

**CONTEXTUAL INTELLIGENCE BEHAVIOURS:  
MANAGERS IN MULTINATIONAL ENTERPRISES  
DEVELOPING EMERGING MARKETS**

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## Abstract

Contextual intelligence has been identified as a very dynamic tool to achieve growth in organisations, yet there is a lacuna in the literature regarding empirical studies that identify contextual intelligence and the mechanisms for creating growth in multinational enterprises (MNEs). Multinational enterprises have and will always form part of the global economy, continuously adding value across the world in a variety of industries. However, research relating to multinational enterprises and contextualisation is lacking.

This study explores how leaders in MNEs can create growth opportunities through contextual intelligence. Data was collected through twelve in depth, semi-structured interviews conducted with current and previous executives and senior management of multinational enterprises. These respondents are responsible for business- and commercial development outside of the borders of their regional- or head offices. The study found that contextualisation and the application of contextual intelligence are indispensable in adding value to MNEs.

The study contributes to the field of research by identifying the contextualisation dimensions that come into play when leaders roll out internationalisation strategies. The study also notes the importance of employee traits when operating globally. A framework is presented that can aid managers in developing contextual intelligence to create global operational growth in multinational enterprises.

## Keywords

Contextual Intelligence, Contextualisation, Leadership, Emotional Intelligence, Multinational enterprises

## 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.

A handwritten signature in blue ink that reads "Edward Felix". The signature is written in a cursive style with a large initial 'E'.

Edward Felix

11 November 2019

## TABLE OF CONTENTS

Abstract .....	i
Keywords.....	ii
Declaration .....	iii
List of Tables and Figures.....	ix
<b>CHAPTER ONE: INTRODUCTION TO RESEARCH PROBLEM.....</b>	<b>1</b>
1.1. Introduction .....	1
1.2. Background to the Research Problem.....	1
1.3. The Research Problem .....	2
1.4. Research Objectives .....	3
1.5. Scope of the Research.....	4
1.6. Significance of the Research.....	4
1.7. Conclusion .....	5
<b>CHAPTER TWO: THEORY AND LITERATURE REVIEW .....</b>	<b>6</b>
2.1. Introduction .....	6
2.2. Contextual Intelligence.....	6
2.2.1. Defining Context .....	7
2.2.2. Defining Intelligence .....	10
2.2.3. Organisational Contextual Intelligence.....	11
2.2.4. Disadvantages of Contextual Intelligence .....	12
2.3. Multinational Enterprises .....	13
2.3.1. Multinational Enterprises: Global Role .....	14
2.3.2. Internationalisation Trends of MNEs .....	14

2.4.	Developed- vs. Emerging Markets .....	14
2.5.	Internationalisation Strategies for MNEs .....	15
2.6.	Multinational Enterprises and Talent Management .....	19
2.7.	Contextual Intelligence and Internationalisation Strategies .....	20
2.8.	Conclusion .....	21
<b>CHAPTER THREE: RESEARCH QUESTIONS .....</b>		<b>22</b>
3.1.	Introduction .....	22
3.1.1.	Research Question One: To What Extent Can Internationalisation Strategies Lead to Higher Growth and Profitability in MNEs? .....	22
3.1.2.	Research Question Two: How Can Contextualisation in Internationalisation Strategies Sustain Organisations and Enhance Growth and Profitability? .....	22
3.1.3.	Research Question Three: How Do Internationalisation Strategies Impact Employment Criteria? .....	23
3.2.	Conclusion .....	23
<b>CHAPTER FOUR: RESEARCH METHODOLOGY .....</b>		<b>24</b>
4.1.	Introduction .....	24
4.2.	Rationale for the Chosen Method .....	24
4.3.	Research Population .....	25
4.4.	Unit of Analysis .....	25
4.5.	Sampling Method and Size .....	25
4.6.	Data Collection Tool .....	26
4.7.	Approach to Data Analysis .....	28
4.8.	Reliability .....	29
4.9.	Study Limitations .....	29

4.10.	Validity .....	30
4.11.	Ethical Considerations .....	30
<b>CHAPTER FIVE: RESULTS.....</b>		<b>31</b>
5.1.	Introduction .....	31
5.2.	Description of Respondents .....	31
5.3.	Results: Research Question One .....	34
5.3.1.	To What Extent Can Internationalisation Strategies Lead to Higher Growth and Profitability in MNEs?.....	34
5.3.1.1.	Pursuing Growth .....	34
5.3.1.2.	Defensive Strategy.....	35
5.3.1.3.	Replicating the Success of the Home Market.....	36
5.3.1.4.	Pull from Customers.....	36
5.3.1.5.	Summary of the Findings of Research Question One .....	37
5.4.	Results: Research Question Two .....	37
5.4.1.	Has Contextualisation Assisted in Motivating a Certain Strategy When Entering a New Territory? .....	37
5.4.1.1.	Investment Approach: Emerging- vs. Developed Markets... ..	38
5.4.1.2.	Acquisitions .....	39
5.4.1.3.	Business and Institutional Contextualisation .....	40
5.4.1.4.	Social- and Cultural Contextualisation.....	41
5.4.1.5.	Contextualisation Benefits.....	42
5.4.1.6.	Failure to Contextualise .....	43
5.4.1.7.	Summary of the Findings of Research Question Two .....	44
5.5.	Results: Research Question Three .....	44

5.5.1. Research Question Three: How Do Internationalisation Strategies Impact Employment Criteria? .....	44
5.5.1.1. Employee Traits of Multinational Enterprises .....	45
5.5.1.2. Employment Driven by Context.....	46
5.5.1.3. Boundary-Less Workforce.....	46
5.5.1.4. Summary of the Findings of Research Question Three.....	47
5.6. Conclusion .....	48
<b>CHAPTER SIX: DISCUSSION OF RESULTS</b> .....	<b>50</b>
6.1. Introduction .....	50
6.2. Discussion of Research Question One.....	50
6.2.1. To What Extent Can Internationalisation Strategies Lead to Higher Growth and Profitability in MNEs?.....	50
6.2.1.1. Pursuing Growth .....	50
6.2.1.2. Defensive Strategy.....	51
6.2.1.3. Replicating the Success of the Home Market.....	52
6.2.1.4. Pull from Customers.....	52
6.2.1.5. Summary of the Discussion of Research Question One.....	53
6.3. Discussion of Research Question Two.....	54
6.3.1. Has Contextualisation Assisted in Motivating a Certain Strategy When Entering a New Territory? .....	54
6.3.1.1. Investment Approach: Emerging- vs. Developed Markets... ..	54
6.3.1.2. Business- and Institutional Context .....	55
6.3.1.3. Social- and Cultural Context.....	55
6.3.1.4. Contextualisation Benefits.....	56



6.3.1.5. Failure to Contextualise .....	57
6.3.1.6. Summary of the Discussion of Research Question Two.....	58
6.4. Discussion of Research Question Three .....	58
6.4.1. Research Question Three: How Do Internationalisation Strategies Impact Employment Criteria? .....	58
6.4.1.1. Employee Traits of Multinational Enterprises .....	59
6.4.1.2. Employment Driven by Context.....	59
6.4.1.3. Boundary-Less Workforce.....	60
6.4.1.4. Summary of the Discussion of Research Question Three ...	60
6.5. Conclusion .....	61
<b>CHAPTER SEVEN: CONCLUSION .....</b>	<b>63</b>
7.1. Introduction .....	63
7.2. Research Findings .....	63
7.2.1. Internationalisation Strategies MNEs: Growth.....	64
7.2.2. Contextualisation Benefits to MNEs.....	64
7.2.3. Internationalisation Strategies and Employee Criteria.....	65
7.3. A Proposed Framework: A Contextual Model for MNE Leaders .....	65
7.4. Implications for Business.....	66
7.5. Limitations.....	67
7.6. Suggestions for Future Research.....	67
7.7. Conclusion .....	67
References .....	69
Appendix A: Informed Consent Form.....	81
Appendix B: Semi-Structured Interview Questions .....	82

Appendix C: Welter Model .....	83
Appendix D: Ethical Clearance .....	84
Appendix E: Atlas ti Codebook .....	85
Appendix F: Declaration of Proofreading.....	90

## List of Tables and Figures

Table 2.1: Context .....	8
Table 2.2: Skills Associated with Contextual Intelligence.....	12
Figure 2.1.: Approaches to Foreign Market Entry .....	18
Table 4.1.: Industry and Position of Chosen sample.....	26
Table 4.2.: Research and Interview Question Plotting .....	28
Table 5.1.: Respondent Descriptors .....	33
Figure 5.1.: Growth in Internationalisation Strategies .....	34
Figure 5.2.: The Role of Contextualisation in Growth.....	38
Figure 5.3.: Internationalisation and Employment.....	45
Figure 7.1.: A Contextual Model for MNE Leaders .....	66

# CHAPTER ONE: INTRODUCTION TO RESEARCH PROBLEM

## 1.1. Introduction

This study explores whether leaders in multinational enterprises (MNEs) use contextual intelligence when deploying internationalisation strategies. Through an exploratory study, it identifies the contextual elements that leadership in multinational enterprises have applied when investing into emerging- and developed economies. It further explores how these MNE leadership leverages the MNEs' operations network globally in order to create a competitive advantage when investing in new markets.

## 1.2. Background to the Research Problem

Having worldwide strategies in place provide leaders in MNEs with an opportunity to access new markets and the potential of low cost resources. These new markets enable the organisations' leaders to explore a new source of knowledge and information (Bartlett and Beamish, 2018).

As the phrase goes, context matters; this saying also applies to the leaders within these MNEs and in the territories their organisations operate in. When investigating the success of Metro Cash & Carry, a German wholesaler specialising in dry goods and fresh foods in India, Khana (2014) raises the issue of the importance of context. The leadership body of Metro Cash and Carry believed that making a few adjustments to their original operational model would transfer well into other markets (Khana, 2014). After having limited penetration into the market, the leaders at Metro Cash and Carry had to adapt to the local context. The organisation's decision was to more densely pack the previous very well-organised aisles, so the store could better emulate what it would like in a densely active Indian street market (Khana, 2014), thus allowing the German MNE to extract more value from its Indian market. In contrast to Metro Cash & Carry in India, leaders in eBay, a United States (US) based e-commerce platform, used the same strategy they employed in the US in China. This, in turn, allowed Taobao, a Chinese e-commerce platform, to win over the Chinese market from eBay in less than three years (Khana, 2014). The leadership of eBay's failure to contextualise with Chinese markets ultimately led to

the decline of the business. This having been done has added value to the organisation by means that could not have been anticipated without the ability of the leaders to submerge themselves in the local context. The issue of contextualisation is becoming increasingly relevant as part of the skillset of leaders in enterprises. With enterprises no longer limited to the confines of their own borders, the ability to apply contextual intelligence as a leader in an organisation could be pivotal in developing sustainable multinational enterprises into the future. A case in point is that mentioned above, comparing organisations who were open to the local context with organisations that failed to consider the local context. Both social- and institutional elements influence the preference of certain communities (Welter & Smallbone, 2015). It is evident that internationalisation strategies on their own will not be a sustainable model in our fast changing world; being successful entails more than just institutional knowledge or an organisation's technical ability (Brown, Gould & Foster, 2005). What enhances success is having a good understanding of the context around oneself. It is fast becoming more important not just to know how to reach a specific goal, but to know what to do in order to reach the goal (Brown, Gould & Foster, 2005).

### 1.3. The Research Problem

Being aware of contextual elements allows leaders in organisations to identify and analyse said elements in a vastly different circumstances (Kutz, 2008). Contextual intelligence (CI) is defined in the seminal work by Sternberg (1986) as "...learns and remembers and gains information from past mistakes and successes; has the ability to understand and interpret his or her environment; knows what's going on in the world" (p. 180). This allows leaders to better sense what the internal- and external variables in an organisation are (Kutz, Ball & Carroll, 2018). These variables are internal to the leaders themselves and external to the variables in the surroundings (Kutz & Wade, 2013). Kutz, Ball & Carroll (2018) indicate that applying contextual intelligence goes beyond looking at direct relationships. It encourages organisations to form a global perspective when looking at how organisations provide solutions to opposing ideas and, through this experience, to promote positive outcomes.

In the 1990s, a common belief amongst experienced economists was that industries, at their core, would remain relatively stable in form and would deliver the same

economic return (Khana, 2014). However, a high failure rate of international business enterprises is still evident (Khana, 2014).

Organisations enter new markets on a continuous basis looking to expand, with the intrinsic belief that the technical skills required in their industry would enable them to succeed (Khana, 2014). However, in contradiction to the importance placed on contextual intelligence in organisations, a lacuna in terms of research in the field still exists. Various sources state that contextual intelligence is integral to organisations, especially when expanding businesses across borders (Kutz, 2008; Welter, 2011; Khana, 2014). Furthermore, although literature emphasises the ability to contextualise in order to create organisational value advantage, few authors suggest how this is actionable at an organisational level. In a recent study, Khanna and Rivkin (2014) show that, in most countries, there is very little to no correlation between using institutional knowledge in a home market compared to success in a new market. Institutional context is a concept related to both formal- and informal institutions, and is known as the “rules of the game” (Welter, 2011). In formal institutions, these include the property regulations, market entry- and exit requirements, as well as the political- and legislative landscapes (Welter, 2011). Informal institutions are driven by the history in a particular context that has driven societal norms and attitudes (Welter, 2011). As competitive advantage is a key success factor in creating sustainable organisations, it is of great value to both academics and organisations to understand how contextual intelligence can drive competitive advantage when playing at a global level.

It is therefore proposed that understanding contextual intelligence in globally operating organisations and exploring how these organisations use contextual elements in order to create value, not only in their home market, but in other existing- and new markets, is of vital importance.

#### 1.4. Research Objectives

This study is aimed at understanding the contextual intelligence elements that MNEs use in order to create sustainable businesses when deploying their internationalisation strategies. Although most current theory suggests that contextual intelligence plays a role in creating a successful business abroad (Khana, 2014), empirical exploration into this paradigm is largely absent from the literature. Due to

organisations expanding beyond the borders of their country, the study's aim is to understand to what level the local context is taken into account during the process of internationalisation. Furthermore, the study aims to gain a deeper understanding of the employee traits required for internationalisation strategies.

### 1.5. Scope of the Research

The scope of the research is restricted to emerging markets, as defined by the international monetary fund, with an understanding of the role contextual intelligence plays in the internationalisation strategies of multinational enterprises when entering these markets. It is believed that contextualisation elements could yield significant results in terms of success in a particular market when having a better understanding of the market (Kutz, Ball & Carroll, 2018; Khanna, 2015; Rottig, 2016; Maritz & Du Toit, 2018). Furthermore, it is suggested that the contrast between emerging- and developed markets may provide insights into understanding why organisations will have to operate in a context specific manner to ensure success (Khana, 2014; Rottig, 2016; Maritz & Du Toit, 2018).

### 1.6. Significance of the Research

Previous research suggests that contextual intelligence could reduce the failures of organisations when moving to a new territory; the opposite may be true if they fail to learn from the context in said territory (Khana, 2014). Similarly, it is argued that contextual intelligence is, like the global business environment, not a static concept, but rather a fluid construct that is developed given a set of conditions (Osborn, Hunt & Jauch, 2002). Therefore, it vitally significant to understand how multinational enterprises uses their context in order to create value and, ultimately, gain competitive advantage. This study intends to add to the contextual intelligence literature by providing insights into how contextual elements influence and drive internationalisation strategies in multinational enterprises. Moreover, from a leadership perspective, it is intended to aid leaders in formulating contextualisation strategies with stakeholders to create sustainable global business. Transferring business models from one context to the next has been noted in literature, and the challenges of doing so has mostly been limited to the internal workings of organisations (Teece, 2010).

