Bachelor Thesis

Africa’s Readiness to Welcome Foreign Businesses
A study of Multinational Corporations (MNC) market selection and choice of entry into Emerging Frontier Markets in Africa (EFMA)

Author: Racheal Oshodi
ro222gz@student.lnu.se
Supervisor: Per Servais
Examiner: Hans Lundberg
University: Linnaeus University
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Abstract

The internationalization strategies of multinational corporations (MNCs) in emerging frontier markets in Africa (EFMA) have become a subject of growing interest due to the region's dynamic economic landscape and untapped potential. This study aims to identify the factors affecting MNCs' market selection and mode of entry into EFMA. Drawing from an extensive literature review, a conceptual framework was developed to guide the analysis. Empirical insights were gathered through case studies and institutional reports of diverse MNCs operating in EFMA. The results show a nuanced interaction between variables that affect MNCs' choices. Market potential emerges as the main factor influencing market choice, driven by a growing customer base and demand for products and services. The choice of market and the means of entrance are both influenced by the availability of resources, particularly raw materials and natural resources. A favorable regulatory environment that ensures transparency, consistency, and adherence to international standards is then shown to play a pivotal role. Results showcased that political stability, cultural adequacy, and social responsibility are crucial in mitigating risks and fostering sustainable relationships within EFMA. Findings also revealed that operational efficiency is significantly impacted by the quality of the infrastructure, which includes telecommunications, energy supply, and transportation. MNCs adopt diverse entry modes, such as joint ventures, acquisitions, and greenfield investments, tailored to specific market contexts. The research underscores the importance of a nuanced approach to navigating EFMA's challenges and opportunities that feed their motives. As a synthesis of academic literature and real-world insights, this study provides a comprehensive understanding of the multifaceted factors that MNCs consider when entering and operating in EFMA markets. The resulting findings provide useful information to practitioners, legislators, and scholars who are trying to understand the complexity of doing business internationally in emerging frontier markets in Africa.

Key Words

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Linnaeus University (Linnéuniversitetet)
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Racheal Oshodi
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List of Abbreviations:

AfCFTA ................................................................. African Continental Free Trade Area
EFMA ................................................................. Emerging Frontier Market in Africa
MNCs ................................................................. Multinational Corporations
IMP ................................................................. International Monetary Fund
1. Introduction

The introductory chapter aims to familiarize the reader with the research domain by presenting pertinent details concerning the subject matter. The introduction commences with an overview of the contextual background and a succinct exploration of the phenomenon of globalization. Subsequently, the discourse proceeds to expound upon internationalization and the intricacies of internationalization, with a specific focus on the African emerging market and its implications for multinational companies (MNCs). Afterwards, the chapter delves into the realm of problem-solving and explores the research gaps that underscore the significance of the chosen topic. In addition, the research question is then articulated, along with a clear presentation of the purpose and delimitation of the study, thereby setting the stage for the subsequent chapters.

1.1 Background

1.1.1 Globalization/Internationalization

The globalization of markets has significantly altered the business environment, providing MNCs with exclusive expansion and development opportunities. According to Bender and Fish (2000), the world is in an era of globalization, and companies are continuously affected by the competition around the world. The need for international trade has always been common across the globe, and this has been due to the diversity of nations' basic materials and manufactured goods. The first form of trading goods and services involved the exchange of goods and services for other goods and services (barter trade). Since then, geographic proximity and connectivity have increased, making humans more dependent on one another for survival and prosperity (Bender & Fish, 2000). According to Cavusgil et al. (2013), the world is undergoing swift economic and political changes that demand a more global outlook. Some countries' economies have grown as a result of their proficiency in trade, among other things, while other nations are lagging behind. We refer to these nations as "emerging." One common trend that exists within emerging countries is that they hold large amounts of the world's natural resources, making them attractive to the outside world. As industrialized countries continue to expand at an unprecedented rate, emerging nations continue to struggle to keep up. According to Czinkota et al., (2003), failure to participate in the global marketplace assures the declining economic capability of a nation.

Nonetheless, the entrance of MNCs into emerging markets has evolved into a common method for host nations to gain economic growth. It is hardly a revelation that China's swift economic growth is attributed to its transition from exporting raw materials to being a key manufacturer. Emerging markets have emerged as particularly attractive sites for multinational corporations
pursuing novel markets, resources, and customers. According to Bender and Fish (2000), increased globalisation leads to an increase in international joint ventures, companies establishing subsidiaries and sales offices abroad. If companies want to become successful, they must manage their knowledge within the organization, especially across national borders. Barkema et al (1997) argue that through accumulated experience in foreign markets, firms gain local market knowledge and develop routines and processes. According to Root (1994), the new global economy has created business environments that require firms to look past the traditional thinking of the domestic market and start looking at business from an international perspective instead.

1.1.2 Multinational Companies (MNCs) and Emerging Frontier Markets in Africa

MNCs are considered key influences on the global economy, and their path towards internationalization originated during the colonization era in the 17th century, when European merchants founded the first global commercial firms. And with the opening of developing and emerging economies to the global economy, several indigenous firms have survived domestic market competition and expanded globally through exports and foreign direct investment (FDI), becoming emerging multinational enterprises. Elg et al. (2012) noted that the Organization for Economic Cooperation and Development said that emerging and developing countries drove global trade growth of above 8% annually in 2011 and 2012. The BRICs account for 18% of global commerce and 45% of economic growth. By 2035, developing countries are predicted to consistently outperform mature nations in GDP. Since the 1990s, developing countries have promoted private entrepreneurship and global trade. Thus, multinationals are investing more in these areas via various entrance methods. Internationalization becomes necessary since economic isolation in the face of global problems is impossible. MNCs must enhance cross-border activity to grow their businesses. Czinkota & Ronkainen (2003) state that a nation's economic capabilities may decline if it does not participate in the global economy. Because of global competitiveness, it has major repercussions for businesses.

According to Agtmael, (2007), the term “emerging markets” was first introduced by an economist at the World Bank by the name of Antoine Van Agtmael in 1981. This was to replace the negative notion of "Third World" in describing developing countries. Antoine Van Agtmael claims that emerging markets will continue to grow almost twice as fast as the current developed economies and that the center of gravity of the global economy will shift from the United States, Western Europe, or Japan to emerging economies. Antoine Van Agtmael used the term “emerging Markets” to refer to rapidly growing economies with rapid industrialization, in other words, the term "emerging markets" refers to an economy that is experiencing substantial economic development and holds some, but not all, characteristics of an economy that is developed. Emerging markets are nations that are in the process of transforming from
"developing" to "developed" status. According to Nellor (2008), developing market indexes is based on the stock market's complexity and the economy's progress. Emerging markets are recognized based on high per capita income, exports of diverse commodities and services, and deeper integration into the global financial system.

The IMF World Economic Outlook classified 39 countries as "advanced". Another 20 countries are considered "emerging markets": (Argentinai, Brazil, Chile, China, Colombia, Egypt, Hungary, India, Indonesia, Iran, Malaysia, Mexico, the Philippines, Poland, Russia, Saudi Arabia, South Africa, Thailand, Turkey, and the UAE (Duttagupta & Pazarbasioglu, 2021), while Nigeria and Qatar are categorized as "emerging markets and developing countries", because Nigeria is classified as a low-income country and Qatar possesses a population of less than 5 million (Duttagupta & Pazarbasioglu, 2021). When it comes to African emerging markets more specifically, Egypt and South Africa are considered to be emerging markets according to the MSCI Emerging Frontier Markets Africa Index (2023). Benin, Guinea-Bissau, Ivory Coast, Kenya, Mauritius, Mali, Morocco, Niger, Nigeria, Senegal, Burkina Faso, Togo, and Tunisia, on the other hand, are considered "frontier markets" meaning "developing and emerging markets". In this study, the author has decided to refer to these two classifications of African markets as emerging frontier markets in Africa (EFMA).

Africa is the second-largest and second-most populous continent on the planet, following Asia. There are numerous cultures, languages, and ethnic groups in Africa. The continent consists of 54 nations, encompasses over 30.37 million square kilometers, and is home to over 1.4 billion people (Rabaya & Saleh, 2022). The continent is well-known for its natural resources, including oil, gas, and minerals, and its distinctive landscapes, including the Sahara Desert, the Nile River, and the Serengeti Plain.

1.2 Problem Discussion

1.2.1 Theoretical problematization

The expansion of firms into international markets has sparked extensive research and discussions on market selection and entry modes. Nonetheless, researchers like Aregboshola (2014) are of the opinion that there is a lack of study when it comes to overseas markets, such as EFMA. However, considering that this was around nine years ago and that the market landscape has undergone a significant shift, with the African market becoming more appealing, this assertion may be contested. But then again, another recent author, Oguji & Owusu (2020), adds to Aregboshola’s (2014) assertion by pointing out that while interest in investing in Africa is growing, knowledge of doing business there is very limited due to the paucity of studies describing the internationalization of multinational enterprises into African markets. The author only discussed two entrance modes for foreign businesses seeking market access into Africa in
his paper, "Market Entry into Africa: Acquisition of International Joint Ventures. Studies of foreign firms market entry strategies, challenges, and performance in Africa"

The emphasis on a few African nations, entry modes, or industries makes the existing research on market entry into Africa limited. For instance, Gundelach & Hansen (2020) did research on the choice of entry modes in Africa but narrowed down the analysis to medium-sized exporters. Other studies on the topic include those by Kassaw (2017), which covered only Ethiopia, and Sumon BHAUMIK & GELB (2005), which each only examined MNCs in emerging markets in South Africa and Egypt. Furthermore, Chanakira's (2012) study focuses basically on investigating entry modes in the African telephony industry.

Meanwhile, the growing market heterogeneity presents certain challenges for multinational corporations entering and expanding in emerging markets. These businesses go through dynamic transitions that are context-specific to each country, as the African market remains dynamic and always changing. The business climate is constantly evolving as a result of factors such as economic changes, political shifts, and technological developments. Marquis & Raynard (2014) mentioned that even though emerging markets as a whole possess a selection of similar characteristic traits, there are also a number of variances that may distinguish them. In addition, while some studies have investigated the role that cultural intelligence and local relationships play in developing markets, there is a vacuum of study on how these aspects influence market entrance tactics in Africa in particular (Marquis & Raynard, 2014). For instance, Ouma et al. (2019) conducted research that emphasized the significance of local partnerships for effective market entrance in Africa; however, the scope of their investigation was restricted to the healthcare industry. Another study, this one conducted by Elenurm et al. (2019), investigates the function of cultural intelligence in developing markets; however, it does not place a particular emphasis on Africa. This study attempts to fill these research gaps by offering a complete analysis of the important variables that impact the entrance strategies of multinational businesses in emerging markets in Africa.

To further illustrate the relevance of market selection and entry mode decisions, consider the Tesla instance and the Chinese corporations' investments in Africa. Regardless of the volatility that exists within the African market, some companies are willing to make deeper connections by investing through FDI, while others take steps back or remain constant with convenient modes. Substantial lithium reserves have been discovered on the African continent, specifically in Zimbabwe, Namibia, Ghana, the Democratic Republic of the Congo, and Mali, as noted by Boyo (2023). However, certain African nations have imposed restrictions on lithium mining, with Zimbabwe going so far as to prohibit the export of unrefined lithium (Boyo, 2023). While Nigeria has expressed interest in Tesla establishing manufacturing facilities within the country, enabling local development and profitability (Sumaina, 2023), According to local reports cited by McFall (2023), Tesla's proposal for lithium mining rights was denied after Adegbite stated that the electric vehicle manufacturer is required to establish a battery facility in Nigeria.
Policymakers, particularly in developing nations, have reached the conclusion that foreign direct investment (FDI) is necessary to stimulate economic development. It is asserted that FDI can generate jobs, increase technological development in the host country, and generally enhance the economic situation of the country. Foreign direct investment is viewed as a significant source of investment capital. However, some multinationals are still reluctant to take this big step forward to enter emerging markets in Africa. A common claim for companies entering emerging markets is high levels of volatility and risk (Cavusgil et al., 2013). This raises questions about the varying market selection strategies and entry modes adopted by different companies.

According to Peter Major, the director of mining integration corporate solutions in South Africa, it is hard for foreign investors like Tesla to satisfy the demands of Nigeria and Zimbabwe due to the countries political and infrastructure deficiencies (Major, 2023). But, according to CNBC and other news reports, China is making FDI and meeting the same requirements as these emerging frontier African nations. Again, this creates curiosity as to the influence of companies' choice of market and entry. It is asserted that multinational companies use different modes when entering emerging markets. Choosing the appropriate method of entrance is a crucial choice that calls for a significant investment of resources as well as careful organization. Thus, the author hopes to identify the variables that drive the choice of different markets and entry modes into emerging frontier markets in Africa.

1.2.2 Managerial problematization

For multinational corporations (MNCs) seeking to expand into African emerging markets, the process of market selection and entry mode decision-making poses significant challenges. Managers are confronted with diverse market conditions, regulatory environments, cultural dynamics, and socio-economic factors that demand careful consideration. The lack of comprehensive research in this domain hinders managerial decision-making, potentially leading to suboptimal market entry strategies and missed growth opportunities. Before settling on a choice for the method of entrance, managers are faced with a myriad of pieces of information that need to be analyzed and taken into account. Managers grapple with uncertainties surrounding which African markets to target and which entry modes to adopt. Sheth (2011) asserts that the majority of emerging market economies are tightly managed by faith-based socio-political institutions overseen by politicians and that these institutions lack funding and facilities. And this forces MNCs to make drastic choices about whether to develop, leave, or stay in the market. Without robust insights into the specific variables influencing these choices, MNCs risk making uninformed decisions, facing potential market failures, and misallocating resources. Elg et al. (2012) claim that various marketplaces need distinct theoretical approaches to international business. The business climate is constantly evolving as a result of factors such as economic changes, political shifts, and technological developments. Therefore, multinational corporations need to modify and improve their methods of entering new markets, as not doing so may result in lost chances or expensive blunders. Additionally, the dynamic nature of African
emerging markets demands adaptable strategies, further necessitating a deeper understanding of the factors that shape market selection and entry mode preferences. Thus, this thesis aims to provide valuable insights to managers in MNCs, enabling them to tailor their approaches to the unique characteristics of specific African markets. By gaining a deeper understanding of the factors that drive successful market entry, managers can navigate the complexities of each market, mitigate risks, and capitalize on growth opportunities. Additionally, this knowledge can help MNCs build strategic partnerships and collaborations with local businesses, fostering positive relationships and enhancing their long-term prospects in the region.

1.3 Research Gap

As previously discussed, the investigation into market selection and entry mode choices was prompted by the cases of Tesla and Chinese companies' involvement in African markets. Thus raising the need to understand the factors driving the choices made by multinational corporations across various industries and African markets. Within the findings, a notable research gap emerged, revealing that existing studies have been narrow in scope, primarily focusing on selected African markets, specific entry modes, and industries. This limitation prevents a comprehensive understanding of the African market as a whole and restricts insights into the strategic decision-making process of multinational corporations when selecting from available entry modes to suit particular markets. Consequently, there is a pressing need to expand the research scope and examine multinational companies from different industries operating in various African markets.

This thesis aims to address this research gap by conducting a thorough analysis of the variables influencing market selection and entry mode choices for MNCs in African markets. The study will provide valuable insights into the dynamics of emerging frontier markets in Africa and contribute to a broader understanding of how MNCs navigate market entry strategies in this context. The definition of a multinational corporation as used in this thesis follows that of Chen (2023), who states that a multinational corporation is an organization that has business activities in more than one country apart from its own country. Last but not least, the intersection of management difficulties and knowledge shortages in research emphasizes the need and significance of researching market selection and entry method choices in African emerging markets. In addition to enabling managers to make well-informed choices, bridging this gap may provide a wealth of information that advances academic understanding and the subject of international business as a whole.
1.4 Research Questions

What are the factors affecting MNCs selection of markets and choice of entry mode into emerging frontier markets in Africa (EFMA)?

1.5 Purpose

The primary purpose of this thesis is to provide a comprehensive analysis of the factors that influence multinational firms' decisions regarding market selection and entry modes into emerging frontier African markets. By exploring the variables influencing these strategic decisions from various industries across different African markets, this study aims to provide valuable insights to both academic scholars and managerial practitioners, as well as investigate the opportunities and challenges in these markets. The study seeks to make a contribution to the area of international business and enlighten multinational corporations and policymakers seeking to expand their global influence into Africa by examining the variables influencing these choices and filling the gaps in existing research.

1.6 Delimitations

The present research will concentrate on the market selection and entry modes employed by multinational corporations in the different EFMAs. This study will draw on the existing literature and empirical evidence to examine the determinants of firms' entry choices and market selection. The research analysis will be addressed by leveraging insights obtained from interviews conducted with managers and strategists from multinational corporations. The scope of the study is limited to the analysis of market entry modes and market selection exclusively for multinational companies in Africa. Other regions and non-multinational companies will not be considered in this research. The scope of the study will be limited to the designated corporations and their respective areas of operation. Moreover, the research will not offer an evaluation of all African markets; rather, it will concentrate on a number of EFMA listed below to provide a more in-depth analysis of the factors affecting market entry strategies in these markets.

Emerging frontier markets in Africa:

- Frontier markets (FM) countries include Guinea-Bissau, Togo, Congo, Niger; Nigeria, Kenya, Tunisia, Benin, Ivory Coast, Mali, Morocco, Senegal, Burkina Faso, and Mauritius.
- Emerging market (EM) countries include Egypt and South Africa.
1.7 Outline

This research report contains six chapters, as shown in Figure 1. The introduction of the thesis report includes the context, problem discussion, research question, research gap, purpose of the study, and delimitation. The second chapter consists of a literature review and conceptual framework that illustrate various theories and factors that support the research question and lead to the conceptual framework. The next chapter illuminates research methods, data acquisition, operationalization, research quality, and ethical considerations. Chapter four contains the empirical findings, which are the results of the research. The fifth chapter provides a data analysis of empirical findings. The final chapter is a conclusion that connects back to the introduction, summarizes the research report, and provides suggestions for future study.

*Figure 1: Outline (Author’s creation)*
2. Literature Review and Conceptual Framework

The aim of this chapter is to introduce the research field and establish a theoretical foundation for the subsequent empirical and analytical chapters. The objective is to lay out the complex subject matter of internationalization and entry modes.

This chapter is organized into three main themes:

- Unraveling the Internationalization Process of MNCs (2.1 + several sub-headlines and institutional report)
- Navigating the Complexities of Diverse Economies: Choice of Entry Modes (2.2 + several sub-headlines and institutional report)
- Factors Influencing the Choice of Entry Modes (2.3 + several sub-headlines)

The key word in the first theme, unraveling, indicates that there are competing theories and many contextual variables to consider when analyzing the internationalization process. In this section, the author dives into the complex nature of the internationalization process by exploring a number of opposing ideas and notions that make an effort to explain how MNCs expand their businesses internationally. These theories are then evaluated in terms of their strengths and weaknesses. The author seeks to emphasize that this study is not just about presenting a one-size-fits-all model of internationalization but rather about unraveling the intricate web of factors that affect MNCs' decisions and behaviors as they move through the landscape of the global market. The same thing goes for the second theme, navigating, which indicates that there is a difficult, complex, and not always clear-cut decision-making process behind the seemingly rational formulation "choice of entry modes". Quite often it is the other way around; serendipity, savvy opportunism, dumb luck, and/or various random circumstances playing to favor actually "chooses you" and the realistically only available entry mode in a given country "presents itself" for you, which is shown in the theories and findings on EFMA. By combining real-world case studies, empirical findings, and theoretical frameworks. This section aims to provide a complete picture of the decision-making process involved in selecting entry modes within the complexity of various economies. It also intends to add to the body of knowledge by providing nuanced viewpoints on how MNCs connect their strategic goals with the changing requirements of the global business environment.

The third theme's main phrase, factors influencing, illustrates that the old proverb "the devil is in the details" also holds up in this context. This section presents the many rational details that may or ideally should influence one's decision about entry mode. This is because the focus of this section is on understanding the variety of variables that have a big impact on the strategic choices MNCs make when choosing the best entry mode for various markets. When MNCs enter foreign markets, there are several factors to take into account because of how complex global
trade is. Beyond the "how," there is a deeper investigation of the "why," focusing on the opportunities and challenges as well as the motivations that interact to affect the decision on entry modes as each piece of the puzzle reveals a comprehensive portrait of how decisions are made. All themes end with a specific section that is mostly based on institutional reports (from African countries/about African countries) to improve the contextual relevance of this chapter and thereby contribute to one of the weaknesses in the IB field, that of eurocentrism. With the incorporation of insights from institutional reports the factors influencing MNCs' choices of market selection and entry modes within EFMA is then contrasted to further give support or contradict findings.

2.1 Unravelling the Internationalization Process of MNCs

Any company's primary objective is to maximize revenue generation while exploring all avenues that lead to expense reduction and market share expansion. Consequently, enterprises have achieved a global presence by establishing alliances and nurturing relationships with other businesses. The internationalization processes are accelerating significantly, particularly as the geographical and psychological distances between nations continue to diminish. According to Johanson and Vahlne (1977), internationalization is a continuous process whereby businesses expand their international activities gradually. It is common knowledge that multinational corporations (MNCs) engage in cross-border activities. In addition, it is reasonable to assert that the particular internationalization process influences the manner and pace with which a business internationalizes. According to Bradley (2005), businesses pursue internationalization for a variety of reasons, including the pursuit of greater opportunities abroad, the reduction of product and technology lifecycles, the elimination of excess capacity, and the pursuit of consumers and competitors in foreign markets. Dunning (1993) and Benito (2015) distinguished four primary motives for internationalization, including:

- In market-seeking, businesses travel abroad to discover new consumers.
- Efficiency-seeking, in which companies go abroad to reduce the costs associated with conducting economic activities and/or to consolidate their operations in multiple locations.
- Resource-seeking, in which companies go abroad in search of resources that are not readily available at home or can be obtained at a reduced cost abroad.
- Strategic asset-seeking occurs when companies go abroad to acquire (tangible or intangible) strategic assets that may be essential to their long-term strategy but are unavailable at home.

