Gordon Institute of Business Science
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The internationalisation of emerging market multinational enterprises – Competitiveness of African organisations

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ABSTRACT

Internationalisation of emerging market multinational enterprises (EMNEs) has been a topic of discussion amongst business and researchers alike. This has been driven by the emerging market's (EM) dominance in the global scene. There has, however, been an inconclusive identification and understanding of the competitive advantages that have contributed to this growth. This research aimed to understand internationalisation from the African context. This was achieved by establishing how the African EMNEs have used their competitive advantage by reviewing if the competitive advantages established in literature have contributed to the expansion. These advantages include: home or country specific advantage; mindset or top management experience; cultural traits; technical talent; cheap labour; common language and historical relationships.

Exploratory research was undertaken. With the need to have a representative view of African multinationals and the limited time allocated to conducting this research, the multiple case study strategy was used. This allowed for a representative view of the different perspectives from two select African EMNEs, and an in-depth exploration of these firms.

The key outcome from this research was that internationalisation literature on EMNEs does apply to the African EMNEs. However, it is important to make use of transformational leaders in expansion projects. Secondly, it was found that firms need to learn to adapt to the culture of the foreign markets if their home market culture does not fit the environment.

KEYWORDS

Emerging market multinational enterprises, outward foreign direct investment, competitive advantage, internationalisation theories, internationalisation of emerging market 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.

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CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM AND DEFINITION

1.1. Introduction and definition of problem

Emerging markets (EM) have grown to dominate a variety of industry sectors globally, however, there has been an infrequent identification of what their competitive advantage is (Contractor, 2013; Luo & Zhang, 2016). Also, in studies where this has been covered, the results have been inconclusive or there has been no consensus on this topic (Ramamurti, 2012).

Internationalisation, a focus of international business, has been a topic of interest to businesses and researchers alike. Moreover, there has been an undeniable growth in the internationalisation of EMs in the past few years. As a result of globalisation and the increased number of organisations expanding abroad, several studies have been carried out in order to get an understanding of why organisations expand beyond their respective regions into the international market (Silva-Rêgo & Figueira, 2019).

As described by Kabongo and Okpara (2017), most African enterprises have been driven by the growing economy within Africa to expand their business beyond their national borders in search of opportunities. It has become evident in the past years that most African countries have had an increase in income levels which has made them attractive for business or given them the ability to also invest. This has resulted in some companies expanding beyond their borders to capitalise on this. On the other hand, it has been indicated that emerging multinational enterprises (EMNEs) have expanded beyond their borders in an effort to improve their competitiveness in the global space. For example, most companies reach a point of saturation in their own regions and countries, making the next possible option for the organisation to see continued growth to be the expansion into other countries or regions in order for them to remain competitive (Kabongo & Okpara, 2017).

Despite the growing African economy and increasing income levels, expansion beyond African borders would not have reached this rapid rate if international trading regulations and restrictions had not been lifted (Contractor, 2013). For example, the financial and trade sanctions that prevented export of goods. The relaxation of these regulations in the past years has allowed for countries to economically play in spaces

they would have not been able to before. For example, African companies would still be restricted in trading within the African continent boarders.

As a result, there has been a trading shift displayed by EMs in economic dominance in recent years (Saul, Albert, & James, 2014). For example Luo and Tung (2018) stated that the Global Forbes 500 list indicated an increase of 69 EMNE's from the year 1995 to the year 2017. Saul et al. (2014) also added that this has brought with it a change in the location advantage that developed markets originally had. However, a heavier burden is faced by EMs when they enter these markets. This is due to countless issues, legitimacy and regulations being two of them, however, the numbers continue to rise (Xu, Hitt, Brock, Pisano & Huang, 2021).

According to Hobdari, Gammeltoft, Li and Meyer (2017), EMNEs have been vital contributors to the global economy. Despite the displayed rate of growth and developments in this space, there has been insufficient research covering how EMNEs have maintained competitiveness from an African EMNE perspective. Most theory that has been written is based on the developed economies (North America and Western Europe) or when referring to EMNEs, Asian and Latin American firms were the subject of discussion (Omokaro-Romanus, Anchor & Konara, 2019). For example, the relevance of existing theory is being increasingly questioned in the African context, as it is very different to that of MNEs in developed countries as well as Latin and Asian EMNEs (in other words, a 'one size fits all' approach cannot be applied) (Marchand, 2018).

As discussed by Amankwah-Amoah, Boso and Debrah (2018), in the last 40 years, the Sub-Saharan African (SSA) region's business landscape has managed to transition despite some devastating events which had severe implications for businesses in these countries. In addition to this, SSA businesses continue to come out on top when compared to other African businesses and have started to expand beyond the region (Omokaro-Romanus et al., 2019). For instance, the region no longer only focuses on inward direct investment but now expands beyond its borders through the use of the outward foreign direct investment (OFDI) into the rest of Africa and beyond the African continent (Omokaro-Romanus et al., 2019). This is a trend not only seen in the SSA region but also in other parts of the African continent.

As the internationalisation of developing countries keeps increasing through the use of OFDI, the drivers and motivators of OFDI have also become of interest to

researchers (United Nations Conference on Trade and Development (UNCTAD), 2007). As foreign direct investment (FDI) and trade regulations were relaxed, the expectation was for some economies (specifically developing economies) to be "swamped" with inward foreign direct investment (IFDI). Instead, this relaxation also helped strengthen developing countries' OFDI (Contractor, 2013). UNCTAD (2007) indicated that the biggest reason behind the use of OFDI by EMNEs is as a result of competitive pressure in the global economy. Undoubtably, OFDI has been a crucial contributor for developing economies in building and improving their capabilities (Diyamett & Mutambla, 2014).

However, as a result of the COVID 19 pandemic, there has been a reported decline in some of the African OFDI initiatives (despite the overall reported 2% increase indicated earlier). As indicated by Giroud and Ivarsson (2020), at an aggregated (African) level, OFDI has decreased by 35% to 5.3 billion dollars. On the other hand, we see that at a disaggregated level OFDI performance has been mixed. South African OFDI reduced from 4.1 billion dollars to 3.1 billion dollars (the highest OFDI in Africa) while Togo's and Morocco's OFDI increased.

It remains evident that the more competitive EMNEs become through the use of OFDI, the more they can contribute to the competitiveness of their home country. This is mainly attributed to the increased capacity and productivity that comes as a result of the investment (UNCTAD, 2007).

As highlighted above, EMNEs internationalise their businesses through the use OFDI in order to remain competitive. For instance, Luo and Tung (2007) found that Latin American and Asian EMNEs used OFDI as a springboard to compete more successfully by acquiring strategic assets that reduce home country institutional and market constrains. As most of these studies are written from the perspective of either MNEs from developed economies or that of Latin American and Asian EMNEs, there is an urgent need for African studies. This research contributes to fulfilling this need by comparing two African EMNEs in the manufacturing industry. The aim was to identify whether they have any unique ownership advantages that enable them to do OFDI by uncovering their competitive advantages and disadvantages or challenges, and how these are used. This was done to establish if there is indeed a difference to what has been covered in theory.

Based on the reviewed literature, a number of factors in African home countries were identified as offering African EMNEs a competitive advantage. These include home or country specific advantages (such as location or political advantage if any), mindset or top management experience, cultural traits in the specific country, technical skills, cheap labour (labour cost) as well as common language and relationships that might have been formed (Contractor, 2013; Singh & Ramamurti, 2009). These were reviewed further from an African context through the data collected in this study (Luo & Zhang, 2016).

Based on literature on EMNEs, these factors have been used by African EMNEs to leverage against some of the disadvantages that they might have, for instance the lack of or inadequate resources such as technology, internal knowledge, or unknown brands initially when they expand (unpopular or less trusted brands).

1.2. Purpose of research

In recent years, EMNEs have played a crucial role in the global economy and continue to make their mark (Hobdari et al., 2017). Despite this progress, there is a dearth of literature on understanding internationalisation within the African context. The purpose of this research was to understand internationalisation within the African context, by establishing how the identified competitive advantage factors have enabled the successful African EMNEs to carry out their OFDI. This was achieved by establishing how the African EMNEs have used their competitive advantages as a leverage and how the disadvantages or weaknesses are compensated for. This builds on Luo and Zhang (2016) who referenced three research papers (Buckley, Clegg, Cross, Lui, Voss, Zheng, 2007; Luo & Tung, 2007; Meyer & Peng, 2016) that indicated that EMNEs have used their cost innovation as well as their high value cost ratios as competitive advantages in both developed and developing markets.

However, for the purpose of this research, the focus was on establishing if the listed competitive advantages such as home or country specific advantage, mindset or top management experience, cultural traits, technical talent, cheap labour, common language and historical/existing relationships have contributed to the OFDI expansion (Contractor, 2013) of African EMNEs and how they have done so.

1.2.1. Scope of the research

As a result of the research time constraints and the inability to get permission from other African countries to participate in this research, the scope of the research was limited to two South African manufacturing companies who have expanded their business into other regions of the African continent.

1.3. Conclusion

This chapter has provided a brief overview and introduction this to this research. The review of the internationalisation of emerging markets and some of the contributing factors in the past years have been discussed. Through this, the need for the research was identified.

The study is structured as follows: chapter two covers the literature review on the internationalisation theory, the perceived motives for companies from emerging markets to expand, firm competitiveness as well as the role of networks in the internationalisation process; chapter three details the study's research questions; chapter four focuses on the methodology used to collect and analyse data for this research; chapter five presents the research results; chapter six discusses the results; and finally chapter seven concludes with recommendations.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This chapter reviews the relevant literature that relates to the competitiveness of EMNEs. The chapter starts by reviewing the theory of internationalisation using the Uppsala and Springboard models. A brief overview of the inception of OFDI in Africa and how it contributed to the internationalisation of EMNEs is also reviewed. A definition of MNEs and the emergence of EMMEs is covered. The chapter further explores how EMNEs have managed to be competitive in the global economy by reviewing some of the identified African organisations' competitive advantages as found in past research.

2.2. Theory on internationalisation

Kumar, Signgh, Purkayastha, Popli and Gaur (2020, p. 174) stated that internationalisation refers to "the expansion by a firm through sales of its goods or services across the borders of global regions and countries into different geographical locations or markets".

2.2.1. The Uppsala internationalisation model

The internationalisation model, which was later named the Uppsala model (Vahlne, 2020), was initially developed as an internationalisation process that focused on how firms used knowledge on foreign markets to grow the firm through integration and gradual acquisitions (Johanson & Vahlne, 1989). The model was based on a concept that, for firms to gain this knowledge on foreign markets, they had to be involved and have established operations in the foreign market (Johanson & Vahlne, 1989). The model indicated that the firms started with exporting products followed by sales subsidiaries in these foreign markets before they could have a fully operational production facility (Johanson & Vahlne, 1989). This model only considered the market complexities that drove the internationalisation behaviour, for example, the psychic distance which was defined as "the sum of factors preventing the flow of information from and to the market" (Johanson & Vahlne, 1989, p. 24). These included the cultural differences, language barriers and the industrial development in the foreign market (Johanson & Vahlne, 1989).

There have since been a number of revisions to the Uppsala model post some economic and regulatory changes in the global environment that resulted in organisational behavioural changes (Johanson & Vahlne, 2009). This change was driven as a result of the business network view that was introduced in literature that followed the Uppsala model (Johanson & Vahlne, 2009). Networks and relationships between parties (firms or government) were found to be an important contributing factor to the internationalisation process (Vahlne, 2020). It was therefore identified that these network relationships had a role to play in the foreign market selection and the mode of entry used (Johanson & Vahlne, 2009).

2.2.1.1 The business network model

From the revision, the Uppsala model then concluded that existing relationships will influence the market selection decisions that firms make (Johanson & Vahlne, 2009). The model also indicates that as a result of these relationships, firms are privy to insider information which enables them to identify opportunities that can be exploited (Johanson & Vahlne, 2009).

While the Uppsala model might explain the base and characteristics that were needed or found in firms that internationalised, this particular theory on internationalisation was written from the perspective of developed markets by researchers from their respective developed regions (Kumar et al., 2020). It may therefore not be applicable for the African context as a result of complexities found on the continent. This does not only stand for the African continent, but in general. It is not possible for one theory to be applicable to all forms of foreign operations (Dunning, 1988). Therefore, the opportunities or characteristics that might have driven the companies in these developed economies might not necessarily be the same as the ones that drove African EMNEs to internationalise.

The Uppsala model indicates some similar factors such as location advantage (psychic distance) as well as the existing relationships which allowed for better expansion. The location advantages in the case of EMNEs are not only made up of the geographical proximity to the market of interest but also includes the commonalities that might exist in culture or language (Singh & Ramamurti, 2009). However, unlike the MNEs, there are few similarities in products or markets from African EMNEs as their products are initially not as popular or known as that of MNEs described by the Uppsala model. The argument is that most EMNE companies or

brands are not as easily recognised by their potential foreign customers as that of MNEs (Contractor, 2013).

2.2.2. The springboard model

There is still a limited presence of African firms in the global business space despite the rapid expansion of these firms (Al-Kwifi et al., 2020). Literature has therefore described the internationalisation process of EMNEs using the springboard perspective (Luo & Tung, 2007). The springboard strategy has been described as an internationalisation strategy that firms use to aggressively seek investment opportunities through their expansion (Kumar et al., 2020). The model is referring to the time in which these firms quickly enter these markets through their cross boarder acquisitions (Kumar et al., 2020).

Luo and Tung (2018) therefore suggested that the springboard perspective is mainly used by EMNEs in their internationalisation journey to achieve two outcomes, the first one being the acquisition of fundamental resources that will assist in reducing their vulnerability as they play in the global space, and secondly gaining global insights and exposure (experience) through the partnerships that will assist them in competing globally. Additionally, Luo and Tung (2007), in a prior study also indicated that EMNEs' motive for internationalisation is for the acquisition of strategic assets that will allow them to effectively compete globally, while at the same time reducing their institutional weaknesses that they may encounter.

The origin of springboard models were based on the ability of EMNEs to make gains in developed economies (Luo & Witt, 2021). However, with the de-globalisation and the observed impact from the COVID-19 pandemic, the continued strides in the EMNEs' acquisitions or investment in global markets are no longer a "given" (Luo & Witt, 2021). As a result, understanding how EMNEs leverage their competitive advantage is more important now than before. With a dearth of literature on EMNEs' use of OFDI in the African context (including understanding the existing disadvantages, that is barriers and risks that they might have encountered), not much insight exists on how much of these OFDI flows were undertaken to promote the EMNEs' springboard activities (Luo & Witt, 2021).

2.2.2.1. Springboard activities

It the context of internationalisation, literature has indicated that EMNEs' motive for expansion is for the acquisition of critical resources to improve their competitiveness and reduce some of their shortfalls (Luo & Tung, 2007). Yet other scholars argued that the expansion of African firms into the continent is mainly as a result of the evolving socio-economic landscape, which has driven firms to explore new consumption patterns and growth drivers outside their home country (Amankwah-Amoah et al., 2018).

In previous sections, some reasons were briefly identified on why EMNEs expand beyond their borders. Below are seven springboard activities identified by various scholars. These activities have been identified by Luo and Tung (2007) as well as other researchers:

1. Firms expand to make up for their competitive disadvantage. For instance, they do this by moving into developed countries because of the advanced technology and manufacturing capabilities (Luo & Tung, 2007). However, it is argued that this would not necessarily be the case when expanding in most African countries. According to Amankwah-Amoah et al. (2018), inadequate infrastructure has kept some foreign investors out of the African continent. This therefore indicates that most African EMNEs might not purely expand into the rest of Africa to acquire technology or manufacturing capabilities. In particular, as discussed in more detail in section 2.5.1, most countries in Africa are still in the factor driven stage and need to focus on improving the basic requirements found in that subindex, for example infrastructure and institutions.

2. EMNEs expand to make up for their late comer advantage (Luo & Tung, 2007). This involves strategic asset seeking in advanced markets in order to secure critical resources and exposure to key customers (Luo & Tung, 2007). Furthermore, other scholars indicate that this has resulted in firms engaging in risky mergers and acquisitions (M&A) without sufficient strategic planning (Degbey, Eriksson, Rodgers, & Oguji, 2021).

3. Expansion by some EMNEs is to protect their business against competitions in the market. This is done through expansions in the competitors' home markets (Luo & Tung, 2007).

4. With stringent trade barriers in some markets, expansion is sometimes seen as the only way to bypass these (Luo & Tung, 2007).

5. EMNEs expand to work around existing home country institutional constraints (Luo & Tung, 2007). This is done by expanding into regions where there is more institutional stability and transparency. However, others have argued that some instabilities in Africa (for example civil conflicts) have impacted the attractiveness of investing in the continent (Amankwah-Amoah et al., 2018). Undoubtedly, if the firms are expanding outside Africa, it would plausible. However, most African countries have institutional constraints, therefore, expansion within the continent might not be motivated by that.

6. EMNEs expand for preferential treatment which they can obtain from other emerging markets (Luo & Tung, 2007). Attracting foreign investment for emerging governments continues to be one of the important policies. As a result, some EMNEs have used these as a springboard to receive preferential treatment (Luo & Tung, 2007).

7. EMNEs have expanded in order to leverage on their competitive advantage when expanding in other emerging countries (Luo & Tung, 2007). For instance, some EMNEs have developed capabilities and technologies in their home markets which are used to their advantage.

Most of the reasons given do not apply when it comes to expanding in the African continent. An argument is that, for example, African institutions are more complex than what is found in some of the other emerging markets in the world (Degbey et al., 2021). Therefore, as indicated before, some expansion motives may not apply.

Al-Kwifi et al. (2020) also indicated that some organisations that follow the springboard approach are competitive as they have support from their governments (can be in form of funding or business support), are motivated, and have enough support from their global partners. For example, the Ethiopian airlines was a

government-owned enterprise, however the government did not interfere in the everyday running of the airline but was entirely left to the management team. Therefore, these firms need to be strategic in order for them to succeed.

