Adoption of foreign institutional practices and industrial development:

Understanding the cross-level interaction effects

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Declaration

I declare that this thesis is my own unaided work, both in concept and execution, and that apart from the normal guidance from my supervisor, I have received no assistance except as stated below. Neither the substance nor any part of this thesis has been in the past, or is being, or is to be submitted for a degree at this University, or any other university, except as stated below.

Signed: _____ Date: ____

Table of contents

List of figures v
List of tables v
List of equations vi
List of abbreviations vi
Dedications 1
Acknowledgements 2
Abstract 4
Chapter 1: Sub-Sahara Africa and firm internationalisation 5
1.0. Introduction 5
1.1. Industrial development in SSA 6
1.2. Firm internationalisation and industrial development 8
1.3. Moderation effects of foreign practice adoption 10
1.4. Problem statement, research questions and rationale of the study 12
1.5. Summary 14
Chapter 2: Conceptual and Theoretical Review 15
2.0. Introduction 15
2.1. Firm internationalisation and national level outcomes 15
2.3. Firm internationalisation 17
2.4. Theoretical paradigms explaining firm internationalisation. 20
2.5. Summary 35
Chapter 3: Conceptual framework and hypotheses development 36
3.0. Introduction 36
3.1. The conceptual framework 37
3.2. Summary 62
Chapter 4: Methodology 63
4.0. Introduction 63
4.1. Research philosophy and ontology 64
4.2. Epistemology 65
4.3. Methodological approach 67
4.4. Research design 68
4.5. Data analysis 88

Chapter 5: Results 97
5.0. Introduction 97
5.1. Comparison between internationalised and non-internationalised firms 97
5.2. Analysis of the overall sample 102
5.3. Specifying and fitting the null model 102
5.4. Assessment of logistic models 105
5.5. Hypothesis testing 130
Chapter 6: Discussion and conclusion 138
6.0. Introduction 138
6.1. Discussion of findings 139
6.2. Implications for policy and practice 145
6.3. Limitations of the study 147
6.4. Conclusions 150
7.0. References 153
8.0. Appendices 177

List of figures

Figure 1 7
Figure 2 21
Figure 3 38
Figure 4 41
Figure 5 43
Figure 6 64
Figure 7 76
Figure 8 82
Figure 9 104
Figure 10 109
Figure 11 112
Figure 12 115
Figure 13 118
Figure 14 121

List of tables

Table 1 32
Table 2 69
Table 3 75
Table 4 75
Table 5 80
Table 6 89
Table 7 91
Table 8 93
Table 9 94
Table 10 95
Table 11 99
Table 12 100
Table 13 100
Table 14 101
Table 15 103
Table 16 106
Table 17 107

Table 18 110
Table 19 113
Table 20 116
Table 21 119
Table 22 122
Table 23 124
Table 24 126
Table 25 128
Table 26 136

List of equations

Equation 1 177

List of abbreviations

ACF	Autocorrelation Function
AGOA	African Growth and Opportunity Act
AU	African Union
BRICS	Brazil, Russia, India, China, South Africa
CASSOA	Civil Aviation Safety and Security Oversight Agency
CEMAC	Economic and Monetary Union of Central Africa
CIP Index	Competitiveness Industrial Performance Index
CIVETS	Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa
CSR	Corporate Social Responsibility
EAC	East African Community
EAGLES	Emerging and Growth Leading Economies
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreement
EPZ	Export Processing Zone
ESS	Effective Sample Size
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Area
GDP	Gross Domestic Product
GSB	Graduate School of Business
HIS	High Institutional Status
ICCs	Intraclass Correlation Coefficients
IGAD	Intergovernmental Authority on Development

Continued…

IGLS	Iterative Generalised Least Squares
IIMD	International Institute for Management Development
IMF	International Monetary Fund
LIS	Low Institutional Status
MCMC	Markov chain Monte Carlo
MEI	Manufacturing Environment Index
MLwiN	Multi-Level for Windows
MNF	Most Favored Nation
NEPAD	New Partnership for Africa's Development
PACF	Partial Autocorrelation Function
PPPs	Public-Private Partnership
PRO	Public Relations Officer
R&D	Research and Development
RECs	Regional Economic Communities
SACU	Southern African Customs Union
SADC	Southern African Development Community
SDR	Socially Desirable Responses
SMEs	Small & Medium Enterprises
SSA	Sub-Saharan Africa
TAs	Trade Agreements
TFTA	Tripartite Free Trade Area
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organisation
USA	United States of America
VIF	Variance Inflation Factor
VPC	Variance Partition Coefficient
WCY	World Competitiveness Yearbooks
WTO	World Trade Organisation
ZAZIBONA	Zambia, Zimbabwe, Botswana, Namibia

Dedications

"Beginnings are usually scary, and endings are usually sad, but its's everything in between that makes it all worth living" – Bob Marley

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Abstract

Foreign market knowledge has been at the epicentre of international business research for decades and differences in institutional practices across countries have been found to influence performance of internationalised firms. Dominant scholarship in this area has been significantly influenced by insights and experiences from developed countries, usually to the detriment of understanding the influence of foreign institutional knowledge acquisition at both the firm and country levels in developing economies. Using a developing country lens, the objective of this study is to determine if foreign institutional practices acquired by SSA firms has a significant effect on their home country's industrial development. The study employs a quantitative cross-sectional survey research approach and collects data from 874 formally registered manufacturing firms in 28 SSA countries. The countries are stratified along two dimensions, noticeable and unnoticeable levels of industrial development. This allowed for cross-country comparison across the industrial development spectrum. The data collected was subsequently analysed in MLWin 3.02 for multilevel and involved a two-tier regression analysis to examine the relative importance of foreign institutional practice adoption as a source of variation in the home country's industrial development. The study finds statistically significant influences with respect to foreign practice adoption. This implies that adoption of foreign institutional practices by an internationalised firm from a foreign country benefits the home country. This study further opens new discussions about firm internationalisation and home country industrial development by demonstrating the significant influence of interaction effects between adoption of foreign institutional practices by an internationalised firm and four firm level variables and one country level variable on home country's industrial development.

Chapter 1: Sub-Sahara Africa and firm internationalisation

1.0.Introduction

Increased worldwide competition has led to Multinationals Companies (MNCs), including those from Sub-Sahara African (SSA) to expand outside their home markets. To counter the negative effects of increased competition, firms increase their scale of operation by internationalising, putting themselves in a better competitive position. This is one of the motivations for firms to internationalise. Over time international business scholars and practitioners alike have developed and maintained interest in the field. The result is multiple studies from various approaches.

