Critical perspectives on international business in Africa: An overview and proposed new research agenda.

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Critical perspectives on international business in Africa: An overview and proposed new research agenda.

Abstract

Purpose – In this introduction paper, we aim to first highlight the different intellectual discourses and contributions to the ‘special issue’ on critical perspectives on international business in Africa. We also introduce the details of the contributions included within this special issue.

Design/methodology/approach – The paper briefly presents Africa as a fertile but under researched context for international business scholarship notwithstanding the growing number of contributions in recent times. This is followed by a brief review and discussion of each paper in this special issue.

Findings – The paper captures the findings and contributions of the papers featured in this issue.

Originality/value – The paper sets the context in which the other papers that comprise this special issue can be situated. Moreover, the paper engages with key issues and challenges relevant to African business and offers critical perspectives on the theory and practice of international business within Africa.

Keywords: Africa, Critical perspectives, International Business.

Introduction

By the end of this decade, the majority of African countries would have celebrated their 50th independence anniversaries. Perceptions of events unfolding on the African continent during this half-century journey broadly oscillate between optimism and pessimism. Rapid socioeconomic gains achieved during the early decades of independence signaled hopeful predictions of prosperity, which invariably slowed down as African countries encountered discord and socioeconomic crises.
Rapid economic growth in recent decades and the resilience of African economies in the wake of global recessions have led to a rise in optimism over the continent’s prospects. Investors and observers increasingly speculate on the promise Africa holds for global economic development. Positive perceptions of new and emerging opportunities on the continent underscore this logic. These opportunities are occurring against a backdrop of new developments within Africa, which include, *inter alia*, the improving living standards and stability in many countries, the emergence of a sizeable middle-class with enhanced purchasing power, the emergence of multinational enterprises (MNEs) from within the region, the evolution of multi-lateral and international trade and investment agreements, and the rising levels of both inward and outward foreign direct investment flows. Alongside these shifts is a widespread transformation of structural, economic, political and social institutions currently underway across numerous African countries. New and rapidly growing trade and investment links are evident between African economies and new emerging economies such as China and India. For instance trade between China and Africa has been increasing from $1 billion in 1980 to around $114 billion as at 2010 (Amankwah-Amoah, 2017a; Bremmer, 2012).

Scholarly attention to current issues confronting Africa has also surged in the last two decades (Zoogah, Peng & Woldu, 2015). Most notable of these have been the increasing number of editorial comments in Academy of Management Journal (AMJ) (e.g., George, Corblishley, Khayesi, Haas & Tihanyi, 2016) and special issues in journals such as Global Strategy Journal (GSJ) and Technological Forecasting and Social Change (TFSC) dedicated to doing business in Africa. This SI on critical perspective on international business (cpoib) is part of the growing and needed research trend on Africa. In addition to this SI, there are similar calls for papers on other journals including Thunderbird International Business
Review (TIBR). These are some of the signs of growing confidence of African management research. A resurgent scholarship on international business (IB) in Africa has focused variously on the motives and determinants of foreign direct investment (Naudé and Krugell, 2007; Asiedu, 2006); the role of government policies, institutions and corruption on foreign direct investment (Musila and Sigue, 2006; Nyuur and Debrah, 2014; Nyuur, Ofori, and Debrah, 2016), knowledge transfer, and human resource practices within multinational corporations (Horwitz, 2015; Osabutey, William and Debrah, 2014). These and related studies present mixed and sometimes conflicting findings, but share the broadly unequivocal acceptance of the legitimacy of existing paradigms to explain current shifts across Africa. Critical perspectives of international business in Africa remain few and under the research radar.

