You miss 100% of the opportunities you do not exploit

A comparative study on how multi-national B2B’s manage risks and exploit opportunities in Ghana and Nigeria

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Abstract
The past decade's globalisation has become an increasingly important topic in international business. Firms, therefore, search for business opportunities in new markets, where the aim is to increase revenue. However, many of the world’s developed economies are becoming more saturated, which leads to firms looking for opportunities in emerging countries. Recent studies and statistics indicate that the West-African region is developing thus leading to increased buying power and population growth. The purpose of this thesis is to research how firms can exploit opportunities which derive from the development in the West-African market, and sub-sequentially how the risks are managed. This study is conducted with a qualitative research method with an abductive approach based on eight MNC’s with experience from Ghana and Nigeria. Due to the lack of previous research on especially how firms exploit opportunities, it was key for the authors to go back and forth between empirical findings and the literature review to achieve a holistic view of the topic and find gaps in the existing literature.

The authors further have created a conceptual framework based on previous literature which provided themes combined with the operationalisation to answer the research questions. The analysis discusses the existing literature combined with the empirical findings and the authors’ thoughts in the context of West-Africa. Lastly, a concluding chapter with results, theoretical- and practical implications, limitations, societal contribution and suggestion for further research is presented. The result of the thesis has provided further knowledge of how firms exploit opportunities and manage risks as well as how important the network is for firms entering West-Africa. The most significant finding shows that a firm needs to access the correct network upon entering Ghana and Nigeria in order to exploit any opportunity. The authors suggest that managers need to access the correct network via an agent providing them with local specific knowledge to overcome a lack of knowledge and initial risks. Further building upon the initial agents’ network will enable them to explore further opportunities within the West-African region.

Keywords
Risk, opportunities, West-Africa, Ghana, Nigeria, internationalisation, networks, relationships, multi-national companies, knowledge
LIST OF ABBREVIATIONS AND DEFINITIONS

BERI – Business Risk Service index
ECOWAS – The Economic community of the West-African states, includes the countries of Benin, Burkina Faso, Cabo Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo (Ecowas, 2019)
FDI – Foreign direct investment
IMF – International Monetary Fund
LoF – Liability of foreignness
LoO – Liability of outsidership
MNC/MNE – Multi-national corporation/enterprise, using the EU definition that it is a company producing goods or services in more than one country. “A multinational enterprise has its management headquarters in one (or rarely more than one) country, the home country while also operating in other countries, the host countries.” (ec.europa, 2019 a)
Networks – Three or more people/organisations/institutions that are connected via information sharing/business activities
Relationship – A relation between two companies/institutions/people
RHC – Real estate, hospitality and construction
SME – Small and Medium-sized enterprises, using the EU definition of under 50M € employees under 250 (ec.europa, 2019 b)
Sub-Saharan – The sub-Saharan countries are all the African countries excluding Algeria, Djibouti, Egypt, Libya, Morocco, Somalia, Sudan and Tunisia (IMF, 2018)
West-Africa – The countries in West-Africa are; Benin, Burkina Faso, Cameroon, Cabo Verde, Chad, Ivory Coast, Equatorial Guinea, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo
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1 INTRODUCTION

The opening chapter presents the field of research with an introductory discussion about opportunities and risks in the emerging West-African region and why the region is interesting for firms who seek to internationalise their operations. The problem discussion will help define the research question and the purpose of the study.

“Africa is the new China” – Anders Borg 2012

1.1 Background

Globalisation was mentioned in the public eye by Theodore Levitt (1984) when trying to explain the technological development of transport and communication that according to his research brought the worlds different markets closer. Making the world seem smaller enabled standardised consumer products on a previously not experienced global scale. Thus, allowing companies greater scale in production, marketing and distribution seeking lower costs in other parts of the world. Baylis and Smith (2005) further explain globalisation as an increase in interconnections between companies hence developing the world to a shared social space. Globalisation brings distant parts of the world that never had crossed paths before together forming new cross border relationships and according to Steger (2009) acting as shrinkage of time and space. Hamilton and Webster (2009) further explain that globalisation is the political, economic, social and technologic connections inside different countries creating different unique markets.

To access the globalised world companies internationalise their operations and can be explained as an incremental approach where firms internationalise to markets that are similar to earlier accessed markets, therefore, acquired knowledge and networks will reduce future risks and enable firms to exploit opportunities (Vahlne and Johanson, 2013; Figueira-de-lemos et al., 2011). Lack of knowledge is an important obstacle to overcome when a firm desires to internationalise into the globalised world. The work by Robert Thompson (2007) states that increasing integration of the world promotes international trade and thus leads to an increase in the real purchasing power of the household. On a societal level, it is beneficial to share costs and reap the rewards of globalisation and trade adjustments. A recent study in Ghana showed that free trade is better than no trade and liberalising trade should be done to spur economic growth and earnings (Quartey et al. 2019). Cases from both China and India are evidence from this and thus led to decreased poverty
rates in the countries. Cavusgil et al. (2013) further explain that the potential to succeed in a globalised world and especially the emerging markets is dependent upon our ability to recognise opportunities and act on them. Many of these opportunities lie within the emerging markets where risk and uncertainty are of a higher degree than in the developed countries. Furthermore, Cavusgil et al. (2013) argue that a continuing stabilisation of the developing countries enables managers to see and manage risks early.

Owusu and Habiyakare (2011) concluded in a research of Finnish firms internationalising to South Africa that the perceived risk was high and that companies use their networks, alliances and a gradual entrance to the market to reduce risks. Firms internationalising to West-Africa perceive and experience different risks and uncertainties, therefore, it is important to define the concepts. Figueira-de-lemos et al. (2011) define uncertainty as lack of knowledge within the firm and risk as a set of uncertainties, to reduce uncertainty firms acquire knowledge incrementally thus reducing the risk. Miller (1992) defines uncertainty as specific components within the environment a firm operates in, for example, political or competitive risk thus defining the concept of risk as to the link between unpredictability and environmental features. A study made by Narteh and Acheampong (2018) showed that foreign participation within firms in Africa has a positive effect on the internationalisation of firms from the region and helps reduce risks. Foreign firms provide needed legitimacy, something African firms struggle with when internationalising. Foreign firms can then access the African firms home market easier with the increase in legitimacy and relationships (Narteh and Acheampong, 2018; Schuman, 1995; Sonpar et al., 2009).

The perceived notion that Africa is a market with high uncertainty and risks is starting to deter (Taylor, 2012). The development in the beginning of the 21st century with liberalisation of markets, a start to a reduction in poverty and an emphasis on growth spurred the continent. Many foreigners think of Africa as a single unit, but the differences are vast with own laws, customs and unique cultures which indicates further study is needed providing Western companies with increased knowledge about Africa (Leaglobal, 2018). This creates both opportunities and uncertainties, but success can be achieved with risk management and the correct choice of location. Natural resources such as oil are considerable within for example Nigeria creating opportunities within the energy sector (Worldbank, 2019; EY, 2018). However, there are still major problems with political instability, infrastructure and barriers to trade.
hindering development of the region. A report made by EY (2018) notes that 13% of the world FDI was into Africa and since 2000 the inflow has increased with 72% in the sub-Saharan region (Worldbank, 2019). Though, during recent years there has been a decline in FDI showing signs of a decreasing outside commitment to the region. Ghana shows rapid growth in recent years and Nigeria due to resource price dependency and is in recovery mainly because of higher oil prices, demonstrating a necessity to diversify the economy. Areas that are receiving FDI in Africa are the manufacturing industry, chemicals and RHC (real estate, hospitality and construction) providing a note on the need for structural changes within the infrastructure and basic needs for the inhabitants (EY, 2018; IMF, 2018).

In the African continent, there is still a high uncertainty when doing business in the area which is proved in the ease of doing business index where Nigeria is ranked 146 and Ghana 114 (Worldbank, 2019). The region has tried to ease the way of doing business by creating an economic community called the Economic Community of West Africa States (ECOWAS) including a free trade union and tariff-free customs promoting trade, but it has not yet succeeded. Additionally, the IMF reports that the potential medium-term growth is too low to create enough jobs for new entrants into the job market (IMF, 2018). There is also a need for adjusting the debt level in 15 low-income sub-Saharan countries including, for example, Ghana, where precise management of this risk would be key to get out of the zone of debt distress. Further, the IMF recommends an opening of markets in contrast to the recent development of countries distorting their open markets, this according to IMF would eventually lead to deeper financial commitment and educational diversity.

The growth in the African continent may be on the rise but potential risks are evident. It is important to note that if the continent wants to succeed, they have to implement correct reforms and policies to sustain the corporate environment enabling FDI inflow to continue (IMF, 2018; EY, 2018). It is therefore important for companies to weigh the risk/reward when internationalising to this region. Mshelia and Anchor (2019) showed in their study that multinational firms investing in Nigeria are, in spite of the increasing political risk, willing to invest in the country due to economic and financial attractiveness. Their research led to a framework of how companies could invest in the market conditions in Nigeria and proved that risk/reward could be positive in the country.
1.2 Problem discussion

The crucial driver for firms enabling internationalisation is according to Johanson and Mattsson (1988) the positioning of the firm within the network it possesses influencing risk management and a successful internationalisation process. Additionally, Schweizer (2012) argues that the actual network is the barrier hindering internationalisation and firms need to enter a network and become an insider to access new knowledge enabling internationalisation. According to Kraus et al. (2015), it is important for firms entering new markets to take risks into consideration when deciding to internationalise, as they are crucial for the firm’s international failure or success. Baird and Thomas (1985) argue that firm managers need to strategically plan how a business should identify, estimate and evaluate risks as different phases within their strategy. These three phases can be used by firms when internationalising to a new market and reduce risks. Generally, emerging markets are riskier to enter than a developed market, however, the rewards in emerging markets are often higher (Cavusgil et al., 2013).

In West-Africa, there are many countries which can be regarded as emerging economies, countries such as Nigeria, Ghana, Senegal and Cote D’Ivoire, and therefore, increased opportunities (Songwe, 2018). The largest economies in West-Africa are Ghana and Nigeria, the two countries in the region which the research will focus on (The Global Economy, 2017). These countries are, however, regarded as riskier due to a less stable political environment, low-quality infrastructure and higher levels of corruption in comparison to developed countries (Fauconnier and Mandimika, 2017). Therefore, decision-makers in the firms with the ambition to enter the region need to be aware of the risks other firms have faced when entering this region, and how these risks should be managed and mitigated.

There are circa 390 million people living in the West-African region and the growing population is circa 2.5% annually. Which means, if the region continues to develop at this pace the market size will be circa 500 million by 2030 (World O Meters, 2019). One of the reasons why Africa is an unexplored market for many companies is the relatively low purchasing power, however, the purchasing power in the region is increasing, which is an indication that consumption will increase (Worldbank, 2019). Therefore, the development of ECOWAS can be a motive for firms looking for opportunities. Economic communities have historically been a successful way of promoting economic
growth in a region (Quartey et al., 2019; Chew, 2014). Additionally, FDI from developed countries to emerging is essential for the development in the emerging markets. China has recently shown interest in Africa by investing $26 billion and a specific interest in the manufacturing industry suggests that opportunities are evident and thus needs further research to provide other developed countries with further knowledge. Investments into the manufacturing industry where mainly made because of the increasing labour costs in China and indicates that Chinese firms are looking for opportunities outside of their domestic market (Forbes, 2017). Dadzie and Owusu (2015) concluded that location advantages can be a motive for internationalising to Ghana and the mode of investment is determined by the specific advantages in the market. In the case of Chinese firms, this could be the lower cost of labour and production in comparison to their domestic market.

Economic communities can enhance the opportunity of further FDI, as the market becomes increasingly attractive with business-friendly regulations (Makki Shiva & Somowaru, 2004). There is also a plan to integrate a West-African currency in the region called eco, however, those plans have been postponed, as the market is region is not “ready” for it yet (Mesah, 2015). There is an indication that opportunities are arising in the West-African region, however, the risks are evident. The development in the region makes it an interesting area of the world to research. A reason behind why firms have not exploited opportunities within the region could be as Johanson and Vahlne (2009) explains it as lack of specific market knowledge that originates from the firms’ network and thus reduces psychic distance.

The population of Nigeria is 190 million people, which makes it the most populated country in Africa, and it is the biggest economy in Africa measured in GDP (The Global Economy, 2017). Nigeria is a country with vast oil resources, as it is the biggest oil producer on the continent. However, even though Nigeria has some macroeconomic factors working in their favour it remains a country with relatively weak growth, political instability and high levels of corruption (Shapiro, 2014; Facounnier and Mandimika, 2017; Worldbank, 2017) The recent election in the country was violent throughout the country, with different gangs creating havoc as a result of the country being run by incompetence and corrupt politicians, a total of 35 people died as a consequence during the presidential election (Duncan, 2019). Concerns in the country are raised further with the security levels in the country, as terrorist
group Boko Haram has made the country dangerous from a safety perspective point of view (Human rights watch, 2019).

Ghana is one of the countries which appear more attractive than others (Nwankwo, 2012), as the country received 5th most FDI in comparison to the other African countries in 2017 (CIA, 2017). Further indication that Ghana is an emerging economy is by looking at the statistics over a ten-year period (2008-2017) as Ghana has achieved an average annual 6.92% GDP growth (The Global Economy, 2017; Songwe, 2018). Additionally, the political situation in the country is regarded as one of the most stable on the continent (The Global Economy, 2017; Shadow Governance Intel, 2017). The government in Ghana have implemented policies such as free-market principles which allow firms to compete on similar terms. However, the market is not perfect as policies within public investments, debt levels and a necessity to achieve efficiency of expenditures within policies (IMF, 2018). These challenges are some of the risks which are apparent on the Ghanaian market, nevertheless, firms have faced those risks in the hope of reaping the rewards of an emerging market. The question is, how have the firms entered the country, managed the risks and how have they exploited the emerging opportunities in the country?