The approaches range from the entrepreneur as the pinnacle of this firm behaviour, to explanations based on trade patterns, to the traditional/dominant approach (Uppsala school of thought) (Welch et al., 2016) that seek to explain the process that firms go through as they internationalise. Although varied, much of the extant literature deals with the process nature of internationalisation. Firm internationalisation is a sequential build-up process of international commitments and knowledge over time (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975). However, the traditional approach does not explain how knowledge acquisition influences industrial activities at the home country.

The institutional view is one of the newer perspectives used to explain firm internationalisation. Studies espousing this view tend to be biased towards economic motivations of firms and are pitched at the macro level (Boisot & Meyer, 2008; Deng, 2009; Luo, Xue, & Han, 2010). Pitching studies at the macro level runs the risk of failing to consider how foreign institutional practice knowledge influences practices at the firm level. For instance, studies that looked at why Chinese firms tend to internationalise, argue that they do so as a response to their home country's institutional push (Deng, 2009) and high transaction costs (Boisot & Meyer, 2008). Specifically, Deng, (2009) posits that firms internationalise as a way of supporting the Government and taking advantage of political and financial incentives offered by Government. While the arguments provide

insight on institutional influences on firm behaviour, they fall short on the interplay of the home/foreign country's institutional system, and the firm's practices. Thus, there is a paucity of knowledge about how foreign institutional practices are transferred between the foreign and home countries, and the extent to which foreign practices influence industrial development in the home country. This knowledge is particularly important for countries whose firms operate across institutionally different markets, for instance, when a firm in a country with a weak institutional environment, such as Zambia (Acemoglu et al., 2001; KPMG, 2014, 2015; Mendoza & Bahadur, 2002; Tybout, 2000), internationalises to institutionally stronger markets, such as Germany in Europe.

1.1.Industrial development in SSA

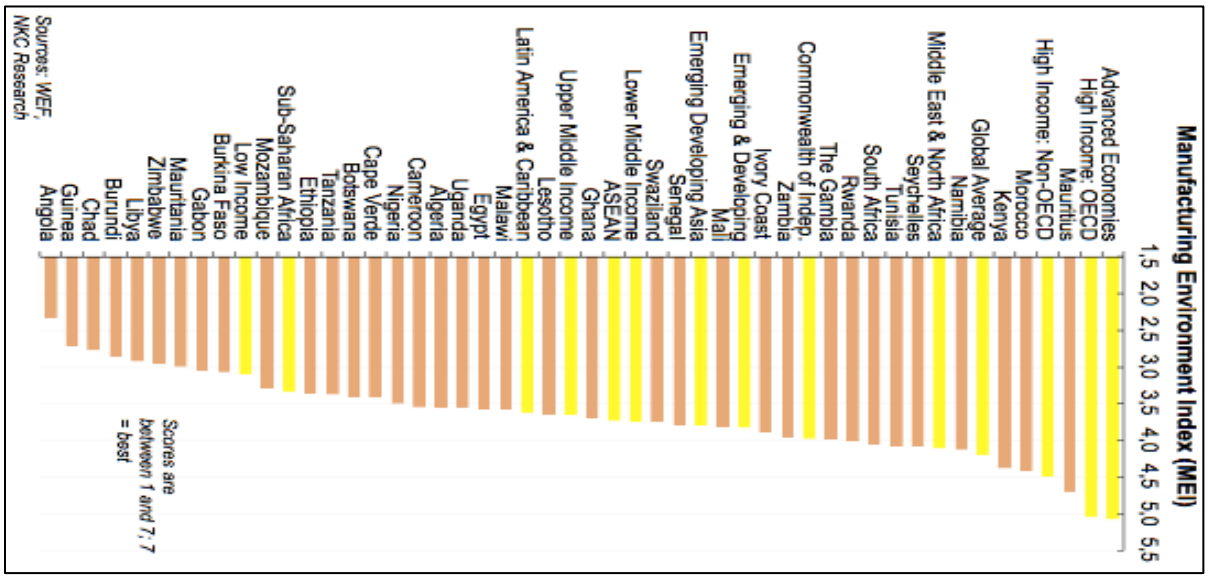
Developing countries have been experiencing some growth in export manufacturing. However, most of the growth has been in the Asian and Latin American countries. Export manufacturing growth in the Middle East and SSA has been declining (Schwab, 2013). Despite this decline, export manufacturing performance in SSA countries remains important for the development of the region's economy. This is because countries that record above average growth in export manufacturing also consistently report above average economic growth (Hummels et al., 2001; KPMG, 2014). Empirical studies show that manufacturing has notable spill-over effects in an economy. For instance, the sector has been found to be positively correlated with research & development (R&D) (Manyika et al., 2012; Wolff & Nadiri, 1993), export trade (Aitken et al., 1997; Manyika et al., 2012) and other sectors such as the capital stock, construction, and labour productivity, among others (Gebrewolde, 2015).

A large majority of SSA countries consistently perform poorly in the global market, as they mainly export primary agricultural produce and natural resources as opposed to manufactured products. Manufacturing contributes much less to the SSA regional economy (about 12%) than the global average. The sector's contribution is ranked fourth after services (contributing between 52%

and 57%), agriculture (contributing between 13% and 17%), and export of commodities (contributing about 31%) (United Nations office of the special advisor on Africa and NEPAD-OECD Africa investment initiative, 2010). As minerals get depleted and the agricultural sector has been systematically neglected over years (Batesa et al., 2013; Ndulu et al., 2008), the region is bound to unsustainably rely on the services industry. However, no economy has ever attained high standards of living while relying on services alone or without investing in the manufacturing sector (Manyika et al., 2012; Rodrik, 2014; Wermelinger, 2014).

Figure 1

Manufacturing Environment Index (KPMG, 2015)



As depicted in Figure 1 (Manufacturing Environment Index – MEI), the manufacturing environment in SSA is relatively poor on average (below 3.5/7) as compared to the global average (above 4/7) (NKC Independent Economists, as cited by KPMG, 2015). The MEI was constructed based on data from the World Economic Forum's global competitiveness 2014/15 report. The MEI takes into account factors such as the "quality and extent of local supply chains, the spread and depth of development clusters, and the breadth of the domestic value chain" (KPMG, 2014, p. 2) – important attributes of industrial development. Two major observations can be made from the MEI, the first being that industrial development in SSA is poor, and the second, related to the first, being

the underlying institutional complexity of the manufacturing industry in terms of relationships, roles, norms and how the interactions of participants are regulated.

