Determinants of Internationalisation By Firms from Sub-Saharan Africa

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Highlights

- Comparative case-study analysis of primary evidence of push and pull factors driving internationalisation by five African firms using a blended research approach.
- The study tests for the conformity of the principal push and pull factors to established theory.
- Push factors conform to theory, the most important being competitive advantage, stagnant home markets and firm growth.
- New pull factors – network links and diaspora demand – are important along with host market growth and strategic asset acquisition.
- No significant statistical differences are found between push and pull factors by firm, home country and sector.

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1. INTRODUCTION

Firm internationalisation is driven by an array of internal and external determinants that are generally referred to as push and pull factors. Push factors are primarily firm- and sector-specific but also reflect home country characteristics that in combination make potential foreign market activities appear more attractive. Pull factors are determined by prospective profit opportunities outside the home country for those firms willing to engage directly in productive international activities. The principal push and pull factors identified as explaining internationalisation by firms from the leading industrialised economies however, have been unable to account satisfactorily for the behaviour of rapidly internationalising firms from high growth emerging economies from East Asia, Latin America, India and, more recently, China. New interpretations, modifications and extensions have therefore been proposed that better reflect the different home business environments and international competitive positions of these firms within the general theoretical framework (notably, Lecraw, 1977, 1981; Lall, 1982, 1983; Wells, 1977, 1983; Mathews 2006; Buckley *et al*., 2007; Luo and Tung, 2007; 2018; Luo and Wang, 2012). These contributions include the identification of additional push and pull factors such as low-growth and highly regulated home markets, the need for risk diversification and technology accumulation.

An important recent trend has been the expansion of African firms investing in other markets in the region in the wake of major policy reforms. Between 2007 and 2012, these FDI flows grew by more than 30 per cent (Ernst and Young, 2013). These intra-regional flows have been dominated historically by firms from South Africa and Nigeria, the two largest economies, but increasing numbers of firms from elsewhere in Africa are also now internationalising. This topic remains poorly understood and under-researched yet it offers important research opportunities to deepen understanding of the behaviour and strategies of African firms that may contribute new insights by testing and possibly extending theory through replication research (Mol *et al*., 2017). Research into this phenomenon may therefore be of similar significance to earlier work on firms from emerging economies. An important conceptual issue is the extent to which any differences detected in firm behaviour are more generally applicable or simply reflect Africa's development level and/or firm responses to the presence of significant institutional voids (Khanna and Palepu, 2000; Esho and Verhoef, 2020).

Research on African firms faces major challenges however; the most important continues to be the difficulty in obtaining primary and even, in some instances, secondary firm data (see Klingbiel and Stadler, 2015; George *et al*., 2016; Mol *et al*., 2017). The literature includes many studies and reviews of internationalisation by individual African firms or sectors that rely heavily upon secondary data (e.g., *Thunderbird Int Bus Rev*, 2012, 2019, 2021; Boojihawon and Acholonu, 2013; Adeleye *et al*. 2015; Amungo, 2016; Boso *et al*., 2016; Gentile-Lüdecke *et al*., 2017; *Glob Strateg J*, 2017; Amankwah-Amoah, *et al*., 2018; Dike and Rose, 2019; Esho and Verhoef, 2020). The findings of these studies therefore depend upon subjective interpretation of secondary information and untested *post hoc* rationalisations of firm behaviour. Several other studies draw upon primary evidence to provide robust inferences based upon more rigorous analyses of this phenomenon although most remain focused on firms in a single sector (e.g., Jekanyika Matanda, 2012; Luiz and Ruplal, 2013; Luiz *et al*., 2017; White and Van Dongen, 2017; Omokaro-Romanus *et al*., 2019; Adomako *et al*., 2021; Liu *et al*. 2021).

The motivation for this paper is to address this gap in primary research by identifying and analysing the principal push and pull factors driving internationalisation by African firms based upon original firm-level case-study interview evidence. In so doing, it makes several important contributions to the understanding of this topic with possible general implications for the literature on firm internationalisation. The analysis is grounded in evidence collected from structured interviews with senior managers of five firms from three countries and three sectors. The principal push and pull factors driving internationalisation by these firms are then identified and evaluated. These findings are examined in the context of two propositions regarding the respective conformity of their push and pull factors to established theory. This qualitative research approach is complemented by quantitative analysis. Non-parametric statistical technqiues test whether these factors differ significantly between the case-study firms and according to their home country and sector. Mediation between their principal push and pull factors by the case-study firms is investigated using cluster analysis. These quantitative approaches therefore provide further validation of the study's analysis and the robustness of its inferences in the context of relevant theory.

This study makes several important contributions to the literature on firm internationalisation, both by African firms and more generally. It is one of the first comparative firm-level analyses of the drivers of internationalisation by home grown firms in Sub-Saharan Africa that draws upon primary interview evidence. Structured interviews with senior managers of the case-study firms generate substantive new evidence and inferences concerning the motivations for internationalisation by home grown firms in the African business and institutional environment in the context of the extant literature. The qualitative findings of the study are then subjected to quantitative interrogation to supplement its qualitative analysis and findings. This rigorous blended research approach applies quantitative methodologies to triangulate, validate and support the study's principal findings regarding the determinants of firm internationalisation in Sub-Saharan Africa.

The paper's findings reveal that internationalisation by all five case-study firms has been driven by the principal push factors predicted by established theory, so providing strong support for Proposition 1 of the study. In addition, no statistically significant differences are found between the firms, by home country or by sector regarding the importance of these push factors. The principal pull factors driving internationalisation by the case-study firms however, while of lesser importance, do not completely accord with standard theory such that Proposition 2 of the study is not supported. Two non-standard pull factors emerge from the interview evidence as additional drivers of internationalisation – network links and diaspora demand. Both of these factors reduce firms' liability of foreignness; the former through personal and business relationships and the latter by providing a low risk means to attain scale economies and market share. It is not possible however, to state with any confidence whether these new pull factors simply reflect the specific business and institutional conditions in Africa or whether they may apply more generally but have been previously over-looked. Again, the differences in the importance of the pull factors between the firms and with regard to both home country and sector are statistically insignificant. Analysis of case-study firm-specific mediation between their push and pull factors using cluster analysis highlights the critical roles of home and host country market growth along with firm competitive advantages in driving their internationalisation.

The paper is structured as follows. The next section provides an overview of the conceptual and theoretical literature on the determinants of firm internationalisation in Sub-Saharan Africa. It discusses the principal push and pull factors driving this process, primarily in the context of the extensions proposed by studies focusing on internationalising firms from emerging economies. This discussion introduces the two propositions examined in the paper. The main hypotheses to be tested regarding the extent of differences in the importance of the push and pull factors between the case-study firms and by home country and sector are then introduced. Section 3 outlines the paper's methodology, its qualitative evaluation approach for those push and pull factors identified as being important, the statistical methods utilised and a brief overview of the five case-study firms. The following two sections (4 and 5) evaluate the qualitative evidence relating to the principal push and pull factors driving internationalisation by the five case-study firms and draw inferences regarding Propositions 1 and 2. The three hypotheses relating to firm-, home country- and sector-specific differences are then each tested statistically for the push and pull factors respectively. The same hypotheses are then tested for the push and pull factors combined in Section 6. Section 7 uses cluster analysis to examine the extent of mediation by the case-study firms between individual push and pull factors. The final section summarises the principal findings of the paper along with its research contribution, managerial and policy implications, limitations and some suggestions for future research.

2. THEORETICAL FRAMEWORK

Explanations of firm internationalisation date back to the dominance of global FDI flows by firms from the leading industrialised economies. These highlight the gains from firms' cross-border transfer of competitive advantages, notably proprietary technology, know-how, brands and managerial expertise, all of which reduce the 'liability of foreignness' in host country markets (Hymer, 1960; Dunning, 1977). The Uppsala Model extends and modifies this perspective to account for the internationalisation strategies of smaller firms and those with limited foreign experience (Johansen and Vahlne, 1977, 2009). This resource-based approach highlights incremental learning by managers as a means to reduce firm risk by generating positive feedback effects. Newer internationalising firms may also prefer to focus on their immediate global region to limit their liability of foreignness, such as the Triad market bias of *Fortune 500* firms (Rugman and Verbeke, 2004) and US manufacturing firms (Qian *et al*., 2010). There appears to be little evidence however, to support this view at the global level

(Dunning *et al*., 2007). Further, no simple correlation necessarily exists between distance and the liability of foreignness (e.g., between the UK and France relative to the US).

The theoretical literature distils the principal drivers of internationalisation into determinants that are either internal or external to firms and generally referred to as push and pull factors. Push factors are viewed as being either firm- or sector-specific but are also indicative of home country characteristics that repress their domestic rate of return relative to potential foreign market opportunities. Pull factors embody those potential profit opportunities for firms that arise if they engage directly in productive activities outside their home market such that they have a geographic dimension.