According to Hollensen (2020) and Czinkota and Ronkainen (2003), MNCs have both proactive and reactive motivations for entering a market. Proactive motives consider the firm's interests in resource utilization (such as technology competence, unique products, human capital, or finance), tax benefits, foreign market opportunities, market information, profit and growth goals,
economies of scale, and managerial compulsion. Reactive motives consider the firm's response to competitive pressures, such as extending sales of seasonal products, overproduction or excess capacity, proximity to international customers, unsolicited foreign orders, and a small and saturated market.

2.1.1 The Uppsala Internalization Theory

Johanson and Vahlne, scholars of international business, formulated the internationalization theory, also known as the Uppsala model, during the latter part of the 1970s and the early phase of the 1980s. In 1977, the authors released their seminal publication titled "The Internationalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Market Commitments," which established the fundamental framework for the theory. The model discussed the process by which companies progressively enhance their global engagement over a period of time. The Uppsala model suggests that companies tend to adopt a gradual approach towards expanding their global reach, wherein they initially concentrate on proximate markets that share comparable cultural and institutional backgrounds prior to venturing into geographically remote and culturally diverse markets. According to Johanson and Vahlne (1977), firms acquire knowledge and expertise regarding foreign markets through their initial export undertakings, which subsequently facilitates their ability to establish a sales presence in those markets. As firms accumulate expertise and familiarity, they may subsequently engage in the acquisition of indigenous companies or establish their own manufacturing facilities in overseas markets. The model highlights the significance of firm-specific advantages, such as technology or brand reputation, and the need to tailor internationalization strategies to host country factors, including cultural differences and legislation.

The central issues of the model pertain to how organizations acquire knowledge and how this knowledge acquisition influences their investment behavior. Johanson & Wiedersheim-Paul (1975) categorized the process of internationalization into four distinct stages: no regular export activities (sporadic export), export via independent representatives (export modes), establishment of a foreign sales subsidiary, and foreign production or manufacturing units.

Johanson and Vahlne's (1977) research proposes that market knowledge and market commitments have an impact on both commitment decisions and the execution of present activities. The application of internationalization theory has proven to be a valuable tool in analyzing the multifaceted aspects of international business. In the context of this research, this theory will help understand the decision-making processes of MNCs with regards to market selection and choice of entry mode. Narula et al. (2019) also posit that internationalization theory serves as a crucial instrument for comprehending the conduct of MNCs.
2.1.2 Market Selection Strategies of MNCs

Selecting the right market for expansion is a critical determinant of multinational companies' success in foreign territories. In this section, we explore all the strategic considerations and factors that guide companies when choosing markets. When businesses enter new markets, they are required to make strategic decisions regarding which territories, nations, markets, or industries they will prioritize. In academic literature, this procedure is commonly known as the “market selection process.” There are numerous factors that influence the decision-making process regarding which market or country to enter. According to Hollensen (2020), a company’s decision to enter a foreign market is founded on market and firm screening, or, in other words, external and internal factors. Hollensen (2020) mentioned that before looking into these factors, corporations conduct international market segmentation in four distinct stages. Stage one involves the selection of the relevant segmentation criteria and then the development of the appropriate segments. The third stage includes the screening of segments to narrow down the list of markets or countries and the choice of target market. The fourth stage then involves microsegmentation by developing segments in each qualified country or across countries.

- **The firm's Internal factors include:** degree of internationalization and overseas experience; size and quantity of resources; industry or business nature; internationalization objectives; and existing networks of relationships.
- **The environment (external factors):** the international industry structure, the degree of internationalization of the market, and the host nation's market potential, competition, psychic/geographic distance, and market similarity.

2.1.3 Institutional reports on the business climate in EFMA

Reports on Africa shows that MNCs have choose to enter these markets due to the rapidly expanding economies, rising consumer incomes, and abundant resource availability. As entry into emerging markets has become a method for companies to increase market share, revenue, and cost reduction, they are increasingly pursuing this strategy. The World Bank (2020) asserts that the African Continental Free Trade Area (AfCFTA) agreement has made Africa the world's biggest free trade region. According to Cavusgil et al. (2013), emergent markets will account for the preponderance of global development over the next two decades. This is likely due to the fact that the western market is currently highly saturated, leaving little space for significant growth (Cavusgil et al., 2013). In recent years, African economies have displayed promising signals of growth. There are 122 million active users of mobile financial services on the African continent, with a median age of approximately 20 (Leke et al., 2018). This means that the continent has a growing mobile service market and a large population of working age. According to projections made by Leke et al. (2018), the number of smartphone connections will double from 315 million in 2015 to 636 million in 2022, which is twice the amount expected in North America and close to what is projected in Europe. As stated by Leke et al. (2018), mobile data traffic in Africa is
anticipated to grow sevenfold within the same span of time. The African market is in a promising position and has a promising future, as measured by economic growth and consumer expenditure (The World Bank in Africa, 2023). In addition, the expanding middle class and urbanisation have created a considerable consumer market, creating opportunities for MNCs in various industries (Dobbs et al., 2012). According to Rabaya & Saleh (2022), in the following years, Africa's population would increase significantly, nearly reaching that of Asia. The World Bank adds that the natural and human resources present have the capacity to yield equitable growth and eradicate poverty on the continent (Overview 2023).

Despite tighter global financial circumstances, the African Development Bank Group (2023) predicts stable economic growth in 2023 and 2024. The African Development Bank expects Africa's average GDP to stabilise around 4% during the next two years, up from 3.8% in 2022. As nations demand food and energy alternatives due to the Ukraine crisis, African Development Bank chief economist and vice president Kevin Urama mentioned that the region might gain from the rising commodity demand. However, this is not the case as the African Economic Outlook (2023), reports that the nations are currently struggling with a number of shocks, including the post-COVID-19 pandemic consequences, supply chain disruptions caused by Russia's ongoing invasion of Ukraine creating global uncertainty, increased geopolitical risks given the coming national elections, and the tightening of international funding conditions.

<table>
<thead>
<tr>
<th>Economy</th>
<th>Global Rank</th>
<th>Rank within group</th>
<th>Starting a business</th>
<th>Dealing with construction permits</th>
<th>Getting electricity</th>
<th>Registering property</th>
<th>Getting credit</th>
<th>Protecting minority investors</th>
<th>Paying taxes</th>
<th>Trading across borders</th>
<th>Enforcing contracts</th>
<th>Resolving insolvency</th>
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<tr>
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<td>1</td>
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Table 1: The World Bank 2019 Ease of Doing Business in African Rankings (with only EFMA)

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
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<td>43</td>
<td>27</td>
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<td>Congo, Dem. Rep.</td>
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<td>44</td>
<td>7</td>
<td>31</td>
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<tr>
<td>Egypt, Arab Rep.</td>
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<td>11</td>
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2.2 Navigating the Complexities of Diverse Economies: Choice of Entry Modes

The mode of entry into an international market refers to the mechanism adopted by organizations seeking to operate in foreign countries. As Root (1994) aptly defines, entry mode as the arrangement that enables a company to introduce its goods, management, technology, resources, and human skills into a novel market. The selection of a specific entry mode holds paramount importance as it significantly impacts the success of foreign operations. Consequently, decisions regarding market entry methods carry far-reaching implications for the results achieved. When exploring a foreign market, the choice of the most suitable entry mode is guided by the firm's expansion strategy. Every organization aspires to establish a strong presence in the global market, necessitating the formulation of an effective international marketing strategy. Such a strategy entails identifying international opportunities, leveraging resources and capabilities, and effectively implementing overall international objectives (Root, 1994). An organization's entry strategy is, in essence, a composite of several product/market plans, mandating managers to carefully strategize the entry approach for each product in each foreign market. As elaborated by Root (1994), product/market entry strategies entail a series of activities and decisions, including the choice of target product/market, defining objectives and goals in the target market, choosing an appropriate entry mode for market penetration, devising a marketing plan to penetrate the target market, and implementing a control system to monitor performance.

Nevertheless, the design of a market entry strategy is an interactive process with numerous interactions between parties. The assessment of alternative entry modes, for instance, may compel a company to reassess its target market objectives and, in some cases, prompt the exploration of new target markets. Consequently, the selection of entry modes necessitates careful consideration of various factors before reaching a final decision. When selecting an entry mode, the results obtained from the market and its design decisions may hinge on a variety of internal and external environmental conditions. A number of factors, including the information gathered, employee participation, quality selection, environmental influences, and the mobility of various factors, can affect the choice of market entry mode. Koch (2001a) argues that strategy...
theory relies on an extensive empirical basis to develop patterns of market entry modalities and selection trends. According to Lévesque and Shepherd, the decision to enter the market depends on the optimal timetable, as it is crucial to evaluate the external market conditions. When global market conditions fluctuate, making the decision to enter the market can be problematic. Thus, the entrance approach and the correct strategy at the right moment are crucial in any market circumstance (Lévesque & Shepherd, 2004).

Companies can penetrate foreign markets through diverse methods, including exporting, licensing, franchising, direct investment, and joint ventures, among other options as shown in Figure 2. Each alternative entails varying levels of investment, risk, control, and potential return, allowing businesses to select the strategy that best aligns with their dedication to the international market. It is essential to note that the entrance strategies utilised by manufacturing firms do not apply to service firms (Erramilli 1990; Erramilli & Rao 1993). However, Agarwal and Ramaswami (1992) argue that the same factors that influence the mode of entry for manufacturing companies also apply to service companies. However, Erramilli (1990) explains that the entry mode utilised by service firms that is pertinent to manufacturing firms depends on the type of service offered and whether or not it correlates with the entry mode utilised by manufacturing firms. With that said, from the perspective of the manufacturer (international marketer), Hollensen (2020) classifies market entry modes into three categories including: export modes (which involves low control, low risk, and high flexibility), intermediate modes also known as contractual modes (which involves shared control and risk, and split ownership), and hierarchical modes also known as investment modes (which involves high control, high risk, and low flexibility).

![Figure 2: Entry modes. Root (1994)](image-url)
2.2.1 Eclectic paradigm

The eclectic paradigm, also known as the OLI framework (ownership, location, and internalization), is a theoretical framework that attempts to explain the strategies and motivations behind foreign direct investment (FDI) by MNCs and the dynamics of various institutions between nations (Dunning, J.H., 2001). It is a framework that describes in depth the production-related interactions and integrations between international firms (Dunning & Lundan, 2008). According to Dunning (1980) and Erramilli (1990), the development of the eclectic theory was a response to the limitations of the internationalization theory; it was initially developed by John Dunning in the 1970s and then expanded in 1979. The OLI framework identifies three main advantages to successfully engaging in foreign direct investment, which include ownership advantages, internalization advantages, and location advantages. If one or more of these advantages are absent, the company might choose to use a different entry strategy as shown in Figure 3.

- **Ownership advantages** refer to the advantages that MNCs have over its competitors in terms of technology, knowledge, brand recognition, reputation, huge economics of scale, access to capital, superior management skills, intellectual property rights, and resources. Ownership advantages are typically considered intangible, and are considered valuable, rare, hard to imitate and organizational embedded. In other words, the resource are so valuable that a company can drive a competitive edge in the market and making them more attractive to foreign markets (Dunning, J.H., 2001). A company needs this advantage to overcome the disadvantage that foreign firms experience in host countries because of their non-native status. These disadvantages vary from not speaking the language to having limited knowledge the local customer demands. According to Kjellman (2004) successful companies or organizations are said to have the power and ability to leverage their foreign assets and transactions in foreign markets.

- **The location advantage** emphasises the specific benefits offered by a particular host nation or region (Dunning, J.H., 2001). It refers to natural or manufactured resources and

![Figure 3: OLI framework (Author’s creation)](image-url)
considers both demand-side factors (customer base, market growth) and supply-side factors (access to resources, cost efficiency) that influence the profitability and sustainability of the MNC's operations in the chosen location. Advantages include low labour costs, affordable raw materials, skilled labour, special taxes, a lack of tariffs, etcetera. The model implies that organizations consider the comparative advantage of carrying out certain tasks inside a given country before deciding on an entry method. Such considerations often rely on resource availability and pricing. Additionally, the characteristics differ among the geographical regions selected. As shown in Figure 3, businesses that do not have a location advantage in a target market are said to produce their goods within their home country and export. However, if a location advantage does exist (yes), the company's possible entry mode varies between franchising, licensing, or foreign direct investment.

- The internalization advantage refers to the extent to which an MNC decides to retain control over its operations rather than relying on market transactions with external parties; it indicates when it is preferable to produce a particular product internally as opposed to contracting with a third party. As indicated in Figure 3, management may license its product design to a foreign independent firm or outsource manufacturing to an original equipment manufacturer if doing the value chain activity internally is less attractive than having it completed by a third party. If a company wishes to concentrate on other value-chain activities, like marketing or design, it may choose to outsource certain tasks to other foreign organizations because they are better at them, can perform them more cheaply, or have a better understanding of the local market. However, if doing the value chain activity internally is more appealing, the business retains control over its operations and makes foreign direct investment. This might be accomplished by creating completely owned subsidiaries, acquiring existing domestic businesses, or developing joint ventures with local companies. Internalization enables MNCs to maximize their ownership advantages and exert greater control over their value chain activities (Dunning, J.H., 2001). Internalization can be motivated by transaction costs, the need to secure proprietary knowledge, the desire for operational flexibility, and the strategic significance of integrating foreign operations into the MNC's global network.

The eclectic paradigm functions as a theoretical lens through which we can examine the factors that influence the decisions of MNCs. By explaining how MNCs leverage their ownership advantages, evaluating the location advantages offered by different markets, and determining the level of internalization required to enter and operate successfully in the chosen market. We can obtain valuable insights into the motivations and strategies of MNCs in emerging frontier African markets by employing the eclectic paradigm. However, we are aware of the various criticisms leveled against this model by scholars such as Doh (2005). Critics of the eclectic paradigm argue that it is overly concentrated on the interests of MNCs and fails to adequately account for the effects of FDI on local communities and economies. In addition, it oversimplifies
the complex motivations and strategies underlying FDI and fails to adequately account for the influence of institutions and government policies on international business activity.

2.2.2 Institutional theory

While the eclectic paradigm investigates the motivations and benefits that motivate MNCs internationalization decisions, institutional theory focuses on the impact of institutions on MNCs' behavior. Institutional theory aims to persuade organizations that research on a country's institutional environment is essential when making investment decisions. Because it accentuates the influence of sociopolitical, cultural, economic, and regulatory norms and rules on the actions and responses of organizations to their external environment (Tolbert & Zucker, 1996). According to David et al. (2019), the purpose of institutional theory is to examine all the principles of business, society, firms, and organizations that are associated with social institutions: "actions," "structures," "outcomes," and all the expectations associated with them. Kuijpers & Eijdenberg (2021) added that institutional theory influences formal and informal institutions in society, as well as business and individual behavior. The institutional theory points out that due to the pressure to conform to institutional norms and expectations, organizations tend to become more similar to one another over time as their behavior and decision-making are influenced (DiMaggio & Powell, 1983; David et al., 2019).

This pressure is a process known as institutional isomorphism and occurs via three mechanisms: coercive isomorphism, where organizations adopt similar structures and practices in response to external pressures from regulatory bodies, government agencies, or powerful stakeholders that enforce compliance with specific rules and regulations; Normative isomorphism, where organizations conform to the prevalent social norms, values, professional standards, and beliefs in the institutional environment in order to acquire legitimacy and social acceptance. And finally, mimetic isomorphism, where organizations imitate the prestigious or successful practices of other organizations in the same field to gain legitimacy and reduce uncertainty (DiMaggio & Powell, 1983; David et al., 2019).

By examining institutional theory, we can gain a deeper understanding of how MNCs can navigate the complexities of EFAMs and devise strategies that align with the institutional environment while capitalizing on competitive advantages. But just as with the previous theories, there are limitations to this theory, as confirmed by scholars like Munir (2019) and Meyer & Rowan (1977). Critics assert that institutional theory overemphasizes conformity to institutional norms and pressures, disregarding the potential for organizational innovation and agency. They argue that organizations can influence and transform institutions as opposed to being solely shaped by institutions. In addition, they contend that institutions are intricate and multifaceted, involving not only formal rules and regulations, but also informal practices, cultural norms, and power dynamics. Critics argue that a more nuanced comprehension of institutions is required to
convey their true influence on organizations, as opposed to institutional theory's oversimplification.

2.2.3 Institutional reports on the business climate in EFMA

The progression of political, economic, and social conditions throughout Africa over the course of time has been directly correlated to the continent's overall development. Based on Elg et al. (2012), emerging economies are characterized by rapid transformations in both their sociopolitical and social systems. However, MNCs face particular challenges when entering and operating in African markets. Challenges that relate to the continent's diverse cultural, political, and economic landscapes (Rabaya & Saleh, 2022). The markets exhibit challenges such as political instability, corruption, inadequate infrastructure, hierarchical power structures, influence, and legal complexities (Rugman & Verbeke, 2005; Elg et al., 2012). Lehrer and Delaunay (2009) assert that informal business groupings also have a significant effect on political organizations in emerging countries. Because of these challenges, local firms have a long history of using their strong relationships with the local government to discourage competition from elsewhere. Elg et al. (2012) add that emerging nations have tried to improve their economies and societies by becoming more independent and embracing market systems, which has led to swift and sometimes unpredictable changes in various aspects of their societies. These changes have posed substantial challenges for MNCs operating in these countries. These challenges could involve adapting to new regulations, dealing with social changes, or navigating an evolving economic landscape.

The World Investment Report (2023) showed a 44% decrease in foreign direct investment on the continent between 2021 and 2022. Dr. Akinwumi A. Adesina, President of the African Development Bank Group, believes that MNCs cannot neglect Africa and that investment is the key to Africa's future. He continued by stating that Africa has recovered well from the COVID-19 epidemic and cited the $83 billion increase in foreign direct investment (FDI) in 2021, which doubled the flow from the previous year of 2020. The future of electric cars, he says, rests on Africa, since the continent has the greatest supply of cobalt in the world (Africa is open for business, continent's leaders tell investors as Africa Investment Forum kicks off 2022).

The continent's investment projects span a variety of sectors, including renewable energy, hydropower, gas infrastructure, trains, highways, and water transportation, according to the African Development Bank Group. Agriculture, health, mining, fertilizer manufacture, port infrastructure, and urban green transport were also among the top investment priority sectors for 2022 addressed in the African Investment Forum (Africa is open for business, continent's leaders tell investors as Africa Investment Forum kicks off 2022). There are many misconceptions about Zimbabwe and the risks of investing in Africa, according to President Mnangagwa. He continued by saying that anybody looking to earn money can come and invest
in Zimbabwe. Adesina continued by saying that perception and reality are not the same and that investing in Africa is not as dangerous as investors believe.

The conclusions drawn from institutional and industry reports are crucial in establishing the applicability and importance of this study. These papers give not only a thorough overview of the present business and economic climate in Africa's emerging economies but also offer insightful information that directly relates to the core ideas of this thesis. For instance, The World Bank (2020) points out that the importance of the African Continental Free Trade Area (AfCFTA) agreement underscores the growing interconnection of African markets and the possibility for greater trade activity. This information directly supports our examination of the variables affecting MNCs' choice of markets and entrance methods in emerging frontier African markets. Understanding the AfCFTA's dynamics and prospects allows us to acquire a better understanding of how MNCs plan their entrance to take advantage of synergies in the markets.

The estimates made by Leke et al. (2018) about smartphone adoption and the expansion of mobile data traffic highlight the continent's technical progress and changing consumer habits. These technical changes have a big impact on how MNCs choose their markets and how they enter those markets. Africa's increasing use of technology has a direct influence on customer tastes and expectations, which has an effect on MNCs' choices on product offers and distribution methods. Additionally, the observations on issues like volatility in politics, corruption, and legal difficulties, which are consistent with those of Rabaya & Saleh (2022) and Rugman & Verbeke (2005), highlight the complicated environment in which MNCs operate. Understanding these difficulties is crucial for a thorough evaluation of how proactive and reactive incentives affect MNCs' decision-making processes when deciding which markets to enter and how to do so. Last but not least, Chantal & Patrick N. (2005) highlighted how the low record of FDI in Africa is a result of factors including slow growth, poor infrastructure, unwelcoming regulatory frameworks, political and macroeconomic instability, poor governance, and poorly laid out investment promotion approaches.

### 2.3 Factors Influencing Choice of Entry Modes

Hollensen (2020) posits that a company's mode of entry is influenced by four distinct groups of factors, namely desired mode characteristics, internal, external, and transaction-specific factors. According to Root (1994), the selection of an entry mode by a company for a particular target country is the outcome of various forces that are frequently in opposition to each other. The author's model includes two distinct categories of factors, namely external and internal. An organization that wants to participate in global marketing may employ many of the methods shown in Figure 2 simultaneously, or there may be various product lines that demand a unique entrance method. While some factors might indicate a move towards internationalization, which
involves the use of hierarchical modes. Other factors might indicate an entry using externalization involving the use of export modes or a moderate approach through the use of intermediate modes.