1.2. Firm internationalisation and industrial development

It is only in the recent past that evidence of increasing firm internationalisation from SSA has been observed (Boso et al., 2019; Ibeh, 2015; Ibeh et al., 2012; United Nations Conference on Trade and Development, 2012). SSA firms internationalise from countries such as South Africa, Nigeria, Angola, Botswana, Kenya, Zambia, Gabon, Senegal, among others (United Nations Conference on Trade and Development, 2010, 2011). The internationalisation activities of SSA firms are wide and varied, including from the agriculture and manufacturing sectors (Boso et al., 2019). While most of the internationalisation is within the SSA region, many more firms have ventured outside (Adeleye et al., 2015; Boso et al., 2019). However, our understanding of the implications of the increasing internationalisation activities remains limited as most extant literature has an economics orientation (Boso et al., 2019).

The increase of SSA firm internationalisation has been attributed to firms' ability to overcome SSA's weaker institutional systems (voids). SSA is still characterised by institutional systems that create uncertainty (Adeleye & Boso, 2016). While uncertainty can be a challenge to doing business, firms that are able to prosper in underdeveloped institutions and frequent environmental changes can use this ability as a competitive advantage (Gao et al., 2017; Luiz et al., 2017; Luiz & Ruplal, 2013). There is empirical evidence that demonstrates that SSA internationalised firms use their reputation for long term survival and resilience (Gao et al., 2017; Luiz et al., 2017). Therefore, leveraging on the reputation gained in international markets can be an effective way of not only mitigating under-developed institutional practices (Boso et al., 2019) but also influencing industrial development in the home countries. Hence, understanding SSA's internationalised firms is important for their potential ability to transform SSA's lagging industrial development (Ibeh, 2015).

There is lack of research on the SSA firms' participation in the global economy (Al-Kwifi et al., 2020; Henson et al., 2011), particularly the outcome of firm internationalisation at both the firm level and industry level. However several studies globally have examined national and firm level effects of firm internationalisation such as economic growth (Kuada, 2015; Roxburgh et al., 2010), employment creation (Falk & Hagsten, 2015; Slimane & Baghdadi, 2019), and growth of firms (Falk & Hagsten, 2015; Slimane & Baghdadi, 2019; Wagner, 2012). Data suggests that firm internationalisation enhances the home economy, increases a firms growth rate, and creates employment (thus reducing poverty) (Slimane & Baghdadi, 2019).

International business activity has contributed to the overall GDP growth of SSA countries, for instance in 2009 SSA recorded economic growth of about 6% that was directly related to firm internationalisation, with East Africa recording a growth of 8.2%, Southern Africa 6.7%, West Africa 5.5% and Central Africa 4.9% (Kuada, 2015). The 2010 McKinsey Global Institute report also reported similar observations and concluding that the effect of firm internationalisation on GDP growth can no longer be ignored (Roxburgh et al., 2010). Theoretically, firm internationalisation facilitates information and knowledge exchange, introduction of new products, and implementation of technological innovations (Francis & Schweiger, 2017; Love & Roper, 2015; Paul et al., 2017; Ricci & Trionfetti, 2012). This leads to economic growth, firm growth and employment creation (Slimane & Baghdadi, 2019).

Slimane & Baghdadi, (2019) recently found that firm internationalisation led to growth in both employment and sales in the Middle East and North Africa region. In fact, being an exporter led to an annual growth of about four (4) percent as compared to non-exporters. Similar studies have also shown that internationalisation increased firm size (Francis & Schweiger, 2017), and boosted firm growth (Ricci & Trionfetti, 2012). Nevertheless, Wagner, (2012) posits that positive effects of firm internationalisation can be expected to differ between groups of host countries. They argue that

growth due to firm internationalisation will be higher if host countries are highly developed and the internationalised firm must compete with firms that operate in the technological frontline and apply best management practices to produce highly innovative products. This argument is supported by several studies done in different countries [for example, Italy (Serti & Tomasi, 2009), Portugal (Silva et al., 2010) and Belgium (Pisu, 2008)] that demonstrated that internationalising to more developed countries leads to better growth rates as compared to internationalising to less developed countries.

1.3. Moderation effects of foreign practice adoption

Firm practices are institutionalised ways of performing activities within a firm (Kostova, 1999). Foreign practice adoption occurs (Shin et al., 2016) albeit with some uncertainty (Kostova & Roth, 2002; Rogers, 2003). The foreign nature of a practice and institutional distance between firms in different countries heighten the uncertainty of foreign practice adoption (Shin et al., 2016). Rogers, (2003) defines practice adoption as an information seeking and processing activity.

One way of minimising uncertainty during practice adoption process is through direct observation of other firms' adoption of the practice (Shin et al., 2016) or networks (Strang & Meyer, 1993; Tuschke & Sanders, 2007) resulting in effective imitation (DiMaggio & Powell, 1983). Past research has demonstrated that top managers and networks/institutional factors were key factors in TQM adoption in the US (Young, Charns, & Shortell, 2001). Compatibility of efficiency, legitimacy, and knowledge seeking were also observed in Taiwanese firms adopting supply chain management systems (Cheng, 2010).

While there are a number of researches on practice adoption, very few have focused on firm level practice transfer (Shin et al., 2016). Shin et al., (2016) attributes this to the difficulty in conceptualising the cross-border institutional field in which practice adoption takes place. Country-level practice adoption studies have focused on macro-level factors such as cross national mechanisms (Djelic, 2001), interplay between national structures and emergent transnational

rationalities (Djelic & Quack, 2003), and country-level variance in social division of economic roles (Whitley & Kristensen, 1995). Insights on the firm-level practice adoption predictors include the firm's capability to perform the practice (Lunnan et al., 2005), and its dependence on the practice (Liker et al., 1999).

Similarly, while the relationship between foreign practice adoption and industrial development is important, the interaction of variables is also critical in understanding the effect of foreign practice adoption on industrial development. Yet there is lack of contingency tests on the relationship. For instance, while some firm level research show that government pressure influences firms to adopt certain practices (green supply chain management) (Zhu & Sarkis, 2007), it is not clear if this influence results in industrial development at the country level and the required levels government pressure that would result in a significant change in adoption of a practice.

At the country level, firms that have been found to have a higher propensity to adopt foreign practices are those that have been exposed to high-status institutional environments in which the practices are legitimate (Shin et al., 2016; Tuschke & Sanders, 2007) and have some experience with other contested practices (Tuschke & Sanders, 2007). One would then expect that a firm that operates in several countries and a wide variety of institutional environments is exposed to a variety of practices, some of which may be new in its home country. Thus, a firm with multiple institutional embeddedness will find it easier to adopt contested practices than other less institutionally exposed firm and perhaps be able to influence industrial development in its home country. However, little research has been done in interrogating the moderation effects at both the firm and country levels to gain more insights on the effects of foreign practice adoption on home country industrial development.