Growth and rising incomes in emerging and, more recently, developing economies as a result of globalisation has had two important inter-related effects. First, they have created substantial market opportunities for established multinationals from leading industrialised economies and, as such, are consistent with the predictions of theory. Perhaps more importantly, these economies are nurturing home-grown global challengers, including state-owned enterprises, with competitive advantage that embody different capabilities, business practices and strategies. The characteristics of these firms and their drivers of internationalisation however, do not always accord with those of established theory. There is now a substantial literature focusing on internationalisation by firms from emerging economies, especially East Asia, Latin America, India and China as well as from some developing regions.

Early analyses of this phenomenon draw a direct link between firms' home country development level and the drivers of their internationalisation. These often assume a vertical hierarchy of home countries, with FDI flowing 'downwards' from more developed to less developed hosts; e.g., Lecraw (1977), the investment-development path (Dunning, 1981, 1986), the development stages approach (Ozawa, 1992) and the 'investment ladder' (Adams, 1998). Countries' patterns of FDI inflows and outflows are therefore argued to evolve as economic development progresses. More recent firm-level analyses reassess and question the continued relevance and validity of established theory (e.g., Lecraw, 1977; 1981; Wells, 1977, 1983; Lall, 1982, 1983; Oviatt and McDougall, 1994; Mathews, 2006; Buckley *et al*., 2007; Cuervo-Cazurra, 2007; Luo and Tung, 2007; Ramamurti and Singh, 2009; Hennart, 2012; Luo and Wang, 2012; Luo and Zhang, 2016). The general tenet is that the determinants of internationalisation by firms from emerging economies differ fundamentally from established theory, including the nature of their competitive advantages (Ramamurti, 2012) and the key push and pull factors that are driving this process.

Lall and Wells propose wide-ranging menus of additional push and pull factors to explain internationalisation by emerging economy firms. These include; low domestic GDP growth, limited domestic market size, domestic regulation and bureaucracy (including foreign exchange controls), government encouragement, local partnerships and cultural affinity as well as the potential to acquire foreign managerial training and experience (Lall, 1982, 1983; Wells, 1977, 1983). Most of these factors constitute institutional 'push' factors or 'escape responses' (not restricted to emerging economies) that result from misalignment between home country conditions and the needs of firms (Witt and Lewin, 2007) rather than directly affecting firm competitiveness. Lecraw (1977, 1981) highlights several additional factors explaining FDI flows from advanced to less advanced developing countries, notably risk diversification, small local markets, re-investing accumulated profits, competitive threats and learning through technology accumulation. These factors are not confined to emerging economy firms alone however, but are more generally applicable. The pull of technology accumulation and innovation is analysed further by Cantwell (1989) and Thakur-Wernz *et al*. (2019). Those studies that implicitly assume an investment ladder however, often have little traction in explaining internationalisation by emerging or developing economy firms.

As the internationalisation of firms from emerging economies has progressed, it has become increasingly evident that they appear to respond to several different push and pull factors not identified in the earlier literature. These 'non-traditional' factors include; local market size, the impact of cultural distance on customer preferences, efficient support sectors, spatial clusters, human capital, knowledge, R&D and local entrepreneurial activity (summarised in Dunning, 1998, Table 1).

Several new analytical approaches have therefore been proposed to explain the different drivers of internationalisation by emerging economy firms. The linkage, leverage and learning ('LLL') framework (Mathews, 2006) builds upon earlier explanations of accelerated internationalisation by emerging economy firms (e.g., Oviatt and McDougall, 1994; Bell, 1995; Knight and Cavusgil, 2004), including 'born-global' firms. Asian firms are argued to have internationalised rapidly in spite of their lack of innovation. They have used their late-comer advantage to secure resources, including proprietary technology and skills, through both acquisitions and alliances (Hernandez and Guillén, 2018), as well as innovating strategically and organisationally. The LLL framework and similar explanations run counter to the resource-based view that internationalising firms possess pre-existing competitive advantages. Instead, some such push factors have metamorphosed into pull factors as in the case of Chinese firms seeking proprietary technology, know-how and other competitive assets in industrialised economies, primarily through acquisition (e.g., Buckley *et al*., 2007), so augmenting the technology argument of Cantwell (1989). There is little explicit consideration however, as to how these new technologies and skills are absorbed.

The 'springboard' approach (Luo and Tung, 2007, 2018) offers a variation on accelerated internationalisation whereby emerging economy firms have devised unique strategies to challenge the competitive advantages of established global rivals. Rapid internationalisation enables late-comer firms to acquire proprietary technologies, brands and skills from existing

MNEs that can be leveraged in other emerging and developing markets, often independently of psychic distance. The quest for enhanced competitive advantage therefore acts primarily as a pull factor in their internationalisation, as in the LLL framework. Emerging economy firms are also argued to be highly dependent upon their home markets although this contradicts the view that domestic competitive intensity and institutional constraints are important push factors driving them to seek new markets.

The empirical literature provides some support for accelerated firm internationalisation (e.g., Jormanainen and Koveshnikov, 2012; Luo and Wang, 2012; Luo and Zhang, 2016; Paul and Feliciano-Cestero, 2021). Emerging economy firms differ from their predecessors in terms of their geographic spread, competitive advantages and greater preference for wholly-owned subsidiaries. Further, institutional voids are viewed as an increasingly important push factor. Luo and Zhang (Table 9, 2016) highlight the need for deeper understanding of these firms' sources of competitive advantages, institutional contexts and internationalisation processes along with linkage interactions between home and host countries (Hennart, 2012). These are all variations however, on well-known push and pull determinants. Evidence from Latin American firms suggests that the sequencing of internationalisation differs (Cuervo-Cazurra, 2007). Indian firms possess more advanced technology, knowledge and experience than those from other emerging economies (Ramamurti and Singh, 2009; Hattari and Rajan, 2010), corresponding with the investment 'ladder'.

Economic recovery and growth in Sub-Saharan Africa has been the stimulus for increasing internationalisation by home-grown firms, much of it within the region. This phenomenon has been addressed as part of a burgeoning literature focusing on internationalisation by firms from *developing* as opposed to emerging economies, including several journal special issues devoted to the region (e.g., *Thunderbird Int Bus Rev,* 2012, 2019, 2021; *Glob Strateg J*, 2017). Nevertheless, a recent review article fails even to mention Africa (Paul and Feliciano-

Cestero, 2021). There are significant challenges involved in the collection of firm-level primary data in Africa (see Klingbiel and Stadler, 2015; George *et al*., 2016; Mol *et al*., 2017) such that this research tends to rely heavily upon secondary data and information, where available. Much of the understanding of internationalisation by African firms to date is therefore informed by surmise and *post hoc* subjective interpretation of firms' motives and strategies rather than the testimony of key actors (e.g., Boojihawon and Acholonu, 2013; Adeleye *et al*. 2015; Amungo, 2016; Boso *et al*., 2016; Gentile-Lüdecke *et al*., 2017; Amankwah-Amoah, *et al*., 2018; Dike and Rose, 2019; Esho and Verhoef, 2020). An increasing number of studies are now drawing upon primary evidence to offer more objective and robust inferences although these are often focused on individual firms or sectors (e.g., Jekanyika Matanda, 2012; Luiz and Ruplal, 2013; Luiz *et al*., 2017; White and Van Dongen, 2017; Omokaro-Romanus *et al*., 2019; Adomako *et al*., 2021; Liu *et al*. 2021). This research however, continues to be dominated by firms from South Africa, the most industrialised economy in the region and home to several global players, owing to the greater accessibility of primary and secondary commercial information. This study takes a broader analytical perspective based upon primary evidence from five firms in three sectors from three different countries in the region.

The principal push factors driving internationalisation by firms from Sub-Saharan Africa are not well understood for several reasons. Studies of this phenomenon have tended to focus on firms from South Africa, which might be expected to be driven by similar factors to those from other emerging and/or industrialised economies. Further, the specific push factors are rarely analysed, partly because of the dearth of primary evidence but also possibly because they are assumed to be analogous to mainstream theory. The push factors initially considered in this study are all drawn from the standard literature together with the additional drivers identified in the emerging economies literature. These latter factors include; small and/or stagnant home markets, intense domestic competition, poor domestic infrastructure, domestic regulation, risk diversification and institutional support. These factors however, are primarily conceptualised in terms of home country constraints on firm performance, such that internationalisation provides an escape response (Witt and Lewin, 2007). Examples highlighted in the literature include domestic competitive intensity and poor institutional quality for some mobile phone operators (Dike and Rose, 2019), restrictive domestic regulatory banking reform in Nigeria (Amungo, 2016) and poor governance in the case of *Ethiopian Airlines* (Al-Kwifi *et al*., 2019).