EY provides five areas that are important for Africa in the upcoming years; shared value, entrepreneurship, regional integration, infrastructure development and partnerships instead of protectionism. A report by Mckinsey estimates that by 2034 the working age population will be larger in Africa than either China or India mainly spurred by technological changes unlocking internal opportunities (Bughin, et al. 2016). The region is also expected to double the manufacturing output until 2025 if the correct structures and environment will be created for manufacturing companies. This evolution in industrialisation could create an estimated 14 million jobs in the industry over the next decade. The urbanisation of countries within Africa also adds to the positive factors of the region, in 2018 half of the population in the continent lives in urbanised areas with an estimate that figure will hit 75% in 2050 (Saghir and Santoro, 2018). If internationalising firms can perceive and exploit this opportunity within the manufacturing industry as the Chinese have initiated there are significant growth to be achieved in the upcoming years. Therefore, research on how to manage risks and exploit opportunities is needed to provide other manufacturing firms with knowledge of how this can be realised.
Previous research has been conducted on how firms can manage risk in emerging countries (Mitra et al., 2015; Mandell, 2015). Research has also been conducted on the African continent, however, most of the research is based on the African continent in general (Labbé, 2017; Zoogah, 2018). Providing insight into the necessity of specific research within a West-African context as well as Ghana and Nigeria. Emerging economies have their own characteristics, and therefore different risks exist in different countries. In recent years, the Ghanian market has gained interest from scholars, who seek to investigate how firms internationalise to Ghana (Dadzie & Owusu, 2015; Dadzie et al., 2018). However, the research does not put emphasis on the management of risk in combination with how firms exploit opportunities in a network context and thus constitutes the identified gap in research. By integrating the business network of a firm, risk management and positioning within a firm’s network, this study wants to highlight how firms manage risk and exploits opportunities within the countries of Ghana and Nigeria.

1.3 Research question

The two research questions sum up and provide a larger picture of the research area. When internationalising to the West-African region there are significant risks, how can these be reduced? Additionally, how can a firm act upon the opportunities when internationalising to the region? The second question is focused on the firms’ network and relationships and how they impact risk management and opportunity exploitation.

**Question 1:**

How do manufacturing MNC’s manage risks and exploit opportunities in West-Africa?

**Question 2:**

How do they use their relationships and network to manage risks and exploit opportunities in West-Africa?
1.4 Purpose

The purpose of this research is to analyse how firms manage risk and act upon opportunities when internationalising to Ghana and Nigeria. Also, an analysis of how the firms’ relationships and network help them manage risks and exploit opportunities in Ghana and Nigeria region will be researched.

By researching how firms manage risk and opportunities in Nigeria and Ghana the authors hope to be able to provide insight on how firms can use these countries as business hubs to access the West-African market. Further, the authors of the thesis intend to provide an empirical and theoretical contribution to how risk is managed, and opportunities exploited in the area. Further guidelines will also be developed that can be of use for firms that want to enter the market and provide additional insight into opportunities and risk management through a firm’s relationships and network.

1.5 Delimitations

The study will be focused on manufacturing firms and will not focus on other industries. Further, the companies studied are delimited to MNC’s which the authors define as a company that has company management in one country, the home country while operating in other countries with for example subsidiaries (ec.europa, 2019 a). The thesis will be limited to the countries Nigeria and Ghana and will, therefore, exclude the other countries from the West-African region.

1.6 Outline
2 Theoretical framework

The theoretical framework emphasises relevant theories providing the basis for the empirical findings. The aim of this chapter is to understand the significance of the chosen theories of the research to be able to connect with the empirical results in the analysis. To conclude the theoretical framework a conceptual framework made by the authors will be presented.

“Risk Management can help you seize opportunity, not just avoid danger.”
– Dan Borge 2001

2.1 Behavioural Internationalisation theories

2.1.1 Uppsala internationalisation model

When firms enter a new market, they face a number of uncertainties and risks. The Uppsala model is an internationalisation process model that is connected with a level of uncertainty and risk-taking when firms internationalise their business (Johanson and Vahlne, 1977). The model describes internationalisation as a consecutive process based on learning in which a firm could increase international commitment in incremental steps. However, the Uppsala model was revised to focus more on relationships and to consider business network theory as the basis of internationalisation in contrast to the old view of a market as independent suppliers and customers (Johanson and Vahlne, 2009). By integrating the role of business relationships and networks, it could facilitate the business activities both at the home market and the foreign market through reducing liabilities and psychic distance. Johanson and Vahlne (2009) found that the development of trust and establishing new knowledge was important when creating new relationships and that knowledge was created via the newly formed relationships. Furthermore, these relationships were often found to be strategic alliances and joint ventures as a more common way of internationalising compared to the 1977 model.

2.1.2 Psychic distance

Johanson and Wiedersheim-Paul (1975) assumed that the internationalisation process is incremental and where the commitment of the firm’s resources increases upon learning about the foreign market. Assuming that the barriers regarding internationalisation were the lack of knowledge and resources, the authors understood that firms are starting with exporting to neighbouring located countries to minimise the risk and reduce the psychic distance. The impact of psychic distance on SME:s behaviour was investigated by Ojala and Tyrväinen (2009) who concluded that the influence of psychic distance in the internationalisation process, cannot be applied in knowledge-intensive
SME:s which could obtain knowledge not only by experience but also through recruiting.

Psychic distance is closely related to the cultural distance that points at the function of differences in value and communication types that has roots in the culture in a specific country. Håkansson and Ambos (2010) defines the two concepts as the perceived difference between two countries and indicates that people understand that the concepts similar to each other. However, Håkansson and Ambos found that the main factor within psychic distance was the geographic distance between two countries. Johanson and Vahlne (2009) further argue that the correlation between psychic distance and internationalisation has declined and when companies acquire more knowledge about other markets the confidence increases as well as the capabilities to manage psychic distance. However, Johanson and Vahlne conclude that psychic distance still is relevant at the decision maker level rather than the firm level.

### 2.1.3 Liability of foreignness

During the gradual internationalisation process, firms may face many liabilities (Johanson and Vahlne, 1977). Zaheer (1995, 295) identified a formula based on liabilities of foreignness (LoF) which he describes as “additional costs a firm operating in a market overseas incurs that a local firm would not incur”. LoF reflects the knowledge of culture and rules in the host country, lack of experience and lack of networks. Furthermore, not having brand loyalty due to the lack of customers in the host country, could also be classified as LoF. Reducing LoF can be a decisive strategy to increase the acquaintance base in the local market via competitive advantage or using strategic abilities to overcome such challenges (Javerick-Will, 2009; Johanson and Vahlne, 2009).

### 2.1.4 Network theory

Organisations are embedded in informal and formal network relationships with companies, institutions and agents thus forming an important aspect in the internationalisation of a firm (Bridgewater, 1999; Coviello and Munro 1997). Coviello and Munro (1997) argue that the internationalisation process is different depending on what types of a network a firm can access affecting the entry mode chosen. Furthermore, it is important to define what a network is to provide a basis for understanding. The authors of this thesis refer to the definition by Forsgren and Johanson (1992), that a network is a set of connected exchanges within business relationships between different actors
that control business activities. Hagg et al. (1982) created the IMP interaction model explaining that a network consists of actors, atmosphere and environment. They analysed the exchanges between buyer-suppliers in industrial markets. By concluding different factors affecting the behaviour of actors they could create a model explaining how the relationship between the market and an actor could improve.

Further building upon Hagg et al. (1982), Johanson and Mattsson (1988) explained that a network first and foremost consists of the environment as a business network and market arena. They identified four market positions for a firm: the early starter, lonely international, the late starter and the international among others. Along with four different market position strategies, they concluded that the most important driver for going abroad is based on the positioning of the firm within the network. How a firm is positioned inside its network and thus contributing to the network based on to which extent it is international and the degree of internationalisation within the network itself.

Both Hagg et al. (1982) Johanson and Mattsson (1988) argued for that a firm’s network enables easier access to the international arena and by using its network they could smooth the progress of internationalisation. To share the benefits of being included in a network firms join together and maintain relationships but also gets rid of unfruitful relationships when going abroad. Ford et al. (2011) describes a business network as actors without a common goal but joined views of how resources and activities should be conducted with organisational logic. These networks and links are explained by the author as to how a firm can enter a new market and use the resources in strategic advantages.

Ferrucci et al. (2017) researched Italian firms internationalising to Africa and concluded that the network for firms from Italy play a relevant role when internationalising to Africa. However that this was rather due to contingencies than deliberate strategies. They also noted weak institutions in both Africa and Italy thus firms could not obtain help when internationalising to the region. Ajayi (2016) further concluded that Nigerian firms exporting competence are impacted by their networking capability and the necessity to have a network within the African market. However, their research indicated that correct government policies, procedures and regulations can reduce the necessity of the firm’s own network and thus spur exports.
2.1.5 Liability of outsidership

Johanson and Vahlne (2009) devised the liability of outsidership (LoO) as another viewpoint along LoF as explained in an earlier chapter, within the network theory. The liability of outsidership explains how a firm lacks a certain business network when entering a foreign market and it is a phenomenon that needs to be considered when internationalising. By developing structures inside and outside the firm to avoid LoO a firm can enhance its chances to succeed in a new market. It is also common that a firm will rearrange its internal resources and manage its relationships differently to become an insider within the network (Schweizer, 2012). Schweizer also argues for that to become an insider the firm needs to access new knowledge of the market and network.

2.2 Economic theories

2.2.1 Transaction cost approach

The transaction cost approach predicts if a firm will perform the internal activities by lower the costs through establishing an internal management control. Also, if the firm manages to establish an implementation system while it relies on the market for activities where agent or distributors have a cost advantage (Coase, 1937). The transaction costs arise when the market fails to meet the requirements when operating under perfect competition. It could be translated to “friction free” when the cost of operating in such markets would be zero and it would be a minor motivation to enforce any impediments to a free market exchange. However, generally, there is always some type of friction between the buyer and the seller which results in a transaction cost. Williamson (1985) explains that the friction between buyer and seller is an opportunistic behaviour. Firms consider transactions costs when doing business in Ghana, Dadzie et al. (2018) concluded that firms prefer to enter the country with a wholly owned subsidiary to reduce negotiations and transaction costs. An example of these transaction costs within this study would be avoiding property right enforcement costs and also ensuring quality control.

Transaction cost approach implies that parties in a transaction, to protect against risk employ a control system aiming to show that being a part of an exchange is better than not taking part. The framework of the transaction cost approach describes that cost minimisation explains structural decisions. However, firms internalise to reduce transaction costs (Hollensen, 2016).
2.2.2 Eclectic paradigm
The original eclectic paradigm was presented by John Dunning in 1977 where he created a framework for how MNEs determine the geography and industrial compositions to decide whether to undertake foreign production investments (Dunning, 2000; Dunning, 1988). Mainly three variables are mentioned as important when deciding FDI; firstly, the greater the competitive advantage (internal capabilities such as managing internal skills) is relative to other firms the more likely the firm is to increase foreign production. The second is location attractions/advantages and if the firm can see location-specific advantages that favour a specific foreign market in comparison to the domestic country the firm should do FDI to that specific country. Thirdly, is how a company should evaluate its core competencies in relation to the location attractiveness of diverse markets or regions. The eclectic paradigm concludes that a firm is more likely to do FDI if the net benefits in engaging in cross-border internationalisation of production itself are larger than to franchise, outsource or license away production. Dunning revised the theory in 1993 to focus more on explaining and covering all value-creating activities a firm undertakes internationally highlighting that the theory now is a more complete theory of internationalisation (Dunning, 1993). Dadzie and Owusu (2015) concluded the importance of ownership, location and internalisation specific factors when entering Ghana. MNE’s choose acquisition mode of investment when the international experience is extensive, and the market is perceived to be significant in size thus resulting in that the firms can use their resources favourably.

2.3 Risk
The definition of risk could be demonstrated in two ways; a factor that could create possible failure in the internationalisation process or as unpredictability when entering a new market (Johanson and Vahlne, 1990; Miller, 1992). Internationalisation occurs when a company moves a part of its business abroad using several kinds of entry modes. Johanson and Vahlne (1990) conclude that firms start their international operations by using modes such as exporting and licensing which is less risky and requires less resource commitment. On the other hand, a firm can enter in a joint venture or with a Greenfield investment building a subsidiary which is considered riskier and requires intense resources (Cavusgil et al. 2008). However, internationalised firms are today more risk-averse, but they still have a dynamic behaviour and will continue to gradually seek new international markets as the risk reduces.
and the profit expectations are increasing (Chetty and Campbell-Hunt, 2004; Johanson and Vahlne, 2006).

2.3.1 Risk management

The past 30 years of risk management has become increasingly important for businesses. Risk manager was then a “low-level position” in the firm as the task for the risk manager was mainly handling of insurance (Darwin, 1977; Nocco, 2006). Risk management has developed into a more diverse and important job, as it involves handling other aspects of risk as well, such as operational risk, reputational risk and strategic risk (Darwin, 1977; Nocco, 2006). To achieve a firms’ goal, a manager needs to make several decisions which dictate the course of action. Therefore, a strategy is created. The strategy is partly created to lower risk (Baird and Thomas, 1985). Some managers decide on one course of action which is of higher risk, whereas some managers are unwilling to take any risk, or at least that is what they intend (Baird and Thomas, 1985). However, the risk is defined as a condition where the consequences and probabilities of a decision are known, however, as it is impossible to know every possible outcome, there is uncertainty (Knight, 1921). However, strategic risk planning does have a role, even though it is impossible to measure the exact outcome, as it is still a tool for businesses. Strategic risk management includes three phases: risk identification phase, risk estimation phase and risk evaluation phase (Baird and Thomas, 1985). The identification phase includes answering questions which purpose is to identify what the risks are. The estimation phase attempts to define how severe and the probability of the risk happening. The probability is difficult to measure as of how probability between two completely different events can be compared. The risk evaluation phase puts emphasis on how much risk a firm is willing to undertake and if a risk can be justified through the potential reward of the opportunity.