Some of the motives indicated above from the previous research may or may not apply to African EMNEs, as some are based on Latin American and Asian EMNEs. This research aimed to establish if these characteristics also apply to African EMNEs and what their motives are to go into OFDI (Luo & Tung, 2007).

In summary, the Uppsala model has indicated the process on how enterprises have expanded, while the springboard model has highlighted the activities that drive EMNEs to expand into foreign markets. Both of these models do not detail what role these have contributed to the competitiveness of African EMNEs.

The next section reviews how African firms have moved from relying on IFDI to taking part in OFDI.

2.3. Foreign direct investment

In the past 20 years, IFDI has contributed immensely to EM economies as a result of the global partnerships it has created (Luo & Tung, 2007). These partnerships have seen the transfer of some skills including technological and organisational/ human capital skills (Luo & Tung, 2007). Despite IFDI being the main source of investment into Africa, for more than a decade, there has been an uptake in the ODFI from EMs (Luo & Tung, 2007). According to UNCTAD (2007, p. 8), there has been a sharp increase in EMNEs actively engaging in cross border M&A.

As a result of financial and economic development, MNEs from developed economies expanded into emerging economies (EE) from developed regions that enabled access to larger markets (Xie, Reddy, & Liang, 2017). MNE expansion through the use of M&As into developing countries that have also displayed stable or close to stable political institutions have also increased (Xie et al., 2017). According to Luo and Tung (2007), unlike MNEs from developed countries, EMNEs have had to partner with global players through joint ventures (JVs) before they could independently expand into foreign markets. This has contributed to the increase in the outward investment by EMNEs.

When foreign trade barriers were removed in most African countries, that opened an opportunity for most countries in SSA with more developed infrastructure to invest outside their respective region (Joosub & Coldwell, 2019). This gave EMNEs equal ground or opportunities when competing with MNEs (Joosub & Coldwell, 2019). According to Rolfe, Perri and Woodward (2015), the observed FDI in Africa is a direct indicator of how much growth African firms display in the internationalisation space. Despite this growth, researchers have focused more on export growth and not FDI (Rolfe et al., 2015).

Most of the research on FDI has emphasised the existence of exploitation of firms as a basis of expansion, and has found that MNEs engage in FDI if they have enough firm specific advantages to help them withstand the disadvantages that come with investing in foreign markets (Rolfe et al., 2015). However, UNCTAD (2007) indicated that the key driver for EMNEs to take part in OFDI is because of the competitive pressure they encounter in their home base (country).

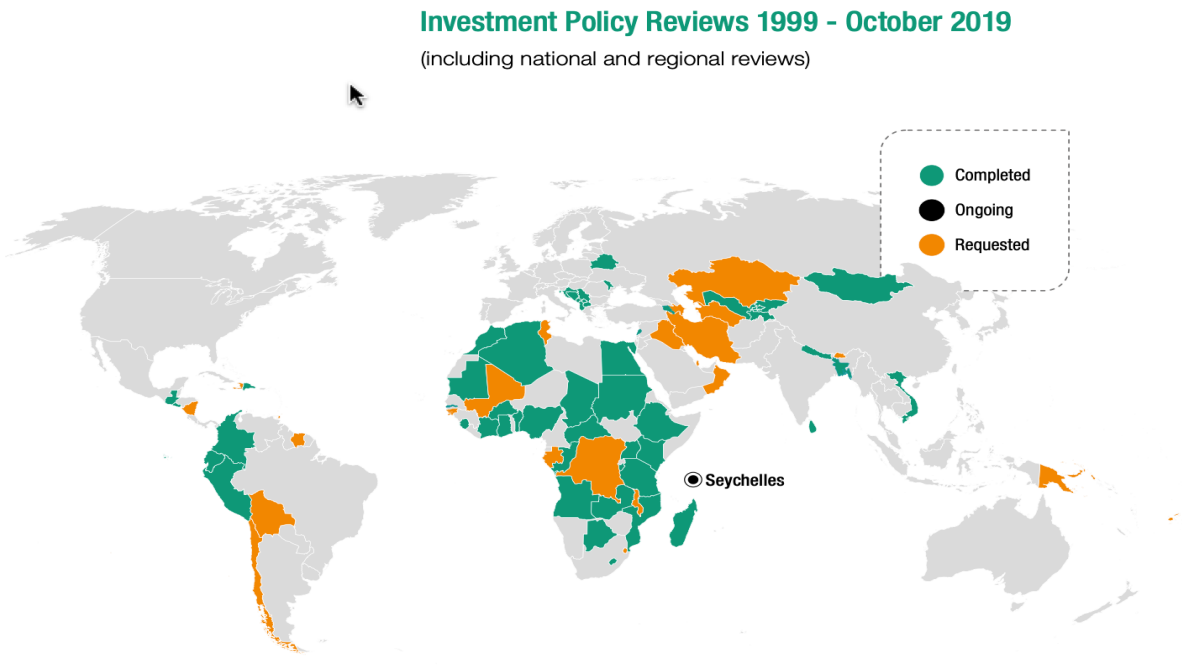

Figure 1: Investment policy reviews (UNCTAD, 2018, p. 12).

As a result of no formal governing body on international investments, UNCTAD has been involved in the engagements and in supporting the process to understand any issues that can be related to international investments (UNCTAD, 2020). As

indicated in figure 1, this has been a long process as only investment policies in the areas in green have been reviewed and completed in Africa from 1999-2019. This report or initiative has assisted in creating transparency when it comes to the FDI. Even though governing body has assisted in creating partnerships where learnings and information sharing can be facilitated, there is still no research discussing in detail the main reasons why African EMNEs participate in OFDI from the African context and how they navigate the barriers or risks that these economies encounter.

According to Chizema, Kleynhans, Bezuidenhout and Mhonyera (2021, p. 1), FDI is defined as "an investment involving a long-term relationship and reflecting a lasting interest of resident entity in one country on an enterprise resident in another country". One of the identified differentiating features for EMNEs is the amount of tolerance they have for risk when taking up OFDI in foreign markets while, on the other hand, MNEs tend to refrain from risk (Buckley et al., 2018). There has been an observed increase in OFDI by EMNEs in risky foreign markets, resulting in the assumption that EMNEs have managed to overcome this risk due to the experiential learning that emerging economies have (Buckley et al., 2018). In other instances, the view was that this tolerance is mainly driven by the imperfect nature that EMNEs find in their own home countries resulting in excess funds that allow them to venture into these risky markets (Buckley et al., 2018). Research has uncovered that some of this might be as a result of the risk-taking propensity of the managers involved in the FDI project (Buckley et al., 2018).

Some FDI barriers identified by Chizema et al. (2021) included policy barriers made up of any administrative issues or boundaries on the flow of goods within the economies that is enforced through tariffs, the repatriation of profits in host countries, the environment in which the EMNE wants to invest in, and poor infrastructure (such as poor road infrastructure, no access to clean water, and lack of technology). There are various determinants influencing the risk that EMNEs are willing to take, as indicated below.

2.3.1. Determinants of outward foreign direct investment

There are two determinants that drive the OFDI of MNEs, namely the push and pull determinants (Chizema et al., 2021). These are motivators for why some EMNEs participate in OFDI or the expected outcome that drove the investment. The push determinants mainly consist of market seeking, resource seeking, efficiency seeking,

strategic asset seeking or ownership advantages (Chizema et al., 2021). On the other hand, the pull determinants are mainly the influences that attract EMNE OFDI from the host countries which is made up of market size, political and macro-economic stability, availability and cost of labour, availability of infrastructure, profitability and growth prospects as well as the trade investment openness (Chizema et al., 2021).

However, what remains is that investment is highly country specific and no 'one size fits all' approach exists (Chizema et al., 2021). Given their different home country contexts, this research aimed to understand internationalisation from the African context, by identifying if African EMNEs have any unique ownership advantages that enable them to engage in OFDI. This is achieved by uncovering how African EMNEs' competitive advantages are leveraged and how the disadvantages or weaknesses are compensated for. As studies have said, "EMNEs are motivated to go global to compensate for their competitive disadvantage by leveraging their competitive advantage, there is therefore a need for research to specify what these advantages and disadvantages are" (Luo & Zhang, 2016, p. 346). In the below section, the EMNEs' expansion attributes are reviewed.

2.4. EMNE internationalisation attributes

According to Luo and Tung (2007, p. 482), EMNEs are defined as "international companies that originated from EMs and are in outward FDI, where they exercise effective control and undertake value-adding activities in one or more foreign countries". With the reduced investments and barriers to trade, the business structure around the world has changed including that of EMs (Cavusgil, Ghauri, & Akcal, 2013). As a result, the contribution of EMs to the world economy has increased significantly resulting in the interest on this segment (Cavusgil et al., 2013).

There have been varying viewpoints on how business is done in EMs. As indicated in chapter one, the perceptions on how business is currently done in EMs, specifically in Africa by previous studies or businesses, has been based on information from mature western markets (Khanna & Palepu, 2010). However, the argument remains that firms in Africa operate under different environments compared to that of western markets (Al-Kwifi et al., 2020). Some of the varying conditions are the institutional as well as the environmental conditions that inhibit African countries from following the

same internationalisation approach as that of emerging markets (Al-Kwifi et al., 2020).

Africa can be seen as a more dynamic and complex place of doing business. Therefore, the internationalisation of emerging markets is largely context dependant. EMNEs from developing markets do not have some of the competitive advantages that MNEs from developed markets have, such as the latest technology, known global brands and the international experience. This has resulted in the EMNEs' competitive advantage being referred to as home country specific advantages by most MNEs (Ramamurti, 2012). These country advantages, for example, can be their cheap labour, abundant resources, location advantages (culture and common languages), which is why it is argued that the emerging market's competitive advantages need to be reviewed (Ramamurti, 2012).

2.5. EMNEs' competitiveness

This section reviews literature on the motives behind EMNEs' expansion, and what needs to be in place for the firms to acquire information or insights into the country of expansion. Literature on the characteristics (that can be a competitive advantage) that need to be in place to facilitate this process is also reviewed.

2.5.1. Firm competitiveness

Due to the market forces that drive economic outcomes, competitiveness is key (Falciola, Jansen, & Rollo, 2020). In particular, some market forces that have continued to be associated with competitiveness are the lower labour costs that are found in some countries (Falciola et al., 2020). Furthermore, productivity has also been associated with the competitiveness of both firms and countries. Despite the increase in internationalisation within the continent, productivity in Africa has grown at a slower rate, where competitiveness is driven more by basic requirements such as infrastructure, for example (World Economic Forum, 2017).

Firm competitiveness has been defined as "the firm's capacity to fulfil its purpose by meeting customer requirements at profit by offering goods and services which customers value higher than those offered by competitors" (Chikán, 2008, p. 5). It is evident that a firm's competitiveness allows it to conquer new markets, thus allowing firms to grow and outplay their competitors (Falciola et al., 2020). EMNEs have

understood that for them to survive or remain at the frontier, they need to innovate (Barnes, Bessant, Dunne, & Morris, 2001). It is argued that some EMNEs have expanded to maintain competitiveness, through the use of cross boarder M&A as part of their growth strategies (Degbey et al., 2021). The argument is that the lack of infrastructure has driven the lack of investment in Africa (Amankwah-Amoah et al., 2018), which makes it noteworthy to understand why African EMNEs have expanded into some of these regions despite the risk.

In summary, firm competitiveness has been about how firms have managed to differentiate themselves in order to remain competitive. To further understand this, below literature on competitive advantage is reviewed. This is to identify what specific components drive firm competitive in a market or industry.

2.5.2. Competitive advantage

Due to the rate of globalisation, firms have realised that in order for them to outperform their competitors, they need to identify what their competitive advantage is and leverage on that (Kharub & Sharma, 2017). As defined by Rumelt and Kunin (2003, p. 1), “competitive advantage is at the heart of a firm’s performance in competitive markets”. Literature further argues that, based on the value that firms can generate or create for customers, while exceeding the cost needed to create the value, the firm’s competitive advantage grows (Rumelt & Kunin, 2003).

As indicated before, researchers have infrequently identified what their competitive advantage is (Contractor, 2013; Luo & Zhang, 2016). Also, in studies where this has been covered, the results have been inconclusive or there has been no consensus on this topic (Ramamurti, 2012). For example, Ramamurti (2012) had listed the EMNEs’ competitive advantage to be: insight to customer needs, ultra-low cost production, frugal innovation, operational excellence in adverse environments, privileged access to resources and markets, traditional first mover advantages, building scale in mature industries, and acquiring complementary assets.

On the other hand, Singh and Ramamurti (2009), in a study on a South African firm identified their competitive advantage as: firms ownership advantage (such as technological knowledge or superior managerial and organisational expertise), country specific location and political advantages, historical/personal relationships and extensive internationalisation (access to entry into developed markets). Lastly,

Contractor (2013) had listed the competitive advantages of emerging markets as: home base/location advantage, management mindset or leadership style, cultural traits of the home country, technical skills/cheap labour. None of these researchers have produced a similar list of advantages.

In recent years, companies have had to identify or build core competencies (for example, offering unique quality products cost effectively, innovation or just understanding customer behaviour) in order to survive in business (Kharub & Sharma, 2017). Therefore, it has more than ever before become important for researchers to understand firms' source of competitive advantage (Barney, 1991). Below are some of the EMNEs' competitive advantages that have been identified:

2.5.2.1. Ownership advantages

For EMNEs to internationalise, a strong home base (or ownership advantage) is required. This gives EMNEs the required momentum to acquire plants (improve scale), improve the firm's technology offering and attract and train new employees which is crucial in the internationalisation journey (Ramamurti, 2012). In some literature, it is highlighted that a home base advantage that contributed to EMNEs expansion is the strong cash flows in the home market (Ramamurti, 2012).

2.5.2.2. Technical skills

When expanding, workers need to have the relevant skills or experience working abroad (Joosub & Coldwell, 2019). However, Degbey et al. (2021) argued that African firms' global competitiveness has been impacted by other factors including a lack of skills. Another argument, however, is that the firms have managed to work around this because of the skilled managers that have identified the gaps and strategised around them (Degbey et al., 2021). This has been achieved by firms hiring or using current, technically skilled employees to train and upskill other inexperienced colleagues (Luo & Tung, 2007).

2.5.2.3. First mover advantage

Firms that have implemented any new strategy in a country or industry are regarded as having the 'first mover advantage' (Barney, 1991). However, the same literature also argued that, to obtain this first mover advantage, the firm needs to be the only one in the industry with insights on the opportunities from this strategy

implementation (Barney, 1991). EMNEs in their expansion in Africa have been the first movers in most markets (Ramamurti, 2012).

2.5.2.4. Local environmental traits

The culture and language in the foreign market contribute to a firm's operation. Similar culture and language improve firm operations as it facilitates communication and contributes to uniform working conditions. It is argued that differences in language and culture inhibit a firm from understanding the foreign environment which, as a result, will add to the physical distance between the two countries (Joosub & Coldwell, 2019). Furthermore, the uncertainty that can be caused by these differences between home and foreign country are deemed crucial for FDI (Joosub & Coldwell, 2019). Therefore, based on literature, having a common culture and language can be what stands between success and the failure of the expansion process (Contractor, 2013).

2.5.2.5. Low-cost production

With EMNEs being based in economies that are largely made up of customers at a lower price point, some literature has reported the need for these firms to be creative with the production cost structure (Ramamurti, 2012). As a result, EMNEs have been reported to use old machinery, or in some instances, have been reported to replace machinery with manual labour to drive the production cost down (Ramamurti, 2012).

2.5.2.6. Product quality

For firms to be competitive, literature has indicated that quality should remain consistent in and outside the firm's home country (Falciola et al., 2020). Firms also need to be able to adapt and change the product should the competitive environment they compete in require that. Lastly, they need to have relevant connections in order to have access to the consumer and competitor behaviour in the markets of choice (Falciola et al., 2020). There has also been a differing view, where EMNEs are reported to have economical innovations, because of the speed and the low cost environments in which their products are produced (Ramamurti, 2012; Contractor, 2013).

2.5.2.7. Technology

Technology is not identified as a competitive advantage for EMNEs. As indicated by Ramamurti (2012), EMNEs do not having any cutting edge technologies but are seen as technological laggards. This resulted in multinationals reporting EMNEs as not possessing any real competitive advantage, however, because of the continued growth, there has been a consensus on this being reviewed (Ramamurti, 2012).

Furthermore, most of the studies written were from the context of emerging markets from Latin American and Asian countries. This builds again on the argument that African EMNEs have not been adequately studied (Al-Kwifi et al., 2020). This indicates the need to understand what the competitive advantage for selected African EMNEs are.

The next section addresses some of the qualities that need to be in place when a firm embarks on its internationalisation process.

2.5.3. Qualities required for internationalisation

2.5.3.1. Network relationships and learning process

Networks have been identified as an important aspect when firms expand. In particular, this has been identified as a way firms have gained insight on the country or business they want to expand into (Meyer & Thaijongrak, 2013). Also, other studies further indicated that the location of expansion by most firms had been determined by prior development network (Hertenstein, Sutherlan, & Anderson, 2017). Furthermore, these networks have been found to serve as catalysts for rapid internationalisation (Hertenstein et al., 2017) as they have been seen to reduce uncertainty when a firm enters a market in which it has no operational experience (Silva-Rêgo & Figueira, 2019).

Additionally, other than networks, Meyer and Thaijongrak (2013) identified ways firms gained insights such as observing peers and market leaders that have expanded into the same region or country. Other EMNEs have learned how the market in that specific country operates though JVs and acquisitions, which has been identified as the riskier and more aggressive way of gaining insights (Meyer & Thaijongrak, 2013).

2.5.3.2. Role of managers

Literature has indicated the shift by business from being profitability focused to that of creating value for the customer. In particular, the managers have, as a result, needed to understand the importance of value creation (Barnes et al., 2001). However, some scholars deem the managers' role in internationalisation not that of creating value, but more driven by the positive association of managers' compensation to the internationalisation of their firms (Meyer & Thaijongrak, 2013). As a result, the literature has associated this incitive influence on decision making with managers destroying shareholder value. This has been part of the risk associated with the acquisitions made by firms to compensate for their late comer disadvantage (Luo & Bu, 2018). Due to this, the literature deems that managers will not make any informed decision.