The analysis of institutional voids – the inefficiency or absence of institutions in home (and/or host countries) – provides valuable insights into the effects of institutions on firm internationalisation (Khanna and Palepu, 1997), especially in the case of Africa. Rather than simply being a pull factor in terms of host country attractiveness, institutional quality may also be an important push factor. Firms navigating domestic institutional voids may accrue operational and managerial experiences that enhance their competitive advantage. These can be leveraged in host markets with similar or complementary institutional characteristics; i.e., where institutional distance is low (Boddewyn, 1988; Ahmadjian, 2016; Landau *et al*., 2016). This perspective emphasises the importance of *relative* rather than absolute institutional quality as potential push and pull factors that enable firms to better internalise country risk (Darby *et al*., 2010). Institutional voids as a pull factor are discussed below.

The domestic experience of South African firms appears to have made them particularly adept at operating in challenging institutional environments and may explain their prevalence elsewhere in Sub-Saharan Africa (White and Van Dongen, 2017; White *et al*., 2019). Complementarities between home and host country institutional quality are viewed as an important competitive advantage driving successful internationalisation by *South African Breweries*, both in Africa and globally (Luiz *et al*., 2017). This suggests that the significant institutional voids in the region are not therefore as great a hindrance to internationalisation by home-grown firms as they might be for non-African firms (White and Van Dongen, 2017).

This discussion provides the basis for **Proposition 1**; that the principal push factors driving the internationalisation of the case-study firms are those identified in the extant literature and are therefore not unique to Sub-Saharan Africa.

The principal pull factors attracting FDI inflows to Sub-Saharan Africa from outside the region are revealed by numerous cross-country empirical studies (e.g., Asiedu, 2002, 2006; Naudé, 2004; Kandiero and Chitiga, 2006; Naudé and Krugell, 2007; Adams, 2009; Ezeoha and Cattaneo, 2012; Bartels *et al*., 2014; Mijiyawa, 2015; Anyanwu and Yameogo, 2015; Boga, 2019; Liu *et al*., 2021). The findings of these studies are largely consistent with the broader empirical FDI literature – namely, openness to international trade, market growth, human capital and natural resources. There is little evidence of distinct region-specific pull factors for non-African firms. Increasing openness to trade, including greater regional integration, resulting from extensive reforms can be expected to be particularly important, given its potential complementary growth effects with FDI (Balasubramanyam and Salisu, 1991; Borensztein *et al*., 1998). Market growth, driven by regional economic recovery, has led to rising per capita incomes and an emergent middle class. This has attracted increasing FDI in human capital- and skill-intensive service sectors – including banking and finance, telecommunications and retailing as well as manufacturing. Natural resources, including agriculture, continue to be a key contributor to regional GDP and exports and remain highly dependent upon FDI inflows, notably from China.

Studies of the determinants of FDI in Sub-Saharan Africa by home-grown firms generally find that their internationalisation has been driven by many of the same standard pull factors. These include firms' existing competitive advantages, host market size and growth, trade openness and similar culture and tastes (e.g., Jekanyika Matanda, 2012; Boojihawon and

Acholonu, 2014; Adeleye *et al*., 2015; Grosse, 2015; Ogbechie and Iheanachor, 2016; Omokaro-Romanus *et al*., 2019) as well as exchange rate stability and improving institutional quality (Luiz and Charalambous, 2009). It has also been argued however, that the drivers of internationalisation by African firms are unique, with early-stage entrepreneurs in service activities focusing on networking and co-operation in regional markets (Boso *et al*., 2016).

There is limited evidence that internationalisation by home-grown firms has been driven by region-specific pull factors although most (but not all) of these studies rely upon secondary rather than primary evidence. A study using *World Bank Enterprise Survey* data for 46 African countries finds that internationalisation by home-grown firms is positively related to size and foreign equity participation but dampened by financial performance and local competitive intensity (Narteh and Acheampong, 2018). The evidence on sub-regional effects is mixed; South African firms are geographically diversified across Sub-Sharan Africa while those from elsewhere in Africa tend to be highly focused on particular sub-regions, e.g., Kenyan and Nigerian firms in East and West Africa respectively (Rolf *et al*., 2015).

The pull factors driving internationalisation by African firms however, may differ to those for firms from outside the region, including emerging economies. Many national borders are artificial legacies of colonialism and some countries share common cultural, linguistic and legal heritages. Distinct sub-regions exist (e.g., West Africa etc.) owing to poorly-developed infrastructural links that often make land-based interaction difficult. Similar sub-regional markets may therefore attract FDI inflows because the liability of foreignness is relatively weak, so enabling firms to attain size, scale and profitability at relatively low cost. Entry into more developed markets (e.g., South Africa and those outside the region) however, might require significant upgrading of firms' capabilities (Guillén and García-Canal, 2009).

Institutional quality – host country risk, the rule of law, property rights, corruption and political stability – is a long-standing pull factor (and a possible push factor). As in many host countries, security of tenure, political stability and infrastructure dominate the location decisions of mining FDI in the region (Luiz and Ruplal, 2013). For African firms, experience of dealing with domestic institutional voids and leveraging competitive advantages in other host countries in the region may be of particular importance. They are likely to have the capacity to supply low income market niches but possess little in the way of proprietary technology and embodied know-how vis-à-vis firms from more advanced countries with well-developed institutions. Accrued operational experience in environments characterised by institutional voids may therefore be a source of competitive advantage that can be leveraged by African firms through internationalisation while simultaneously realising portfolio benefits from diversification.

This view appears to be borne out more generally by the dominance of emerging and other developing economies in FDI flows to least developed countries, regardless of institutional quality (Cuervo-Cazurra and Genc, 2007). It might also account for the negative and significant relationship found between *absolute* governance quality and FDI inflows to developing countries (e.g., Elkomy *et al*., 2016) and the apparent preference of Chinese firms, among others, for host countries with weak institutions (e.g., Amighini *et al*., 2011; Kolstad and Wiig, 2012; Shan *et al*., 2018). There is little evidence of such negative governance effects on FDI inflows in Asia (Mengistu and Adhikari, 2011) although intra-Asian FDI flows appear to be less sensitive to country risk (Hwang, 2010). FDI by African firms in Sub-Saharan Africa however, is found to be more strongly negatively correlated with the rule of law compared to that by non-African firms (Rolfe *et al*., 2015). For example, the liability of foreignness faced by non-African firms in Ghana is also greater, based upon the incidence of crime and security expenditures (Acheampong and Dana, 2017).

A feature of several studies of home-grown African firms is that institutional voids act as a *pull* factor rather than a barrier to internationalisation. The role of accumulated experience in dealing with such voids domestically has already been highlighted as a potential source of competitive advantage in similar environments, notably for South African firms. Those firms that embody such experience may be more ‘courageous’ in their preference for wholly-owned subsidiaries in the region (Cuervo-Cazurra and Genc, 2008). The CEOs of four banks (from Mali, Nigeria, South Africa and Togo) all had a high tolerance of uncertainty, undertaking risky market entry that was not always based upon economic prospects (Gentile-Lüdecke *et al*., 2017). Two Nigerian banks also favoured markets with similar institutions (Ibeh and Makhmadshoev, 2018).

A further non-standard pull factor of note is the role of diaspora markets in host countries which have similar characteristics to home market consumers. The strategic attractiveness of this factor has been stated explicitly (*Bank of Africa*, 2010) and features in a study of African banks (Kabongo and Okpara, 2019).

This discussion of the distinct environmental and institutional challenges faced by firms operating in Africa provides the basis for **Proposition 2**; that the principal pull factors driving internationalisation by the case-study firms are those identified in the extant literature and are therefore not unique to Sub-Saharan Africa.

The evidence from the five case-study firms regarding the importance of the principal push and pull factors driving their internationalisation permits the statistical testing of several hypotheses. These are tested for significant differences between the push and pull factors separately and then combined. These hypotheses test:

- Whether the firms’ push and pull factors differ significantly according to home country.
- Whether the firms’ case-study push and pull factors differ significantly according to sector.

- Whether the firms differ significantly in evaluating the importance of their push and pull factors.

There are no *a priori* expectations regarding these hypotheses as to the likely nature of any observed differences in these characteristics with respect to African firms although theory suggests that home country development level – e.g., South Africa – and sectoral capital- and technological-intensities may be important. As such, these exploratory tests investigate whether any such patterns are present in the data. The small sample size means that it is not possible to analyse differences between the case-study firms according to their age, size and sector with any degree of confidence. Cluster analysis is then used to investigate the patterns of internal mediation by the case-study firms between their push and pull factors.

3. RESEARCH METHODOLOGY & OVERVIEW OF THE CASE-STUDY FIRMS

This study adopts a mixed methods research strategy that blends both qualitative and quantitative techniques, reinforced by triangulation, so as to provide a rigorous over-arching explanation of the results obtained. This section outlines the case-study material and summarises the activities of the five firms selected for the empirical analysis. This is followed by an exposition of the qualitative and quantitative methodologies employed to evaluate the role of push and pull factors in the internationalisation strategies of these firms.