The study seeks to understand the challenges and successes of multinational organisations when conducting business in both emerging- and developed markets. It is proposed that it will add to the academic discussion on contextual intelligence and multinational enterprises by exploring the elements that multinationals consider when developing business globally. Through the identification of these contextual elements, it is proposed that the study will aid in understanding not only organisational traits, but also the traits of employees. From an organisational perspective, it is proposed that this will empower leaders in designing improved internationalisations strategies. In so doing, leaders may be able to realise better successes when pursuing business into new markets.

### 1.7. Conclusion

This chapter has provided an introduction to the research paper through providing some key insights into the importance contextual intelligence when rolling out globalisation strategies in multinational enterprises and establishing the intent of the research that follows.

The research study proceeds as follows. Chapter Two provides a literature review related to contextual intelligence. Chapter Three gives an in-depth review of the research questions that form the core of the study, while Chapter Four sketches an outline of the methodology employed in order to collect and analyse the data. Chapter Five stipulates the results of the analysis, and Chapter six the in-depth discussion of the results. Chapter Seven concludes the study through business and academic views based on the results, be followed by potential areas of studies for further research.

## CHAPTER TWO: THEORY AND LITERATURE REVIEW

### 2.1. Introduction

This section offers highlights into research regarding contextual intelligence as it relates to multinational enterprises when they consider expanding businesses beyond the borders of their country of conception. The chapter starts by stating the multiple perspectives that exist around contextual intelligence. It then explores literature associated with MNEs and internationalisation strategies in order to provide some insights into the dynamics of the different markets they intend to enter. The chapter concludes with a discussion on key opportunities surrounding the use of contextual intelligence and how this could enhance the internationalisation strategies of MNEs through various levels.

### 2.2. Contextual Intelligence

Organisations in the modern landscape have been under constant attack from the outside world due to growing global diversity. This created more contexts that leaders in MNEs needed to account for (Kutz, 2008). Context was defined by Baker and Welter (2018) in terms of context dimensions, namely:

- i. **Who** - "...individual, team community or business..." (Baker & Welter, 2018, p. 12);
- ii. **Where** - "...business sector, social networks, spatial: communities, institutional culture..." (Baker & Welter, 2018, p. 19); and
- iii. **When** - "...time and history..." (Baker & Welter, 2018, p. 22).

In order for organisations and their people to respond, they needed to be aware of the changing landscape. Logman (2008) noted that contextual intelligence allows for strategic flexibility, and allows MNEs to have the ability to expand in new directions on either small or big scales. Context was not limited to just business, but had various forms developed from the surrounding environment (Kutz, 2008). Various studies into contextual intelligence in sports psychology as well as performance enhancing consultants used the concept through developing a framework called a contextual map that involves knowing the language and the intricacies of a particular system (Brown, Gould & Foster, 2005). Contextual intelligence has been an underlying



theme in leadership competency of global leaders and highlighted the importance of where business leaders, who indeed becomes practitioners of contextual intelligence, were able to critically assess a particular context, based on past and present context, in order to steer towards a preferred future (Kutz, 2013). The construct has also been applied in the field of entrepreneurship where various contexts have been identified as enablers to innovative entrepreneurial action that could have the potential to develop in sustainable ventures (Welter, 2011). Contextual intelligence allows MNEs to move away from traditional search-based tactics to obtain knowledge management (Shroff, Dey & Ghosh, 2014). Instead, it allows MNEs to adapt their information garnering approaches to include external materials they may have been unaware of, and apply these to prevalent needs in the market. Moreover, Pavard and Dugdale (2002) stated that the use of contextual intelligence allows MNE's strategies to more closely mirror what markets really expect.

This is by no means an exhaustive list regarding the field in contextual intelligence; however, the researcher has believed it to be those most relevant in the boundaries of this research paper. In an attempt to better frame the term contextual intelligence framework for the research paper, the researcher has defined both sections of the construct separately in order to explore the nuances of the phrase as a whole.

### 2.2.1. Defining Context

Throughout history, the human race has been able to respond rather successfully to different contexts (Dey, 2001). This was evidenced by the fact that, today, we have managed to develop the ability to communicate globally through shared languages and common understandings regarding daily interactions across the globe (Dey, 2001). This has not been a sudden incidence, but rather once that has developed over time. Time and time orientation has been one of the key elements identified for leaders to have in their arsenal of skills (Kutz & Bamford-Wade, 2013). Context has presented itself in different shapes and sizes. It has been shown to be fundamental to managers in an organisation that they not only be aware of the specific context of an instance, but that they are also able to respond to a variety of environmental- and organisational elements at any given time (Kutz, 2008; Osborn, Hunt & Jauch, 2002).

With various definitions of context available, the researcher intended to frame context at an organisational level as well as examine different contexts that organisations have to be aware of in a position to respond. To this end, the researcher called on the framework by Welter, presented in Table 2.1. below (Baker & Welter, 2018).

Table 2.1: Context

	Who	Where	When
<b>Context Dimensions</b>	Individual / team, community, business	Business: sector, market	Time History
		Social: networks, households, families	
		Spatial: communities, neighbourhoods, industrial districts, clusters, country	
		Institutional: culture, regulatory and normative institutions	
<b>Contextualising Entrepreneurship</b>	<p>Doing context: How do individuals, communities, businesses interact with where and when contexts? How do they adapt and/or change where contexts? Why do individuals, communities and businesses interact with contexts?</p>	<p>How are “where” contexts constructed? Why does the “where” context impact on entrepreneurship?</p>	<p>How are “when” contexts are constructed? Why does the “when” context impact on entrepreneurship?</p>
<b>Useful Concepts</b>	Institutional entrepreneurship, entrepreneurship, identity	Relational geography, embeddedness, linguistic studies, cognitive science	Time geography, history studies

(Baker & Welter, 2018, p. 12-13).

Along with those depicted in the table above, Welter (2011) further provided four dimensions of context, namely business, social, spatial, and institutional. This framework has made it possible to apply a multi-layered context while also including different levels of analysis. In the table, each dimension was outlined as a different layer of context. Each of these sub- categories have been briefly outlined below:

### *Business*

This category mainly focused on the business environment, and the ease of doing business in any particular industry. It identified a number of prerequisites in order to develop a thriving industry, namely:

- i. Good governance;
- ii. Reducing red tape; and
- iii. Legal reform (Klapper, Lewin & Delgado, 2009).

According to Bowen and De Clercq (2007), a business' institutional context will determine where resources are allocated. Resource allocation to high-growth activities correlate positively to MNEs' financial accomplishments (Bowen & De Clercq, 2007). Better development of institutional context serves as a positive determiner of MNE growth (Meuleman & Wright, 2011). Furthermore, developed business- and institutional context is shows to have "direct, positive effects on the speed of new venture internationalization" (Kiss & Danis, 2008, p. 388).

### *Social and Cultural*

In this sub-category it was indicated that there is a social context comprised of a network of people from different walks of life who interacts socially. However, in the past, research had shown that these social networks can overcome risk when developing business, through providing a platform for new opportunities or resources through the network (Welter, 2011). Welter (2008) states that social (or societal) context impacts why some MNEs may see investment opportunities while others do not. This links to cultural context, as Welter (2008, p. 16) explains that "...outcomes of entrepreneurial activities might vary across different countries and other contexts". These contexts develop over time and are fluid as opposed to rigid (Welter, 2008). Social- and cultural context can, according to Zahra, Wright and Abdelgawad (2014), provide new and alternative explanations for MNEs' experiences in their home- and new markets, and can lead to identifying key possibilities that influence their

performance. Furthermore, these two contexts can lead to MNEs changing their competitive strategies by highlighting changes in the landscape of the industry, identifying the nature and makeup of the competition, and altering the strategic planning of launching new ventures (Zahra et al., 2014).

### *Spatial*

The spatial context indicated the social norms of local communities and neighbourhoods that can be intertwined through a common culture. A particular local identity could be developed from the interactions between a business, its surroundings, and the community (Welter, 2011). Taking spatial context into account allows MNEs to be more flexible and vary their business approach in a variety of markets (Zang, He & Shi, 2006). By focusing on spatial context, says Nijkamp (2011), not only regional development is boosted; accessibility to and by a variety of markets and sustainability are also increased. This creates more competitive advantages for MNEs, which can be seen in endogenous (internal) economic growth in the MNE's economic landscape (Nijkamp, 2011).

### *Institutional*

The institutional framework has set the boundaries in which the formal- and informal institutions operate. Formal institutions were seen as a conglomerate of all the formal rules, regulations, and bodies that drove institutions from economic and political fields (Welter, 2011).

In this study the researcher has included all these sub-categories, or layers, in order to illustrate the array of contextual elements and explore the associations between a multitude of contexts as well as their impact on organisations (Welter, 2011). When including context at different levels, the result has led to an outcome that is born from a particular context (Welter, 2011).

#### 2.2.2. Defining Intelligence

The mention of intelligence has been found in scriptures dating from as far back as ancient Hindi and Greek writings (Kline, 2013). Although Kline's (2013) views on intelligence have been based on the psyche of human beings, the researcher has applied these views to organisations as well. Kline (2013) defined intelligence as "...the general reasoning capacity useful in problem-solving tasks of all kinds" (p. 6).

Like humans, organisations have not been seen as static, but rather as fluid, like living organisms (Schiuma, 2017).

Intelligence, however, has not solely been developed through theories, strategies, or decision making. According to Kutz (2008), the knowledge regarding how to respond to a certain context was not a straight line equation, suggesting that intelligence has taken on different forms and has not always been born from education, expertise, or intellect.

### 2.2.3. Organisational Contextual Intelligence

By separating organisational contextual intelligence from the concept of intelligence as a whole, it was argued that a better understanding of how contextual intelligence can be applied an organisational level could be obtained. Kutz (2008, p. 23) defines contextual intelligence as the "...ability to quickly and intuitively recognize and diagnose the dynamic contextual variables inherent in an event or circumstance and results in intentional adjustment of behaviour in order to exert appropriate influence in that context." There was no preconception of this type of event; rather, the knowledge was extracted from an event and the meaningful experiences originating from said event (Kutz, 2018).

Table 2.2. below showed an adaption of the Kutz's (2008) list of skills associated with contextual intelligence on an individual- and organisational level (see next page).

Table 2.2: Skills Associated with Contextual Intelligence

Skills	Individual	Organisational	Descriptor
Future-minded	x		Has a forward-looking mentality and sense of direction and concern for where the organisation should be in the future
Influencer	x		Uses interpersonal skills to ethically and non-coercively affect the actions
Ensures an awareness of mission	x		Understands and communicates the individual performance of others
Socially responsible	x	x	Expresses concern about social trends and issues
Cultural sensitivity	x	x	Promotes diversity in multiple contexts
Multicultural Leadership	x		Can influence and affect the behaviours and attitudes of peers
Diagnoses Context	x	x	Knows how to appropriately interpret and react to changing and volatile surroundings
Change agent	x	x	Proactive rather than reactive in rising to challenges, leading, participating in, or making change
Effective and constructive use of influence	x	x	Demonstrates the effective use of different types of power in developing a powerful image
Intentional leadership	x		Assesses and evaluates own leadership performance and is aware of strengths and weaknesses
Critical thinker	x		Cognitive ability to make connections, integrate, and make practical application
Consensus builder	x		Exhibits interpersonal skill and convinces other people to see the common good

(Adapted from Kutz, 2008).

#### 2.2.4. Disadvantages of Contextual Intelligence

Being able to accurately investigate context could have provided a competitive edge to whoever could have implemented it effectively (Kutz, 2008). Kutz (2008) identified four elements that could hinder accurate investigation. These are:

- i. **The pace of change:** constant change to the rules of the game; before a stakeholder can react there is a pivotal change in the rules (Kutz, 2008);
- ii. **Complexity of the variables:** understanding that the global landscape has increased the complexity we operate in; awareness to understand that it might not be possible to be aware of every contextual factor when it is time to make a decision (Kutz, 2008);
- iii. **Learned behaviour:** when past experiences have create a world view on a particular context, that when faced with the same problem in a different context one might fail to react appropriately based on the underlying bias that has been created (Kutz, 2008); and
- iv. **Inappropriate orientation to time:** when faced with a complex contextual issue its important to stay cognisant of the situation one find oneself in, and to pull the correct information at the appropriate time (Kutz, 2008).

### 2.3. Multinational Enterprises

Having undertaken an understanding of exploring the multinational enterprise (MNE), one has to understand what defines the concept of MNE. The MNE concept has moved beyond trading between countries, and the main qualifier as an MNE has been to have substantial direct investment into foreign countries and to actively manage operations as part of the holding organisation, both strategically and organisationally (Bartlett & Beamish, 2018).

Dunning and Lundan (2008) defined MNEs as enterprises which either controls or owns value-added activities in various countries and which may also be involved in foreign direct investments. Mayrhofer (2012) contended that the boundaries between the surrounding environment and the MNE has begun to slacken over the years. As a result, posited Hennart (2009), MNEs have become entrenched in various evolutionary networks in their local operational areas. When looking at how the United Nations (UN) defined MNEs, it is important to highlight how the definition of MNEs has evolved as organisations' size and influence have increased in recent years (Bartlett & Beamish, 2018). The latest definition of MNEs is that of the Organisation for Economic Co-Operation and Development (OECD), which defined MNEs as "...compris(ing) companies or other entities established in more than one country and so linked that they may coordinate their operations in various ways.

While one or more of these entities may be able to exercise a significant influence over the activities of others, their degree of autonomy within the enterprise may vary widely from one multinational enterprise to another” (OECD, 2011, p. 17).

The one common thread in these definitions of MNEs was the fact that an MNE has to have operations in various forms in order to be recognised as an MNE. While not all MNEs have been considered large organisations, it has also been concluded that the majority of the organisations classified as MNEs are big (Bartlett & Beamish, 2018).

#### 2.3.1. Multinational Enterprises: Global Role

Bartlett and Beamish (2018) made it very clear that the role the MNEs play in the global economy implied the employment of highly skilled individuals as well as massively complex strategic challenges. For the purposes of this research the role that MNEs play in both developed- and emerging markets, and the challenges they face when going to these markets, were specifically investigated.

#### 2.3.2. Internationalisation Trends of MNEs

According to the World Investment Report (UNCTAD, 2019), the top 100 MNEs decreased in 2018, which was caused by an increase of mergers in the top 100 (UNCTAD, 2019). Another noticeable statistic is that that increasing presence of technologically advanced countries in developing countries took place mostly through joint ventures (UNCTAD, 2019). The majority of industrial MNEs, it was found, are still ranked under the top 100 due to mergers or acquisitions (UNCTAD, 2019). In closing, most MNEs have been under immense pressure from shareholders to perform, because the stock value of these cohorts of organisations has declined and was no longer viewed as a premium product.

### 2.4. Developed- vs. Emerging Markets

An increase in global trade levels has had an impact on a number of different elements, such as ease of trade and increased international integration, which have created opportunities for growth in both emerging- and developed economies (Amal, Baffour Awuah, Raboch & Andersson, 2013). International business associations



and economists have classified countries around the world based on their level of economic- and industrial level development. The terms “developing countries” and “emerging countries” referred to entirely different groups of countries. The fundamental difference identified between these classifications is that emerging nations are growing rapidly and becoming more important in the world economics, while developing nations are struggling and still need help from trade partners around the world (Green, 2019).

