who we have now withdrawn. So in essence those countries are running on their own.

Participant 2 added that once they arrive to their target location, they hire the staff that they can develop and mould into specialist roles:

So when arrive, we arrive in South Africa right. The first thing we do is to hire staff or we need to identify staff who can help us in our business needs that aren't available in the market that we need to bring in or we need to create those skills. For our business, there are certain skills that exist in market, certain skills that exist in very few markets globally. So, how we work is for us that really important connections we need to make as a business is we need to connect with every major vertical that spend in marketing.

So what we do there is we either find people who match that who might have come from a similar competitive business like a Google or one of those, or we find someone that we think that we can mould into those very specialist roles.

Participant 4 highlighted the advantages of recruiting from the local setting since these locals can provide much 'richness' to the starting businesses, and admitted that having expats, only, builds and expands the gaps further:

So by definition you are basically investing in a local network because all of these guys were at school with people who are either your mates or auditors or who are government ministers and who are bankers and all that sort of stuff. So the move to localise your appointments is probably the best way that you can cross these structural gaps and in fact I would say that when you have expat leadership those gaps are even greater. We find sitting at a group leadership, the insights you get into a country from local leadership is probably in order in magnitude greater than anything you would have gotten from an expat leader. And that's in part a comment on the quality of the expat leadership but in part's it's just a fish out of water phenomenon, no matter how good they are, the ability to immerse in the local country is huge is very difficult.

So, I think, so local people just give us a richness in incorporating context, networking accessibility that would have taken a hell of a lot of time for us to access from externally and using local expat leadership would have been very difficult.

Participant 7 reported:

I think the overall principle that we employ is at all times we try and use locals you know, one because obviously you handling the indigenisation laws, I think it's you get a better understanding of how things work, you up skill people within the country, transfer skills from our head office to the locals also give them a sense of ownership of what they're doing because they the representatives within country.

Participant 8 denoted:

Let me start by saying that a company like us, we are very limited in terms of the number of expats that bring to Nigeria. We try and keep it to an absolute minimum, and mostly just in your more managerial posts. From our branch managers down you have no expats, so there is very much a focus not to bring in foreign people, but to employ your locals in the company structure.

5.3.1.2 Theme 2B: Mainly based on the skills and capabilities they can offer

Participant 2 described their strategy of fulfilling the needs of their 'industry vertical' where employees are hired based on the skill sets and capabilities that they can offer and bring to the organisation:

The first part of our strategy is to fulfil the needs for expertise in each one of the verticals, because our belief is that there are commonalities across regions for the need of the vertical and marketing. For instance, [Name of Company] in Nigeria has similar needs to [Name of Company] in South Africa. So as opposed to hiring one person for Nigeria and one person for South Africa, we hire one person for [Name of Company], so it goes across both. However, what happens again, as the level of depth with the client goes, clients' nuances they have the commonalities of the initial bit, but then as you deeper you start to get regional specifics, as you get deeper into the business and the needs and the core and audience behaviour. So we also reach a point, ultimately, where the central model, to answer your question that we have now one office in Africa, will have a need to have people with more local knowledge, will be the next bridge that we will need to put in place. So it goes first expertise and then regional. So first it goes, I would say, company or vertical skill sets, and then regional skill sets, and then ultimately regional presence.

Participant 3 echoed how they require an employee who is focused and can make things happen with his or her abilities and skills:

So you need somebody who is incredibly focused on the detail, can make things happen, can run a program to the T because we're burning millions of rands a month. So we inevitably, we will take a highly seasoned expat who has done this kind of thing before.

So I guess your symmetry and your gaps, etc., is around how do you management down the risks, ok. Everything is about managing down the risk, and the risk changes shape over periods of time.

Participant 5 also shared how the most crucial employment strategy to mitigate structural holes is recruitment based on the skills that the employees can offer and bring to their company:

Yes, the answers yes. And that's what we do day-in day-out, so we're working mostly with our 12 countries at the moment to build capabilities in those areas and make the right decisions on whether we actually need to land some of those capabilities in country or whether landing them kind of at the centre of us here in South Africa to deliver and enable to countries, but remotely, because it's a balance whether you really need them in the country or here....

Participant 7 indicated:

I think when you talk about employees and bringing employees in whether it's in any of the African countries I think it complies with the same thing, you need to be clear on what you require people to do. I think if you not clear on what's expected you won't get the right people in the place, in place. Now first of all because we are a technical organisation with a difficult empowerment where you need people from the technical side – geology etc. if we employing you to provide that service you will have to comply with the skills requirements that we need to perform the job in the country.

Participant 11 reported:

So that was an example of bringing in a particular individual who had a reputation for our supply chain expertise which we absolutely don't understand and it's everything from negotiating deals with transporters to refrigeration deals, fitting

refrigerators, low energy refrigerators, and all of that good stuff. And so we appointed him as a full time consultant to the business.

5.3.1.3 Theme 2C: Mainly based on the qualifications

Participant 6 shared that the main basis of employment is the qualification of the individual; however, problems still develop when they are not able to do their jobs appropriately:

So the only way to get into the supply is to prove, is to get the qualification. So the guys are qualified, right, but then they're doing things that they should not necessarily be doing. So if you go to the question or skill and you say, you know, are these guys unskilled to be doing what they're doing. They are in a sense because they don't have the opportunity to skill themselves because they're over qualified in doing things that they shouldn't be doing.

Sometimes you will send people from in-country into South Africa or to London or New York or whatever, and the idea is that for these guys to come back with the skill, whether they do come back is also debatable. Whether they come back and stay and you realise the benefit of sending them there is debatable. So the idea is to create jobs but it's tricky. It's not as simple as you've launched the business and now you're going to find people in country and they're going to run it.

5.3.1.4 Theme 2D: Recommendations from the partnering organisations

Participant 10 explained that their process involved the decision of both the partnering organisations, which was deemed to be the more effective strategy:

So certain employees were recommended by Lesotho partners, so the government. So the government actually recommended certain people to be employed and certain employees were brought from South Africa, so from within the group some appointments were made and they were transferred to Lesotho. Of course, voluntaries, they actually applied for those positions, and they were interviewed, and transferred across.

5.4 Research Question 3: What role are South African employees playing in your internationalisation strategy?

5.4.1 Theme 3A: South Africans hold the key positions for the transferring of skills and knowledge

Participant 4 admitted that the first few encounters and experiences with bringing in South Africans were not as good. However, as time passed, South Africans have developed and even gained greater skills to transfer to other countries:

So Ja the short answer is we have involved South Africans in the start-ups and it's fair to say it has been largely not that good. So just a bit of a throwaway anecdote, our current MD in Zambia said that the first South African they encountered in Zambia spoke 3 languages, English, Afrikaans, and profanity, so that's you know, that's one sort of data point.

So, Ja, the South Africans are come in key positions, what we see now with guys we have in expat leadership that are South African are very good, they amongst our best people, we do send out our best people, and people have seen that career development depends on doing an effective stint elsewhere, so that's been the story of our South African expats. They not, generally not a long-lasting solution. What's really interesting and kind of unique to us is we've obviously got a British shareholder, so from time to time people out of the UK, particularly people who have worked in China because relative to China, the woes of Africa are a lot less complex and they assimilate really well, they tend to have a softer set of skills that South Africans generally.

Participant 5 described the roles of South Africans as 'massive', as he also is assigned or tasked to train and develop them for the future of the company:

Massive, massive. One of the things I've been asked to come across to do is to help develop, grow, nurture, local talent, and a personal motivation objective of mine is to put Africa up there as being the benchmark... And I could see first hand a lot of talent that we had [inaudible] a lot of talent we had over here felt that it was being suppressed by poor management, poor leadership, and there still is to some extent, but we're working, there's an arrogance from the UK to South Africa in terms of the abilities we have over here, oh we know how to do it and you guys you've just got to listen to us.

Participant 6 indicated:

So we do, like, so, what I've seen with South Africans being based in country is that we actually are not pushing a lot of South Africans to be based in country, but what we do is we have regional heads based in South Africa. So you'll have like the head of Africa markets, so that guy is in charge is in charge of the markets business in East Africa or West Africa, but they're based here. And then they will have people reporting to him that are locals. And I think that is one way of trying to like, the cost issue and also trying to have the skill based here, and localisation in country.

Participant 8 explained that they have very limited South African employees as they prefer developing and honing the locals; however, he added that South Africans are present for the transferring of skills:

Firstly, they're more expensive to employ than you know than locals. Secondly, again repeating but it's also good for your company image to show that you're not a foreign company per say, but that you are trying to uplift and employ as many locals as possible. So, coming back to the question, I would say the role of your initial employment of senior management is just to steer the ship on the right path you know to bring a company specific experience into your subsidiary company like what we are, you know, and to learn your employees, how to think about the business, how to go about their daily job. So just basically as a, to guide them on the path of how the company does its business. The intention is not really to keep them here unnecessarily long, but in certain specific positions you do have a shortcoming and you have to employ people from a, you have to employ expatriates.