The number of firms selected for case-study is an important factor in empirical analysis (Eisenhardt, 1989). Fewer than five means that the empirical grounding of a study is unlikely to be convincing while, with a much larger sample – more than ten – the volume and complexity of the resulting data is likely to result in incorrect inferences. The current study is based upon five firms (Firms A to E respectively) anonymised to preserve the confidentiality of the interview material although the more curious may still be able to identify them. The research strategy was to select a suitable variety of firms so as to facilitate an investigation of both within- and between-group similarities and differences. The five firms were therefore drawn from three different home countries and three different sectors. An overview of each firm is presented in Table 1.

[Table 1 here]

Firm A is a long-established South African firm in the fast moving consumer goods sector and one of the largest in Sub-Saharan Africa. It manufactures and distributes an extensive portfolio of branded products in 47 countries across the region plus Chile. In 2016, around 25 per cent of its turnover (some $600m) came from its International Division. Firm A has long experience of operating in challenging market conditions in the region and its strategy is based upon its strength as a supplier of branded consumer goods. Its internationalisation has been driven by a saturated home market, offering limited opportunities for growth, and has been achieved through the acquisition of businesses with weak brand identities.

Firms B and C are both Nigerian and in the financial services sector. Both were founded in the 1980s but have different activities and structures. At the time of the study, Firm B had assets of around $2bn and managed assets of around $2.5bn for some 600,000 clients. It generally prefers to enter overseas markets via merger or acquisition to circumvent host country regulation; a major pillar of its internationalisation strategy has been the acquisition of a Spanish property company. The sole focus of Firm C is financial services and it has become one of Nigeria's largest banks through rapid international expansion over the past three decades. It has established a presence in key markets by providing specialised financial services to the large Nigerian diaspora and, having acquired another bank, has become one of the largest banks in Sub-Saharan Africa.

Firms D and E are both in the telecommunications sector and from Nigeria and Kenya respectively. Firm D is a young fast-growing mobile telephony company with around 35 million subscribers and annual revenue of $2.5bn in 2016. Its internationalisation has been driven by the need to increase capacity utilisation of its fibre-optic cable link with Western Europe, which provides high-speed internet and reliable low-cost telephony services. The company has entered other markets in West Africa through greenfield investment, attracted by relatively low-cost high-skilled labour and large Nigerian diasporas. As of 2016, Firm E manufactured and distributed data-enabled mobile handsets, some of which were made in China, and had a turnover of more than $20m. The company successfully targeted young consumers in the region by offering low-cost access to the internet and social platforms. Firm E entered new markets across Sub-Saharan Africa by working with local partners, operators and distributors. Not long after the interview, aggressive market entry by a firm from outside the region coupled with a failed trademark lawsuit against this entrant led Firm E to exit the market.

Push and pull factors and their interaction can only be understood as a firm-level outcome of autonomous mediation between a firm's characteristics, its managers and context- and time-specific circumstances (Etemad, 2004). The primary data were therefore obtained through open-ended semi-structured interviews with several key senior decision-makers in each firm. The interviews were designed to elicit authoritative and triangulated information and data regarding corporate decision-making, objectives and strategies relating to internationalisation in the context of the relevant theoretical and empirical literature.

The core of this study is the identification and evaluation of the key factors determining internationalisation by the case-study firms. The views of the interviewees were sought regarding ten push and ten pull factors derived from the literature. The identification of these factors and assessment of their relative importance to the internationalisation strategies of the firms formed the basis of the first empirical stage in the study; namely, the extent to which the drivers of internationalisation by the five case-study firms matched or overlapped with those observed for firms from other geographic regions.

In order to evaluate the case-study responses, template analysis was used to interrogate and interpret the primary interview data. This is a form of thematic analysis that operates through hierarchical coding by imposing a relatively high degree of structure to the analysis of contextual data while retaining sufficient adaptability to the particular needs of a study. An initial coding template is developed based upon a sub-set of the data and, after initial analysis, this is refined in subsequent iterations. An important advantage of template analysis over other coding methods is that it does not pre-suppose any *ex ante* sequence of the coding levels but, instead, involves more extensive development of themes where the data are richest.

In this study, the aggregate category 'Push Factors' is assigned a Level-1 code while each of the ten individual push factors are assigned separate Level-2 codes. For example, two facets of 'Competitive Advantage' are identified – 'Firm-Specific Advantages' and 'Industry Expertise' – and these are assigned Level-3 codes.[1] The Level-2 code findings are shown in the tables of findings while those for Level-3 are incorporated into the discussion.

The Level- 2 factors identified in the template analysis were each ranked independently by the researchers, aided by supplementary information (e.g., company reports, chairs' statements and letters to stakeholders), with the final rankings produced through consensus. This exercise used a linear four-point scale, ranging from 3* to 0*, where '3' is viewed as very important while '0' indicates that it is considered to be of no importance. This method facilitates consistency in the calibration of the responses between firms and avoids reliance upon subjective interviewee evaluations alone. From the scores afforded to each of the push

[1] The complete research template is available from the authors.

and pull factors, it is possible to advance some findings with regard to two related propositions, these being:

Proposition 1: *The principal push factors driving internationalisation by the case-study firms are not unique to Sub-Saharan Africa but conform to those identified in the literature.*

Proposition 2: *The principal pull factors driving internationalisation by the case-study firms are not unique to Sub-Saharan Africa but conform to those identified in the literature.*

The findings with regard to Propositions 1 and 2 are triangulated using non-parametric Kruskal-Wallis tests (Kruskal and Wallis, 1952). These tests exploit the granularity in the data to investigate whether the case-study firms' evaluation scores for the push and pull factors differ significantly. The test statistic is:

$$H = \left(\frac{12}{n(n+1)}\right)\sum_{j=1}^{c}\frac{T_j^2}{n_j} - 3(n+1)$$

Where: n is the sum of the sample sizes for all samples; c is the number of samples; T_j is the sum of the ranks for the j^{th} sample; and n_j is the size of the j^{th} sample. The results of the Kruskal-Wallis tests permit the formulation and testing of several hypotheses. These are

H_0^{δ}: No differences in the scoring.

H_A^{δ}: Differences in the scoring.

Here $\delta = 1, \ldots., 9$ with:

1 = Pull factors across countries.

2 = Pull factors across sectors.

3 = Pull factors across firms.

4 = Push factors across countries.

5 = Push factors across sectors.

6 = Push factors across firms.

7 = Pull & push factors jointly across countries.

8 = Pull & push factors jointly across sectors.

9 = Pull & push factors jointly across firms.

The empirical investigation is completed by using cluster analysis to examine whether the push and pull factors identified in the study form natural groupings. This approach utilises a hierarchical procedure to establish the extent of similarities and differences between the factors based upon centroid linkage such that those factors with vectors that exhibit the greatest similarity according to a Euclidean squared measure of distance then merge. The results were checked for robustness using Ward's Method but the findings are invariant as to the algorithm employed.[2] The selection of the optimal clustering pattern is determined endogenously by the identification of a natural break in the agglomeration schedule. No hypotheses or propositions are offered in respect of the cluster analysis as this is an exploration into whether or not the push and pull factors form natural groupings and there are no prior beliefs to exploit.

4. PUSH FACTORS DRIVING INTERNATIONALISATION BY THE CASE-STUDY FIRMS

This section identifies and analyses the principal push factors driving internationalisation by the five case-study firms in Sub-Saharan Africa. These factors are all drawn from the more extensive list proposed in the theoretical and conceptual literature and are presented in aggregate rank order in Table 2 according to the authors' evaluation of their importance to each firm.

[2] Ward's Method calculates the centroids using a weighting procedure and tends to produce equally-sized clusters. The results from this exercise are available from the authors on request.

[Table 2 here]

4.1 Firm Growth Through Internationalisation

All five firms view internationalisation as an essential element in their strategic vision for future growth and it is therefore ranked as the most important push factor. The principal underlying reasons are the challenges that each faces in their domestic business environment, including market saturation, market stagnation and regulatory issues as well as the growth opportunities offered by other markets in the region and elsewhere.

The interviews revealed the following motivations for internationalisation. The primary objective of Firm A is to exploit significant medium- and long-term opportunities and scale offered by expansion into the rest of Africa while Firm B is driven by its desire to gain first mover advantage in foreign markets. Firm C is expanding into carefully-targeted high growth retail banking segments, via mergers and acquisitions, to which it can apply its global operating model. Firm D is focused on the long-term expansion of its West African mobile phone network through organic growth via greenfield ventures, following its rivals based upon aggressive marketing and price cutting. Firm E is internationalising rapidly across Africa, following leading global firms into new markets through distributor partnerships and targeting young consumers with its low-cost mobile devices

In the initial phase of internationalisation, Firms A, C and D entered new overseas markets cautiously, as per the Uppsala Model (Johanson and Vahlne, 1977; 2009); they tended to be late movers, capturing the spillover benefits of market-making by incumbents. More recently, this process has accelerated as they have tried to achieve more rapid returns on their investments. Firm B was an early internationaliser so as to gain first mover advantage and has since consolidated its overseas operations. Firm E is explicitly free-riding on the spillover effects of leading global firms entering new markets in the region in order to target its low-cost niche. The five case-study firms have therefore made full use of available market entry modes – generally determined by host country characteristics, including risk and regulations – although Firms A and C both have a clear preference for acquisition.