Regardless of this view, other scholars have seen the managers' role in internationalisation as an important one. Literature has found that the board of directors' experience has improved the quality of these expansions mostly if they have been involved in a similar processes before (Joosub & Coldwell, 2019). Contractor (2013) alleged that the leadership style of managers adds value as it can directly improve performance of employees (Contractor, 2013). This includes the leader's ability to be open and willing to learn from the employees, willingness to cater to the foreign customer needs and preferences, adapting to any cultural differences, and transferring knowledge to the local teams (Contractor, 2013). Despite this, the disadvantage displayed by managers when embarking on expansion especially in less developed markets is their bias, which might affect the decision made (Joosub & Coldwell, 2019).

The studies of internationalisation have revealed that EMNEs have a bigger tolerance for risk taking which has in particular also increased by that specific firm's management experience (Buckley et al., 2018). Also, when the possible positive outcome from the expansion largely outweigh the risks, the managers take the risk of investing in the expansion project (Luo & Bu, 2018). This is driven by the fact that the future opportunities the firm will be exposed to far outweigh the risks and associated investment uncertainties (Luo & Bu, 2018). In particular, EMNEs are pushed to such risky decision making as a result of their latecomer disadvantage and

the need to build capabilities which will assist them catch up with their global counterparts (Luo & Bu, 2018).

2.5.3.3. Ability to adapt and learn

With the complexity that comes with foreign markets, firms or leaders have had to have or develop certain qualities. EMNEs need a lot of patience and the ability to accept uncertainties that exist in these markets (Contractor, 2013). This quality has allowed EMNEs to developed capabilities in these markets (Contractor, 2013). Those which are willing to learn from their local partners or the foreign market, and are flexible and humble enough to use these to reconfigure some of their resources, stand a better chance of succeeding in their expansion (Contractor, 2013).

2.5.3.4. Empowering employees

EMNEs have also identified the need to developed and empower their employees through inhouse training and upskilling (Ramamurti, 2012).

2.5.3.5. Brand adaptation for customer buy-in

As EMNEs have strong home brands that might not be as identifiable outside the home market, EMNEs have to understand the customer needs in foreign markets (Ramamurti, 2012). As a result, they have had to understand what type of product customers in foreign markets want, such as understanding product features and acceptable costs (Ramamurti, 2012).

2.5.3.6. Acquiring complementary resources

EMNEs embark on the growth and competitiveness strategy through internationalisation by forms of acquisitions of complementary resources to improve their home base (Ramamurti, 2012). Acquisitions have also been carried out as a way of expanding home base product reach and access to new markets (Ramamurti, 2012).

2.5.3.7. Operating in adverse environments

Unlike companies from developed regions, EMNEs have displayed operational excellence as a result of their ability to operate in harsh environments (Ramamurti, 2012). These firms have managed to find a way or working around the strained and

complicated infrastructure issues (bad power or road infrastructure), and they have managed to work in markets where there no industry specific skills among the locals (train them inhouse) (Ramamurti, 2012).

Despite the growing rate of EMNEs' internationalisation, expansion involves risks (Luo & Tung, 2007). EMNEs have been reported to experience a number of challenges in their expansion projects. These are reviewed below.

2.5.4. Challenges

2.5.4.1. Governance

EMNEs have been reported to encounter governance issues within their firms as a result of weak corporate governance, no accountability and no transparency in most instances (Luo & Tung, 2007). These have created a reluctance in the investment interest by shareholders, however, as a solution, top executives at board level have been appointed to supervise and create transparency (Luo & Tung, 2007).

Additional governance challenges are those experienced after acquisition in the foreign market (Luo & Tung, 2007). These can also include some administrative issues and restrictions such as the flow of products enforced using tariffs (Chizema et al., 2021). Other challenges encountered can also include inconsistent policies driven by the political and economic instability in these foreign markets (Chizema et al., 2021)

2.5.4.2. Poor infrastructure

Poor infrastructure is also seen as a challenge. This has been reported to affect the IFDI into a country by MNEs (Chizema et al., 2021). Despite this, some EMNEs are not discouraged by the poor road and rail infrastructure, water disruptions, and inconsistent electricity supply when investing into the African continent as they have managed to create back-up plans of their own (Chizema et al., 2021).

2.5.4.3. Barriers to entry

In instances where companies have similar resources or capabilities, there may be no competitive advantage, therefore, a competitive advantage can be realised in an industry that has high barriers to entry (Barney, 1991). For example, not every firm can survive in a capital-intensive industry or an industry that requires the firm to have

high raw material (RM) reserves of a limited resource. It is indicated that risks are perceived to be higher for capital-intensive production or business, resulting in fewer players in that area (Casson & Wadeson, 2018).

2.6. Conclusion

Extensive literature has been covered on the expansion of EMNEs, from the motives behind the expansion of firms as well as the reasons why these firms expand into foreign markets. As identified above, most of this literature has not been from an African context with some results on the identified competitive advantage being reported as inconclusive. The remainder this report provides results of internationalisation of EMNEs from an African context.

CHAPTER 3: RESEARCH QUESTIONS

For the purpose of gathering insights for this case study methodology, research questions and the interview guide were drafted (Rashid et al., 2019). These research questions were derived using the reviewed literature as a base.

Research question 1:

How do EMNEs use their competitive advantage to compensate for their competitive weaknesses or ownership disadvantages, catch up and even surpass their competitors?

The first research question was developed using the future research suggestions by Luo and Zhang (2016). The key questions that the research sought to answer was on how African EMNEs have used the influence from their competitive advantage as discussed in chapter two in order to overcome their competitive disadvantage (Luo & Zhang, 2016). This study intended to establish if the identified competitive advantages apply to the selected organisations; the competitive advantages being (Contractor, 2013): a) home base/location advantage; b) management mindset or leadership style; c) cultural traits of the home country; d) technical talent/cheap labour.

Research question 2:

How have the EMNEs exploited advantages in their home markets while acquiring strategic assets to fill the gap caused by their disadvantages?

To identify what vulnerabilities where faced by EMNEs, literature by Luo and Tung (2018) stated that EMNEs used the springboard perspective to acquire fundamental resources to reduce their vulnerability was reviewed. A further review on literature by (Ramamurti, 2012) was reviewed in order to and answer the second research question in order to understand how the home market advantage was exploited to fill the gaps cause by their competitive challenges and disadvantages.

Research question 3:

How have historical/network relationships promoted internationalisation in the Southern Africa region? What opportunities were established and exploited as a result of these relationships?

This research question aimed to establish the importance of network relationships. This question aimed to identify if the literature (Meyer & Thaijongrak, 2013; Hertenstein et al., 2017; Silva-Rêgo & Figueira, 2019; Vahlne, 2020) on the role network relationships have in promoting and creating opportunities for EMNEs applies in the African context.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter covers the research design and methods that were used to answer the research questions formulated in chapter three. The study was done using a qualitative case study methodology to get comparative insights from two South African companies in the manufacturing space. This chosen methodology was ideal for conducting an explorative research (Rashid, Rashid, Warraich, Sabir & Waseem, 2019). This method allowed for a variety of views and contexts to be explored in order to get varied or multiple perspectives on this topic. Data was gathered by using semi-structured interviews.

4.2 Research design

This research employed the interpretivism philosophy which involved the social reality investigations (Leitch, Hill, & Harrison, 2010). The purpose of this research was to understand the experiences of African EMNEs in SSA regarding how they have used the influence from their competitive advantage in order to overcome their competitive disadvantages. Using this philosophy for this study was beneficial as it enabled the understanding of the organisational behaviour especially for the unique African business environment (Saunders & Lewis, 2018).

Inductive research was conducted with primary data being collected by means of semi-structured interviews. This allowed for the gathering of new data and more insights that were not covered before from an African context. According to Leitch et al. (2010), inductive research is ideal for this type of research as individuals can be interviewed to collect data. As a result of the COVID-19, observations which are also recommended under this approach in order to observe patterns and repeated occurrences (Saunders & Lewis, 2018) could not be carried out (because of lockdown and most companies working from home). The inductive process was used to verify some assumptions that were made in the existing theory (Rashid et al., 2019), in this case to check if the assumptions made in the Asian or Latin American EMNE theories also apply in the African context. This new data was then collected and used to develop a theory (Saunders & Lewis, 2018).

Results gathered from previous studies have considered MNEs as a group and not considered the differences that might exist in each region, with little known about the experiences and challenges of African EMNEs when investing in other countries. As a result, an exploratory research design was used. Exploratory research was used as this research aimed to uncover and gather insights on information that is not understood or known (Saunders & Lewis, 2018). This allowed for flexibility in gathering the information.

This research was carried out over a period of six months which did not give enough time for a mixed study to be explored to its entirety. Thus, if a mixed method were to be used, it would have added unnecessary complexities as not enough time was available to analyse data from the results of both a qualitative and quantitative study. To avoid the complexities accompanied by a mixed method and the time constraints, a mono method was used.

With the research looking for answers to how African EMNEs use their competitive advantage to remain competitive despite their challenges, the multiple case study strategy was suitable for this study. It was selected for this research in order to have a representative view of the different perspectives from the two companies selected (Creswell, Hanson, Clark & Morales, 2007; Gillham, 2010). It also allowed for an in-depth exploration and comparison of the two African EMNEs selected. It enabled the understanding of whether the two companies' experiences were the same or if there were any differences despite both of them being from South Africa. This research attempted to understand how African EMNEs have succeeded in OFDI by establishing if the identified competitive advantage in chapter one and two were used to succeed. Therefore, with the research trying to answer such questions such as why, how and what, the case study strategy was deemed most suitable (Saunders & Lewis, 2018; Yin, 2009).

As this research was carried out over a period of six months, the cross-sectional design was used mainly because of time constraints (Saunders & Lewis, 2018). The research interviews were conducted and completed in a short and specific time horizon (the participants were only contacted once for data collection), unlike the longitudinal design with data collected at multiple time frames (Moorman, Rindfleisch, Malter, & Ganesan, 2008). This design was also ideal as the data for this was collected from multiple groups.

For this qualitative study, semi-structured interviews were conducted as this was the most used and suitable method for qualitative research (Saunders & Lewis, 2018). As indicated previously, as a result of COVID 19, these interviews were conducted virtually. The questions from the interview guide were asked based on relevance of who was interviewed, as not all these questions applied to all participants (Saunders & Lewis, 2018).

Furthermore, the use of semi-structured interviews allowed the participants to have full control of the narrative and not be restricted by formal or structured interviews. The questions asked were in a form that helped guide the conversation but not restrict the interviewees' feedback. Interview questions were based on the themes picked up from the literature with the research questions in chapter three used as a base to structure these. These were a guide and not a set structure of the questions that were asked. These questions were centred around uncovering and expanding on the competitive advantage of EMNEs from an African context.

4.3. Population

The population consisted of African EMNEs that have succeeded in the internationalisation of their firms. The research was focused on two South African companies in the manufacturing industry that have both invested outside South Africa.

4.4. Unit of analysis

With the unit of analysis being made up of the sub-group of the chosen population (Saunders & Lewis, 2018), the identified unit of analysis was the EMNE managers and executives involved in the organisations' decision-making process or involved in the strategy implementation team. These participants were enlisted by using the researcher's informal network (LinkedIn connections). To ensure detailed insights were obtained, the selection criterion was that participants must have been involved in:

- the internationalisation process of the identified organisation; or
- consulting the executives on the process; or
- the strategy formulation and high-level decision making in the organisation.

Secondary company data was also used for triangulation purposes, detailed in the research result section in chapter five. This was done by reviewing both the interview

results as well as the company secondary data to further explain the outcomes of the observed results (Hollweck, 2016; Yin, 2009).

4.5. Sampling method and size

It was important to select companies that had internationalised through OFDI as they were in a better position to give insights on their experiences or challenges in remaining competitive in this space. A multiple case study strategy was used where 12 participants in total from the two companies were required to collect the data. The sample size from each company was made up of six participants.

Even though the researcher's informal network was used, the full list of participants was not known beforehand. As a result, the non-probability sampling method was more suitable for this research (Saunders & Lewis, 2018). The purposive sample was utilised as it allowed for the researcher to use their own judgement in selecting a sample from the population that was able to give best insights, as not all individuals in these organisations have the adequate exposure to offer insightful answers on this specific topic (Saunders & Lewis, 2018).

4.6. Measurement instrument

There were six ways in which information could be collected for this case study methodology such as using pre-existing documents on the subject, archival records, interviews, direct observations, participant observation and physical artifacts (Creswell et al., 2007). However, semi-structured interviews and pre-existing documents in the form of theory were used to collect information and insights for this research. This is a data collection method that allowed for open-ended questions to be asked. These questions were asked using a set of predetermined questions from the interview guide (Wright, 2017). While this process was semi-structured, it provided a better structure or directed the interviews better than if an unstructured interview method had been used. It also allowed for the interviewee not to feel restricted in the way they answer questions, which allowed for better insights or responses being captured.

The theory together with the research questions were used as a guide when developing the interview guide (see interview guide in Appendix 1, table 7). Given (2012) stated that semi-structured interviews use interview guides that are developed

in advance and can move from one question to the next depending on how the interviewee answers. This is the best method for this research as it allowed the interviewee to share openly and not feel restricted and allowed for maximum insights to be obtained. The interview guide first indicated the purpose of the interview on a high-level and kept it flexible which allowed the interview to take the direction that the interviewee decided to take when giving their responses, and enabled new information to be uncovered.

4.7. Data collection

The case study methodology had six steps involved in the data collection process, namely, the compilation of the research questions as seen above, the selection of the research method, ethical clearance process, interpretation of the data, getting permission from the research participants, and lastly the assessment criteria (Rashid et al., 2019). The first two steps have already been covered and this section will only focus on the last four steps.

Before any data was gathered for this research, the first step was getting ethical clearance from the Gordon Institute of Business Sciences (GIBS). This ensured that proper measures were put in place in getting consent from the participants and that confidentiality was maintained. Participants were made aware of their role and assured that their rights as well as their organisation's rights were protected (their contribution was kept confidential). The following information was shared with the participants on how they would be protected (Rashid et al., 2019):

- Before the commencement of the interviews, a permission letter was requested and obtained from both organisations.
- The participants were given consent forms and the research information sheet before the interviews commenced.
- The participants' and organisations' names are not published in the report and pseudonyms are used.
- The recordings and transcriptions of the interviews were saved on google OneDrive where they will not be available for public consumption for minimum of ten years.
- The participants' privacy remains protected throughout the research process by also ensuring that both the independent transcriber and editor signed confidentiality agreements before the commencement of their services.

- The participant's deception was eliminated by ensuring that the participants were made aware of all the requirements and intentions of this research.

Once the ethical clearance was received from GIBS, permission was requested from the participants to take part in the study as indicated above. It was important that enough time was given to this process to ensure that the participants were given adequate information and were able to make an informed decision regarding taking part in the research (Rashid et al., 2019).

Once all the formalities were covered, only then were the interviews conducted. As this is a qualitative study done in the difficult time of COVID-19, only video conferencing was used to collect the primary data, as observation and face-to-face interviews were difficult and risky to facilitate. Video conferencing helped with ensuring that the interviews were standard, and the data quality of the interviews was improved using recording tools.

For the interpretation of the recording, transcription of the recordings was carried out using a third-party independent service provider. As indicated in the ethical clearance step, to ensure that the participants and their company were protected, the third-party independent service provider was made to sign a non-disclosure agreement. This ensured that these recordings are protected and not shared with anyone unless permission was given by the interview participants. The recordings were used strictly for the purpose of this research. The editors were also made to sign non-discloser agreements to also ensure a continued protection of the participants and their obtained company information.

Twelve interviews were conducted in total. The average length of these interviews was 49'22''. The shortest interview that was conducted was 28'59'' and the longest interview was 1h10'36''.

4.8. Data analysis

The audio recordings from the interviews were transcribed and analysed (Saunders & Lewis, 2018). This data was then captured into ATLAS.ti to help manage the data analysis process instead of it being done manually. The data collected was analysed using four steps: prepare, explore, specify and integrate (Rashid et al., 2019).

The data preparation and analysis stage entailed reading the transcripts repeatedly to get familiar with the outcomes of the interviews. From this, themes were identified, collected and grouped through the exploration step (Rashid et al., 2019). These themes were then sorted into codes to allow for further analysis. These were then grouped by company for comparison. Once the codes and themes were identified, associations between the data collected from these two companies were checked in the specification phase. Some codes which were similar were merged (reducing the number of new codes from 143 to 94). Lastly, once all the five steps were covered, integration or triangulation was done to compare the insights from these two companies (Hollweck, 2016; Yin, 2009).

As indicated in figure 2, saturation was reached by the seventh participant, however more participants were interviewed to ensure that no new codes were left out (Boddy, 2016). Despite getting two new codes from participant 10, the trend was still declining and indicated saturation.