Participant 9 reported:

Only South Africans, we put all the decision-making positions are South Africans. So the chief of the office and the chief financial office are both Expats, no question, no issue, no discussion. Below them we employ though only, mostly locals as far as possible.

Participant 10 shared the crucial role of the South Africans, as they are often tasked with managing difficult situations and decisions:

So definitely yes, because when you commit serious capital to a partnership, you don't want to lose control over that because you just don't know how it's going to go,

especially in a foreign territory. So the senior management was selected from South Africa and then augmented by the local talent in the local country, but because there was serious capital involved, South African staff were brought in to manage it.

Participant 11 reported:

So I mean it's a very straightforward answer and you guess it actually. In a new country that we're entering, we use our South Africans in relatively senior management positions. So a store manager in another country would generally be at a higher grade than a store manager in South Africa. So in terms of revenue and scope of store they're managing exactly the same box, but the complexity to be had for operating remotely are you know dealing with our customs and excise issues, new regime and the like means it is a higher management, in fact they're probably 2 grades higher than would be the case for a local manager.

5.4.2 Theme 3B: Strategy is based on the targeted location and skill

Participant 2 admitted that their organisation is only made up of 40% South Africans. Their strategy is to employ individuals based on 'depth and knowledge' where they hire based on the skills specialised according to a particular location:

As such, we're not a South African only team, I think we are probably 40% South African and 60% rest of Africa. So that's our current split and as we require more skills specialised for West Africa and East Africa, we will hire West Africans and East Africans because that will serve that. The whole reason we're hiring is because we need that depth and knowledge. That depth and knowledge is not transferable outside of that region.

Participant 3 also shared how the presence of South Africans depends on their targeted location. He also added that the location requirements are more crucial:

You know most of our operations we, most of our operations we are fully wholly owned subsidiaries, there are couple where we have minorities, and there's something like Nigeria where we have 51% in Nigeria. So you won't find many South Africans in our Nigeria operation, if any actually, just given the large local shareholding. I think the chairman's local, the MD's local, etc. But there are, so there's a mixture. Often it will be South Africans, but there is a good example between Mozambique and Angola, where we will use seasoned either Portuguese

or Mozambicans, because Mozambique came before our Angola operation. Phenomenal similarities between those two markets, not just Portuguese, but the Portuguese influence on the culture, the financial systems, etc., so it's no use sending a South African guy to Angola because it's such a different ecosystem.

Participant 7 indicated:

South Africans but obviously might in a few years also have some other nationalities but as I said its extremely difficult to bring people into South Africa so expanding into Africa we won't leverage our expertise as I said to expand into Africa, set up the business, start the activities, liaise with locals get the guys on board, determine on the nature of the activity whether it requires a full time presence right because if it doesn't require a full time presence then it's the early phase with limited activities then we will - one considering the relationship I mean most of the SADEC stuff Malawi, Botswana, tend to engage ourselves because there's more of a relationship and easier to get along with people inside there because they understand where you coming from etc.

Participant 8 denoted:

Firstly, they're more expensive to employ then you know than locals. Secondly, again repeating but it's also good for your company image to show that you're not a foreign company per say, but that you are trying to uplift and employ as many locals as possible. So, coming back to the question, I would say the role of your initial employment of senior management is just to steer the ship on the right path you know to bring a company specific experience into your subsidiary company like what we are, you know, and to learn your employees, how to think about the business, how to go about their daily job. So just basically as a, to guide them on the path f how the company does its business. The intention is not really to keep them here unnecessarily long, but in certain specific positions you do have a shortcoming and you have to employ people from a, you have to employ expatriates.

CHAPTER SIX: DISCUSSION

6.1 Introduction

The objective of the study is to investigate how companies in South Africa utilise organisational partnerships, employment decisions, or South African employees to overcome the structural holes they encounter when investing in Sub-Saharan Africa. Interviews with senior representatives from these companies were conducted in a semi-structured nature in order to gather the data. Interviews were recorded (with permission), transcribed, coded, and analysed.

Interviews ranged in length from between twenty-five minutes to nearly an hour. The length of each interview was determined by the nature of the responses and the willingness of the interviewee to share information with the interviewer. Although the interviews were recorded, additional notes were taken and used to aid the interpretation of the interview responses and what was said by the interviewees. As outlined in chapter three, an interview schedule with three main questions was used, along with subsequent sub-questions. The questions were open-ended in nature.

In Chapter six, the analysis, based on the eleven interviews with senior company representatives from identified companies, is presented. The purpose of the study was to discover new insights into the social network strategies companies in South Africa have adopted in order to overcome the structural holes they encounter through their internationalisation process. A qualitative thematic analysis was then performed on the interviews to establish meaningful themes and essences based on the responses from the participants who have firsthand perceptions and experiences on the topic. To code the data, the researcher also employed a computer software program, known as NVivo10 by QSR, which aided the organisation of the developed codes and the tabulation of the number of occurrences of the themes, per participant. The analysis of the study was guided by the following research questions:

Research Question 1:

Does the appointment of inter-organisational partners impact on a company's ability to navigate the structural holes it encounters?

i) How are potential organisational partners identified?

- ii) *What preparatory work is done before the choice of organisational partner is confirmed?*
- iii) *From where are the chosen organisational partners drawn? Why?*

Research Question 2:

Are specific employment decisions made to mitigate the structural holes companies encounter when trying to develop partnerships?

- iv) *Are structural holes identified before the decision to employ new staff is made? Explain?*
- v) *From where are the new employees drawn? Why?*
- vi) *How are new employees identified?*

Research Question 3:

What role are South African employees playing in your internationalisation strategy?

- vii) *Are South African expatriates employed in senior management roles during the organisational start-up phase? Why?*
- viii) *What is the organisational effect of employing South African managers in senior roles?*
- ix) *At what point in the organisational life-cycle are South African senior managers replaced by locals? Why?*

In this chapter, the demographics, presentation of the findings, and summary of the chapter are all presented.

6.2 Demographics

The participants in the study were representatives from South African companies that are invested in Sub-Saharan Africa. The eleven representatives occupy senior management positions in their respective companies and are involved in the decision-making processes regarding their company's Africa region internationalisation strategy. The researcher decided to choose these participants as they have firsthand perceptions and experiences of the developments and innovations that have been used when dealing with various structural holes.

6.3 Data Analysis

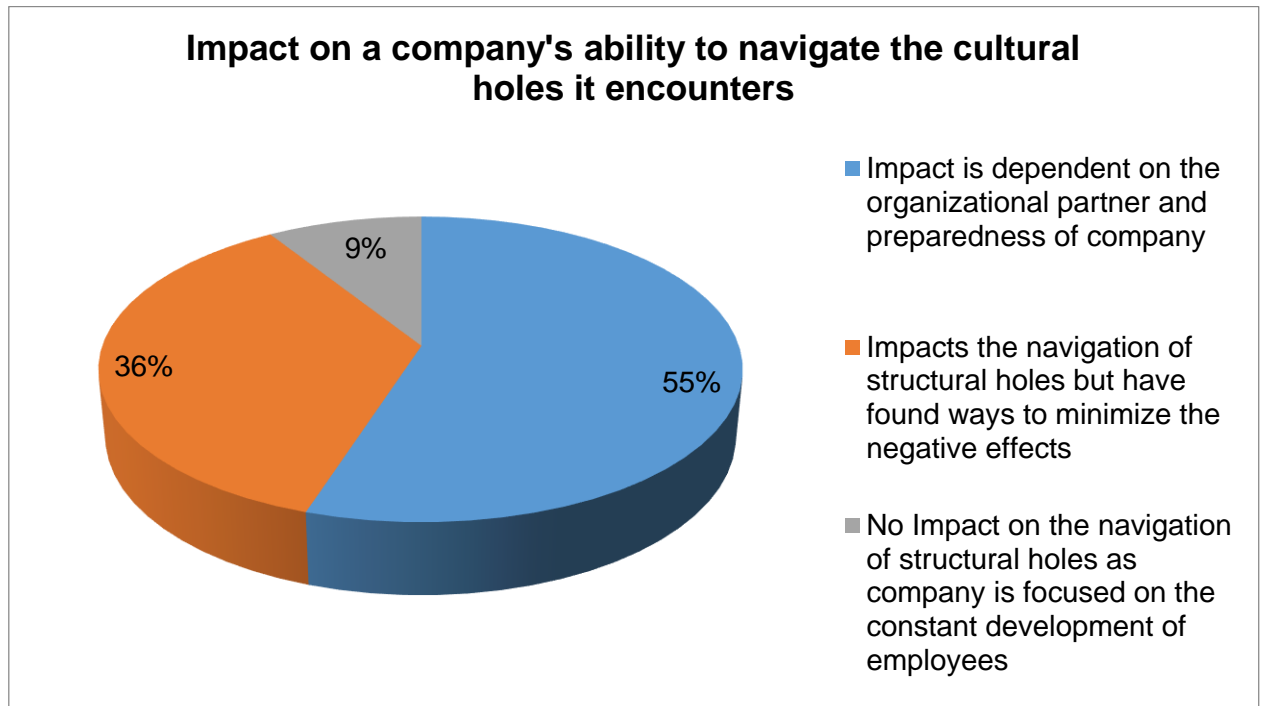
For the analysis of data, the researcher employed a qualitative thematic analysis approach where the interviews from the participants were analysed by extracting the most meaningful responses. A detailed description of the data analysis processes is contained in the research methodology, in chapter four. The analysis produced three major themes with several sub-themes emerging from the responses.