4.2 The Competitive Advantages of the Case-Study Firms

Internationalisation is being driven by the firm-specific advantages of the case-study firms, although to a lesser extent for Firm E, and therefore ranks as the second most important push factor. Firm A regards its principal advantages as being its strong manufacturing and branding capability, sectoral experience, managerial expertise and skilled employees. For Firm B, its advantage lies mainly in its asset management expertise, supported by trained staff, while for Firm C, they are its industry expertise and specialised capabilities, based upon highly skilled and motivated employees. Firm D highlights its entrepreneurial corporate culture, aided by an extensive network of international business relationships. For Firm E, these advantages lie in its technological flexibility and capacity to manufacture and distribute good quality low-cost mobile devices to its target market segments through effective marketing. All of the case-study firms appear to have a sound understanding of their competitive strengths and how these can be leveraged profitably in other markets in the region.

4.3 Domestic Competition, Market Stagnation & Regulation

The five case-study firms all face intense competition in stagnant home markets, hence their desire to internationalise. Although this factor ranks third, it still scores highly and is regarded as being extremely important by Firms A, C and E and important by Firms B and D. For Firms A and C, weak demand and market saturation in a competitive home market have been important factors while for B and D it has been regulatory and competition policy issues. The low-cost focus of Firm E is driving its search to secure additional markets in the region.

The case-study firms have all experienced intense competition, primarily from local firms, in their home (and some host) markets. Only Firm E however, appears to be competing directly with leading global firms. Firms B, D and E all cite regulatory issues regarding competition in the Nigerian market.

4.4 Firm Innovation & Technology

Innovation and technology are not generally associated with firms from developing countries in the research literature except as a motive for acquisition. This study however, reveals that they are of considerable importance to all five case-study firms. None has developed entirely new products or services but they have all made modifications to adapt to host country consumer preferences.

Firm A views internationalisation as an opportunity for innovation and brand development across host markets. Firm B regards its high levels of technology and innovation as key to maintaining its competitive edge in developing other markets in the region while Firm C's IT infrastructure was developed to support the internationalisation of its online digital banking platforms. Firm D is at the forefront of communications technology development which is then adapted according to local regulations and consumer tastes. Firm E is technologically flexible and a rapid innovator, adapting its products and apps to suit African consumers more rapidly than its larger global competitors.

None of the case-study firms are 'leading-edge' innovators but each supplies standard goods or services, with modifications, to consumers with similar characteristics and needs across Sub-Saharan Africa. It is important to note however, that Firms A and B have upgraded their technological capabilities through foreign acquisitions and so conform more closely to the view of firms from developing countries as seekers of technology (e.g., Lecraw, 1981).

4.5 Country Risk & Risk Diversification

The commercial operating environment in Sub-Saharan Africa is challenging, owing to institutional voids, and risky, giving rise to high sales and earnings volatility. Regional diversification can therefore be expected to have only a minor ameliorating effect on the stability of firm performance. Nevertheless, country risk is regarded as being of only medium importance by the case-study firms, mainly because the operating environment elsewhere in the region is often similar to that in their home markets.

The case-study firms all regard internationalisation within Sub-Saharan Africa (and beyond) as a means to mitigate risk and reduce revenue volatility. In addition, Firms B and D have been able to side-step stringent domestic financial regulation while Firm C has reduced the impact of domestic political uncertainty and concerns about banking security.

The experience of operating in challenging home markets appears to stand the case-study firms in good stead elsewhere in Sub-Saharan Africa. Firms B and C however, are the only ones to have diversified outside the region. Internationalisation in response to high levels of home country risk provides further support for Lecraw (1977) although intra-regional diversification has been facilitated by these firms' capacity to deal with institutional voids (Khanna and Palepu 2007).

4.6 Firm Experience & Resilience

The challenging experience of operating in difficult and risky home markets in Sub-Saharan Africa characterised by institutional voids means that the case-study firms have accumulated important operational capabilities that have been transferred to other markets in the region.

Firm A regards its accrued experience as essential for operating in the region's challenging institutional and market conditions while Firm D's resilience has strongly influenced its internationalisation by enabling it to develop its own transferable in-house capabilities. Although regarded as being of only minor importance by Firm E, its operational experience and resilience has enabled it to compete effectively against larger and stronger firms as well as attracting potential new (non-African) entrants seeking partners in the region.

The experience of operating in home markets characterised by institutional voids appears to have facilitated successful expansion by the case-study firms into other regional markets with similar institutional environments. This institutional complementarity may be a source of competitive advantage over firms from outside the region that lack such capacity.

4.7 Institutional Support

This is viewed by the firms as being of minor importance and only explicitly identified by Firms B and D in terms of home country regulation. Firm B has been actively involved in the development of Nigerian pension regulations and similar reforms elsewhere (*Africa Report*, 2012) which have made further internationalisation attractive. Firm D provides services to home (Nigerian) government institutions as well as being recognised for its technological contribution. Nigerian-South African rivalry may also have benefited Firm A through similar government support, although there is no evidence to substantiate this view.

4.8 Other Push Factors

Three push factors were regarded by all five case-study firms as being unimportant – Domestic Economic Restructuring, Trade Diversification and Home Country Infrastructural Quality. These factors therefore scored zero and are omitted from Table 2 but included in the statistical analyses.

4.9 Discussion

Of the many push factors identified in the literature, this study highlights ten driving internationalisation by the case-study firms. From the factor evaluation scores in Table 2, it is evident that there is a strong degree of similarity between the five firms in spite of their heterogeneity, particularly for the top five ranked factors. This observation is confirmed by the Kruskal-Wallis test results presented in Table 3. With regard to differences between the firms' home countries, the H-statistic of 0.169 in Column 1 corresponds to an asymptotic significance value of 0.919 at the 5 per cent level. The null hypothesis that there are no differences between the push factors across the three countries therefore cannot be rejected. The test for differences across sectors, shown in Row 2, also fails to reject the null, with corresponding figures of 0.011 and 0.995. At the firm level (shown in the final row of Column 1), the H-statistic of 0.309 has a significance level of 0.989 and also leads to non-rejection of the null. These findings suggest that distinct sectoral, home country- and/or firm-specific push determinants have played little or no role in the internationalisation of the case-study firms.

[Table 3 here]

The case-study firms all exhibit drivers of internationalisation that are characteristic of outward FDI from emerging economies – notably slow growing and small domestic markets (Lall, 1982, 1983; Wells, 1977, 1983) and difficult home market conditions that have prompted diversification (Lecraw, 1977). Only Firms B and C however, have so far sought to enter more stable host countries outside the region, as predicted by these approaches. Firms A, C and D, in particular, also provide support for incremental internationalisation (Johanson and Vahlne, 1977, 2009), perhaps reflecting host country heterogeneity and the firms' lack of market knowledge. Alternatively, this might be explained by the scarcity of financial and/or managerial resources. Firm B adheres most closely to the standard pattern of internationalisation, based upon firm-specific technology, although the rapidity of this process offers possible support for the ‘LLL’ and ‘springboard’ approaches (Mathews, 2006; Luo and Tung, 2007, 2018). As a late internationaliser, Firm E exhibits elements of Lecraw (1977) in following major global firms into new markets in the region. The challenges presented by institutional voids feature in both country risk and firm experience factors but are regarded as being of only moderate importance. This suggests that they are treated as an operational fact of life and that the accumulation of home market experience and a capacity to deal with such voids are recognised and actively transferred within the firms. The case-study firms therefore appear to value the gains from geographic diversification over any liability of foreignness, including the costs of dealing with additional institutional voids.

The qualitative analysis of the primary interview responses relating to internationalisation by the case-study firms provides support for Proposition 1. The push factors conform to those identified in the literature and are therefore not found to be unique to Sub-Saharan Africa.

5. PULL FACTORS DRIVING INTERNATIONALISATION BY THE CASE-STUDY FIRMS

This section utilises the same evaluative methodology as Section 4 to identify and analyse the principal pull factors driving internationalisation by the five case-study firms. Most are again drawn from the literature and presented in aggregate rank order in Table 4 according to the authors’ evaluation scores of their perceived importance to each firm.

[Table 4 here]

5.1 Host Country Market Growth

This is identified as being the most important pull factor for all five case-study firms. This growth has several dimensions but appears to be primarily contingent on market integration through openness to trade. The case-study firms, apart from Firm E, all regard market access through trade openness as being particularly important.

For Firm A, the size and growth potential of host country markets are key to its internationalisation, contingent upon trade openness which facilitates its sub-regional supply strategies. Firm B views many markets in Sub-Saharan Africa as being largely undeveloped and offering immense opportunities but its internationalisation depends upon openness. Firm C is concerned with the potential to develop linkages to support trade flows and increase its market share. The location-specific focus of Firm D in West Africa is pivotal but host market attractiveness depends upon openness to both FDI and trade. Firm E is primarily interested in market growth, given the low penetration of mobile handsets in the region.