Furthermore, it was challenging to define developed markets which, by most international business associations, were classified as a market that is very well developed in terms of economy and capital markets, has efficient market institutions and has a high income (IFC, 2017). However, agreeing on a definition while contending with so many associations – for example UNCTAD, the World Bank, the UN, the UNDP, etc. – has proven extremely challenging.

For the purpose of this study the researcher has employed the International Monetary Fund’s (IMF, 2019) classifications of emerging- and developed economies. Although the report discussed advanced economies the word, the terms “advanced” and “developed” will be used interchangeably for the purposes of this research.

#### *Advanced- or Developed Economies*

According to the international Monetary Fund (IMF), advanced economies were classified and defined based on gross domestic product (GDP) per capita as well as being highly industrialised (UN, 2019).

#### *Emerging Economies*

The International Monetary Fund (IMF) has measured emerging economies based on an analytical framework that includes inputs such as exports, total debt, and credit (UN, 2019).

### 2.5. Internationalisation Strategies for MNEs

Multinational enterprises have been seen by the global community as an active global economic stakeholder, entering new markets globally, and building on their existing institutional knowledge from their country of origin (Rana & Elo, 2017). International business literature made a compelling case that multinational enterprises’ strategic intent is influenced by ownership advantage, learning effect,

and institutional opportunities in the intended- and home countries (Rana & Elo, 2017). The literature suggests that MNEs substantially invest in foreign countries and actively manage these operations in order to create value for the organisation (Bartlett & Beamish, 2018). This is aligned with the original international business theory that has an external view looking at the export of operations to foreign countries (Rana & Elo, 2017). Masipa (2018) further supports this by saying that internationalisation is linked to economic growth. According to UNCTAD (2018), many MNEs continue to develop internationalisation strategies in order to promote growth, and are cultivating more interest in foreign investments as a result. The UNCTAD report (2018) also states that MNEs are beginning to modernise their policies and improving their approaches to business growth, and that these modernised approaches are key driving factors in company growth. In the words of Karakaya and Yannopolous (2008, p. 1077), “As a result of increased competition from both domestic and global competitors, shrinking market size, and declining market growth rates, companies seek opportunities in global markets”.

To expand on the internationalisation strategies of said MNEs one needs to have an understanding of what drives an organisation to expand its operations globally. When MNEs internationalise there are two main motivations that need to be considered (Bartlett & Beamish, 2018).

#### *Traditional Motivations*

These motivations pertained to secure key suppliers, low cost factors, better priced labour, or specific resources. These types of internationalisation strategies have also been referred to as inward internationalisations studies, with specific focus on the imports into the organ country (Rana & Elo, 2017). The last traditional motivation was to pursue new markets based on unique capabilities of the enterprise that could provide them with a competitive advantage in the new market (Bartlett & Beamish, 2018). These were more aligned with the original international business theory that had an external view looking at the export of operations to foreign countries (Rana & Elo, 2017).

#### *Emerging Motivations*

These motivations were driven by enterprises which implemented change regarding how they view their strategies with a move from primary motivating factors to a global strategy (Bartlett & Beamish, 2018). The emerging motivations included aspects like

economies of scale, increasing the investment in research and development (R&D), shortening the product life cycle, scanning- and learning capability, and, finally, competitive positioning (Bartlett & Beamish, 2018). These motivations were based on the assumption that one can replicate the successes of an industry from one country to the next. The internationalisation strategy of enterprises was seen by a number of authors to be the driving force behind ensuring competitive advantage (Thompson, Strickland & Gamble, 2008; Cafferata, 2009).

However, motivations alone were not the only reasons for internationalisation, but merely stipulates why it was envisioned. How it is done were seen as the building blocks that organisations would need in order to successfully roll out an internationalisation strategy and, ultimately, sustain it. Bartlett and Beamish (2018) referred to this, in their framework, as the means and the mentalities.

Means has been divided into two separate sections, namely the requirements for internalisation and the process of internationalisation.

### *Requirements*

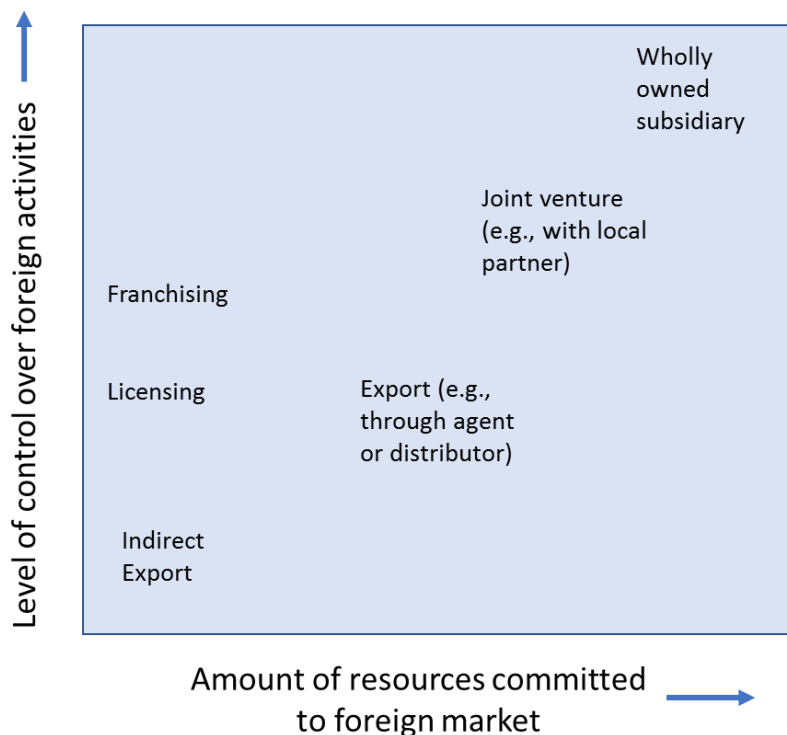
Requirements implied that the MNE has some unique offering that they can present in a foreign market that will overcome the risk of being an intruding organisation into the market (Bartlett & Beamish, 2018).

### *Process*

Internationalisation processes, say Bartlett and Beamish (2018), were not frequently very well thought out from a scoping point, and were generally built on a rational conjecture, speculation, and sometimes pure luck. However, there was no clear cut blueprint of the process itself. Instead, a multitude of approaches, investment in the foreign market, and local partnership through joint ventures or mergers, acquisitions of existing organisations, export via distributor/agent, or even franchising were proposed (Bartlett & Beamish, 2018).

In Figure 2.1. below, adapted from Bartlett and Beamish (2018), depicted these approaches relative to two elements, namely the level of market commitment and the level of control required. These would have impacted which model was chosen in order to enter into a market.

Figure 2.1.: Approaches to Foreign Market Entry



(Bartlett & Beamish, 2018, p. 10).

Mentalities were regarded as the progression of the strategic role that foreign operations play, and can be categorised in four distinct stages, which represent the way organisations view these operations over a period of time (Bartlett & Beamish, 2018). These stages are:

- i. **International Mentality:** this was generally seen in the infancy stage of the internationalisation of MNEs, where organisations treated foreign activities as satellite operations developed to support home operations (Bartlett & Beamish, 2018);
- ii. **Multinational Mentality:** this mentality came about when the home organisation started to realise that there was more value to extract from foreign organisations, if they started acknowledging the differences among the foreign markets and the foreign markets' operating contexts (Bartlett & Beamish, 2018):
- iii. **Global Mentality:** this mentality was implied when organisations thought of the world as "one size fits all", and did not acknowledge the different contexts of foreign operations. It exhibited an entrenched belief that all nations had the

same demands, and so that the focus had to be on standardised market offerings (Bartlett & Beamish, 2018); and

- iv. **Transnational Mentality:** in direct disparity with the global mentality, transnational mentality fully acknowledged the importance of having ambidextrous and responsive operations at a country level for foreign operations (Bartlett & Beamish, 2018).

From the mentalities above it is clear that there was no clear directive on evolving mentalities in organisations. An organisation can in actual fact have any of these mentalities and could be successful, given a particular context (Bartlett & Beamish, 2018).

## 2.6. Multinational Enterprises and Talent Management

MNEs placed great value on talent management, because the cost of failure is far greater than in the domestic market (McDonnell, Lamare, Gunnigle & Lavelle, 2010). The most appropriate definition of global talent management (GTM) was offered by Collings (2014) who stated that it involves:

...(1) the systematic identification of key positions that differentially contribute to the organization's sustainable competitive advantage on a global scale; (2) the development of a talent pool of high potential and high-performing incumbents, who reflect the global scope of the MNE to fill these roles; and (3) the development of a differentiated human resource architecture to facilitate filling these positions with the best available incumbents in order to ensure their continued commitment to the organization (p. 5).

Collings, Mellahi and Cascio (2018) state that no empirical study has been done to measure the correlation between certain employee traits and MNE success. However, their study does comment on MNE talent management, which they define as "...integrating human capital on a global scale to execute corporate strategy and generate sustainable performance levels across an MNE's network" (Collings et al., 2018, p. 540). When MNEs use GTM it could be used as a vehicle to develop leaders in an organisation who will be able to operate on a global scale. Empirical research suggested that leaders with expatriate exposure possessed a higher social capital than managers without it (Collings, 2014). However, to build this pool of leaders MNEs will have to establish a committee focused on building that pool of leaders

(McDonnel et al., 2010). Employees who exhibit traits which are beneficial to the MNE, or what Collings et al. call “stars” (p. 546), generate high value for the MNE by displaying extremely high, protracted performance when measured against their colleagues (Collings et al., 2018). Positive employee traits regarded by MNEs may include good decision-making skills, possession of relevant and necessary skills, diversity, and good community relations (Beamond, Farndale & Härtel, 2016). Mellahi and Collings (2010) suggest including employees at subsidiary level and nurturing their skills and capabilities in order to cultivate the “star” employees the MNE needs.

## 2.7. Contextual Intelligence and Internationalisation Strategies

Considering all of the above, business, beyond all the financial models, will need to investigate how they will contextualise to a specific country when investing. Organisations are under constant pressure and are often pushed to explore new opportunities, develop and launch new products, services, markets, and technologies (Lekmat & Chelliah, 2014). Business as a whole has achieved successes over the years in various markets through shifting their existing models. Strategic planning will remain key in MNEs’ internationalisation strategies, but the times where strategic planning was the cornerstone of success in a dynamic market seems to have passed, according to recent research (Kutz, 2008). In order to improve the understanding of MNEs as researcher, one needs to draw a clear line between the economic organisation and the individual legal organisations within the group, being the only real consequential contextual difference between the home organisation and the foreign entity (Ruggie, 2018). This not only creates a governance gap (Ruggie, 2018), but also a contextual gap of business-, spatial-, social-, and institutional levels (Welter, 2011), adding to the complexity of the context. With these dynamics at play one can infer that contextualisation elements should, in some instance, drive the means and mentalities (Bartlett & Beamish, 2019) as discussed earlier. As an academic one would then question why one does not see more success, or more experimentation, taking place in the process of internationalisation.

## 2.8. Conclusion

This chapter has presented a review of the literature on contextual intelligence. It has defined the contextual intelligence construct and presented a model, based on an amalgamation of the literature, that will be used as an analytical tool for analysing research in the following chapters (*cf.* Table 2.1.). It has explored the growing work on contextual intelligence which helped to define the boundaries and develop an understanding of the construct. The chapter then explored literature regarding multinational enterprises (MNEs) and presented insights into the role of MNEs globally, the current internationalisation trends in MNEs, and the motivations, means, and mentalities that drive MNEs' internationalisation strategies. Finally, the chapter closed with a presentation of literature of contextual intelligence and internationalisation strategies and competitive advantage. The absence of certain conjectures leads to possibilities for research into the understanding of how MNEs contextualise foreign countries in order to extract more value when deploying their internationalisation strategies.

## CHAPTER THREE: RESEARCH QUESTIONS

### 3.1. Introduction

This study aimed to answer three specific research questions. Bartlett and Beamish (2018) provided a framework for the motivations of why MNEs pursue internationalisation strategies, and together with the literature reviewed, the following three research questions were identified.

#### 3.1.1. Research Question One: To What Extent Can Internationalisation Strategies Lead to Higher Growth and Profitability in MNEs?

MNEs operate on a global scale with operations in multiple parts of the world (Dunning & Lundan, 2008), with the strategic intent of adding shareholder value and creating opportunities in different contexts.

Research question one is aimed at identifying how internationalisation strategies in MNEs have contributed to the growth and profitability of the said organisations. This is aimed at gaining an understanding of the motivations of MNEs when investing in emerging and developed markets.

#### 3.1.2. Research Question Two: How Can Contextualisation in Internationalisation Strategies Sustain Organisations and Enhance Growth and Profitability?

Lekmat and Cheliah (2014) highlight that organisations are under pressure to perform and how they often need to explore ways of creating value. The failure of eBay, for example, to contextualise in the Chinese market, emphasises the importance of contextualisation and contextual intelligence of leaders when moving into a new market.

Research question two is aimed at understanding how MNEs have contextualised when deploying their internationalisation strategies and to establish whether contextualisation motivated or inhibited a certain strategy.



### 3.1.3. Research Question Three: How Do Internationalisation Strategies Impact Employment Criteria?

Research question three is aimed at investigating whether organisations employ individuals with specific traits in order to deploy and execute these internationalisation strategies, as well as determining how these individuals have impacted said organisation. This links to the value that multinationals place on talent management, and the levers they have to pull in order to successfully have a talent pool in order to deploy their internationalisation strategies (McDonnell et al., 2010).

## 3.2. Conclusion

This chapter presented the three research questions which the study aims to address. This is to be done through the investigation of the motivations, contextualisation, and employment traits MNEs employ when developing and deploying internationalisation strategies in both emerging- and developed markets. The intention is to gather some insights into the successes of MNEs in the continuously changing world economic environment. The following chapter presents the methodology used in the study.

## CHAPTER FOUR: RESEARCH METHODOLOGY

### 4.1. Introduction

This chapter will cover the proposed research methodology that will be employed in order to achieve the goals and intent of this study. The landscape created by the research question informs the architecture of the research methodology. This research employed a qualitative exploratory approach, which guided the selected research design, data sampling, and analysis, and which reinforced the selected research approach.

### 4.2. Rationale for the Chosen Method

In this study, and as explained by Saunders and Lewis (2012), an exploratory approach that will test the existing theory through deduction was employed. Zikmund (2000) as well as Saunders and Lewis (2012), drew special attention to the necessity of explorative research when limited literature exists in a specific in field of study. Through this explorative process, the researcher envisaged discovering information through various sources to, firstly, obtain a global view before, secondly, reducing the focus as the research journey continues. Semi-structured interviews are regularly used in contextualisation studies. Scheepers and Maher (2019), for example, conducted semi-structured interviews when they investigated contextual intelligence elements. This method allows the interviewees a great deal of freedom to explain their own insights into contextual intelligence as a role player in internationalisation strategies. Saunders and Lewis (2012) believed that semi-structured interviews are a fitting tool when exploring complicated subject matter or when the researcher is uncertain of the response to be obtained. In addition, qualitative business research sets its sights on business goals through the use of methods independent from numerical models. This allows the researcher to interpret the responses through the methodology (Zikmund, Babin, Carr & Griffin, 2013).

The purpose of this study was to explore new insights and nuances regarding how multinational enterprises (MNEs) operate in both developed- and emerging markets and how they use contextual intelligence when deploying their internationalisation strategies. A single method approach was used; in other words, the study into this paradigm was completely qualitative. This approach allowed the researcher to better

understand the complexity of the study of business strategy and to discover possible new insights into elements influencing contextual intelligence.