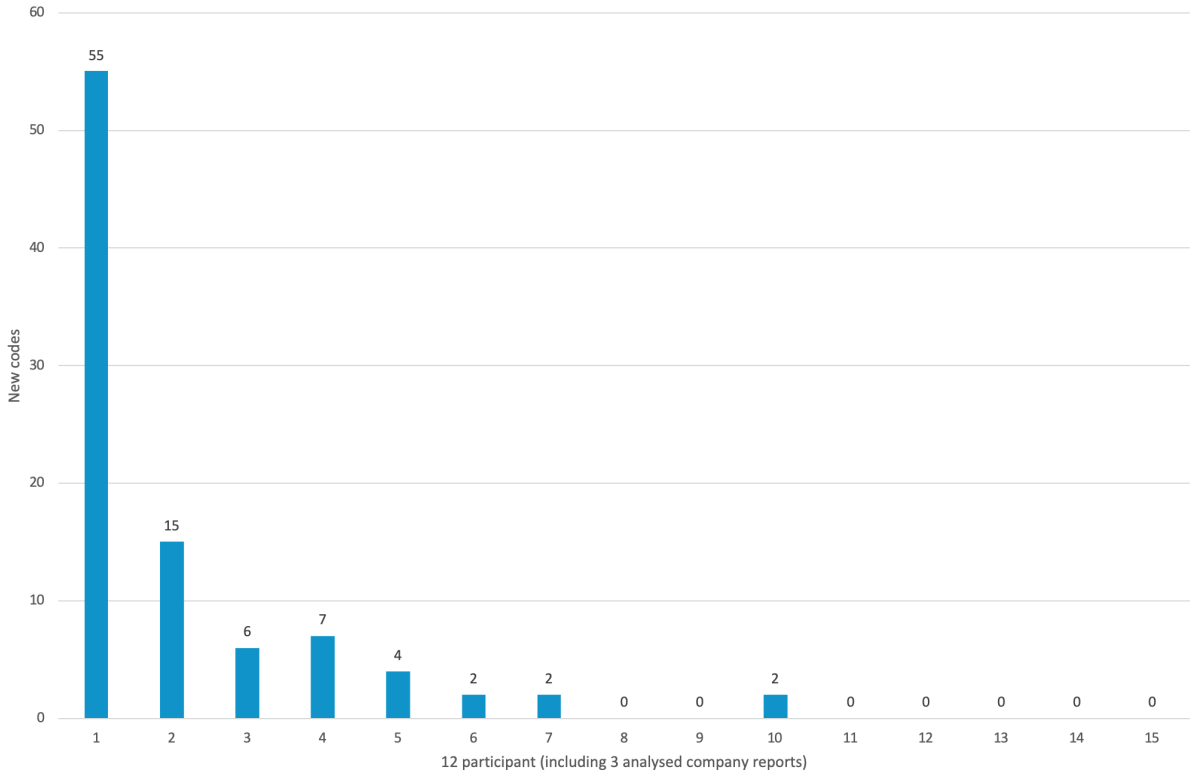

Figure 2: Number of new codes by interview (researcher's compilation).

4.9. Validity and reliability

Quality control was ensured using recordings which were transcribed as this was better than handwritten notes. Accuracy of these transcriptions was ensured by listening to the recording while proofreading the transcript to ensure no data was left out or captured incorrectly. Adequate time was allocated for the interviews to make sure that all views were captured, and no detail was overlooked as a result of time constraints. The interviewer preconceptions were stated upfront before all the interviews. The interviewer made sure that the interviewee was made aware that their identity and company name would not be disclosed. This helped the interviewee feel safe, ideally leading to the sharing of quality information.

4.10. Limitations

The time constraints presented a limitation as it restricted the number of companies and participants that took part in the research. Also, because of this constraint, it was difficult to explore all the aspects in this one study. There are several EMNEs in Africa and in different industries, however, for this research a case study was only done on two manufacturing companies. This was a limitation as the findings of the research gave a broader view or experiences but was only limited to the two organisations in the manufacturing space within South Africa. As the sample was not a general representation of the population, the gathered data was therefore not generalisable. Lastly the researcher was not an expert in research and the results might be distorted by the researcher's bias in the interpretation of the information and might lead to the study having a biased outcome.

CHAPTER 5: RESULTS

5.1. Introduction

In this chapter, the results from the research questions in chapter three are presented using the themes that emerged from the interviews conducted. The findings from the data that was collected during these semi-structured interviews are presented. The structure of this chapter is as follows: the company descriptions and dimensions are presented first followed by the presentation of the results per case study under each identified theme.

5.2. Sample, company descriptions and dimensions

A purposive sample was used for this research as defined in chapter four, which allowed for researcher's judgement in selecting a sample from a population that was able to give the best insights (Saunders & Lewis, 2018). A total of 12 participants were interviewed. The sample was taken from the manufacturing industry and the with participants occupying the below positions identified in table 1. The participants fill various roles in the organisation from plant manager (South African expatriate based in Kenya to facilitate with training and skills transfer to the local team), business analysts that assist with researching the expansion projects, and lastly the group CEO. The initial selection criteria for the participants were to interview individuals that had been part of the expansion projects. This was not possible in some instances as some of these individuals had left the organisations. Therefore, in those cases, individuals who had inherited these expansion projects were interviewed.

All these interviews were conducted using Microsoft Teams because of the COVID-19 regulations and the risks involved with face-to-face interviews.

Table 1: Sample Industry and participants roles

Industry	Positions	Number of participants
Company A	Managing Director	2
	Finance Manager	1
	Operations Manager	1
	Business Analyst	1
	Head of Supply Chain	1
Company B	Plant Manager	1
	Deputy Group CEO	1
	Senior Group Executive: Human Resources & Corporate Affairs	1
	Senior Group Executive: Marketing & Commercial	1
	Senior Group Executive: Finance	1
Total		**12**

To also allow for a representative view and different perspectives, the multiple case study strategy was suitable for this study, with a selection of two manufacturing companies (Creswell et al., 2007). As a result of the time limit in reaching EMNEs from the rest of the African continent to take part in this study, two South African companies that have presence in multiple other countries in Africa were chosen. The selection criteria were based on the years in operation and the size of the company (in terms of scale in South Africa) and the rest of Africa experience of five years or more. The company descriptions and dimensions are presented in table 2. The company names were replaced with pseudonyms to ensure anonymity of the participants from both companies.

Table 2: Company descriptions and dimensions

Dimension	Company A: Cement		Company B: Glass	
Year company founded	1892		1944	
Country of origin	South Africa		South Africa	
Industry	Manufacturing		Manufacturing	
Ownership	Public company		Private Company	
Markets	Southern Africa: Botswana, South Africa and Zimbabwe; Eastern Africa: Ethiopia and Rwanda Middle Africa: DRC		Southern Africa: South Africa Eastern Africa: Ethiopia and Kenya West Africa: Nigeria	
	Location	**Year of Entry**	**Location**	**Year of Entry**
Process	Botswana	1999	Ethiopia	2019
	Zimbabwe	2001	Kenya	2015
	Ethiopia	2017	Nigeria	
	Rwanda	2013		
	DRC	2017		

5.3. Introduction to the cases

5.3.1. Company A: Cement manufacturing

Company A is a cement manufacturing company that has an extended reach in the sub-Saharan region and has in recent years expanded into east and middle Africa (with a rest of Africa experience of more than five years). The company has experienced some success and a few lessons learnt which are shared in the interview results.

5.3.2. Company B: Glass manufacturing

Company B is a glass manufacturing company that was established in 1944. Since then, a lot of developments have taken place including its expansion into the rest of

Africa and recently delisting from the JSE. This company is a market leader in its industry in Africa and currently operates in the southern, eastern and western parts of Africa.

5.4. Presentation of results

The results in this chapter are presented following the structure of the research question in chapter three and the identified themes for each question. Not all the interview questions in the interview guide were asked individually, as the answer might have been built into another question.

5.5. Results for research question 1

Research question 1: How do EMNEs use their competitive advantage to compensate for their competitive weaknesses or ownership disadvantages, catch up and even surpass their competitors?

The aim of the first research question was to answer how African EMNEs have used their competitive advantage to remain competitive and overcome their competitive disadvantage. The aim was to establish if the competitive advantages identified in literature (as indicated in chapter two) apply to the African context. As a result of relevance while conducting the interviews, four out of the five interview questions were answered (these questions were used as a base when constructing the themes). The themes that emerged in the data analysis were the expansion strategy, the resistance and challenges encountered, competitive advantage and the cost advantage.

The identified themes for this research question are as per figure 3 below:

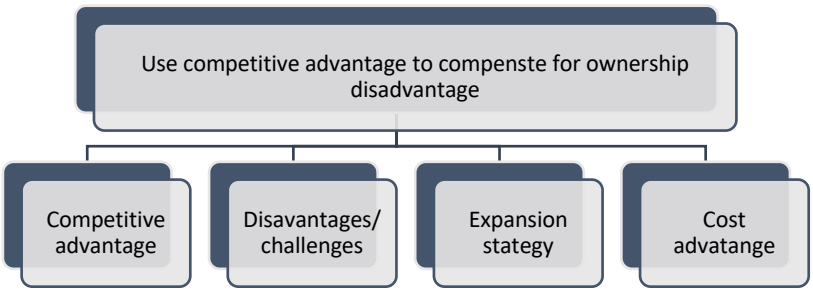

Figure 3: Overview of themes for research question 1 (researcher's compilation).

5.5.1. Competitive advantage

Table 8 (in Appendix 2) contains a list of codes and frequencies of the factors that the two companies have identified as contributing to their competitive advantage that have also played a role in enhancing their competitiveness as they expand into the rest of Africa. These are detailed in the results section below.

Results: Company A

Advanced technology

Even though the participants identified their investment in technology as a competitive advantage, little feedback was given on how this has played a role in their company being competitive in the rest of Africa. However, the participants alluded to it by indicating that they have improved processes and efficiencies which improves product quality.

> *Company A report: "Company A will continue its drive to improve processes and efficiencies, entrench an ethical and responsible culture, and embed a high-performance approach to doing business."*

Other participants reported on the impact that their companies' technology is having environmentally, and savings which the organisation is achieving as a result.

> *Company A report: "Company A's investment in technology to enhance its energy efficiencies will ensure that its environmental footprint diminishes as it concentrates on reducing air emissions, minimising waste, recovering and recycling raw materials and conserving natural resources."*

Product quality and innovation

The participants and the secondary company data indicated their quality products are what sets them apart from their competition (if there is more than one player in that country). However, advanced technology based on the data, was not to be the only reason the firm produces quality products; the strong technical skills of the team was also indicated as a contributor.

Phapha: "We have a very strong technical team so that in itself is a very good advantage because we know the product you make is quality. So if we can make a quality product."

Company A report: "As a proudly South African organisation, we differentiate ourselves by offering our customers cost-effective, high-quality cement and related products."

Furthermore, Company A stressed the importance of product innovation in remaining competitive and proving quality products.

Company A report: "Understanding that innovation is critical to delivering quality products and services at the lowest possible cost, Company A consistently improves its products and processes."

Strong technical skills

From the discussion, the participants also reported the employees' technical skills as an advantage. In particular, they highlighted the added value this has offered both in the South African market and the rest of Africa. With all the technical training they have been giving customers on the product, customers can easily identify if the product is up to specification or not.

Pheme: "The other area where we've had advantage is in our technical know how, we produce a very consistent product. And, well, the man in the street won't pick that up, you find that in these countries, like in South Africa actually now there's a lot of smaller businesses making their own cement bricks for example, and those guys pick up very quickly."

Additionally, the participants indicated that it was difficult to find skills in these foreign markets and they relied on their South African skilled staff to train the employees in these markets.

Phapha: "*It's very difficult to find skills…when we started resourcing people… We also tapped a lot on to the original skills. And we tapped into Company A key resources and we've moved… a few people from the organisation to go and set up the business."*

First mover advantage

Company A participants revealed that they have been the first in most countries to open a cement plant. Notably, they were the first in South Africa to open a cement plant and, because of that, they have managed achieve economies of scale in South Africa. However, it is important to note that respondent's indicated that with the investment into the rest of Africa, they were the first in but in terms of scale, it does not match the South African market.

> *Pheme: "So one of the criteria were, was that we, if we moved into a country and wanted establish a business there, we wanted to do it where we could be at least, number one or number two, in, in the region. Because we know that that's the advantage for cement companies to have scale."*

> *Pene: "So when one starts to go through the history and then, you know, how did Company A get into this market, you know, as a, as a first factory in South Africa in Pretoria."*

Home base advantage

Participants noted the importance the size of their operation held, especially in terms of procurement. They indicated that they managed to leverage on the good agreements and relationships with suppliers that were established from the South African operation to benefit their other operations on the continent.

> *Pheme: "What advantages did we get well obviously we could use our knowledge from South Africa in terms of sourcing and we particularly around coal, we've managed to source coal very competitively for the operations in other countries. We put together procurement arrangements with, let's say, the paper bags that we pack the cement in, with that in with a South African supplier, which is now exported to these countries. So really it's, it's, we have managed to use the advantages of our experience, our buying power in South Africa, to assist in on the production costs."*

The participants also emphasised the importance of a profitable home base in order for the company to support operations in these foreign markets.

Phapha: "You cannot expand, if you've got a very weak home base, your home base should be the one that really generates enough money for you to expand."

Results: Company B

Advanced technology

Likewise, Company B also stressed that having advanced technology, the continued investment in technology and the skills are their strongest competitive advantage. The continued investment allowed the company to have less manual labour and fully automated operations.

Candy: "The big advantage you have is our process knowledge and technology and our skills."

Company B report: "…continually invests in its manufacturing facilities and believes that they are well-invested and comparable with those of international glass packaging manufacturers."

Chris: "All our machines is fully automated our, our palletizers for example, requires only one operator."

Product quality and innovation

Meanwhile, Company B participants noted the importance of quality product in retaining its customers. Moreover, quality to them holistically meant the companies' ability to provide a consistent product in the rest of Africa (the same quality to what is being produced in South Africa). This is also supported by the secondary data from the company's report.

Cairo: "A key competitive advantage in terms of servicing our clients, and also in terms of making sure that we retain our clients, primarily is the quality. Quality has been our key competitive advantage it is very key for glass and if you want the integrity that a particular product perform on customer lines."

Chaka: "And I would think that's probably the only benefit of course, also being able to meet the expected quality as what you see in South Africa was, basically, our prerogative to actually do make sure that we don't differentiate

between the quality of supply in African markets compared to South Africa. But we got the same rules, same criteria. When we go to these markets. I think that that assisted us."

Company B report: "Senior management believes that Company B has achieved its long-standing customer relationships by providing its customers with reliable supplies of quality products at competitive prices and that its quality, technical expertise and innovation drive value enhancement and reduce costs for its customers."

Similarly, product innovation was also identified by Company B as being critical, not only to create cutting edge products but as a way to create value for their customers.

Charlie: "And what we think is as we are able to bring more complicated designs into Africa definitely when we start light weighting and bringing innovation from a bottle design point of view."

Strong technical skills

From the data, Company B had identified strong technical skill as an essential aspect of being competitive in the glass business. However, because most of the African countries are not industrialised, finding the skill in-country has been a challenge. Notably, having a well-skilled staff complement has allowed them to send some of their teams to upskill the locals.

Charlie: "When you look at the technical skills and knowledge that's ingrained within our organization and be able to deploy that into Africa."

Cebi: "And with that comes the second competitive advantage, which is the skill. And so it's an engineering skill. It's a glass manufacturing skill. It's a highly technical skill in terms of managing that process. So, our second very clear competitive advantage is the skill."

First mover advantage

Company B indicated that being the first mover in most countries with no established players has allowed the company to prove their competencies and benefit from economies of scale.

Company B report: "Market leader in the highly attractive glass packaging industry. Senior management believes that Company B is the largest glass manufacturer in sub-Saharan Africa, enabling it to benefit from economies of scale."

Company B report: "Our operations outside of South Africa have enabled Company B to prove its core competencies in new markets, and investigate fresh opportunities in emerging economies with no established glass manufacturing and packaging facilities, but which have an increased demand for this premium product."

Home base advantage

Similarly, Company B participants reported that their home advantages have worked in their favour in their expansion into the rest of Africa, as they have also been able to use their supply contacts from South Africa.

Cebi: "And then the other one would be our suppliers, likewise, also have local partnerships with multinational suppliers so some of our big raw material suppliers are the same raw materials suppliers that we have globally, those global contracts. And likewise, our machinery and equipment suppliers are the same machinery and equipment suppliers we would use in the South African market so that those are common themes, and our case, you could probably call those competitive advantages because we stick with that model those, that's the model we buy our machines from China and from India, we stick with what's proven technology that we use in our business, we try and keep that as a common theme."

5.5.2. Challenges

Table 9 (in Appendix 2) contains the codes that were established for this theme which forms part of this result section. The heading for this section was changed to "challenges" as the participants indicated that they do not see these as disadvantages and instead prefer to refer to them as challenges.

Results: Company A

Governance

The participants stated that the countries with no governance and continuously changing political environments were difficult to operate in. For instance, in these countries, tax regulations are not consistent or government involvement is minimal.

> *Pule: "I would say the biggest challenge in DRC is the political environment. So, variable and always changing."*

> *Pertu: "The model is so complex, the tax regime you have never heard such kind of you know taxes like six to taxes that, that the country has, and at different levels of politics. Yeah, just to get things done, you know, you will be talking to different authorities for same topic without getting any conclusion. So, it is quite very difficult environments."*

Bad infrastructure

The participants reported that the company has experienced a lot of infrastructure challenges especially with the rail infrastructure. They have since had to understand what infrastructure was needed at different operations and come up with solutions to work around the issue.

> *Pule: "Even within DRC Rwanda logistics, having, having a baseline understanding of what the logistics infrastructure is within the place that you are going, going into. Because most of your plants sit away from, let's say the capital, which is where the high consumption is. So, the closer you are to them, the more cost efficient you are, but also within these countries infrastructures is not well developed, so you need to understand the logistic network."*

Some participants even indicated that they had to be innovative and introduce a transport management system (TMS). This system helps reduce the travel lead time of the products and indirectly makes up for the poor road infrastructure and the distance to the customers.

Phapha: "We put in some systems to distribute cement in these countries, which were not there…. called TMS or transport management systems and services, and really to optimize to optimize your transport."

Complicated landscape

The Company A reports stated the need for being agile to be able to respond in the volatile economic environment of some the countries the company operates in, particularly in terms of adopting the local culture or understanding how things work (and avoid a plug-and-play model).

Company A report: "Company A operates in a volatile economic environment, and understands the importance of being agile and responsive to protect the sustainability of the business."

Phapha: "DRC terms of the political situation and also just because it's a very large country if you look at it, it's, It's got, it shares borders with about five different countries. And that in itself is quite complex because what you find in terms of customer behaviour in the southern of the DRC is not the same as the east, because it almost is like five countries in one."

Results: Company B

Governance

From the data, participants have highlighted the difficulty they have had dealing with authorities in such countries. It was also indicated that locals also get better support in these environments which makes it difficult and creates a lot of red tape for Company B as a foreign company.

Cairo: "Yeah, the I would say, you know, the dealing with the authorities, it has actually become a challenge, in a number of instances."