The assumption of African homogeneity tends to obfuscate the realities of complexity and diversity in the continent, as well as limit impactful research. Traditional models of inquiry may not necessarily explain these unanswered questions and leave us less knowledgeable about the motives, practices and implications of international business (IB) in Africa. The widespread acceptance and application of established models while useful may, in particular contexts, limit the ability to critically probe and analyse current shifts in order to generate fresh insights. However, there is a growing research interest in critical perspectives on international business in Africa (e.g. see Amankwah-Amoah, 2016, 2017; Ado and Su, 2016; Ayres, 2012; de Jonge, 2016; Eweje, 2006; Konijn and Tulder, 2015). While there has been a resurgence of interest and a growing body of research on Africa, it has been suggested that this needs to be marshalled towards a better narrative and understanding of how firms behave, the role of leaders and the management of indigenous enterprises (Amankwah-Amoah, 2016, 2017; Amankwah-Amoah, Boso and Debrah, 2017).
This special issue on critical perspectives on international business in Africa is therefore timely. Following the mission of cpoib (Roberts and Dörrenbächer, 2016, 2012) this issue supports critically reflexive discussion of the nature and impact of international business activity in Africa on individuals, specific communities, the environment, the economy and society from inter-, trans-, and multi-disciplinary perspectives. The special issue seeks to contribute to IB and related literature, and generate useful information and analysis on the African context for business educators, management practitioners and policy makers. Moreover, this special issue aims to provide a platform for scholars to rethink and further develop integrative as well as novel IB frameworks that are relevant in the African context.

**General contributions**

This special issue engages with key issues and challenges relevant to African business and offers critical perspectives on the theory and practice of international business within Africa. The special issue comprises a range of original, thought provoking studies that can be broadly categorised into three groups. The first group of papers examines the institutional environments within which international business occurs in African countries. The second set of papers examines existing narratives on African contexts and their influence on the practice of international business; alternative insights into the conceptualisations of key notions within International Business are explored. The third set of papers examines the performance of African actors within international business, with a focus on export performance motives and exporting behaviour. These distinct sets of papers are briefly discussed in the next section.
In the first set of papers, the contributing authors engage with the unique characteristics and diversity of institutional environments in African countries, which are explored at a range of levels and perspectives. These studies explicitly and implicitly apply the institutional theoretical lens in grounding their arguments and guiding the studies.

The study by Adegbile and Sarpong discusses the role of disruptive innovation within Base of the Pyramid (BoP) markets in Sub-Saharan Africa, where such markets are argued to present significant opportunities as well as challenges for multinationals operating in African emerging markets. This study examines the potential managerial and institutional challenges as well as opportunities faced by MNEs in their efforts to create and capture value from these markets, drawing insights from disruptive innovation and BoP literatures. The paper adopts a conceptual approach underpinned by institutional and innovation theoretical frameworks. In this paper, the authors contrast the characteristics of business environments in Africa as well as the institutional factors shaping disruptive innovation with the environments in existence elsewhere within more developed markets. Importantly, the study underscores that the social setting and institutional environments of emerging economies in Africa tend to contribute more to disruptive innovation unlike in developed economies. The study further signals that disruptive innovation confers market power and facilitates internationalisation. The study therefore makes impactful contributions to the international business, innovation and BoP literature in the context of emerging markets in Africa, which have large number of consumers embedded in the BoP, and have become investment havens for many MNCs. It also has important implications for MNEs in Africa.

The empirical study by Shan, Lin, Li, and Zeng adopts a macro-level perspective in examining the effect of natural resources, market size and institutional quality on the
attraction of Chinese foreign direct investment (FDI) into African locations. This quantitative study uses regression analysis on panel data from 2008-2014 covering 22 African countries to test for the effects of market size, natural resources and five key institutional factors (political stability and absence of violence; voice and accountability; regulatory quality; rule of law; control of corruption) on Chinese investment flows into Africa. The results from this study indicate that market size influences Chinese investment flows into African countries more than natural resources, which are not found to have a significant effect. In testing for the effect of institutional variables on Chinese investment flows, the study’s results indicate that rule of law and control of corruption do not have a significant effect in attracting Chinese investment. The findings further reveal that Chinese investors, particularly the large state-owned Chinese companies, are often driven by political reasons when deciding on investment locations in Africa. Arguably, this may be a strategy of strengthening their political relations with such countries and also in influencing the political system in such countries. Moreover, the study establishes that Chinese investors do not consider a country’s weak legal systems to be a concern when deciding about FDI destination, partly because of similar weak legal systems at home in China which the investors are used to. Political stability and regulatory quality are therefore found to have a significant and negative effect. Finally, the study reveals that African countries that strive to increase their voice and accountability, are likely to attract more investments from China. Thus, voice and accountability is the only institutional variable demonstrating a positive and significant effect. Altogether, these are important findings and contributions to the emerging and burgeoning literature on Chinese investments and relations in Africa.