2.3.1 Internal factors
The term "internal factors" refers to those elements that emerge inside an organization and have an influence on its capacity to carry out business operations in an efficient manner. Internal variables are those that are exclusive to the company and might vary from one company to another depending on the nature of the business. According to Hollensen (2020), the internal factions of a company are comprised of the firm's size, the product or service offered, and the foreign experience.

- **Firm Size**
The size of the company is an indication of the availability of resources inside the company. Hollensen (2020) refers to the growing resource availability as the foundation for growing the company's engagement in international activities over time (Hollensen, 2020).

- **International Experience**
Managers and the firm's foreign expertise might be earned by operating in a specific country or in an international context. Hollensen (2020) mentioned that international expertise lowers the cost and unpredictability of supplying a market, making corporations more likely to invest in overseas markets through wholly owned subsidiaries (hierarchical modes). He further cited Swoboda et al. (2015), who stated that high international experience strengthens an already-favored entrance method in future entry choices (Swoboda et al., 2015). According to Hollensen (2020), a firm will use the same entry mode in new markets if it has experienced success with it, but as it gains global exposure, it may become less risk-averse and use higher-control modes.

- **Product or Service**
According to Hollensen (2020), a product's value-weight ratio, perishability, and composition determine its manufacturing location. He goes on to give an illustration by saying that items with high value-to-weight ratios, such as costly watches, are usually exported directly, particularly if manufacturing economies of scale are strong or management wants to keep control. Hollensen (2020) suggests that product complexity and distinctiveness may affect market entrance methods as they affect shipping costs, economies of scale, technology transfer, and knowledge. Hollensen (2020) states that a company's overseas market entry technique depends on its risk tolerance. Exporting is the least dangerous entrance strategy, whereas completely owned subsidiaries or manufacturing facilities are the riskiest owing to their high resource requirements. As Hollensen (2020) notes, a corporation must be able to quickly adjust to changing market circumstances or even exit a market; therefore, entry mode flexibility is important. This risk factor ranges from
export being the most flexible owing to its cheap cost to completely owned subsidiaries due to the high expense of withdrawing from such a high-involvement entrance.

Root (1994) claims that a country's product factors and business resource or commitment variables determine how a corporation reacts to external circumstances when selecting an entrance option. Root (1994) believes that highly differentiated items with specific benefits over rival products provide businesses with extensive price power, and such products can compete in overseas markets despite high unit transportation costs and import tariffs. Weakly differentiated goods must compete on price in a target market, which may need local manufacture. Thus, high product differentiation encourages export entry, whereas lower differentiation encourages regional production, contract manufacturing, or equity investment. However, when a company sells services like engineering, advertising, computer services, tourism, management consulting, banking, or retailing, they need to discover a means to provide that service overseas because services cannot be exported. Local service production can be secured by educating native businesses to deliver the service, e.g., by franchising, setting up branches and subsidiaries, or directly selling the service under agreement with the foreign customer, e.g., construction contracts. Branch or subsidiary exporting or local manufacturing are good entry routes for products that need a lot of customization to sell overseas (Root, 1994).

- **Resources or Commitment**

Root (1994) also asserts that a company's entry-mode possibilities increase with its management, money, technology, manufacturing, and marketing abilities. Root further states that company size often determines entry mode, as a small corporation must employ entrance mechanisms that require little resource investment. Foreign market growth requires resources and commitment. Managers with high commitment will choose an entry method into a nation from a larger variety of options than those with low commitment. High-commitment companies, regardless of size, prefer equity entry approaches (Root, 1994). Bruhno and Schilt (2001) also add to this by stating that a company's motives, goals, strategy, product, customer relationship, management, network, and resources affect its entrance mode. Brassington and Pettitt (2000) explore payback and speed as internal issues. The authors define "payback" as the time it takes the firm to generate income from a new market investment, which determines its foreign market entrance approach. speed, which refers to market reach time.

2.3.2 External factors

The phrase "external factors" pertains to elements beyond the purview of a business that may exert either a favorable or unfavorable influence on its success and are beyond its sphere of control. The only course of action available to a business is to respond to such circumstances and formulate strategies to sustain its economic success. Root (1994) identifies several external factors, including target country market factors, target country production factors, target country
environmental factors, and home country factors. Hollense (2020) further classifies external factors into the subsequent factors listed below:

- **The sociocultural distance that exists between the country of origin and host country**

  Hollense (2020) posits that sociocultural disparities between a company's country of origin and the country where it operates can result in internal ambiguity for the company, thereby affecting its preferred mode of entry. When there is a significant cultural, economic, and business practice gap between the home and host country, firms tend to avoid direct investment and instead opt for low-risk entry modes such as joint venture agreements, agents, or importers (Hollense, 2020). The concept of psychic distance is said to hold significance not only at the national level but also in the context of managerial decision-making. Factors such as variations in religious beliefs, levels of democratic governance, industrial progress, and other related aspects exert a significantly greater influence on the selection of entry mode by management. According to Bell (1995), firms tend to first focus on neighboring countries before expanding into foreign markets that have greater "psychic distance" in terms of cultural, economic, political, and geographical proximity. Bell's (1995) research shows that the concept of "psychic distance" plays a crucial role in determining the choice of export markets. The study revealed a discernible trend suggesting that during the early phases of export expansion, approximately 50–70% of companies ventured into markets that were considered "closed."

- **Country risk and demand uncertainty**

  Hollense (2020) posits that foreign markets are commonly regarded as being more precarious than the domestic market. The level of risk that a firm encounters is determined not solely by market conditions but also by its approach to engagement within said market. Furthermore, apart from its capital investment, the company is exposed to potential risks associated with its inventory and accounts receivable. Prior to entering a market, Hollense (2020) stated that for firms, it is imperative to conduct a comprehensive risk assessment of the market and the chosen mode of entry by looking into factors such as the variability of exchange rates, economic risks, and political risks. In situations where the level of country risk is elevated, companies tend to exhibit a preference for entry modes that entail comparatively lower levels of resource commitments, such as export modes.

- **The size of the market and its growth rate**

  According to Hollense (2020) and Koch (2001a), crucial factors like country size and market growth rate can influence the mode of entry. In the event that a market is experiencing rapid growth, though inefficiently so over an extended period, it is recommended that the company quickly capitalize on this opportunity through the utilization of either direct or indirect exporting. According to Koch (2001b), if there is an expectation of significant demand in a foreign market in the future, companies may establish manufacturing and marketing subsidiaries as a viable
solution. As a higher growth rate increases the likelihood of management allocating resources towards development and contemplating the establishment of a wholly owned sales subsidiary or participation in a wholly-owned joint venture.

- **Direct and indirect trade barriers**

  Regulations and standards pertaining to goods or trade, as well as a preference for local suppliers, influence decisions regarding mode of entry and operation. The inclination towards local suppliers or the practice of buying national products frequently prompts a company to contemplate joint ventures or other contractual agreements with a local entity, which are known as intermediate modes (Hollese, 2020). According to Koch's (2001b) research, there are several significant barriers that can impede access to foreign markets. These barriers can be categorized as follows: tariff barriers, regulations imposed by the government, accessibility of distribution, the presence of natural barriers, such as market success and customer allegiances, the level of advanced and developing countries, and exit barriers.

- **The level of competition's intensity**

  According to Hollese (2020), when faced with intense competition in the host market, firms tend to prefer entry modes (such as export modes) that require minimal resource commitments as the market becomes less profitable.

- **Limited quantity of relevant export intermediaries at disposal**

  Markets with high concentration levels often result in limited bargaining power, which can be exploited by a select group of export intermediaries who recognize their monopolistic position. Thus, the market sector becomes susceptible to opportunist conduct by a limited number of export intermediaries, thereby promoting the adoption of hierarchical modes as a means of minimizing the potential for such conduct (Hollese, 2020). This is due to the fact that a small number of export intermediaries have the ability to alter data about market size or rival pricing in order to negotiate cheaper rates from the manufacturers.

- **The attributes of the business environment in the foreign nation**

  Acquiring information pertaining to the industry and company-specific characteristics of foreign business environments are often more challenging in comparison to obtaining general characteristics, which are readily available in contemporary times (Koch, 2001b). Although the first type of information may not always be entirely impartial, comprehensive, or current, the second type is generally regarded as highly confidential and typically requires payment, which can be a significant obstacle for novice individuals or organizations. The features that typically capture the interest of potential entrants into a foreign market include the similarity and volatility of general business legislation and policies, the level of growth of business infrastructure and
supporting industries, the nature, dimension, and degree of rivalry, the sophistication of customers, and the legislation pertaining to customer protection (Koch, 2001b). Furthermore, Hollensen (2001) posits that a fiercely competitive marketplace can prompt firms to adopt entry modes that require fewer resources as a means of circumventing avoidable expenses. De Brca, Brown, and Fletcher (2004) note that in certain global marketplaces, local rules and regulations only authorize local manufacture in less desirable geographic areas or may exclude or limit imports into the target market. The government of the target nation may additionally prescribe or control the type of entrance method.

2.3.3 Desired mode characteristics

- **Risk-averse**
  In accordance with Hollensen (2020), risk-averse decision-makers would choose export methods or intermediate modes like licensing since they often require minimal levels of financial and managerial resource commitment. Entry modes with low resource requirements as well as low risks are said to be unlikely to promote the growth of international operations and may cause a large loss of opportunity.

- **Control**
  When deciding on entry modes, management is said to consider the degree of control over operations in foreign markets. Limits of control and resource commitment are often strongly related. Indirect exporting, for example, is a low-resource entry strategy that offers little or no control over how a good service is promoted abroad. Licensing and contract manufacturing, on the other hand, require management to make certain that production complies with its quality requirements. Joint ventures are a third entry mode that provides limited managerial control and may result in significant friction where the goals of partners contradict each other. The mode that provides the greatest control involves hierarchical modes, such as wholly owned subsidiaries.

- **Flexibility**
  Flexibility is reportedly another aspect that management considers while evaluating alternative entrance methods. Hierarchical modes and other investment-intensive methods are often among the least flexible and most difficult to modify in the short term. If the company exports its products, it has more flexibility to dissolve its association with agents in a foreign market. On the other hand, with intermediate modes like contractual arrangements and joint ventures, the company's flexibility is restricted, and it is unable to adjust or alter strategy when market circumstances change.
2.3.4 Transaction-specific factors

Transactions need tactical knowledge; thus, the nature of firm-specific know-how, according to Hollense (2020), influences the choice of entry mode. As the formulation of a contract becomes very challenging when the firm-specific know-how transmitted is tacit. Meaning that it is difficult to express the transfer of such complex know-how. These challenges encourage businesses to use hierarchical methods. As such, Investment methods are more effective in facilitating the transfer of tacit knowledge within organizations. The transaction-related variables focus on individual transactions and not the organization, as stated by Hollensen (2020). The transaction cost is based on the fact that real-life transactions often involve conflict. The opportunistic behavior between producer and export intermediary causes this "friction" which is when markets are unable to function under the conditions of perfect competition, sometimes known as "friction-free". Cost reduction, therefore, explains business structure choices.

According to transaction cost analysis, a business should internalize, which entails integrating an external partner into the business's organization, if the "friction" between the buyer and seller is greater than the control cost.

Oliver E. Williamson (1981) established the transaction cost theory, which states that firms join new industries depending on how difficult it is to locate partners, agree, and ensure success. Transaction cost theory recognizes that deal costs vary and examines how transaction costs affect governance structures. Transaction cost theory helps explain why MNCs entering African markets adopt hierarchical or network modes. The idea indicates that transaction costs associated with governance mechanisms, such as seeking partners, signing agreements, and monitoring performance, impact the decision between alternative modalities of entry. Information asymmetry, uncertainty, institutional gaps, and cultural variations may increase transaction costs. Contractual structures reduce transaction costs and hazards, according to transaction cost theory (Williamson, 1981).
2.4 Conceptual Framework

Figure 4: Conceptual framework (Author’s creation)
The literature review showed how the interaction of different motivations, the firm (internal factors), and the environment (external factors) impacts MNCs' market selection processes. It also showcases the influence of desired mode characteristics and internal, external, and transaction-specific factors on MNCs' choice of entry mode. The conceptual framework illustrates the relationships that exist between the different factors, as the diagram indicates how the MNC's proactive and reactive motivations control the market selection process. The review of the literature showed that proactive motives are driven by aspirations for resource utilization, tax benefits, market opportunities, growth goals, and other strategic considerations. Whereas reactive motivations are brought about by competitor actions, market access requirements, resource scarcity, and risk mitigation. The relationship between the firm, the environment, and motivations (shown by the arrow) suggests that the factors and motives are always in dynamic contact with one another. It reflects that the influence is not a one-time occurrence but a continuous interplay where factors and motives affect each other iteratively. Factors and motives can influence each other in various ways and at different points in time; the relationship is multifaceted and not strictly linear. Proactive and reactive motives, which can be seen as internal factors, are inherently linked to and dependent upon the external factors that characterize the target market. MNCs' proactive motives align with the opportunities and challenges presented by the external environment, while reactive motives arise in response to external pressures and
dynamics. This is the reason why the relationship between the firm and the environment is symbiotic and reciprocal, jointly influencing MNC's market selection choices.

Motives and choices regarding entry mode and market selection have a nonlinear relationship. The two-way arrow between market selection and entry mode represents their mutually dynamic and interactive connection, where choices made in one aspect may affect and inform choices in another aspect. A dynamic and interactive interaction between the entry method and market selection characterizes the link between the two, replicating the complex nature of MNCs' strategic decision-making. This can lead to the assessment of alternative entry modes, for instance, which may compel a company to reevaluate its target market objectives and, in some cases, prompt proactive exploration of new target markets. Thus, the strategic alignment between entry modes and market selection embodies a process characterized by continual feedback loops and dynamic adjustments. This symbiotic connection emphasizes the repetitive nature of entering foreign markets, where entry mode choice and market selection circularly impact one another, enhancing MNCs' strategic trajectories as they navigate the complexities of emerging frontier markets in Africa.
3. Methodology

This section will detail the techniques and strategies that were used in order to address the research subjects that are the focus of this study. The methodology will include a breakdown of the research approach as well as the research method, the procedure for data collection, the research design, operationalization, the respondents participating in the interviews, and the method of data analysis. Furthermore, this chapter will discuss quality standards with regard to reliability and validity, followed by ethical considerations.

3.1 Research Approach

There are a variety of ways to approach research, each of which describes the relationship that theory and research have with one another. According to Saunders et al. (2019), the three techniques for approaching research are deduction, induction, and abduction. For the sake of this investigation, the author has chosen to go with an abductive approach. The hallmarks of the abduction approach involve empirical evidence and theoretical notions, as it combines deductive and inductive methods of reasoning. With an abductive approach, existing theories are used as a starting point while also allowing for new insights to emerge. Since this research deals with factors affecting MNCs' entry mode and market selection, existing theories are used as a foundation and then adapted and extended based on the unique facts found. This is the deductive reasoning aspect of the abductive approach, as it involves starting with an existing theory about the factors influencing market selection and entry mode choices and then collecting data to confirm or disprove the theory or hypothesis (Bryman, 2019; Saunders et al., 2019). Such data in this study includes information gathered from the interviews and insights derived from institutional reports, which provide real-world data and observations that can contribute to refining or extending existing theories from previously conducted research in the form of peer-reviewed articles, books, or websites.

Given the exploratory nature of this study, an inductive method of reasoning is also needed, as the research question explores a multifaceted and complex area where existing theories and models may not fully capture the nuances of the African emerging markets. Inductive research is well-suited for exploring new phenomena and generating new theories. This approach begins with specific observations or data collected to derive general patterns, themes, or theories in order to gain a holistic understanding of how various factors interact and influence market selection and entry mode choices.

In spite of the fact that the deductive and inductive techniques each present alternate steps, the processes are not mutually exclusive from one another. Both the inductive and deductive ways of thinking incorporate aspects of each other into their methodologies. According to Ghauri et al.
(2020), all research methods require the researcher to have a thorough understanding of the prior research as well as the necessary data and the most recent theories and concepts. The use of an abductive approach will give the author the ability and flexibility to switch back and forth between empirical findings and theoretical concepts and arrive at the most appropriate conclusions.

3.2 Research Method

The research method refers to the techniques and strategies used to collect, interpret, and analyze data in order to answer the research question (Saunders et al., 2019). Dennzin and Lincoln, (2018) add by stating that the research strategy is the methodological relationship between the selection of data collection and analysis methodologies and the research philosophy. As the research method possesses a substantial impact on the quality and validity of the research results, it is crucial to select the most appropriate method for determining the factors that influence multinational corporations' market selection and entry mode choices into African emerging markets. It is said that the choice of the methods that should be employed when conducting a study depends on the research problems and the purpose of the study. To attain the study's overall objective, a specific qualitative method was selected. According to Collis & Hussey (2014), a study can be conducted using either quantitative or qualitative methods. In distinguishing these two research methods, Bell et al. (2019) identify the relationship between statistical and non-statistical data as a key distinction. In certain circumstances, however, a method that combines both approaches, known as the mixed-method, is also employed.

Given the purpose of this study, the qualitative method is chosen as the best research strategy for this investigation because, according to Marshan-Piekkari and Welch (2004), qualitative research consists of studies that seek to increase understanding about a subject that has been underexplored or where there has been minimal study done. When there are not many working hypotheses in a field, Zikmund et al. (2010) stress the importance of taking a qualitative approach. Bell et al. (2019) claim that by following this process, researchers may produce a study that is both more relevant and of better quality. For studies that aim to provide an explanation for a phenomenon as well as those that take an exploratory approach to their design, Ghauri et al. (2020) recommend using qualitative methods. This allows one to compare and contrast the respondent's genuine experiences, and the research will get data that has been thoroughly evaluated and is relevant to answering the questions posed in the study. Without relying on empirical measurements, the qualitative method enables one to acquire in-depth explanations of complex phenomena. Open-ended data collection through interviews with participants or the collection of information from various sources are examples of qualitative methods that can be used to investigate the meanings that individuals and groups ascribe to social phenomena (Creswell, 2014).
3.3 Data collection

Interviews, focus groups, questionnaires, observation, and documentaries are the five different types of research methodologies that Fisher (2007) identifies as being used to acquire data for studies. These can be categorized into two methods of data collection: primary data collection and secondary data collection. This study will use both primary and secondary data to process the collected data and establish a solid foundation for the findings to be discussed. The whole interview process will take place online, using tools like Microsoft Teams and Zoom, and be conducted in English. In order to guarantee a seamless transcription procedure, the interviews will be recorded.

3.3.1 Primary Data

Primary data is a sort of data that may be acquired through a variety of methods, such as interviews, observations, survey questionnaires, or experiments carried out by the researchers (Saunders et al., 2019). Primary data will be extracted from semi-structured interviews with representatives of multinational corporations truly active in African emerging markets. According to Kumar (2014), the objective of the research, the capabilities of the researcher, and the resources at their disposal all play a role in determining the technique that should be used to gather the main data. The primary data collection method involves conducting interviews through virtual communication platforms such as Zoom and Teams. Our methodology involves conducting video interviews that facilitate genuine dialogue and direct eye contact. Some of the interviews, however, utilized a mixed-mode interviewing approach that combined online face-to-face interviews with written responses from respondents. Initial interviews were conducted via video calls, during which participants were asked a series of semi-structured questions and engaged in face-to-face conversation. For the unanswered queries from the face-to-face interviews, participants were subsequently sent their written responses to the interview guide via email.

3.3.2 Semi-structured Interview

When it comes to research, interviewing people can be done in a number of different ways. According to Host et al. (2006), the interview may be completely unstructured, structured, or semi-structured. Due to the exploratory nature of this study and the fact that it investigates a phenomenon, the semi-structured interview technique is decided to be the best approach to take. According to Fisher (2007), a semistructured interview is an approach that bridges the gap between an unstructured and a structured interview. The semi-structured interview has a predetermined set of questions to ask, but the interviewee is permitted to speak about something other than the defined matter, and the interviewer may ask additional questions that are absent in
the predetermined questionnaire (Host et al., 2006). At the same time, the interview still follows the direction of the interview and only includes comments to open the discussion. According to Saunders et al. (2019), the semi-structured method requires the researcher to take notes or make a voice memo of the interview in order to document both the questions that are posed and the subsequent conversations that take place.

This thesis uses a semi-structured interview because it allows for open-ended questions to be asked and draws a frame in order to prevent conversations that are irrelevant to the subject of the study. Due to the limitations imposed by the physical distance between participants, the interviews were carried out via video calls. Throughout the course of the interview, the interviewee was asked a series of questions in a friendly and incremental manner. These questions pertain to EFMA.

3.3.3 Secondary data
According to Ghauri et al. (2020), secondary data, which compares to primary data in terms of how quickly it can be accessed, serves as supplementary data for investigations. DiCicco-Bloom & Crabtree (2006) also mentioned that secondary data can be an efficient source that helps researchers gain a deeper insight into the topic being studied, which can lead to primary research, the process of data collection, and the identification of respondents.