Cebi: "There's lots of phases and there's lots of bureaucracy to get things done. It's got to go to this department and that department and then and then and then and then that just creates a whole other red tape and it makes it very, very difficult to do things in these countries."

Bad infrastructure

Similarly, Company B also reported infrastructure issues. However, they in particularly reported energy issues where they have had to invest in infrastructure to support its plant operations.

> *Cebi: "So, so massive infrastructure challenges in a massive disadvantage."*
>
> *Cairo: "Yeah, I must say, it has been one of the serious challenges, and we had to learn very quickly… the nature of our business, we have a 24/7 operation, you need a constant supply of electricity, gas, or anything that you require your machines or your furnaces… As a result you need to have a stand by diesel [generator], which is kind of very costly… The next one was gas, gas is really important… we had to significantly invest a large amount of money for us to have some kind of a gas."*

Complicated landscape

The participants had stated how different the countries in the African continent are to each other. As a result, it is not possible to plug-and-play strategies from one country to the next as a result of these complicated environments.

> *Charlie: "I think we always thought that the African continent is one big continent, which is uniform. I think what we'd be learning is that we do operate in Nigeria, Ethiopia, and Kenya. And all three countries are totally different in terms of the laws, the regulations, the way of doing business, the culture net, and it's not one big copy paste model that you can take in all of their own nuances and their own way of doing business. As I think that's been the big, big challenge here. Definitely the banking system and ease of doing business. I mean, it is a lot more complex, a lot more difficult there."*

*5.5.*3. Resistance encountered

Results: Company A

From Company A, there were mixed responses on the question of whether the company experienced any resistance when entering these new markets. Some participants indicated that there was no active resistance as the governments in those countries were keen to have foreign investment.

Pheme: "I think, generally, there wasn't much resistance from governments. Obviously, you always have to involve governments and I think they're generally quite embracing of development."

On the other hand, a small number indicated that there was some form of resistance, but indicated that some of this resistance might have been self-inflicted.

Phume: "Ah, plenty. Some of it is self-inflicted. Nathi, we were, we were sometimes too arrogant where we take models, even the machines and paperwork and everything from South Africa and we get into Mozambique and we think we're just going to plug-and-play and people needs to just wake up the next morning and deal with us in the way that we prefer. And that, is what was wrong. I mean we did it in our business."

Results: Company B

Meanwhile, Company B participants stated that there was no form of resistance in their expansion endeavours. Governments in those markets were keen on the foreign investment and employment opportunities.

Cebi: "Jah, so. That's a good question. Actually no. So we found the governments in all these countries, very proactive and very keen to have foreign investment."

5.5.4. Expansion strategy

Some of the results under this theme indicate what the two companies considered as check points before embarking on expansion projects. For the purpose of this section, the focus is on the results with the highest frequency out of the list provided in Table 10 (in Appendix 2).

Results: Company A

Research

From the gathered data, a lot of the participants from Company A highlighted the importance of researching the market economy of any African country before investing. This was to understand any associated risks of investing and, for Company A, also allowed for them to check if there was existing brand resonance.

Pene: "Understand the African markets better, and also to appreciate associated risks of investing in this African markets."

Pene: "So normally when we go into this market, we also do our study to understand, you know how well the brand resonates with the market you know, obviously it's part of your due diligence before you invest."

On the other hand, participants had also noted that the results from the market segmentation research done for the South African operation was also used as a base when segmenting the rest of Africa countries.

Pheme: "We could use a lot of them. So our market knowledge in terms of how we segment the market in terms of what in user requirements are, in terms of what products you need for what purposes, we could apply all that to those markets might have had to, to change or tweak things but at least we had the fundamentals in place that we could analyse the market with that background."

Adopt local environment traits

One of the criteria identified by the participants was having employees or leaders with the right emotional intelligence sent in-country to run the expansion projects. Past experience had shown them that when this was not done, there were many clashes with the teams in-country. Being able to adapt to the local ways of doing things was also highlighted as the most important expansion criteria, as this removes concepts such as "them" and "us" to rather have employees operate as one team.

Pene: "…And that's why one of the key elements for success is you must have people that you export from your home country to this new markets that have got that right, EQ, that can be fully integrated in those regions, because if not, it will create us and them situation. So, I've been very selective in terms of who I'm moving to the continent from Company A or from South Africa."

Phume: "One thing that I would say is when you go into unfamiliar territory, the differentiator is the ability to unlearn and learn. And it sounds, philosophical, but it's a very simple thing. The ability to unlearn. You have to unlearn what you know and has worked all the time, to understand the new that you are facing…"

Company A secondary data also supports this statement.

> *Company A report: "Every employee is critical to the success of the business, and the company strives to ensure that its inspiring, diverse and ambitious culture is embedded throughout the organisation."*

Expansion driven by strong home base

The participants reported the importance of a strong home base in order to support the expansion projects until the point where they start making profits.

> *Pene: "You know, it weakens your position in those new markets because new markets in general. It's a, it's a wait playing game you know you need 4, 5 or 6 years or so, you know, to start thinking of dividends, and if we don't or cannot support those new markets out of your home base, you'll be in trouble. And for me that is one of the key elements."*

Results: Company B

Research

From the Company B data, their research was not only centred on understanding the economy but also on understanding their customers' business and growth dynamics.

> *Cebi: "Understanding our customers businesses, and understanding their growth dynamics and the you know their product challenges, pricing, brand competitive environments, competitive environments between segments, say in the beer industry or the spirits industry. We want our key competitive advantages understanding the market dynamics, and then bringing that intelligence back to our business in order that we invest adequately for those market demands going forward."*

Adopt local environment traits

Similarly, Company B participants indicated that just because their company is African, it did not automatically guarantee that they will succeed in the rest of the continent. They indicated the importance of adapting to the local cultures in order for the company to have a chance at success.

Cebi: "And probably you. What we did is we loop back to say that actually being an African company is perhaps not really true. It's not really something that is a competitive advantage… in order to be successful in these territories, you have to adopt the cultures within those countries you have to adopt them as your culture in those markets, that's a key advantage."

Expansion driven by strong home base

On the other hand, the Company B secondary data noted that they drive the growth in the South African margins to pursue further growth in the continent.

Company B: "Continue to drive profitable growth in the South African market and benefit from operating leverage. The Group intends to leverage its leading market position in South Africa to continue to enhance its profitability and improve its South African Adjusted EBITDA margins as it pursues growth."

5.5.5. Cost advantage

Results: Company A

Company A indicated there are no cost advantages that they get from the other operations. They shared that while their production costs might be low, their labour cost are slightly higher or the same as those in Africa – not lower.

Phapha: "In terms of low labour, we don't really have that advantage, but maybe then in terms of our costs, we have that advantage in terms of being a low-cost producer. I know in Zimbabwe, we actually are. We are the market leader and we are low cost producer."

Results: Company B

There was a mixed review in terms of labour and production cost advantage from the participants. The general output was that Company B did not experience any cost advantage in the rest of Africa.

Chaka: "If you look at the labour cost of those countries, compared to South Africa, they're actually much more expensive. But so basically from a labour costs perspective, there's not really a major advantage in other jurisdictions."

Charlie: "I would say there is a difference in terms. While there's definitely a difference in terms of the cost. You know each country has got its own nuances, it's got its own cost structures that are embedded in the operations, for example, on a period basis, Kenya is more expensive, relative to the other two countries. However, electricity is also quite expensive. The Nigeria, you don't have electricity, you've got really cheap gas, expensive oil and diesel, for example. So, all of those do play out."

5.5.5. Summary for research question 1

Both these companies indicated the importance of having a strong competitive advantage that can set the company apart when moving into the foreign markets. This is done by having a unique value proposition such as having the latest technology good quality product (and innovating where necessary) to set you apart. However, these are not the only important aspects to ensure the company is competitive. For the company to be successful in these markets, it also needs to ensure that it has secured market scale by being the first mover in that market with the right skills and financial backing to support the expansion.

Additionally, what is highlighted by the companies is the need to be flexible enough to innovate and adapt where necessary for the companies to remain competitive. For example, they highlighted the need to innovate their own transport system to make up for poor infrastructure. On the other hand, companies need to be aware of the need to adapt if the home country culture does not suit the current market they operating in.

5.6. Results for research question 2

Research question 2: How have the EMNEs exploited advantages in their markets while acquiring strategic assets to fill the gap caused by their disadvantages?

The aim of the second research question was to answer what literature had described as the reason EMNEs expanded outside their home country. This question aimed to answer if African EMNEs' expansion also served as a springboard to acquire fundamental resources in order to reduce their vulnerability. This question also aimed to answer whether EMNEs had acquired any strategic assets that have,

as a result, allowed them to effectively compete while reducing their institutional weaknesses. As a result of relevance again in this section, five out the six interview questions were answered (these questions were also used as a base when constructing the themes). The themes that emerged in the data analysis for this question were: the barriers to entry, the opportunities created, closing the gap, and the customer buy-in.

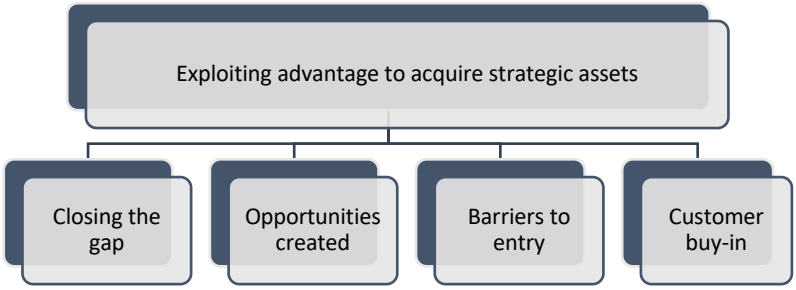

Figure 4: Overview of themes for research question 2 (researcher's compilation).

5.6.1. Closing the gap

This section uncovers how the companies influenced decisions on securing opportunities for the company and the employees. Table 11 (in Appendix 2) indicates the codes that were identified in this section.

Results: Company A

Invest to empower

The participants in Company A stated that for the company to be in good standing with the locals or government, they invest in all employees (as this is the company's motto). This included upskilling locals through skills transfer or formal training.

> *Pene: "Our model is, you know, we invest to empower, and it may take us longer, but we will not get into a country and buy trucks, take over logistic, take over distribution network, take over every single thing you know, where all employees is all Company A and then then then you lose your purpose as a business because you know, our purpose is to invest to empower."*

Additionally, the participants believed that having low expatriates in-country facilitated the skills transfer.

> *Pene: "We also tapped a lot on to the original skills. And we tapped into Company A key resources and we've moved, you know, a few people from the organization to go and set up the business, and this this one or this capability part you know, when it comes to turning around such operation so we have about 4.6% of expatriates in that business it's not a lot, but we really tapped into the diasporas. And we used our, our network to bring in, you know, regional and South African people especially South Africans in terms of just setting the tone with regards to how we do things in company A."*

> *Phapha: "Transformational leadership versus a transactional leadership."*

Results: Company B

Invest to empower

Similarly, Company B implied that by empowering the local teams through a decentralised operating model, this will create opportunities for the company. The participants also noted the importance of not deploying too many expatriates in-country.

> *Cebi: "I think more importantly would be having a local management team. So, certainly oversee it from, from South Africa but in many respects we operate a decentralised model whereby the businesses in those countries run themselves."*

> *Candy: "I think, the disadvantage is you now have to go and create a local team, a greater Company B culture, loyalty to the Company B business as opposed to the country itself and we often see that whenever the guys get it wrong, is that they use like an expect model. They don't integrate the local management team and that becomes a them versus us problem. I think that's a big weakness of your competitive advantages helps you."*

5.6.2. Opportunities created

Results: Company A

Large footprint

The participants reported that the companies' large footprint created distribution advantages (for export to countries in the neighbouring countries or internally, in terms of moving materials around).

> *Phapha: "But then, at times you actually don't need to have an actual Company A operation in the country. So what could happen is that we could actually see if it's, if it's a country that's strategically placed it could actually just mean getting, say for example there's a project in Malawi getting product from Zimbabwe to Malawi, as opposed to actually having to expend out more cash, building an operation in a different country."*

Results: Company B

Large footprint

On the other hand, the secondary data in Company B indicates that the footprint advantage contributed to reducing lead-times from supplier to plants.

> *Company B report: "Company B major customers include leading beverage and food companies operating in Africa, such as xxx (following its acquisition of xxx), xxx, xxx, xxx, xxx, xxx and xxx. Company B enjoys long-standing relationships with each of its major customers. Company B benefits substantially from having its facilities located in close proximity to its major customers and supplies of key raw materials."*

5.6.3. Barriers to entry

Results: Company A

Capital-intensive

One of the most common barriers to entry that the participants reported was that this industry is capital-intensive. Above all, this did not only refer to the investment that the companies put in but also the time it takes for the companies to see returns after

investing. This is why in previous sections the participants had indicated that the company needs to have a strong home base.

> *Pene: "It's a capital-intensive industry. So that barrier is a huge investment that investment is not for anyone, only for those that really can put in money."*

Results: Company B

Capital-intensive

Similarly, Company B secondary data reports that the barriers to entry for the glass industry is also capital. One participant had indicated that it is mainly for the reason that the infrastructure has to be replaced every 10 years.

Company B report: "Glass production is a capital-intensive business as a result of the processes and technologies it employs. The Group has invested significantly in its manufacturing facilities."

5.6.4. Customer buy-in

Results; Company A

Customer education on brand offering

The participants in Company A stated that for most of the countries they have expanded to, they invest in setting up technical training sessions to educate local customers about their brand. However, they indicated that they normally use the existing product goodwill and only launch their South African brand once buy-in has been secured. This was also supported by the company secondary data.

> *Phapha: "So it's a lot of customer education, which actually then gives them a lot of buy-in because we also engage with them, which then makes it easier for the brand to actually establish itself in the market."*

> *Company A report: "To help protect the industry, we implemented the following initiatives: We launched a campaign to increase consumer awareness of poor-quality products."*

Results: Company B

Customer education on brand offering

Even though Company B is a B2B business, customer education remains important to the business. The secondary company data reports the main reason behind this initiative is the opportunity to highlight the unique aspects of their product compared to that of competitors.

> *Company B report: "Company B advertises to create demand and promote glass as the packaging of choice for consumers by highlighting the unique functional benefits of glass as well as its superior quality, environmental and health properties."*

5.6.5. Summary for research question 2

Based on the above feedback, it is evident that market advantages do not only relate to the size of the business but also the capabilities found in the business. Both these companies have indicated how they have used their leadership skills to empower employees in the new foreign markets they have expanded into. Company A has gone further to say their company is more about transformational leadership, not transactional.

Therefore, we see that these companies have not only closed the gap by using the strong financial home base, but by also investing in their employees, adapting products to get customer buy-in and, lastly, adapting the internal culture to get buy-in from their employees and customers in those markets.

5.7. Results for research question 3

Research Question 3: How have historical/network relationships promoted internationalisation in the South Africa region? What opportunities were established and exploited as a result of these relationships?

The third research question aimed to answer the important role that network relationships have in promoting internationalisation and opportunities that resulted from these relationships. For research question three, only two out the three interview questions were answered which again were used as a base when constructing the

themes. The themes that emerged in the data analysis for this question were: the reasons for expansion and leveraging on networks.

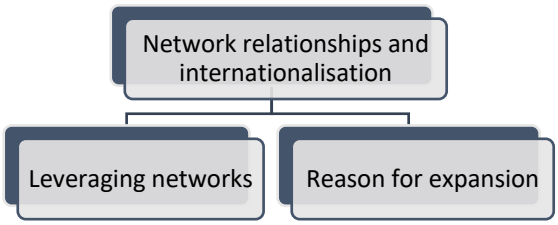

Figure 5: Overview of for research question 3 (researcher's compilation).

5.7.1. Leveraging on networks

This section reviews the results to determine if either company had existing networks that influenced their expansion strategy. Table 15 (in Appendix 2) presents the codes and their frequency for this theme.

Results: Company A

Need strong local partners

For Company A, the participants highlighted that the country selection was not determined by pre-existing networks. However, they only established these partnerships after the business case had been drafted. They also added that these networks only existed in countries where they had acquired another company. These were mainly with previous owners of the companies or locals that had interest in the business.

> *Pheme: "Um yeah so we actually have to build it from scratch and most of the most of the markets, or most of the countries.… And so what we did was we had to first of all, obviously build up a network of either a local with a local partner, or with the government, but we didn't have any existing, we didn't have any existing networks, because really we had to start from scratch."*

Additionally, the participants also indicated that the reason they needed a strong local partner was for the market insights as a well as helping influence the local stakeholders (including employees).

> *Pene: "So, so I think for me, those are the key lessons you know when you're going to these markets, strong local partners, you know, that can deal with those domestic issues. And, and in terms of governance, set up very strong shareholders agreements that, you know, protects you, and, and, yeah, you know, and I agree upfront for example on the value added Company A brings into this entity from a technical and management agreement upfront, you know, that we should sign those things upfront and negotiate some of the commercial issues with the authorities upfront before you put a cent, because the minute your money's in your will never be able, you don't have any leverage to negotiate for favours."*

However, in greenfield countries, the company did not have any networks even after the plant was commissioned. As a result, some challenges were experienced where the leadership team found it hard to connect with the local team.

> *Phapha: "Yeah, we did the DRC was the last place we went to, I think, was also the, if I can say that mistake that we made with the DRC is that Company A went in, if I can say on a solo venture so you're, you're an external company going into a market you know nothing about, and you're going to be the sole partner in that project. So how we actually try to approach that differently is yes we're going into a new market but we will not do what we did in the DRC, so we will kind of more, take a more conservative approach."*

<u>Expanding where South African customers operate</u>

As indicated by the participants, Company A as a cement producer never has any pre-existing customers when they enter a market and this was identified as a disadvantage.

> *Pheme: "We unfortunately couldn't move on the back of maybe there's a significant customer which I think some businesses have been able to do. So, for instance if there was a big customer obviously in South Africa for us, is let's say a Cash Build, which is a huge retailer. There weren't Cash Builds in*

any of these other countries which you could go to them and say okay we're going to come into the country and supply you with cement and can you help us navigate this. We didn't have that benefit. Unfortunately."