The authors of this thesis will be using the framework presented by Miller in (1992) and focus on three different perceptions of uncertainties, general environmental, industry and firm-specific variables.
Theoretical framework

<table>
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<tr>
<th>GENERAL ENVIRONMENT UNCERTAINTIES</th>
<th>INDUSTRY SPECIFIC UNCERTAINTIES</th>
<th>FIRM SPECIFIC UNCERTAINTIES</th>
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<tr>
<td>• Political</td>
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<td>• Government policies</td>
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Miller divided the responses to the presented uncertainties into financial and strategic responses. Financial risk management does not impact company strategies, but the strategic responses change how the firm is structured thus having a larger impact according to Miller. He further distinguishes the difference between risk and uncertainty and how they relate to each other. Uncertainty, as explained in risk management, is the lack of certainty within a result in a given situation. Risk, however, is the understanding for a firm and the potential loss of a management decision. Furthermore, firms should not reduce all uncertainties, rather, they should profile the uncertainty. This results in an optimisation of the risk it undertakes within a given decision inside the firm thus highlighting the importance of exploiting opportunities.

The authors of this thesis intend to use Millers framework when analysing how firms manage risks and uncertainties in West-Africa in relation to exploiting the opportunities within the region to answer the research questions.

2.4 Opportunity tradition

It is important to define what and how an opportunity emerges for a company as it is a cornerstone in this thesis. In entrepreneurship opportunities could be defined in line with Singh (2000) who indicates that entrepreneurial opportunities are feasible, profit-seeking, potential ventures that create
innovative products or services to the market or betters a product that already exists in a not saturated market. Sarasvathy and Drew (2002) define entrepreneurial opportunities as a set of ideas, beliefs and actions that enable the creation of future goods and services with no current market demand. In contrast opportunities within a firm could be different, Drucker (1985) suggested seven different sources for opportunities within or outside a firm. These were unexpected occurrences, inconsistencies within demand/supply, process needs or industrial changes and three outside the firm; demographic changes, perception changes and increased knowledge base.

Shane and Venkataraman (2000) further identified three main categories: new informational creation within the invention of new technologies, exploiting market inefficiencies from market asymmetry and shifts within relative costs and benefits within political regulatory or demographic changes. To exemplify and provide an easy understanding of how opportunities can be explained the authors Buchanan and Vanberg (1991) concluded that opportunities are discovered or created depending on the market and how complete the information is, and this is how the authors of this thesis will define opportunities.

2.5 Motives and triggers

There are numerous reasons why firms decide whether they should internationalise. According to Dunning (1993), there are four main reasons: Market seeking, efficiency seeking, resource seeking and strategic asset seeking. However, in Ghana, the most common motives entering the market are market and resource seeking (Asiedu, 2002; 2006; Dupasquier and Osakwe, 2006). Market-seeking is the process where a firm exploits opportunities in a new market, while resource seeking is the process of entering a new market based on the resources that exist within the specific market such as cheap labour or natural resources (Dunning, 1993). The motives can further be categorised as either proactive or reactive motives (Hollensen, 2016). Proactive are motives which come from internal stimuli, and the firms’ willingness to exploit opportunities based on their competitive strengths such as achieving economies of scale and foreign market opportunities. Reactive motives are motives which comes from external stimuli, such as entering a new market because of reasons which are forced upon them such as a saturated domestic market or to extend seasonal sales (Hollensen, 2016; Hamilton and Webster, 2009).
Triggers are split into two categories, internal and external. Internal triggers include change agents such as perceptive management, specific internal, for example, the hiring of a new employee with experience from internationalisation and import as a mean to gain knowledge from foreign markets. External triggers are for example market demand, trade associations and export help, information search and translation (Hollensen, 2016; Hamilton and Webster, 2009).

2.6 Entry mode

Choosing the correct entry mode is one of the important choices when internationalising (Cavusgil et al., 2013). The motivation for choosing a certain entry mode could be different; cost reduction due to labour costs rising in the domestic country, minimise risk, reach new markets and demand or due to location advantages, it will always remain an important choice for management (Ofili, 2016). Furthermore, Cavusgil et al. (2013) argue for to succeed in a market entry a firm needs to assess local culture, legal framework and political environment to be successful.

2.6.1 Direct Export

Exporting is a common form of entry mode for firms when internationalising their business and is according to Bradley (2005) the quickest and easiest way of entering a new foreign market. Root (1994) states that export modes consist of indirect export, direct export via agents or distributors and others. The export approach is commonly used as a mode to gain knowledge and experience of the new market while the company also is able to choose the level of commitment, risk involvement and resources when deciding their entry mode (Chung and Enderwick, 2001; Porter, 2004). Direct export occurs when a producer sells directly to an importer located in a foreign market (Albaum and Duerr, 2008). This type of entry mode does not require extensive knowledge about the foreign market from the manufacturer’s point of view (Root, 1994).

2.6.2 Indirect export

An indirect export is another form of exporting where a manufacturing firm uses an independent organisation that is located in the producer’s domestic market (Kleen et al., 2003). The export activities are controlled by another domestic company such as trade agencies or export houses and usually do not involve the manufacturing firm in the foreign sales of its products. However, indirect export often being adopted by firms with fewer resources which wants to enter new international markets gradually (Hollensen, 2016). This is a way
for firms to understand and test markets before committing bigger resources, developing their own export organisation and networks (Fujii and Saito, 2017).

2.6.3 Strategic alliance
A strategic alliance is a co-operation between one or more parties with the base either in the domestic market or foreign country. Reasons for starting a joint venture could be the development of new technology, increase market entry speed or access markets that require local ownership structures (Cavusgil, 2013; Bradley, 1977). Oguji et al. (2018) argue for that in Africa firms will use joint ventures to navigate through complex institutional processes and the government to promote this form of entry mode via legislation and new strategies. This shows the importance of using joint ventures to access the African market for firms.

2.6.4 Project business
Project business is a process of providing the purchaser with a project by marketing, developing and implementing technical solutions specified to the buyer’s needs. In other words, project business comprises a relationship between the marketer and the purchaser as well as other stakeholders concerning the marketing of inter-organisational projects. The projects are described as unique and temporary; however, the purchaser and the marketer may have earlier historical project business interactions (Owusu et al. 2007). Furthermore, there are surveys indicating that half of the value of international trade in various developing countries is formed by project business (Cova et al. 2002; Artto et al. 1998). To reach a successful project business, it requires a long-term oriented period of interaction before the contract is signed and as well as an intense interaction of implementation phase is required (Dubois and Gadde, 2000; Bansard et al. 1993).

2.6.5 Greenfield investment
A Greenfield investment is a form of FDI and is an entry mode into a foreign country which involves an establishment of a subsidiary. The establishment is settled in a particular host country by another firm from another country, alone or with other partners (Barkema and Vermeulen, 1998; Kogut and Singh, 1988; Newburry and Ziera, 1997). Hennart and Park (1993) argue that greenfield investment could be attractive for a firm because it can choose the way to meet the needs, have a local presence, start from scratch and acclimate itself in the host country at their own pace. Greenfield investment could be identified as an entry mode that generates inefficiency regarding transferring the firm’s advantages of firm-specific assets to the foreign market from scratch.
(Görg, 2000; Meyer and Estrin, 2001). However, they claim that Greenfield investment often suffers high relocation costs because of the engagement in cross-border resource transfer on a large scale.

2.7 Conceptual framework

The theoretical review has viewed the different theories from their perspectives and will now be assessed through the scope of how firms manage risk and exploit opportunities in the West-African region. A firm can manage and handle risk directly by choosing an entry mode where it applies fewer resources rendering it less risky. Joint ventures and strategic alliances are entry modes widely used when entering Africa thus collaborating with local companies, managing and mitigating risk primarily to overcome barriers in the market, the cultural distance and lack of specific market knowledge (Odediran and Windapo 2018; Dadzie et al., 2018; Oguji et al. 2018). Owusu and Vaaland (2016) argue that a firm should use its network thus enabling joint capabilities for the chosen purpose when entering a country within the African market. This can both help manage risk within a firm and spur local growth integrating local companies with foreign. Urban and Willard (2017) concluded that the ability to recognise opportunities is highly connected to learning within organisations in South Africa and contributed to how entrepreneurs can recognise opportunities through learning and knowledge from past experiences. Furthermore, the past experiences are important when learning to mitigate risks and through learning from previous experiences’ firms can apply this knowledge when exploiting opportunities in Africa.

![Conceptual framework](Drevell, Liderfelt, Welin-Berger, 2019)
The reviewed literature has provided concepts and studies of how firms have managed risk and exploited opportunities in Africa. The connection between the entry mode, network usage (relationships and positioning), perception of the risk/opportunity as well as knowledge from past experiences affects how a firm manage risks and exploit opportunities when entering a new market and can be viewed in Figure 2. A firm may be pursuing growth to increase revenue or enter new markets which include exploiting opportunities in markets with increasingly higher risk. Firms will perceive this opportunity and upcoming risk deriving from their knowledge and previous experiences. To overcome this risk and exploit the opportunities within the market firms use their networks, relationships and position themselves to maximally take advantage of the opportunity. To further mitigate risks and exploit the opportunity one or a number of entry modes will be implemented based on the resources of the firm and what is found strategically appropriate. This could be a strategic alliance or collaboration to overcome barriers to enter the market or strategic actions to reap the rewards that were perceived. Figure 2 summarises the main concepts derived from the extant literature that provides themes for our study.
3 Methodology

In the following chapter, the methods used when writing this thesis will be explained. Firstly, how the authors approached the study, which method and how the gathering of data was conducted, further, an argument about how and why this particular process was chosen will also be presented. Furthermore, an operationalisation of the interview questions will be presented, to conclude the chapter there will be a research quality and ethics discussion.

“I am not here to speak the Truth. I am here just to give you a method to perceive it.” – Jaggi Vasudev 1900s

3.1 Research approach

There are two main approaches when connecting theory with research; inductive and deductive approach (Bryman and Bell, 2017). When conducting the inductive approach, the researcher describes the consequences of the results for that theory which directed the investigation. The result connects to the basis of the theories and the results of the research which is connected to a certain study. The deductive approach is the opposite and represents the general understanding of the relationship between theory and practice within social science. When exploring earlier knowledge concerning a certain area and theoretical considerations regarding another area, the researcher derives one or more hypotheses which will be subject to empiric examination (Jacobsen, 2002). However, there is a third research approach called abduction which is a combination of the deductive and inductive approach (Saunders et al., 2009). Saunders et al. (2009) indicate that the abductive approach cannot be explained as a mix of the two approaches and only as a combination or as a perspective of the approaches. By conducting an abductive approach, it allows the researcher to analyse theory and empirical data by going back and forth in the process. Abductive approach enables the researcher to gain a deeper understanding when analysing the theory with the empirical data (Alvesson and Sköldberg, 2009).

This thesis is based on a multi-case study which is suited to combine with abductive reasoning since the authors of this thesis need to understand the empirical data to understand the theory and vice versa. Therefore, the authors have chosen an abductive approach because of the necessity to convert between empirical findings and theories to analyse the research questions.
3.2 Research method
Traditionally, there are two types of research methods; quantitative and qualitative method approach. The quantitative method allows the researcher to develop knowledge by observing events with post-positivistic theories which explain that a researcher is influenced by their background, knowledge and values (Creswell, 2014). For example, reduction of specific variables, hypotheses and questions, cause and effect thinking and when measuring observations. The quantitative method employs strategies of inquiry such as surveys and collects data on predetermined instruments concerning statistical data. The qualitative research method is perceived as a research method that puts emphasis on words and not quantification during the sampling and analysis of the data. In essence, it emphasises an inductive approach to the relationship between theory and research where the weight is put on the generation of theories (Bryman and Bell, 2017). Furthermore, qualitative research prefers to emphasise how individuals perceive and interpret their social reality. However, it holds a picture of social reality as a constantly changing characteristic that belongs to the individual’s creative and constructive ability. Alvesson and Sköldberg (2009) describe that the advantage of qualitative research is that the researcher often starts from the actions of the subjects studied, while the quantitative research typically proceeds from the researcher’s ideas of the categories and dimensions. However, in addition to the quantitative and qualitative research methods, there is a possibility to combine the methods (Burke Johnson and Onweugbuzie, 2004). Mixed method research enables the researcher to mix or combine quantitative and qualitative research techniques into a single study. Its logic of inquiry involves the use of deduction, induction and abduction.

In this research, the authors have decided to use a qualitative research method based on the reasoning that has been presented. The authors believe that the qualitative research method is the best option and will support the purpose to gain a better understanding of the research field. Furthermore, the qualitative research method enables the authors to develop further understanding when studying the phenomena closely as the study focuses on a small group of interview respondents (Malterud, 2009). Based on the decided research field and the formulated research questions, the authors of this thesis believe that the best way of gathering empirical data is through a qualitative research method in combination with an abductive approach.
3.3 Research strategy
Saunders et al. (2009) mention seven different research strategies; experiments, grounded theory, ethnography, action research, surveys, case study and archival research. The definition of the research strategy is according to Robson (2002) a wide-ranging method examined and adds that there are several classifications of research strategies. Further, Saunders et al. (2009) conclude that a research strategy is an overall plan on how to answer the research questions. An important criterion when conducting a case study is whether the research questions are formulated to give an answer to how or why. Explained by Yin (2003) a case study provides the researcher with an in-depth understanding of a real-life situation and examines and triangulates several sets of data. The authors have chosen to do a case study based on that this method best suits the research question and characteristics of the study.