#### 4.3. Research Population

The intent of this study and the research population thereof was to investigate multinational organisations in both developed- and emerging economies and/or professionals currently responsible for developing and implementing internationalisations strategies in their organisations.

#### 4.4. Unit of Analysis

The unit of analysis was the perceptions and insights obtained from the interviews with the various business development professionals, which included executives, directors, senior managers, consultants, and specialists on internationalisation strategies. These were formed around the objective as laid out in Chapter One and laid the foundation for the elements of how internalisation strategies are influenced by contextual intelligence elements in emerging- and developed markets.

#### 4.5. Sampling Method and Size

The sampling was informed through a two layered non-probability sampling technique that included both convenience sampling and snowball sampling (Saunders & Lewis, 2012). Use of snowball sampling proved to be a technique that was key to accessing experts in the field of internationalisation strategies. Saunders and Lewis (2012: 138) listed purposive sampling “as the most frequently used form of non-probability sampling”. In the infant stages of earmarking individuals to take part in the sample, a degree of divergence was achieved through the number of earmarked respondents. The study being qualitative in nature, it informed a small sample size of 12 individuals who were comprised of executives, directors, senior managers, consultants and specialists, either working in MNEs or having had previously done so. The sample was solely comprised of top- and senior management positions. All respondents in the sample were either current or former executives, directors, senior managers, consultants, or specialists in MNEs.

The sample was comprised of six different industry sectors, which included mining, manufacturing, retail, broadcasting, telecommunications, and transport and logistics. Due to the fact that purposive sampling was used, each industry was not equally represented in the sample. Only individuals that had a proven track record and knowledge, based on the individual's existing or previous role, were considered regardless of the industry, as reflected in Table 4.1. below. Further in depth nuances will be provided in Chapter 5.

*Table 4.1.: Industry and Position of Chosen sample*

Industry	Positions	Number of Respondents
Chemicals	Managing Director	1
Telecommunications	Group Strategy & New Business Development (M&A)	1
Retail	Managing Director\Owner	1
Manufacturing	Supply Chain and Operations Executive	1
Broadcasting	Chief Strategy Officer	1
Mining	Global Business development Executive	1
	Divisional Director	1
	Global Key Accounts	1
	Business development Executive	1
Transport	Business development Executive	1
Information Technology	Global Business development Executive	1
Construction	Commercial Manager	1
<i>Total</i>		<b>12</b>

#### 4.6. Data Collection Tool

Saunders and Lewis (2012) recommended that a successful way to conduct exploratory research was through exploring academic literature and conducting

detailed interviews. The researcher therefore completed 12 face to face, semi-structured interviews with managers at senior level in their respective organisations through a relatively wide range of industries. The semi-structured interviews varied in time depending on the respondents. The longest recorder interview was timed at 51 minutes and the shortest at only 18 minutes. The average time for an interview to be completed was approximately 30 minutes. All interviews were conducted at a convenient location for the respondents; seven of the interviews were conducted in person at various locations, and the remainder of the interviews were completed via online platforms. Identified interviewees were invited to take part via different forms of electronic communication. The study subject of the research paper was explained and respondents had the opportunity to review the consent form (*cf.* Appendix A).

In preparation for each interview the researcher gathered basic information on both the respondent and his/her organisation. All interviews were recorded, with the required consent from the interviewee, by means of digital recording through Skype or a mobile device voice recorder. The interviewer spent another hour immediately after each interview reflecting on the conversation and to capture some of the “unsaid” insights as general themes or “aha” moments. This approach is necessary in the triangulation process where two independent bases of data are used within a study so as to trial the reliability of what the data reveals (Saunders & Lewis, 2012).

The semi-structured interview questions were plotted against the research questions used during the interview process. This provided a guideline to ensure the quality of the data collected. The plotting of the semi-guided interview questions in relation to the research questions developed in Chapter Three is presented in Table 4.2. The purpose of the developed questions was to allow for a design structure that would enable new insights, and probably further develop the hypothetical model. Saunders and Lewis (2012) posit that semi-structured interview questions are only used as a guideline, and that not all questions may have been answered or asked in the order indicated in the interview guideline presented (*cf.* Appendix B).

Table 4.2.: Research and Interview Question Plotting

Research Questions	Interview Questions
<p>Research Question One: To what extent can internationalisation strategies lead to higher growth and profitability in MNEs?</p>	<ol style="list-style-type: none"> <li>1. For what reasons you have considered internationalisation?</li> <li>2. Why have you pursued a strategy of growth through internationalisation?</li> </ol>
<p>Research Question Two: How can contextualisation in internationalisation strategies sustain organisations and enhance growth and profitability?</p>	<ol style="list-style-type: none"> <li>3. Has contextualisation helped to achieve synergies for growth, entry to new markets, new technology, or acquire new skills? Explain how.</li> <li>4. How have you pursued your internationalisation strategy? (Joint Ventures (JV) or Merger and Acquisition (M&amp;A))</li> <li>5. In what way has the contextualisation contributed to your growth and profitability?</li> </ol>
<p>Research question Three: How do internationalisation strategies impact employment criteria?</p>	<ol style="list-style-type: none"> <li>6. What has been the impact of internationalisation on employment traits in your business?</li> </ol>

#### 4.7. Approach to Data Analysis

Qualitative data analysis employs a method that involves the grouping of descriptive data with associated themes into a single story that shapes the interviewee's world- or organisational view in general and the topic under research specifically (McCusker & Gunaydin, 2015). The data was collected through audio recordings and later transcribed into text. Following each of the interviews, an independent third party was engaged to assist with the transcription of the recordings.

The researcher started analysis of the interviews a third of the way through the interviewing timeline. The interviews were conducted during a twelve-week interview period. Merriam and Tisdell (2016) stipulated that this could be a very effective manner to guide qualitative research study by creating a centred result. A number of nuances emerged through the first set of interviews that allowed the researcher to make minor adjustments to the interview guidelines in later interviews. The

researcher read the interview transcriptions first to identify the similarities between the research question and the literature review completed in Chapter Two, then moved on to re-reading the transcriptions in order to identify and code common themes and nuances (Bloomberg & Volpe, 2012). Although the researcher has created categories in the first step of the data analysis above, Bloomberg and Volpe (2012) suggested that the researcher should not be married to these categories, but should be open to adding new categories as the coding of the data progresses; at no point should the researcher force data into the existing categories. This could lead to a build-up of codes throughout the analysis and constantly adjusting the codes and categories as the coding continued. With this approach the coding categories were developed through both literature and data acquired (Schreier, 2013). According to Merriam and Tisdell (2016, p.20), "Category construction is data analysis". The categories created throughout the analysis phase were grouped under each research question. To complete the analysis phase, the researcher created these categories so that data could be presented in a manner suitable for answering each research question (Schreier, 2013).

#### 4.8. Reliability

Saunders and Lewis (2012) defined reliability as the consistent findings produced through data collection and analysis. Bloomberg and Volpe (2012) suggested utilising checks, where the researcher can request, from respondents in the study, some interpretation of the data collected. These tactics were employed during the data collection phase where two of the respondents were asked to interpret data analysis. In an attempt to mitigate bias, the researcher included quotes from the data to justify interpretations (Saunders & Lewis, 2012).

#### 4.9. Study Limitations

The explorative nature of qualitative research constricts the generalisability of the concluded results from the data analysis (Bloomberg & Volpe, 2012). This is a result of sample sizes used in qualitative research compared to quantitative research, which tend to include large amounts of data, and the opulent characteristics of the topic-specific data collected (Bloomberg & Volpe, 2012).

Qualitative research is subjective in nature and, as a result, will be affected by a number of biases (Saunders & Lewis, 2018). The result of the interviews is directly linked to inexperience of the novice researcher. In an attempt to mitigate such biases, the researcher used the set of questions (Appendix B) as guidelines during the interview process. Where the respondents required clarification on questions, the researcher provided clarity as concisely as possible to ensure reliability.

The research attempted to select a varied sample of MNEs in order to increase the transferability of the results. The varied sample of participants was created by selecting firms and individual specialists in the global field of business development. The multinationals selected were operating out of various locations - not only in South Africa, but in other countries as well. Although the research is aimed at contextualisation in both emerging- and developed markets, the focus on the MNEs may limit the transferability to other emerging or developed markets.

#### 4.10. Validity

According to Saunders and Lewis (2012), validity refers to the degree in which the research measures what it set out to measure. Maxwell (1992) argued that validity is not the characteristics of the method used, but rather the data and interpretations drawn when using a research method. Validity was ensured through the outline of the contextualisation in the form of Welter the contextualisation model (Appendix C). The validity of the model was vetted through the extensive literature review regarding contextualisation. The use of the model facilitated a single definition of the word “contextualisation” to both the researcher and the respondents.

#### 4.11. Ethical Considerations

To maintain an ethical approach to the research, the researcher first obtained ethical clearance through the university’s ethics process governed by the university’s Ethics Committee. This was supported by obtaining informed consent from all the participants in the study, ensuring confidentiality of both individual participants and their organisations (Bloomberg & Volpe, 2012). Participants were required to sign a consent form (Appendix A) before the recording of all interviews was conducted. Further measures employed to ensure anonymity was to use pseudonyms for all organisations and their major business partners.



## CHAPTER FIVE: RESULTS

### 5.1. Introduction

This section presents the findings from the twelve interviews with executives, directors, senior managers, consultants, and specialists on internationalisation strategies. The findings are presented in relation to the research questions stated in Chapter Three. The results of the analysis are presented based on themes highlighted through the qualitative analysis of the transcribed interviews.

This chapter will commence by providing a short brief of each the respondents in the study, followed by the arrangement of the results from the qualitative analysis.

### 5.2. Description of Respondents

The names of the organisations and the respondents in the study were changed from the original names in order to ensure the anonymity of the respondents as well as their current organisations. As seen in Table 4.1. (Chapter Four), the respondents in the study came from a wide range of industries. The extensive range of industries was selected in an attempt to develop a heterogeneous sample, which in turn will enrich the data collected.

A total of thirteen interviews were conducted. One interview had to be omitted from the sample after some concerns were raised around the information that was shared in the interview. The respondent retracted the interview due to some concerns raised by the respondent's organisation. From an ethical perspective, the researcher had to retract this interview, as taking part in the interviews was, from the outset, a voluntary process. With the exclusion of the interview the sample size remained significant for the purposes of the study. In the final sample of twelve interviews, five were conducted in person, and the remaining seven were conducted on Skype, Botim, and WhatsApp. Each respondent who took part in the process was either in an executive- or senior management position within their organisation. All the respondents in the sample were based in Johannesburg (South Africa) and Dubai (United Arab Emirates). All the interviews conducted in person took place in a private setting, in restaurants, homes, or at the offices of the respondent's organisation. The

questions were also not shared with the respondents before conducting the interview.

Table 5.1.: Respondent Descriptors

Respondent number	Organisation Alias	Gender	Industry	Current role	Years active in internationalisation
1	Chem Inc	Male	Chemicals	Managing Director	13+ years
2	Phone call away	Female	Telecommunications	Group Strategy & New Business Development (M&A)	4 years
3	African Retail	Male	Retail	Managing Director/Owner	18+ years
4	KCF Industries	Male	Manufacturing	Supply Chain and Operations Executive	10 years
5	Single View TV	Male	Broadcasting	Chief Strategy Officer	4 years
6	KCF Industries	Male	Mining	Global Business development Executive	4 years
7	Flex Civils	Male	Mining	Divisional Director	18+ years
8	Flex Civils	Male	Mining	Global Key Accounts	4 years
9	KCF Industries	Male	Mining	Business development Executive	4 years
10	Kenobi Transport	Male	Transport	Business development Executive	4 years
11	IT Systems	Female	Information Technology	Global Business development Executive	19+ years
12	SB Construction	Male	Construction	Commercial Manager	6 years

(Table compiled for this report)

However, what was shared with each one of the respondents was a brief discussion in order to define contextualisation in the form of the model in Appendix C. This was done in an attempt to have the interviews' content focused on the contextualisation area.

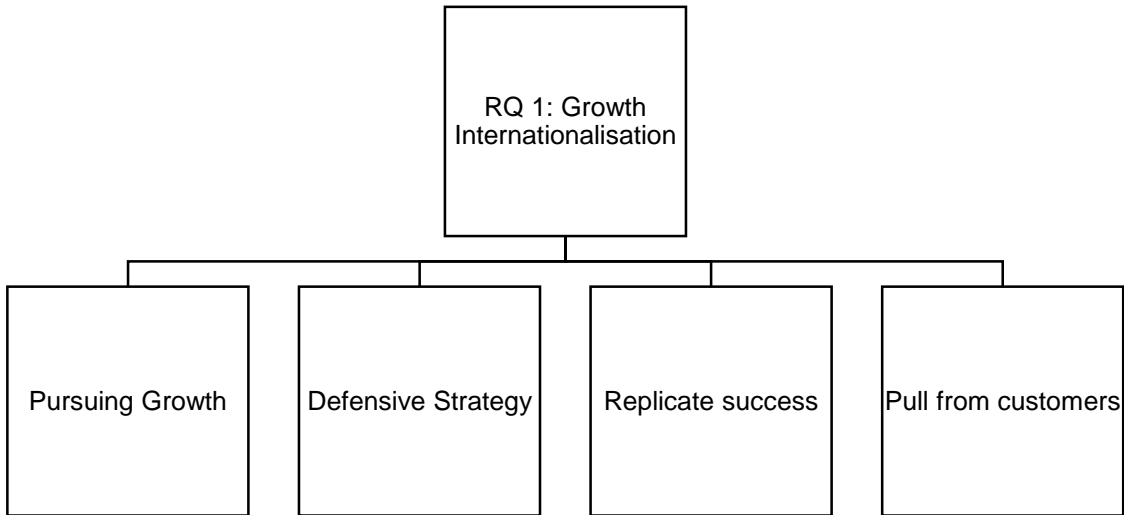
5.3. Results: Research Question One

5.3.1. To What Extent Can Internationalisation Strategies Lead to Higher Growth and Profitability in MNEs?

This research question was aimed at exploring how leaders in multinational enterprises achieve growth when deploying their internationalisation strategies. What emerged from the data is that, in all the multinationals where the respondents are employed, the strategy was driven by one of the following elements:

- i. Pursuing growth;
- ii. Defensive strategy;
- iii. Motivation to replicate home market success in new markets; and
- iv. Through the pull from customers.

Figure 5.1.: Growth in Internationalisation Strategies



5.3.1.1. Pursuing Growth

In industrialised economies where a market has reached its saturation point, and where organisations need to extract more value from the business, a strategy to

pursue is internationalisation. This strategy affords the organisation an opportunity to show its mettle in a new market. Respondent eleven emphatically stated that, in some cases, there is just a need for growth without any other motivation.

*Respondent 11: “And their strategy to find new business, uh, or open up new geographies was really just based on the growth expectations. It wasn't about what is a cultural fit. Um, you know, what is it that the country needs? It was really just growth.”*

*Respondent 9: “So I think most companies, if they are relatively successful in their home market, start running out of territory to grow.”*

This indicates entering a market purely out of convenience and assuming growth in a market, as the entirety of the market is experiencing a growth phase.

#### 5.3.1.2. Defensive Strategy

When new entrants enter into your existing flagship- or home market, a motive to respond in order to protect the existing customer base built up over a period of time comes to the fore. In the case of respondent five, entrants into regional markets are seen as a potential threat to their organisation, and leadership decided to respond by entering new markets.