Results: Company B

Need strong local partners

For Company B on the other hand, the company only expanded in countries where their global customers were already in operation. The participants stressed that they would never at any point expand into a country where their customer does not operate, as the company is a B2B operation. None the less, having a strong local partner (or equity holder as they referred to it) was also identified as essential for company B.

Cairo: "So the other one, what was important was with us going into those geographies, and one of them in particular, oh two, we had to go with the local partners. And as I said for me, really about choosing your local partners rightly, because we've also learned along the way that the partners that we ended up with from the shared business system, in terms of how do we run the business, there was a disconnect. Yeah. And the result of that at the shareholder level because of the disconnect and, and lack of alignment around how we need to work with businesses, what are the shared with that? What are the governance structures that we need to keep to have a head butt, and as a result of that, the business suffers."

Expanding where South African customers operate

As indicated above, Company B expanded into countries where its customers already operate.

Cebi: "Overtime you build this trust relationship. And when you then go to a new market, you already have a platform. And, you know, a means to their business, you know in that market, because they really, they really trust you, you know, they already know how you operate. They work with you already in this market. And if they're in another market then then then clearly that's a competitive advantage for us so. So, when we looked at these, these, these different nodes, one of the key things."

5.7.2. Reason for expansion

Results: Company A

To diversify risks

When Company A participants were asked what drove their company to expand into the rest of Africa, the main response was to grow and diversify the risks. As a result, some participants indicated that expansion was also carried out to insure they maintained their market share or dominance in the cement industry.

> *Pheme: "It was diversifying our risk. So, in 2007 2008 we couldn't keep up with the cement demand in South Africa. We were running all our plants, we recommissioned very old production capacity, and we were going flat out and that was great but we realized that that wouldn't continue in South Africa, which it didn't as we know after 2010, particularly in the construction environment, the economy slowed down considerably. So, it was really in that 2009 2010 where we said to ourselves, wait hold on, we've got to get into other countries, maybe I should one back."*
>
> *Pertu: "I think their strategy is just to defend and secure market share."*

Results: Company B

To diversify risks

Company B had a similar driver to expanding in the continent, which was to drive growth while diversifying their risk.

> *Candy: "That was pretty simple. We have a lot of market share in South Africa. And you know that that's always at risk. You're going to lose your market share over time. And we were exposed to just one country and one economy right. It's classical, I want to be exposed to more consumers and more markets, and I want to I want to diversify my risk across from one market, right? So that's what drove the strategy and the question is okay when we decided to expand out of South Africa."*

On the other hand, other participants also emphasised that the reason that pushed the decision to expand into the rest of Africa was the company slowdown. In order to avoid having excess capacity, expansion was explored.

> *Chaka: "At the time when we started these ventures. South Africa actually had quite a slowdown. So, we were quite as a business, exposed to that. And at that stage we had surplus capacity in South Africa, and we just said well, to continue growing the business. We need to look outside our borders."*

5.7.3. Additional results for overall learnings by participants

Experienced leaders

Company A indicated the importance of having experienced leaders to lead the expansion projects. These were defined as leaders who not only have the experience but can also influence the local teams positively.

> *Pule: "Even though we had those challenges. Without the right complement of experts, some of these operations would have fallen flat. You know, we would not be to the levels we are and it's not only about them but it's about them, imparting the knowledge, and getting the teams to work together."*

Likewise, Company B secondary data reported the importance of good leadership.

> *Company B report: "Company B's management and technical teams, which have strong backgrounds and operational expertise in glass packaging, have consistently added value to the bottom line, while maintaining quality standards, customer relations and technical innovations."*

Technical partnerships

Company A participants stated that in some of the expansions, it would have been better to start with a technical partnership (where they had partial ownership), and only fully take ownership of the plant once they had enough experience in that region.

> *Phapha: "We're like okay, this is the branch you want to put up who will come in as a technical partner. And then, should you make revenue of X amount, then that will convert some of that revenue into equity. So, then we get a bigger stake of the operations. And then they're also kind of mitigate our risk*

as Company A because depending on how much shareholding you have, some of the debt in the operations actually do not fall to our company."

Instead, Company B stated that maybe they should have financially invested instead of acquiring full ownership of local companies until growth in the business achieved.

Charlie: "Maybe the strategy should have been, rather stay in South Africa and, and just redeploy your capital, and wait until the growth spurt does come through."

5.7.4. Summary for research question 3

Both companies have indicated the importance of in-country network relationships for a successful expansion process. However, they have indicated that even though companies do not have existing networks before they expand, this does not affect the expansion process as these networks can be developed later in the process**.** Therefore, it is displayed by company A that a company can expand outside its home country without pre-existing networks and still be able to be competitive and succeed outside its home country.

5.8. Conclusion

In this chapter, the results from the research questions in chapter three were presented through the use of the identified themes that emerged from the interviews conducted. These results were used to answer the research questions presented in chapter three. These results are used in chapter six in order to compare and contrast them to the literature from chapter two.

CHAPTER 6: DISCUSSION OF RESULTS

6.1. Introduction

This chapter discusses the results and findings that were presented in chapter five, with the aim of addressing the purpose of this research as set out in chapter one as well as answering research questions set out in chapter three. The results from chapter five are analysed in parallel with the literature that was presented in chapter two in order to answer each research question to give an indication of internationalisation from an African context. This is done by contrasting and comparing the literature to that reported in chapter five.

6.2. Results for research question 1

Research Question 1: How do EMNEs use their competitive advantage to compensate for their competitive weaknesses or ownership disadvantages, catch up and even surpass their competitors?

6.2.1. Advantages

Four themes were identified under this research question to answer how EMNEs use their competitive advantage to compensate for disadvantages (or challenges, as referred to by some of the participants). The competitive advantages identified by the two companies were compared to the current literature. Even though part of the question was to identify if the two companies managed used their competitive advantage to surpass competitors, this is not covered in this section but will be recommended for future research. The companies did not indicate if their firms were able to surpass their competitors, however, they did report on how their companies managed to be competitive in this space.

Table 3 contains the top six common competitive advantages between the two manufacturing companies. Rumelt and Kunin (2003) described competitive advantage as the core component or unique offering of a firm in competitive environments.

Table 3: Summary of common competitive advantages

Ranking	Advantage	Frequency
1	Advanced technology	23
2	Quality products	17
3	Strong technical skills	13
4	Product and technical innovation	12
5	First mover advantage	11
6	Driven by strong home base	10

Advanced technologies

From chapter five, advanced technologies were firstly identified as the leading competitive advantage for both manufacturing companies. The investments that both these companies put into developing their manufacturing processes as well as their products has added additional advantages in the companies' expansion process. On the other hand, Ramamurti (2012) had highlighted that African EMNEs are technology laggards mainly because the firms do not have any new technology. This, however, contradicts with what the participants reported.

Product quality and innovation

The second competitive advantage identified was the quality products that these companies produce. The participants indicated that providing quality products ensured that the firms remain competitive. They also added that this allowed them to retain as well as attract new customers. This was driven by the quality products that these companies produce. More importantly, however, the advanced technology these companies had enabled them to provide a consistent product in all the regions they operated in. Falciola et al. (2020) also indicated the importance of product consistency outside the firm's home country in remaining competitive.

In addition to the quality products offered, both companies also highlighted their commitment to cater to their customers' specific needs using innovation (in an attempt to also cater for the local customer needs). Falciola et al. (2020) identified the importance of being able to adapt to the customers' changing needs as an

advantage. However, not all studies had identified EMNEs as innovative. Instead, Ramamurti (2012) and Contractor (2013) rated the EMNEs' products as standard product because of the reported speed in which this innovation takes place and because low costs are involved. These results are inconclusive, as there are some conflicting views when compared to those identified by the participants from the two companies. The literature views EMNEs' products as substandard because of the reported low-cost production with no technology. Meanwhile, the participants have identified their products as an advantage because of the quality it offers. There is therefore a clear disconnect between theory and the result obtained for this report.

Strong technical skills

The third competitive advantage identified by the participants was the strong technical skills that their employees have. The companies indicated that the technical skills were seen as an advantage. The technical skills that the employees possess are a direct contributor to the quality of products that these companies produce. However, for the companies to get to that level, they need to upskill the local teams. The companies' participants reported that the ability of both companies to transfer the skills from their home market employees to the foreign markets or local teams was an added advantage. Luo and Tung (2007) also highlighted the importance of having a good management team that can identify the right candidates and assign them to go in-country and upskill the local teams. Luo and Tung (2007) also acknowledged the importance of using the local team to upskill the foreign market teams. There is a clear connection with the above findings, and the literature in this section.

First mover advantage

The fourth competitive advantage identified was first mover advantage. Barney (1991) and Ramamurti (2012) are aligned with the results from chapter five where firms that have introduced a new strategy, new technology or industry in a market would have a first mover advantage. Both companies have indicated that when they move into a new market, they want to be the first company in their industry to expand into that market. This first mover advantage assists the companies to gain scale (which they get from being the first in the market). There is also a clear connection between literature and the results. For firms to have a first mover advantage, they need to have a unique value proposition and enter the market before competitors do.

Home base advantage

The last competitive advantage that was identified was the strong home base. For investments outside of the South African market, the participants indicated that a strong home base is needed before the firms can decide on investing. Both companies had a similar view on what their home base advantage is. The companies highlighted the importance of strong cash flow in table 8 (in Appendix 2) to support the business in the foreign market until it brings in a profit.

In addition to a strong cash flow, the participants also highlighted the importance of a strong home for procurement purposes. The participants indicated that their respective companies have leveraged the good supply network that exists in their home country. They have managed leverage the procurement connections in South Africa. The companies use this supply network to service their foreign market as well. As a result, this setup provides the firms with consistency in raw material quality. Ramamurti (2012) also supported this point as it highlighted that for expansion, companies need to ensure that they have a strong home base with a strong financial backing.

6.2.2. Challenges

Table 4 contains some of the highly reported challenges that both these companies have encountered in their internationalisation process. The difficulty to operate in some of these foreign markets has been because of governance issues, which were ranked the highest followed by poor infrastructure, complicated landscape and customers.

Table 4: Summary of the challenges encountered in OFDI (see Appendix 2 for full table).

Ranking	Constructs	Frequency
1	Governance: difficult to operate in rest of Africa	11
2	Challenges: poor infrastructure	9
3	Challenges: complex African landscape & customers	8

Governance

Participants indicated that governance in foreign markets made operating in those countries difficult. Both companies reported that in some of the countries they operate in, the policies are never constant. It was also highlighted that tax practices are different compared to those in South Africa. They also reported that there is a lot of bureaucracy in some of these countries, making dealing with authorities also difficult. All these have, as a result, created red tape in some regions.

Additionally, it was indicated that with some of the partnerships (networks), especially in countries where the firms do not have majority shareholding, the foreign market government dictated on local stakeholders' representation on the board. This created some division and passive resistance by some of the local stakeholders. This was reported to have created many hurdles for these two acquiring companies. They have no control or major input decisions in businesses environments where they have little board control. Luo and Tung (2007) concurred on the internal governance issues that were experienced by most EMNEs. According to these authors, internal governance issues were mainly created by the lack of transparency in decision making and poor accountability on any outcome or shortfall (Luo & Tung, 2007).

Chizema et al. (2021) also expanded on the government or policy issues faced by EMNEs in these foreign markets. It reported that once companies had made their acquisitions, some of the issues they are faced with includes the administrative issues that stem from the tariffs that are charged for the movement of their products or restrictions of movement if not handled accordingly. EMNEs are also faced with inconsistent policies which are driven by the economic instabilities in most of these countries (Chizema et al., 2021).

Poor infrastructure

Infrastructure was identified as the second biggest challenge. Both companies reported the difficulties they have experienced with the transport, water and electricity infrastructure. This has affected both firms' efficiencies because of poor road or rail infrastructure, some water disruptions or impact on production as a result of power cuts. Amankwah-Amoah et al. (2018) indicated that the bad infrastructure has resulted in decreased investment in the continent. Despite this, these two companies continue to invest in the continent.

Ramamurti (2012) also added that some firms have, however, managed to find a solution around these issues. Both companies indicated that they have also had to be innovative. For one company, a transport management system was developed to reduce transit time for products, where products were sent for delivery before the order was received. On the other hand, to make up for the power outages, these companies installed their own gas infrastructure to supply their plants with power.

Even though some developed countries have reduced the rate of investment into the continent because of the infrastructure issues, EMNEs are not discouraged (Chizema et al., 2021). One participant reported that they have taken some of this learning back into their South African operation. For example, the shortage of water in some of these foreign markets has helped them identify innovative ways of working with less water even in their South African operations, despite not having regular water disruptions.

Therefore, the conclusion is that infrastructure is a challenge, but it does not deter EMNEs from expanding into the content. Some indicated that some of the infrastructure issues in their home market have also made them tolerant and more resilient than companies coming from developed countries who have not been exposed to what these EMNEs have been exposed to.

Complicated landscape

The participants reported the complexities they have encountered while expanding their businesses. Both companies agreed that doing business in the rest of Africa comes with a lot of complexities as the continent is very volatile. Some indicated that the mistake made in the past was to think that the continent is “one big place that functioned the same”. One participant expressed it as saying their biggest mistake was thinking Africa is one big continent where strategies from South Africa can be implemented in a plug-and-play model. However, the companies have realised that they can never use a copy-and-paste model in the continent as the customers and the landscape in the African continent is very complicated. All African countries have different laws, regulations and a different way of doing business.

Degbey et al. (2021) reported that there are a lot of institutional and market complexities that are found in the emerging markets. They further indicate that because of these challenges, firms have had to develop special qualities to navigate

around these complexities. Additionally, Contractor (2013) highlighted that the EMNEs will therefore need to be patient and flexible enough to adapt to the uncertainties that exist. The leaders and the teams from the home market, therefore, need to also learn from their local teams (Contractor, 2013).

This aligns to what most of the participants had shared. The participants indicated that they were aware that the landscape is different when compared to their South African landscape and customers. They realised that whenever they tried to enforce the South African culture, they received passive resistance from the local teams. The team had therefore identified the importance of being flexible to implement and adopt the local way of doing things, depending on the region they were dealing with.

The participants' views for this point are also aligned to what the literature highlighted, that indeed the continent is complex and there are not a lot of similarities in each country, however, the leadership team and the company as a whole should flexible and open to change. They should be agile enough to adapt as they go, whenever the situation requires.

Expansion strategy

Table 5 contains some of the highly reported expansion strategy criteria that both these companies have encountered in their internationalisation process. Both companies reported research as the most important part of their expansion strategy.

Table 5: Summary of the expansion strategies criteria.

Ranking	Code	Frequency
1	Research: do sufficient market research	38
2	Merge: adopt to local environment traits	26
3	Expansion: driven by strong home base	10

Both companies indicated the importance of market research to understand the market and the route to market before embarking on the expansion. Research was also indicated as important in order to understand the customer needs as well as the market segmentation. Meyer and Thaijongrak (2013) indicated that networks have been identified as ways that organisations can gain insight into the markets. With no

pre-existing network for the cement manufacturing companies, for them this did not apply. The company had to do its own market research. However, for the glass manufacturing company, they only expanded into markets where their customers already operated and could leverage on those relationships to get further insights about the markets. Networks are discussed in detail in the network section below.

Despite research being ranked the first, adapting to local markets was an important point of interest to both companies. Both the leaders and the employees had a role to play in ensuring that their expansion was success. Both companies acknowledged that their initial expansion strategy was to stay within the Southern African region, expanding into countries that had similar culture and language. These were normally the English-speaking countries. However, both these companies have now expanded outside this region and further up into the DRC and Ethiopia, for example. The cultures and the languages there are vastly different. The governments' way of working in these countries is also different when compared to South Africa. These are also some of the regions where these companies might not have full ownership or local partners (which adds further to the complexities).

The participants from both these companies identified the need for the team to unlearn, learn and adapt. This was done by sending employees that have experience in working with foreign countries. Some participants from the cement manufacturing company referred to it as the right emotional intelligence (EQ). The participants also highlighted that it was crucial that the leadership and the rest of the team acknowledge that they need to unlearn some of their company's culture. Culture that did not fit into a certain region must be reviewed and a local culture must be adopted (in whatever form it comes). Joosub and Coldwell (2019) also built on this point, stating that a different culture or language can sometimes prevent a firm from fully emerging itself and understanding the environment it works in which, as a result, affects performance. Joosub and Coldwell (2019) have referred to this as physical distance while Johanson and Vahlne (1989) referred to it as psychic distance. It further indicates that the absence of these traits (adoption capabilities) can result in a failed merger (Contractor, 2013).

Both these companies have expressed the same view to the one highlighted by (Joosub & Coldwell, 2019). However, despite Joosub and Coldwell (2019)

highlighting the importance of agility and willingness to adopt the foreign market's culture, not much focus was given on this point.

Despite differences, companies should never stick to what is not working by forcing the South African local culture. Therefore, despite the existence of cultural differences, companies can succeed in the foreign market. Based on the literature and the results, companies need to be agile and flexible enough to adopt the local culture where there is a vast difference to the home market culture. This is where the importance of deploying a team with EQ would come in, as they will be skilled enough to identify gaps and adjust.

Cost advantage

Ramamurti (2009) indicated that EMNEs have used cost innovation to create a cost advantage. Literature has therefore implied that EMNEs' cost advantage is directly linked to their low cost of production. For example, literature has indicated that EMNEs use old machinery or in some cases move to manual labour in order to drive the production costs down (Ramamurti, 2012). However, this is questionable based on the results from the two companies that have given a different view. Both companies indicated that labour costs in the foreign market are slightly higher, firstly because of the training that is involved in upskilling the local teams and, secondly, because of the salaries both companies have decided to pay in order to attract and retain talent. Additionally, both these companies have invested heavily in their operation. These investments in technology have reduced the need and use of manual labour at all their operations. This therefore means both these companies do not benefit from that cost innovation.