6.4 Presentation of Findings

6.4.1 Theme 1A. Impact is dependent on the organisational partner and preparedness of company

For research question one, which examined whether *the appointment of inter-organisational partner's impacts on a company's ability to navigate the structural holes it encounters*, the first theme established from the data found that the impact of the organisation is dependent on the organisational partner and preparedness of company. The major theme received six occurrences of the responses of the 11 participants or 55% of the total sample population. Figure 2 contains the breakdown of the themes associated with research question one.

Figure 2. Impact on a company's ability to navigate the structural holes it encounters



Overall, the first major theme from the study was the finding that the impact an inter-organisational partner has on the company's ability to navigate the structural holes it encounters is dependent on the organisational partner and preparedness of company.

Participant 5 explained how the appointment of an inter-organisational partner has an impact on the way structural holes are overcome, particularly referring to the preparedness and planning of the company. He furthered that if there is a general lack of compatibility, then the impact is negative and the structural holes may be intensified:

In general, if you've found the right one, are you bringing the right sort of partner to plug that gap then it can only be a positive if I, in my opinion, to the organisation, but where it is most detrimental is where unfortunately what happens a lot of the time is it is not compliant. You get the wrong third party, you get the wrong internal recruitment, and you bring in the wrong individual who is basically detrimental for that role.

The understanding that establishing the right partnership is consistent with the literature. Burt (1992) argues that partner selection is the most important determinant of cooperative success. Inter-organisational partnerships are formed by companies in order to facilitate learning and establish norms about what is expected within the market (Brass et al., 2004). If the partnership is unsuccessful, then the existence of the company is questioned and

company survival becomes more and more unlikely (Brass et al., 2004; Burris, 2004). Partnerships are established at the very outset in order to develop new knowledge, customers, and capital (Adams et al., 2014).

Participant 7 stated the process of coordinating with a partner and working with them has a huge impact on the results, which can make or break the ability to bridge and resolve the structural gaps that are present. In addition, the participant shared how it is the company that has the control over the situation on whether or not to trust the organisational partner:

So overall the company to come and whether it has the capability to perform whichever asking question to the extent that we don't have the capabilities internally the first port of call is going to obviously comply with our procurement and our procurements as we go out...

Participant 8 highlighted how structural holes are always present. However, the gaps can be dependent on how the partners can be of help as well as the resources and other factors that are present. It was also emphasised by this participant that the structural holes can be addressed only if the company has prepared and has a good understanding of the market they are trying to enter:

...They can definitely assist you in navigating through these structural holes you know, they just have a better understanding of the country, of how things are done, and I think they have a lot more emphasis on the practical side of how things are done whereas a third company might have a lot of theoretical knowledge you know reading through...

The comments made by participants 7 and 8 reflect the sentiments of Houy (2009), who argues that actors who span structural holes create a competitive advantage and provide access to new information, customers, and suppliers (Adams et al., 2014). Walther (2014) highlights how brokers become embedded in the market and that the well-connected are more successful than the well qualified. The process of learning is also critical to a firms success and the establishment of future partnerships, and increasing interdependence amongst partners reduces uncertainty, which is fostered through the establishment of norms (Brass et al., 2004) and lays the foundations for future collaboration (Balland, 2012).

Participant 9 shared an example where the employment of a skilled individual aided in directing their business strategy, which then positively affected the structural holes that were present:

....So you look for, he was previously he was the head chief of roads at the in the government, they call it the road agency. We employed him on a salary and a shareholder, a small shareholding in the company. That process also worked. So he interacts with the client, he negotiates on your behalf, he's an employee.

Burt (2015) underlines the importance that brokers play in helping companies move away from the 'sticky' and redundant information that their network presents, offering insight and exposure to opportunities in new networks. The role that the partnership identified above played also underlines the importance of social capital (Chung et al., 2000).

Participant 10 shared an experience when a deal or partnership went wrong due to the breakdown in (or lack of) communication pertaining to the misunderstanding between the two organisations involved:

... So it was a bit harsh and a bit embarrassing, but you know I guess that was a misunderstanding so that again supports your point, how important that bridge is so that you don't have the misunderstanding because obviously the company went to Uganda with the view that they would be doing a legitimate partnerships, business, the other partner were looking for donations....

The breakdown in communication, as highlighted above, could also be an example of a company not understanding the norms (Brass et al., 2004) of the market it was operating in, particularly in a market that displays such weak and inefficient institutions that don't regulate forms of donations, such as these. Again, the example underlines the importance that brokers (Brass, 2015) play in helping companies navigate new and complex markets.

6.4.2 Theme 1B: Impacts on the navigation of structural holes

The second theme to be extracted from research question one was *the appointment of inter-organisational partners impacts the navigation of structural holes*. The perception or experience received four occurrences, or a response rate of 36% from the total sample. The main difference of the sub-theme to the first major theme is the concrete methods that the officials shared under this perception or experience. Some examples are through the

maximisation of the resources, proper employment of customer service, and engaging with the locals of the targeted location or community. The last process of minimising the structural holes through local engagement and local knowledge partnership was supported by Eversole (2015).

Participant 1 explained that although the appointment of inter-organisational partners affects their capability to direct the structural holes that they have, they address this by maximising the resources that they have. This means that the company sources and examines their 'central ability' and would work from there. Once they see that things are not going as planned, they will make the necessary changes until they are on the right track:

From a broad based perspective, you're asking me there could be multiple factors to entering new markets. So from a legal side of things, yes we would use a professional firm of accountants and lawyers. Typically, we'd source those through our existing relationships that we have here in South Africa. Because we have I guess relationships with all of the big firms, and whichever one is the strongest in that particular market or location we'd typically go with them. And it's not that we, sometimes we actually change them midstream, if we find we are not getting what we want we will change.

What we typically do on entering a market, we try and leverage as much of our central ability as possible. So from a merchandise, sourcing, and assortment point of view that is typically controlled from here. So in essence we are just rolling out branches in those locations, so it's stores, we looking to roll out stores. So firstly the big thing is finding a location and that is the, in Africa, it's probably the biggest challenge and the other side of it is logistics, is finding the right people to work with who can enable your supply chain.

This statement aligns with McKenzie et al.'s (2004) research that established companies also tend not to rely on brokers to fill their knowledge gaps, but, rather, use in-house capabilities as much as possible to roll out their stores and products.

Participant 3 highlighted how their company has a long process of appointing partners. He also added that gaps are addressed by maximising their corporate customer service with the different branches of their corporate dealings:

... We're using the corporate customer to help create those linkages between corporations and between corporations and their suppliers which are typically businesses. So if that makes sense. So this thing about follow the money...

Participant 4 explained how their company or organisation tried to pattern their environment and strategy according to the local conditions in order to build the structural present:

...So I suppose the general answer to your question is that we tried, through shareholding in the company and local appointments to create the local incentive to perform under local conditions...

The statement made by participant 4 is supported by Brass et al.'s (2004) study on firm survival and the need to form partnerships in order to remain sustainable. By identifying the need to bring in a local shareholder, the company is strategically bringing in a partner in order to establish norms and increase the opportunities of firm survival. Walther's (2014) findings are also relevant regarding this strategic decision, highlighting the need for local knowledge rather than just qualifications.

Participant 6 stated that the changes and bringing in of new partners definitely assists in overcoming the structural holes they encounter:

So, there's definitely value in going outside to local people, local businesses, they understand the market better, but you don't know them well, you know, they don't know you that well. So, it's, it makes business sense, but it just tends, in my experience, tends to take longer for things to happen.

The realisation of the value of engaging with local people and organisations is reiterated by this statement and supported by Burt (2015), who places great importance on the role of the broker to give companies the competitive advantage over competition.

6.4.3 Theme 1C: No impact on the navigation of structural holes as company is focused on the constant development of employees

The third theme to emerge from research question one was that *the company did not need to develop or establish an inter-organisational partner, but rather develop the skills of their employees* through the constant development of employees. The theme received just one occurrence or a 9% response rate from the sample.

Participant 2 shared their company's process of internationalisation where they are focused on developing their employees. Thus, if there were gaps and limitations, they would be addressed and fulfilled along the way:

...So what happens is someone like me is hired, who is actually not a specialist in any verticals but has a very broad commercial understanding of doing business in South Africa but across different verticals. What happens is that as we expand, the depths of my abilities become apparent, and that is when I motivate for new resources to come on who are specialised to bridge the gaps.