1.4. Problem statement, research questions and rationale of the study

Research on firm internationalisation has focused on developed countries and thus understanding foreign knowledge acquisition by internationalised firms elevates benefits to developed countries. Little is done to understand the benefits to developing countries, especially when firms from developing countries internationalise. The SSA region provides a unique context with convenient departure points for rigorous generalisability assessments (Burgess, 2020), where there is a growing need for proactivity in export manufacturing. In addition, while SSA has generally remained off management scholar's radar (Zoogah et al., 2015), there is lack of understanding on how foreign institutional practice knowledge acquisition benefits the SSA countries.

To date, much research on firm internationalisation has focused on country-level differences and the associated risks and costs (Eriksson et al., 1997; Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975; Kostova, 1999; Lorenzen & Mahnke, 2002). For instance, differences in economic development, regulatory conditions and social infrastructure have all been found to increase the risk of internationalising (Eriksson et al., 1997; Johanson & Wiedersheim-Paul, 1975; Kostova, 1999). The prevailing argument is that the greater the emphasis a firm places on adoption of foreign institutional practices, the fewer problems and uncertainties the firm will face in a foreign market (Johanson & Vahlne, 1977). However, very little research is being done on how internationalisation and the associated adoption of foreign institutional practices could affect the home country's industrial development. Therefore, the overarching research question for this study is, **how does adoption of foreign institutional practices by internationalised firms affect their home country's' industrial development?**

While firm internationalisation has the potential to grow engagement in export activities by SSA firms as they seek to be more competitive, the influences of foreign institutional knowledge acquisition between home and foreign countries need to be understood, including the nature of any associated benefits.

The overarching research objective for this study is, **to understand how SSA firms' adoption of foreign institutional practices influences their home country's industrial development.** The nexus of the research objective is to understand the cross-level moderation effects of foreign practice acquisition variables on the relationship between adoption of foreign institutional practices and the home country's industrial development. In addition, understand the relationship between adoption of foreign institutional practices at the firm level and adoption of foreign institutional practices at the country level. The underlying assumption of the questions is that firm practices generally influence industrial development thus adoption of foreign institutional practices is anticipated to have some influence on the home country's industrial development.

Firm internationalisation is widely acknowledged for its role in economic development of developed countries. Acquisition of foreign knowledge has largely been viewed as propelling growth of multinationals (Johanson & Wiedersheim-Paul, 1975; Kostova & Roth, 2002; Shimbov et al., 2016). In spite of multinationals invading SSA there has been little industrial development in the region (KPMG, 2015). It can be argued that SSA countries have gained little while hosting multinationals (Hummels et al., 2001; KPMG, 2014, 2015; Schwab, 2013). Considering the research questions, in this study, firm internationalisation is limited to export manufacturing from SSA with sales/distribution offices in a foreign market. Foreign knowledge acquisition is limited to adoption of practices by SSA firms at the foreign countries.

Unlike extant literature that anchor firm internationalisation primarily on economic motivations (Boisot & Meyer, 2008; Luo et al., 2010), this study positions firm internationalisation at the epicentre of the home country's industrial development. Although SSA firms strive for economic prosperity, this study suggests that the home country stands to benefit more from their firm internationalisation activities in the form of industrial development. However, this study does not compare the influence of multinationals from developed countries with that of SSA export manufacturing firms.

1.5. Summary

This section highlighted the state of industrial development in SSA and the role that export manufacturing can play. Industrial development in SSA is poor as compared to the rest of the world. The best aspect of its industrial development could be the growth of its export manufacturing. However, SSA is not doing well in this area either. Understanding adoption of foreign institutional practices from the perspective of a developing country could help in understanding the effects of firm level activities on industrial development. Institutions represent the basic rules and standards that firms ought to observe both at home and in the foreign countries. This thesis argues that the interplay between the different institutional systems influences industrial development, particularly because the firm acts as an institutional conduit between the home and foreign countries.

This thesis is arranged into six chapters. The first chapter introduced the phenomenon, while the second chapter presents the conceptual and theoretical reviews. The third chapter discusses the conceptual framework, while the fourth chapter introduces the philosophical influences of the researcher, data collection and analysis. The fifth chapter presents results, while the discussion is presented in chapter six.

Chapter 2: Conceptual and Theoretical Review

2.0. Introduction

The research objective of this study seeks to *understand how SSA firms' adoption of foreign institutional practices influences their home country's industrial development*. The study is important because it contributes to a better understanding of industrial development through firm internationalisation. The following section discusses firm internationalisation outcomes at the national and firm levels, aligns the study literature, and plots its contribution relative to the already existing knowledge on firm internationalisation.

2.1.Firm internationalisation and national level outcomes

The ultimate outcome of firm internationalisation is economic growth (Kuada, 2015; Roxburgh et al., 2010). This is because firms internationalise for the fundamental reason of improved productivity that results from increased market size (Benito et al., 2002). Several studies (Clerides et al., 1998; Criscuolo et al., 2004; Girma et al., 2004; Hallward-Driemeier et al., 2002; Helpman et al., 2004; Kraay, 2002; Krugman, 1980; Melitz, 2003), have examined the relationship between firm internationalisation and improved productivity. Evidence shows that firms that internationalise are more productive than those that do not (Clerides et al., 1998; Criscuolo et al., 2004; Girma et al., 2004; Hallward-Driemeier et al., 2002; Helpman et al., 2004; Kraay, 2002; Krugman, 1980; Melitz, 2003).

There is also support for the suggestion that dynamic restructuring of the economy results in larger market shares for the most efficient firms that export, and this boosts aggregate productivity (Criscuolo et al., 2004; Melitz, 2003). Productivity issues are central to analysing economic welfare, thus providing a clear policy context (Harris & Li, 2005). Therefore, productivity is critical when considering firm internationalisation as a contributory factor to SSA industrial development. There is overwhelming evidence that exposure to the international markets results in learning and innovation

(Johanson & Vahlne, 1977), which then leads to increased productivity. As an example, results from Chinese exporting firms have shown that experience in the international market has a significant association with learning effects and labour productivity in the local market (Girma et al., 2004; Kraay, 2002).