The authors have approached the research with a holistic approach which can be illustrated as viewing a system as a whole and this is considered to give a better understanding than the system as different parts gathered together (Patel and Davidson, 2011; Andersen, 1994). Patel and Davidson (2011) further argue that a researcher with a holistic approach compares the whole system to the parts and converts between them to complete the understanding of a given phenomenon better.

3.4 Purposive sampling strategy
The purpose of sampling in qualitative research is to choose interview objects which are not based on random parameters (Bryman and Bell, 2017; Gerring, 2007). Qualitative research usually uses people as a source for information, therefore, the researchers need to identify which persons and from what type of organisation/industry they should have experience from (Eriksson and Kovalainen, 2016). In qualitative research, non-probability sampling is used as it is possible for the researcher to choose the participants for their research given certain criteria (Saunders et al., 2016). The firms and respondents are chosen based on the aim of the study and criterions which the authors of this thesis believe will suit the research question in the best manner. (Schatzman and Strauss, 1973).

The following criterions have been established as suitable to answer the research questions, thereafter, an introduction of the case firms will be presented.
The firms must be/have
- MNC’s
- Manufacturing company
- Conducts business in either or both Ghana/Nigeria

The interviewees must have
- Managerial position
- Experience from the Ghanaian/Nigerian market

3.4.1 Alfa Laval
Alfa Laval is a world leader in the technology sector involving heat transfer, separation and handling fluids. It was founded in 1883 and has today a worldwide presence selling their products in over 100 countries and production units in over 40. The company has over 17 000 employees located in different parts of the world. Alfa Laval had an annual turnover in 2017 of 35 billion SEK making it one of the leaders in its industry (AlfaLaval, 2019 a; Allabolag, 2019 a).

3.4.2 Atlas Copco
Atlas Copco is a Swedish firm operating the industries compressor-, vacuum-, industrial and energy technologies. It was founded in 1873 in Stockholm by Edvard Fränckel and is today one of the biggest actors within their industry. Atlas Copco had 45,986 employees in 2017 with operations in 180 countries worldwide. The company is listed at Nasdaq Nordic and is one of the largest companies in the Nordic region in terms of revenue. In 2017 Atlas Copco had a revenue of circa 118 billion SEK which is their best result to date. (Atlas Copco, 2019; Allabolag, 2019 b).

3.4.3 Norden Machinery
Norden Machinery was founded as Arenco in 1877 in Kalmar, Sweden. They operate in the tube filling machine sector where they are market and innovation leading the industry. The main customers are within the pharmaceutical, cosmetics and home care segments selling machines worldwide. Norden has around 500 employees worldwide and an annual turnover in 2017 of circa 1.2 billion SEK. The company is a part of the Coesia group with over 9000 employees in total having a highly resourceful parent company which motivates the authors of this thesis to include them in the research (NordenMachinery, 2019; Allabolag, 2019 c).

3.4.4 Sandvik
Founded 1862 by Göran Fredriksson in the small town Sandviken, Sandvik has grown to a globally known high-tech engineering company. Their main
sectors are Machining Solutions, Mining and Rock Technology and Materials Technology. The biggest areas of business for Sandvik is Machine Solution and Sandvik Mining and Rock technology, as it constitutes circa 80% of their employees and circa 87% of their revenue. In total Sandvik Group employs 43,000 people, 10,000 people in Sweden and the rest spread out over more than 150 countries. In 2017 they had a turnover of 95 billion SEK (Allabolag, 2019 d; Sandvik, 2019).

3.4.5 Scania
Scania was founded 1891 in Sweden and it is one of the world’s leading truck, bus and diesel engine producers. Additionally, they provide firms with financial services in some markets. In 2018 Scania had 42,369 employees globally and had a turnover of 127 billion SEK (Scania, 2019; Allabolag, 2019 e).

3.4.6 SKF
SKF was founded in 1907 in Gothenburg, Sweden (SKF, 2019). SKF was the inventor of bearings, which can be used in any machine that can rotate. Since their founding, they have developed into a multi-national company focused on industrial processes solutions. Today, SKF is active via sales and distributors in 130 countries and they have production facilities in 24 different countries around the globe. In 2017 SKF had a revenue of almost 78 billion SEK and they employ circa 46,000 people worldwide (Allabolag, 2019 f).

3.4.7 SSAB
SSAB is a Swedish company founded in 1978 and focuses on selling highly specialised steel to its customers. The main production units are located in Sweden, Finland and the US with headquarters located in Stockholm. The company focuses on close relationships with customers and employees 14,300 employees in over 60 countries. The company’s turnover in 2017 was 67 billion SEK making them one of the largest steel companies in the world (SSAB, 2019; Allabolag, 2019 g).

3.4.8 Volvo trucks
In 1917 Volvo was founded and since then it has grown to one of the biggest car manufacturers in the world. In 1927 they started developing their first truck and that was the beginning of what is Volvo trucks today. Volvo Trucks is a subsidiary owned by the Volvo group. The headquarters is located in Gothenburg, Sweden, which is where they have their R&D department. In 2017 Volvo trucks had 5,118 employees, all over the globe. Volvo trucks are one of the leading producers of trucks and their brand name is famous worldwide. Their revenue in 2017 was 100 Billion SEK, which makes it one
of the biggest companies in the Nordic region (Volvo Trucks, 2019; Volvo Group, 2019).

3.5 Data collection techniques

The two main techniques when collecting data is explained by Hox and Boeije (2005) as primary and secondary data. As this thesis builds on a qualitative approach the primary data source will be interviews, explained by Hox and Boeije (2005) as giving people a forum to talk about their experiences and views. Furthermore, this method can be described as collecting data from interactions between people, examining their life stories to study aspects of human experience principally via interview (Jacob and Furgerson, 2012; Wolcott, 1992). The reasoning behind choosing interviews is to gain a deeper insight into the strategies chosen by the companies and therefore gain more insightful knowledge to the authors of this thesis research question. The interview structure will be explained further on and an interview guide is also accessible in Table 2.

3.5.1 Primary data

Cooper and Schindler (2011) explain that primary data constitutes a direct link between an event and the author and could be, for example, interviews, memos or letters. It is coveted as it is closer to the truth and the researcher can have control over errors, therefore, this thesis builds on primary data collected via interviews. Interviews are according to Jacob and Furgerson (2012) an effective way to collect rich empirical data when the phenomenon examined is infrequent. To provide the thesis with the highest reliable information the foundation is primary data tied to the purpose. The companies chosen within this case study all have direct experience and knowledge connected to the research questions and purpose of the thesis.

3.5.2 Secondary data

Secondary data is in contrast to primary data sourced from information that is not directly collected by the authors. This could be literature, articles, internet sources or books (Cooper and Schindler, 2011). In this thesis, the authors aim towards using less secondary data to be closer to the relevant events that can explain our research question. Hox and Boeije (2005) present three main problems when using secondary data; useful data sources, ability to retrieve relevant data and evaluate the data and it is quality. Secondary data can in some cases be presented in the interest for other companies gain and lower the uncertainty of a thesis which could constitute an issue. The authors of this thesis have used secondary data to present an overview of the subject and the
case firms chosen as well as some sections within the empirical material to provide further insight where the respondents could not provide information.

3.5.3 Interview process

Interviews constitute the main pillar in collecting data within qualitative research and are conducted to understand experiences from the subject’s point of view (Brinkmann and Kvale, 2015). Brinkmann and Kvale (2015) explain the importance to remember that an interview is a conversation with a person with a pre-set structure and purpose to guide the interviewer towards obtaining information. There are three main interview structures; structured, semi-structured and structured interviews (Jacobsen, 2002). Structured interviews are commonly used in quantitative research and the interviewer cannot ask follow-up questions to the same extent (Bryman and Bell, 2017). The authors aim to facilitate the interview and give the respondents the possibility to answer freely thus disregarding structured interviews as a consequence. In qualitative research, an interview structure that is either semi or unstructured is preferred, often with brief and simple questions concerning a concrete situation (Brinkmann and Kvale, 2015). The authors of this thesis have chosen a semi-structured approach to the interviews, this provides the interviewer with pre-set questions with the possibility to follow up with questions to steer the interviewee to a more in-depth answer. When using follow up questions it is important to be well educated in the research area and listen carefully to the interviewee. The authors, therefore, performed an initial search the same day of the interview to obtain information about the company, the business model and information about the company’s operations in West-Africa.

3.5.4 Conducting interviews

When conducting the interviews the authors of this thesis wanted to replicate each interview providing each interviewee with the same setup and questions. A decision to send out the questions beforehand and also providing the same initial briefing, purpose and reason behind the study was made. Therefore, all the respondents have received the questions in beforehand enabling them to do research if necessary, to be ready for the interview. According to Brinkmann and Kvale (2015), it is important for the interviewee to understand the interviewer before sharing experiences to a stranger, therefore the authors have decided to implement this in the interview guide to get better contact with the interviewee before starting the actual interview. The development of a guide to set the scene was made and it intended to give each interviewee the same information before starting the interview, providing validity to the research. The interviews were conducted over the telephone with either Skype
or regular call. After each interview, the authors communicated back with the respondent giving them the opportunity to retract and or fill out responses from other sources within the company.

On each of the interviews, one person asked the questions, one took notes and one listened carefully to not confuse the interviewee. The managers that were interviewed were all located in other cities, rendering it impossible to perform the interviews face to face something that the authors would have desired. After each interview, it was transcribed and discussed to gain deeper insight before being used in the analysis. The authors would have preferred to interview each person at their local office, face to face as this would have led to a higher validity and reliability of the research as telephone does not provide the same ability to connect to the interviewee. During the time frame given and internal resources, this was not possible.

3.5.5 Open-ended questions
The authors of this thesis want to give the interviewees the opportunity to freely explain their answers resulting in gaining further knowledge connected to the question. A key part in obtaining additional information is therefore to ask open-ended questions that focus on the crucial concepts and methods beyond the given instructions (Badger and Thomas, 1992). Further, Badger and Thomas (1992) explain that open-ended questions require the respondent to think more in-depth and evaluate their response providing better feedback to the interviewer. This is also explained by Jacob and Furgerson (2012) as the aim of qualitative research is to uncover as much about the interviewees and their experience as possible. It is therefore important not to ask questions that can result in a yes or no answer limiting crucial information, therefore open-ended questions have influenced our interview matrix.

3.6 Method of data analysis
Data analysis consists of the process where a researcher evaluates, discusses and attempts to link their gathered data to theories and themes. Silverman (2016) describes the issue in data analysis of why others should trust the gathered data and if the conclusions drawn from the researcher’s observations would be interpreted the same by another researcher. The data source of the author’s thesis is mainly gathered via semi-structured interviews derived from themes from the operationalisation. When conducting the interviews the process was structured and divided where one person did the interview and two took notes and recorded. After the interviews, the authors transcribed and discussed how the data were interpreted, upon discussion the data were
thematised and linked to theories as the research is an abductive approach to support the analysis. Merriam and Tisdell (2016) describes the importance of comparing the results of the interviews to increase validity and reliability. This has influenced the author’s thesis where the interviews were compared and discussed upon conduction.

3.7 Case study research design

3.7.1 Multi-case study
The authors of this thesis have chosen to implement a multi-case study which is a development of detailed and thorough knowledge about a small number of related cases (Saunders et al., 2009). Yin (2012) argues for the importance of selecting multi-case studies as the chances that your research will yield credible results is better compared to a single case study. Eisenhardt and Graebner (2007) and Eisenhardt (1991) argues that multi-case studies allow a comparison between whether a finding is idiosyncratic or can be repeated in more than one case. Furthermore, Eisenhardt (1991) argue that multi cases create a strong theoretical framework because arguments are based on empirical findings that are varied.

The authors of this thesis have chosen to do a multi-case study as it suits our research question. A multi-case study will enrich the study with several different cases that suit the author’s research questions. If a single case study would have been the basis for the research, it would have limited the outcome and results and therefore a multi-case study was chosen.

3.8 Operationalisation
Operationalisation translates concepts into indicators that a researcher can use to answer the research question (Saunders et al., 2016). Furthermore, Patel and Davidsson (2011, 54, own translation) explain that operationalisation helps to “translate the central concepts and variables found in the literature review enabling the researcher to gather empirical basis for analysis”. Therefore, it is important to connect the literature review as tightly as possible to the conceptual framework. The questions have been operationalised in the manner shown in Table 1.
The first four questions are connected to background information to clarify that they have entered either Ghana or Nigeria and how that was done and also to create a connection with the interviewee. The literature review has provided themes from which the questions have been based on. The themes provide different purposes and indicators thus enabling the authors of this thesis to create questions to the respondents. Upon conducting the interviews the authors of this thesis quickly experienced an emphasis from the respondents towards their network and relationships thus influencing the semi-structured interview to focus on networks and how it affects the process of managing risks and exploiting opportunities. To the left, in the table, each question is connected to the main model with a purpose to why the questions were asked. The questions that are numbered to the right can be found in the appendix in Table 2.