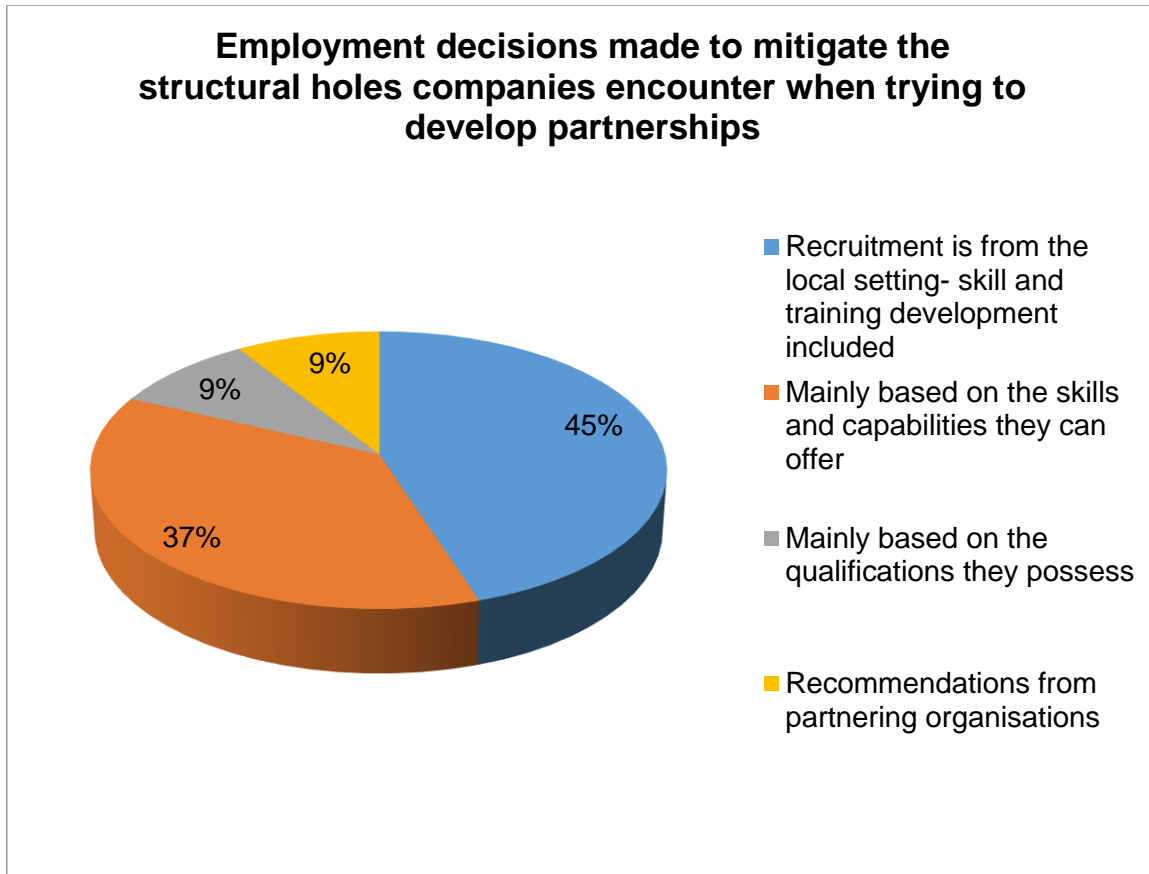
The fact that participant 2 does not deem it necessary to develop partnerships and develop skills internally, at this stage, is perhaps indicative of the stage of the business' internationalisation strategy and the sector it operates in. Brass et al. (2004) speak about companies that prefer to develop internal skills rather than partner. As an Internet company, the strategy is that most work can be done remotely or virtually, with real interactions relatively limited. Importantly, though, is the awareness by the participant that this strategy is limited and specialised partners will be sought (Walther, 2014).

From the results in relation to the first research question, it can be deemed that the company representatives are aware of the need to engage with partners to navigate or overcome the structural holes they observe. The themes were all supported by the current literature and coincided with the reports and findings from the literature.

6.4.4 Theme 2A. Recruitment is from the local setting – skill and training development included

The first theme to emerge from research question two was *companies prefer to have the recruitment from the local setting where skill and training development is included*. The second major theme received five occurrences or 45% of the responses from the sample. Figure 3 contains the breakdown of the themes associated with the second research question.

Figure 3. Employment decisions made to mitigate the structural holes companies encounter when trying to develop partnerships



Participant 1 shared their main strategy of recruiting from local management. They also train and develop the individuals in South Africa as well as in their target markets:

Then in terms of people development, we will go in and look to recruit local management and we are probably, we pretty much management light. We don't look to put in regional offices; we don't look to put in regional distribution centers or anything like that. We would only consider doing something like that if we got to a point where the scale of the operation would mean that it would add value.

We would look at a local agency and we wouldn't just use one to get the initial foothold to identify the first candidates. We'd look to train those people; we'd bring them here, and train them in South Africa and then put them back in those markets.

The responses and data received from participant 1 refers to the contextual intelligence Khanna (2015) describes in which companies understand their limits and adapt their strategies accordingly. As per the statements made by the participant, companies have to

adapt their tactics and strategies to carry out business in emerging markets and markets with structural holes and institutional voids.

Participant 2 added that once they arrive at their target location, they hire the staff that they can develop and mould into their specialist roles:

So when arrive, we arrive. The first thing we do is to hire staff or we need to identify staff who can help us in our business needs that aren't available in the market that we need to bring in or we need to create those skills. For our business, there are certain skills that exist in market, certain skills that exist in very few markets globally.

Identifying specific skills to match the needs of the local environment is consistent with social network theory and particular to bridging structural holes in order to access new information to establish new combinations of networks (Burt 2015), which if continued will lead to structural benefits from the competitive network (Renjie & Guangyu, 2014).

Participant 4 highlighted the advantages of recruiting from the local setting, as these locals can provide much 'richness' to the starting businesses as well as admitted that having expats only builds and expands the gaps further. This is because the expatriates still need to learn and adjust to the new environment and the culture of the local setting, which would require much time, money, skill, and resources:

So the move to localise your appointments is probably the best way that you can cross these structural gaps and in fact I would say that when you have expat leadership those gaps are even greater. We find sitting at a group leadership, the insights you get into a country from local leadership is probably in order in magnitude greater than anything you would have gotten from an expat leader. No matter how good they are, the ability to immerse in the local country is huge and very difficult.

Participant 7 noted that, in their organisation, they try to employ locals as much as possible, and they are trained and given the proper skills for the position:

I think the overall principle that we employ is at all times we try and use locals you know, one because obviously you handling the indigenisation laws, I think it's you get a better understanding of how things work, you up skill people within the country, transfer skills from our head office to the locals also give them a sense of ownership.

Participant 8 also shared how they have a very limited number of foreign employees and that they try to maximise and develop their locals as much as possible:

Let me start by saying that a company like us; we are very limited in terms of the number of expats that bring to Nigeria. We try and keep it to an absolute minimum, and mostly just in your more managerial posts. From our branch managers down you have no expats, so there is very much a focus not to bring in foreign people, but to employ your locals in the company structure.

The responses from participants 4, 7, and 8 all highlight the need to employ local staff in order to have insight and understanding of the environment a company is working in. The statements made by the participants are consistent with what Burt (2004) describes as the three forms of capital (i.e., financial, human, and social). All of these are relevant to an organisation as it seeks to survive. However, the social capital of the employee provides an organisation with the relationships that the employee has developed and can be used to further develop the company's network (Burt, 2004).

Foreign employees (which are discussed in more detail in the next theme) are recognised in the literature and research as being more expensive and having a certain social distance from the locals (Ravu & Parker, 2015). Alternatively, hiring local employees can generate beneficial relationships and networks in a foreign business environment due to the fact that they are submerged in local customs, traditions and practices thereby potentially reducing the business risk (Dlabay, Burrow & Kleindl 2008). Sharan (2009) highlighted that hiring and bringing in expatriates can mean greater remuneration as well as the unfamiliar practices that they need to adjust to.

6.4.5 Theme 2B: Mainly based on the skills and capabilities they can offer

The second theme to emerge from research question two was that *the decision to employ locals is mainly based on the skills and capabilities they [employees] can offer*. The second theme in relation to this question received four occurrences or 37% of the responses from the sample.

Participant 2 described their strategy of fulfilling the needs of their 'industry vertical' where employees are hired based on the skill sets and capabilities that they can offer and bring to the organisation:

The first part of our strategy is to fulfil the needs for expertise in each one of the verticals, because our belief is that there are commonalities across regions for the need of the vertical and marketing. For instance, [Name of Company] in Nigeria has similar needs to [Name of Company] in South Africa. So as opposed to hiring one person for Nigeria and one person for South Africa, we hire one person for [Name of Company], so it goes across both. We will eventually have to have people with more local knowledge, this will be the next bridge that we will need to put in place. So it goes first expertise and then regional. So first it goes, I would say, company or vertical skill sets, and then regional skill sets, and then ultimately regional presence.