The critical importance of market growth to all five case-study firms is unsurprising. The interaction between internationalisation via FDI and openness to trade highlights the integral role of sub-regional market integration in supporting market entry and day-to-day supply chain operations by the firms.

5.2 Network Links

This ranks second overall and is regarded as moderately or very important by all of the case-study firms apart from Firm A. There are several dimensions to these networks – corporate, ethnic and cultural linkages – the critical common element being that they reduce firms' liability of foreignness in host country markets.

The focus of Firm A on consumer goods and its prioritisation of regional supply chains reliant upon trade openness may explain its eschewal of network links. Previous experience has led Firm B to view its personnel and corporate networks in host countries as critically important in securing joint ventures with local partners and governments. These networks have also helped it to establish a local track record and generate new business. Firm C has followed existing customers into new markets to maintain client relationships. Firm D has used its corporate and personal networks to aid market entry, including partnerships with global players, while networks have been critical to Firm E in forming strategic relationships with host country distributors.

Sustaining personal client and cultural networks with the Nigerian diaspora are important to Firms C and D while business networks are critically important for Firms D and E. The latter may be specific to the telecommunications sector which requires interaction with multiple stakeholders.

5.3 Acquiring Strategic Assets

This is identified as being very important by Firms A, B and D but of no importance by Firms C and E. Firm A targets the acquisition of brands, intellectual property and firm-specific assets that can be leveraged and transferred between markets. For Firm B, the acquisition of complementary assets such as trademarks, licences and intellectual property aid its entry to new host country market segments. Firm D's ownership of key technology and its fibre-optic cable link to Europe are critical to its internationalisation strategy in West Africa. Firm E has instead relied upon in-house technological adaptation.

The importance of strategic asset acquisition differs greatly between the case-study firms. Enhancing firm specific advantages by acquiring technology and other strategic assets would appear to be an important factor in their internationalisation given limited innovation. This behaviour is anticipated, although probably not envisaged, by technology explanations of outward FDI (e.g., Cantwell, 1989; Mathews, 2006).

5.4 Efficiency-Seeking

This relates principally to the availability of skilled labour and wage costs in Sub-Saharan Africa but also to the existence of reliable infrastructure. It is identified as being moderately important by Firms A, B and D but not by Firms C and E.

Firm A is principally concerned with the cost and availability of skilled labour in host countries to drive its internationalisation strategy. Firm B is focused on creating value through improved capital efficiency by leveraging its managed assets, including upgrading the skills of its existing employees. Firm D has benefited from access to lower-cost skilled labour in host countries but its capability to construct its own facilities means that infrastructural reliability is not a critical issue.

5.5 Establishing a Regional Presence

This refers to the sub-regional focus of the firms in Sub-Saharan Africa but, in spite of some cultural differences, only Firms C and E regard this factor as being of some importance.

Firm C believes that establishing a strategic presence in different African sub-regions improves its competitive position and growth opportunities. Firm E is targeting key sub-regions to exploit diversity between consumer markets, so reducing its liability of foreignness, and to gain operating experience.

Heterogeneity between consumer markets may require (possibly costly) local adaptation unlike more standardised technology-intensive goods and services. Firm A's extensive portfolio of branded consumer goods appears to be market-focused rather than specific to particular sub-regions since this factor is not deemed to be important. The West African focus of Firm D is determined by its fixed location telecommunications infrastructure while expansion by Firm E conforms broadly to that of other home grown African mobile phone operators (Dike and Rose, 2019). None of the firms however, cited a presence in different sub-regions as a means of risk mitigation in spite of its importance as a push factor.

5.6 Diaspora Demand

The role of diaspora demand is at least partly inter-related with firms' presence in specific sub-regions, given cross-border cultural similarities and migration patterns. This is identified as being important or of some importance by two firms.

Firms C and D both cite expatriate Nigerians as a separate pull factor over and above a sub-regional market presence because they offer a ready-made host country clientele, so reducing their liability of foreignness. Firm C has targeted markets with a large Nigerian diaspora while Firm D has focused on the one million Nigerians in Ghana because of their prior familiarity with its services.

Diasporas do not feature as a factor in the mainstream literature except as a source of reverse FDI flows to the home country or host market segments with strong cultural similarities. The strategies of Firms C and D targeting specific host markets however, reveals an important diaspora 'pull effect' owing to the presence of substantial numbers of Nigerian expatriates elsewhere in West Africa, in particular. This pull factor has previously been identified as a strategic objective by the *Bank of Africa* (2010) but may have more general relevance.

5.7 Skills Acquisition

This refers specifically to the acquisition and upgrading of employees' advanced skills and know-how and is identified as being of minor importance to Firms C and D. Firm C emphasises its management training at home and overseas while employees of Firm D receive operational experience and management training in foreign subsidiaries, including the acquisition of soft skills such as dealing with diversity.

Foreign managerial experience is a necessary element in successful internationalisation and a resource that home grown Sub-Saharan African firms might be expected to lack, hence their incremental expansion. Firms C and D are actively engaged in ensuring managers acquire foreign experience and training while Firm A has nurtured an in-house cadre of experienced expatriate managers who are assigned to foreign acquisitions.

5.8 Other Pull Factors

Three additional pull factors were rated by all five case-study firms as being unimportant in their internationalisation strategy – Footloose Investment, Regional Blocs and International Influence. In the case of the first factor, the respondents are unlikely to have openly admitted that this was an important driver. These three factors therefore all scored zero and are omitted from Table 4 but included in the statistical analyses.

5.9 Discussion

The most important pull factor identified by the case-study firms is Host Country Market Growth, arising from renewed economic development in Sub-Saharan Africa. Along with four other scored pull factors, they explain firm internationalisation in line with theory. Two non-standard pull factors however – Network Links and Diaspora Demand – are also incorporated as endogenous outcomes of the firm interview responses and template analysis. The rankings of the pull factor evaluation scores presented in Table 4 exhibit greater variation than the push factors, as might be expected given the extent of heterogeneity among the firms.

From Column 2 in Table 3, the Kruskal-Walls statistics for the pull factors all exceed those for the push factors in Column 1. The sectoral statistic of 1.000 with an asymptotic significance level of 0.606 however, again fails to reject the null of no difference and this conclusion also holds when comparing differences across countries – 1.174, with 0.556 asymptotic significance – and between the firms themselves – 1.136, with 0.889 asymptotic significance. These findings suggest that distinct sectoral, home country- and/or firm-specific pull determinants have also played little or no role in driving internationalisation by the case-study firms.

The pull factor findings provide limited implicit support for Lall and Wells (Lall, 1982, 1983; Wells, 1977, 1983) with respect to the role of stagnant or saturated domestic markets while the moderate importance of low-cost skilled labour fits well with Lecraw (1977, 1981). Networks links with business partners, governments, suppliers and consumers are viewed as being important by four of the firms. These are similar to the regional networks and co-operation identified by Boso *et al*. (2016) rather than the global network linkages of Mathews (2006). Firm D's fibre-optic cable partly echoes the technology arguments of Cantwell (1989) and provides possible support for a sub-regional interpretation of Rugman and Verbeke (2004) but this is simply because of its fixed location serving West Africa alone. Although ranking sixth overall, the (Nigerian) diaspora is cited as being of some importance by Firms C and D. This phenomenon warrants further investigation having received little attention in the research literature apart from a study of India (Anwar and Mughal, 2013) and with regard to host country markets for Chinese firms (Buckley *et al*., 2007).

The findings of the qualitative analysis of the interviewee responses however, do not support Proposition 2 in that the study identifies two important additional non-standard pull factors that appear specific to internationalisation by Sub-Saharan African firms. These may reflect distinct regional and/or developmental determinants. The remaining five pull factors of importance to the case-study firms all feature in the literature.

6. KRUSKAL-WALLIS TESTS OF THE PUSH & PULL FACTORS COMBINED

It is informative to examine the extent of inter-relationships between the push and pull factors with regard to distinct home country, sectoral and firm-specific effects. The Kruskal-Wallis statistics for the combined push and the pull factors however, fail to reject the null in all cases (see Table 3, Column 3). Across home countries, the statistic was 0.169 with an asymptotic significance level of 0.919 with the comparable figures for sectors being 0.415 and 0.813 and, for the firms, 1.083 and 0.897.

These findings signify that the data presented in Table 3 do not therefore support differences in the importance attached to the ten push and ten pull factors, even when combined, at the country, sector and firm levels. In spite of the apparent extent of heterogeneity among the case-study firms, the drivers of their internationalisation strategies and the importance attached to their push and pull factors are very much alike, at least in the statistical sense.