### 3.9 Research quality

The concept of validity and reliability in qualitative research concerns the whole research process (Patel and Davidson, 2011) Quality in research is connected to the degree of validity and reliability in the data collected in a study. This is explained by Yin (2014) as to produce a valid and reliable research a study needs to generate strong connections amongst the method, design, results and conclusion. Applying validity and reliability in qualitative research can be difficult and it is important to accurately describe the research
process enabling others to make their own perception about the choices made by the researcher (Patel and Davidson, 2011). The following analysis of validity and reliability will view how the data can be impacted by the concepts. In qualitative research the concepts credibility transferability, dependability and confirmability are better evaluation criterions and will be used by the authors to analyse the validity and reliability of the research (Eriksson and Kovalainen, 2016; Lincoln and Guba, 1985).

3.9.1 Validity

Credibility

Internal validity, also called credibility in qualitative research, indicates if the results of the study are valid because the way of the groups was selected, data were verified or analyses were performed (Willis, 2007). If the study can be replicated, the researcher would be able to assure it by describing appropriate strategies. In this study this was done through sending the transcribed interviews back to the respondents, ensuring correct transcription resulting in higher validity in the study. However, the validity must be evaluated through interpretations of the researcher’s experiences instead of terms of reality (Merriam, 1994). Furthermore, Ratcliffe (1983) concludes that there is no objectivity or universal way to guarantee validity, there are only interpretations of it.

Transferability

External validity, also called transferability in qualitative research, is described as whether the results are already given by the study are transferable to other groups of interest (Last, 2001). In this study, this was done by thoroughly explaining the research process enabling others to replicate as explained by Last (2001). The researcher could also increase external validity by using heterogeneous groups, achieving representation of population through strategies such as random selection and by using non-reactive measures. To reach validity it requires that an instrument is reliable, but the instrument could be reliable without being valid (Kimberlin and Winterstein, 2008).

3.9.2 Reliability

The reliability of a study is highly important and means that if the research would be done again, would the results be the same, or is the results dependent on random events (Bryman and Bell, 2017; Eriksson and Kovalainen, 2016).
Dependability
Dependability can be translated to “trustworthiness” of the research and is similar to the term reliability, as it revolves getting similar results when conducting the same research at a different point in time and is done in qualitative research by documenting the research process thoroughly. In comparison to qualitative research, this is important due to the nature of the research and the research design can be considered as a model (Bryman and Bell, 2017; Eriksson and Kovalainen, 2016). However, it is achieved by different methods. Dependability is dependent on whether the work process is logical, traceable and documented: This can be achieved by correct sourcing and dictation of interviews which the authors have done by transcribing and collecting data that can be controlled by the authors (Eriksson and Kovalainen, 2016).

Confirmability
The interpretations of the data in an inquiry should not be imaginary, that there are links and a clear correlation between data and interpretation (Eriksson and Kovalainen, 2016). By operationalising the theory with the research question the authors aim is to create a clear connection between the empirical findings and theory and further connecting it to an analysis.

3.10 Ethical considerations
Ethics are according to Soanes and Stevenson (2004) defined as “the branch of knowledge concerned with moral principles” or “Moral principles that govern a person’s behaviour or the conducting of an activity” (Oxforddictionaries, 2019). Applying ethics in research means applying moral values to the whole research process and focuses on what is right and what is wrong. There might be a conflict between the rights for respondents and the persons funding your study rendering an ethical consideration for the researcher (Myers, 2013). Maylor and Blackmon (2005) argue that the golden rule should be considered and thus formulated it for business and management practices. Maylor and Blackmon’s definition is: “Treat others as you yourself want to be treated and provide benefit to the organisation and individuals in your work” (Maylor and Blackmon, 2005, 281). This has influenced the authors of this thesis and respondents have been treated fairly, enabling them to opt out of being mentioned by name, companies have been given the opportunity to retract statements and also view materials before being publicly posted. This to ensure that the research has been conducted in the most suitable ethical manner. One of the company’s respondents have chosen to remain
anonymous hence the respondent from Alfa Laval will be referred to as the fictional name Aluz.

3.11 Societal considerations
The study relates to society as increased knowledge of the African markets needs to be increased and how firms need to adjust their business strategies to support local content. An increase in knowledge in the African market can further help reduce the distance between the Western- and African markets. Furthermore, the firms which enter the market should make an ethical decision to not support corruption in West-Africa.

3.12 Author contributions
The authors take equal responsibility for the work. Throughout the thesis, the authors have divided smaller parts amongst each other. However, the work done have been discussed, revised and rewritten as a group. The empirical chapter, analysis and conclusion have been written as a group and have not been divided at all.
4 EMPIRICAL DATA

In this chapter the gathered primary data with the case companies will be presented. The basis for the questions was themes from the operationalisation, the interviews were semi-structured allowing the interviewees to freely express knowledge and discuss topics themselves.

The grand aim of all science is to cover the greatest number of empirical facts by logical deduction from the smallest number of hypotheses or axioms. – Albert Einstein 1950

4.1 Cases

All of the respondents have international experience regarding the countries of interest in Ghana and Nigeria through their work experience in different companies and through the case companies themselves. They have a managerial position with extensive knowledge in the subject which qualifies them to answer our interview questions. The companies of interest have a high international presence and have entered several markets in Africa before entering Nigeria and Ghana which gives them specific market experiences from the entire continent as well as Nigeria and Ghana. The interviews took place between 26th of April – 13th of May 2019.

Alfa Laval – Aluz, interview conducted via phone in English, duration: 24m 17s

Anonymous (further referred to as Aluz) is a manager at Alfa Laval (Aluz, 2019). Aluz experience is within sales and relationship building.

Atlas Copco – Frans van Niekerk, interview conducted via phone in English, duration: 54m 36s

Frans van Niekerk (further referred to as van Niekerk) is managing director and Vice President of Atlas Copco sub-Sahara Africa (van Niekerk, 2019). His background lies within finance and various different manager positions within Atlas Copco since starting his career there in 1998. Van Niekerk has wide-ranging knowledge about the different African markets and therefore the Nigerian and Ghanaian markets. Recently Atlas Copco has been divided into two parts, one being Atlas Copco consisting of the industrial part and Epiroc a newly founded entity focusing on mining and rock excavation.

Norden Machinery – Jörgen Johansson, interview conducted face to face in Swedish, duration: 23m 24s
Jörgen Johansson (further referred to as Johansson) is area sales manager responsible for Africa, Southeast Asia, Australia and Korea (Johansson, 2019). His professional background is sales positions in different companies and educated as an engineer. Jörgen has extensive knowledge about international business and has spent a lot of time in Ghana and Nigeria. His responsibilities are sales and customer management with different agents and distributors in the world to achieve growth for Norden Machinery.

**Sandvik** – *Maria Hugosson*, interview conducted via phone in Swedish, duration: 39m 14s

Maria Hugosson (further referred to as Hugosson) is a sales support development manager in Sandvik responsible for the West-African, South European and the Middle East region (Hugosson 2019). She is involved with product management, sales and business development in the rock tools department at Sandvik. Further Hugosson has widespread knowledge about the Nigerian and Ghanaian markets and has an important role in developing the company’s strategy in the region.

**Scania** – *Fredrik Morsing*, interview conducted via phone in English, duration: 36m 22s

Fredrik Morsing (further referred to as Morsing) is the managing director at Scania for the West-African region (Morsing, 2019). He has worked in Scania for over 20 years and has extensive knowledge about their operations, entry and the African market in general. He has an education as an engineer and also a degree in economics.

**SKF** – *Isaac Awuni*, interview conducted via phone in English, duration: 21m 32s

Isaac Awuni (further referred to as Awuni) is the country manager for SKF in Ghana responsible also for Liberia and Sierra Leone. He has a degree in engineering and has previously worked with oil companies in Ghana and has valuable knowledge about the African markets.

**SSAB** – *Carl-Robert Borgenstierna*, interview conducted via phone in English, duration: 28m 42s

Carl-Robert Borgenstierna (further referred to as Borgenstierna) is the Area Sales Manager for the North, West and Central Africa and have experience from sales and the African continent earlier working within Business-Sweden. He has worked in SSAB for a total of three years.
Volvo trucks – Martin Björkman, interview conducted via phone in English, duration: 48m 14s

Martin Björkman (further referred to as Björkman) is the market director for Volvo Trucks in West-Africa and responsible for 39 countries in Africa. He has an engineering and economics degree with a background in production, he has also been responsible for Greenfield and brownfield investments as well as entering new markets within Volvo. He has had his current position within Volvo for one year.

4.2 Entering Ghana and/or Nigeria

Aluz starts explaining that Alfa Laval uses three different strategies for entering a new market “Three ways exactly, the first way is to go directly to the market to the end-customer. One way would be through distributors or partners and a third one is through an agent”. Alfa Laval first entered Ghana in 1967 through an agent and Aluz stresses the importance for the company being local thus opening up a sales office in 2015 with a focus on the West-African market. Today the company has offices in Accra employing five people focusing on servicing their end customers.

Atlas Copco entered the African market in the late 1800s where they internationalised to South Africa (van Niekerk, 2019). They entered Ghana in 1993 and Nigeria in 2009 and have three offices in each respective country. Atlas Copco was mainly selling through dealers or partners in the countries before starting up their own offices. Based on previous knowledge about the African market they knew that once they viewed the market as profitable and developed, they could establish their own offices with support services, workshops and their own sales organisation. Van Niekerk explains that “If you reach good levels, you start putting up your own offices and workshops etc. and stocks/inventory to be closer to customers”. Atlas Copco focuses on long-lasting relationships and as of today still, have relations with distributors from the beginning of entering Ghana and Nigeria.

Norden Machinery entered the African market in the 1950s and have sales in 13 different countries in the region (Johansson, 2019). The business model for the company is to sell machines mainly to companies operating in industries where tube filling machines are necessary (cosmetics, toothpaste etc.) such as Unilever and GlaxoSmithKline. It was through their network and access to Unilever that Norden Machinery first entered the Nigerian market. With help from a technician interested in their product which had specific knowledge
about the Nigerian market enabling their entry. This agent in cooperation with another party that also sold to Unilever they started up a company in Nigeria selling as an agent for Norden Machinery. It was important for the company to have a person that was technically skilled being able to support the customers as their products are complex and require educational training to operate. As of today this agent has expanded into two offices and have over 15 employees and represents several distributors.

Sandvik entered the African market in co-operation with Atlas Copco's presence in the market and then partnered with a local agent before starting their own subsidiary in Ghana in 1998. (Hugosson, 2019; Sandvik, 2019; Kwarteng and Sameri, 2013). Hugosson mentions that they are over 100 employees at their offices in Kumasi and Accra supporting customers locally. She further describes that Sandvik always had a clear go-to strategy in being close to their customer and market influencing the entry and business model. Furthermore, she mentions that “we should not only sell products but also service, we want to know more about the customer's business than themselves”. In Nigeria, they have focused on infrastructure projects where demand is more volatile compared to the mining business in Ghana which has been more stable. Hugosson mentions that “Ghana is one of the countries in the world we earn the most money in and where we grow, while Nigeria is a country we are wondering if we will continue to do business in”.

Morsing describes that Scania at the start had sporadic intermediate agents that did not function as desired for the company. The real change happened in 2014 when they opened up their own offices “If you look at Ghana and Africa it was about filling white spots on the “map”, we have the ambition to grow as a company, we knew we had to make investments into a production facility”. It was a combination of filling out the map for Scania as well as entering the market when a large opportunity to deliver buses with a Brazilian firm presented itself. He mentions that Ghana was chosen because of the stability of the country and that it was a step by step process based on past experiences when entering Ghana and he stresses that the entrance into the market was not complicated at all. The choice to open the offices was due to distributors not delivering and Morsing mentions that “we wanted to do something the Scania way and not a quick fix with cheap solutions, we wanted to do it properly” and he later on adds “… We mainly copied what Scania does in other parts of the world into Ghana”.
Awuni describes that SKF has been in Ghana since the 1970s but got more structured and focused in the market around the year 2000. They work with a network of distributors but have their own office in Ghana with two employees and support functions sitting in Brussels, South Africa and Nigeria. He continues and states that the choice of establishing their own office was to be local “It is very good to be here to service our customers. You need to be local and present and visit them every day”. The opening of their own offices was focused on market and technical support working alongside partners not taking their business away and he concludes that partnerships are vital “So we are partners”.

Borgenstierna mentions that in Ghana SSAB works with local partners and distributors and does not have a direct presence in either Ghana or Nigeria. However, the closest office is in the Ivory Coast. He stresses the importance of having enough sales volumes before entering a specific market with a high level of commitment and resources. Before entering the market Borgenstierna mentions the importance of choosing the correct partner and that they did wide-ranging due diligence before deciding.

Björkman describes that Volvo trucks entered the Ghanaian and Nigerian market with a distributor called SMT. The sister company of Volvo trucks called Volvo construction had previously signed with SMT and Volvo trucks chose to follow the same strategy “...we held their arm with judgment and followed their journey”. Björkman explains that Volvo trucks in most cases use a distributor to enter new markets and that is in line with their strategy which is aimed at minimising risks. He continues and explains that their partnership with SMT works well in Ghana, but they struggle with them in Nigeria. Therefore, he explores the opportunity to find a new partner in Nigeria.

4.3 Opportunities

Aluz mentions two different choices when Alfa Laval wanted to enter West-Africa, Nigeria or Ghana. Alfa Laval made the choice based on the stability to open up offices in Ghana thus enabling them to access the massive market of Nigeria through the Economic Community of West-African States (ECOWAS). To exploit these opportunities Aluz mentions that they have an old specific plan based on experience and that they know where and what the must-win battles of their market are. In the annual report of Alfa Laval (2015 b) they specifically mention the opportunities in the region “West Africa has
Empirical data

grown at a faster rate than the rest of Africa in recent years. The region also includes a number of markets that are attractive to Alfa Laval, such as oil and gas, food, marine and diesel power.”. Aluz describes that through earlier experience he/she learned from both Africa and Europe, that the opportunities in West-Africa are easier to exploit because if you bring a solution to a good price you get the order in comparison to Europe where the market is more mature.