*Respondent 5: “I think it was about 10, not even a total of eight to 10 years ago. Um, uh, when we saw other players entering other African markets, so the likes of the Chinese and even some of the three-inch media companies entering the rest of Africa. At that point, what our thinking was, you know, so how do we protect what we have in South Africa? And one of the ways of predicting what you have in South Africa was to start playing in other, in other markets.”*

These new markets pursued by MNE leaders can either be new markets, where no-one has managed develop a market, or can serve as retaliation against the competing organisation.

*Respondent 9: “...took some, some, some business in Chile from actually a very regional company [...] And this company suddenly sits with a lot of raw material, which they now can't, moving to the local market and suddenly find themselves having to look for other markets in other parts of the world.”*

#### 5.3.1.3. Replicating the Success of the Home Market

Organisations that become highly successfully in their home market in terms of market share espouse both product quality and an operational model that works exceptionally well in their home territory. As a leader, this might indicate pursuing a new market in order to mirror the success garnered in the home market.

*Respondent 3:* “You have hopefully done what you have done properly in South Africa and now you can duplicate that elsewhere and create opportunities not only make profit but you can also, if it is a supermarket for instance, you can bring new offering to people who did not have that before.”

*Respondent 4:* “...huge driving factor is that you've exhausted all of your opportunity in the local context and you're looking uh securing your future in other markets.”

Respondent six believes that the technological advances achieved in the home market, due to the nature of the market in itself, can be used as the organisation moves into new territories.

*Respondent 6:* “They can understand that. Also, you know, and then you've got obviously your technology, which you piggyback back on and, and your proof points is to take the value propositions which you sold into your market in South Africa and in Africa and you and you, you take that over too.”

#### 5.3.1.4. Pull from Customers

Numerous respondents mention that a good vessel to pursue markets is where an operational client base already exists. This implies that the performance and success based on these clients in one market can create an opportunity to grow into a territory that the organisation has not been operating in, or from the initial internationalisation strategy which may not have intended entering new territory. There were three respondents who had different approaches to this matter.

*Respondent 1:* “So, it is partly a strategically reason where you see the market is available, you have got a customer who is pulling you.”

*Respondent 1:* “...we followed elsewhere for instance into Australia and into Botswana and places like that.”

Some opportunities arise as the organisation grows along with its customer base.

*Respondent 6: "What we found from a South African point of view, you can grow with your customers into Africa from and international portfolio."*

There have also been cases where the business recently identified an opportunity; here, the leaders in MNEs identify the opportunities themselves and use these as a tactic to identify synergies with the customer.

*Respondent 10: "I give you look at our customer, a large part of our customer was, were international companies, multinational companies, and they were just simply, there were synergies. Even for instance, I can use [...] South Africa, their head offices, Germany, and they spread all over the world and there were synergies in coming together with Germany to try and drive costs out of the supply chain by looking at it in a different manner."*

MNE leaders regard pursuing the customer as an enabler that could grow MNEs, not only in the current operation where they serve the customer, but also in the new territories the customers intend to pursue.

#### 5.3.1.5. Summary of the Findings of Research Question One

In response to research question one, it has emerged that leaders in MNEs have built and pursued their internationalisation strategies through various means. With the mandate of each one of these respondents being to develop organisations internationally, it is clear that there are multiple avenues to pursue in order to reach that goal. Some opportunities need to be identified by leaders through experience, while other opportunities manifest as a case of operational excellence in the MNE that brings customers to you.

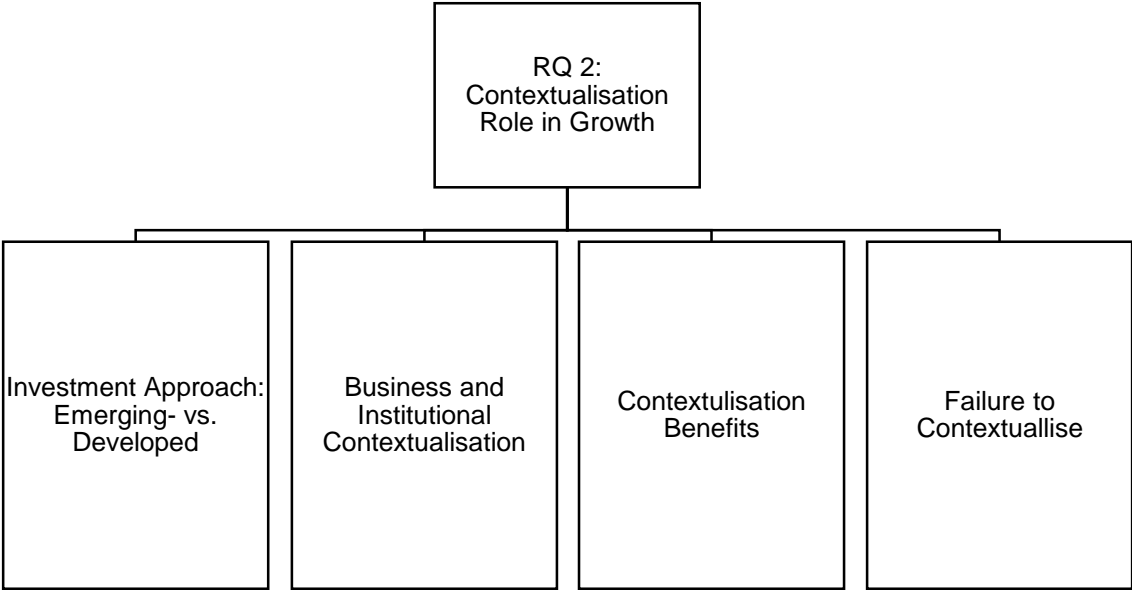
### 5.4. Results: Research Question Two

#### 5.4.1. Has Contextualisation Assisted in Motivating a Certain Strategy When Entering a New Territory?

The aim of this research question was to explore, firstly, whether MNE leaders use contextualisation as in the framework provided in Appendix A and, secondly, how

these contextualisation elements affects the strategy when mobilising in a new territory. Finally, it investigates whether leaders believe that these contextualisation elements could add value to their MNEs in the form of growth and profitability, technology, or skills.

Figure 5.2.: The Role of Contextualisation in Growth



5.4.1.1. Investment Approach: Emerging- vs. Developed Markets

Leaders in MNEs are interested in growth, as stated earlier in the analysis, and growth can be achieved through multiple levers used in order to decide where the organisation will invest in the next market. However, once the opportunity presents itself, it might either be in a particular market where the leaders and its MNEs might feel comfortable, or in markets where they are less comfortable.

*Respondent 11:* “And the organisation definitely made the mistake of assuming that the support model that works for developed countries would also work in, uh, emerging economies, emerging markets, which is not the case.”

What the respondents made clear was that the type of market the organisation intends on entering influences the organisation’s analysis and the way they go about investing in the market. That developed market, with the rules and regulations already set, makes for easier investment choices.



*Respondent 1: "...when you going to a third world country because rules and regulations in third world countries are not that clear. You need to go and dig to find out what really makes this place tick. Where in a first world country it is quite clear what makes that country tick, and rules and regulations are quite clear."*

Thus, after all the contextualisation elements have been addressed, a decision needs to be made regarding the type of investment in an emerging market. Making an investment decision could therefore be driven by a social and/or cultural context. Leaders have to invest in an existing organisation in order to get the support of the business community.

#### 5.4.1.2. Acquisitions

*Respondent 6: "Brazilians would support the Brazilian company, not a foreign company. So that's why the acquisition of [...] was also important because it's already seen as a Brazilian organisation. So to go and set up shop as KCF Industries most probably wouldn't have helped you because they, they wouldn't have bought from you, but they would buy from a Brazilian organisation."*

Where the institutional landscape in the market has not yet matured as a result of development, it does not allow for new entrants into said market. Leaders need to find alternative means to invest in the market. This is when leaders in MNEs can opt for a local partner.

*Respondent 5: "...we've got to partner with, with a local. So depending on the regulations in a particular market, we would have gone out and found a credible partner."*

Deciding to enter a joint venture is by no means an easy decision or solution; it brings another dynamic to the fore. In this dynamic, leaders do not only have to deal with the dynamics of their own MNE, but also with the dynamics of the second MNE or organisation. Leaders thus need to identify synergies between the two organisations.

*Respondent 1: "When you decide to do a J.V. you need to understand what the joint benefit is because a J.V. does not work if there is not a joint benefit. Each partner must feel that if you put one and one together it must be three. There must be synergy in this event."*

*Respondent 2:* “...whether if it is a J.V. you’ve got to figure out how it is going to work. That is where the strategy plan comes in and says okay, based on what this company can do and what our company can do, this is where the synergies are.”

Sometimes leaders may be unable to find common ground due to institutional rules, or through an opportunity that allows a MNE to influence the environment in a positive way, a merger may be considered.

*Respondent 3:* “...would always probably be a merger or using what is existing or starting a new partnership with local ownership, because I believe that the business should benefit the environment that we are moving into. And because the local owners bring an aspect that we can’t even start thinking about.”

A merger is the amalgamation of two different entities to create a new entity, where the multinational, through its vast global experience, can share its own organisational institutional knowledge with its new territory; in turn, the multinational can benefit through having access to deeply entrenched contextualisation elements.

*Respondent 3:* “Why would you want to put yourself through all that pain? Work with the people that know the environment and know the landscape and you go with them and you bring your knowledge and they have their knowledge and you put it all together and we build a beautiful business.”

#### 5.4.1.3. Business and Institutional Contextualisation

A majority of the study’s respondents noted that, either in their present organisations or in those they worked at in the past, significant work goes into the contextual elements of a selected market. Furthermore, a great deal of analysis goes into understanding how business-, economic-, and political systems influence one another, emphasises by a resounding response from nine of the twelve respondents.

*Respondent 11:* “Oh, they are, uh, departments in those big companies and including in the one that I worked for. And I’m specifically thinking of one way where we did have an aggressive growth strategy. Um, so they, they were, we did have internal people assisting with things like PESTEL on analysis.”

This statement, and others, reiterates that MNE leaders possess dedicated resources when analysing entry into to a new territory. This ensures good understanding of the institutions at play in the different levels of the economy.

*Respondent 1:* “...goes into understanding the country dynamics growth, so before you do it, do you a proper due diligence of the country. So, you start to form a macro-economic understanding and then you understand the industries, so you go down to a micro-economic level and the business itself that you are looking at.”

As is the case with all analyses, organisational leaders also need to consider the hard facts and numbers related to entering a new market. In so doing, they have to gauge both the potential of the market and the value that can be extracted.

*Respondent 2:* “...regulatory framework look like and what are the barriers for entering into the market, you look obviously at the demographics of the country which is quite important and GDP, growth and looking what the potential is to become profitable in the shortest space of time.”

In an institutional context, political aspects relating to how the markets interlink as a homogenous system need to be taken into account. This is also one of the criteria that MNE leaders takes into consideration, namely the ease of doing business.

*Respondent 6:* “But from a political point of view, we do look at it I mean we look at, we look at the associated political factors like for instance, how difficult it is to do business.”

Although an index for ease of doing business exists, the researcher believes that it goes beyond just being an index – it also involves familiarising oneself with the local context. Respondent five reiterates this belief:

*Respondent 5:* “We could work with somebody who understands the industry. Somebody who has, you know, understands the regulation, can, can sort of help us access, uh, the right people to have the right conversations about establishing the business and get going.”

#### 5.4.1.4. Social- and Cultural Contextualisation

The social- and cultural complexities of any society cannot be taken lightly by any leader responsible for development of new markets, as this is one of the most difficult contextualisation elements to associate with. These two constructs are indelibly

intertwined with one another, as reflected in the way that the respondents interacted with the question as well:

*Respondent 2:* “...you’ve got to take into account the cultures and what the fundamental systems/institutions are...”

*Respondent 5:* “...understands that culture, the languages, you know, all the nuances that come with a specific market”

As an MNE leader, it is very important to understand that the cultures and social norms of new markets might be completely different from those in the country of origin. This is something that cannot be ignored and can lead to unintentional consequences if leaders fail to do so.

*Respondent 9:* “No, I think you can’t ignore the, I actually think it’s an absolutely essential. In other words, it’s, I believe that there’s actually a point of almost insulting your new home country. Sorry. No, not your, your home country. The country you’re entering.”

What one does not want to do is to unintentionally insult someone, as burnt bridges are very hard to mend. As one of the respondents stipulated, one would not want to insult the context one is about to operate in. Once an organisation has lost credibility with the community it needs to operate in, it becomes a daunting task to regain that credibility.

#### 5.4.1.5. Contextualisation Benefits

A majority of the respondents in the study highlighted that leaders should use contextualisation to their advantage. What emerged was that, through contextualisation, MNE leaders can gain value from the market which they initially could not have anticipated in absence of relating with the local community. Leaders in multinational organisations have the luxury to delve into the details of a new territory before entering it, and it is worth taking the time to contextualise in this way.

*Respondent 11:* “But I do think that is, um, if you do your homework and you do that kind of contextualisation and you do draft strategy and execute on that being that entry into the market, you’ve got it. You’ve, you’ve got that opportunity to make that first impression. Um, so why screwed it up?”

At the point the leader has created that credibility in the territory through contextualisation. Leaders have the opportunity to engage with communities on a local level:

*Respondent 5:* “But what really keeps consumers on your platform is that local stuff. It's just stuff I can identify with. You know, it's uh, it's in my language and it talks to my way of life.”

Through contextualisation, leaders have the opportunity to improve the rest of the organisation at a global level as well.

*Respondent 1:* “I think definitely the experience we had in the first world country was only to the benefit of the total business and that will solidify your business in future.”

It goes beyond mere contextualising the major elements that traditionally drives growth:

*Respondent 7:* “...ultimately those contextual factors is what drives our growth. Um, and if we're not able to identify them correctly, we will be, we will be looking at a growth path.”

#### 5.4.1.6. Failure to Contextualise

Many of the respondents in the study was also vocal regarding the result for leaders who fail to contextualise. When looking at why some MNEs fail in a particular context, two respondents highlighted that leaders are likely to fail if they assume that new territories will accept their organisations for what they are.

*Respondent 2:* “Yes, we are expecting them to have all the standards we have here as a minimum and if you are going to that it is not going to work. You may want to enforce them to do that over time but you cannot lay down the law. It does not work; you will fail before you even reach them. It has happened to us.”

*Respondent 3:* “And the other mistake we make continuously is we don't research the markets that we are going into because we think, like the Americans, that we know everything and we believe that people will just accept what we say because we have to know better, so we will just do it and they will buy it.”

Some respondents were clear that, if leaders fail to contextualise, they can and will fail. Two respondents shared the outcome of their failure to contextualise:

*Respondent 11:* “Yes. So it kind of broke, it broke the South African subsidiary to the extent that it actually closed shop within less than a year after that.”

*Respondent 5:* “Uh, as a result of sort of, we learned very quickly, we failed very quickly and we shut all of those businesses down and changed our focus.”