Participant 3 echoed how they require an employee who is focused and can make things happen with his or her abilities and skills:

So you need somebody who is incredibly focussed on the detail, can make things happen, can run a program to the T because we're burning millions of Rands a month. So we inevitably, we will take a highly seasoned expat who has done this kind of thing before.

So I guess your symmetry and your gaps, etc., is around how do you management down the risks, ok. Everything is about managing down the risk and the risk changes shape over periods of time.

Participant 5 also shared how the most crucial employment strategy to mitigate the structural holes is recruitment based on the skills that the employees can offer and bring to their company:

And that's what we do day-in day-out, so we're working mostly with our 12 countries at the moment to build capabilities in those areas and make the right decisions on whether we actually need to land some of those capabilities in country or whether landing them kind of at the centre of us here in South Africa to deliver and enable to countries, but remotely, because it's a balance whether you really need them in the country or here....

Participant 11 provided an example of having to hire an employee because of his skills and knowledge, which would definitely help their company given that they had no idea of the specific industry that they were trying to get into:

So that was an example of bringing in a particular individual who had a reputation for our supply chain expertise which we absolutely don't understand and it's everything from negotiating deals with transporters to refrigeration deals, fitting refrigerators, low energy refrigerators, and all of that good stuff. And so we appointed him as a full time consultant to the business.

The above descriptions and statements from the participants outline a company's need for specific skills when operating outside of South Africa. The recognition that local employees are critical to their survival is important and underpinned by BATERJARGAL et al. (2013), who argue that emerging markets with weak or inefficient institutions force organisations to build diverse networks searching for specific skills outside of the normal environments they would usually source them from. This is supported by WALTHER (2014) who believes networks favour the well-connected, as opposed to the well qualified (something that is discussed in further detail below).

6.4.6 Theme 2C: Mainly based on the qualifications they possess

The third theme that developed from the second research question was that *recruitment is mainly based on the qualifications they [employees] possess*. The experience was noted by a single participant or 9% of the sample. Participant 6 shared that the main basis of employment is the qualification of the individual; however, problems still develop when they are not able to do their jobs appropriately:

So the only way to get into the supply is to prove, is to get the qualification. So the guys are qualified, right, but then they're doing things that they should not necessarily be doing. So if you go to the question or skill and you say, you know, are these guys unskilled to be doing what they're doing. They are in a sense because they don't have the opportunity to skill themselves because they're over qualified in doing things that they shouldn't be doing.

The development of this theme highlights a fascinating outcome from the research. Based on the response from the respondents, companies are more interested in individuals with local knowledge and understanding than the specific skills and qualifications possessed. The placement of such importance on local knowledge underlines the critical understanding that network theory provides when analysing how companies are investing in Sub-Saharan

Africa and why this study contributes to the development of South African company's internationalisation strategy.

6.4.7 Theme 2D: Recommendations from the partnering organisations

The fourth theme to emerge from this research question was *the strategy of seeking recommendations from the partnering organisations*. The strategy of employment and decision-making was essential given that both organisations need to collaborate to achieve the desired results. The experience was shared by just one participant or 9% of the total sample. Participant 10 explained that their process involved the decision of both the partnering organisations, which was deemed to be the most effective approach:

So certain employees were recommended by Lesotho partners, so the government. So the government actually recommended certain people to be employed and certain employees were brought from South Africa, so from within the group some appointments were made and they were transferred to Lesotho. Of course, voluntaries, they actually applied for those positions, and they were interviewed, and transferred across.

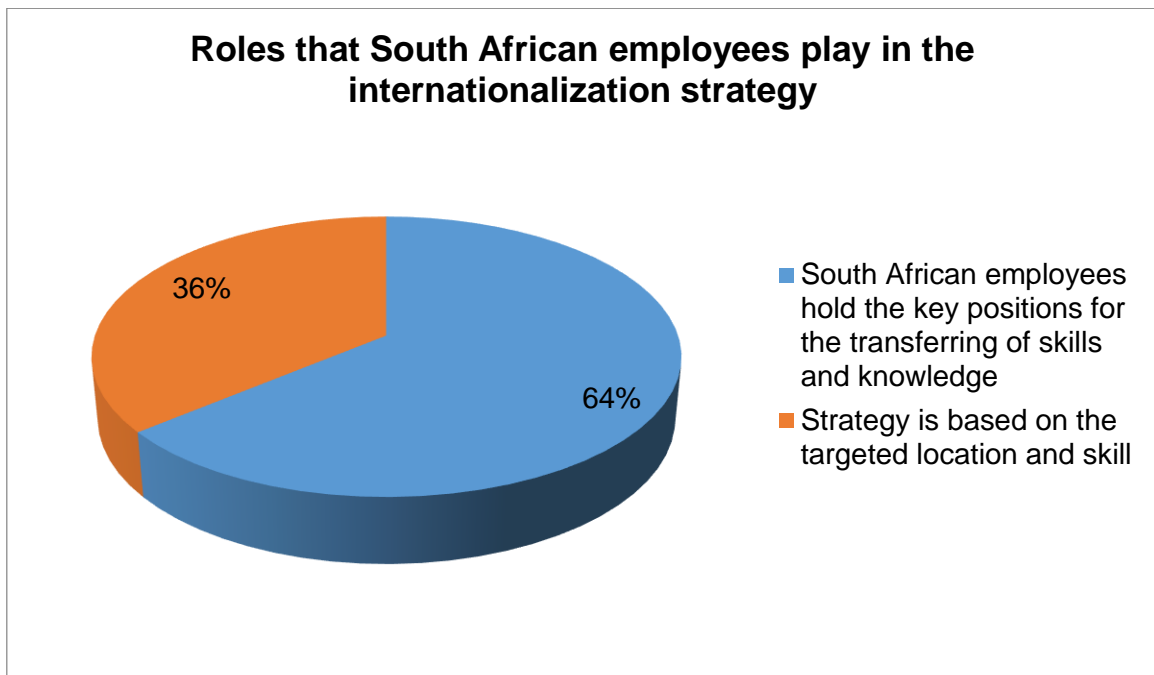
Throughout the interviews and discussions regarding companies' internationalisation strategy and engagement processes in Africa, a theme that repeated itself time and time again was the influence that individual actors played in either identifying the appropriate organisational partners, or as employees within the company, having specific knowledge of how local systems work or contacts within various government or regulatory organisations that were ultimately purchased by the South African company. Social capital has, in its own right, become an important component (Burt, 1992).

Through the results and findings pertaining to the second research question, the researcher has established that organisations have formed various employment skills and strategies. The key method stated was that the recruitment is from the local setting where skill and training development is included. Some participants also shared that their employment decisions are mainly based on the skills and capabilities they can offer. By doing so, companies have the opportunity to maximise such skills and even develop them to their advantage with minimal human resource investment. Another strategy was through the qualifications they possess. Finally, government officials also value the recommendations from the partnering organisations.

6.4.8 Theme 3A. South African employees hold the key positions for the transferring of skills and knowledge

The first and most prevalent theme to emerge from research question three was that *South Africans hold key positions for the transfer of skills and knowledge*. The researcher discovered that companies and their leaders have experienced that South African employees hold key positions for the transfer of skills and knowledge. The major theme received seven occurrences or 64% from the total sample. Figure 4 contains the breakdown of the themes in relation to the third research question in the study.

Figure 4. Roles that South African employees play in the internationalisation strategy



Participant 4 admitted that the first few encounters and experiences with bringing in South Africans were not as expected. However, as time passed, South Africans have developed and even gained greater skills to transfer to other countries:

So, Ja, the South Africans are come in key positions, what we see now with guys we have in expat leadership that are South African are very good, they amongst our best people, we do send out our best people, and people have seen that career development depends on doing an effective stint elsewhere, so that's been the story of our South African expats. They not, generally not a long-lasting solution.

Participant 5 described the roles of South Africans as 'massive', as he also is assigned or tasked to train and develop them for the future of the company:

Massive, massive. One of the things I've been asked to come across to do is to help develop, grow, nurture, local talent, and a personal motivation objective of mine is to put Africa up there as being the benchmark... And I could see firsthand a lot of talent that we had [inaudible] a lot of talent we had over here felt that it was being suppressed by poor management, poor leadership, and there still is to some extent, but we're working,

Participant 6 stated that in their company, they have the South Africans as regional heads who manage locals and different employees and the marketing business under him:

What I've seen with South Africans being based in country is that we actually are not pushing a lot of South Africans to be based in country, but what we do is we have regional heads based in South Africa. So you'll have like the head of Africa markets, so that guy is in charge is in charge of the markets business in East Africa or West Africa, but they're based here. And then they will have people reporting to him that are locals. And I think that is one way of trying to like, the cost issue and also trying to have the skill based here, and localisation in country.