A significant data contribution to this thesis comes from previous research published in journals and literature pertaining to market selection and entry modes, institutional reports on the African emerging market, and information obtained from the websites of companies interviewed. Books, scientific publications, institutional reports, and journals are considered the strengths of the background, literature review, and conceptual framework of this thesis. This study utilizes resources from sites such as Google Scholar, Sage Journals, JSTOR, ScienceDirect, the World Bank, and Linnaeus Online Library. It is important to mention that the author understands that there could be limitations with the use of secondary data, as Saunders et al. (2019) made clear. Ghauri et al. (2020) also stated that secondary data raises questions of legitimacy since there is a possibility that the data are not accurate. Consequently, a careful study of each article has been carried out, selecting just those that are reviewed, trustworthy, and pertinent to the aim of this investigation and those that provide the overarching concept and the essential facts needed for the framework of the thesis.

3.4 Research Design
Creswell & Plano Clark (2007) help us understand that research design involves the process of collecting, analyzing, and interpreting data in a study. Bell et al. (2019) went further to identify research design as a road map for answering the primary research question. As stated earlier in
the research approach, in accordance with the abductive approach, the purpose of this research is to investigate and gain further understanding of a phenomenon by fusing together empirical evidence and theoretical notions. In light of this, this study involves a qualitative method of exploratory research design to gain insight into the key factors influencing MNCs' decisions. Exploratory research seeks to provide insights and comprehensions of the problem or issue (Saunders et al., 2019; Malhotra, 2010). The primary objective of exploratory studies is to identify a variety of causes and alternative solutions to a specific problem. The research design plan of this thesis is divided into different phases, consisting of the research and sampling strategy, data collection and analysis, integration of findings, and generation of new insights or theories.

3.3.1 Sample Selection

To successfully respond to the study's questions, it is important to collect empirical data from feasible and relevant samples (Yin, 1994). According to Bryman & Bell (2003), the sample has to be representative of the population in order to be able to project the findings. Non-probability sampling is one type of sampling method that assists researchers in achieving productivity and time efficiency (Saunders et al., 2019). In accordance with Merriam & Tisdell (2016), Non-probability sampling is the most prevalent method in qualitative or exploratory research. Thus, due to the nature of this study, the author chose to acquire relevant samples using purposive sampling, which is a non-probability sampling method whereby participants are selected given their experience and position in the company. Saunders et al. (2019) add that in a purposive sample, participants that are likely to be able to answer the questions are selected.

Given the time constraints and the difficulty of obtaining responses from MNCs, it is not out of place to say that this study's sampling method is, to some extent, convenient, as the author was only able to use readily available and accessible participants. The sample only includes five separate interviews with MNC representatives. According to Bryman & Bell (2003), time and cost constraints typically influence sample size, and the same is true for this study. We are aware that this approach may induce bias because it relies on our discretion and convenience. The majority of qualitative research uses convenience or opportune samples (Bryman & Bell, 2003). Nonetheless, we selected our participants based on specific criteria pertinent to our research query. Participants were required to possess crucial characteristics or experiences that were important to the study. Multinational corporations with operations in emerging African markets were the intended participants in this investigation. This study will largely employ contacts across different corporate fields as well as social networks to recruit participants.

Respondents criteria:

- Have been involved in the company's entry into African markets.
- Be a founder or co-founder, chief executive officer, or occupy a managerial position such as marketing manager, strategy manager, or regional manager, among others.
• Have great experience and knowledge about the African market.

Company criteria:
• Be a multinational corporation that has been involved in business in Africa.

3.3.2 Cases
Table 2 shows the companies respondents who have been interviewed. Two respondents have conducted the interview with both written responses and face to face interaction. Also, two participants have chosen to be anonymous, with their names.

<table>
<thead>
<tr>
<th>Interviewee Company</th>
<th>Position Interviewee</th>
<th>Interviewee Name</th>
<th>Interview Setting</th>
<th>Date &amp; Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic Machinery</td>
<td>Regional Manager</td>
<td>Johansson Jörgen</td>
<td>Teams &amp; Written Response</td>
<td>20th April 2023 1 hour 22 min</td>
</tr>
<tr>
<td>Volvo Construction Equipment (VCE)</td>
<td>Global Strategy &amp; Business Development</td>
<td>Anonymous X</td>
<td>Teams &amp; Written Response</td>
<td>12th May 2023 30min</td>
</tr>
<tr>
<td>Schlumberger (SLB)</td>
<td>Area Manager</td>
<td>Oritsegbubemi Bafor</td>
<td>Zoom</td>
<td>15th May 2023 1 hour, 6 min</td>
</tr>
<tr>
<td>PricewaterhouseCoopers (PWC)</td>
<td>Strategy Manager</td>
<td>Omoye Ojhinan</td>
<td>Zoom</td>
<td>1st August 2023 1 hour 20min</td>
</tr>
<tr>
<td>Ericsson</td>
<td>Strategy Manager</td>
<td>Anonymous Y</td>
<td>Zoom</td>
<td>30th July 2023 47min</td>
</tr>
</tbody>
</table>

Table 2: Cases (Authors creation)

3.5 Operationalization

According to Bryman and Bell (2003), in order to achieve high levels of validity and reliability, it is essential to conduct comprehensive operationalization. Operationalization is used in order to produce a guide that determines if the research should continue to define the concepts in the empirical research (Bell et al., 2019). This is because, while conducting an interview, theoretical concepts cannot be employed since participants may not comprehend the terminology. Saunders
et al. (2019) refer to operationalization as the actions that the authors propose to take in order to make it possible for respondents to address the research question. and that operationalization is used to describe more complex ideas in words that are easier to understand and more quantifiable, and it establishes the groundwork for the questions that will be asked in qualitative research. As was previously discussed, the empirical data for this study were obtained via interviews, and the parameters for conducting the interviews had been settled upon beforehand. The interview guidelines may be found in Appendix A, and the reasoning behind the five different categories of questions presented in Table 3 can be found in Appendix B. By asking respondents the same questions, the aim is to make each interview as identical as can be expected in terms of format and surroundings while minimizing subjectivity and personal bias.

<table>
<thead>
<tr>
<th>Concept</th>
<th>Questions</th>
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<tbody>
<tr>
<td>Background Questions</td>
<td>1-5</td>
</tr>
<tr>
<td>Market selection/Opportunities and Challenges within the African emerging market</td>
<td>6-11</td>
</tr>
<tr>
<td>Internationalization</td>
<td>12-19</td>
</tr>
<tr>
<td>Market Entry Modes</td>
<td>20-31</td>
</tr>
<tr>
<td>Conclusion</td>
<td>32-34</td>
</tr>
</tbody>
</table>

Table 3: Operationalization (Authors Creation).

3.6 Method of Data Analysis

As a component of this thesis, the data was analyzed after it had been collected in its entirety. Making sense of the data via the construction of meaning is an integral part of the process of data analysis. According to Yin (1994), data analysis involves looking at the acquired data and evaluating it, classifying it, tabulating it, or otherwise recombining it in some way. Since this thesis obtained data in the form of words, Miles and Huberman (1994) state that such data needs processing in the form of a three-stage analysis. The following is a rundown of the three steps that were carried out after the completion of the transcription of the data in order to guarantee quality when managing the findings, since doing so results in greater validity and reliability.

- Data reduction: selecting, abstracting, simplifying, focusing, and transforming the obtained data.
- Displaying the facts in a manner that is both organized and concise, thus making it much simpler to form conclusions.
- Conclusion Drawing and Validation: determining the meaning of phenomena by noting rhythms, patterns, and explanations.

When it comes to the examination of empirical data, Miles and Huberman (1994) state that there are two distinct sorts of analysis that may be carried out: within-case analysis and cross-case analysis. While within-case analysis contrasts the data collected with the theory being used, cross-case analysis juxtaposes the data from various cases with other cases by examining themes, similarities, and differences. Within-case analysis is used to evaluate how well the theory fits the data collected. This thesis will involve a comparative analysis and combine the two analytical techniques because cross-case analysis allows us to compare the many elements that affect MNCs' decision to select and enter EFMA by drawing on the participants' arguments.

### 3.7 Quality Standards

To mitigate the potential for erroneous outcomes and ensure research quality, Saunders et al. (2009) make us understand that mere collection and analysis of data is insufficient, as researchers must take into account two key aspects of research design, such as validity and reliability. In addition, Merriam and Tisdell (2015) argued that maintaining research ethics, research validity, and data dependability are all crucial to conducting high-quality studies.

According to Saunders et al. (2019), the semi-structured interview approach may generate deep insights on the issue and, as a result, produce greater depth of data. Opting for semi-structured interviews aligns with the intention to strengthen the validity of this study, an objective further supported by the inclusion of empirical data, theories, and foundational concepts. However, Saunders et al. (2019) also underscore the potential impact on reliability associated with semi-structured interviews, as they may not possess the same standardization as more structured data collection methods. In order to avoid biases and conduct the interviews objectively, this study utilized rigorous data analysis techniques, such as thematic analysis, to identify patterns and themes within the data objectively. A structured set of questions that are consistent for all participants was maintained in order to reduce the possibility of leading questions or unintentional biases in the wording. Then again, this can be argued, as categories two and four of the interview guide contained some leaning questions that led participants towards a particular response. However, this was not done to deprive participants of the freedom to express their views; it was done to help participants understand the question asked given the difficulty of sometimes understanding theoretical terminologies. Also, after conducting interviews, the findings were shared with participants to verify the accuracy of their responses in order to enhance the credibility of the collected data.
The enhanced reliability of this thesis can be attributed to the utilization of predetermined questions. Despite conscientious efforts to conduct this study with precision, it is important to acknowledge that subjectivity is an inherent consideration in research that may impact the participants and their responses. Consequently, the reproducibility of the study's outcome cannot be fully guaranteed. Bryman and Bell (2003) assert that replicating the same effect can prove challenging due to the varying possibilities of human perception and behavior. As a result, similar studies may yield divergent findings or minor discrepancies due to variations in researchers' analysis approaches. Moreover, the replicability of qualitative research may pose challenges owing to its adaptable and unrestricted nature. Ensuring transparency in the research process is a viable approach to enhancing the reliability of qualitative research. Thus, participants were selected from diverse backgrounds and perspectives and informed of the purpose of the study as well as the role of the researcher in order to encourage them to provide honest and unbiased responses.

3.8 Ethical Consideration

Research design requires ethics, and Saunders et al. (2009) stressed the necessity for researchers to follow ethical guidelines. Churchill and Iacobucci (2015) identify ethics as the values and moral principles that govern and affect researchers. The principles include participant privacy and rights, research compassion, preventing damage to others, and data use (Bryman & Bell, 2011; Saunders et al., 2009). These factors guarantee that participants in studies are completely informed of the evaluation, retention, and treatment of their contribution in order to avoid deception, leakage of personal information, fraudulent use of objectives, etc. Ghauri et al. (2020) underscore that researchers have a moral obligation to explain and answer questions honestly, transparently, and accurately.

Qualitative studies may raise ethical issues during data collection and analysis (Merriam & Tisdell, 2015). To safeguard respondents and researchers from publicity or legal action that may violate researchers' ethical rules, the author informed interviewees of their right to remain anonymous in order to safeguard the anonymity of the data and avoid situations in which the data could be used to identify them. The Linnaeus University General Data Protection Regulation (GDPR), which governs the management of all the personal data collected, was followed (LNU, 2021). Prior to the interviews, the respondents were briefed on the purpose of the investigation and objectives, as well as their contribution. All interview participants were also sent and asked to sign the GDPR consent form, where the purpose of the study was stated and how and what personal information would be handled. They were also informed of their right to withdraw their consent at all times and asked before recording the interview.
4. Empirical Findings

This chapter presents primary data regarding multinational corporations that have been interviewed. The results will be presented in a sequential manner, commencing with an overview of the companies and, subsequently, a presentation of the data using the three themes outlined in the literature review.

4.1 Jörgen Johansson - Norden Machinery AB

According to About Norden (2023), Norden, founded in 1980, is the world’s leading supplier of high-performance tube filling, with around 300 employees in Kalmar and 60 employed in the external sales network. Jörgen Johansson has been employed at Norden Machinery for a total of 17 years and is currently working as an area manager, with the responsibility of overseeing and managing specific geographic regions. Johansson has overseen management in various regions, including Australia, New Zealand, the Middle East, South Asia, Africa, the United Kingdom, and the United States. In accordance with About Norden (2023), Norden is a Swedish company that has developed the skills to support its clients in any tube filling application by offering specialized solutions and ongoing innovation.

As per Johansson, Norden Machinery functions within the B2B packaging industry. The company is engaged in the production of tube filling machines and tube filling lines. Johansson adds that Norden Machinery produces machinery utilized by consumers for the purpose of filling pharmaceutical creams, toothpaste, or L’Oreal cosmetic creams into tubes. Nordic Machinery's participation in the packaging process is limited to the production and distribution of machinery that facilitates this process for corporations such as Unilever, Colgate, Procter and Gamble, and L’Oreal, among other entities. Johansson stated that their area of focus involves working with emerging economies. Industries in Africa have procured machinery to package their products into tubes and subsequently distribute them to their clientele. According to the information provided on Regional Contacts (2023), Norden is present in five African markets and only in four EFM in Africa, including South Africa, Nigeria, Kenya, and Egypt.

4.1.1 Unraveling the Internationalization Process of MNCs

Two years ago, according to Johansson, Colgate established a brand-new factory in Nigeria outside of Lagos to manufacture toothpaste. He stated that the reason why these companies are establishing factories in Kenya, Nigeria, or Ghana is that there is an extremely high potential in these markets, and because of the population in this region: He reports that there are
approximately 400 million people between East Africa and West Africa—Johansson predicts that demand will increase in ten years, which explains why multinationals are attracted to the market; the potential for demand is high, he adds. Furthermore, he stated that Norden is also reaching out to smaller, regional, or local businesses in these nations. The opportunities that motivated the company to enter the African markets, as well as the difficulties it has encountered so far, vary from country to country. Johansson mentioned that there are times when various types of African markets experience activity. Going back 20 years, he pointed out that South Africa was the typical export destination for their machinery, as South Africa had consumers. Currently, however, Nigeria has a high GDP, which results in a greater increase in purchasing power than South Africa, whose growth is stagnant in the industry in which Norden operates. Johansson mentioned that in today's market, there are lots of companies, including themselves, that have huge expectations for African developing and emerging countries. In his words, "when I speak to these multinational companies, I am referring to them because they are my customers; they also have the very same thing, a huge expectation on the African markets." According to Johansson, management ability and product adaptation are some internal factors that have influenced their company's choice of African emerging markets.

Johansson stated that he has participated in the company's entry into the Algerian and Ethiopian markets. Approximately ten years ago, he said he began to hear rumors that the Algerian government had stopped the importation of Western pharmaceuticals into Algeria. The reason for this was to compel Western manufacturers to move their factories to Algeria and build modest facilities to employ Algerians. He said that this was the opportunity that motivated Norderen Machinery's decision to enter the Algerian market, as it created a trade barrier. Also, this drove Johansson to seek an Algerian representative who could sell their machines. Despite this opportunity, Johansson reports that they encountered obstacles in Ethiopia and Algeria when in the market. He explained that the banking system in Algeria is much more strict and that the country's banking system is unlike those of other nations. "It is challenging for Algerian banks to issue letter credits, the security document used to obtain funds." Johansson stated that they needed to have all the funds and investments under a letter of credit, which meant that the customer could not pay the advance payment with credit or cash because they would have to go through the bank, which then paid Nordan the money. The fact that the Algerian bank does not permit the incorporation of investment services by individuals, such as the use of engineers to set up, install, and commission their equipment, is a further obstacle that Johansson identified in the market. And this, according to him, is a cost that they ordinarily sell alongside their equipment, but Algerian institutions do not permit them to include such services and expenses because they only permit the hardware.

Ethiopia, according to Johansson, is another country that is very complex and poor. To ensure payment, they have to offer their items using letter credits from a respectable bank. Johansson states that Ethiopia has no western-world trust bank due to its poor banking position. He adds that Ethiopian banks do not obey international transfer, credit, and paperwork laws. Johansson
explained that the Ethiopian banks are untrustworthy, so customers must fly outside Ethiopia to find a US bank to guarantee payment. Johansson adds that 90% of respected African banks obey international rules and regulations, both ethically and morally. Ethiopian banks, however, lack morality and ethnicity. According to Johansson, there is also a challenge in the African market when it comes to the exchange rate for Egypt, Nigeria, and Kenya. This, he said, is because Norden only accepts U.S. dollars, and Nigerian consumers have trouble getting dollars since Nigerian banks sometimes lack them. In addition to that, the constantly changing African markets are another challenge Johansson reported having encountered in African markets. He revealed that 20 years ago, when West African states decided to work together and decrease import taxes by forming an African Trade Union, neighboring Ivory Coast, Ghana, and Nigeria reduced import duties. However Before they lowered the import duty, international firms with factories in those countries had different legal corporations, and since the government cut taxes and import taxes, corporations found it better to have one industrial center, so they then closed their plants in Ivory Coast and Ghana and expanded the hub in Nigeria to continue production and supply back to Ghana and Ivory Coast. Five years ago, Johansson noted that this changed, making it less lucrative, and corporations like Unilever restarted their facilities in Ghana and Ivory Coast. Another challenge mentioned is infrastructure, but Johansson notes that the effect of this is indirect for Norden, as he claims that infrastructure is not a serious concern since their customers adhere to all necessary requirements, and when the container arrives at the port, Norden’s consumer assumes ownership and risks, going through the difficulty of transporting the containers on bumpy roads and the long time it takes for them to receive the container from the port.

According to Johansson, there is a huge difference between the African emerging market and other continents, like India, and also between emerging countries in Africa. He mentioned that the first challenge that they meet when going into these two different markets is the person itself—their customers—due to the fact that they come from different backgrounds and different cultures. The Indian person, for example, has a certain mentality about how to do business that they can try to follow, while the Kenyan person, on the other hand, has another mentality. Johansson reports that cultural challenges are a huge challenge on African continents, as they have to adapt and are not able to behave in a typical Swedish way. Nonetheless, Johansson stated that they have huge respect for the norms of the countries they enter and that they know what to expect from the African population, so they act extremely much according to the markets as they are extremely flexible and have a huge understanding that other countries have different needs that they try to adapt to. He adds that they have different kinds of philosophy about how to enter and manage in different kinds of countries. Inasmuch as they employ local sales representatives that could break the barrier of cultural perspectives and differences, Johansson says that their representatives are still unable to cover everything. Also, he mentioned that the local representatives are only involved in connecting them with the customers, as they are not capable of doing the sales talk about their machines. Johansson adds that their representatives are not responsible for giving a legal offer to the customer because the offers are always going through
from Norden to the customer, as they are legally responsible. Also, Norden has a list that companies have to meet before they can do business with them. He adds that, in terms of knowledge and experience, they were adequately prepared before entering markets in Africa. And then he went on to say that when he enters the market, he first does a general analysis of the market with information he finds on Google. This, he says, is because they are legally offering a quote to their customers and their customers are legally buying, and the connection between them and the customers is very narrow as it is a customer-supplier relationship.

Norden's presence in African markets, according to Johansson, dates back to 1950, with presence in South Africa, East Africa, West Africa, Kenya, Nigeria, Egypt, Ethiopia, Algeria, Ghana, and Ivory Coast. Johansson mentioned that in these markets, their primary clients are multinational corporations such as Unilever, Colgate, Loreal, and GSK. Norden selects markets by accompanying their clients to the locations of their factories. The company's success began in Europe, where it became a strong and well-known brand among European factories before expanding into African markets. When entering any market in Africa, Johansson asserts that they look towards long-term targets of 5–10 years to sell their first machine. Another challenge that Johansson identified in the African market is the low number of people who are able to afford their customers services compared to the population. As an example, Johansson revealed that when supplying Unilever factories in Lagos and Kenya, they deliver small packages and tubes because one of Unilever’s biggest products in these markets is produced in a small toothpaste tube in a flow-pack without a carton, which is the cheapest and smallest packaging distributed to urban societies where people do not yet have enough money. He adds that the number of people currently using toothpaste is low due to the unequal spread of civilization and economic status. Nevertheless, regardless of this, he believes that there is still room for huge growth in the African markets and that such a cheap product remains one of Unilever and Colgate's best-selling products in the market. Johansson predicts huge growth in Africa in 10 years because of the increasing GDP in countries across the continent. Thus prompting them to maintain a lookout for other countries, in his words, "some of the countries have a bit more potential. Some countries are getting more mature to, let's say, buy our machines, and one of these countries is Angola and Ethiopia. There is still a very small level of business in Ethiopia, and we want to increase it much more. Maybe Uganda can be a center as well in Africa; they are fairly developed as a country. Then you have on the west coast Senegal, Gambia, and Morocco; nothing is really happening; our customers are not moving there; they do not indicate that they want to go there".

Johansson also mentioned that there is competition from Italian and local companies in the African market. According to him, in the northern part of Africa, by tradition and history, Italians have saturated the industry as they have been there for many years. He also mentioned that they have a big influence on Italians in North Africa and trade. And then in the sub-Sahara, they have the UK companies, who also pose as rivals alongside the Italians. Lastly, he stated that the local manufacturers in sub-Saharan Africa and South Africa are, to some extent, their competition, but at the same time, they are not up to the level where they can compete with Norden. He said how
they deal with the different competition in the market, however, is determined by their identity and brand name. In the words of Johansson, Norden's brand name is extremely strong; Norden is the biggest company in the world that is making and selling tube filling lines. We have about 30% of the worldwide market. At the same time, we do not only have the major stake in the market; we are also the leader in innovations among everyone that is working with tube filling machines. Everyone is trying to copy us. So all together, since we are a very old company with extremely high quality, some people call us the Rolls Royce within packaging machinery. That's how high up we are, and price-wise, we are much more expensive than our competition. We have an extremely strong brand name which most people within our industry in Africa know about. And many of these people, and owners of factories and managers of factories, want to have Norden machines because they know it is a long life time, they know its professional support behind a machine. So, when they have the possibility to afford it, then they normally come to us.