The participants also added that, because of the poor infrastructure, the companies' investments in gas infrastructure to substitute electricity supply inconsistencies has resulted in increased operational costs. Despite there being a mixture of comments with regards to low-cost labour or production costs for Company A, this cancels out any possibility of a cost advantage in foreign markets. For Company B on the other hand, they have both high labour and production costs and experience no cost advantage at all. Therefore, the conclusion is that EMNEs' low labour or production cost cannot be classified as a competitive advantages for EMNEs as a result of the increased labour and production costs indicated above. This is especially true since

these two companies both invest heavily in their production processes, not only to automate the process but also to develop high value products.

6.2.3. Summary for research question 1 results discussion

In summary, the aim of RQ1 was to determine how EMNEs use their competitive advantage and to compare the results to what was covered in literature review of EMNEs. The research question was answered as the results uncovered how the two manufacturing companies use their competitive advantages. This was done by identifying what the competitive advantages were and highlighting how these were used to compensate for the disadvantages the two companies highlighted.

The above results give an indication that the reviewed literature in this report was supported by the company results reported in chapter five. However, there were areas where contradiction to literature was alluded to when compared to the results gathered in this report. With regards to the competitive advantages, it was clear that the technical skills and the first mover advantaged reported in literature were both supported by the results in chapter five. However, considering the view on product quality and technology used by EMNEs, the results presented a possible indication of a contradiction to literature, still classifying the product quality by EMNEs as standard with the statement that EMNEs are technology laggards. The context and the time have changed, and literature can be updated to match the current scenario.

In summary , this section gives an indication that the literature reviewed in this report supported the identified challenges and expansion strategies that the participants reported in chapter five. However, based on the company results in chapter five on the cost advantage, it is suggested that more studies need to be conducted in this area. The literature covered in this report suggests that most EMNEs still do not use advanced technologies and have cheap labour which gives them a cost advantage. However, the results reported in chapter five do not indicate that; instead, the results suggest that it might be more costly to operate in emerging markets than it is in the company’s home market.

6.3. Results for research question 2

Research Question 2: How have the EMNEs exploited advantages in their markets while acquiring strategic assets to fill the gap caused by their disadvantages?

The aim of this research question was to understand how EMNEs leveraged their competitive advantage in their expansion journey to make up for some of the disadvantages or challenges their companies have encountered in the process.

The most referred to points between the companies, which are discussed in this section, are the important role of leadership in empowering the employees, the role barriers to entry have worked in the companies' favour (market share) and, lastly, how the companies managed to get customer buy-in.

Closing the gap through leadership

There were conflicting views in literature on the role managers or leaders have played in the expansion of EMNEs. Some literature indicated that their role was more for self-fulfilment because of the rewards associated with the drive to expand business. Other literature reported the shift in a leader's role from that of a transactional leader (driven by profitability) to that of a transformational leader (driven by adding value) (Barnes et al., 2001).

With these differing views, the main overarching point is the change in the leadership role, especially in driving the internationalisation agenda. Contractor (2013) indicated that the experience of directors has influenced the quality of these expansions with leaders driven by empowering employees and improving performance in and outside their home country. Leaders are now more open and willing to learn from employees; they are willing to cater for employees as well as customer needs, going as far as adopting to local cultures as indicated above (Contractor, 2013).

This supports the participants' views. They indicated that the leadership roles have changed. In every expansion project, they have to ensure that they send a leader who is experienced in working in foreign markets and will be able to drive a common message to the team. They also indicated that these leaders should possess transformational qualities as that will allow them to deligate and upskill the local teams.

Barriers to entry ensuring companies keep market share

Casson and Wadeson (2018) indicated that barriers to entry can also act as a competitive advantage to firms as it can work to keep competition out of the industry. They reported that not every firm can survive or has appetite for entering in a high capital-intensive industry as it involves high financial risks (Casson & Wadeson, 2018). The companies' participants indicated that because of the huge investment that is involved in their industry, there are less players. Additionally, their firms also continue to invest more in order for them to differentiate their selves further.

Therefore, firms have leveraged the high barriers to enter more markets and capitalise on the first mover advantage. As indicated earlier, they also invest further to ensure that their technical advantage puts them ahead of the pack.

Customer buy-in through educating customers on local brand

Company A reported that in most countries that they expanded into, they could not launch their product as it was not easily recognised by the market. They had to use the local brand goodwill to get buy-in. Many customer training events and workshops were held in conjunction to also educate the customers on the product offering. Ramamurti (2012) reported that EMNEs' brands are not easily recognisable outside their home markets and firms have to understand customer needs and acceptable product features if they want to succeed.

However, for Company B, getting customer buy-in was not a challenge as their expansion model was based on expanding into markets where their home country customers already operated. However, for them to get customer buy-in outside South Africa, the company relied on their unique product offering in these markets. Instead of using goodwill of a local brand, Company B relied on advertising to emphasis to their customers their unique value offering.

6.3.1. Summary for research question 2 results discussion

In summary, through the results given by the participants, the EMNEs have managed to exploit some of their competitive advantages. The companies have used the technical skills in-house to train the local team where there are limited skills. However, the most important advantage is how they have managed to utilise their

leaders to also drive the expansion process. The leaders are not only driven by profits but also by leading to transform the local teams.

Secondly, barriers to entry are not a competitive advantage because of the limited number of firms that can enter these markets. These companies have leveraged their strong home base. The participants have indicated that because of their strong home base and the high barriers to entry, they are able to maintain their first mover advantage.

Lastly, customer buy-in for both customers required brand recognition by the local customers. The experiences might be different, but the expectation is the same. This is also supported by Ramamurti (2012), who highlighted having a brand offering that caters to local customer needs. The companies just had to be innovative on how that was carried out.

Therefore, based on the results, literature is supported in these reports and no new addition on how EMNEs exploit their competitive advantage was added in this section.

6.4. Results for research question 3

Research Question 3: How have historical/network relationships promoted internationalisation in the South Africa region? What opportunities were established and exploited as a result of these relationships?

For this section, the role networks have played in the internationalisation of these two manufacturing companies is reviewed. The section will end with the reason that drove the companies to expand beyond the South African boarders.

6.4.1. Leveraging networks

Table 6: Summary of network criteria (see Appendix 2 for full table).

Ranking	Network criteria	Frequency
1	Networks: need strong local partner	29
2	Networks: expand into regions where SA customers operate	15

The importance of pre-existing networks was highlighted as crucial in the internationalisation of a firm. Hertenstein et al. (2017) reported that these networks were used by companies to decide which country the firm would expand into. Based on Meyer and Thaijongrak (2013), firms were able to get insight about the market they wanted to expand into from these. Interestingly, participants also highlighted the importance of networks when expanding into a foreign market. The only difference was that only the companies carried it out. Company B participants reported that their company expands into market where their pre-existing networks are. Company A on the other hand only establishes a network after it has decided on the market and has done initial work.

Both these companies operate in the B2B and business to customer (B2C) space. Company A expanded into a market without any pre-existing network but relied on the local partnerships that were only established once the company had already expanded into the market. Interestingly, Company B indicated that they used both local partners and their existing customer network when deciding on the market. Company B also indicated that they will not expand into a market that their customers do not have an existing operation in. As observed from Company B results, moving into a country with existing networks was an added benefit which Company A reported it did not have.

The companies stressed the importance of local partners (pre-existing or not) who play an integral role in local stakeholder management and who provide market insight and alignment. This is the overarching point made by (Silva-Rêgo & Figueira, 2019), that has been identified as the main purpose of networks which is reducing uncertainties when operating in foreign markets.

The important conclusion is that networks are not only for getting insights on a market, but also assist in ensuring the companies get the sufficient stakeholder buy-in that can enable these operations to be run efficiently. It is therefore important that the companies choose their networks appropriately (partners who have a good reputation and influence).

6.4.2. Reason for expanding into the rest of Africa

Based on the results in chapter five, both companies were motivated to expand into the rest of Africa as a result of market saturation in South Africa for both companies.

Expansion into the rest of Africa allowed the companies to promote growth by securing market share and diversifying the risk. This was enabled by having a business presence in more than one country. Degbey et al. (2021) aligned with this view where it was reported that EMNEs expand in order to maintain competitiveness and growth.

However, there was some misalignment when comparing the internationalisation model, with what has been reported in this study thus far. In the springboard model (Luo & Tung, 2007) covered in chapter two, seven reasons were reported as the motives EMNEs expand beyond their home country. The first was that firms expanded outside their home country to make up for their competitive disadvantages, by expanding into developed countries with advanced technologies. For these specific companies, the countries they expanded into were not developed.

The second point indicated they expanded to make up for their late comer advantage. Luo and Tung (2007) is partially supported by the results, as the companies had indicated that, with the South African market saturating, they had to expand in order to grow. However, even though the companies might be late comers globally in their industry, they were still the first movers in most of the African regions they expanded into.

The underlying reason for expansion in both of these companies seems to have been the saturating market in South Africa that drove them to expand. This expansion assisted the companies to diversify their risks and also ensure a secured market share.

For Company A, a pre-existing network or partnership might not have been the diver for expanding into a specific market. However, the company reported that where they had entered markets without local partners or networks, they experienced more issues there. Therefore, based on the results and literature, the observation is that network relationships can create opportunities for EMNEs in their expansion process. There might not be a need for pre-existing relationships with networks in the respective foreign markets, however, networks have a role to play in the internationalisation of EMNEs.

6.4.3. Summary for research question 3 results discussion

In summary, from the results, networks (or local partners as referred to by participants) are very important not only for selecting the market but also to have a partner who can assist with stakeholder management or any issues the firm might be facing. These networks did create opportunities, for example Company B was guaranteed business wherever their customers operated.

In closing, literature was supported in saying networks are important when expanding into a new region, regardless of if they come from a long-standing relationship or are formed from scratch. The only important thing is that the right network/partner who has the right influence must be used.

6.5. Conclusion

This chapter discussed the results and findings that were presented in chapter five in order to address the purpose of this research as indicated in chapter one. The research questions in chapter three were also answered by means of comparing the results in chapter five to literature in chapter two. In the next chapter, the conclusion and recommendations of this report are discussed.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1. Introduction

In the previous chapter, the results findings were discussed and literature from chapter two was reviewed following the structure of the research questions in chapter three. This section illustrates that the research objectives in chapter one are aligned and consistent with the research findings.

The purpose of this chapter is to consolidate the key findings of this research and provide some recommendations. The limitations of this research are covered as well as the suggestions on the future areas of research.

7.2. Research background and objectives

Emerging markets have grown to dominate a variety of industry sectors globally, however, there has been an infrequent identification of what their competitive advantage is (Contractor, 2013; Luo & Zhang, 2016). Also, in studies where this has been covered, the results have been inconclusive or there has been no consensus on this topic (Ramamurti, 2012).

EMNEs have played a crucial role in the global economy and continue to make their mark (Hobdari et al., 2017). Despite this progress, there is a dearth of literature on understanding internationalisation within the African context. The purpose of this research was to understand internationalisation within the African context, by establishing how the identified competitive advantage factors have enabled the successful African EMNEs to carry out their OFDI. This is achieved by establishing how African EMNEs have used their competitive advantages as a leverage and how the disadvantages or weaknesses are compensated for. This builds on Luo and Zhang (2016), who referenced three research papers by Buckley et al. (2007); Luo and Tung (2007); and Meyer and Peng (2016) that indicated that EMNEs have used their cost innovation as well as their high value cost ratios as competitive advantages in both developed and developing markets.

Therefore, the research aimed to establish if the listed competitive advantages such as home or country specific advantage, mindset or top management experience; cultural traits; technical talent; cheap labour; common language and

historical/existing relationships have contributed to the OFDI expansion (Contractor, 2013) of African EMNEs, and how they have done so.

7.3. Key findings

7.3.1. EMNEs' competitive advantages

It was clear that the technical skills and the first mover advantages reported in the literature were both supported by the results in chapter five. However, the results indicated that there might be a misalignment between literature and the results with what was reported on product quality and technology used by the companies in this report. Literature still classifies the product quality by EMNEs as standard with the statement that EMNEs are technology laggards. In the early stages of EMNEs' internationalisation, this statement might have applied. However, with all the developments in EMNEs as highlighted in the results, it suggests that literature might need to be reviewed to accommodate the reported EMNEs' investments in technology.

The participants had highlighted the innovation they have been involved in to ensure that some of the challenges that they encountered are resolved, for example, the TMS that was developed in one of the markets to deal with the long delivery lead times caused by poor road infrastructure. Literature still reports the cost advantage as a competitive advantage. The view is that EMNEs still do not use advanced technologies and have cheap labour which give them a cost advantage. The results indicated differently; instead, it is more costly to operate in emerging markets.

7.3.2. Opportunities created by networks

Despite Company B indicating the opportunities and reduced investment risks that a pre-existing customer network has created for the company, having a pre-existing network is not mandatory for internationalisation. However, networks are essential when in operating in a foreign market/ country. These networks did create opportunities, for example Company B was guaranteed business wherever their customers operated. Additionally, for a company to get customer buy-in continues not to be a challenge.

However, the conclusion here was that, despite networks being important for a company operating outside their home country, it is not crucial to have a pre-existing

network for the operation to be successful. These networks can be created after the companies have expanded into that specific market. In closing, literature was supported by the results.

7.3.3. Competitive disadvantages (challenges)

These two companies have encountered several challenges. Most of the markets they expanded in had limited skills as they are not as industrialised as the South African market. Based on the participants, these foreign markets have little skills available for both the glass and the cement industry. Some of the in-house technical skills that these firms have in the home market have been a critical aspect in the success of the businesses, especially in these foreign markets. Both companies have used those available technical skills to train the local team where there is limited skill.

However, the most important advantage is how they have managed to utilise their leaders as well to also drive the expansion process. They have been described as being at the forefront of ensuring proper upskilling and empowering of the local team in these foreign markets. Company A had emphasised that they deploy transformational leaders into these foreign markets, who have the drive to lead with the aim of empowering the employees. This has helped in creating a conducive working environment for all.

The infrastructure issues that the companies had to deal with, accompanied by governance issues, were reported as significant challenges. Both companies had to be innovative and invest in the local infrastructure to reduce the impact.

Customer buy-in was different for both companies. Company B had pre-existing customers in the markets it entered and only relied on the latest technology and advertisements to get buy-in. However, for Company A, because none of their products were identified in these countries, more innovation was required and product adaptation was required to secure customer buy-in. Company A, for example, could not use their existing product from the onset in most countries but instead had to use the goodwill of the acquired company's existing brand to get buy-in.

Based on the results, the companies reported that they also leveraged the barriers to entry in their industry, and used as a competitive advantage. With this industry

being capital-intensive, limited companies could enter this industry. These companies therefore used their strong home base to capture the markets where there were gaps and invested in technology to maintain their first mover advantage.

For this section, no new inputs were identified. The results supported what was already published in the internationalisation literature. The conclusion is that despite the challenges that these markets present, these companies have managed to exploit some of their competitive advantages and maintained competitiveness.

Therefore, this exploratory research conducted through the use of a multiple case study has answered the research question in chapter one, which was to identify if the EMNEs' competitive advantages identified in literature such as home or country specific advantage; mindset or top management experience; cultural traits; technical talent; cheap labour; common language and historical/existing relationships applied to the African EMNEs internationalisation and contributed to the increased in OFDI.

7.4. Recommendations for managers

Despite the limitations presented by the sample size of the research, the researcher is of the view that the findings can be significant for managers. After review, based on the feedback and the results in the report, most of the literature was confirmed.

The first recommendation to managers is that management needs to ensure that the home base is financially strong for the company to be able to support expansions into foreign markets. The foreign operations might not have short-term returns; however, with all of the investments that are needed for company differentiation (for example, technology investments), the home base needs to be economically stable to survive.

The second one is ensuring that leaders with transformational leadership qualities are identified and deployed in the foreign markets. This will ensure that the leaders in these countries focus on the upskilling and the development of the teams. The type of leader with the right EQ is crucial. With the African companies expanding further up the continent, this type of leadership is important. In instances with countries with fewer language and culture similarities, such leaders will know when they need to adapt to the local culture for the success of the business.

The last recommendation is for managers to be open to learn and unlearn what no longer serves the company when they are in these foreign markets. A plug-and-play model will not serve any organisation that expands into the rest of Africa. Some regions will have a culture and working conditions that are different to that of the home country. It is important that, when these culture gaps are identified, the managers are flexible and agile enough to adapt to the local culture where necessary. Enforcing their home country culture in some regions may be disastrous.

7.5. Limitations

The time constraints presented a limitation as it restricted the number of companies and participants that took part in the research. Also, because of this constraint, it was difficult to explore all the aspects in this one study. There are several EMNEs in Africa and in different industries; however, for this research, a multiple case study was only done on two manufacturing companies. This was a limitation as the findings of the research gave a tapered view of experiences as it was only limited to the two organisations in the manufacturing space within South Africa. As the sample was not a general representation of the population, the gathered data was therefore not generalisable. The researcher was not an expert in research and the results might be distorted by the researcher's bias in the interpretation of the information and might lead to the study having a biased outcome.

The other limitations were the participants that were used. The initial goal was to have participants that had taken part in the internationalisation of these two companies. However, it was difficult as some of these initial team members had already retired or resigned. As a result, some details that could have added to the richness of the report might have been left out if the participants were not privy to that information.

7.6. Suggestions for future research

With the restrictions that a small sample size presents, a suggestion for future research is for the study to be conducted with companies not from the same country, to cross check the validity of the results across different EMNEs in different industries and countries.

Additionally, future research should be on the cost advantage that EMNEs have in their internationalisation process. The sample size of this research was too small to conclude that EMNEs that have expanded in other African countries have no cost advantage.

This report also suggested inclusive results with EMNEs' technology, with some research indicating that to drive cost down some companies use manual labour (implying no automation in African EMNEs companies). It is therefore suggested for further research to confirm technology as a competitive advantage for EMNE companies.

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Appendix 1: Interview guide

Table 7: Interview guide draft.