Participant 8 explained that they have very limited South African employees, as they prefer developing and honing the locals. However, he added that South Africans are present for the transfer of skills:

I would say the role of your initial employment of senior management is just to steer the ship on the right path you know to bring a company specific experience into your subsidiary company like what we are, you know, and to learn your employees, how to think about the business, how to go about their daily job. So just basically as a, to guide them on the path of how the company does its business. The intention is not really to keep them here unnecessarily long, but in certain specific positions you do have a shortcoming and you have to employ people from a, you have to employ expatriates.

Participant 9 also indicated that they place the South Africans in key positions, such as in employment roles in which decisions are made:

Only South Africans, we put all the decision-making positions are South Africans. So the chief of the office and the chief financial officer are both Expats, no question, no

issue, no discussion. Below them we employ though only, mostly locals as far as possible.

Participant 10 shared the crucial role of the South Africans in which they are tasked to manage difficult situations and decisions:

So definitely yes, because when you commit serious capital to a partnership, you don't want to lose control over that because you just don't know how it's going to go, especially in a foreign territory. So the senior management was selected from South Africa and then augmented by the local talent in the local country, but because there was serious capital involved, South African staff was brought in to manage it.

Participant 11 explained the process, especially when they are entering a relatively new country or location:

In a new country that we're entering, we use our South Africans in relatively senior management positions. So a store manager in another country would generally be at a higher grade than a store manager in South Africa. So in terms of revenue and scope of store they're managing exactly the same box, but the complexity to be had for operating remotely are you know dealing with our customs and excise issues.

In the third and last major theme, the participants indicated that organisations employ South Africans for their internationalisation strategy and hold key positions within a specific period of time. Senior company representatives admitted that they require South Africans to hold the key positions and make decisions, but highlighted that they mostly include South Africans to transfer their skills and knowledge to the locals. Once this has been achieved, organisations will then transfer the positions and responsibilities to the locals.

The responses from the participants, as outlined above, are echoed by Davis and Luiz's (2015) research, which states that expatriate South Africans are being sent out to transfer the critical skills that the head office wants local staff members in the new company's to perform. One of the main drivers of this strategy (besides the transferring of skills) is the embedding of company culture into the new company (Ravu & Parker, 2015).

6.4.9 Theme 3B: Strategy based on the target location and skill

The second theme to emerge from research question three was that *the strategy is based on the targeted location and skill*. The representatives shared how their organisations do not have many South African employees, as they prefer to have more locals in their units or businesses outside the base country. The third theme, in relation to research question two, received four occurrences or 36% of the responses from the sample. Participant 2 admitted that their organisation is only made up of 40% South African. Their strategy is to employ individuals based on ‘depth and knowledge’ where they hire employees based on the skills specialised for a particular location:

As such, we’re not a South African only team; I think we are probably 40% South African and 60% rest of Africa. So that’s our current split and as we require more skills specialised for West Africa and East Africa, we will hire West Africans and East Africans because that will serve that. The whole reason we’re hiring is because we need that depth and knowledge. That depth and knowledge is not transferable outside of that region.

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Participant 3 also shared how the presence of South Africans depends on their targeted location. He furthered that location requirements are more crucial:

You know most of our operations we, most of our operations we are fully wholly owned subsidiaries, there are couple where we have minorities, and there’s something like Nigeria where we have 51% in Nigeria. So you won’t find many South Africans in our Nigeria operation, if any actually, just given the large local shareholding. I think the chairman’s local, the MD’s local, etc. But there are, so there’s a mixture.

The sentiments expressed by the participants’ underlines the importance of local knowledge (Burt, 2015; Walther, 2014) and the networking opportunities that having the right local knowledge can assist with. Interestingly, and this field of research should be explored further, the matter of knowledge transfer is critical. Management literature continues to suggest that it is only the emerging market economy that can learn from the more

technologically advanced countries (Levin & McDemott, 2013). However, others, like Levin and Barnard (2013), contend that learning is a two-way process, with emerging markets forcing developed investors and partners to adapt.

Participant 7 admitted that, due to the government regulations in each country, it has been difficult for them to bring in South Africans. He also admitted how there were some challenges and a lack of resources in employing South Africans:

South Africans but obviously might in a few years also have some other nationalities but as I said its extremely difficult to bring people into South Africa so expanding into Africa we won't leverage our expertise as I said to expand into Africa, set up the business, start the activities, liaise with locals get the guys on board, determine on the nature of the activity whether it requires a full time presence right because if it doesn't require a full time presence.

The role of government regulation and the management of expatriate numbers into other countries needs to be explored further. More information is required on how South African companies working with these weak institutional emerging markets form public and private partnerships.

Participant 8 echoed how South Africans are 'more expensive' to employ than locals, as well as they would prefer to have the locals from their target country because it is more practical:

Firstly, they're more expensive to employ then you know than locals. Secondly, again repeating but its also good for your company image to show that you're not a foreign company per say, but that you are trying to uplift and employ as many locals as possible. So, coming back to the question, I would say the role of your initial employment of senior management is just to steer the ship on the right path you know to bring a company specific experience into your subsidiary company like what we are, you know, and to learn your employees, how to think about the business, how to go about their daily job. So just basically as a, to guide them on the path f how the company does its business. The intention is not really to keep them here unnecessarily long, but in certain specific positions you do have a shortcoming and you have to employ people from a, you have to employ expatriates.

The third research question focused on the role of South African expatriates in a company's internationalisation strategy. The company representatives that were interviewed reported that they have South Africans who hold key positions for the transfer of skills and knowledge. Participants mainly stated that they employ South Africans to have a 'start-up' role where they initially set-up the business in the new location and take the initial period to transfer their knowledge and skills to the local employees and stakeholders, highlighting the skills and advantages that South Africans bring to the organisation.

Having South Africans at this phase of the business was based on costs. The hiring and deployment of expatriates would only incur additional costs, as well as the long-term effort required to adjust to the new culture. Another strategy is based on the targeted location and skill where government officials admitted that they have very minimal South African employees, as they target the hiring of locals in the new location. This appears to be because of the additional factors and liabilities associated with hiring expatriates.