2.2. Firm internationalisation and firm level outcomes

Firm internationalisation has been found to have positive benefits at the firm level. In a firm-level survey on manufacturing productivity in five East Asian economies, Hallward-Driemeier et al, (2002) found higher productivity of firms after internationalisation. They posit that in aiming for international markets firms consistently make a series of decisions that consequently increase their efficiency on investment, training, technology, selection of inputs etc. Some of the key benefits related to productivity that may arise from firm internationalisation at the firm level include, (1) economies of scale and diversification of risk, (2) improved competence, and (3) foreign knowledge spill-overs.

Increased exposure to international markets results in increased demand for products. This may lead to increased production, firm growth, and exploitation of economies of scale (Falk & Hagsten, 2015; Slimane & Baghdadi, 2019; Wagner, 2012). The diversification of products across countries may also reduce risk and increase investment, and thus aggregate productivity growth (Girma et al., 2004; Hallward-Driemeier et al., 2002). In the whole, increased production, firm growth, and productivity have spill over benefits in the form of employment creation (Falk & Hagsten, 2015; Slimane & Baghdadi, 2019).

International exposure is likely to also improve firm efficiency in the international market due to competition and exploitation of acquired foreign knowledge (Clerides et al., 1998; Hallward-Driemeier et al., 2002; Paul et al., 2017). Internationalised firms are also in a better position to exploit foreign knowledge spill-overs and outperform their local competition; however, there are positive spill-over effects as local firms can achieve higher technological standards more easily

(Francis & Schweiger, 2017; Hallward-Driemeier et al., 2002; Love & Roper, 2015; Melitz, 2003; Paul et al., 2017; Ricci & Trionfetti, 2012).

2.3.Firm internationalisation

Early research on firm internationalisation was based on empirical research that observed that firms internationalised in an incremental fashion by building resources and started by entering markets psychically close to home (Cavusgil, 1984; Johanson & Vahlne, 1977). Thus larger, older, well-resourced firms were more likely to establish themselves in the local market before internationalising to psychically closer markets.

Recently, attention has been shifting to much smaller firms that internationalise, either at formation or shortly thereafter (Bell et al., 2003; Benito et al., 2002; Madsen & Servais, 1997; Oviatt & McDougall, 1994, 2005; Weerawadena et al., 2007), without much limitation to where they internationalise to. The drivers of early internationalisation have been associated with increased importance of (1) niche markets worldwide, (2) knowledge-based technologies, (3) easier knowledge sharing through global networks and alliances, and (4) people's capabilities. Moreover, an increasing number of people have gained international experience with associated mobility across nations, languages, and cultures, and thus they have enhanced capabilities to offer firms involved in internationalisation (Madsen & Servais, 1997; Weerawadena et al., 2007).

Bell et al. (2003) present an integrated model that explains internationalisation pathways and pace, with international knowledge at its core. The model posits that the greater the sophistication of a firm's international knowledge base, the greater the probability of a firm internationalising early, more rapidly, and further from its home country than a firm with more basic capabilities. However, the model recognises that the internationalisation process is neither linear nor unidirectional. Additionally, there could be periods when internationalisation would be amplified, while it may be reduced in others. While the model presents three internationalisation pathways, they are not rigid,

since the actual internationalisation trajectory for a firm is highly individualistic, unique and situation specific.

International knowledge is critical in the decision to internationalise. However, the extent to which subsequent internationalisation activities may be influenced by institutional disharmony or institutional reinforcement between the home and foreign country needs to be investigated.

2.3.1. Institutional dynamics

All social institutions are dynamic. Once established, they continuously develop in a variety of ways. While some changes are developmental, others are abrupt, leading to restructuring of the institutional system. In one form or another, institutional change is inescapable (Greif, 2006; Young, 2010). The need to understand institutional dynamics during firm internationalisation and its consequences for industrial development looms large and is a challenge in the management field of international business. There is a large amount of literature in other areas such as economics (Campbell, 2004; Hall & Thelen, 2009; North, 1990, 2005) from the view of the developed country (Hall & Thelen, 2009), but an understanding of institutional dynamics in the home country of an internationalised firm is comparatively underdeveloped.

The interplay of institutional systems is important in the development of the regulatory, cognitive, and normative processes. It enables firms to collectively frame perceptions in each institutional setting and justify what should or should not be done. Institutional systems operating at any given level are nested into institutional systems operating at higher levels that affect their performance (Young, 2010). For instance, firm-level practices operate within the confines of the national institutional systems. While national-level institutions encourage manufacturing firms to export to institutionally distant countries, there is a pressing need to understand how the exposure of firms to international markets may influence institutional change within the firm, leading to industrial development in their home markets. Thus, institutional dynamics leading to industrial development through firm internationalisation is of interest to this study.

This study focuses on firms as actors central to the process of industrial development, with core competencies that depend on the quality of relations they develop with other actors, including consumers, intermediaries, other producers, other firms and regulators in both the foreign and home countries. Institutions are conceptualised as systems, in the sense of interconnected elements (assemblages of rules, practices and decision-making procedures) that are organised around a common purpose, emphasising their ability to handle exogenous disturbances in an adaptive manner. This conception of institutional dynamics means that institutional systems are not static. They are viewed as continuously developing, seeking to maintain compatibility with their circumstances (Young, 2010).

Although there is no standard classification of sources of institutional change, there is an important distinction between internal sources or endogenous processes and environmental sources or exogenous pressures (Greif, 2006). An example of an endogenous source of institutional change in the manufacturing industry in SSA is when firm employees see the need to improve quality standards, but institutional systems are unable to react, even when the production quality standards are low. An example of an exogenous pressure is the requirement by a foreign country for producers to meet a certain quality standard to enter their market. The need to act to avoid endogenous sources may seem obvious, but entrenched current practices make it difficult to change. However, where high quality standards are required by an external institutional system (such as in a foreign country), firms are likely to comply and change. Shifts in an institutional system only produce fundamental changes over a long period of time.

As shown in the example above, institutional systems can and do experience pressures from endogenous and exogenous sources simultaneously. Although sources of institutional change may be unrelated, there will usually be some linkages between them (Young, 2010). Production quality standards do not only affect consumers in the home and foreign countries, but also affect the sourcing of raw materials, employee working conditions, training, infrastructure, manufacturing

equipment and distributors, among others. The interaction of sources of institutional change highlights the dynamism in the institutional systems at play. Developing countries offer opportunities to study the manifestation of firm internationalisation in underdeveloped yet dynamic institutional environments (African Union Commission, 2015; Batesa et al., 2013; Bertocchi, 2011; Fosu, 2013; Matthews, 2003; Mistry, 2000). This context provides a unique set of firms that export to both developing and developed countries (Ganvir & Dwivedi, 2017; Ramamurti & Singh, 2009).