Distinctive institutional factors are further explored in the paper by Amankwah-Amoah and Osabutey which reviews the antecedents, processes and outcomes of a major post-
independence African infrastructure project through which several lessons emerge on the interactions between African host-governments and their engagements with local and international firms. The study further applied the Resource Based View (RBV) and Transaction costs theories in exploring this less examined issue in the African context. Using archival case study method, the study synthesised historical information on the planning, implementation and post-implementation phases of the Akosombo dam on the Volta River in Ghana to generate insights on the interactions and bargaining between multiple international firms and African host-government. The findings from this study show how Nkrumah (who led Ghana into independence in 1957 from the British, and became the first president of the country Ghana) marshalled support from relevant stakeholders and mobilised resources from national governments and international organisations as well as companies in designing, operationalising, implementing and successfully completing a mega engineering project in a newly independent African country with the aim of facilitating industrialisation. The study further highlights the poor bargaining power and weak integration of projects into future development objectives by policymakers and business actors in African countries. Additionally, identified weaknesses are further intensified by the negligence of these infrastructure mega-projects by successive political actors. The study contributes to the literature by developing and presenting a phase model to demonstrate how such multi-party engineering projects unfold over time. It recommends that while visionary leadership is relevant in successfully implementing such projects, human capital development is also essential in supporting maintaining and managing such large infrastructure projects after completion in order to reap the full benefits. Moreover, the study deepens our understanding of the role of governments and policy-makers in designing and implementing mega-projects in Africa in collaboration with the private sector for economic growth.
The second set of papers in this SI offer critical perspectives on existing narratives of African contexts and their influence on the conceptualisation and practice of international business within the African continent. For instance, the study by Abugre examines the role of cross-cultural communication as a distinctive factor in increasing the capabilities and successes of MNCs within emerging markets. This study draws from cross-cultural adaptation theory to identify the processes through which western expatriates learn and draw lessons from contextual adaptation and adjustment. The study notes that Africa is a complex and multifaceted market environment with the most linguistic diversity of any region in the world, and thus presents itself as an apt context for examining this issue. Using phenomenological data collection methods in Ghana, involving interviews of 21 senior expatriate executives from 19 MNCs across different industries, this study examines the imperative nature of cross-cultural communication within international business to inform the practice of international business and managerial strategies within western MNCs located in Africa. The study confirms the critical role of cross-cultural communication competence in ensuring effective communication by expatriates with their local teams in the subsidiaries. The study also contributes to limited scholarship on the strategic portfolio of effective cross-cultural communication by expatriates in Africa.

The challenge of generating relevant, culturally sensitive business research to inform the practice of international business in African contexts is examined in the next study by Ado and Wanjiru. Adopting a critical perspective, this study questions the dearth of relevant and sufficiently nuanced viewpoints into everyday African business contexts, and investigates the constraints faced by researchers in generating academic knowledge and business research that is both detailed, culturally sensitive and relevant for African contexts. This paper draws insights from the knowledge creation and institutional standpoints. Overall, information for
this study was gathered from 23 African IB researchers via the adoption of a participant
observation method. The study’s results reveal that IB research in Africa is arduous due to
major challenges which tend to require significant flexibility, sufficient resources and
personal determination on the part of researchers in order to overcome them. Moreover, weak
institutional settings and inadequate or non-existent research infrastructures are suggested as
inhibiting African IB researchers’ productivity in knowledge creation. The authors
recommend a more systemic approach involving support from African governments, more
technology-driven fieldwork, and more sensitization of citizens regarding research and its
benefits for people, to help address the fundamental problems that undermine research in
Africa. The study therefore makes important contributions to the literature by linking existing
research gaps to a range of institutional (organisational-, country- and environmental- level)
barriers as well as individual (interviewer/respondent) barriers. Finally, this particular study
nurters the debate regarding why African topics remain underrepresented in the IB literature.