#### 5.4.1.7. Summary of the Findings of Research Question Two

Answering research question two seems to indicate that, when deploying internationalisation strategies, leadership contextualisation is key to sustainable success in a particular territory. It is clear that leaders in MNEs have a higher interest in institutional- and business contextualisation, and that MNE leaders create specific departments to do deal with institutional context. Business leaders seems to share an underlying belief that social- and cultural contextualisation elements could either open or close doors to certain opportunities, and that these are aspects of the contextual analysis that should not be neglected. With investment being crucial to how leaders in MNEs grow their business, it is emphasised that a particular context can inform an investment decision. The important role that contextualisation has in this sphere cannot be underplayed; failure to take all contextualisation elements into account could result in failure or a misaligned strategy for that territory. The analysis further made it clear that growth, technology, and general improvement are beneficial when organisations can contextualise individually to a specific territory, and then use these developments to their advantage when entering another territory. Finally, leaders run the risk of not contextualising at all. This has resulted in failure and, in some instances, even the closure of business.

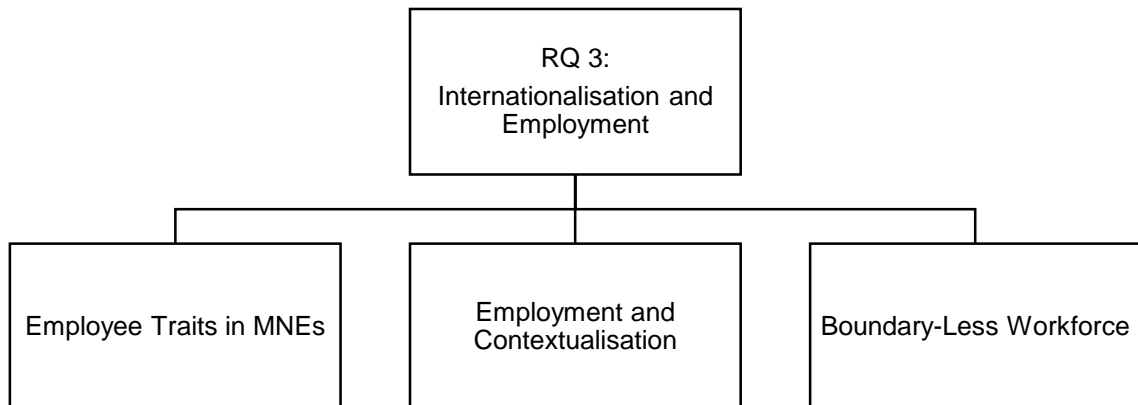
## 5.5. Results: Research Question Three

### 5.5.1. Research Question Three: How Do Internationalisation Strategies Impact Employment Criteria?

One of the key aspects of this study was to explore whether multinational enterprises recruit employees with a particular characteristic as part of their recruitment strategy.

The study revealed that multinationals consider two elements, and one element standing in contrast to the other beliefs.

Figure 5.3.: Internationalisation and Employment



#### 5.5.1.1. Employee Traits of Multinational Enterprises

Specific employee traits needed when developing and implementing internationalisation strategies were noted by six of the twelve respondents. Employee traits were highlighted by a number of respondents as a key element to successful internationalisation strategies.

*Respondent 5:* “So for me, the biggest thing is you're looking for self-starters, people who are entrepreneurial, people who are really good communicators and can manage.”

Individuals possessing certain traits and the value they add to the organisation should not be underestimated.

*Respondent 9:* “I don't know if people actually really appreciate that value of having some brave people. So that's just one aspect that I, that I, that I, that I've been thinking about recently about the braveness index of the business”

The skills should not be limited to traditional skills normally found under employees - one respondent even mentioned that being a futurist, a relatively new term in the field of business studies, is an asset in an employee.

*Respondent 2: "A futurist who is more than a strategic thinker."*

What these responses show is that multinational enterprises look for certain characteristics in their employees when deploying internationalisation strategies.

#### 5.5.1.2. Employment Driven by Context

Through the responses received from respondents in the previous section, it can be noted that leaders look for certain traits when employing individuals in a MNE. Leaders need to look beyond the role they are employing for and look at the contextual elements of the targeted territories and what the employee will have to fulfil in that particular context.

*Respondent 6: "So communication is a big issue. It's a big issue. I mean if you take in Africa countries in Francophone, West Africa, you cannot ever managing director can't speak French."*

*Respondent 8: "But to answer your point specifically in an internationalisation space I think businesses need to look a little bit wider than just what they need for the role based on their perspective of that role."*

Leaders need to reconsider recruiting criteria and ensure that contextualisation elements are included as part of recruitment process.

*Respondent 9: "I'm not sure that when people get assessed for you know, in employment, okay. If the assessments are done properly in terms of understanding culture and tolerance."*

#### 5.5.1.3. Boundary-Less Workforce

Considering how the world and cultural dynamics have changed through ease of movement brought about by airplane technology has brought, some of the study's respondents' finding that employees who excel at contextualisation has definite merit. As mentioned below:

*Respondent 9: "And, and I think in the modern world where there's people that are not so specific about where they from and to do that. Oh, and what that passport they carry."*

*Respondent 7: "Um, so it's important to look at when, when you employ a talent or look at a potential talent, uh, that they are aligned to that."*



*Respondent 4: “So there is that shift also taking place where you got this new breed of individuals coming in and working in different contexts.”*

MNE leaders need to be cognisant of the new, emerging workforce – one that is not necessarily as traditionally, culturally, or geographically bound as those of the past. Leaders also have a role to play in the development of the boundary-less employee, developing employees in different contexts so that elements of contextualisation become a constant feature.

*Respondent 4: “Basically when you take our business do we have a pool of international players 15 of them or 20 uh of them that we say that we can deploy them around”*

*Respondent 7: “Um, and that's not necessarily to say that we only got to be globalised our people, but it's globalised by. We experienced it, comes along with them. So we starting to see, uh, Portuguese and Spanish people working here permanently in Africa.”*

#### 5.5.1.4. Summary of the Findings of Research Question Three

Responses to research question three show that the leaders in MNEs play an integral role in the employee recruitment process. When leaders intend entering another country, there are certain traits in accompanying employees which are beneficial. For leaders to have access to these traits, they have to be involved in setting the agenda for the recruitment process so as to ensure that a certain degree of contextualisation elements forms part of the recruitment. In some cases, leaders have to realise that, in a certain context, certain barriers, such as language barriers, may exist. Contextual intelligence will allow the leadership to react accordingly. Furthermore, certain elements of a new, evolving workforce are becoming apparent due to modern day ease of movement. Where individuals are not bound to a country or culture, and where inherent willingness is present, leaders are able to move people around the MNE in different contexts. Finally, leaders play a role in developing the workforce in such a way that it possesses the capability of contextual intelligence through developing employees in different contexts.

## 5.6. Conclusion

This chapter presents the research findings in response to the three research questions posed earlier in Chapter Three. The findings show that international strategies can lead to growth in the form of intent of growth, defensive strategy, replicating success seen in the home market, and pull from customers. These are ways to achieve growth in the international market. The findings suggest that all these motivations for international growth can yield success. Leaders in MNEs need to consider various elements when implementing their internationalisation strategies, starting with the market that leaders intend to invest in, and how leaders then contextualise to the market and decide on the type of the investment most appropriate for the market.

The responses further indicate that leaders need to start contextualising elements at a macro-level (the institutional and business environments of the market), and then at a micro-level (social- and cultural contextual elements). Business- and institutional elements also need to be considered when viewing the industry in a particular market along with the growth rate of a country and industrial- and regulatory frameworks. Social- and cultural elements may provide insight into the socio-political environment and the networks that make up the economy.

Leaders in MNEs believe in the benefits of contextualisation and that these benefits can improve business performance. Business leaders are also aware that failure to contextualise can lead to failure of the business as a whole. The final finding was that specific employee traits needed in an MNE are employment driven by context and a boundary-less workforce. Leaders insist on employees possessing certain traits when developing and implementing internationalisation strategies. Leaders also understand that the context can drive employment choices and that it is in the best interest of the MNE to make these employment choices to ensure success. Global ease of movement has given rise to a new workforce not bound to a specific country; this can aid leaders in entering markets with employees more open to context. Leaders either need to search for these employees or have to start developing these employees within in their MNE through exposing them to different contexts.

What these findings present is that leaders in MNEs contextualise broadly from the highest level, starting at macro level and moving down to employee level. The contextualisation elements of MNE leaders is a continuous process that leaders

need to align themselves with, in order to pursue even bigger success. The following chapter will proceed with a discussion of the results.

## CHAPTER SIX: DISCUSSION OF RESULTS

### 6.1. Introduction

This chapter provides an intricate discussion of the analysis results of the semi-structured interviews presented in Chapter Five. The results are discussed through drawing comparisons between the research questions in order to gain a deeper understanding into the construct of contextual intelligence and the leadership bodies of MNEs. This will be achieved not only through comparing the results and literature, but also by discussing the contrasting results. This chapter builds on existing contextual intelligence literature.

### 6.2. Discussion of Research Question One

#### 6.2.1. To What Extent Can Internationalisation Strategies Lead to Higher Growth and Profitability in MNEs?

The research question aims to identify how MNEs achieve growth through internationalisation strategies. The research question is discussed based on the themes that arose from the analysis of the results.

##### 6.2.1.1. Pursuing Growth

As discussed earlier (*cf.* Chapter Two) that MNEs make significant foreign investments and create value for the organisation by managing these operations (Bartlett & Beamish, 2018). This squares with what is posited by Rena and Elo (2017), that international business theory has an external view looking at the export of operations to foreign countries. MNEs continue to develop and implement internationalisation strategies, and also modernise them in order to stimulate growth (Masipa, 2018; UNCTAD, 2018). Karakaya and Yannopolous (2008) state that globalisation strategies are implemented due to growth rates in markets are in decline, market sizes deteriorate, and higher competitiveness in global and local markets.

The results presented in Chapter Five show that two respondents indicate the deployment of internationalisation strategies due to the saturation of their markets.

Their MNEs thus had to pursue new markets through the use of internationalisation strategies. Respondent eleven noted that the MNE pursued a strategy of growth through internationalisation with no other intent or measure. The opportunity for growth in their own markets has come to a standstill and MNEs have started looking beyond borders for new opportunities according to respondent four.

#### 6.2.1.2. Defensive Strategy

Literature suggests that leaders in multinationals use mainly two defensive strategies, namely pre-entry strategies and post-entry strategies, to protect their territories (Yannopolous, 2011). According to Gruca and Sudharsan (2015), pre-entry defensive strategies intends to thwart potential entry into a market in three ways, namely decreasing the anticipated rewards, retribution if the other party's entry is successful, or raising their cost of success. They further state that pre-entry defensive strategies are determined by various factors, including such as demand, price, and the market's information technology conditions. Pre-entry strategies aid in improving business, developing high entry- and exit barriers, or even signalling intent to a particular market (Yannopolous, 2011). Post-entry strategies include introducing fighting brands at lower cost, defending position in a market, or cross-parrying. (Yannopolous, 2011). Cross parrying is used when an MNE is challenged in one territory and chooses another territory to challenge the competitor in (Yannopolous, 2011). Karakaya and Yannopolous (2011) state that post-entry strategies depend on various factors, such as the entrant's price in the market, the entrant's competitive standing, the size of the company, and the innovativeness of the product the entrant wishes to introduce into the market.

The results presented in Chapter Five show that MNEs pursue strategies of growth through taking a defensive stance. This defensive stance aids in anticipating a competitor's entry into a market before entry takes place. In such cases, the MNE takes a defensive stance in order to prevent the competitor from making any further inroads into its territory. Respondent five was clear that, as soon as new challengers enter the market, the MNE takes a defensive and starts to compete with these challengers in other markets. Respondent nine, on the other hand, was on the receiving end of a defensive strategy, where the MNEs took market share away from an established organisation in Chile and the competitor decided to compete with the

MNE by entering into another market where the MNE's regional office was operating from.

#### 6.2.1.3. Replicating the Success of the Home Market

Literature suggests that one of the traditional motivations to add value to shareholders is to pursue new markets based on unique capabilities of the enterprise that could provide them with a competitive advantage in the new market (Bartlett & Beamish, 2018). Narula (2015) also concludes that MNEs have assets that are advantageous for the purpose of internationalisation. According to Dawar and Frost (1999),

companies in local industries can go beyond defending their existing markets. With the right transferable assets, these extenders can use their success at home as a platform for expansion elsewhere. A selective policy of international expansion, carefully tied to the company's key assets, can reap added revenue and scale economies, not to mention valuable learning experiences (para. 25).

In order to replicate home-market success, says Cavusgil, Knight, Riesenberger, Rammal & Rose (2014, p. 342), the MNE designs products based on the local customer base and then seeks out international markets which will help "...extend product life cycles and replicate home-market success". This international expansion can generate incremental sales based on success in the home front (Cavusgil et al., 2014).

The responses in Chapter Five indicate that when MNEs show success in their home market through exceptional operational design or differentiating itself so well through its unique technologies that it allows them to bridge the gap into a new market. This is underpinned by the responses of respondents three and nine. Respondent six reiterated this by describing how technology developed in MNEs' home territory also enables the MNE to ride on the success of a proven technology to generate value for the MNE in markets outside of the home territory.

#### 6.2.1.4. Pull from Customers

According to the 2018 Accenture Strategy 14th annual global consumer pulse research survey, MNEs' customers have the ability to promote brands and share

their opinions on said brands, as businesses and customers operate in “...an era of radical visibility [through] technology and media...” (2018, p. 2). Customers now have more pull than ever before, and assess more than what an MNE sells, but also what the MNE does and what it stands for (Accenture Strategy, 2018). Pisano (2015) states that customer pull is integral in the development of MNEs’ innovation strategies, in that new media and the “radical visibility” (Accenture Strategy, 2018, p. 2) mentioned above now allows customers to interact with MNEs through crowdsourcing and rapid prototyping, amongst others. Furthermore, Pisano (2015) posits that MNEs need to reflect on which complementary assets, competencies, merchandise, or amenities they can implement in order to retain their customer base. MNEs need to be cognisant of the customer’s needs, says Mittal (2018), and need to fully involve customers in the company’s planning, enabling the MNE to grow along with the customer. Hult, Morgeson, Morgan, and Fornell (2016) state the MNEs need to know, at all times, what their customers need and want. According to their study, MNE leaders tend to exaggerate customers’ brand loyalty, and underestimate the effect of customer satisfaction – customer satisfaction drives brand loyalty by as much as 40%. The study concludes that, in order for customers and MNEs to grow together, leaders’ beliefs need to be aligned with customer perceptions (Hult et al., 2016). Customer pull therefore has an immense impact on the growth of an MNE.

Through responses in Chapter Five it was indicated that MNEs have opportunities to grow with its customers. Through their own growth, customers have taken MNEs with them on their journey into new territories.

#### [6.2.1.5. Summary of the Discussion of Research Question One](#)

Research question one investigated how MNEs achieve growth through their internationalisation strategies. The outright predominance between all of the constructs is that there is a range of approaches which can be implemented in order to achieve growth as a multinational. Over a period of time, MNEs have experienced at least one of these growth opportunities through implementing international strategy.

### 6.3. Discussion of Research Question Two

#### 6.3.1. Has Contextualisation Assisted in Motivating a Certain Strategy When Entering a New Territory?

This research question seeks to identify how MNEs have achieved growth when leaders apply contextualisation factors in emerging markets. Although research has been done in the field of contextualisation, the researcher was unable to find empirical studies that specifically focus on leadership contextualisation in MNEs. This research therefore extends this area of the literature. The research question will be discussed based on the themes that arose through the analysis of the results.