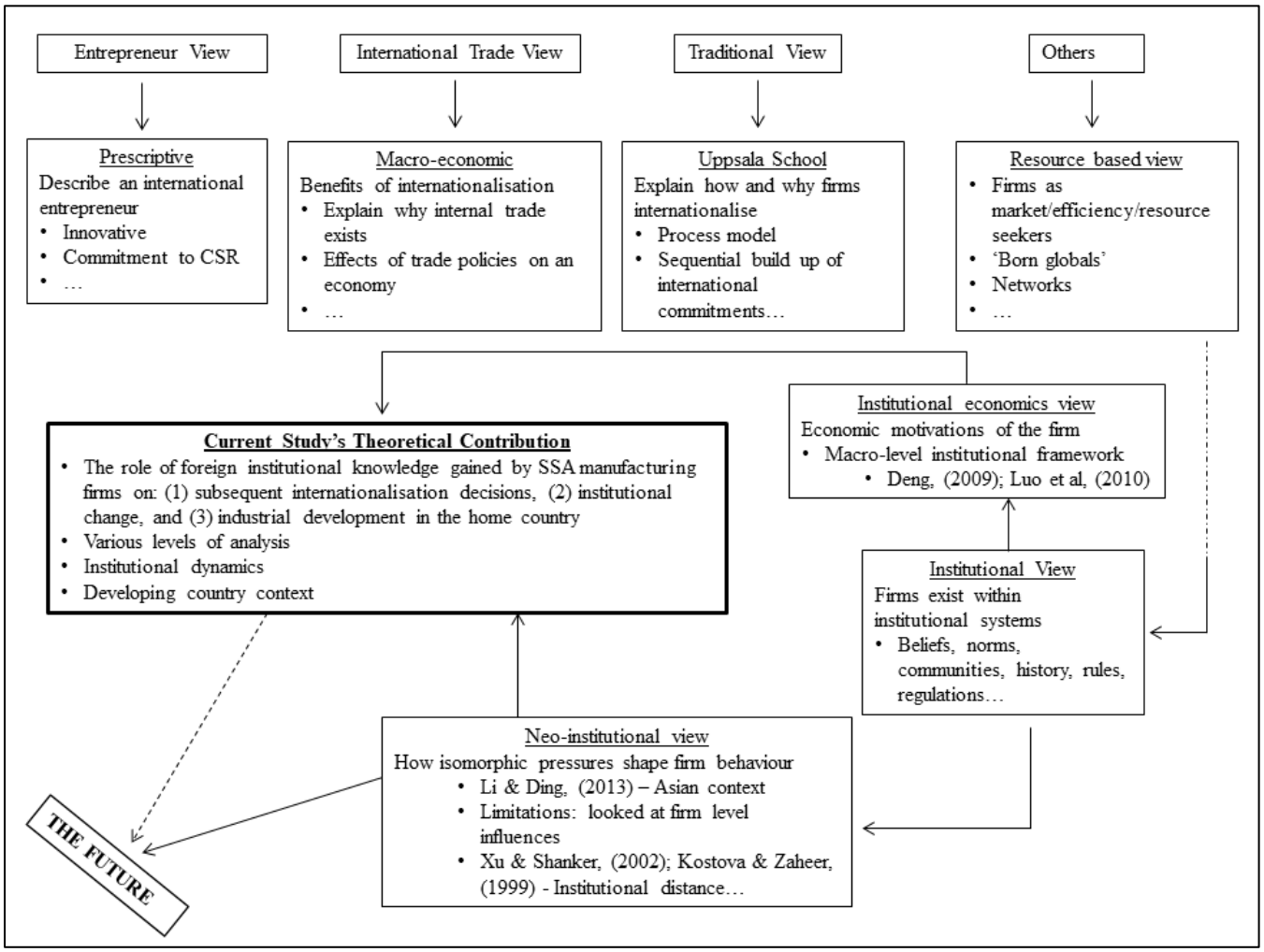
2.4. Theoretical paradigms explaining firm internationalisation.

Firm internationalisation as a study area has fascinated scholars over time and continues to do so. Internationalisation is a sequential build-up process of international commitments over time (Johanson & Vahlne, 1977, 2003; Johanson & Wiedersheim-Paul, 1975; Welch & Paavilainen-Mantymaki, 2014). There are numerous views that seek to explain firm internationalisation; the major ones include the entrepreneur view, the international trade view, the traditional view, the resource-based view, and the institutional view. Figure 2 gives a snapshot of the various views and where the current study fits.

Since these views historically rely on observations made about firms from industrialised countries, there has been much debate about how they are relevant to firms internationalising from developing countries (Luiz & Ruplal, 2013; Yaprak & Karademir, 2011). Another debate focuses on the research approach used. Although by definition firm internationalisation is a process, requiring a process approach, most internationalisation research uses a variance approach (Welch & Paavilainen-Mantymaki, 2014).

Figure 2

Firm Internationalisation Views and Theoretical Contribution (Author, 2019)



2.4.1. Entrepreneur view

The entrepreneur view of firm internationalisation is prescriptive and is based on the assumption that entrepreneurs consider opportunities to internationalise on the basis of their understanding of international cultures (Busenitz et al., 2017; Herrmann & Datta, 2002, 2006; Nielsen & Nielsen, 2011; Oviatt & McDougall, 2005; Urbano & Alvarez, 2014; Weerawadena et al., 2007). Such entrepreneurs have an on-going concern for innovation, maintain high levels of quality, are committed to corporate social responsibility, and offer products and services that are adaptable to different countries and cultures (Herrmann & Datta, 2006; Nielsen & Nielsen, 2011; Weerawadena et al., 2007; Whittington et al., 2009).

While the entrepreneur view of internationalisation is robust in explaining the attributes of an international entrepreneur and in potentially explaining why some firms are able to enter institutionally distant markets, because of trade liberalisation, it fails to give insight into the influence that the decision to internationalise has on the home country institutional systems (Busenitz et al., 2017; Urbano & Alvarez, 2014). Institutions, as systems of established and prevalent rules that structure behaviour (Hodgson, 2006), create constraining and enabling environments. Thus, the view is absent regarding how entrepreneurs behave when there is some institutional disharmony between their home and foreign institutional systems, particularly when their home country institutional systems constrain innovation. Do the entrepreneurs ignore the disharmony and work on being legitimate in the foreign country? Additionally, the view is absent regarding how subsequent internationalisation decisions made by entrepreneurs are influenced by institutional practice knowledge gained from the foreign country. This is especially important in SSA countries that are viewed as high on uncertainty avoidance (Darley & Blankson, 2008; Kiggundu, 1988).