When asked what they could do differently if given the chance to better prepare for african markets, Johansson replied "may be we would have started up a second factory like in india where we can produce tube filling machines for much lower price and export these low priced machines to the market under our name to emerging countries which most logically would be more people who can afford the machines" however he stated that such entry through FDI can not be done in Africa because market in Africa is still not that big and that what they have done in the last couple of years is that they instead started up a second factory in Indonesia because it is logistically much closer to their customer in south east Asia as they are much more customer in Asia than in Africa. Johansson added that when entering emerging markets in Africa, it is important to listen to other companies that have already entered the market because it is very complex and time-consuming. And that one needs to have patience and plan. He adds that Africa at this point is an attractive market, but it still needs to grow for multinationals to enter it because there are challenges that they face there. He then concluded by confirming that FDI is not easy to make in Africa due to the fact that it has not fully grown, but regardless, he believes that there is still potential in the market and multinationals will continue to enter it.

4.1.2 Navigating the Complexities of Diverse Economies: Choice of Entry Modes

The first step that Norden Machinery takes when entering emerging and developing markets in Africa is to find exclusive agents and local capabilities as representatives to sell the company's products in specific markets. According to Johansson, they use what he calls "jungle telegraph" (people talk to people) and listen at the exhibitions to gain salespeople that are living and operating locally to sell their machines locally. In special cases, they involve the Swedish business in aiding their search for customers and representatives. The second step is that they then approach the customer with their sales representative. Norden has a very long sales process;
it can take between six months and 1 and a half years to 2 years from the time the salesperson starts to speak with the customer until the deal is closed. Johansson asserts that a disadvantage to this mode of entry for Norden is their local representatives low technical skills. He added that they want their local representative to be more technical skilled, so he or she could talk more about the technical aspect of their machines and inform customers of the benefits instead of focusing on the price to gain the customer. Another disadvantage highlighted with using this mode of entry for Norden is that the sales representatives they have in the African market most of the time work with other brands, so their attention to selling the Norden brand is distracted as they only get paid when sales are made. Johanson mentions that "the benefit on the hand is that we are not paying anything during this time until he is selling the machine. So it's a very cheap way for us to have a salesperson in that country". He further stated that previous international experience has in different ways influenced their selection of this entry mode: "With experience of doing this in other places, you learn something which you bring forward to the next time you do it". He mentioned that when entering a country, one needs to be a bit more aware of the market, to know and create relationships with representatives, and also to find and pick the right one.

4.1.3 Factors Influencing the Choice of International Entry Modes

The entry mode Norden uses to enter African markets is influenced by their network, both in terms of their sales network and the relationship they have with local representatives. Johansson mentioned that it is extremely important for them to have the right people who understand local customers or a company that is experienced in understanding western culture and how they do business. As their kind of business involves a long sales process, the local salesperson has to have a very good relationship with the customer because their aim is to maintain a long-term relationship with their customers. Johansson mentioned that other obstacles that have influenced the company's choice of entry mode into markets in Africa are the banking systems in countries such as Ethiopia and Algeria. He noted that in these markets, he had to constantly contemplate ways to manage the situation to be able to sell in the country. However, Johansson added that if they were to expand further into the African market, sales representatives would still remain the mode they would use to enter emerging and developing markets in Africa. In his words, "we are quite stuck; either we go with exclusive agents, as we call them; that's what we have today; they correspond to 75% of our sales network." In most of these countries, he mentioned that they have exclusive sales representatives with only one company in each country that is responsible for a market area. However, in other parts of the world like India and the USA, where they have much bigger demand, they have their own sub-offices and their own colleagues that are assigned to only sell and service Norden machines.
4.2 Oritsegbubemi Bafor - Schlumberger (SLB)

Schlumberger is a leading multinational oilfield services company that provides a wide range of technology, solutions, and services to the global oil and gas industry. Schlumberger was founded by two brothers in 1920 and has its corporate headquarters in Houston, Texas. It has operations in more than 120 countries and a substantial position in the energy sector, with roughly 80 to 100 thousand employees. Oritsegbubemi Bafor has been with Schlumberger for 24 and a half years and works as a division manager for one of SLB's divisions in the USA called Digital and Integration. Bafor runs operations in the USA and is responsible for delivering their digital products and integrating construction and project management. Bafor mentioned that he also runs the company's business in West Africa, covering about 17 countries from Senegal to Nigeria and Equatorial Guinea. And also participated in the company's entrance into Ghana. SLB provides services for the energy industry, from oil and gas to renewable energy and new energy. According to Bafor, SLB helps characterize subsurface surfaces by helping their clients understand their subsurface surface environments to know if they have hydrocarbons that are producible, if they have new energy projects, and how they can leverage or deliver those new energy projects in a sustainable manner. Also, he emphasizes that human development is integral to what Schlumberger does and an integral part of their DNA and culture, as they strive to leave human capital in terms of energy capabilities significantly superior to how they met it when expanding into new countries. with the second being ensuring that they have world-class technology for delivering oil fields in a secure and efficient manner, with no compromises.

4.2.1 Unravelling the Internationalisation Process of MNCs

Bafor stated that its presence in Africa is a reaction to clients such as Exxon, Chevron, and government agencies' demand for technical assistance to explore and identify deposits of oil and hydrocarbon reserves by supplying them with the necessary equipment, technology, and training. Schlumberger is very saturated in the African market, in both developing and emerging markets, and they have been involved in international trading in the African market for 80 years, recently turning 71 in Nigeria. Bafor listed the following as markets in Africa where they have entered so far: Algeria, Egypt, Tunisia, Liberia, Ghana, Nigeria, Kenya, South Africa, Namibia, Angola, Congo, Equatorial Guinea, Cameroon, Chad, Senegal, Ivory Coast, Mauritania, Tanzania, Mozambique, and Uganda. He mentioned that one of the main reasons Schlumberger selects or decides to enter these various markets is for them to internationally expand their footprint and have the opportunity to grow as a company and private entity. Bafor added that the African market provides them with business opportunities and the ability to support their clients in the energy industry. Using Nigeria as an example, Bafor explained that they entered Nigeria because of the opportunity to help their clients, who then came to do exploration work in Nigeria and access the oil and gas potential in Nigeria, and that they then decided to stay in the market.
because they found the potential and requirement for their services. While in the market, Bafor reports having encountered further market opportunities. In Ghana he stated that they entered with certain technologies and skill sets, and as they expanded their market there, they were motivated to deploy additional skill sets and technologies because they discovered more oil, and they progressed deeper into the energy transition, such as downstream supports in pipeline networks to move hydrocarbon energy transition technologies, to help with carbon capture or a reduced carbon footprint, and so on. He added that because they possess the appropriate technology and a global presence, they were able to implement these swiftly for the mutual benefit of both parties. Bafor added that their entry into various African markets has been intentional, in his words: "we do not go to markets where there is no energy conversation".

When asked about Schlumberger's preparations before entering the market, Bafor replied, "You know, the understanding of that is that you can be as prepared as you want, but that does not mean much; you have to deal with the experiences you meet when you go into those places, which are sometimes not predictable. But from a general management preparation or general management experience having run business internationally, you would say yes, but having dealt with the African experiences, you have to say no". According to Bafor, Schlumberger uses their previous international experience to manage what they see and add value to their experiences on the spot. When entering the African market, Schlumberger banks on their core business ethics and business vision, and if the vision and ethics do not match the market, they decide it is not the right market for them to go into.

Bafor also stated that Schlumberger has been in Nigeria for approximately eighty years and that in the Nigerian oil and gas industry, there are numerous former Schlumberger employees who now run their own energy companies. According to Bafor, their specialty allows them to bring global experience to any project or opportunity to support African endeavors. Bafor is of the opinion that Schlumberger's actions on the African continent have a significant impact on the development of human capital. He stated that they genuinely develop Africans because they recruit from the countries where they operate. He added that it is not always simple to locate ready-made skill sets, such as certified divers, deep sea divers, specialized welders, or specialized technicians; thus, training individuals becomes a necessary element of creating human capital or capacity. Consequently, he states, this is a barrier to entry, but it is not insurmountable because it is something that must be dealt with. Bafor made it obvious that entering the African market and already being there are like two big vessels with the same risks but at distinct levels. He says the infrastructure in Africa is not as evolved as it is in other parts of the globe, so entering the African market presents the greatest challenge. According to Bafor, West Africa, including Ghana, Nigeria, and Ivory Coast, has a large potential for university graduates. Thus, human capital and infrastructural difficulties occur at different levels. However, he said that Nigeria lacks supplier technicians, as their technicians are not up to international standards. According to him, their technical schools lack infrastructure due to government neglect. In the remaining parts of West Africa, it is worse as there are not enough graduates or
technical school technicians. There is not enough of that to support a lot of industries wholly within that geographical region due to a poor educational system, poor electricity generation, and poor infrastructure such as roads, accessibility of roads, industries, factories, and manufacturing centers. Bafor noted that South Africa, however, is superior, distinguishing it from a market that is developing. South Africa, he says, has greater infrastructure when it comes to the power situation. They have superior industries, are more self-sufficient in producing components for automotive, hand tools, and other sectors, and have a solid supply of technician-level expertise.

Bafor informs that the business environment in Africa is different, but they stick to their guns while negotiating the market, and the African government, ministries, and private sector have accepted this because of the value they bring. Thus, they may do what they must without compromising ethics or integrity. “They know what to expect when they deal with us, thus setting a different business relationship with the government,” adds Bafor. He also identifies and confirms the existence of corruption in Africa. He states that this is the reality and that it becomes a challenge, but not an impossibility, to navigate while adhering to the strict ethics of the company. He claimed adhering to their strict ethics is not impossible because once the country in question realize that SLB cannot do certain things because of who they are but brings value to a process in terms of technology, people, and results, they take it more seriously, and it becomes easier because they confirm a position of higher contribution to the value chain. In other words, despite the difficulty of navigating corruption, the value they provide makes it simpler for them. Bafor explained that the long route is preferable to the brief route and that they would rather take the long route of proving their value, which is aided by their international brand. He pointed out that Schlumberger's global reputation and international brand are extremely valuable in Africa and any other market they enter. Schlumberger also follows global business principles, according to Bafor.

With regards to competition, Bafor is of the opinion that there is always competition when entering a market. It is a matter of being the first to enter the market, and once you are established, it is a matter of who can expand the most. Therefore, you engage in marketing and value proposition battles with your competitors. He went on to say that the rivalry in Africa is similar to the one in Europe and that it proceeds in a similar fashion. And what they have observed historically is that whenever someone tries to take shortcuts or do something mischievous, it always backfires because, as long as they are a global company listed on any other stock exchange, any inappropriate behavior will be flagged and the company will be sanctioned and fined by the New York STC, which results in a hefty fine. He went on to explain that, as a global company, doing business with a shady company makes them a huge target, making them careful when choosing partners and contractors and not doing business with companies that do not meet their criteria. Bafor's experience with operator companies attempting to raise capital in Africa has not been uncomplicated. He mentioned that, first, the funds required for important energy projects are major, and African institutions are not accustomed to this. In addition, the size of the risk profile is sometimes too great for banks to bear, so international
banks frequently intervene or form a consortium of banks in order to disperse the risks. The risk profile of African institutions precludes them from undertaking these large initiatives on their own. Bafor asserts that these challenges are shared by all African markets, although to varying degrees. Given that the risk profile of South African banks differs from that of Nigerian banks, it may be possible to obtain more financing from South African banks than from banks in other nations like Nigeria, he states. Bafor added that the same risk profile exists everywhere for every kind of funding, but the size of the risk or the mitigating factors available to banks in developed, emerging, developing, or underdeveloped countries is different.

Bafor is of the opinion that a mature market recognizes that companies must come in and be able to swiftly settle, develop, and add value to the country. He said growing African markets lack maturity and knowledge. "Therefore, the legal requirements to start a business are quite difficult and roundabout," adds Bafor. He claimed that poor nations have more loopholes than developed or developing economies. People recognize that business ease on a 1–10 scale is part of excellent business or attracting business. Bafor discusses government maturity and the balance between nationalistic and international views. According to him, undeveloped countries must quickly realize that they lack the resources to get their country to where they want it from a development perspective, so they must allow international business to come in and be more open to international business by making laws and regulations that do not restrict international companies from doing business. Bafor defines government maturity as the capacity to comprehend how to advance their country or government by permitting business to prosper without highly restrictive guidelines and impunitives majores to conduct business. He concluded that the legal system or government is a major challenge when doing business in emerging and developing African markets, citing every policy and the ability to move money out of the country when you earn it due to labor policies. Bafor said that infrastructure and ease of doing business distinguish Africa from other markets they have entered. He also highlighted services, lack of an industrial base, government maturity, financial practices, financial regulations, and labor laws as problems and differences between African developing and emerging economies and other markets they have been in.

When asked about their strategy to expand in the regional emerging African market, Bafor replied that due to the nature of their kind of business, they are required to go where their technology is required, and that the market they are currently expanding into in Africa requires them to do offshore and exploratory work primarily in the oil and gas sector of the energy equation. Bafor mentions that their companies local content plays a big role in the value the countries put in their business entries. He mentions that Schlumberger tends to focus more on the value they bring to the market, their customers, and the country where they are making their entry than the competition. In his words, "there is always going to be competition with the big players in our industry; you generally focus on your value proposition to your customers and your local content".
4.2.2 Navigating the Complexities of Diverse Economies: Choice of Entry Modes

The opportunities Bafo finds in Africa drive them to enter the different countries by leasing bases, hiring locals, and setting up with technology and people to service their customers in the country. Bafor says they send global regional country managers to energy or commercial prospects. Bafor adds that Schlumberger invests directly in African markets, forms a legal business, leases buildings, and hires local expertise and recruits. They only utilize third parties for local suppliers, but everything else is direct. He said that they associate legal entities with their worldwide legal entities so that there is an internal partnership. Bafor stated that this entry method gives them freedom and independence. as they can safeguard their company's culture, ethics, business norms, and control. "If you go with other people, then you are dependent on their practices, their culture, and things like that," he said. "So we would rather do it ourselves and be sure of the outcome of our intentional investment in the country". He mentioned that the differences generated by their chosen mode of entry serve as a moral compass that helps them traverse the diverse marketplaces without breaking the law.

Since 1920, Shlumberger operational capability has been built up to handle entrance into any market; therefore, internal variables have had little impact on entry methods, said Bafor, instead, they have aided in making entry happen. In his words “we train our people, so we have a very robust training infrastructure to enter into a market; to train people is not a problem, we manufacture our tools, so coming into places is not a problem”. He explained that instead they consider the market's long-term outlook before entering at a higher business review level. By considering the government's industry plans, their clients' long-term market outlook, and the global market. Bafor added that they created a business case to join the industry by considering many of these aspects.

4.2.3 Factors Influencing the Choice of International Entry Modes

Bafor says that internal factors like time to market, resources, flexibility, risk, return on investment, long-term goals, management influence, type of product, company size, international experience, and relations have influenced their company's entry mode into African emerging markets in different contexts. They make judgments based on operational, tactical, and strategic factors. Risk is one way they would assess security to decide if the nation is safe enough to send staff and consider whether hiring a full-time security company for continuous risk monitoring is needed. He also said they would assess the market's security to determine whether it is a family location where they can bring their employees and their families or a place where they cannot plant people there full time.
Foreign corporations have trouble working in various African countries due to their monetary policies. Bafór cites the country's requirement that corporations pay fees in local currency, which does not work for multinational companies that utilize dollars, as they would have to deal with the exchange rate. Bafór also mentioned that some nations' monetary policies make it hard to move money out, making the market undesirable for businesses. He adds that this has influenced their choice of FDI entry strategy and that African markets need monetary policies that support international trade. Bafór asserted that they adapt to local rules while approaching new African markets. In Muslim nations, they follow local customs. He noted that when they move to other nations, they look at the labor regulations and adapt to them, even if their foreign team has a separate contract. Schlumberger serves Muslim, Christian, Hindu, and Buddhist nations laws. The corporation is unbiased, does not promote any religion, and does not impact employees or consumers' religious views.

Bafór considers the company's management of risks significant. They review it at different levels, and the core team analyzing market entry assesses risk. They occasionally employ a third party to provide insight into the market, and that third party could be a local or international market expert. When entering the African market, Schumbuger looks for areas where there is a business that will last more than a few years. In the words of Bafór, "you would have done a strategic review of that market to say, Look, here is a 10-year vision, here is a 15-year vision, here is a 30-year vision of the business in this environment, and this is what we see, and based on that, we enter the market now, whether you are going to make a profit or not, that is an operational review, not a strategic review for entry". Bafór stated that market share and international footprint have affected their entrance strategy into the African emerging market and that return on investment is difficult to determine when entering a market. Because it is a tactical and operational choice, and you enter a market in order to make a profit. Since you have a business model, that is practically expected, says Bafór. He also said that before entering the market, they consider whether they would gain market share, if it is a safe investment, what are the risks, and if the country is prone to warfare that could lead to a chance of interference.

Based on their experience, Bafór would still choose FDI to enter African markets. Due to the lack of infrastructure in place in Africa, they are required to get their own infrastructure in place, as they possess the capability to do so. He added that this is Africa's best entry point for now and that if the infrastructure matures or meets international standards, they can then use third parties or other investment types, but foreign direct investment gives them the most freedom. Bafór remarked that the emerging market's infrastructure dictates how much direct investment they make versus how much they earn in spares, materials, and supplies. According to him, the market is based on strategic decisions, which are typically external. Another issue, according to Bafór, is that African governments policies change overnight. He challenges government maturity for this reason. Bafór said that the changing government policies might drastically impact their investments. Bafór explains that if the policy alters the operational environment unexpectedly, one's desired results will vary since the rules have changed. He stated that
companies should prepare for it in the African market by doing enough risk assessment. He concluded that entering the African market requires a careful risk assessment.

4.3 Anonymous Y - Ericsson

With 103,890 workers globally, Ericsson is a multinational technology corporation. The organization specializes in offering communication and information technology solutions to a range of sectors throughout the globe. Since its founding in Sweden in 1876, Ericsson has developed into a pioneer in the world that supports communication networks and technical advancements by offering the necessary hardware, software, and services (Company facts - ericsson 2023). The company has been connecting Africa for over 100 years (Africa in Motion - Ericsson 2023). Anonymous Y is a strategy manager within the Middle East and Africa division. Y has been with Ericsson for one year, with ten years of experience working for Dell in the same position. At Ericsson, Y’s primary responsibility within the team is to develop country strategies for various focus markets together with the team regarding the company's growth objectives. According to Y Ericsson operates in the telecommunications equipment, manufacturing, production, operations, monitoring, and management industries.

4.3.1 Unraveling the Internationalization Process of MNCs

According to Wickman's (2023a) and Wickman's (2023b) narration of the history of Ericsson's presence in Egypt and South Africa, historical successes in similar markets have led to the selection of both markets. Ericsson's major breakthrough in the British telephone market and previous successes are said to have influenced their ability to enter South Africa and Egypt with relatively less trouble because, at that time, these markets were partly ruled by Britain. The British influence in South Africa during the time of Ericsson's initial entry provided a favorable context for foreign companies with ties to Britain. Political alignment and relationships with colonial powers might have facilitated Ericsson's entry.

Also, South Africa and Egypt's growing demand for telecommunications infrastructure and services, evident from the installation of multiple telephone exchanges, made them attractive markets for Ericsson's products, as significant orders from the Egyptian PTT reflected the country's market potential. Also in South Africa, Ericsson's involvement in providing portable field handsets during the Boer War to the British side presented opportunities for favorable relations in the post-war environment. Ericsson's close cooperation with leading technical experts in South Africa played a significant role in establishing a special position in the market. This expertise likely influenced their decision to engage closely with local professionals. Market reforms and reconstruction in South Africa can also be attributed to the factors that influenced their selection of the market, as the company's re-entry in the 1990s aligned with the end of
apartheid, the lifting of sanctions, and the South African government's focus on reconstruction and modernization, including improving the national telecom structure. Also, partnering with MTN in South Africa was a strategic move that allowed Ericsson to enter the mobile systems market by aligning with an established player in the region.

Egypt's established telecommunications infrastructure, as indicated by their ability to manufacture Ericsson equipment under license, made it an attractive market. Ericsson could leverage the existing infrastructure for its operations. The political and economic conditions of the time, such as Egypt becoming a republic, likely presented favorable conditions for foreign investment and collaboration. This influenced Ericsson's decision to re-emphasize its presence in Egypt. Ericsson's contract wins in Egypt and Tunisia marked its breakthrough in North Africa.

The strategic growth significance of expanding into this region might have influenced the company's decision to focus on these markets. Ericsson's knowledge and reputation for quality and reliability, likely bolstered by its successes, made it a trusted partner for the Egyptian PTT and other entities. This reputation influenced their selection as a technology provider.