7. CLUSTER ANALYSIS OF THE INTER-RELATIONSHIPS BETWEEN THE PUSH & PULL FACTORS

The possible existence of internal firm interaction between the push and pull factors identified in the study is also examined using cluster analysis. This approach provides some indication of the extent of internal mediation between these factors by the individual firms. The process of the clustering exercise and its results are shown in Figure 1.

[Figure 1 here].

The initial cluster procedure in Cluster 1 groups together those six push and pull factors that were declared to be unimportant drivers of internationalisation by all of the case-study firms; depicted as Stage 0 in the figure. In Stage 1, the two growth factors – the pull factor Host Country Growth and the push factor Firm Growth through Internationalisation – are the closest and merge in Cluster 2. This ‘growth’ cluster is augmented in Stage 3 by the push factor Firm Competitive Advantage. Cluster 2 is completed by the merger of these three factors with the push factor Domestic Competition, Market Stagnation & Regulation. Three of the four factors in this cluster are push ones and indicate that the case-study firms view the interaction between their home and host country growth, their competitive position and their current home market operating environment as the most influential determinants of their internationalisation decisions.

Diaspora Demand and Skills Acquisition enter at Stage 2 of the exercise and are both pull factors that receive only limited support as firm drivers of internationalisation. In the final formation of Cluster 5, these two factors merge with the push factor Institutional Support. Stage 4 sees the merger of two push factors, Innovation & Technology and Experience & Resilience, which are internal to the firms themselves. These factors then merge with a further push factor, Risk Diversification & Country Risk, to form Cluster 3. These three factors are of some importance to internationalisation but are not scored highly by any of the firms. Cluster 4 contains just two pull factors, Strategic Asset Acquisition and Efficiency-Seeking. Neither Firm C nor E rate the factors in this cluster at all, although the firms share no common characteristics in terms of sector or home country.

The cluster analysis produces two outlying groups. Establishing a Regional Presence received moderate support from Firms C and E but no support whatsoever from the other firms. Network Links receives strong or moderate support from all of the firms as a driver of internationalisation with the exception of Firm A, from which it receives no support.

Cluster analysis offers a means to reveal insights regarding the strength of inter-relationships between the evaluation scores of the identified push and pull factors across the individual case-study firms. The findings here confirm the significance of interactions between home and host country growth together with firm competitive advantage as critical drivers of their internationalisation relative to the other push and pull factors identified in the study.

8. SUMMARY & CONCLUSIONS

This study engages with the increasingly important contribution of home-grown firms to economic development in Sub-Saharan Africa through internationalisation in the region. It presents original qualitative and quantitative analysis of the determinants of internationalisation of home-grown firms from Sub-Saharan Africa based upon primary interview evidence from five firms in three sectors from three countries. The blended case-study research methodology provides the means to identify and evaluate qualitative information on the principal push and pull factors determining internationalisation in the context of extant theory supplemented by quantitative interrogation to validate its findings and inferences.

The paper addresses two key propositions: that the principal push and pull factors driving internationalisation by these firms are not unique to Sub-Saharan Africa but rather conform to those identified in the literature. A menu of eighteen push and pull factors drawn from the literature were incorporated into the structured interviews with senior managers of the case-study firms. This menu was then modified endogenously in the light of the interview results and template analysis to yield seven standard push and five pull factors together with two further pull factors – Network Links and Diaspora Demand. These qualitative findings are augmented by Kruskal-Wallis Tests to analyse the statistical significances of differences in the push and pull factors driving internationalisation between the case-study firms and by their home country and sector of activity. The strength of the inter-relationships between the push and pull factor evaluation scores across the five firms are investigated using cluster analysis.

The firms considered push factors to be more important drivers of internationalisation than pull ones, the aggregate scores of the former averaging 9.7 compared to 7.0 with identical standard deviations of 4.6. All seven push factors are broadly similar to those identified in the extant literature. The most important, supported by the cluster analysis results, being firm and market growth-related (Growth through Internationalisation and Domestic Competition, Market Stagnation & Regulation) in combination with Firm Competitive Advantage. Further, the Kruskal-Wallis Test results indicate that any differences in the push factor scores between the five firms are statistically insignificant, in spite of home country and sectoral heterogeneity. The study findings therefore indicate that the factors driving internationalisation by the case-study firms are not specific to Sub-Saharan Africa but conform to the literature and offer strong support for Proposition 1.

The findings with respect to pull factors driving internationalisation by the case-study firms however, although less important than the push factors, do not accord so well with the extant literature. Each firm rated at least two factors to be very important, with Host Country Growth, Network Links and Acquisition of Strategic Assets scoring highest. Two important additional pull factors that are not identified by the mainstream literature – Network Links and Diaspora Demand – were incorporated into the study as a result of the interviews and template analysis. The Kruskal-Wallis Test results indicate that differences in the rating of pull factors between the firms are also statistically insignificant such that home country and sectoral heterogeneity again played little or no role in their internationalisation. The importance attached to the two non-standard pull factors by the case-study firms means that the findings do not support Proposition 2. These factors may reflect the distinct geographic and/or developmental characteristics of Sub-Saharan Africa or may be more generally applicable. Although their existence has previously been postulated, little or no empirical evidence to support this view has been forthcoming. The remaining five pull factors rated as being important drivers of their internationalisation all feature in the extant literature.

Network Links reduce the liability of foreignness in host markets in multiple dimensions, including reputation-building, collaborating with local and foreign business partners, maintaining client relationships and securing strategic distribution channels. This factor is ranked as the second most important and rated relatively strongly by four of the five firms. This confirms the view of Boso *et al*. (2016) concerning the importance of personal and corporate network links in Sub-Saharan Africa.

Diaspora Demand is rated as being of some importance by two firms in the study (Firms C and D). This factor appears to reflect recent patterns of sub-regional migration, especially in West Africa (cited by both firms), as well as possible cultural similarities between markets. Targeting the Nigerian diaspora has provided both firms with ready-made host markets and may also be an effective means to attain scale economies and market share; i.e., again reducing the liability of foreignness. The role of this factor is similar to that declared by the *Bank of Africa* (2010) as a means to achieve future rapid growth.

The findings regarding Propositions 1 and 2 and the extent to which the push and pull factors in the study conform to the literature, are illustrated diagrammatically in Figure 2. The cluster analysis of the push and pull factor evaluation scores highlights the critical importance of mediation between home and host country market growth along with firm competitive advantage in driving internationalisation by the case-study firms.

[Figure 2 here]

This study makes several contributions to the literature on internationalisation with respect to home-grown firms from Sub-Saharan Africa but may possibly also have more general ramifications. It is one of the first studies to utilise a multiple firm-level primary case-study research approach to analyse the determinants of internationalisation of home grown African firms as seen through the lenses of key decision-makers. The primary interview approach reveals new insights regarding the principal push and pull factors motivating internationalisation by the case-study firms. The relative importance of these factors for Sub-

Saharan African firms is then evaluated in the context of extant theory. This granular approach reveals two additional pull factors not identified in the literature; Network Links and Diaspora Demand. Both of these factors are viewed as reducing firms' liability of foreignness and providing ready-made markets at low cost in host countries. The study is also one of the first to use a blended methodology that combines qualitative with quantitative analysis so as to enhance its analytical rigour and validate the robustness of its findings. The qualitative information is interrogated using Kruskal-Wallis Tests to examine the extent to which the push and pull factors driving internationalisation by the five case-study firms can be regarded as being broadly similar statistically, irrespective of their home country and sector. No *a priori* assumptions regarding any differences are made. The findings suggest that no such significant statistical differences exist. Cluster analysis is also used to examine the strength of the inter-relationships between the individual push and pull factor evaluation scores and internationalisation across the five firms.

Two important related implications arise from this study. Dynamic market growth in Sub-Saharan Africa is attracting new entry by firms from within the region as well as from outside. Many of these home-grown firms have previous experience of operating in environments characterised by institutional voids, so reducing their liability of foreignness. Institutional voids however, may be starting to work against African firms in the absence of the full enforcement of property rights and competition policy, enabling new entrants from outside the region to engage in anti-competitive activities. The fate of Firm E is precautionary in this context in that its experience of dealing with institutional voids was not sufficient to enable it to survive intense competition from a non-African firm with similar capabilities. Improved institutions and governance may therefore increase the likelihood of the emergence and long-term survival of competitive home-grown firms.

Sub-Saharan Africa is an increasingly attractive location for export-oriented activities, over and above natural resources, and market-oriented FDI targeting the region's rapidly growing middle class. This trend is also likely to increase the intensity of head-to-head competition with international firms, leading to the probable displacement of African firms that lack more conventional firm-specific advantages. The subsequent demise of Firm E was the outcome of entry by an aggressive non-African competitor better equipped with both scale and finance to target low-cost niche mobile handset markets in the region. The four other case-study firms have more well-defined and standard competitive advantages.