Research Questions	Interview Questions
Research Question 1: How do EMNEs use their competitive advantage to compensate for their competitive weaknesses or ownership disadvantages, catch up and even surpass their competitors?	1. How has your organisation succeeded as a result of the competitive advantages your organisation has identified? ○ Can you indicate what these advantages for your organisation are? 2. What are some of the competitive disadvantages or weaknesses that your organisation has encountered? ○How would you say your competitive advantages helped you leverage on some of these disadvantages or weaknesses? 3. How have your competitive advantages helped you introduce products or penetrate external markets? ○ How was this built into your expansion strategy ○ Was there any resistance and how would you say this was navigated? 4. What role has the low labour and production costs played in your organisation? ○How has this worked to advantage of your organisation especially when expanding the business? 5. How quickly have you been able to adapt to the changing?
Research Question 2: How have the EMNEs exploited advantages in their markets while acquiring strategic assets	6. While acquiring strategic assets, how have your countries resources or market structure helped you secure opportunities or enter external markets? 7. What is the size of your market?

Research Questions	Interview Questions
to fill the gap caused by their disadvantages?	○What role has it played in your internationalisation/expansion it terms of opportunities? 8. How has your home market advantages helped you in expanding your business externally? ○ How did it help enable a demand of your products externally? ○ How did you manage to break the barriers to entry if there were any? 9. How have you used the insights you have on your local customer needs (their need for cheap (affordable) or carefully selected products)? ○ How has this allowed your organisation to be more competitive when competing in the same space as western products? 10. How have your low production costs and labour costs helped you remain competitive? ○How have you kept this sustainable? 11. Have you used your operational excellence to close the gap? ○ For example, how have you used your ability of being able to operate in harsh conditions, with poor infrastructure and limited resources to succeed? ○ How has this contributed in accelerating your company's growth outside your market and closing the gap?
Research Question 3: How have historical/ network relationships promoted internationalisation in the South Africa? What opportunities were established and exploited	12. How have you used ownership advantages (such as market knowledge) in your expansion? Can you advise which of these unique ownership advantages have you used outside your home country? 13. How have you leveraged existing networks to decide which markets you enter?

Research Questions	Interview Questions
as a result of these relationships?	○ What opportunities were created by these networks, what were they? 14. What drove your company to expand through the use of OFDI? ○ How have you managed to overcome challenges that come with this type of investment?

Appendix 2: Themes

Table 8: Competitive advantages.

Ranking	Advantage	Comment	Frequency
1	Advantage: advanced technology	Technical capabilities	23
2	Advantage: quality products	Good product knowledge that contributes to offering quality product	17
3	Employees: strong technical skills	Have strong technical skills in the organisation	13
4	Innovation: product and technical innovation	Introduced new products tailored to local market needs	12
5	Expansion: first mover advantage		11
6	Brand recognition: strong brand		10
7	Expansion: driven by strong home base	Expansions are driven by strong home base New market expansion for the first 2-4 years supported from home base profits (key element for growth) Should generate enough money from home base (which will facilitate expansion)	10
8	Advantage: product standardisation	Product optimisation and standardisation in all countries	5
9	Advantage: large footprint in home base		4
10	Advantage: clear value proposition	Clear value proposition and core competency you're bringing into the market	1

Table 9: Challenges.

Ranking	Constructs	Comment	Frequency
1	Governance: difficult to operate in rest of Africa	Difficult to operate in countries with no governance (especially if you are a listed company)	11
2	Challenges: bad infrastructure	Massive infrastructure challenges	9
3	Supply Chain: complicated	Complicated distribution networks (process)	9
4	Challenges: complex African landscape & customers	Complex market landscape result in complex customers	8
5	Challenges: investing outside the Southern Africa region	Challenge comes in once you step outside Southern into West African countries etc (less similarities in. terms of language and culture)	8
6	Challenges: no skills in un-industrialised countries	Difficult to find skills in un-industrialised countries	8
7	Networks: corruption	Follow due delicence in any local partner relationship (no under hand dealings take place)	6
8	Governance: bad tax practices	Do not invest in countries with bad tax practices	4
9	Governance: country security issues	Security issues (personnel kidnapping for ransom)	3
10	Challenges: limited industry knowledge	Difficult to navigate changing policies and operational requirements	2
11	Expansion: greenfield with no cultural fit	Fatal error in having greenfield investment in country with no cultural fit	2
12	Expansion: avoid using leaders close to retirement	Avoid using leaders close to retirement for expansion (creates challenges with knowledge transfer one project has kicked off and they have left)	2

Ranking	Constructs	Comment	Frequency
13	Investment: agreements upfront on expected value	Set up shareholder agreements upfront on value you expect to bring from a technical and management point of view	2
14	Challenges: absence of political connections	Disadvantaged by absence of political connections in countries where competitors have strong political connections	1
15	Challenges: less volunteers to go in-country	Difficult to get people to live in these countries, however, avoid using leaders close to retirement for expansion (creates challenges with knowledge transfer one project has kicked off and they have left)	1
16	Environment: Greenfields in unstable economies	Greenfields in unstable economies are a bad investment decision.	1

Table 10: Expansion strategy criteria.

Ranking	Code	Comment	Frequency
1	Research: do sufficient market research	Do sufficient market research before expanding into the country Having a long-term view on investment opportunity and expected return Use market intelligence to grow business (example, how is the market segmented)	38
2	Merge: adopt to local environment traits	Agility and ability to adopt to local environment way of working (be conscious of local cultures and acknowledge them) Build relationships with locals by learning local language streamline the organisation by removing the terms them and us (work as one team)	26

Ranking	Code	Comment	Frequency
3	Networks: expand into regions where SA customers operate	Good relationships with global customers linked to expansion strategy (expand into countries where customer operates)	15
4	Leadership: invest to empower	Model is to invest to empower Have right leadership in place to shape the behaviour of locals	13
5	Innovation: product and technical innovation	Introduced new products tailored to local market needs	12
6	Employees: upskilling locals	Upskilling locals through the use of existing Employees (Skills transfer)	12
7	Employees: low number of expats	Low number of expats placed in-country Organisation with large number of Expats do not develop skills of local people	11
8	Expansion: driven by strong home base	Expansions are driven by strong home base New market expansion for the first 2-4 years supported from home base profits (key element for growth) Should generate enough money from home base (which will facilitate expansion)	10
9	Environment: macroeconomic support investment	Macroeconomic fundamentals should support investment decision Expanded into countries with a growing economy	10
10	Expansion: to diversify risks	Expanded to grow market share, diversify risks and protect profits	10
11	Expansion: use learnings	Use learnings from past expansions for new projects Experience gained from number of years in operation	10

Ranking	Code	Comment	Frequency
12	Leadership: employees first	Putting employees first leads to success	10
13	Research: understand route to market	Understand each countries route to market	10
14	Brand recognition: customer education on product offering	Establish brand presence in Market through customer education on product offering	9
15	Expansion: government support important	Government support is important when expanding outside home base Need strong political support when expanding South African business thinks it does not need government support	7
16	Brand recognition: used goodwill of local brand	Used goodwill of existing local brand to gain market trust Once market trust is won, relaunched home base brand to be sole brand	7
17	Expansion: successful in countries with similarities	Successful expansions out of SA are in countries with similarities to SA and cultural fit Expansion should be in countries with similarities with home country (i.e. Language and culture etc.)	7
18	Expansion: disrupted by new import entrance	Expansions disrupted by new import entrance in the market at discounted prices	6
19	Environment: countries with economic reform	Capitalised on opportunities that come from countries with economic reform	6
20	Employees: technical training centre	Technical centre used to train locals with no industry skills	5
21	Expansion: operate solely in the African	Choosing to operate solely in the African continent not globally	4

Ranking	Code	Comment	Frequency
22	Investment: access to reserves	Access to raw materials reserves	4
23	Expansion: avoid using leaders close to retirement	Avoid using leaders close to retirement for expansion (creates challenges with knowledge transfer one project has kicked off and they have left)	2
24	Investment: agreements upfront on expected value	Set up shareholder agreements upfront on value you expect to bring from a technical and management point of view	2
25	Expansion: use experienced employees	Using employees with expansion exposure to assist in other expansion projects (because of strong transformation memory in such projects) Using employees with expansion exposure to drive performance	2
26	Merge: diverse landscape -culture (South Africa)	Being a company from a country with diverse landscape - culture (South Africa)	2
27	Expansion: need resilience	To expand in Africa a lot of resilience and patience is required	1

Table 11: Codes on closing the gap.

Ranking	Code	Comment	Frequency
1	Leadership: invest to empower	Model is to invest to empower Have right leadership in place to shape the behaviour of locals	13
2	Employees: upskilling locals	Upskilling locals through the use of existing Employees (skills transfer)	12
3	Employees: low number of expats	Low number of expats placed in-country Organisation with large number of Expats don't develop skills of local people	11

Ranking	Code	Comment	Frequency
4	Expansion: use learnings	Use learnings from past expansions for new projects Experience gained from number of years in operation	10
5	Leadership: employees first	Putting employees first leads to success	10
6	Innovation: restructure market	Restructure market to create value for business, while empowering Local businesses (customers)	10
7	Customer: offer strategic insights	Offer strategic insights to customers to help grow their local business Running technical workshops to educate locals on companies different product offering	9
8	Brand recognition: customer education on product offering	Establish brand presence in Market through customer education on product offering	9
9	Employees: succession planning	Strong succession planning (recruiting unqualified and groom them for future roles) Retain critical skills by giving them exposure of working in the continent Two years development program (secondment interest of Africa)	8
10	Brand recognition: used goodwill of local brand	Used goodwill of existing local brand to gain market trust Once market trust is won, relaunched home base brand to be sole brand	7
11	Networks: corruption	Follow due delicence in any local partner relationship (no under hand dealings take place)	6
12	Supply chain: transport management systems	Implemented distribution systems (TMS) to counter the challenging distribution network	6

Ranking	Code	Comment	Frequency
13	Supply chain: use home base advantage for sourcing	Use home base advantage (for example to source coal competitively through home base procurement arrangements) Use the same suppliers throughout the continent (raw material, spare parts or machinery)	6
14	Employees: technical training centre	Technical centre used to train locals with no industry skills	5
15	Networks: build strong relationships	Build strong stakeholder relationships	2

Table 12: Opportunities.

Code	Expansion criteria	Comment	Frequency
1	Brand recognition: strong brand		10
2	Innovation: restructure market	Restructure market to create value for business, while empowering Local businesses (customers)	10
3	Supply chain: large footprint	Footprint diversification (plant location in the continent) Footprint added advantage in terms of distribution Closely located plants or raw material mines (same country or not) assist in Raw material sharing and movement	9
4	Supply chain: use home base advantage for sourcing	Use home base advantage (for example to source coal competitively through home base procurement arrangements) Use the same suppliers throughout the continent (raw material, spare parts or machinery)	6

5	Brand recognition: confidence in the brand	Customer buy-in based on confidence in the brand	3

Table 13: Barriers to entry.

Code	Expansion criteria	Comment	Frequency
1	Advantage: advanced technology	Technical capabilities	23
2	Employees: strong technical skills	Have strong technical skills in the organisation	13
3	Cost: high operation cost		13
4	Investment: capital-intensive industry	Access to capital to facilitate investment in asset base	11
5	Expansion: no investment returns in short term	Need strong home base to be able to play in long term investment market (as there are no investment returns in short term)	6
6	Challenges: lack of foreign currency	Difficulty in operations driven by lack of foreign currency	5
7	Investment: access to reserves	Access to raw materials reserves	4
8	Challenges: complex industry to operate in		3

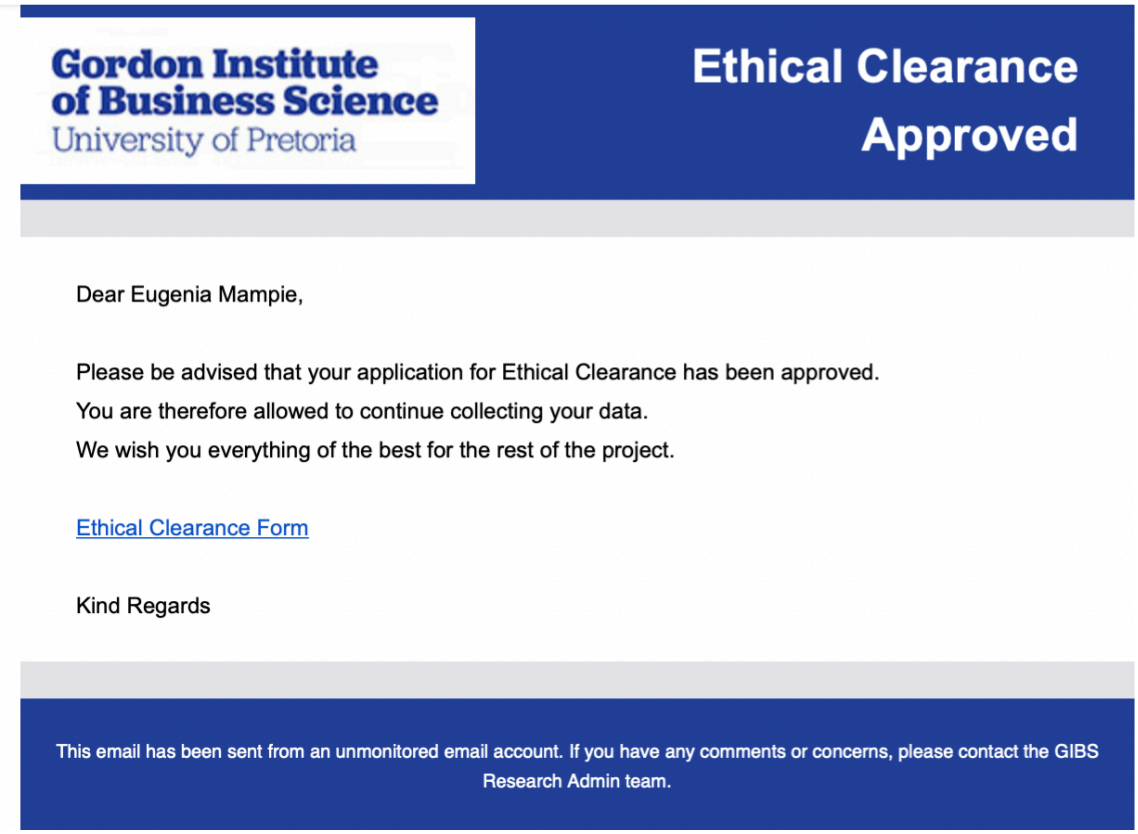
Table 14: Customer buy-in.

Code	Expansion criteria	Comment	Frequency
1	Brand recognition: customer education on product offering	Establish brand presence in Market through customer education on product offering	9
2	Customer: offer strategic insights	Offer strategic insights to customers to help grow their local business 2021/10/16, 07:35, merged with Customer: technical workshops to educate locals Running technical workshops to educate locals on companies' different product offering	9
3	Brand recognition: used goodwill of local brand	Used goodwill of existing local brand to gain market trust 2021/10/16, 07:32, merged with Brand recognition: Once market trust is won, relaunched brand Once market trust is won, relaunched home base brand to be sole brand 2021/10/16, 07:32, merged with Brand recognition: Not adopting local brand for greenfield projects	7
4	Brand recognition: dual branding	Dual branding: including local brand on the package 2021/10/16, 07:32, merged with Brand recognition: Align signage Align signage to local language and conditions	3

Table 15: Network criteria.

Ranking	Network criteria	Comment	Frequency
1	Networks: need strong local partner	No pre-existing networks: Need strong local partner to help deal with local stakeholder issues Acquiring a local company with strong brand Failure can be caused by wrong partnership selection decisions	29
2	Networks: expand into regions where SA customers operate	Good relationships with global customers linked to expansion strategy (expand into countries where customer operates)	15
3	Networks: start with technical partnerships	Create technical partnerships before fully investing, to test the viability of the business	9
4	Governance: less Board control	Countries with no commercial code (less Board control), never accept sharing of expertise and give passive resistance Countries with no commercial code, country stipulates that directors must be shareholders (some amendments made to allow for independent directors)	5
5	Networks: strong stakeholder management program	With no shareholder agreements in some countries, cannot dictate the pace and rate you want your business to function No majority shareholding in local business merger	5
6	Networks: build strong relationships	Build strong stakeholder relationships	2

Appendix 3: Supporting Documents



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The internationalisation of emerging market multinational enterprises – Competitiveness of African organisations Student number: 05029016 A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration. 02 November 2021 i ABSTRACT Internationalisation of emerging market multinational enterprises (EMNEs) has been a topic of discussion amongst business and researchers alike. This has been driven by the emerging market's (EM) dominance in the global scene. There has, however, been an inconclusive identification and understanding of the competitive advantages that have contributed to this growth. This research aimed to understand internationalisation from the African context. This was achieved by establishing how the African EMNEs have used their competitive advantage by reviewing if the competitive advantages established in literature have contributed to the expansion. These advantages include: home or country specific advantage; mindset or top management experience; cultural traits; technical talent; cheap labour; common language and

historical relationships. Exploratory research was undertaken. With the need to have a representative view of African multinationals and the limited time allocated to conducting this research, the multiple case study strategy was used. This allowed for a representative view of the different perspectives from two select African EMNEs, and an in-depth exploration of these firms. The key outcome from this research was that internationalisation literature on EMNEs does apply to the African EMNEs. However, it is important to make use of transformational leaders in expansion projects. Secondly, it was found that firms need to learn to adapt to the culture of the foreign markets if their home market culture does not fit the environment. ii KEYWORDS Emerging market multinational enterprises, outward foreign direct investment, competitive advantage, internationalisation theories, internationalisation of emerging market multinational enterprises iii 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. Eugenia Mampie 02 November 2021 iv Contents ABSTRACT .....ii KEYWORDS .....iii DECLARATION.....iv CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM AND DEFINITION .... 1 1.1. Introduction and definition of problem..... 1 1.2. Purpose of research..... 4 1.2.1. Scope of the research..... 5 1.3. Conclusion ..... 5 CHAPTER 2: LITERATURE REVIEW ..... 6 2.1. Introduction ..... 6 2.2. Theory on

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