##### 6.3.1.1. Investment Approach: Emerging- vs. Developed Markets

Bekaert and Campbell (2013) observes that, though there has been a rise in correlations between developed- and emerging markets over the years, their mutual integration into world markets is incomplete. While emerging markets account for 40% of the world's GDP, they contribute a mere 10.8% to global equity capitalisation (Bekaert & Campbell, 2013). The incomplete integration of emerging markets, along with the imbalance between emerging- and developed market investments, creates difficulties for MNEs when it comes to investment approaches. A study by Franklin Templeton (2019) posits the following;

- i. Emerging markets exhibit bigger and more sustained economic growth than that of developed world markets as a whole;
- ii. A lack of technological advances in emerging markets may lead to lower investments into these markets;
- iii. There is an inherent danger in investing in emerging markets, as one cannot use international index proportions when investing in emerging markets, as this might lead to hidden pitfalls and unwanted portfolio concentration;
- iv. Emerging markets exhibit strong and fast population growth, which leads to rapid changes in the economic landscape; and
- v. MNE business models need to tailor their investment models, with the use of contextualisation, to suit emerging markets' values (Franklin Templeton, 2019).

Therefore, there are inherent risks, but also benefits, in investing in emerging markets as opposed to developed markets. This is also a clear theme in the



respondents' responses in Chapter Five: the leaders' focus shifts quite dramatically when talking about emerging- vs. developed markets. Respondent eleven makes it quite clear that the support model in a developed market compared to that of an emerging market significantly changes, due to the context of the markets in emerging markets being not as clear as the context in developed markets. Leaders in MNEs from therefore need to approach the matter from another perspective than the market selection analysis, but also from an investment perspective. The country dynamics will dictate the type of investment that the MNE will look at. Ultimately, investment choices depend on the MNE's risk tolerance and the risk of doing business within a specific country.

#### 6.3.1.2. Business- and Institutional Context

Reiterating Bowen and De Clercq's (2007) finding discussed in Chapter Two, the institutional context of an MNE governs the accurate distribution of resources to activities with high growth potential, which, in turn, leads to better financial gains. Kiss and Danis (2008) also posit that well-developed business- and institutional contexts directly correlate with increased internationalisation of new ventures. This is also mirrored by Meuleman and Wright's (2011) finding that MNE growth is positively influenced by well-developed institutional contexts.

Chapter 5 provides the insight that leaders spend a number of resources and time in looking at business-, regulatory-, and normative institutions at both a macro- and micro economic level. Leaders attempt to investigate how these institutions interact with one another and how the ecosystem of a particular territory works. Respondent six mentioned the ease of business, and how difficult or hard it is to do business. When integrating these dimensions with the contextual intelligence framework it allows the leaders to access the "where" context (*cf.* Table 2.1., Chapter Two) regarding how these dimensions will affect the MNE.

#### 6.3.1.3. Social- and Cultural Context

Welter (2008) states that societal context impacts why some MNEs may see investment opportunities while others do not. This links to cultural context, as Welter (2008, p. 16) explains that "...outcomes of entrepreneurial activities might vary across different countries and other contexts". These contexts develop over time and

are fluid as opposed to rigid (Welter, 2008). Social- and cultural context can, according to Zahra, Wright and Abdelgawad (2014), provide new and alternative explanations for MNEs' experiences in their home- and new markets, and can lead to identifying key possibilities that influence their performance. Furthermore, these two contexts can lead to MNEs changing their competitive strategies by highlighting changes in the landscape of the industry, identifying the nature and makeup of the competition, and altering the strategic planning of launching new ventures (Zahra et al., 2014).

In Chapter Five, respondents highlighted that social- and cultural institutions are probably the most important dimensions of contextualisation. These are dimensions that, at the outset, could immediately determine whether and MNE will find success in a new market or not. These dimensions include not only the formal institutions, but also the informal institutions that one will not be able to access if one has not applied a level of contextual intelligence. The risk leaders run when not taking this dimension into account is insulting the new host country; a very hard failure to come back from.

#### 6.3.1.4. Contextualisation Benefits

Traditional business approaches tend to ignore the dynamic nature of business as well as the environment in which a business model is applied (De la Vara, Ali, Dalpiaz, Sánchez & Giorgini, 2010). In order to meet ever changing business needs, MNEs have started to adopt a more flexible, context-based approach (De la Vara et al., 2010). The benefits of contextualisation, they posit, include:

- i. Better decision making for MNEs;
- ii. Discovery of new variants which may influence the business context;
- iii. Better correlation between business processes and plans; and
- iv. Improved performance based on definition and discovery of new responses (De la Vara et al., 2010).

Contextualisation is further said to aid in time-to-market and time-to-customer improvement and a higher frequency of product innovation (Rosemann, Recker & Flender, 2008). It also contributes to more flexible and tailor-made business plans and processes (Rosemann et al., 2008).

As seen in Chapter Five, respondents believe that contextualisation can provide leaders with an advantage over the next competitor entering the same territory. Contextual dimensions give leaders insights into a market that they might never have considered before, and allows for time to enter said market with an immediate advantage. What the customer is then attracted to is the sense of being acknowledged. What also comes to the fore is that, when emerging as leader in a context, and applying new technologies in a particular territory, the results of the effort can be duplicated in the network of organisations that forms part of the MNE.

#### 6.3.1.5. Failure to Contextualise

Failure to contextualise usually results in one or all three of the following, says Bushe (2019): entrepreneurial incapacity, a lack of favourability in the business environment, and enterprise incompetence. Rosemann at al. (2008) also infer that a lack of contextualisation may have severe negative impacts on an MNE. Morrison (2006, p. 192) states that MNEs are best served by contextualisation and, in failing to contextualise, run the risk of losing "...the cultural, industry setting and organisational context within which entrepreneurs are embedded". Without contextualisation, it is hard to identify which business best practices should be employed by a company, which may lead to its downfall; contextualisation provides MNEs with an advantage over other companies (López, Eldridge & Silva, 2012; Wareham & Gerrits, 1999).

Respondents, as noted in Chapter Five, conclude that, if leaders fail to contextualise, they could fail over all. Respondents mention a few reasons as to why certain organisations failed to contextualise. Firstly, leaders having the pre-conception that a new market will have the same institutional standard as that of the home country was mentioned. When these standards turned out not to be present, the MNEs failed. Mentioned secondly is the failure of leaders to contextualise with a market, and its social- and cultural institutions. This implies the assumption that, when a product is consumed within the home-country, consumers in the new market would do the same. Successes in the home country do not guarantee success in the new territory. Finally, respondent nine also stipulated that some leaders and cultures do not contextualise at all when entering a new territory, and that they still are successful. What these leaders sometimes do not realise is that, over a period of time, they will contextualise, whether consciously or not.

#### 6.3.1.6. Summary of the Discussion of Research Question Two

To summarise the discussion above, leaders change their approaches significantly when entering a territory based in emerging markets. This is because the contextual dimensions of the emerging markets are not as clear as those in developed markets. Applying contextual dimensions to an emerging market, and having a better view of the context, assists leaders in making an investment decision. The different dimensions, such as the political-, business-, social-, and cultural institutions at a particular time also largely influence how leaders go about investing into that territory. Knowledge of these dimensions and their application can yield increased successes in the short term. Leaders' awareness of the contextual dimensions can ultimately create sustainable business in the long run; furthermore, leaders can also extract more value when contextualising in terms of developing products and service in a territory by using those in other existing or new territories. Leaders who fail to contextualise, ultimately fail their MNE. There are numerous documented cases where the MNE's failure to apply contextualisation in a particular territory led to the failure of the MNE as a whole. What also came to light is that, although leaders might not initially contextualise when entering a new territory, they will adapt whether they want to or not in order to be successful. This "unintentional contextualisation" could be prove to be fertile ground for potential new research in the future.

#### 6.4. Discussion of Research Question Three

##### 6.4.1. Research Question Three: How Do Internationalisation Strategies Impact Employment Criteria?

The intent of research question three intent was to establish whether leaders in MNEs had a specific preference in terms of types of employee when developing MNEs in new territories. The research question will be discussed based on the analysis as in Chapter Five and the literature review in Chapter Two, both in support and contradictory of the analysis.

#### 6.4.1.1. Employee Traits of Multinational Enterprises

In Chapter Two it is noted that, though empirical studies regarding the correlation between certain employee traits and MNE success exist, Collings, Mellahi and Cascio (2018) reiterate the building of a pool of expert employees through global talent management (GTM). GTM comprises the integration of skills on an international level in order to implement MNEs' strategies, as well as to create maintainable employee performance (Collings et al., 2018). Such employees display sustained and quality performance in relation to their peers, which adds value to the MNE (Collings et al., 2018). According to Beamond, Farndale & Härtel (2016), the traits such employees possess are the exhibition of relevant skills, having good relations with the community at large, and making good and accurate decisions timeously and swiftly. It is further suggested by Mellahi and Collings (2010) that employees at a lower level in MNEs should be guided and mentored to develop the skills and capabilities needed to grow the MNE.

The respondents in the Chapter Five name a range of employee traits they believe to be key characteristics for employees. Leaders need to identify these characteristics when deploying internationalisation strategies. Some of the characteristics they mention are not traditional skilled traits, but rather traits better suited to any practitioner of contextual intelligence. Such employees need to be able to make the appropriate decision at the right time, be future oriented, be change agents, and need to exhibit awareness of the MNE's mission. These are also traits as per the contextual behaviours that leaders need to have according to Kutz (2008).

#### 6.4.1.2. Employment Driven by Context

Literature suggests that MNE leaders have to identify the roles that will contribute to the MNEs' competitive advantage, because the failure in a global market comes at a higher price than in the domestic market (McDonnell et al., 2010). Contextual intelligence as leadership competency, allows leaders in MNEs to critically assess context in order to ensure to a preferred future (Kutz & Bamford-Wade, 2013)

These constructs are underpinned through the results in Chapter Five, where respondent 6 identifies a contextual element of the social- and cultural contextualisation dimension regarding how the people in West Africa communicate. The decision was made to have a leader in the business who can contextualise with

business and the way those in the business interact. When further exploring the recruitment criteria identified by Collings (2014), it is critical that MNEs set up a committee to focus on developing a pool of leaders for international business. Respondent seven notes that, as part of his strategy, he already has access to a pool of international employees who have worked in various territories. This response underpins Collings' (2014) statement, as mentioned above.

#### 6.4.1.3. Boundary-Less Workforce

Research suggests that, as the world has become more interconnected, exposure to cultures globally assists in the development of a global character unrestricted by any boundaries (Reysen & Katzarska-Miller, 2013). This theory notes that the characteristics of global citizens share similarities with contextual intelligence and the contextualisation elements.

This was reiterated by respondents four, seven, and nine. As leaders, they have come across a new type of employee, not bound to any country or bound to where they need to work. This allows these individuals to be more open to new experiences, and having the ability to adapt to different contexts more easily.

#### 6.4.1.4. Summary of the Discussion of Research Question Three

Research question three identified the employee traits that MNE leaders wish to see in their organisations. This particular set of traits and characteristics go beyond hard skills such analytical ability and proficiency with numbers. The main most sought after characteristic is the ability of employees to be able to adapt to certain contexts. These traits speak greatly to the leadership traits of contextual intelligence (Kutz, 2008). Secondly, the talent management aspect that leaders take part in through the recruitment process, needs to start looking at how contextual elements are being used during the phase of employment entry into the MNE. The simple conclusion that can be drawn is that the only way in which a leader is be able to make develop a varied, contextually intelligent talent pool is by recruiting more people who already possess some of the mentioned characteristics. Some leaders identified and have started to develop, due to the constant movement that their work requires, skilled employees on a global scale. They constantly deploy these employees in different territories to develop the pool of people. The literature suggests that these of people

need to be managed by committee (Collings, 2014). Lastly, MNE leaders have, in recent years, observed an increased willingness amongst people to move around between homes or from one territory to the next. This is attributed to new types of employee entering the workforce. Employees who are less bound by their country or where they come from, have transformed into global employees as opposed to employees associated to a specific country (Reysen & Katzarska-Miller, 2013). Based on these three categories, one can conclude that the aspect of contextual intelligence is the golden thread which draws these categories together.

## 6.5. Conclusion

This chapter presented a discussion this study's results. It was shown that leaders in MNEs apply contextual intelligence when deploying internationalisation strategies globally. These internationalisations strategies are still informed by various growth opportunities in order to create value for the shareholder of the MNEs (Rana & Elo, 2017). This extends the literature through an empirical examination of the contextualisation factors leaders apply in MNEs as part of the internationalisation strategies.

A number of drivers are provided as reasons for MNEs' internationalisation. IT seems that growth through internationalisation is the theme which links these reasons together. This is the case for most traditional- and emerging motivations as per the literature.

The discussion proceeded with an analysis of the manner in which MNEs achieve growth. The insights derived from this discussion were supported by literature with both traditional- and emerging motivations identified as the driving force behind growth (Bartlett & Beamish 2018).

The discussion further adds to the literature by showing that organisations can use defensive strategies to prevent a new competitor from entering a market, as well as using customers and their input to drive its internationalisation strategy. This relates very well with Bartlett and Beamish's (2018) existing theory and its emerging motivations. Part of the emerging motivations mentioned is that of scanning- and learning capabilities.

From here the discussion moves into the contextualisation elements and the application of contextual intelligence. Through the discussion and analysis of contextualisation it is established that a number of contextualisation elements are already in use by the leaders in these MNEs. Whether this is intentional or not could not be determined, but the use of these elements cannot be mistaken. The context dimension as mentioned in Table 2.1 in Chapter Two drives the investment strategy of a particular region.

Contextual intelligence is shown to fulfil a role to MNEs and its leadership structure. MNE leaders can apply contextual intelligence by being cognisant of contextual dimensions. All context dimensions, namely business-, social-, spatial-, and intuitional dimensions will allow leaders in MNEs to decide on appropriate investment strategies in order to ensure growth to the organisations. This is how contextual intelligence can enhance investment decisions. These decisions, when based on context, can ultimately lead to sustainable business. Leaders can fail to contextualise as well, and the repercussions thereof can be fatal to the organisation.

Through the discussion and analysis of the talent management in MNEs, it is affirmed that leaders in MNEs wish to see particular traits in employees - traits that go beyond technical skills, and include the employees' ability to adapt to a time and place. This affirms the findings of McDonnell et al. (2010) that places high value on global talent management. Through the discussion and analysis, it also becomes apparent that some leaders have developed a pool of people that can immerse themselves in different contexts, ultimately being able to adapt. This also confirms the work by Collings, (2014).

The following chapter presents the conclusions to this research paper.



## CHAPTER SEVEN: CONCLUSION

### 7.1. Introduction

This research study set out to explore whether MNE leaders use contextual intelligence when deploying internationalisation strategies. Furthermore, it set out to investigate whether, when leaders do apply the contextual dimensions as mentioned in Baker and Welter (2018), they can leverage and influence the operations network through these four dimensions. The study also examines how MNEs' internationalisation strategies affect the employee traits MNEs may look for when appointing employees. As proposed in Chapter One, various sources state that contextual intelligence is integral to organisations, especially when expanding businesses across borders (Kutz, 2008; Welter, 2010; Khana, 2014). Although various studies regarding contextual intelligence exist, none specifically focus on the scale at which local context is taken into account when leaders in MNEs implement internalisation strategies.

This chapter presents the conclusions garnered from research paper through summarising the research findings, presenting their implications for theory and business, highlighting the limitations of said research, and then suggesting areas for future work.

### 7.2. Research Findings

The researcher believes that the exploratory research that undertaken in this study managed to successfully answer the research problem as defined in Chapter One. The significant findings of this study can be broadly categorised into three main themes. The first theme is that internationalisation remains a viable growth strategy for MNEs, and various internationalisation strategies and investments are motivated by the new market the MNEs intend to explore. Secondly, the findings show that contextualisation can indeed enhance MNEs' growth. Lastly, it is suggested that internationalisation does impact employment criteria in MNEs.