Understandably, studies driven by this view are primarily focused on the pre- or initial internationalisation stage of the firm (Gabrielsson et al., 2008; Ganvir & Dwivedi, 2017) at the expense of post-entry. Post-entry interactions are particularly important to firms from developing countries, particularly when the foreign countries are institutionally distant from their home countries, as is usually the case with firms from SSA. The entrepreneur view does not address how firms deal with institutional differences and uncertainty, or how institutional practice knowledge gained through firm internationalisation influences institutional and industrial development in the home country.

2.4.2. International trade view

The international trade view is generally based on the assumption that international trade occurs based on the macroeconomic benefits (especially economic growth) that trading countries would enjoy (McCombie & Thirlwall, 1992; Morgan & Katsikeas, 1997; Shimbov et al., 2016).

Even though classical international trade theories such as comparative advantage theory limit the discussions to situations in which each partner country specialises in products from a different industry based on its relative endowments or technological differences, the reality is much different. This limited view of international trade neglects the international fragmentation of production and the shipment of intermediate goods between countries (Shimbov et al., 2016), where a moderate number of developing countries play a meaningful role (United Nations Conference on Trade and Development, 2013).

The development of the 'new trade' theory introduced scale economies and product varieties, shedding some light on the idea that different products within the same industry are produced and traded by different countries, giving rise to intra-industry trade. According to this line of thinking, trade flows between countries should not be characterised by comparative advantages. It argues that the exchange of differentiated goods is driven by imperfect competition and variety preferences (Grubel & Lloyd, 1975; Helpman & Krugman, 1985). However, these models do not fully explain international trade flows from developing countries, as they position developing countries as mostly recipients of such trade.

Perhaps the literature on international production networks better explains how developing countries could attempt to internationalise. According to the literature, international trade and production are increasingly organised within global value chains/networks, where different stages of the production process are located in different countries (Gereffi et al., 2005). The rationale of the international fragmentation of the production process is that firms have to match and optimise the different factor endowments and productivities with the specific requirements of each stage (Shimbov et al., 2016). It has been argued that since international fragmentation of production implies that a product may not be produced in one country in its entirety, SSA manufacturers should use this as a stepping stone to internationalise and be part of a global value chain (Chen et al., 2015; Kimuyu, 2005). In fact, this type of trade has been increasingly becoming important to developing

countries, as their share has experienced constant growth over the past decade (United Nations Conference on Trade and Development, 2013). Several theoretical papers have underscored the importance of intermediate goods for output growth. Over and above the traditional gains of increased specialisation and exchange across countries, trade in intermediate inputs brings efficiency gains that amount to an outward shift in the production frontier for final goods in each country (Jones, 2011; Samuelson, 2001; Shimbov et al., 2016; Shiozawa, 2007).

Related to international production networks, however different, is the network structure of international trade (Chaney, 2014). The theory suggests that potential exporters meet trading partners in two distinct ways: first, a firm can randomly search for geographically biased trading partners; second, after developing a network of foreign contacts in a number of foreign locations, it can search remotely for new trading partners from these locations. More specifically, Chaney (2014, p. 3601) argues that

> *"The more countries a firm exports to, the more likely it is to enter new markets subsequently. Moreover, where a firm export to affects which specific markets it will enter in the future: if a French firm export to country 'a' in year 't', it is then more likely to enter in year 't + 1' a country 'b' geographically close to 'a', even if 'b' is not close to France. The possibility to use existing contacts to find new ones gives an advantage to firms with many contacts."*

This is similar to the sequential foreign market entry shown by Albornoz, Pardo, Corcos, and Ornelas (2012) and Morales, Sheu, and Zahler (2013) that export choice and their logic tend to be history dependent. By acquiring more foreign contacts, firms export into more remote countries and, as a result, internationalise to countries further away. Network partners usually act as intermediaries and facilitate sharing of international knowledge and bilateral trade (Garmendia et al., 2012; Rauch & Trindade, 2002). It has been found that there are welfare gains from settings where international trade is intermediated, particularly for smaller exporters as they make it easier to penetrate less

accessible markets (Ahn et al., 2011). The differences in the ability of firms to enter foreign markets lies with their networks and intermediaries, since they regulate the firm's ability to access different foreign markets (Eaton et al., 2011).

The rising internationalisation of networks, either production or contacts, may have implications for the growth of SSA international trade and output, skills transfer, technology dissemination and industrial upgrading, especially when considering the trade agreements that SSA countries have with Europe and the US, as examples (African Union Commission, 2015). However, international trade theories are limited to the macro-level and ignore the possible influences that the international trade partners could have on institutional and industrial development of the less institutionally sophisticated trading partner country. Additionally, a country's institutions in the form of trade policies and agreements could direct a firm's internationalisation decisions to certain countries and not others (Cheong et al., 2015), and not necessarily be directed by network contacts. Furthermore, institutional practice knowledge gained may also influence a firm's subsequent internationalisation decisions.

For instance, an increase in the internationalisation of Norwegian manufacturing firms from 1958 was attributed to Norway's membership in the European Free Trade Association (FTA). As a result of the membership, many foreign firms entered the Norwegian market, while new growth possibilities were created outside (Amdam, 2009). Furthermore, the Norwegian industrial policy changed from 1960, whereupon the government and the industry associations encouraged Norwegian firms that were traditionally manufacturing for the local market to internationalise to meet the new competition. The same is observed in SSA, where governments encourage manufacturing firms to produce for the export markets (Ministry of Industrialisation and Enterprise Development, 2015; The Republic of Namibia, 2012). Despite these observations, the international trade view fails to comprehensively explain how firm internationalisation could influence institutional and industrial development in the home country.

2.4.3. Traditional view

The traditional view of firm internationalisation (Uppsala school) is based on two assumptions of bounded rationality and uncertainty. First, it argues that a firm needs to gain experience in operation, current activities and knowledge of foreign markets, and second, the firm needs to commit to internationalisation as a strategy to strengthen its international position (Bany-Ariffin et al., 2014). This has been argued to be a dynamic approach since it views internationalisation as a result of decisions based on accumulated knowledge over time (Amdam, 2009).