Atlas Copco has a strategy which is following industries such as oil and gas in Nigeria and mining in Ghana. Furthermore, the company saw the political climate become more stable, open and other businesses in the countries started to grow. The company viewed the opportunities deriving from mainly natural resources and believe opportunities arise and become exploitable alongside other firms in demand for their products. Van Niekerk mentions that “If you are present in a country and show interest, you get a lot of business directly and opportunities”. It is important for Atlas Copco to have locations close to customers and also expand local networks, having regular discussions with the embassy, ambassador and local decision makers.

Johansson mentions that Norden Machinery uses its previously established relationships and follows existing customers to new markets. In the case of Nigeria, it was Unilever and GlaxoSmithKline which chose to place production in Nigeria, this resulted in that Norden Machinery due to recent years increase in buying power and population in the country could increase its sales volume of tube-filling machines to the area. According to Johansson, it is important for Norden Machinery to be present before the expected increase in purchasing power happens due to the necessity of having local technicians and service personnel for their end customers. Johansson mentions that “Here we have megatrends like population growth, less child mortality, more purchasing power. From this angle we see and know that sometimes it will explode and gain momentum in these areas, we have seen it earlier in India where they have gone from 25% to use toothpaste to now 50% to use it”.

Hugosson mentions that the main motive for Sandvik to operate in Ghana is the vast natural resources. By being present close to the customers and the market they can constantly find new business opportunities and changes between actors in the industry. This is explained by Hugosson and exemplified in having close contact with the local “kings” in the different regions in Ghana and she stresses the importance of this. It is not uncommon that Sandvik has
three-year contracts for their partners and that mining projects can have duration times of ten years. In Ghana for them, it is more about keeping business and continuing being the market leader. Hugosson states that “…we have our main site with service where we incorporate the customers' rigs and rebuild and service them. You come here and feel, that it is a “Sandvik site” where one feels that this is truly Sandvik”. She ends the interview claiming that “The recipe for success for us has been that we have been regarded as a partner where reputation and relationships are important”.

Morsing states that the initial entrance into the market was connected via a strategic alliance delivering 300 buses with Marco polo but that they initially underestimated the market potential “…there are potential to do bigger deals, than we thought from the beginning, we have had two big projects with about 300 units in each contract and have other similar projects ongoing right now”. He further describes that the increasing engineering costs and spending on product development motivated them to search for new growth markets which he classified Ghana as at the time of entry. Business-Sweden and the Swedish government has helped Scania in identifying high potential opportunities (HPOs) and Morsing stresses that their relationships have been an important factor especially when establishing their operations in Nigeria. Since entering Morsing states that “We actually made a profit in our operations in Ghana since starting and that is very good”.

Awuni describes that there are many industries with promising futures in Ghana and that they all need bearings, specifically the oil and gas companies. When choosing to enter the West-African market Ghana was chosen because of the political stability and the opportunities deriving from the current market conditions with natural resources. He continues and describes that the opportunities for SKF have increased now that they are locally present with offices showing commitment to the country’s market. Awuni concludes and says, “The investment has been worth the risk and now we are controlling the market in Ghana”.

Borgenstierna describes that the motivation to exploit the opportunities in the market lies within the steel business and that the demand shows potential in the market. In the case of Ghana, it was a distributor that developed into being a customer and they took advantage of the opportunities in the market together. In Nigeria, he does not see the same demand as in Ghana and they are trying to develop the business from an earlier stage. He concludes and stresses the
importance of having a partner in Ghana and Nigeria “It requires a lot of effort for us to get very little, but we have to be there. But if the market grows you will grow with it”.

Björkman describes that in Ghana everything works fine for Volvo trucks and that they have introduced a specifically tailored truck for transportation in the country. He then mentions that they want to reach ordinary truck drivers with a new range of trucks. The main focus in Ghana is on developing the deals they have and continuing their business. He continues and explains that as mentioned before they struggle in Nigeria but states that “Nigeria is Africa's largest economy. Is there anyone here (in Sweden) who thinks it is good to disregard Germany?” he asks rhetorically. Furthermore, he adds that Volvo trucks were able to enter and succeed in the Chinese market even though that trade barriers and local competition exists in the country. In the case of China, they found opportunities within the e-commerce market as the best option to reach customers and Björkman describes the importance of finding the correct strategy in Nigeria and Ghana. He concludes and stresses the importance of contributing to the local content in the countries and by involving partners which have the ambition to create work and opportunities for the local workers “It is responsible, I want to work with such importers”.

4.4 Risks

Aluz states that the financial risks are evident, but they solve it through using letter of credit as a solution and that the risk department in Sweden does risk calculations more specifically. Earlier Alfa Laval used to manage large orders directly, but their base business in Africa was not able to manage that and they changed the strategy enabling their distributors to handle this instead. Aluz mentions that the proximity to their customers has helped them increase their market share and level of service in recent years “Now that we are based in Ghana, we have higher responsiveness. We have improved our market share”. Overall Aluz mentions that the infrastructure in Nigeria is an issue for the company “You know there is one thing you must try one day. Just to go from the airport to Ikoyi Island. My last trip, it is only 32km and it took five and a half hours. So in one day, you can make maybe two meetings maximum in Lagos and it is really a nightmare”.

Van Niekerk explains that risks for Atlas Copco are somewhat mitigated when using a dealer network but explains that numerous risks still exist. The company wants to be close to their customers and van Niekerk explains that
an issue for them is the overall infrastructure and explicitly road safety and flight connectivity that could be an issue because of the largeness of the continent. He also explains that education often is an issue and that countries often lack skilled people for different industries they operate in. Financing and liquidity are also often an issue, especially in Nigeria. The cultural difference is noticeable, but Atlas manages it by using the local agents and van Niekerk explains that “These guys talk the same language, know the culture that keeps and helps you improve your customer relationships”. Atlas Copco has in some cases acquired dealers to mitigate risks and gain increased knowledge inside the company as well as control over important processes. However, van Niekerk also explains that the region is “…volatile, security is an issue, political challenges, and policy uncertainties exist” he then processed and ends the interview explaining that “Overall, Africa is challenging to do business in”.

Johansson mentions that the risks for Norden Machinery in Nigeria are economic risks. More precisely it is dysfunctional banking systems where they have to secure payments in other measures by in advance payments or avoiding the problem by not using domestic banks. They also view the educational level as troublesome as their products are highly complexed resulting in the necessity to educate personnel to operate the machines. However, this is something that the end customer does not want to pay for as it is common for the employees in Africa to be disloyal to their employer and search for new opportunities elsewhere once they have received specific education. Johansson mentions that this is a problem due to the blame being shifted towards them because of operators having insufficient education and not the machine malfunctioning. He further describes that “…we often want that our customers include a plan on how they will educate the personnel hired to operate our machines” and this is a way the company tries to solve the issue of uneducated personnel. Norden Machinery wants to apply more resources to the market however they perceive this strategic move as a big leap at once. However, the risk still remains as the company does not have control over the employees in the end customer’s production facilities. The cultural distance for Norden Machinery is not as troublesome as they adapt to the need in each market. However, they experience a specific difference in that the organisations in Nigeria are highly hierarchically structured.

Hugosson states that Ghana is politically stable and a friendly country which is low in criminality and has economic stability. One of the main risks
Hugosson experiences is the cultural distance which could stem from colonialism. She mentions the direct risks including trade barriers from the political policies to protect domestic companies, but they have less financial muscles and does not compete directly with us. Hugosson describes the financial risks but that states that “We work with risk-sharing and that they commit to buy 100% from us, then we sweeten them with financing and longer contracts.” She continues and explains that many African companies have liquidity issues and Sandvik solves this problem by working with the customers’ individual needs, creating new business strategies, for example, new payment methods. Hugosson mentions an issue with especially Chinese firms being involved in illegal mining which affects the environment and therefore could impact the reputation of the industry. Hugosson further describes the importance of being socially responsible by developing schools which promote Sandvik’s image in Ghana.

Morsing starts off describing that Scania managed risks through choosing the correct country from the start “We managed this through selecting the most effective country and managed it through also to avoid investing in areas that you do not need to. Also, to spread the activities across the region, not being solely in Ghana or dependent too much in one country, but to put eggs in different baskets”. He continues and states that in a single transaction the financial risk is evident, but that Scania manages it through their parent company being resource intense, financing via the export credit institution in Sweden (EKN) and institutions in Ghana. They also have a separate business risk department and keeping each part of the company focused on its core projects is key for the company. Morsing describes that they did a pre-study, but it was hard to obtain good information without experiencing the local environment themselves. He concludes and summarises his view of the Ghanaian market with “I would say that risk gets higher than other places, but the reward is also higher”.

Awuni describes that it was important for SKF to learn from past experiences thus managing risks in the market “Initially we have acquired personnel from East Africa and South Africa to help us out to set up the office and service the clients. We took use of them and their knowledge”. He also mentions the financial risk and difficulties in transferring money, therefore, they have dedicated staff to monitor customer payments. Awuni identifies that competition from China producing counterfeit products increases but does not
see a direct threat due to the importance of having a local presence, brand recognition and an already established distribution network.

Borgenstierna explains that the direct risks lie within payments and financial issues as well as the issue of finding the correct partners to mitigate risks. The political risks are more evident in Nigeria as Borgenstierna views Ghana as a more stable country. Nevertheless, he says that “When you play over there, you play with their rules. They can change the rules whenever they want”. To minimise the risk he explains that attention to cultural differences is important and it is a vital part of building trust with your partner.

Björkman starts explaining that risk is a thing Volvo is not interested in “A company like Volvo is not interested in risks. Here, there are 200 men who compete in avoiding risk. It is a matter of sounding more "prudent" than others and, during each meeting, ask the question of whether one might take a step back. And that's clear. Such a company will not run right into the terrain of Africa and invest money in networks. It is absolutely impossible to get through this. Even if it was right, this does not happen”. He continues and describes that through their distributor in SMT they can manage political and cultural risks as they know the local market and have well-developed relations. Björkman describes the importance of not handling the African region as one market and to understand the differences between the countries as a company would handle Europe. He concludes and states that this could be because of Volvos lack of knowledge of the African markets.
5 Analysis

The following chapter will present an analysis of how the theoretical framework is interlinked with the empirical data and the authors' thoughts. Each section will be based on the conceptual framework to provide a better understanding of the data.

Pleasure in the job puts perfection in the work – Aristotle 300 BC

5.1 Entry mode

The entry mode is vital when internationalising where the motivation behind might be a trigger such as revenue growth, access new markets and location attractiveness (Ofili, 2016; Dunning, 1998; Hollensen, 2016). Firms aim to reduce uncertainties, risks and liabilities and use relationships from their network to achieve this (Johanson and Vahlne, 2009). Alongside their network, past experiences and earlier strategies influence their choice of entry mode to exploit opportunities in a new market. Atlas Copco stresses the importance of using their past knowledge. Once they reached a certain sales volume and a well-developed network of partners, they could justify a larger investment into a subsidiary in Ghana working alongside their partners in the process. From the empirical data gathered the authors of this thesis can conclude that all of our case companies either used what Kleen et al. (2003) refers to as an agent or distributor when entering the Ghanaian or Nigerian market and then further incrementally developed their presence in the countries.

Kleen et al. 2003 and Fujii and Saito, 2017 argue that using a distributor or agent gives firms the advantage to access the market with low risk, gain market experience and position themselves in a network to further improve their knowledge. This is described by Johanson and Vahlne (2009) as acting to reduce the liability of outsidership within a network and explains why our case companies chose this particular entry mode to gain access to a market-specific network. Norden Machinery, Atlas Copco, SKF, SSAB and Volvo all used or uses a distributor or agent to gain access to market-specific knowledge and country-specific networks. The authors can, therefore, argue that the entry mode is a way to adjust to risk and uncertainty by gaining knowledge but also positioning itself in a network described by Hagg et al. (1982). Also, Coase (1937) describes that when using an agent or distributor a company aims to gain a cost advantage as the transaction cost approach (TCA) teaches. The
The authors of this thesis argue that the companies use an agent or distributor to access cost advantage thus reducing risk and uncertainties.

Scania and Sandvik are the two companies that have the largest operations in the countries as of today. Sandvik operates an office with over 100 employees and stresses the importance of developing long term projects via relationships as a mining project can be ongoing for over 10 years. The office is focused on servicing its mining customers’ needs and the way of doing business is influenced by the market. Scania had an agent that was dysfunctional and when an opportunity to deliver a project with 300 busses in a strategic alliance with a Brazilian partner and this enabled them to justify a larger investment into a subsidiary. Owusu et al. (2007) argue for the importance of the relationships and network for a firm, the network-enabled them to find the project with 300 buses and deliver it via a partner. Furthermore, the interactions of historical projects will open new doors for Scania and as they concluded in the interview that they have other similar projects going today. The authors would state that the earlier historical project business interactions as explained by Owusu et al. (2007) would be the reason why Scania and Sandvik today identifies as many opportunities as they do in the market. Furthermore, the authors argue that project business has a snowball effect on opportunity identification and network building for the firm which the literature does not explain as in-depth.