The paper by Adams, Nayak, and Koukpaki engages with Eurocentric conceptualisations of
risk, which are argued to reinforce the language, culture and practices of doing business in
Africa. This study presents a philosophical basis of risk and its historical foundations in the
African context. A key argument posits that the resource-seeking and rent-seeking strategies
employed by MNCs in African contexts are central to the creation of contrived risks that
create crisis and perpetuate Eurocentric stereotypes, even as these MNCs carry on with their
business activities and resources are extracted for private gain. Using non-linear historical
narratives around the concepts and constructions of the idea and language of risk, the study
employs discourse analysis to locate how ideas of risk become exported and are eventually
incorporated into the language of international business. Such manufactured
conceptualisations of risk perpetuate the image of the African continent as risk-ridden.
Moreover, risk is predominantly explored from the perspective of host economies, without equal examination of the activities of MNCs that contribute some level of risk in such environments. According to the authors, the RBV, internalisation, internationalisation and convergence theories have not been able to adequately unpack the nature of real risks in emerging economies such as those in Africa. The paper argues for the explicit integration of African perspectives into MNE modes of entry and operational strategies to counter neo-colonial business methods, languages, cultures and strategies.

A third set of papers in this SI investigates the nature of participation of African actors within international business activities, exploring the details of exporting behaviour and the integration of African firms within global value chains. The paper by Ayakwah, Sepulveda, and Lyon examines the nature of business relationships and the links to international supply chains in which African firms participate. Comparing the performances of two exporting agro-processing clusters in Ghana, the study investigates the influence of both competition and cooperation on the relationships among firms, as well as the potential for clusters to support African firms towards internationalisation. The paper is implicitly underpinned by transaction costs and institutional theoretical perspectives. Moreover, it adopts a mixed-method approach to generate results that underline the significant constraints posed by institutional weaknesses and inefficient market structures that act as key limitations for the global competitiveness of African firms. The findings illuminate the strategies export focused businesses adopt in coping with weak institutional environments and draw attention to the diversity and uniqueness of location-specific attributes of competition and cooperation business relationship in clusters. The paper finally emphasises that understanding international business practices in Africa requires recognition of the unique business structures and the role of both formal and informal institutional forms in this context.
The study by You, Salmi, and Kauppi examines another under-researched issue in the IB literature; the nature of integration of African firms into global value chains and the roles these firms play within these international supply chains. In comparative case-studies of Finnish and Chinese companies sourcing from diverse African markets, this paper examines the characteristics of African markets as a supply base from the perspective of foreign buyers and studies the nature of sourcing decisions made by foreign buyers who source from African suppliers. A sample of ten foreign case-companies are used to examine their motives for integrating African suppliers into their supply chains. The study’s results underscore the varied motives influencing business activity and highlight that the small size of African firms and the minor positions they occupy within the global value chains are key obstacles to their ability to meaningfully influence the supply relationships. The paper further reveals different practices through which foreign firms integrate African firms into their global supply/value chains. While the Chinese firms tend to develop a relatively strong relational approach with their African suppliers, the Finnish companies, on the other hand, adopt a modular approach to integrating their African suppliers into the global value chains system. The authors underscore the need to adapt theories and frameworks in supply chains and purchasing when applying these to the African context due to the uniqueness of the continent.

In the study by Haddoud, Onjewu, Jones, and Newbery, the relationship between export barriers and export propensity is investigated, with a focus on the role of export promotion programmes from North Africa. The authors analyse the moderating role of export promotion programmes in reducing perceptions of export barriers among Algerian manufacturing SMEs by applying RBV and institutional theoretical perspectives. The role of trade missions, trade shows and export seminars in addressing a range of external and internal export obstacles is
analysed. The results show that such export promotion events lowered SME perceptions of export barriers to varying degrees. The authors also highlight that language and cultural problems are some of the most important SME export barriers. They also emphasise the role of export promotion programmes in reducing the negative influence of export barriers on SMEs’ international market entry.

The propensity of African SMEs to undertake exporting activity is further explored in the study by Damoah which investigates the exporting behaviours of African SMEs. In contrast to existing approaches that employ quantitative methods to investigate firms’ export propensities or likelihood to undertake exporting, this paper employs a critical incident method to analyse the subjective factors shaping firms’ decisions to internationalise. Critical incidents, episodes and events may trigger export initiation as outlined in existing literature; this study tests for the main events within SMEs operating in the garment and textile sector in Ghana. The author opts for an integrated theoretical framework that combines RBV, international entrepreneurship theory, network theory and contingency theory. The results from interview data of 36 firms demonstrate that trade fairs, contacts through international links and contacts made through networks with friends and family abroad comprised some of the main triggers for exporting behaviour. Related themes are developed to inform theory and policy implications.