### 7.2.1. Internationalisation Strategies MNEs: Growth

Internationalisation strategies are still a vehicle very much alive in MNEs, and the motivations to internationalise stems from growth through opportunity, internationalisation as a defensive strategy, replicating success in the home market, and, lastly, pull from customers. Growth through opportunity refers to organisations deploying internationalisation strategies after exhausting all growth opportunities in their home market and intentionally deciding to grow to a new market in order to grow - growth is thus the main motivating factor. Defensive strategy implies MNEs employing certain through a self-protective measured in a regional territory, such as deciding to internationalise in order to prevent a competitor from obtaining a foothold in the MNE's regional territory. In terms of replicating success in the home market, MNEs often develop a technology, achieve operational success, or even create a value proposition through their home market. The MNE then decides to internationalise with the purpose of applying these unique or best practice offerings in new markets. Pull from customers indicate where MNEs opt to grow with a customer as they grow, or when MNEs partner with a customer in one territory and the customer invites them to enter a new territory based on the success in the originating territory.

### 7.2.2. Contextualisation Benefits to MNEs

The study's intent was to explore how contextualisation contributes to the growth of MNEs. It was discovered that, during the exploration process, opportunities arise to apply contextualisation throughout the entire internationalisation strategy process, from inception to implementation. However, utilising the above-mentioned contextual dimensions in each context is dependent on the leaders responsible for the internationalisation deployments as well as their ability to use contextual intelligence. MNEs are by no means forced to implement this, but a level of contextualisation does take place, whether consciously or not. Earlier in the study this is referred to as "unintentional contextualisation" (*cf.* 6.3.1.6.). The depth of the contextualisation is solely determined by the leader.

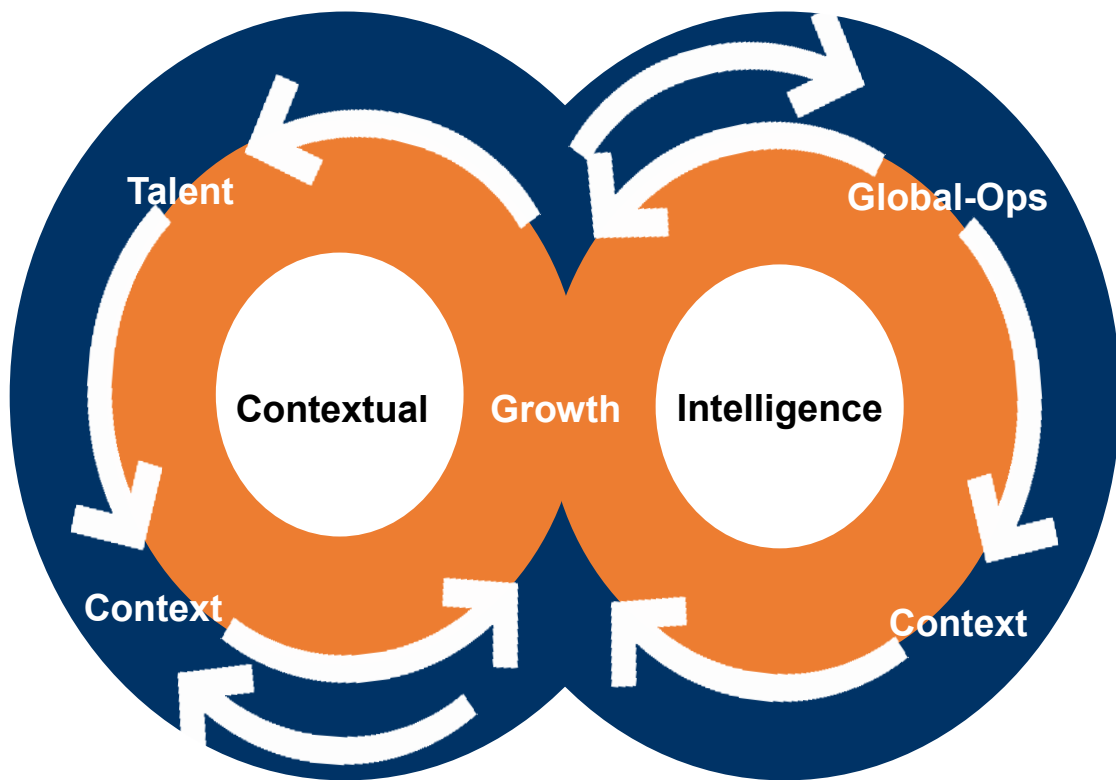
### 7.2.3. Internationalisation Strategies and Employee Criteria

The study set out to explore if and how employment criteria in MNEs are impacted by internationalisation strategies. It was found that, during the initial stages of internationalisation strategies, leaders aim to identify certain employee traits when implementing said strategies. The study shows that it is advisable for MNEs to have a conglomerate of internalisation experts that can be deployed in new territories when MNEs decide to mobilise. This conglomerate of employees provides the MNE with an advantage by using employees who are seasoned in immersing themselves in different contexts, thus immediately providing the MNE with contextual information as and when it happens. However, it is important to note that these conglomerates unfortunately are not created overnight. It is a process where a committee needs to be established by the MNE; through the recruitment process and global activities, this conglomerate can then be constructed. The fact that leaders require specific traits in their employees indicates that a level of contextual intelligence has been applied towards both social- and cultural institutions.

### 7.3. A Proposed Framework: A Contextual Model for MNE Leaders

This section presents a proposed contextual framework for leaders to use when developing internationalisation strategies. This business model is derived from the findings of this study. Because the study is explorative in nature and has a small sample size, it may limit the generalisability of the results derived from the analysis (Bloomberg & Volpe, 2012). The goal of qualitative studies should be transferability.

Figure 7.1.: A Contextual Model for MNE Leaders



The contextualisation framework above summarises the findings of the critical insights derived from this study. The framework suggests that contextual intelligence is a continual construct when implementing internationalisation strategies. This calls attention to the fact that the context, while in the process of any implementation, can change from one day to the next in emerging markets.

Although this framework is specific to contextual intelligence for leaders in MNEs, it is recommended that leaders in national organisations also apply the same principles in their market to enable growth.

#### 7.4. Implications for Business

The research has noted some practical ways for leaders in MNEs to apply contextual intelligence when implementing internationalisation strategies. Along with the proposed contextual model, the research provides a number of other insights:

- i. MNEs change their investment based on the context of a particular territory;

- ii. In order to successfully implement internationalisation strategies, MNEs need to align its recruiting policy and develop a talent pool;
- iii. Failing to contextualise can lead to failure; and
- iv. Not all organisations contextualise at inception, but does so over time.

### 7.5. Limitations

This study was exploratory in nature and therefore the generalisation of the results to other contexts are limited. Additionally, the limitations of the study include:

- i. A small sample size limits the generalisation of the results to other contexts;
- ii. The subjective nature of qualitative research proposes that the research study may be exaggerated by the underlying biases of the researcher; and
- iii. The focus on MNEs limits the transferability of the research to other types of organisations.

### 7.6. Suggestions for Future Research

Based on the comprehensions resulting from this research, the following topics are proposed as potential future research:

- i. An explorative study into leadership views on the “global citizen”;
- ii. A comparative study on how technology will effect MNEs compared to national enterprises;
- iii. An explorative study into country borders and whether they will remain relevant in coming years;
- iv. Explorative studies regarding contextualisation factors used in the recruitment of employees; and
- v. An explorative study into the digital divide of developing countries - is there a point of no return?

### 7.7. Conclusion

This study has provided some key new insights into how leaders in MNEs can use contextual intelligence to create growth opportunities. The study was conducted through explorative qualitative interviews with twelve business development- and

commercial executives as well as senior managers either currently working in MNEs or previously employed in MNEs. Rich insights were derived and analysed to add pragmatic insights to the literature and the operation of MNEs. The study uncovered that contextualisation factors should be right at the centre of internationalisation strategies in MNEs, and that MNE leaders should and do use contextual intelligence in order to develop growth for their enterprises. What the study also managed to uncover is that leaders in MNEs associate certain necessary employee traits in order to implement these internationalisation strategies successfully. The critical points of the study were then summarised in a framework that may prove useful as a tool for leaders in MNEs when implementing internationalisation strategies.

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## Appendix A: Informed Consent Form

### **Informed consent letter:**

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research exploring how organisations both African and non-African contextualise when developing international business. The interview is expected to last about an hour and half, and will help me understand the effects of M&A's on the growth and profitability of small businesses in South Africa.

**Your participation is voluntary and you can withdraw at any time without penalty.** All data will be reported without identifiers. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name:

Research Supervisor:

**Edward Felix**

**Professor Marianne Matthee**

Email: **18254854@mygibs.co.za**  
Phone: **084 438 0304**

Email: **mattheem@gibs.co.za**  
Phone: **011 771 400**

Signature of participant: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of researcher: \_\_\_\_\_

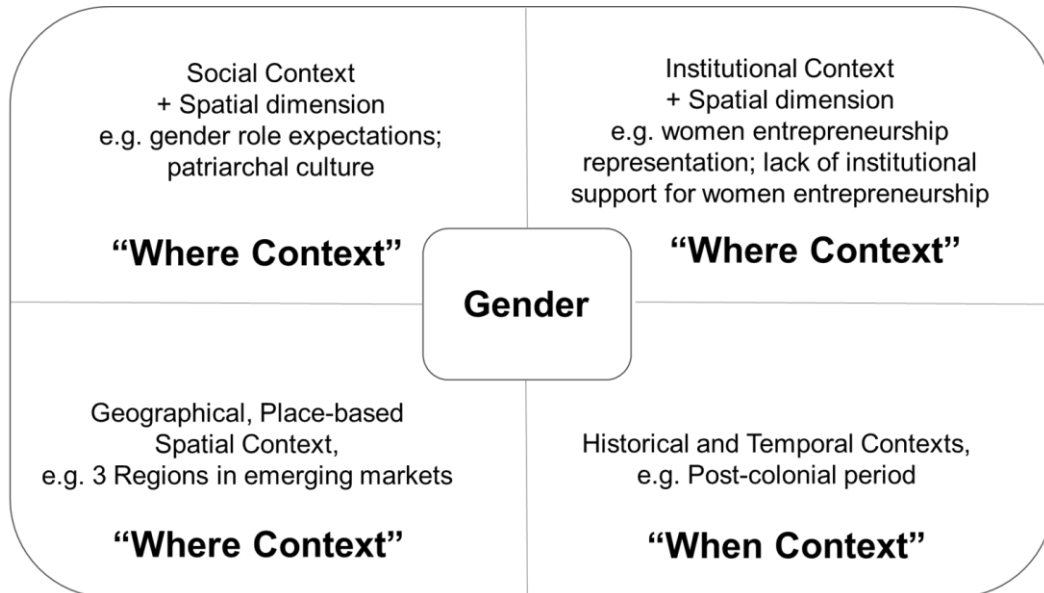
Date: \_\_\_\_\_

## Appendix B: Semi-Structured Interview Questions

1. For what reasons you have considered to Internationalise?
2. Why have you pursued a strategy of growth through internationalisation?
3. Has contextualisation help achieve synergies for growth, entry to new markets, new technology or acquire new skills? Explain how.
4. How have you pursued you internationalisation strategy?
5. In what way has the contextualisation contributed to your growth and profitability?
6. What has been the impact of internationalisation on employment traits in your business?

## Appendix C: Welter Model

(Adapted from Welter, Brush & De Bruin, 2014, p. 3)



## Appendix D: Ethical Clearance



27 August 2019

Felix Edward

Dear Edward

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

*You are therefore allowed to continue collecting your data.*

*Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained*

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

*Kind Regards*

GIBS MBA Research Ethical Clearance Committee

## Appendix E: Atlas ti Codebook

### **Individual Codes:**

Complacency

Context\_Community

Context\_Consumer

Context\_Culture

Context\_Gender

Context\_Human Behaviour

Context\_Language

Context\_Local

Context\_Socially

Context\_Values

Contextualisation\_Faillure

Contextualisation\_Growth

Contextualise\_Economically

Contextualise\_Geographically

Contextulisation\_different approach

Contextulise\_Politically

Co-opetition

Creating value\_community

Creating value\_crossborder

Creating value\_differentiation

Creating value\_environment

Creating value\_import

Creating value\_Local  
Creating value\_shareholders  
Creating value\_Skills  
Creating value\_Technology  
Customer\_Follow  
Customer\_Global  
Customer\_Growth  
Customer\_Influence  
Customer\_Invest  
Customer\_Invite  
Customer\_Markets  
Customer\_opportunity  
Customer\_Product  
Customer\_Pull  
Customer\_Synergy  
Customer\_Taylormade  
Customer\_Umbrella  
Expatriots  
Global Citizen  
Growth\_Africa  
Growth\_Customer  
Growth\_Defensive  
Growth\_Emerging amrkets  
Growth\_Global  
Growth\_Low Labour cost



Growth\_mineral  
Growth\_Raw material cost  
Growth\_volatility  
Influence\_core strength  
Influence\_relationship  
Replicacate\_emerging markets  
Replicacate\_global markets  
Replicacate\_market share  
Replicacate\_Partnership  
Replicacate\_Skills  
Replicate\_mineral  
Replicate\_technology  
Talent\_boudryless  
Talent\_family dynamics  
Talent\_global  
Talent\_global training  
Talent\_new  
Talent\_openness  
Traits\_adapt  
Traits\_adventurous  
Traits\_analytical  
Traits\_attitude  
Traits\_brave  
Traits\_entrepreneur  
Traits\_futurist

Traits\_risky

Traits\_smart

Traits\_thick skin

Traits\_tough

Traits\_trust

Traits\_Unique

Traits\_willingness

### **Code Families**

RQ1: MNE Growth

RQ1: C1- Alignment with Customers

RQ1: C2 - Complacency

RQ1: C3 - Creating Value

RQ1: C4 - Doing Business

RQ1: C5 - Growth

RQ1: C6 - Defensive Strategy

RQ1: C7 - Replicate capabilities

RQ2: MNE Contextualisation

RQ2: C1 - Contextualisation Economically

RQ2: C2 - Contextualisation Geographically

RQ2: C3 - Contextualisation Socially and Culturally

RQ2: C4 - Contextualisation Politically

RQ2: C5 - Context and Approach

RQ2: C6 - Failure to contextualise

RQ2: C7- Contextualisation Growth

RQ3: MNE Talent

RQ3: C1 – Boundary-less employees

RQ3: C2 - Expatriates


RQ3: C3 - Employee Context

RQ3: C4 - Global Citizen

RQ3: C5 - Influence

RQ3: C6 - Traits

## Appendix F: Declaration of Proofreading

	<h3>Hanta Henning</h3> <p>BA Hons (Eng) § MA (Eng Ling) NWU</p>
<p><a href="mailto:henningj@ufs.ac.za">henningj@ufs.ac.za</a> 082 448 2726</p>	<ul style="list-style-type: none"><li>• Vertaling</li><li>• Proefleeswerk</li><li>• Taalversorging</li><li>• Tekstuitleg</li><li>• Translation</li><li>• Proof reading</li><li>• Language editing</li><li>• Text layout</li></ul>

### DECLARATION: NOVEMBER 2019

Hereby I, Johanna Gertruida (Hanta) Henning, declare that I proofread and text edited the research study titled **Contextual Intelligence Behaviours: Managers In Multinational Enterprises Developing Emerging Markets** by Edward Felix, 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.



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