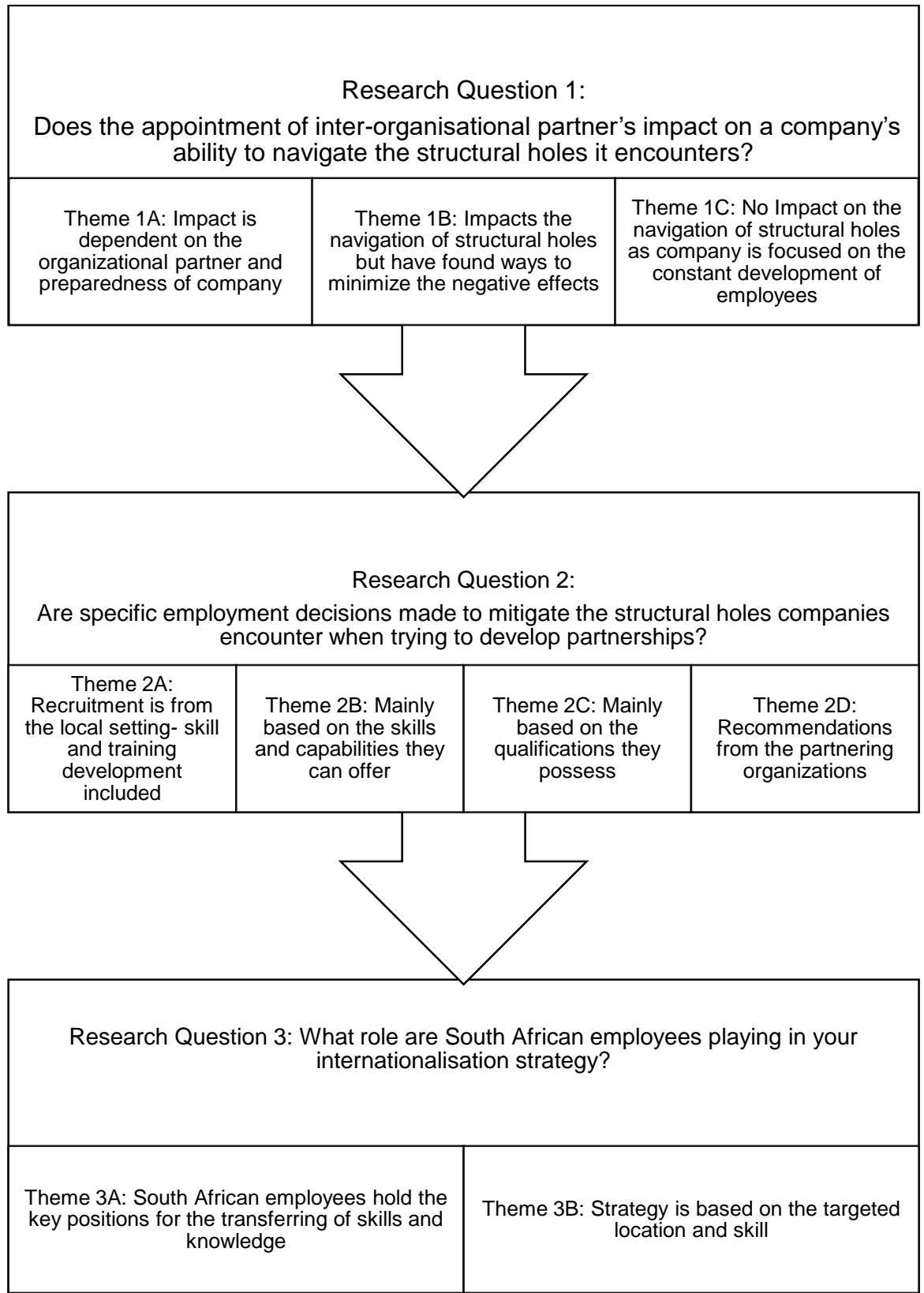
6.5 Conclusion

Based on the analysis, the appointment of inter-organisational partners appears to impact a company's ability to navigate their current structural holes. In particular, the company representatives that were interviewed believed that the impact is dependent on the organisational partner and preparedness of company. Meanwhile, there were also four participants who believed that inter-organisational partners do impact on the navigation of structural holes. Finally, there was one participant who confidently answered that there was no impact on the navigation of structural holes, as the company is focused on the constant development of employees.

For the second research question, the perceptions and experiences of the participants indicated that they perform employment decisions to mitigate and control the structural holes in their organisations. The majority of the participants' practice recruitment from the local setting in which skill and training development is included. In addition, five participants also shared that their employment decisions are mainly based on the skills and capabilities that employees can offer. However, some of the participants' in this study indicated valuing the qualifications that the employees have. Lastly, there was one participant who pertained to the employment practice of seeking recommendations from their partnering organisations.

Finally, for the third research question it was determined that South African employees hold key positions for the transfer of skills and knowledge. The participants highlighted the importance and vitality of the roles of the South Africans, as they hold the managerial and chief positions entailed with heavy responsibilities. However, four participants admitted that, due to the lack of resources and challenges of bringing South Africans into their external locations, they have decided to employ a strategy based on the targeted location and skill of the company. Figure 5, below, summarises these findings:

Figure 5. Breakdown of the findings



CHAPTER SEVEN: CONCLUSION

7.1 Introduction

The three research questions outlined in chapter three have, by and large, directed the collection of data and the subsequent analysis.

The objective of the study was to discover new insights as to what social network strategies companies in South Africa have adopted in order to overcome the structural holes they encountered through their internationalisation process into Sub-Saharan Africa, which has been achieved. The analysis presented in chapter six has demonstrated how inter-organisational partnership and employment decisions that South African companies are adopting are generally consistent with the academic literature, not only to bridge the structural holes they face but to also use the structural holes to their advantage.

The responses from the interviewees underlined the importance of partnerships and the relevance of social network theory as a framework to analyse business integration into new markets. Utilising the analysis from chapter six, the principal findings are discussed below.

7.2 Principal Findings

7.2.1 Partnerships are Important

Partnerships play an important role in how company's bridge the structural holes they face. Importantly, preparation and the appropriate partner choice are critical to the sustained success of the decision. While this might seem obvious, it underlines the importance of rigorous research and investigation when considering investing in Sub-Saharan Africa as in their country of origin. Companies cannot simply adopt the same business strategy and expect it to work. Having the right partner is more important than just having a partner for the sake of doing so. In fact, this could prove detrimental to the success of the partnership and each company involved.

7.2.2 Employment Decisions do Mitigate the Impact of Structural Holes

All respondents agreed that the correct employment decisions mitigate the structural holes that companies face. Critically though, the preferred type of employee appears to differ according to the responses of individual interviewees. The majority of the respondents preferred that the targeted employee come from the local setting where the operation will be

established. Having local knowledge is critical to the respondents. While skills set and capability also featured strongly in the response, qualifications didn't. This is an important realisation, as it indicates, based on the responses, that South African employers place a heavy emphasis on local knowledge and skill than actual qualification. While this doesn't disregard the importance of qualifications it underlines the importance that is placed on local knowledge and skills. It may also relate to the role that South African expatriates play in these organisations, something that is discussed later in this section.

7.2.3 Expatriates Hold Key Positions as Sources of Knowledge

Overwhelmingly, the respondents identified South African expatriates as playing a critical role in skills and knowledge transfer. South Africans are deployed to ensure that local employees learn the skills required to do the job and developed the knowledge as required to fulfil job role responsibilities. This is useful in the sense that it may provide an indication as to the reasons for qualifications not being priorities by companies looking to hire employees. Rather, the preference is for local knowledge and a basic skill-set. Perhaps, managers and leaders of these companies believe that the necessary skill set and knowledge can be transferred from the South African expatriates or that the South Africans will simply fulfil that role. Both are aspects that need further investigation.

7.3 Implications for Management

7.3.1 Inter-organisational Partnership

The first implication for management is the acceptance that if deciding on a partnership strategy, careful consideration is required when deciding on a partnership strategy and the type of partner that best suits the company's own objectives. As has been presented in the findings, the incorrect partnership is detrimental to a company's success. Deciding on the most appropriate partner, therefore, requires research in order to fully prepare the company to make the best choice and to establish the appropriate structures in order to form the partnership.

7.3.2 Employment

Employment decisions under the scrutiny of social network theory become even more impactful, as they can directly help companies' bridge structural holes they encounter. Understanding the role that a single employee can play in opening up a vast array of networks for the company is important for the company's leadership structure. Employees

that can act as brokers create opportunities and access information for the company that otherwise may not have existed.

The fact that localisation and skills play an important part in the appointment of employees is also important. Rather than allowing qualification to simply determine the best candidates, consideration needs to be given to the local knowledge and experience that an employee has as well as the skills they have acquired. These need not necessarily be supported by academic qualifications.

Adding to this is the suggestion that managers should not employ for the sake of employing simply to meet predetermined levels of employment and equity. Rather, employment in these markets can act as a catalyst for network development and growth.

7.3.3 The Role of South African Expatriate Employees

South African expatriate employees perform important functions in the internationalisation of South African companies into Sub-Saharan Africa. As sources of skills and knowledge, they are employed to impart knowledge about the company to the local staff. Experience in Africa is also, according to some of the participants in this study, becoming a key requisite for further growth in a company. The decision to send a South African should not be made without consideration of various factors. Apart from the increased financial burden they bring with them, cultural sensitivities also need to be taken into account.

Several of the participants indicated that while the expatriates provide invaluable contributions in terms of skill development and knowledge transfer, they can have a negative impact on the company as well as have limited ability to develop networks within the new market, largely due to their inexperience and lack of local knowledge. As such, managers will have to consider how to manage the balance between South African expatriate management and local management in their operations.

7.4 Model Description

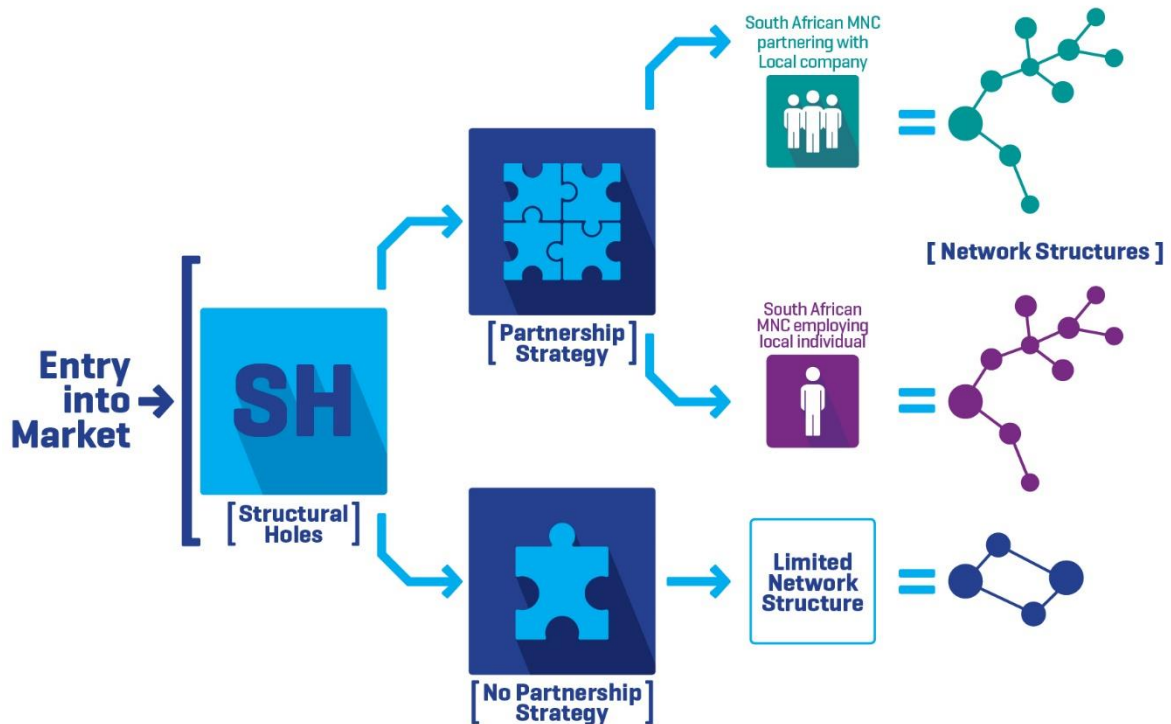
Using social network theory, Figure 6, below, has been derived from the analysis of the data investigating how South African companies overcome structural holes. As companies enter the market, they encounter structural holes and are faced with an initial decision of whether they should try and overcome the structural holes on their own and remaining within their limited network structure or whether they should overcome structural holes through a partnership strategy.