A closing note

Taken together, the articles included in this SI reveal that the African continent is increasingly becoming an interesting and an appealing investment destination for international businesses, particularly for corporations seeking to internationalise into vibrant developing markets. While this has sparked tremendous investment interests in the region,
academic scholarship lags behind this trend. The articles in this SI utilise a wide range of theoretical approaches, including institutional theory, innovation theory, RBV; Transaction costs theory, cross-cultural adaptation theory, stage theory, international entrepreneurship theory, network theory and contingency theory, with the institutional and RBV appearing to be the dominant lenses. The authors whose work is featured in the SI also apply a variety of research methods and analyses (e.g., quantitative, qualitative and conceptual approaches). Moreover, the papers exemplify a wide set of organisational sizes, types, and sectors. For example different perspectives of MNCs, SMEs and SOEs are explored in detail covering different countries within the African continent.

The SI thus provides a critical insight into various dimensions in the business environment and provokes a number of interesting research agendas. First, there is an important research contribution to be made by a more systematic and theory-driven research on disruptive innovation at the Base of the Pyramid (BoP) particularly in Africa to help broaden the theoretical base. Secondly, given the increasing level of China involvement in Africa, and the high investment growth of China on the continent, further research attention is required on Africa - China relations, trade and investment to move the body of knowledge in this area forward. Moreover, there is currently limited empirical work on how African firms/suppliers are integrated into the global value chains system. This background provides further scope for studies to examine it in order to enrich our understanding of the issue on the African context. Additionally, the growing number of African SMEs that are expanding their operations beyond their national boarders serve as another fertile research avenue for future studies to explore and enrich the SMEs’ internationalisation scholarship in Africa. This stream promises to yield fruitful implications for research, policy and businesses. Finally, this SI opens another fertile avenue for scholars of strategy, project management and business history to
inject historical perspectives into the current international business, host country political and economic development discourse on Africa. This introduction paper and the contributions to this special issue on Africa capture promising avenues in advancing African management research. This represents a shift of African management related issues from largely in the periphery of management research literature into the mainstream discourse (Amankwah-Amoah, 2016, 2017; see also George, 2015). Africa is thus an exciting and a fertile research context for scholarship in the social and management sciences (Horwitz, 2015).

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References


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Table 1 Summary of the papers - the authors, themes, theoretical foundations and the methodology utilised.

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<td>The study uses regression analysis on panel data across 22 countries for the period from 2008 to 2014.</td>
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<td>Amankwah-Amoah and Osabutey.</td>
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<td>A case study method of the Volta River Project – based on Archival information from the Volta River Authority (VRA), other archival government data, and interview transcripts before, during and after the completion of the Volta River Project (VRP).</td>
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<td>Abugre.</td>
<td>Cross-Cultural Communication Imperatives: Critical Lessons for Western Expatriates in Multinational Companies (MNCs) in Sub-Saharan Africa.</td>
<td>Cross-cultural adaptation theory</td>
<td>Phenomenology as a qualitative method of data gathering and analysis for this study. This involves interviewing 21 senior expatriate executives from 19 MNCs in Ghana.</td>
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<td>Ado and Wanjiru.</td>
<td>Business Research Challenges in Africa: Knowledge Creation and Institutional Perspectives.</td>
<td>Knowledge creation and institutional theories</td>
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<td>Ayakwah, Sepulveda and Lyon</td>
<td>Competitive or cooperative relationships in clusters: A comparative study of two internationalising agro-processing clusters in Ghana.</td>
<td>Transaction costs and institutional theoretical perspectives.</td>
<td>A mixed method approach comprising of a survey of 99 firms and 17 semi-structured interviews in the two selected food-processing clusters in Ghana.</td>
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<td>You, Salmi and Kauppi</td>
<td>Integration of African firms into global value chains: A comparison of Finnish and Chinese firms’ sourcing from Africa.</td>
<td>Integration and global value chains perspectives</td>
<td>A multiple case study - interview data of foreign buyers. These include 5 Finnish companies and 5 Chinese companies.</td>
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<td>Haddoud, Onjewu, Jones, and Newbery</td>
<td>Investigating the moderating role of Export Promotion Programmes using evidence from North-Africa.</td>
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<td>Survey - online questionnaire set to 500 SMEs in North-Africa.</td>
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<td>Damoah</td>
<td>A Critical Incident Analysis of the Export Behaviour of SMEs: Evidence from an Emerging Market.</td>
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