Anonymous Y stated that the driving force for anyone in the telecom space in sub-Saharan Africa is massive growth in voice and, specifically, data traffic. Y believes that the opportunities Ericsson discovered that led them to enter emerging markets in Africa are market-specific. In her words "we have a very solid global reputation; mostly, businesses go where they are welcomed, so there are a lot of telecom operators, governments, and regulars that very much welcome Ericsson as a partner and like to have us in the space". Y believes that the company's entry into Africa is always going to involve a number of factors because, when they enter a market, the market growth opportunity is the primary driver, but they also have to be able to capture it. Thus, they have to make sure that they are well positioned, have a good understanding of the regulatory environment, have access to a work force, are able to be compliant, and are not breaking the local rules or any international standards.

According to Y, since entering the African market, Ericsson has discovered new market-specific opportunities that drive their need to be innovative with new products and services. In Y’s words, "some of these opportunities are, if you look at the circumstances that some of the operators find themselves in, it could be regulatory changes, economic, and macro-environmental changes, that really is a push for us to be able to help support them, partner with them, and offer different services and products to suite their needs". Y adds that some of the biggest challenges they have encountered in the African market involve the microeconomic and macroeconomic environment, including GDP growth, inflation, forex availability, energy supply, availability of energy, and cost of energy. Internal risk, according to Y, is also considered a challenge for companies like Ericsson and Dell. In emerging markets, Y mentions that the risk of doing business for companies includes a number of inadequately developed systems in place, from the ability to get refunded money owed to the legal records should something go wrong with a deal, to physical security risks, and also risk in terms of
deploying equipment as there are lots of infrastructure challenges with transportation or maybe getting things built, the local labor force, and getting the right skills and training in place. Nonetheless, Y added that while there are risks, there are always ways to mitigate those risks, and that is what they have done and what they will continue to do.

With regards to competition, Y stated that there are always competitors, so one is constantly looking for opportunities and creating a competitive edge while making sure, which is especially true for Ericsson. As a European brand, Y mentioned that there are certain things that they cannot do, as ethically compliant business is an absolute must for them. One of the differences between the African markets that Ericsson has entered is the regulatory environment. Y adds that the growth potential in Africa is much larger than other places in the world, as it is right here and now, where there is still a massive growth potential within 4G, whereas in the global north, the focus is very much on 5G and how to optimize that. Y adds that the regulatory environment is different because Europe and North America are heavily regulated markets and certain competitors are not allowed to sell there, whereas there is a more wild and open market in sub-Saharan Africa. Y affirmed that Ericsson was, in terms of knowledge and experience, adequately prepared before entering the market because they always have a framework that they use. Y adds that Ericsson is a very well-established business, and for this reason, things can always happen that they are not expecting, but they definitely have a framework they follow in terms of looking at the growth potential and mitigating risk.

Factors that influenced Ericsson's decision to enter the different African markets Y listed it as the growth opportunities, the environment being a place where they felt they could do business and be compliant with international and local regulatory stipulations, the workforce and the talent, and the biggest driver being the market growth opportunity. Y informed that they have a strategy for expanding into additional African markets and that it is something they are constantly looking at and developing. Y believes that Ericsson's action to penetrate Africa has been deliberate and has a strategy behind it. Y adds by confirming that factors such as competitive advantages, management ability, knowledge, resources, product adaptation, flexibility and dedication, planning and control within the company, and employee motivation and ability have influenced Ericsson's choice of market because they are all things that impact their ability to be successful. The company copes with rivalry by focusing on what they have to offer and their relationship with their customers. Y adds by saying that their customers have several other partners, and that is the way that it should be, and that they do not and should not take any steps to eliminate that. Y further adds by saying that market conditions change, and for this reason, they are constantly looking for continuous improvement. According to Y, for the industry in which Ericsson operates and also industries at large, given Y’s experience, the most essential consideration for companies entering emerging markets should be establishing a local presence and then making sure to have a full-time presence and connection.
4.3.2 Navigating the Complexities of Diverse Economies: Choice of Entry Modes

Again, according to Wickman (2023a) and Wickman's (2023b) narration of the history of Ericsson's presence in Egypt and South Africa, Ericsson's installation of the first telephone exchange in Egypt in 1897 marked its initial entry. This likely involved direct investment to establish the necessary infrastructure, as they entered South Africa in the late 19th century through their direct involvement in installing telephone exchanges. In 1959, after receiving a major order from the Egyptian PTT, Ericsson opened a branch office in Egypt. This also demonstrates a direct investment in establishing a physical presence to support operations. Ericsson collaborated with the Egyptian Telephone Company, which began manufacturing Ericsson equipment under license. This partnership allowed Ericsson to tap into local manufacturing capabilities and extend its reach. The same strategic alliances and partnerships are seen to also take place in South Africa, as Ericsson partnered with Mobile Telephone Networks (MTN) in the 1990s to supply mobile system networks, which allowed Ericsson to leverage MTN's local market knowledge and resources. Also, Ericsson's presence in South Africa from the late 19th century to the mid-20th century demonstrated an adaptive approach to changing political and economic conditions. The company entered when opportunities were favorable and re-entered when sanctions were lifted and apartheid ended. Lastly, Ericsson's long-term strategy of establishing a local presence, collaborating with local partners, and participating in the growth of Egypt's telecom sector likely played a role in shaping its entry modes and market decisions.

Anonymous Y expressed that, from its experience of working with different businesses entering sub-Saharan Africa, how those businesses become established in Africa is mostly driven by opportunity. When asked about the mode of entry that Ericsson used to enter Africa, Y is of the opinion that Ericsson might have seen a business opportunity and decided to build it and go after it. She adds that they first looked at the business there, made the first deal, and then later established a legal entity with headquarters, offices, e.t.c. through direct investment. It depends on the local regulatory requirements as well. In some countries, it is not as easy to set up a local company; in other countries in Africa, you need to have an African partner that owns part of that, so it very much varies. Y believes that the advantages of this mode of entry are having control over important issues like how business is done, having control over the brand, and being able to forge long-term partnerships with customers. However, the challenge is that one is open to risk, the costs are high, and it is really something you are doing over the long term.

4.3.3 Factors Influencing the Choice of International Entry Modes

Y stated that previous international experience influenced their selection of an entry strategy, adding that when we look at their strategy for Africa, they do take lessons from other markets
around the world. Nonetheless, Y believes that previous international experience has influenced their selection of entry mode. In addition to that, the biggest impact on the way Ericsson establishes itself is really the market itself, the regulatory requirements, and the macroeconomic conditions. When asked about the grounds for selecting this mode of entry, Y replies that Ericsson, being a global company listed on the stock exchange, has only certain ways of entering, thus influencing the entry mode. Y adds by saying that everything that they do always has to be seen with global eyes, which is very important for them. Again, Y is of the opinion that their perceived obstacles have influenced their selection of entry mode, as any business learns from risks and how to mitigate those risks.

According to Y, regardless of the external factors that affect companies like Dell and Ericsson, the international structure of these organizations is the biggest overriding factor and has meant that this is the way they enter markets, given their need to have control over everything. Thus, Y concludes that Ericsson handles risk by looking at the opportunity versus the risk; they do all the due diligence that they can; they ensure that we have all the financial instruments that are available; and they work with local regulators to show that they are fully compliant and that we are doing what we are supposed to do. Y adds that their choice of whether they would choose the same entry mode again when entering markets in Africa is very much confined by their global model, so Y believes that they would have to and that it is very much predetermined with them having little option of how they enter. With regards to the targets that Ericsson has when establishing new markets in Africa, Y stated that they involve growth, seeing that the number of subscriptions is growing as well as data traffic. Y confirms that target factors, including market share targets, profit targets, return on investment, and international establishment, are all some of Ericsson's considerations for growth, with establishment time influencing it to a lesser degree.

4.4 Omoye Ojhinan: PricewaterhouseCoopers International Limited (PwC)

PwC is a British multinational professional services network that offers a wide range of services in the areas of consulting, accounting, auditing, tax advisory, and other business-related services. With a presence in 152 countries and approximately 328,000 people, PwC is one of the biggest and most reputable professional services firms in the world (PricewaterhouseCoopers, 2023a). PricewaterhouseCoopers (2023b) asserts that the PwC network comprises businesses that have distinct legal entities. Omoye Ojhinan is an assistant manager who works with the strategy team in Nigeria. She has been with the company for three years, working with clients across industries to solve diverse problems, including designing strategy, research and development, market entry, program design, and product design. According to her, at PwC, it all comes down to creating value and helping organizations grow and bring to life their aspirations. She referred to PwC as a
network of firms and said that the firms that make up the network are devoted to working together to provide high-quality service to customers across the globe. Against this note, Omoye points out that PwC's operations and actions differ from those of manufacturing companies and others; thus, her comments would be different as she would not only share knowledge about PwC but also on international companies that they have as clients and also on the business environment of Nigeria given that she works more closely with their companies customers as a strategy consultant. She clarifies that her customers working for PwC in Nigeria have been clients from across the world, including both international and local firms.

According to the information provided on PricewaterhouseCoopers (2023c), PwC is present in 29 African markets and is only present in 9 EFM in Africa, including South Africa, Nigeria, Congo, Guinea, Kenya, Tunisia, Morocco, Senegal, and Mauritius.

4.4.1 Unraveling the Market Selection and Internationalization Process of MNCs in EFMA

The second and fourth section questions aimed to better understand the different companies' motives as well as the factors that influenced their selection of EFM Africa. Omoye stated that PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited operate and that the internationalization process of the company began way back, with its first presence in Nigeria dating back to 1953. With this in mind, she mentioned that she is not able to actually say for certain what the initial motivations of PwC's selection of the African markets were. However, she believes that their motivations would have been drawn from the opportunities they found across Africa. According to her, Africa has more opportunities for growth than advanced countries because there are new problems to solve, and as the countries on the continent are growing, so are companies, and those companies need help understanding the macroeconomic environment. She adds that emerging economies change very quickly, like in Nigeria, for instance. She states that the current administration entered office in May 2023, and within a few months, so many things had changed. As a consultant, she noted that the new companies coming up need their support for growth and to keep operating despite the rapidly changing macroeconomy. Nonetheless, she acknowledges that as much as there is an opportunity for consulting firms to help their clients navigate the changing environment, it is also a challenge for them because, as an international firm, they report their revenue in dollars to the head office. In her words, "That is a big problem for us because we tend to be working harder in order to report the same value. We bill most of our clients in naira, and then we have to report to the international office in dollars, so with the devaluation, you need twice the amount of naira to report the same value in dollars."
Omoye affirms that the size of the Nigerian population is another opportunity that attracts many companies, including FMCGs; in her words "it is a large population size, which really counts for something; not a lot of countries have up to 200 million people". Then again, she believes that this opportunity is sometimes not as big as people make it look because it also has a challenge that so many companies try to deal with. The challenge, according to her, is the very low disposable income, with 70% of the people living below poverty, and the middle class happens to face a lot of challenges. She adds that this is a challenge for companies because the number of people who can afford what they are selling is not as large as the population. Thus, companies are forced to find the right product that fits different types of consumers. However, for PwC, this is where they come in as consultants to help their clients navigate and understand the target market, which includes customers, competition, and other factors that affect their businesses. In the African market, Omoye reports that PwC has discovered new opportunities like fintech. She says that financial technology is a growing industry in Nigeria and in many parts of Africa, and that some of the bigger players in the market have also seen the fintech space as very attractive, thus expanding their operations into the industry. So PwC comes in by helping the companies build that new line of business in a way that is permissible by the regulators.

Another challenge, according to her, is "unfriendly policy reforms". In the African business environment, she says that the business always complains that the leaders are not in touch with the environment, so policies tend to look like they are anti-business. She went further to give an instance of the telecommunication, logistics, and transportation industries in Nigeria. Report that these industries have multiple taxes due to them being one of the fastest growing and that the regulators see this as a way to generate money, so they put in place many policies and taxes that are discouraging to the industries. She adds that the transportation and logistics industries have taxes and fees from the three governments, including the federal, state, and local governments, as well as non-state actors. Thus, moving things from one location to another becomes very expensive for companies. She adds that this does not only affect the companies that they consult for but also touches them in other ways. In her words, "Because you cannot push all of this on your clients, you have to bear it, which reduces your margin." An additional challenge she mentioned is people. According to Omoye, "in general, when it comes to work ethics, Nigerians are not very aligned with certain things that you would see in the international market". She believes this may have to do with the firms not having certain processes or it may have to do with the people not having ethical values, and international firms then have to always be on guard as people are always looking for a way to get something out of the company for themselves. She also believes that such loose morals and ethics could also come from the culture of the people or from the issue of poverty and low disposable income. However, for PwC, this is not a challenge, as she reports that they have very good processes in place, but while consulting for their clients, they are presented with this problem that affects their clients. Omoye notes that infrastructure is a significant difficulty for PwC and all the businesses they consult for, as it drives up the cost of doing business by requiring them to provide their own electrical power and
deal with internet issues, among other infrastructural issues. According to her, another issue that affects PwC and their customers is funding, given the high interest rate in Nigeria. In her words, "funding is a problem to the point that we have to pay so much interest. It is not like we do not have funds, but as we operate, there are times we need to borrow to meet up with some operational commitment, and then we then have to pay high interest rates". In terms of PwC's internationalization, Omoye believes that adequate preparation, such as a market evaluation, must have taken place before the corporation chose the various African markets. Although she indicated that the business environment has evolved compared to when they initially entered the African market owing to the new issues they are facing,

When asked what PwC's primary motivation was for entering the African markets in which they are currently active, Omoye responded that PwC is still active in the Nigerian market because of the market's attractiveness, and she speculated that this may have been the same motivation that led to their initial entry into the market in 1953. "I guess they saw Nigeria as an attractive market emerging, and that is why we are still here; there are so many problems to solve by assisting companies to survive in a rapidly changing country," she said. She continues by saying that helping clients choose what products to develop or discard, combined with interpreting governmental policies, aids PwC in maintaining its market relevance. With regards to considering competition before entering the market, Omoye made clear that they are already in the market and that, regardless of the competition, they still have to compete in a very ethical manner by establishing customer relationships and generating value.

Due to low disposable income, Omoye stated that some companies were forced to reduce their product offerings to accommodate the economic challenges. In Nigeria, she adds, "There are so many small sachet products you do not see that in some countries, people do not even buy things in small sachets. But in Nigeria, it is a strategy; no matter how big you are as a company, if you want to sell, you then have to come to those small 100 naira or 50 naira sachets. Because if you do not, you cannot sell people; just make money daily and spend money daily". Omoye believes that PwC's presence in Africa has been intentional. In her words, "Every office of PwC that offers advisory services to clients helps them make very intentional decisions; we also have to be very intentional about our decisions. So the markets that PwC plays in are markets that they have seen that they have potential”. She adds that PwC selects markets with growing companies and GDP; however, over the past few years, GDP per capita in Nigeria has been declining. She adds, "Whatever PwC saw when they initially came to Nigeria, a lot of those parameters would have changed over time.” “Of course, these parameters have changed, but we are already in the country, and no matter how tough it is, after you have been in a country for a while, you already have a niche, you have a brand, and you have a set of customers”.

Omoye believes PwC’s market selection would have considered the country's environment, the business environment, and access to the right people to consult for them. When asked about the steps that PwC would take to better prepare for entering an emerging market, Omoye's response
was “If I am to provide that for my firm or a client, I still would look at all the paramitas we are looking at today, but I will maybe look at them more carefully”. One of the key parameters that she sees as becoming a problem is the political landscape, which has to do with a lot of things, including laws, tax policies, access to certain infrastructure that you need, and ease of operating. According to her, one might have the market size and all the things working, but if there is a very unstable political landscape, it can turn everything that one has worked for upside down overnight. She adds that this is what they see in the market, as some companies are really suffering from certain administrations that do not consider the impact of their decisions on the business environment before making them, or they overturn their decisions overnight, creating anxiety in the minds of business people. Thus, they sometimes see business people not wanting to invest because they are unsure about the government's future actions, making the decision to invest very carefully and slowly as companies are trying to understand the government, which in turn impacts their ability to serve their customers. Nonetheless, regardless of the political uncertainty, Omoye says that looking at the trends in the environment becomes a way of knowing if the political environment is one that involves corruption or one that really understands businesses with policies aimed at business growth. A government that considers the business environment and has a clear vision of what they want the country to transform into.

4.4.2 Navigating the Complexities of Diverse Economies: Choice of Entry Modes

Omoye concludes that PwC's presence in Nigeria consists of a network of firms that operate through license and franchise agreements. She continues by saying that the benefit of the entry mode is that certain central resources are accessible, like a network of firms. Additionally, there are certain solutions that they may simply use if some of the worldwide offices already have them, rather than having to develop them from the start. She said that individuals are another benefit since they may use colleagues from other nations when they sometimes require subject-matter experts. Omoye adds that she is unable to comment on the contracting process, but from the standpoint of an employee, she can state that PwC is a well-known brand on a global scale. As a result, the Nigerian office benefits from the brand without having to promote PwC in Nigeria. The disadvantage, according to her, would then be Nigerian companies being unable to make certain decisions because they fall short of international requirements. Also, she states that, for instance, there are certain processes agreed upon by all the firms that they have to go through, and whether it favors them as a Nigerian firm or not, they have to go through that process. Thus, the flexibility is not there for one firm to do certain things unless they get approval. Another disadvantage of this mode of entry is the issue stated before with the dollar.
4.4.3 Factors Influencing the Choice of International Entry Modes

Omoye stated that she is unaware of the motives and influences of the previous international experience of PwC in choosing the entry mode to enter Africa since they have been there for such a long time. She did, however, note that she believes the majority of consulting firms utilize licensing and franchising because of the flexibility it offers in adapting to the environment. She also adds that external factors, including the environment, demand, market size, and regulations, influence PwC's decision on the mode of entry. She continues by saying that she believes target factors like market share, profits, establishment times, returns on investments, and international establishment can influence PwC's choice of entry mode as well as the companies they consult for since they are positive parameters any company should consider when entering a new market.

4.5 Anonymous X: Volvo Construction Equipment (VCE)

According to the Volvo CE website, Volvo started in 1832 as an engineering workshop in Sweden. It was founded in Sweden by Johan Theofron Munktell, who developed it into the global industrial sector under the name Volvo Construction Equipment (Volvo Construction Equipment Global, 2023). Anonymous X has been part of VCE for nearly 20 years and has worked in the areas of global strategy and business development. X is responsible for the investment, investment partnership, and acquisition investment sectors. Volvo Construction Equipment operates within the construction equipment industry as a manufacturer with 265 dealers and markets in 180 countries (Volvo Construction Equipment Global, 2023). According to X, around 15,000 to 100,000 people work for the company. The background, internationalization, and market selection sections of this interview were conducted via Microsoft Team, while the market entry mode and conclusion were sent back as written responses via email. According to the information provided on Volvo Dealer: Volvo Construction Equipment (2023), VCE is present in 36 markets in Africa and in all EFM in Africa except Niger.

4.5.1 Unraveling the Internationalization Process of MNCs

Anonymous X revealed that the opportunities VCE found in the African market that led to their entry are within the construction equipment business, as there is a lot of work to be done. He explained that this creates a lot of opportunities to improve and build in the African market. In his words, "there is also an opportunity to support the different countries with new constructions, new houses, new cities, new roads, etcetera. So the region as such is a very boiling market, both from a resource perspective but also from an infrastructure perspective". X mentioned that the opportunities they have found so far in the market have been mostly external. When asked if they
have encountered any challenges in the African market when entering or when present, X replied that, given their very strong code of conduct and ethnic policies, they are very clear in terms of when they do business and that they do business in the right way; thus, they have not really encountered any challenges in the African market. As far as regulations are concerned, X explained that every country has its own local regulations and laws according to which businesses are conducted, and that they encountered the local regulations and laws in Africa as well. X added that in some countries, one needs to develop services according to the local legislation, but that they do not really see this as a burden when doing business because they know that they do it in the right way. In X words, "If we are asked to do business in a non-compliant way, we simply do not engage. So from that perspective, it is very clear for us that it is not difficult to follow the regulations."

According to X, the strength of VCE's brand and business lies in its credibility and equity; they know what their customers expect, and they also make it super clear what they expect from their customers. So, the company's principles and objectives are very clear towards their business, and if the market does not allow it, X reports that they simply will not engage because it will not be beneficial for anyone and it will not be something that actually supports their purpose. Comparing the African emerging market to that of other markets, X illustrated, based on experience, that the African market is quite different in terms of readiness, sustainable electromobility solutions, networks, technology maturity, labor rates, and infrastructure support. X added that regardless of these challenging aspects found in the African market, there are various activities and developments happening in Africa that are resulting in positive energy for future opportunities. In the words of X, "I think that there is a positive and great opportunities coming” “Many countries are providing opportunities to their people, which indicates a positive aspect for the future". X concluded that because there are a lot of activities happening and a lot of development that will be done, there is an opportunity for growth in African markets. X added that their entrance into these markets is influenced by the demand for new development. Going further to state that "we would like to be a part of the market where we are needed and where there are more opportunities for us to grow". According to X, VCE has been involved in international trading in African markets for decades, and the company is well aware of the competition that exists. X acknowledges that competition in the market is not an issue, as it sometimes triggers more demand and builds up understanding, competence, and knowledge in the industry.

4.5.2 Navigating the Complexities of Diverse Economies: Choice of Entry Modes

Anonymous X stated that Volvo Construction Equipment is currently in all African markets, both developing and emerging, through their distribution. X adds that VCE in Africa operates through
various "master dealers" and that they currently do not have their own dealers as they deliver through a distribution network in Africa. According to X, the company offers its equipment and services through its distributors in different African countries. X adds that operating with a downside to a dealer setup means that they are not able to get close to the end customers, which means that it can be difficult to prepare the right offering.