If companies choose a partnership strategy, three different courses of action present themselves: i) to partner with an international MNC, ii) to partner with a local company, and iii) to employ a local partner from within the market structures to assist with the bridging of structural holes.

Following this course of partnership action (and in line with literature and results in this study) allows a companies' network structures to branch out and form ties with various other networks, which result in increased information, opportunity, and connections within the new market.

Following the alternative route of remaining within a predefined network does not mean the company will fail; rather, it means the network structures, information, and connections the company is exposed to is limited to its network. Figure 6, therefore, is proposed as a model of network theory for South African companies expanding into Sub-Saharan Africa.

Figure 6: Model of Network Partnership Strategies



7.5 Research Limitations

- Due to time limitations and the availability of senior managers within the companies, only eleven companies were able to be interviewed. While this is indeed a limitation, the information and data received from the interviews was insightful and relevant to this study.
- As discussed earlier in the chapter, the sampling method did have some limitations. The most notable of which was that certain sectors of the JSE had a high probability of not being selected for the study. This proved to be true. An additional limitation in this regard is that because certain sectors were not selected, the findings from the study are, therefore, unlikely to be applicable across all sectors.
- The composition of the questionnaire proved to be a challenge. Interviewees tended to struggle to understand the questions as they were asked. This involved the

interviewer having to repeatedly outline the academic framework under which the research was being conducted.

- The interview schedule was also very concept heavy, which meant the interviewer was constantly unpacking and explaining the concepts in the questions. Several times interviewees' asked to see the questions in order to assist with their own conceptualisation and understanding of the questions. Accepting the limitations around the questionnaire and the need for clarification during the interview process resulted in an awareness of how the interview schedule could be better designed and presented in future iterations of similar research.
- Unlisted or private companies were not considered for inclusion in this study, which might have provided different responses to the interview schedule questions.
- The transcribing of the interviews was outsourced due to time constraints. This may have resulted in words and statements being captured incorrectly before being coded.
- Only companies from the Chief Operating Office were interviewed, not partner companies or individuals in the Host Country. This inevitably leads to weaker triangulation (respondent statements tend to be taken at face value) and greater limitation on the generalisability of findings from an academic perspective.
- Countries where companies are investing were limited to English speaking only. This was done deliberately as a result of the financial, time, and language constraints on the author. As such, there may be alternative applications that could be adopted as a result of cultural and language affinity with the host country.

7.7 Future Research

Social network theory focusses on how individuals, organisations, or groups interact with others found within their network. The implications for management include performance, promotion and turnover. There is a growing body of research investigating online social media and network theory, and there are opportunities for further research investigating the role of online social media in employment decisions in Sub-Saharan Africa.

A second area of prospective research is the effect that South African expatriate employees have in their host country. While research does exist on the role of expatriates, further understanding about the balance that is required between expat South Africans and skilled locals is required.

The manner in which South African companies are forming partnerships with governments in Sub-Saharan Africa is also another area of suggested research. Understanding how companies form these partnerships and the outcomes thereof would add to the body of knowledge network structures in Sub-Saharan Africa.

Future research could also be done on the partnering company's perceptions of South African companies as partners and the benefit that they possibly bring. Finally, more research is required on the impact that international MNCs have on South African companies entry into these markets and the network structures they create.

7.8 Concluding Remarks

The present study has contributed to the understanding of inter-organisational partnerships and employment decisions within the framework of social network theory in Sub-Saharan Africa. Due to sustained economic growth, urbanisations, and growing middle class that South Africa is experiencing, companies are expanding their operations into the Sub-Saharan African region. With these trends set to continue at rates above that of the South African economy for the foreseeable future, investment into these markets has become more attractive. The contribution of this study to the body of knowledge may assist managers and companies to carefully plan their partnership strategy and employment decisions, particularly in light of the impact they have in navigating structural holes.

Markets in Sub-Saharan Africa offer growth opportunities for companies willing to invest in them. Sustained long-term investments that overcome and capitalise on structural holes they encounter will require companies to carefully decide on inter-organisational partnerships and employment strategies that suit their company's objectives and leverage the right local knowledge and understanding to expand their network infrastructure, allowing access to new information, contacts, and opportunities, which underlines the notion that who you know, more often than not, is more beneficial than what you know.

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APPENDICES

A: Ethical Clearance Letter

**Gordon Institute
of Business Science**
University of Pretoria

Dear Niall Wilkins

Protocol Number: **Temp2015-01944**

Title: How who you know impacts on what you know: A qualitative study into the employment strategies of South African companies in Sub-Saharan Africa, using social network theory.

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker

B: Interview schedule

The sub questions (i-xii) are identified as being in support of answering the main research questions (1 – 3). They are therefore seen as being probing questions directed towards the specifics of the research in order to add depth to the research study being conducted.

Research Question 1:

Does the appointment of inter-organisational partners impact on a company's ability to navigate the structural holes it encounters?

- i) How are potential organisational partners identified?*
- ii) What preparatory work is done before the choice of organisational partner is confirmed?*
- iii) From where are the chosen organisational partners drawn? Why?*

Research Question 2:

Are specific employment decisions made to mitigate the structural holes companies encounter when trying to develop partnerships?

- iv) Are structural holes identified before the decision to employ new staff is made? Explain?*
- v) From where are the new employees drawn? Why?*
- vi) How are new employees identified?*

Research Question 3:

What role are South African employees playing in your internationalisation strategy?

- vii) Are South African expatriates employed in senior management roles during the organisational start-up phase? Why?*
- viii) What is the organisational effect of employing South African managers in senior roles?*
- ix) At what point in the organisational life-cycle are South African senior managers replaced by locals? Why?*

END

C: Consent Form

I am conducting research on how South African companies are using social network theory to overcome the structural holes they encounter in their internationalisation strategy and am trying to find out more about what networks companies are engaging with, particularly through their employment practices and decisions.

Our interview is expected to last thirty minutes, and will help us understand more about the complexities that companies currently face when facing structural holes in these contexts. You will be asked a series of questions relating to your experience of the complexities companies face as they internationalise. You are not required to answer the questions. You may pass on any question that makes you feel uncomfortable. At any time you may notify the researcher that you would like to stop the interview and your participation in the study.

There is no penalty for discontinuing participation. A summary of the results will be available to you on request. The interview will be tape recorded; however, your name will not be recorded on the tape. Your name and identifying information will not be associated with any part of the written report of the research. All of your information and interview responses will be kept confidential. The researcher will not share your individual responses with anyone other than the research supervisor.

In the event that you choose to withdraw from the study all information you provided will be destroyed. Insights gathered by you and other participants will be used on an aggregated basis as input to a qualitative research report.

The contents of the interview may be made publicly available, in the form of an MBA thesis.

If you have any concerns, please contact me or my supervisor. Our details are provided below.

Researcher: Niall Wilkins
Telephone: 083 305 5132
Email: niallwilkins@gmail.com

Research Supervisor: Colin Rowley
Email: colinrowley@vodamail.co.za

I have read the above form, and, with the understanding that I can withdraw at any time, and for whatever reason, I consent to participate in today's interview.

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

D: Original Interview Schedule

This is the original interview schedule proposed. Thorough deliberations, further research and interaction helped develop the interview schedule from this to what was decided upon (Appendix C)

Research Questions:

1. Does the appointment of inter-organisational partners impact on a company's ability to navigate the structural holes it encounters
2. Are specific employment methods adopted to enhance the networks in which companies exist when developing partnerships?
3. If so how are these employees identified?
4. Do institutional weaknesses impact on the partnership?

Comment from Supervisor:

Your questions seem logically formulated and interconnected, although I wonder if you do not need to test whether 'specific employment methods' are a form of 'structural hole' as tacitly implied.

It seems as if you are using 'institutional voids', 'structural holes' and 'institutional weaknesses' synonymously. Is this the case? If so, pick a term; define it precisely; stick with it consistently.