A wholly owned subsidiary is what Hennart and Park (1993) explain that a greenfield investment results in and is an entry mode where the firm can meet needs their way and have a local presence with control over the processes. Alfa Laval, Atlas Copco, Sandvik, Scania and SKF all have made investments into a subsidiary after initially using an agent or distributor to gain preliminary knowledge. The companies have chosen Ghana either based on stability or ease of opening up a subsidiary and could be a reason for aiming to exploit location advantages as described by Dunning (1988) and Dadzie et al. (2015). All of the five companies mention the importance of having a local presence to serve their customers and that their strategy to achieve local presence is by having a subsidiary. The empirical data provided insight on why local presence is important and it is mainly to build closer relationships with their customers. This strategic manoeuvre to have a local presence could be a decision to reduce the liability of foreignness (Javernick-Will, 2009; Johanson and Vahlne, 2009). The empirical data provided further insight that companies open a subsidiary to show commitment into the West-African market filling out existing literature with market specific knowledge.
When analysing the empirical data the authors can state that the firms initially uses an agent or distributor to manage risks and learn about the market gaining knowledge. After an increase in sales volume from the specific region, the companies change the strategy to achieve a local presence and thus enables them to serve their local customers better. The knowledge achieved from partnering with a local agent and experience in the market opens newly formed relationships and networks for the firms. To exploit opportunities the positioning with the newly formed network and via relationships, they can exploit opportunities but also manage uncertainties and risks. The authors would, therefore, state that the entry mode is a continuous process rather than a one-time initial entry process. A firm uses alliances, agents and partners in the network to exploit opportunities and manage risks. Schweizer (2012) argues that a firm needs to become an insider within the local network to succeed in a new market which all the case firms prove the importance of. This is supported by the empirical findings and shows the importance of a firm to use its network when entering a new market with a substantial investment such as a subsidiary.

5.2 Knowledge

All of the case companies are MNC’s with earlier knowledge about international market environment thus having past experiences that they use when internationalising. The previous incremental internationalisation gave the firms increased knowledge in small steps which the Uppsala Model by Johanson and Vahlne (1977) concluded. Johanson and Wiedersheim-Paul (1975) describes that a firm increases learning through accessing foreign markets with low psychic distance. Several of the case firms initially accesses the African market via South-Africa thus gaining primary knowledge about a market with what the firms perceived as the lowest psychic distance. Then gradually when more specific regional knowledge was developed, they searched for new markets such as Ghana and Nigeria.

Alfa Laval and SKF describe that they acquired personnel with experience from Ghana and Nigeria to avoid mistakes made in the past thus managing uncertainties and risk when exploiting opportunities in the countries. Atlas Copco works closely alongside their partners to learn from each other and gain increased knowledge about the market and it is not uncommon that the company acquires partners to gain knowledge about a market. SKF mentions that they have an old specific plan and strategy to exploit opportunities and based on this can identify which battles must be won to penetrate the market.
something the authors also can identify in the case of Norden Machinery. The company describes that based on previous experiences that their customers' demand follows megatrends such as population growth in combination with buying power. Several of the firms mention an issue with payment, based on earlier experiences from large contracts and entering new markets secure payments such as a letter of credit, risk-sharing and longer credit lines are responses to how they solve the problem.

All of the case firms have described the importance of having knowledge about the local culture and adapting to it. The firms use their relations and networks as well as past experiences when addressing this uncertainty. SKF mentions that they acquired personnel from other parts of Africa within SKF and learnt from their previous mistakes and adapted this to their strategy in West-Africa as the Uppsala Model by Johanson and Vahlne (1977) describes. Atlas Copco mentions that their local agent was helpful when overcoming the cultural differences and also helped them gradually gain knowledge. Cavusgil et al., (2013) emphasised the importance of assessing local culture when entering a new country. The authors state that most of the interviewed companies took advantage of their local agent’s specific market knowledge and their past experiences to overcome and adapt to cultural distances. The authors of this can conclude that the culture in the region has not been a major uncertainty for the companies implying that culture is merely an adaption the firms need to consider when internationalising.

Experience from accessing markets from both Africa and other parts of the world gives the authors’ case firms knowledge on how to manage risk and exploit opportunities. Many of the firms either acquire specific knowledge or manage risks via initially internationalising to markets in Africa such as South-Africa that is perceived to have lower psychic distance. Following the internationalisation, to South-Africa, the firms go to other African markets and from the knowledge gained they enter countries such as Ghana or Nigeria whom then is perceived to have lower psychic distance than before.

5.3 Perception of risks

The three steps in managing risks strategically are explained by Baird and Thomas (1985) as risk identification phase, risk estimation phase and risk evaluation phase. All these steps are important when wanting to exploit an opportunity. The process of exploiting an opportunity includes perceiving what risks arises from the opportunity and thus managing the potential risks.
Overall the firms have general environment risks, and some are more specifically applicable to a certain country and industry and influences the firm’s strategy. The importance of risk management today is explained by Nocco (2006) who describes the development of risk managers work through the years. In the case of Volvo trucks, this is evident where Björkman (2019) explains that the company have over 200 people competing in calculating risks. The authors argue that this can illustrate how important risk management has become in firms as of today. This provides insight on how important it is for firms trying to perceive, foresee and then calculate risks when internationalising to a new market such as Nigeria and Ghana. Miller (1992) created a framework for which uncertainties firms need to identify divided into the sub-categories of general environment-, industry- and firm-specific uncertainties. The framework also includes how firms respond to strategical and financial management to manage uncertainties.

5.3.1 General environment uncertainties
There are several common themes within uncertainties for firms regarding the general environment when internationalising to Nigeria or Ghana. Several of the firms mentions the issue within political uncertainties in Nigeria. The political uncertainties derive from high levels of corruption where Volvo, Scania and Sandvik mention the issue specifically. The authors can state that Volvo actively tries to avoid the issue off corruption where they aim to work with partners acting with good ethics. Therefore it could be an issue of finding these partners within Nigeria and stresses the necessity of having thoroughly developed relationships to overcome the issue. Sandvik mentions the issue with trade barriers and how Nigeria tries to protect their own markets from companies entering compared to Ghana where the market is more open. A firm can view trade barriers as industry-specific, but it originates in political and government policies. This is not anything a company can affect or in beforehand adjust to. However, Scania mentions the importance of not relying on a single market and “...to put eggs in different baskets” within the West-African region. SSAB mentions the importance of minimising risk in a region that is less stable than Europe and stresses that in Africa a company plays by the countries rule and it can change rapidly due to uncertainties in the political environment. Borgenstierna (2019) mentions that SSAB solves this issue with being close to their partners, building relationships and have long term contracts as Miller (1992) explains is a way to cooperate to respond to uncertainties.
Several of the respondents mention issues within financing and banking as risks within Nigeria and Ghana. Sandvik experiences the issue with credit lines where their customers cannot pay on normal credit periods and they solved the problem with extending the payment period to 360 days instead of the standard 60 days. It is also common for Sandvik to share the risk with their partners thus managing financial risks. Norden states that the inefficient banking system in Nigeria causes them to use banks in other countries to simply receive payment for an order. Miller (1992) describes this in how firms respond to uncertainties and that they are flexible within strategic management and also have financial risk management solutions including insurances and future contracts.

Atlas Copco, Volvo and SSAB all mention that they view Nigeria as a country with more social uncertainties than Ghana. Especially the case of terrorism and overall unsafety in the country is an issue for the companies. The authors believe that this should be an apparent uncertainty for all of the companies as it is hard to be proactive against and it is the government of each country that should provide a stable business environment for the companies in the country. Several of the interviewed companies have chosen to base a majority of their business in Ghana as a strategic manoeuvre to avoid this uncertainty which Miller (1992) explains as a geographic diversification and having operational flexibility. Further, Miller (1992) argues that companies in less-developed countries often experience infrastructure and transportation infrastructure issues. Atlas Copco and SKF specifically mention the issues of having insufficient infrastructure when needing to travel to a business meeting and delivering their products to customers affecting their daily work in the region.

5.3.2 Industry-specific uncertainties

The companies interviewed operate to some extent in different industries and therefore from the interviews we can identify that they have different industry uncertainties. Norden Machinery mentioned the importance of the market to grow to enable them to grow with the market and it is, therefore, a significant uncertainty for them. The company is to a greater extent more dependent on the development of the country and if the buying power of the population increases as an example the ability to buy toothpaste. However, in the interview with Johansson (2019), he mentions that they have no issue waiting for the market to increase and they would rather wait for the market to prosper as the Indian toothpaste market did before adding additional resources.
Sandvik mentioned that local competing companies do not have the same financial muscles as them and they do not experience direct competition from other companies. However, they mention Chinese competition in regard to damaging the industry’s reputation and this could potentially affect Sandvik. SKF also experiences competition from China not in terms of reputation but counterfeits but these Chinese companies do not have local presence nor brand recognition and thus far SKF has not lost any noticeable business to them.

At the moment the firms do not experience high competition in the market and the industry uncertainties are relatively low. The authors when analysing the interviews would argue that the barriers to enter the specific industries are high and therefore protects the businesses that have been interviewed. However, they are highly dependent on natural resources, commodities prices and end customer demand making them vulnerable to changing external factors. Furthermore, the authors state that when analysing the interviews an emerging market with high growth potential as the Nigerian or Ghanaian could potentially attract other competitors and increase the competition in the future, therefore, adding uncertainty throughout the industries.

5.3.3 Firm-specific uncertainties

Atlas Copco and Norden Machinery both mention the lack of education and enough skilled labour as an issue in Nigeria and Ghana. Norden Machinery explained how their complicated product can be used wrongfully if the person handling the machines does not get enough training beforehand. A consequence of this could be firms blaming their products do not live up to standards and thus affecting their reputation. The company solves this by trying to include details in the contracts stipulating that the end customer needs to have a plan for how they will educate their staff. Atlas Copco mentions that the countries often lack educated workers for the type of industry they operate in causing uncertainty for the development of the company which requires skilled workers.

Financing and liquidity are issues within all of the case companies, and they have different strategies when solving the issue. Letter of credit, extended credit lines, payment from foreign banks, risk-sharing and the usage of export credit institutions in Sweden are all examples of how the companies manage financial uncertainties. Scania uses a contractual term where they limit their customers to only using them which provides them with additional security within the agreement and reduces uncertainties for the firm’s future.
investments in the region. It is, however, important to note that the case firms are MNC’s, have a lot of resources and parent companies that are capable of supporting the operations in the countries. The companies have specific past risk knowledge and personnel trying to perceive and manage risks. Scania stresses that their organisational setup is aimed towards having departments focusing on specific core projects to use resources and skills to their maximum.

Norden Machinery explains that having control over their end customers’ ability to operate their highly technical machines is an issue. They would like to apply more resources and have staff operating in the region but perceives this as a large investment at this time. That could mainly derive from the countries being geographically far away as Håkanson and Ambos (2010) describes and therefore creating a perception of large psychic distance.

Examining the firm-specific uncertainties some risks are more evident and recurrent such as financial and payment issues. The authors can conclude that as some companies have educational issues, but others do not mention it to the same extent could be because of industry-specific requirements and operational size within the country. By adjusting their way of doing business and being flexible they can adapt to market conditions and specific industry issues. Furthermore, Miller (1992) argues that organisational flexibility is key and explains that without flexibility firms cannot overcome fast occurring changes in the environment. The firms manage the risks that could derive from not having a local presence and being close to customers something that Miller (1992) does not mention in his framework, our case companies identified this risk and adapted to it organisationally with support from the host country of the firm.

5.4 Perception of opportunities

Singh (2000) explains that an opportunity for a company is selling a new or bettered product and the opportunity should be feasible, profit-seeking, potential ventures in a market that is not saturated. The perception and identification of an opportunity are closely interlinked with the initial step of entering a new market and is also combined with the risk process identification inside a firm. When analysing the empirical data it has become clear for the authors that all of the companies interviewed view West-Africa as a high opportunity potential market but with an equally high perceived risk. Upon entry and after having experience in the markets the empirical data signifies that Ghana is a high potential market but with a lower risk, Nigeria however
is far riskier, and the opportunities are more difficult to exploit. Based on the interviews we can clearly see a link between the proactive motives explained by Dunning (1993) and Hollensen (2016) as market seeking actions which involve actively searching for opportunities in markets that are not saturated as explained by Singh (2000). Scania states the importance of being proactive and as Morsing (2019) mentions it “...filling out white spots on the map...” and thus be a part of the growth in every region. Johansson (2019) states that in the case of Norden Machinery, positive megatrends such as population growth and increasing buying power creates opportunities which internal perceptive management can exploit if they are present in the market. He uses the example of the growing purchasing power of India and the effect this puts on the toothpaste industry seeing growth from 25 to 50 % usage in a few years and also stressed the importance of being perceptive and seeing trends before competitors.

Many of the firms have identified and stated that Ghana is ideal for creating a West-African hub enabling increasing opportunities in other markets located close by such as Burkina Faso, Ivory Coast and Nigeria. Most of the firms explain that Ghana is more politically stable gives them access to better infrastructure thus maximising the prospect of exploiting opportunities. Alfa Laval and Volvo both describes the importance of having access to the population in Nigeria but also the surrounding countries and the best strategy in exploiting this is to create a strong foothold in Ghana because of the favourable market conditions. Dunning (1977;1993) identified location advantages as a motive for internationalising a firm and if the firm can find a specific location advantage compared to the domestic country, they would seize this opportunity via FDI. Scania, Sandvik and Atlas Copco all viewed Ghana as an opportunity to where they established themselves via FDI and opened their own offices because of location advantages. Scania exemplifies this where they originally had a distributor in the country that was unsatisfactory thus deciding to open their own offices and have complete control over the strategic and operational processes. The location advantage according to Dunning (1977;1993) can also be interlinked with the natural resources (oil, gas and mining) in the region and an explanation to why Atlas Copco, Alfa Laval, Sandvik and SSAB are present in the markets. Both Alfa Laval and Atlas Copco mentions how Africa is not as evolved as a market in comparison to Europe and explains that it is far less competitive to do business within. This can be connected with Dunning (1988; 2000) who describes that a firm is more likely to increase foreign presence if they have a greater
competitive advantage in relation to other competing firms. The authors can clearly see that these specific organisations have strong capabilities to use their internal skills that were developed through past experiences and could be a reason for not experiencing high competition in the Ghanaian and Nigerian markets.