4.5.3 Factors Influencing the Choice of International Entry Modes

Anonymous X affirms that the VCE entry strategy has been influenced by previous international experience. X was unable to give insight into how internal factors have influenced their choice of entry mode into the African markets. With regard to external factors, X informs that with a dealer setup, one is able to utilize local or regional knowledge in a better way. X was also unable to give information on the targets the company has when establishing new markets in African emerging markets, their method for handling risk, and the target factors that influenced their choice of entry mode.
5. Analysis

In the upcoming chapter, an examination of the interplay between the empirical findings and the existing literature will ensue in line with the three themes. Through a comparative lens of within-case and cross-case analysis, the study's findings will be juxtaposed against the theoretical framework, delving into the nuanced connections. The overarching aim of this chapter is to provide a comprehensive dissection of the foundational concepts and theoretical constructs underpinning this thesis. As the exploration unfolds, it will delve into unraveling the intricate interrelationship between numerous variables influencing the choice of entry mode and market selection within EFMA. The emphasis will shift to the examination of institutional reports in order to gain deep insights into the intricate dynamics that steer these choices.

5.1 Unraveling the Internationalization Process of MNCs

According to Hollensen (2020), a company's decision to enter a foreign market is founded on market screening involving the environment and the firm. The opportunities and obstacles presented by the various cases demonstrated how the firm's attributes and the surrounding environment influence their decisions in the various emerging frontier markets in Africa they have entered. However, findings also showcased that factors such as desired mode characteristics and transaction-specific factors did not only have an effect on just entry modes, as Hollensen (2020) suggested; findings demonstrated that the proactive and reactive motives of MNCs are always in dynamic contact with their desired mode characteristics. While looking into the environment, transaction-specific factors are also seen to influence their market selection.

Based on Dunning (1993) and Benito (2015), market-seeking, efficiency-seeking, resource-seeking, and strategic asset-seeking are the primary motives for internationalization. Exploring improved opportunities from local presence, legal compliance, talent, expanding consumer markets, growing middle-class populations, economic growth, and market expansion are some of the opportunities highlighted by the five cases. According to Bradley (2005), MNCs pursue internationalization for reasons like greater opportunities abroad and the pursuit of consumers. The findings across all cases showed evidence for these market-seeking motives, thereby emphasizing the importance of market attractiveness, growth potential, and the demand for products and services in influencing MNCs' decisions to enter EFMA. Johansson highlighted that efficiency-seeking is not something Norden considers in EFMA due to infrastructure and the economic situation in the market, as consumers ability to buy their product is relatively smaller than the population. This is a challenge that PwC also reports exists in EFMA. Norden Machinery's pursuit of their clients in EFMA highlights the motivation behind their decision to enter EFMA. This is consistent with the Uppsala theory's focus on gradual market entrance via experience, learning, and making use of existing relationships and networks. It also sheds light
on the intricate considerations involved in market selection. Norden's prediction of an increase in demand for their machinery and technologies in EFMA over the coming decade is also seen as proactive strategic asset-seeking motives. Findings from Norden underscore the significance of long-term strategic planning in EFMA. Also, their focus on a 5- to 10-year timeline for selling their machinery aligns with the need to build relationships, adapt to varying levels of economic development, and navigate cultural nuances. This highlights the importance of understanding the local context, which is consistent with the Uppsala theory's emphasis on gradual expansion through incremental commitments. Evidence shows that tax benefits from the African Trade Union have affected Uniliver's motivation to explore EFMA, which aligns with the notion of proactive and reactive motives for entering markets. Norden's absence in Senegal and Morocco is reported to be a consequence of their customers' absence in those countries.

Findings about Schlumberger underscore the role of customer demand as a catalyst for globalization. Schlumberger's capability to provide vital technology, tools, and training to support the exploration of oil and hydrocarbon reserves positions them as a strategic partner to energy companies and government agencies. This approach aligns with the resource-seeking motive for internationalization, as they target markets with significant oil and gas reserves, indicating a strategic focus on accessing valuable natural resources in these markets. The company enters markets that align with its vision, ethics, and technological capabilities, with an emphasis on contributing value to the energy conversation. Schlumberger's entry into EFMA aligns with strategic asset-seeking motives, as does Ericsson's. Ericsson aims to expand its international footprint by leveraging its technological expertise in telecommunications infrastructure. Schlumberger aims to expand its footprint internationally, leveraging its technological expertise and human infrastructure development abilities. All five case's ability to leverage their reputation, expertise, and relationships also exemplifies a gradual internationalization process, which supports the principles of the Uppsala theory. In addition, the continuous formulation of strategies for expanding into additional African markets demonstrates Ericsson's proactive and reactive motives for internationalization. The existence of Ericsson in Africa offers historical context for the corporation's strategic entry into South Africa and Egypt. The influence of historical successes in similar markets, along with factors such as political alignment, colonial links, and market potential, underscores the significance of learning from previous international experiences. This aligns with Johanson and Vahlne's (1977) finding that market knowledge and market commitments have an impact on both commitment decisions and the execution of present activities.

Anonymous X's perspective on VCE's entry into the African market emphasizes the opportunities presented by the market, which are proactive reasons for entering. Findings showed that VCE emphasizes opportunities to contribute to infrastructure development while meeting the demand for construction equipment. VCE's commitment to providing machinery for development projects also aligns with a strategic asset-seeking motive. Whereas findings show that PwC's entry into EFMA is primarily driven by market-seeking motives. As in the other four
cases, PwC sees opportunities for growth in providing its consulting services. The recognition of Africa's growing economies and companies needing support to navigate changing business environments suggests that PwC's motivations encompass both market attractiveness and a commitment to assisting companies in adapting to emerging challenges. The focus on providing value and maintaining market relevance through interpreting government policies and understanding the target market aligns with the principles of international market selection. There is evidence that MNCs entering the EFMA do so for proactive reasons such as technology competence, unique products, tax benefits, foreign market opportunities, profit and growth goals, and market information. Schlumberger, Ericsson, Norden, and VCE were able to enter the EFMA quickly and compete because of their strong technological competence, unique products, and global presence. All case's reported foreign market opportunities that exist in EFMA given the growth and attractiveness of the population size, which motivated their entry. Interestingly, while infrastructure challenges pervade all EFMA cases, VCE views these challenges as motives for contributing to the country's development through their offerings, thus their entry into the market. VCE's commitment to infrastructure development supports the resource-based view theory's premise of using firm-specific resources (construction equipment) for strategic positioning and beneficial social effects.

Infrastructure was also seen as an opportunity for Ericsson's early entry into EFMA. The established telecommunications infrastructure, indicated by Egypt's ability to manufacture Ericsson equipment under license, made it an attractive market. Also, Ericsson's strategy of early and aggressive entry into EFMA is consistent with the Born Global Theory's focus on actively seeking global markets and using technology and innovation. In summary, Infrastructure shows a varying influence in all cases. For Norden, it affects them indirectly as their customers assume ownership and risk. Schlumberger, however, recognizes infrastructure as a barrier to entry but is of the opinion that it is not insurmountable given their size, capability, and action in developing the nations they enter. While PwC sees it as additional costs that affect profit margins when doing business in the market. The findings demonstrate that internationalization objectives such as profit and growth goals have affected proactive motivations in each case, along with market information. Overall, the evidence indicates that environmental factors such as the international industry structure, the degree of internationalization of the market, the host nation's market potential, and market similarity have had a varied impact on each EFMA's market selection process. Environmental factors like competition are reported not to be a factor that affects all cases when selecting a market, as findings from all cases indicated that competition exists in all markets, including those in EFMA, but they do not view competition as a significant challenge that impacts their decision to enter these markets. Rather, they appear to place more emphasis on factors such as value creation, developing strong relationships, and prioritizing their own strengths and capabilities to establish a competitive advantage. They also stress the need to adhere to ethical business practices and comply with local regulations. In other words, while competition is acknowledged, it is not the primary factor influencing their entry decisions or market strategies, as suggested by the literature review. Nonetheless, evidence showed that all
cases acknowledged the gap in market similarity to the western market, but they were all of the opinion that this factor mostly influenced their entry strategy rather than their market selection. Evidence also suggests that market similarities influence Norden and VCE's market selection to some extent since both companies mention difficulties with civilization, backgrounds, and cultures. Furthermore, from the evidence of Ericsson's initial entry into South Africa and Egypt, it is evident that market similarity influenced their selection given the historical successes in similar markets, along with factors such as political alignment, colonial ties, and market potential that instigated their entry.

On the whole, findings show infrastructure, political maturity, low disposable income, financial practices, uneven spread of civilization, GDP, the constantly changing environment, and regulations as challenges faced by MNCs in EFMA. Ericsson highlighted further challenges such as inflation and forex availability, and SLB identified corruption as a challenge that influences their entry into EFMA. PwC and Norden, in contrast, identify exchange rate and dollar availability as issues they face in the market. They both highlighted the opportunistic behavior in the market resulting in transaction costs, which aligns with Oliver E. Williamson's (1981) transaction cost theory of self-interest seeking. Ultimately, the combination of standard and localized tactics used by MNCs in various EFMAs parallels the fundamental ideas of the Transnational Strategy, which emphasizes striking a balance between local responsiveness and global integration. The findings demonstrate that firm internal factors such as degree of internationalization and overseas experience, size and quantity of resources, industry or business nature, internationalization objectives, and existing networks of relationships have had a varied impact on each EFMA's selection to enter. All participants reported that, in terms of knowledge and experience, they were adequately prepared before entering EFMA and that their global significance and brand name have aided in this, consequently confirming that the degree of internationalization, size, and overseas experience have a role to play when entering EFMA. Ericsson, Norden, and PwC's assessment of the market for their need to mitigate and control risk demonstrates that MNCs desire mode characteristics not only influence their entry mode but also their motives for selecting markets in EFMA. According to Johansson, management ability and product adaptation are some internal factors that have influenced Norden's choice of EFMA. Y adds by confirming that factors such as competitive advantages, management ability, knowledge, resources, product adaptation, flexibility and dedication, planning and control within the company, and employee motivation and ability have influenced Ericsson's choice of market because they are all things that impact their ability to be successful.
5.2 Navigating the Complexities of Diverse Economies: Choice of Entry Modes

Each case's presence in the EFMA account offers a perspective on how a large multinational corporation navigates complex and dynamic emerging frontier markets in Africa. Root (1994) stated that when exploring a foreign market, the choice of the most suitable entry mode is guided by the company's expansion strategy, which includes identifying international opportunities, leveraging resources and capabilities, and effectively implementing overall international objectives. Findings on the motives and challenges in all cases addressed earlier have shown the various expansion strategies carried out by MNCs in EFMA. According to Johanson and Vahlne (1975), firms acquire knowledge and expertise regarding foreign markets through their initial export undertakings, which subsequently facilitates their ability to establish a sales presence in those markets. Fiding shows this to be true for VCE and Norden's choice of using local sales representatives and dealers as their mode of entry into EFMA. The eclectic paradigm and institutional theory have provided lenses to understand the different entry mode choices of MNCs' in EFMA, as their choices are seen to be shaped by their ownership, location, and internalization advantages, as well as the institutional pressures they encounter. The cases validate Dunning's Eclectic Paradigm Theory by showcasing the importance of Ownership (unique capabilities, assets), Location (market potential, consumer demographics, access to resources, and cost efficiency), and Internalization (ethical compliance, regulatory adherence) factors in influencing MNCs' decisions on entry mode.

Thus, according to the model, Schlumberger's brand recognition, access to capital, reputation, superior management skills, and specialized knowledge in oil and gas are its ownership advantages. With the company's access to resources and market growth opportunity being its location advantage. Also, their need to have control over operations and relationships with companies and government agencies gives them an internationalization advantage. This explains why they chose to enter EFMA through wholly-owned subsidiaries. Dunning's OLI theory indicates a move toward FDI when all three advantages are present. Norden's machinery solutions serve as its ownership advantage, along with their knowledge, brand recognition, reputation, and intellectual property rights. However, inasmuch as the company sees the potential in the EFMA market for demand for their products and services, Johansson is of the opinion that the transaction cost, along with the uneven spread on civilization and income, presents issues in the market. Thus, according to OLI Theory, this points to domestic production and exportation as the company does not possess a location advantage in EFMA. Norden does this through the use of sales representatives. Findings show a similar situation for VCE. For Ericsson, their ownership advantage lies in their technological leadership, along with their knowledge, brand recognition, reputation, access to capital, superior management skills, and intellectual property rights. With the growing consumer base, access to resources, and market growth serving as the company's location advantage. FDI thus enables Ericsson to establish wholly-owned subsidiaries.
to maintain control over technology innovation and customer relationships. Lastly, findings show that PwC leverages its ownership advantage in professional services, knowledge, brand recognition, and reputation. The market growth and consumer base, along with the challenges that other companies face in the market, present location advantages for PwC in EFMA. The companies need to concentrate on value creation gives them reasons to opt for licensing and franchising, which allow PwC to transfer its knowledge and expertise to local partners while maintaining control over service quality. Nonetheless, findings from this study further prove Doh's (2005) criticism of Dunning's OLI theory of oversimplification of complex motives and strategies underlying FDI.

The challenges posed by infrastructure, regulatory complexities, and ethical considerations demonstrate the impact of local institutions on internationalization decisions. In trying to navigate the complexity that the five cases report exists in EFMA, findings show that institutional pressure has played a role in the mode of entry choice in all cases to varayin degress. Thus, institution theory offers a lens to better understand MNCs' choices of entry modes in the context of local norms, regulations, and practices. Coercive isomorphism is evident in the finding as MNCs conform to external pressures in EFMA. Ericsson's compliance with local regulations for technology transfer and local manufacturing reflects its response to regulatory demands. Slumberger, PwC, and Norden Machinery's adherence to local norms and regulations underscores the importance of aligning with institutional norms. Normative isomorphism is also observed through MNCs' alignment with social norms. Slumberber's adusment in efforts to fit different religions and partnerships with local entities underscores its strategy of establishing a wholly owned subsidiary to navigate the complexities of local norms and culture. The company’s adaptations to local contexts based on institutional frameworks validate the institutional theory's emphasis on conforming to external norms and regulations. However, the limitations of institutional theory are also evident. While MNCs adapt to institutional pressures, findings show that they also possess agency and innovation capacity. The tactical approaches of Slumberber and Ericsson show how they shape institutions rather than just being molded by them. Consequently, giving evidence to support Munir's (2019) and Mayer & Rowan's (1977) criticism of Institutional theory

5.3 Factors Influencing the Choice of International Entry Modes

Hollensen (2020) posits that a company's mode of entry is influenced by four distinct groups of factors, namely desired mode characteristics, internal, external, and transaction-specific factors. This was evident in the findings in all cases. Findings show that internal factors play a crucial role in shaping an MNC's mode of entry into EFMA, as their different decision-making processes consider factors such as the firm's size, international experience, resources or commitment, and the nature of its product or service. In the context of internationalization, the size of a firm is a pivotal internal factor influencing the choice of entry mode. Larger firms tend
to have more resources at their disposal, which enables them to engage in various international activities (Hollensen, 2020). This aligns with the findings from the case analysis, where companies like SLB, Ericsson, and PwC, possessing significant resources, have embraced hierarchical and intermediate entry modes such as licensing, franchising, and wholly owned subsidiaries. Their substantial resources allow them to take calculated risks and exert greater control over their foreign operations. International experience also emerges as a key internal determinant of entry mode choice. SLB and Ericsson's expansion strategies, for instance, reveal their preference for higher-control modes due to their extensive international experience and the ability to leverage their expertise. This aligns with Swoboda et al.'s (2015) findings, suggesting that firms with high international experience tend to favor previously successful entry modes. The nature of a product or service significantly influences the choice of entry mode. Hollensen's (2020) assertion that high-value, easily transportable goods may be suitable for direct export, whereas products requiring customization or those with unique attributes may necessitate hierarchical modes like wholly owned subsidiaries, is evident when comparing SLB to VCE and Norden. According to Root (1994), when a company sells services like engineering or management consulting, they need to discover a means to provide that service overseas because services cannot be exported. This explains why SLBs and PwCs need to educate locals and native businesses in an effort to deliver their services. Further demonstrating Erramilli's (1990) and Erramilli & Rao's (1993) assertion that the entrance strategies utilized by manufacturing firms do not apply to service firms. Findings also demonstrate Root's (1994) notion that product factors and resource commitments shape a company's response to external conditions. The level of commitment a company is willing to invest in foreign markets is closely tied to its resources and management's strategic goals (Root, 1994). This aspect resonates with the findings from SLB and Ericsson, as well as PwC, but to a lesser extent. According to Root (1994), highly differentiated products with specific benefits over rival products provide companies with extensive price power and competitive advantages, despite transportation costs and tariffs. This is evident in the case of Norden, which has a higher price compared to its competitors. Findings also show them to be indirectly affected by transportation costs and infrastructure challenges in EFMA. Evidence does not show geographic distance and competition to have influence over MNCs entry mode choice in EFMA.

External factors are seen to have different influences on MNCs entry mode selection. Some of the external factors identified were social distance, country risk, demand uncertainty, market size, growth rate, trade barriers, and the attributes of the business environment. Findings show that the degree of sociocultural disparity between a MNC's home country and EFMA has had a variable impact on their selection of entry modes. When there is a significant cultural, economic, and business practice gap between the home and host country, firms tend to avoid direct investment and instead opt for low-risk entry modes such as joint venture agreements, agents, or importers (Hollense, 2020). This pattern is exemplified in the cases of Norden and PwC. Confronted with the complexities of the EFMA, PwC strategically selected intermediate modes
and Norden export modes as effective means to navigate these sociocultural differences. However, the findings unveil a nuanced perspective in the cases of SLB and Ericsson. Despite encountering similar external influences, these companies have displayed a distinct entry-mode selection pattern. Contrary to the broad tendency mentioned earlier, SLB and Ericsson's entry mode choices appear to be less influenced by the sociocultural differences within the EFMA. Instead, their decisions seem to be more driven by their inherent strategic requirements and the nature of their business operations. For instance, SLB and Ericsson exhibit a strong inclination towards hierarchical modes of entry, regardless of the sociocultural disparities. This inclination can be attributed to their strategic need for a higher degree of control over various aspects of their business operations within the EFMA. In such cases, where maintaining control and aligning global standards are paramount, hierarchical entry modes appear to be predetermined and strategically imperative for these companies. In essence, while Hollense (2020) suggests that firms tend to adopt lower-risk entry modes in the face of significant sociocultural gaps, the nuances of individual company strategies and operational demands can lead to exceptions. This, however, goes to show the nonlinear relationship between motives, market selection, and entry modes. The cases of SLB and Ericsson underscore the importance of considering a company's specific needs and objectives in the decision-making process of selecting an entry mode. Thus, showing proactive and reactive motives influences how MNCs choose their target markets and pick the best entry mode to accomplish their goals.

In the case of Norden, their choice of entry mode is notably influenced by factors such as country risk and demand uncertainty. As pointed out by Johasson, Norden's decision to stick with sales representatives as their mode of entry is reflective of the challenges posed by these factors in EFMA. For Norden, these factors seem to limit their available options for entry modes. In the findings provided by PwC and Norden about other MNCs in the market, like Uniliver, it is apparent that trade barriers play a significant role in influencing their entry into EFMA. However, the influence of trade barriers on entry modes is not uniform across all cases. The variation in entry strategies might be attributed to factors such as the nature of their services, their degree of control, and their level of strategic fit with potential partners, in SLB's case, the government. All findings show that the market's size and growth rate play a pivotal role in determining the optimal entry mode. Rapidly growing markets may incentivize direct or indirect exporting, while larger markets might justify the establishment of wholly owned subsidiaries (Hollensen, 2020). This is evident in the case of Norden's choice of entry mode, while Ericsson's focus on high-growth markets aligns with its strategic choice of wholly owned subsidiaries and joint ventures, reflecting the company's desire to capitalize on market potential. Findings did not show limited quantity of relevant intermediaries at disposal as external factor that affects MNCs mode of entry in EFMA.

Factors related to the foreign business environment, such as industry characteristics and government regulations, are seen to have influenced the choice of not only entry but also the
mode of entry in EFMA. Companies must adapt to local rules and regulations, which may impact their entry mode decision (Hollensen, 2020). This aligns with the case findings for Norden, as the company's commitment to sustainability and innovation requires adherence to local regulations, prompting strategic choices aligned with these attributes. It also aligns with PwC's adherance to local conditions while maintaining global strategies to provide tailored consulting services and Ericsson's strategic alignment with local telecommunications infrastructure. All cases show that when selecting an entry mode, management often considers factors related to risk aversion, control, and flexibility. Hollensen's (2020) assertion that risk-averse decision-makers tend to opt for entry modes with lower financial and managerial resource commitments, such as licensing or indirect exporting, is evident in the findings. This is seen in PwC, Norden, and VCE’s choice of entry mode to minimize their companies exposure to potential risks. The level of control over foreign operations is another desired mode characteristic that findings show significantly influences entry-mode choices. Hollensen (2020) denotes that higher control may lead to hierarchical modes, while limited control is associated with export modes. Ericsson's case demonstrates this, as their use of joint ventures and wholly owned subsidiaries highlights the company's emphasis on control, enabling them to align their operations with global strategies and standards. The same is seen for SLB; as discussed earlier on external factors, this finding shows the connection between desire mode characteristics and other factors. Findings from PwC, Norden, and VCE showcase the concept of flexibility as a critical consideration in entry-mode choice. Findings also demonstrated the influence of the tacit nature of know-how, transaction-specific factors, and transaction cost analysis on entry mode choice. The emphasis on tacit knowledge transfer aligns with SLB and Ericsson's choice of hierarchical modes, as their complex technology and expertise necessitate modes that facilitate effective knowledge transfer. Transaction cost analysis suggests that firms select governance structures based on transaction cost considerations (Williamson, 1981). This theory is exemplified by PwC's focus on franchising and licensing and VCE and Norden's focus on delers, which limit risk while minimizing transaction costs.