Obtaining primary information and data on internationalisation by firms from developing countries faces many difficulties, especially in Sub-Saharan Africa. The five cases in this study were chosen to facilitate cross-firm, cross-country and cross-sector analysis. The research findings however, are limited by the specific characteristics, motivations and experience of the selected firms as well as the distinct institutional and operational challenges in any region that make it difficult to distinguish between individual and more generalisable features.

Primary research often lacks a longitudinal perspective since the evidence reflects the views of current managers and decision-makers at a point in time and this study is no exception. There are also limitations on the comparability of the case-study firms. The sample was specifically designed to include two financial services firms from the same home country but their operating configurations are quite different. It is therefore a matter of conjecture as to how these different objectives have determined their internationalisation.

The deeper analysis of internationalisation by firms from developing countries, and Sub-Saharan Africa in particular, is a relatively neglected area of research and will remain so given the challenges in collecting primary information and data. Similar comparative studies are needed to expand the corpus of primary empirical evidence to test concepts and theory, including whether the additional pull factors identified in this study are more widespread. Tracking the sample firms over time to observe strategic changes as their operating conditions and/or management vary may also be a fruitful future research avenue (although without Firm E). The case-studies reported in this paper provide valuable information and insights concerning the internationalisation strategies of five Sub-Saharan African firms from three home countries and three sectors. Nevertheless, the number of firms in the study sample (five) is too small to examine differences between them based upon their age, size and sector. In spite of the shortcomings of the study, it is hoped that the findings constitute a useful original addition to the literature on this topic.

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Table 1: Profiles of the Five Case-Study Firms[1]

Firm	A	B	C	D	E
Home country	South Africa	Nigeria	Nigeria	Nigeria	Kenya
Sector	Fast moving consumer goods	Asset & Resources Management; Hospitality	Banking	Telecommunications	Telecommunications
Turnover	$2.25bn (2014) $1.93bn (2019)	$2bn (2016) $2.9bn (2019)	$1.1bn (2014) $1.42bn (2019)	$1.14m (2016) $464.5m (2018)	$20m (2016) n/a
Employees	20,000 (2016) 17,608 (2018)	2,500 (2016)	20,000 (2014) 28121 (2019)	2,000 (2016) 3,379 (2019)	500 (2016)
Company status	Public	Private	Public	Private	Private
Year formed	1921	1984	1989	2003	2008
Overseas operations	Chile, Cameroon, Ethiopia*, Kenya*, Nigeria & Zimbabwe (2014) *no longer manufacturing in these countries	Algeria, Egypt, Côte d'Ivoire, Mauritania, Morocco, Senegal, Spain, Tunisia	China, DR Congo, Gambia, Ghana, Rwanda, Sierra Leone, UK, Zambia	Benin, Côte d'Ivoire, Ghana	15 African countries inc. Angola, DR Congo, Madagascar, Mauritius, Nigeria, Rwanda, South Africa, Tanzania, Uganda and India

Note: 1, Original interviews and secondary data collection undertaken 2014-16. The Table also includes latest data for the firms, with date.

Table 2: Evaluation of Push Factors Driving Internationalisation by the Case-Study Firms

Push Factor	Firm A	Firm B	Firm C	Firm D	Firm E	Factor Score
i. Growth through internationalisation	***	***	***	***	***	15
ii. Firm competitive advantage	***	***	***	***	**	14
iii. Domestic competition, market stagnation & regulation	***	**	***	**	***	13
iv. Firm innovation & technology	**	*	**	**	**	9
v. Risk diversification & country risk	*	**	**	**	*	8
vi. Firm experience & resilience	**	*	*	**	*	7
vii. Institutional support	-	*	-	*	-	2

Source: Authors' own evaluations.

Note: ***, very important; ** important; *, some importance; -, unimportant.

Three additional push factors were regarded as unimportant by all five firms – Domestic economic restructuring, Trade diversification and Home country infrastructural quality.

Table 3: Kruskal-Wallis Statistic Results for Push Factors, Pull Factors & All Factors

	Push Factors	Pull Factors	All Factors
Across Sectors	0.152 (0.927)	1.000 (0.606)	0.080 (0.961)
Across Countries	0.354 (0.838)	1.174 (0.556)	0.575 (0.750)
Across Firms	0.785 (0.940)	1.136 (0.889)	1.181 (0.881)

Table 4: Evaluation of Pull Factors Driving Internationalisation by the Case-Study Firms

Pull Factor	Firm A	Firm B	Firm C	Firm D	Firm E	Factor Score
i. Host country market growth	***	***	***	***	***	15
ii. Network links	-	**	***	**	***	10
iii. Acquiring strategic assets	***	***	-	***	-	9
iv. Efficiency-seeking	**	**	-	**	-	6
v. Establishing a regional presence	-	-	**	-	**	4
vi. Diaspora market demand	-	-	**	*	-	3
vii. Skills acquisition	-	-	*	*	-	2

Source: Authors' own evaluations of the case-study evidence.

Note: ***, very important; ** important; *, some importance; -, unimportant.

Three additional pull factors were regarded as unimportant by all five firms – Footloose investment, Regional blocs and International influence.

Figure 1: Results of the Cluster Analysis of Case-Study Firm Push & Pull Factors

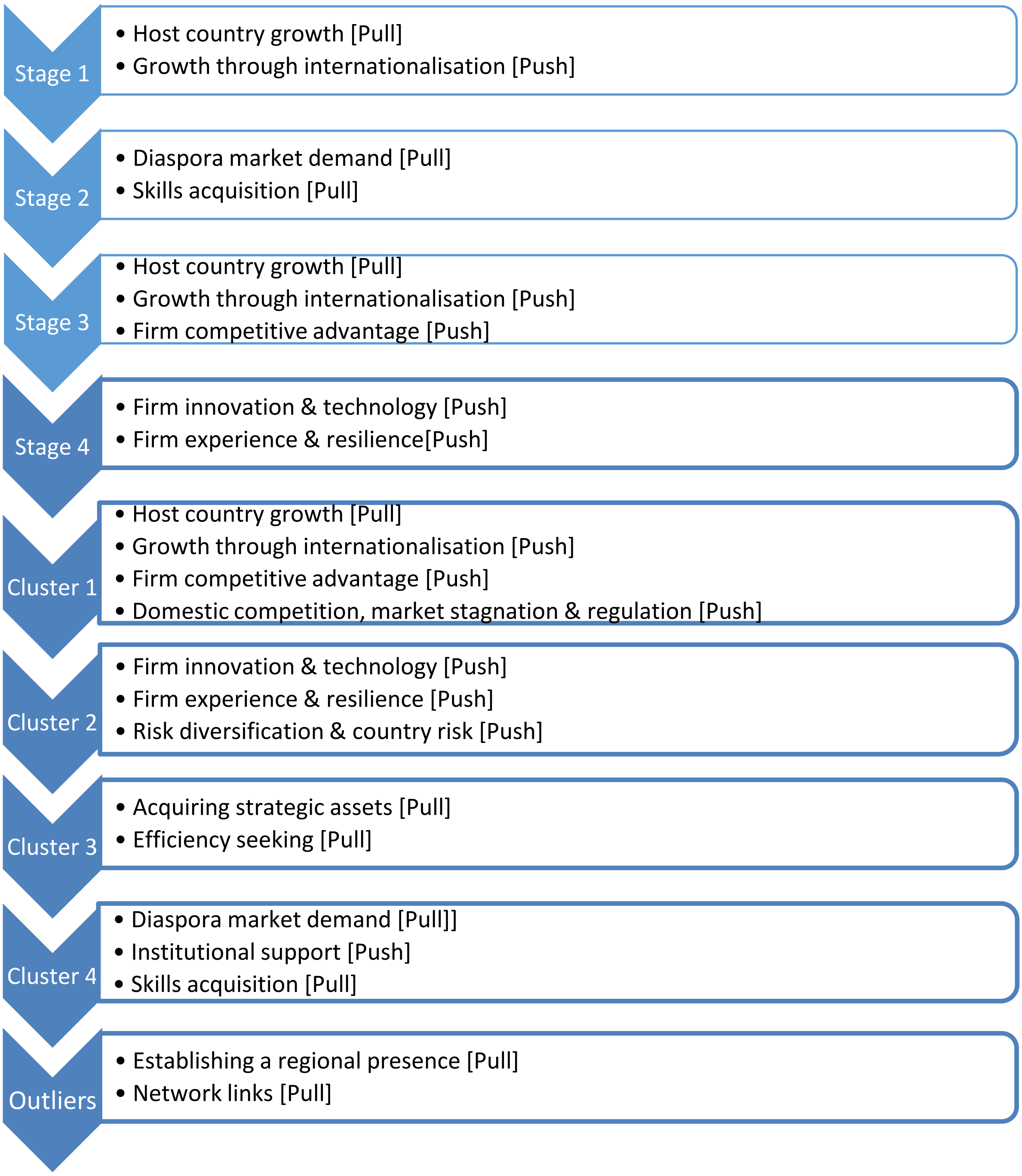

Figure 2: Standard Push & Pull Factors Compared for Sub-Saharan Africa