Buchanan and Vanberg (1991) define opportunities as either discovered or created which can be identified in several cases of the interviews. Scania, SKF, Atlas Copco and SSAB all states that an increasing number of opportunities arose from being present locally in the market. The authors interpret that showing commitment by investing in the market and therefore consequentially allowing firms to exploit opportunities arising from this strategic decision made by the firms. Further, the authors would argue that this can be illustrated as a snowball effect where the local presence increases their knowledge, thus this addition in resources provides them with the ability to find and exploit more opportunities. This snowball effect is a continuous process and can be connected with the Uppsala Internationalisation Model where the authors state “opportunity development is an important outcome of commitment” (Johanson and Vahlne, 1977, 1). Thus, further commitment increases the development of new opportunities. Johanson and Vahlne (2006) further concluded when revisiting the model that mutual relationships and a firm’s network are positively related to opportunities in a new market.

5.5 Network

Bridgewater (1999) and Coviello and Munro (1997) identifies that firms access informal and formal network relationships in new markets by working with agents and distributors. Via these relationships’ firms gain knowledge and relations and that is identified within all of the case firms. Further, Sandvik argues for the importance of having close connections with the local kings and that this has expanded their opportunities within the market. Atlas Copco also stresses the importance of this as they have regular talks with local decision makers to expand their business and enable new opportunities within the region. The author's interpretation of this is that Ghana and Nigeria still have uncertainties within the political system and does not have the same open market as in the Western countries. This results in a necessity for firms to have an extensive network where they can to a greater extent predict what local decision makers plan to reduce uncertainties.
Volvo perceived an opportunity and went hand in hand with a daughter company into West-Africa and used their relations to build its own network, thus positioning themselves within their network to gain access to the market. The previous knowledge of Volvo, their networks knowledge and resources helped them exploit the market. However, the contrast for Volvo in success between the markets in Nigeria and Ghana is evident, correct partner choice and thus network indicates the importance of not only having a network but the correct network partners to succeed. Scania entered the market with an agent, but this was not sufficient to their needs, thus strategically changing and through their network they found a partner which contributed to their opportunity to enter the market in a second attempt. Learning from past failure Scania decided to look for a different strategy to exploit the market and via the network they established a joint alliance and delivered a large project. Once involved in a successful project they built relationships within the market expanding their network and consequentially their opportunities. Sandvik gained knowledge through the West-African market cooperating within Atlas Copco’s network, accessing their network opened up an opportunity for Sandvik to build their own thus partnering with an agent. This led to incrementally gaining knowledge through their network and further opening their own subsidiary and today have overtaken Atlas Copco’s position within Ghana as a market leader. For Sandvik, the knowledge affected the entry mode decision and highlights entry mode as the authors interpret it as a continuous process.

The cases of Volvo, Atlas Copco and Sandvik states the importance of combining previous knowledge, experience and choice of network partners. This is not stressed in the current literature indicating a gap in the research the authors have contributed to. This is further connected to how firms exploit opportunities and further manages risks through their network as the foremost important resource within a firm. The authors of this thesis would state that the identification of new opportunities within a firm is not as apparent within current network theories and this proves that access to a broad network is not only a way to manage risk but also access new opportunities when internationalising.
6 Conclusion

The conclusion chapter will answer our research questions, provide theoretical and practical implications, and present our limitations, suggestions to further research and societal considerations.

Reasoning draws a conclusion but does not make the conclusion certain, unless the mind discovers it by the path of experience – Roger Bacon 1929

6.1 Results

Research question number one aims to answer how manufacturing MNC’s manage risks and exploits opportunities in West-Africa. The second question aims to answer how the firms use their relationships and network to manage risks and exploit opportunities within West-Africa.

To answer how firms manage risks and exploit opportunities in West-Africa the framework of Miller (1992) has been used where the authors have categorised uncertainty into general environmental, industry environment and firm-specific variables. Miller has further developed strategical and financial responses based on the uncertainties creating a framework for firms to adjust strategy in an attempt to help them reduce risks. The empirical data states that firms have significant risks and uncertainties in each of Miller's categories affecting their ability to exploit opportunities within West-Africa.

Through the empirical data, the authors can state that the apparent risks within the general environment are infrastructural, financial and educational which are apparent in Ghana and Nigeria. However, the firms also state that Nigeria has issues with political instability, general safety and an overall issue finding the correct partner in the country something the firms have not mentioned in Ghana. Industry-specific uncertainties for the case firms are competition in regards of firms entering with counterfeits and reputational issues causing concern for the industry and thus not only being firm-specific. Within firm-specific uncertainties, there are diverged risks but the most common is connected to finding skilled labour and liquidity.

The case firms’ direct responses in West-Africa is to manage risk by sharing the risk in single business transactions by being flexible in their strategies and finding solutions together with business partners. Miller (1992) states that firms can respond to uncertainties by being flexible and cooperate with other firms as exemplified in the empirical data. The empirical data further shows
that control over processes being close to customers is highly important when the business has reached a substantial sales volume. Further, the entry mode itself is a risk reduction tool where firms manage initial risk through using a local agent thus learning about the market, gain access to a local network and further increase their knowledge. Gaining access to a local network as Johanson and Vahlne (2009) explain, enhances the chances to succeed in a new market and is exemplified by the case firms. Dadzie and Owusu (2015) explain that location advantage in Ghana is important when a firm chooses entry mode to the region using the firm’s resources advantageously. The empirical data supports the notion that Ghana is used for its location advantage because of a stable political environment and general safety when a firm wants a hub in West-Africa.

To exploit opportunities firms’ access and position themselves in their network, in the case of our firms this is achieved initially via finding a suitable partner or agent. Through the partner or agent, the firms are able to gain further knowledge about the West-African market and thus starts to create their own network. With a larger network, the firms can gain even more knowledge and therefore be exposed to further opportunities which create a possibility to actually exploit the opportunity. The empirical data therefore supports the theories of Johanson and Mattsson (1998) where they concluded that the most important driver for going abroad is based on positioning within the network, the theory by Johanson and Vahlne (2009) that knowledge about a market is developed via newly formed relationships, in the case of our firms this where strategic alliances. Lastly supporting the theory of Schweizer (2012) that a firm needs to become an insider to access new knowledge of a market and network.

The second question is aimed to answer how the firms use their network and relationships to manage risks and exploit opportunities in West-Africa. According to the empirical data knowledge about the West-African market is crucial and the firms manage risks and exploit opportunities by using their knowledge which derives from their network. Therefore, the authors conclude that the network is the source of the perception of risks and opportunities, entry mode decision, firm-specific knowledge, network specific knowledge and thus affects the possibility to manage risks and exploit opportunities. This is further highlighted in the authors revised model presented in the next paragraph which presents the network as the core of risk management and opportunity exploitation.
6.2 Theoretical implications
The previous research has focused on how firms manage risk when internationalising, the authors, therefore, have identified a research gap in how firms exploit opportunities and consequentially manage risk in West-Africa. This combination of risk and opportunities affect managerial and strategic decision within the firm and therefore needs to be researched further. Hence, the choice of the research question. Previous work has argued that the firm uses their network to manage risks, however, from the author's findings a contribution by highlighting the opportunity context and how firms manage, extract core competencies and position themselves within the network to exploit opportunities in West-Africa.

This thesis has further contributed to the understanding of how important it is for firms entering West-Africa to overcome barriers of knowledge. This is done by the case companies through partnering with a local agent thus having access to their network. By investing time into developing their network through their agent a firm can build their own network and thus exploit further opportunities.

Figure 3 Revised conceptual framework (Drevell, Liderfelt and Welin-Berger 2019)
The conceptual framework has been revised to focus more on the network of a company and highlights how a firm position and use knowledge in the network. Furthermore, a change towards how firms use different entry modes and through this process when exploiting opportunities and managing risk the entry mode changes. Furthermore, the authors have decided to change the name of entry mode to Internationalisation processes as a firm changes its entry mode continuously when exploiting opportunities and manages risks within West-Africa.

The authors were surprised by the importance of a firm’s network. When internationalising the foremost hindering is according to our findings the lack of a network in the country a firm wishes to internationalise to as well as knowledge about a specific market. Therefore, it implies that the network of a company is as important as the firm itself in managing risk and exploiting opportunities within West-Africa.

6.3 Practical implications
The author's empirical findings describe that an MNC considering internationalisation to West-Africa should focus on building a network supporting them resourcefully in order to manage risk and exploit opportunities in the region. This study could help MNC’s and also SME’s in mainly the manufacturing industry or natural resource industry. Further, overcoming the initial hump in lack of knowledge is the most important, this can be overcome by finding an agent or partner. The most significant aspect when choosing an agent or partner is that they have high knowledge about the local market and an extensive network opening up opportunities. Further, the firm needs to be flexible in changing their strategy as more knowledge is gained and sales volume rises. Thus the firm needs to adapt its strategy to service customers locally which will increase their specific market knowledge further.

6.4 Societal contributions
The author's thesis has contributed to further knowledge about how policies can change to open up networks for a firm in a distant market, especially in Nigeria and Ghana. A suggestion for the countries is that they should consider opening up their business environments to attract further FDI, which consequently will decrease poverty, increase industrialisation and further spur market opportunities. However, it is crucial for the government to invest in environmentally friendly industries.
6.5 Further research
The purpose of this thesis was to examine how manufacturing MNC’s manage risks and opportunities with a focus question on networks. The study revealed further appealing areas for research. Research on how to determine where and how opportunities are exploited in a market that is emerging would be interesting to study. Further, the empirical findings suggest that the term entry mode is misleading. The author’s perception of entry modes is that an entry mode is not a single event, it is rather a continuous process of how a firm searches for knowledge using their network to exploit further opportunities which arise in a market in combination with a specific entry mode. Further research can be focused on how firms adjust their entry based on previous experience. Exemplified by Scania, which first entered the Ghanaian market via an agent, which was unsuccessful. The initial failure to establish themselves on the market led them to adjust their strategy and find a different way to penetrate the market which appeared through their network as an opportunity, in their case, via a project. It would also be of interest to do the same study on SME’s instead and find similarities and differences.

6.6 Limitations
During the process of our research, the authors have identified several significant limitations. Firstly, many of the firms entered the West-African market a long time ago and the knowledge about the initial entry into the market has gotten lost and therefore impacts the credibility of the respondent’s answers. The companies are also MNCs and the knowledge are more widely spread in the organisation thus implying a necessity to have several interviews within each company to achieve empirical richness. Further, the differences in how the companies’ do business impact their answer, for example, being locally present compared to managing the market from Sweden via a distributor. Moreover, the interviews would have been more in depth and the authors could have connected better with the interviewees if they were conducted face to face in Africa.
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APPENDICES

Table 2 Interview guide (Drevell, Liderfelt and Welin-Berger, 2019)

Information to set the scene and provide each interviewee with the same information about the purpose of the study:

The purpose behind this study is to research how companies see the risk and opportunities in Ghana and Nigeria. As well as investigate how they perceive the risk and opportunities when entering the market. We will ask general questions and specific questions as well as follow up questions. If you do not want to answer a specific questions due to a certain reason that is ok! If you want to leave out name and company specifics that is also ok as this is sometimes sensitive information.

Information after the interview has been conducted:

We will transcribe this and send it back for you to look over if there is something you want to have changed or deleted. The study will be publicly available for anyone to download and can also be sent to you.

Name:
Title:
Company:
Area of responsibility:

Background:

1. What is your position within the company?
2. What is your professional background?
3. Can you describe the company you are working?
4. When did you enter the Ghanaian/Nigerian market?
5. How long has the company you are working for been international? And where did the company originate from?
6. Have you had any previous experience as a company from different parts of Africa before entering Ghana/Nigeria?
7. FOLLOW UP: Why did you expand to this market?
8. How did you enter the market?
9. FOLLOW UP: What was the reasoning behind choosing this entry mode?
10. What was your motivation to internationalise to this market?
11. FOLLOW UP: What was the reasons for choosing this market in relation to other African markets?
12. Did you know any agents or have any relationships in Ghana/Nigeria before entering?
13. FOLLOW UP: How did they help you access the market further?
14. Did you get in contact with business Sweden, company contacts or a similar trade agency before entering?
15. FOLLOW UP: How did they help you enter the market further?
16. How did your relationships or network (export agents, trade agency, institutions at home, company contacts) help you in regards of managing risks?
17. How did you view opportunities in the Ghanaian/Nigerian market?
18. How did you exploit the opportunity?
19. IF YES → How did your previous knowledge help you exploit this market?
20. Did you use an agent, relationships or something similar to exploit the opportunity?
21. How did you experience the demand of your product before entering the market?
22. How did you see opportunities in regards of;
   - Lowering production costs?
   - Increasing revenue?
   - Accessing the market first?

23. How have you experienced risk in Ghana/Nigeria in relation to:
   - The external environment? (politically, institutions, infrastructure, terrorism)
   - The industry? (competition, buying power,
   - Internally? (resources, transferring knowledge, capabilities)
   - Network? (relationships, agents, trade agencies)

24. How did you perceive the risk when entering the market in relation to:
   - Geographic distance (physical distance)
   - Cultural distance (differences in culture, language, norms)
   - Economic distance (buying power, credit accessibility)

25. How did your company’s previous knowledge help you reduce the risk when entering the market?
26. FOLLOW UP: How did you view the risk/reward entering the market?
27. Did your expectations match the reality in regards of the risk/reward combination?