5.4 Institutional reports on the business climate in EFMA

The reports' emphasis on rapidly expanding economies, rising consumer incomes, and abundant resource availability aligns with the opportunities highlighted in all cases. The cases' motivations for entering EFMA largely revolve around the growth potential and untapped opportunities in sectors like construction, telecommunications, energy, packaging, and consulting services. The reports' mention of Africa's recovery from the COVID-19 pandemic and its attractiveness as an investment destination align with the cases' findings that Africa is a viable market for MNCs. This supports the cases' motives for international expansion and entry into these markets. SLB and VCE’s entry into African markets for oil and energy-related projects supports the report's statement that investment is key to Africa's future. SLB's presence in these markets demonstrates the attractiveness of Africa for global energy companies. The studies' emphasis on Africa's vast
resource availability and SLB's resource-seeking motivation and concentration on oil and energy are consistent. The activities of SLB demonstrate the energy sector's potential for investment. The resources that are available and the possibility for development have an impact on the cases' entrance choices. The reports' emphasis on Africa's investment opportunities also aligns with the cases' motivations for VCE, which focus on infrastructure development.

Additionally, when evaluating the relationship between smartphone adoption and technical advancement, it becomes very clear that the observations made in the institutional reports and the conclusions drawn from the instances are in sync. Reports provide insight into the wide-ranging effects of technical breakthroughs and how they interact with changing customer preferences and distribution strategies. Surprisingly, the instances' techniques and solutions largely align with the fundamental idea of technology's transformational power. By leveraging the synergy between technology innovation and financial services, the PwC case, for example, strategically recognizes the expanding prospects within the Fintech business. This strategic connection supports the finding in the institutional report that seamless, tech-enabled financial products are more appealing to contemporary consumers. Additionally, the instance of Ericsson highlights the fundamental connection between technological innovation and its substantial influence on consumer choices and market dynamics. Ericsson's entry into EFMA demonstrates a good understanding of the changing consumer trends in the area of mobile services by being a driving force behind the creation of 3G and 4G networks. This strategic decision also complies with institutional studies' findings with ease, highlighting how important technological advancement is in influencing customer expectations and behavior. The intentional entrance of Ericsson into EFMA to provide complete telecom infrastructure and services is another illustration of how technology and market dynamics interact. The institutional report explained how the exponential growth in smartphone usage requires a concomitant increase in sophisticated communications solutions. The institutional reports' focus on technology's revolutionary potential and Ericsson's strategic strategy both highlight the symbiotic link between technical improvements and the expectations of a tech-savvy customer base.

The reports' mention of the African Continental Free Trade Area (AfCFTA) accord lends credence to the cases' assessment of interconnectedness and market synergy. The cases' strategic market selection and entry mode choices are in line with the notion that trade agreements are leading African marketplaces to become increasingly integrated. Furthermore, the inclusion of Johansson's tale about his experience with a Norden client (Unilever) offers a striking instance of the effect of trade restrictions on entry modes in EFMA. All in all, the reports' discussions about political volatility, Corruption, legal difficulties, and other issues line up with the challenges that the cases encounter. The instances' concerns of political uncertainty, regulatory complexity, and other challenges reflect the report's emphasis on the complexity of the operational environment of EFMA. The application of the Ease of Doing Business Index studies by Norden, PwC, and
Ericsson demonstrates a strategic agreement with the perceptions offered by organizations like the World Bank. This coordination demonstrates their understanding of the value of accurate and thorough data in forming their market entry plans. The reports' references to various cultural, political, and economic environments are consistent with the cases' findings about the necessity for localized solutions and different market circumstances. The cases' assessments of risk evaluation and adaptation provide evidence in favor of the notion that EFMAs are diverse and need tailored approaches.
6. Conclusion

In the next chapter, findings that respond to the questions posed in the introduction will be presented. The reader will be later provided with the research's theoretical and practical consequences for managers and policymakers. Finally, the study's limitations will be addressed, providing ideas for future studies.

6.1 Answer to the Research Question

With the birth of this thesis stemming from the need to understand the actions of MNCs like Tesla, the author embarked on a journey to unravel the complexities of multinational corporations’ (MNCs) globalization and internationalization strategies in emerging frontier markets in Africa (EFMA) by examining the nuanced interplay of factors that influence their market selection and entry mode choice. Through an in-depth analysis of five diverse cases—PwC, Ericsson, VCE, Norden, and SLB—the author explored the multifaceted landscape of global business and identified patterns, insights, and implications that contribute to a deeper understanding of MNCs' international operations in EFMA.

**RQ: What are the factors affecting MNCs selection of markets and choice of entry mode into emerging frontier markets in Africa (EFMA)?**

In an effort to answer this research question, this study unveils a spectrum of factors that influence market selection and entry mode choices, ranging from internal characteristics to external market dynamics. Internal factors, such as firm size, international experience, resourcefulness, and product characteristics, play a pivotal role in shaping MNCs engagement with international markets. External factors also loom large, with sociocultural disparities, market size, country risk, demand uncertainty, and trade barriers exerting influence. The AfCFTA serves as an example of how interrelated markets are, which emphasizes how crucial it is to take into account market synergy and connections when choosing a market and an entry mode. Furthermore, discovery showcased that the desired mode characteristics—risk aversion, control, and flexibility—serve as guiding principles for market selection motives and entry mode choices. Whether through Norden's franchising or SLB's hierarchical control, cases demonstrate that these desired characteristics intersect with various factors. Findings show that smaller organizations use intermediate modes to reduce risk exposure, while larger firms are pushed toward hierarchical modes to take advantage of their resource advantages. When it comes to market selection and entry method choice in EFMA, transaction-specific factors have emerged as a powerful force, with the complexity of information transfer and transaction cost analysis playing a key role. Findings revealed a clear pattern of companies leveraging hierarchical modes
when faced with tacit knowledge transfer challenges, as seen with SLB and Ericsson, while transaction cost considerations influenced PwC's licensing and VCE and Norden's dealer network strategies.

As the author draws this research to a close, it is evident that MNCs' entry mode and market selection choices are the result of a dynamic interplay between motives, desired mode characteristics, and internal, external, and transaction-specific factors. The applicability of this study to the actual world is then confirmed by the results' consistency with industry reports. Also, the correlation between smartphone use, technical advancement, and market synergy reaffirms how important these aspects are to the operations of MNCs. The interplay of issues relating to political unpredictability, regulatory complexity, and ease of doing business further highlights how complicated the EFMA business environment is in each of these cases. In order to directly address the study question, it appears that all factors listed in the conceptual framework, with the exception of those that the results did not take into consideration, have an impact on the markets and entry modes chosen by MNCs in EFMA.

### 6.2 Implications for Theory

From a theoretical standpoint, the findings provided evidence for the theories and concepts on the factors that affect market selection and entry modes. The empirical findings confirm that the firm's internal characteristics, the environment's external factors, and the firm's motivations all play a vital role in determining market selection strategies. It also confirms the effect of desired mode characteristics, internal and external, and transaction-specific factors on entry mode choice. However, there were factors such as the limited quantity of relevant export intermediaries at disposal, the intensity of competition, and geographic distance that evidence showcased that did not appear to have affected MNCs in EFMA. Findings also showed that desired mode characteristics are not just a factor that solely influences entry mode, as Hollensen (2020) suggested; instead, findings suggest that when selecting markets and entry modes, internal and external factors are what initially come into play in affecting MNCs decision-making as their motives are born from their internal capability to respond. Figure 6 shows a revised conceptual framework demonstrating how external challenges or opportunities within the environment shape motives, and those motives are then shaped by their desired mode characteristics. Which may also refine MNC motives as they gain deeper insights into EFMA, as indicated by the nonlinear bidirectional arrow between them. Thus, after viewing the environment's external factors, MNCs then consider transaction-specific factors, which then influence their choice of market and entry mode. This illustration goes to further clarify the continuous interaction and feedback loop between market selection and entry mode but is more indicative of the relationship between factors, as the other conceptual framework derived from literature only showcased the different
factors solely influencing entry mode and market selection separately rather than a connection between factors.

6.3 Practical Implications

The findings of this study have several practical implications for both MNCs seeking to enter or expand their operations in EFMA and governmental bodies and policymakers seeking FDI, particularly in Africa. These implications provide actionable insights that can guide strategic decision-making, operational approaches, and country development.

Figure 6: Revised conceptual framework (Author's creation).
6.3.1 Managerial Implication

The research emphasizes how crucial it is to match market entry tactics with the unique development potential provided by each EFMA. Managers should carefully assess the local demand, infrastructure readiness, and regulatory landscape before making their market entry decisions, as this approach will allow companies to leverage their strengths and capitalize on the unique characteristics of each market. In order to guarantee that entry-mode decisions support the company's long-term objectives and competitive positioning, managers should coordinate their entry-mode selections with their overall corporate strategy while taking into account factors including risk appetite, desired degrees of control, and flexibility. MNCs should build flexible strategies that can change along with market trends in light of the importance of technological advancement and shifting customer behaviors. In order to adjust their services and strategies appropriately, managers must always be aware of technical developments and customer preferences. Additionally, being constantly vigilant helps managers promptly modify their product offerings and entry strategies as necessary. The study's results emphasize the importance of following local laws and engaging in ethical business practices. Thus, in addition to being morally compelled, MNCs should place a high priority on ethical behavior in order to establish credibility and confidence in the local business environment. Findings also showed that for sustained development and reputation management, maintaining a strict code of conduct is crucial. Managers should be ready to negotiate various regulatory settings given the difficulties of political unpredictability, corruption, and legal complications. Findings show that successful market entry and operations depend on enlisting legal counsel and creating plans to deal with any legal obstacles. The difficulties faced by MNCs in EFMA highlight the need for an all-encompassing risk management plan. Businesses should prepare for infrastructural constraints, political unpredictability, and economic changes. MNCs may reduce interruptions, guarantee operational continuity, and promote resilience by recognizing and proactively addressing these difficulties.

When making choices in entry-mode, managers must find a balance between control and flexibility. Intermediate modes give freedom, while hierarchical modes offer more control. The choice should align with the company's strategic motives and market conditions. The analysis emphasizes the need to create strategic alliances and work together with regional organizations. These partnerships provide MNCs with access to existing networks, insights into the local business environment, and a deeper understanding of regulatory nuances. Collaboration may speed up market entry, aid in the transfer of expertise, and promote development that benefits both parties. The corporations interviewed had an optimistic perspective, which highlights the potential for EFMA to see steady development. When entering these markets, MNCs should have a long-term approach, putting an emphasis on establishing durable partnerships, contributing to local development, and funding capacity-building projects. This strategy supports the EFMA economies' development objectives.
6.3.2 Government Implications

The results of this research have important ramifications for governmental organizations and officials engaged in establishing rules for international trade and promoting economic expansion. The study emphasizes how crucial it is to provide a supportive regulatory framework that promotes foreign direct investment and multinational corporations (MNCs) entry into EFMA. Findings also demonstrate that, despite EFMA's expanding GDP and opportunities for expansion, the barriers that prevent MNCs from entering the market via FDI have remained largely unchanged over the last 18 years. According to Chantal and Patrick N's (2005) analysis, the African region's subpar FDI performance is due to a number of issues, including political and macroeconomic instability, insufficient infrastructure, unfriendly regulatory frameworks, and bad governance. As a result, governments can consider streamlining bureaucratic processes, lowering trade barriers, and adopting transparent and business-friendly rules that comply with global standards. They may increase their readiness to welcome FDI by doing so, thereby attracting more MNCs to operate and invest within their borders.

The research also shows how crucial infrastructure, such as telecommunications, transportation, and energy supply, is to MNCs' ability to enter and successfully operate in EFMA. In order to lower MNCs' operating costs in EFMA, governments should prioritize infrastructure development expenditures and ensure that dependable and efficient infrastructure networks are in place. Doing so not only helps MNCs but also boosts the economy's competitiveness and growth overall. Governments should concentrate on improving education and training programs to provide the local population with the appropriate skills, as findings show that MNCs often demand qualified local staff. Governments may ensure a skilled workforce that meets MNC demands by investing in education and skill development. This will increase employment possibilities and stimulate economic growth, both of which have an impact on the buying power of consumers in EFMA.

The analysis highlights how crucial it is to have stable, consistent rules that support MNC operations. Governments should refrain from making sudden policy changes that can jeopardize investor confidence and corporate operations. Clear and consistent rules will encourage long-term relationships between MNCs and EFMA as well as ongoing investments. Findings also highlight the need to adhere to international norms, ethical business practices, and issues of work morals. Through efficient regulatory frameworks and enforcement organizations, governments may contribute to the enforcement of moral behavior. Governments support a favorable economic climate by guaranteeing a fair playing field and encouraging moral conduct. According to the data, MNCs in EMFA are seen as benefiting from developing industries like fintech. Through specific policies, incentives, and regulatory frameworks, governments may actively promote these industries. Economic diversification and development may be fueled by
promoting innovation and creating a supportive environment for new sectors. Overall, the implications reached by this study highlight the need for proactive and planned government initiatives that promote an environment favorable to MNCs. Governments may better prepare for FDI by enacting regulations that follow the study's results.

6.5 Limitations

During the process of crafting this thesis, the author identified several limitations that could affect the outcome and quality of the research. With the main constraint being the small sample size, which includes only five Western MNCs operating in emerging frontier markets in Africa (EFMA). This narrow scope might not fully encompass the diverse range of experiences for MNCs entering EFMA, potentially limiting the generalizability of findings. But then again, from the experiences of participants, insights were gained into the overall business environment and other MNCs like Dell and Uniliver. Additionally, challenges in recruiting sizable MNCs operating in the African market have arisen due to their scale and accessibility. Uneven data distribution among respondents is another limitation, hindering comprehensive analysis and a deep understanding of the factors influencing MNC decisions within EFMA. The lack of holistic data may introduce bias and restrict the accurate interpretation of findings. Another noted limitation also involves the presence of leading questions during interviews. The inadvertent inclusion of such questions, although designed to prompt responses, may have inadvertently influenced participants' answers, possibly biasing the collected data and impacting the reliability of the study's findings.

6.6 Suggestions for Future Research

As this study has shed light on several factors influencing the entry mode choices of Western MNCs in EFMA, there remain avenues for future research that can further enrich understanding and contribute to the evolving field of international business. To enhance the generalizability of findings, future research could encompass a larger and more diverse sample (MNCs from Asia) of MNCs operating within EFMA. A greater grasp of how different variables affect entry-mode choices would be possible by taking into account a wider variety of sectors, sizes, and market entry experiences. A future study could also look into doing a comparative analysis to compare the market selection and entry mode choices of Western MNCs in EFMA with those in other regions. Such comparisons could highlight region-specific factors and help identify whether entry strategies are shaped by unique conditions in African markets. Another interesting path a future research project could take is combining qualitative insights from case studies with quantitative data to yield a more robust understanding of the relationships between market
selection, entry mode choices, and various influencing factors. Large-scale surveys and statistical analyses could provide empirical evidence to validate and generalize the findings. To bring this study to a close, while this study has contributed to the understanding of market selection and entry mode choices by Western MNCs in EFMA, there is still much to explore. Thus, the author extends hopes that this study will ignite curiosity and inspire continued investigations into the ever-evolving landscape of MNCs global strategies.
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Appendix

Appendix A.

Interview guideline

Background Questions:

1. What is your name and how long have you been with the company?
2. What is your current position and primary responsibility?
3. Which industry does your business operate in?
4. Could you give an overview of what your company does and when it was established? (What is the company's core business)
5. How many employees does the company have?

Market selection/Opportunities and Challenges within the African emerging market:

6. What were the opportunities you discovered that led your company to enter emerging markets in Africa? Could you describe the various opportunities your company discovered? Was it a market-specific opportunity, an internal opportunity, or an external opportunity?
7. Could you tell us more about your business and its endeavors/operations in Africa?
8. Have you discovered new opportunities since entering the African market?
9. Have you encountered any challenges in the African market when entering and when in? If so, what obstacles have you encountered? Environmental challenges from the outside?
(such as government, the legal system, and infrastructure) - Internal risks (such as operational difficulties and funding) market-specific risks? (for example, industry, rivals)

10. Is there anything that distinguishes this market from the others in which your company operates?

11. Were you, in terms of knowledge and experience, adequately prepared before entering the market? - Have you made any particular preparations?

**Internationalization:**

12. Could you list the various emerging markets that your company has entered in Africa?

13. What factors influenced your company's decision to enter this particular market?

14. How many years have your company been involved in international trading in African markets?

15. What would you say was the main incentive for your company to enter emerging markets in Africa?

16. To which countries did your company first enter and why?

17. Do you have a strategy for expanding into additional emerging African markets? - In that case, in which markets and at what time? If not, why not?

18. How do you cope with rivalry? Before entering a market, to what extent do you contemplate the competition?

19. Did you intend to penetrate the African market, or did other circumstances lead to your entry? Please elucidate if so.

**Market Entry Mode:**

20. How did your business become established in Africa? What is the mode of entry? Can you describe the procedure? Was it through Direct export (without intermediaries), Indirect export (with intermediaries), Licenses, Franchising, Contract production, Sales subsidiaries, Production subsidiaries, Strategic alliances (joint ventures) or Cooperation with other companies.

21. What were the advantages and disadvantages of this mode of entry?

22. Has Previous international experience influenced your selection of entry strategy.

23. What were the grounds for selecting this mode of entry? How has your business network influenced the selection of entry mode, if at all? - Have your perceived opportunities impacted your selection of entry mode, and if so, how? - Have perceived obstacles influenced your selection of entry mode, and if so, how?

24. How have the following internal factors influenced the company's choice of African emerging markets: competitive advantages, management ability, knowledge, resources, product adaptation, flexibility and dedication, planning and control within the company, employee motivation and ability?
25. How have the following internal factors influenced the company's choice of market entry mode in African emerging markets: time to market, resources, Flexibility, risk, return on investment, long-term goals, management influence, type of product, company size, international experience, and relations?

26. How has the following external factors influenced the company's choice of entry mode in African emerging markets: geographic distance, social and cultural differences, laws and regulations, Infrastructure, exchange rate stability, knowledge and information about the market, political stability, trade barriers, tax advantages, market size and growth rate, competition, and uncertainty to assess demand.

27. How does the company handle risk when entering African emerging markets?

28. Given the market experience you've gained since your initial market entry, would you choose the same entry mode if you had the chance to do so again? - Why?

29. What targets does the company have when establishing new markets in African emerging markets?

30. How has the following target factors influenced the company's choice of entry mode into African emerging market: market share targets, profit targets, establishment time, reheim on investment, and international establishment

31. If you are to choose an alternative entry mode, which would your company have utilized to enter the African market?

**Conclusion:**

32. If your firm could go back in time, what steps would you take to better prepare for entering an emerging market?

33. What, in your viewpoint, should be the most essential consideration for companies entering emerging markets?

34. Do you have any further comments or recommendations regarding the entry into emerging markets?

**Appendix B.**

**Reasoning**

- **Background Questions:** Before beginning the interview, we made the decision to first learn more about the respondent's history in order to evaluate the respondent's degree of expertise in the topic that is the subject of our investigation. This segment of our questions came to a close with an open-ended inquiry that was posed with the intention of uncovering some background information about their respective firms. The last two questions in this section are based on Johanson and Vahline's (1977) assertion that a
company's present status, previous experiences, stability, availability of resources, and the structure of the target market all play a role in the choice of which entrance strategy to execute.

- **Opportunities and Challenges within the African Emerging Market:** In this part, questions have been formed in order to obtain greater insight into the issues that are present in EFMA and to understand the opportunities and challenges that motivated the different MNCs entry and selection of EFMA. Both McAfee et al. (2004) and Winsted & Patterson (1998) said that when businesses attempt to enter a new market, they are confronted with a wide variety of obstacles of varying degrees of difficulty. Leonidou (1995) and Pehrsson (2009) adds that obstacles to entry might be seen differently depending on the person who is assessing them.

- **Internationalization/Market Selection:** The purpose of the questions asked in this category is to obtain knowledge of the company's decision about their internationalization and market selection of EFMA. This is related to Gronroos's explanation from 1999, in which he states that internationalization is a process that the company goes through in order to progressively increase their engagement on an international level. In this regard, we aimed to get an understanding of the factors that drive the MNCs in the different EFMA, as well as the factors that explain why these corporations picked the markets that they did at that point in time.

- **Market Entry Mode:** In this section, queries were formulated to determine if there is a predisposition for corporations entering EFMA or whether their mode of entry is determined by certain factors. According to Sanchez-Peinado and Pla-Barber (2006), the selection of an entrance mode can be influenced by a number of distinct factors. And this is crucial to our study, as we would learn which variables are deemed most essential and also determine whether the variables interact in any manner.

- **Conclusion:** In conclusion, we asked the responder what they would do differently to better prepare for entering the EFMA, as well as what they believe other businesses should take into account. We did this to learn more about their influences and experience by opening room for further comment.