The view argues that the internationalisation path of a firm is based on the psychic distance between the home and foreign countries. The principle is that firms would start the process by entering markets that are psychically closer and incrementally move on from there (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975). Psychic distance refers to the perceived differences between the home and foreign countries, leading to difficulties in knowledge flow between the countries. This could be due to differences in laws, language, education or culture (Johanson & Vahlne, 1977). In this view, firms acquire knowledge through direct experience. Thus many scholars focus on the cost of gaining direct experience as a result of international expansion (Eriksson et al., 1997; Javernick-Will, 2009; Lorenzen & Mahnke, 2002; Petersen et al., 2008). Consistent with the definition, psychic distance is operationalised by quantifying characteristics of the target market, implying that the psychic distances between countries are asymmetric. Much work has been done using the symmetric cultural distance index by Kogut and Singh (1988), based on Hofstede's (1980) cultural dimensions. However, the psychic distance between country ‘a’ and country ‘b’ is not identical to that from ‘b’ to ‘a’ (Håkanson, 2014). Research has raised serious concerns about this symmetric view of psychic distance (Brewer, 2007; Håkanson, 2014; Håkanson & Ambos, 2010).

The traditional view is consistent with the network structure of the international trade view (Albornoz et al., 2012; Chaney, 2014; Morales et al., 2013). According to the traditional view, the internationalisation process is driven by learning from international experience and being committed to international activities. The better the knowledge about the international market the more valuable other resources will be and the more committed the firm will be to international operations (Amdam, 2009). In this view gaining international knowledge is central to firm internationalisation.

There have been mixed reviews of the traditional view, while some empirical studies found support for the view (Amdam, 2009; Cavusgil & Godiwalla, 1982) others found none (Benito & Gripsrud, 1992). Since not all firms internationalise in a step-by-step process, business networks have been argued to replace country-specific factors like psychic distance (Johanson & Vahlne, 2003). Business networks are a set of interconnected relationships with suppliers, customers and other businesses, public or semi-public actors (Amdam, 2009). Although the network view renders geographic borders irrelevant, the logic of learning over time remains relevant.

When studying Norwegian manufacturing firms within the framework of the traditional view, Benito and Gripsrud (1992) argued that there is no support for the view based on the internationalisation patterns prior to 1982. Similar to Chaney's (2014) network structure of international trade, they found that firms initially internationalised to countries that were culturally closer to their home country; however, they later moved to culturally distant countries, not in a step-by-step fashion but based more on their international experience. Chaney (2014) then concluded that the internationalisation process is rather a result of rational choices than a result of cultural learning. This conclusion is consistent with the observations made in SSA, where some manufacturing firms enter psychically distant markets such as Europe and Asia even before entering psychically closer markets such as intra-SSA regions. The closer psychic distance may also be influenced by historical colonial ties between SSA countries and Europe.

In a study that sought to support Johanson & Vahlne's (2003) argument that networks ought to replace psychic distance, Amdam (2009) found that five types of networks played a significant role in determining the first country to internationalise, despite psychic distance. The first comprises personal networks, which are linked to strong personal ties between key personnel in the internationalising firm and another in the foreign country, which could have been a result of education in the foreign country. The second comprises networks that resulted from being invited to internationalise into the foreign country. The third type of network resulted from having strong ties with firms that had already internationalised into the foreign country. The fourth type consists of networks created from missionary (religious) activities, and finally are networks involving government personnel.

Even though all types of networks were demonstrated, it became clear that most of the internationalisation resulted from influence from either government or political institutions, particularly to SSA and other developing countries (Amdam, 2009). This is consistent with the finding that South African mining firms use networks with government personnel (trade missions) before they set up in a foreign country (Luiz & Ruplal, 2013). Although the role of institutions is evident in a firm's decision to internationalise, the view is not clear on the influence gained from foreign institutional practice knowledge on subsequent internationalisation decisions and their role on institutional change in the home country. Finally, the view does not address the role of foreign institutional practice knowledge through firm internationalisation on industrial development in the home country.

2.4.4. Resource based view

The Resource based view (RBV) is a theoretical framework developed from the experience and evidence from developed economies (Kazlauskaitė et al., 2015) that is used to understand a firm's competitive advantage and sustainability (Barney, 1991; Peng, 2001). However, the view has been used to understand internationalisation strategy by firms from developing countries (Hoskisson et al.,

2000; Kazlauskaitė et al., 2015). The key argument of the RBV is that the more a firm can build, access, control, and leverage a resource the more sustainable competitive advantage the firm will enjoy (Barney, 1991). Such resources should be valuable, rare, and difficult to substitute nor copy. In the context of firm internationalisation, firms can build sustainable competitive advantage by exploiting resources base in their home countries or can use internationalisation to build resource-based advantages by creating resource combinations across national borders that are difficult to substitute (Kazlauskaitė et al., 2015; Kuemmerle, 2002).

Firms from developing countries lack material resources (Kazlauskaitė et al., 2015), therefore tend to leverage on intangible resources. Research has demonstrated that the most valuable, rare, and difficult to imitate intangible resource that firms from developing countries leverage on is industry knowledge (Prashantham & Dhanaraj, 2010; Wach, 2014; Yamakawa et al., 2013). Yamakawa et al., (2013) found that the international industry knowledge is much more valuable when firms internationalise to developed countries than when expanding the other developing countries. This is due to the relatively greater institutional differences between developed and developing countries (Yamakawa et al., 2013). In the case of SSA, this may also be explained by colonial ties that may exist between SSA and some developed countries.

From the RBV, firms from developing countries typically lack the resources they can sustainably exploit due the smallness of the firms and deficiencies in the institutional environment in developing countries (Kazlauskaitė et al., 2015; Nowiński & Rialp, 2013; Thai & Chong, 2008). However, it is important to take into consideration the national institutional context (Kazlauskaitė et al., 2015). Firms may internationalise as a way of gaining a competitive resource to rectify a local difficulty (Barney et al., 2001; Kazlauskaitė et al., 2015; Yamakawa et al., 2013). Yamakawa et al., (2013) found that some firms from developing countries internationalised to gain industry knowledge that would enhance their reputation and strengthen their position in their home market. This way,

internationalisation builds a domestic advantage with a potential of influencing practices within the local industry. On its own the RBV framework may not fully explain internationalisation of firms from developing countries. The institutional context influences how, why, and which resources firms may exploit. While the RBV highlights the outcomes of firm behaviour, the institutional view draws attention on how the prevailing institutional norms may impact market structure and firm behaviour (Fang et al., 2012). Institutions and related expectations for resource allocation and behaviour are learnt within social contexts (Burgess, 2020; Burgess & Steenkamp, 2006, 2013). Thus, there is a link between the RBV and institutional view. Zoogah et al., (2015) specifically argue that the SSA context influences firms through the theoretical building blocks of institutions and resources. The next section discusses the institutional view to firm internationalisation.

2.4.5. Institutional view

While other views discussed have limitations in explaining the role of foreign institutional practice knowledge on subsequent internationalisation decisions, institutional change and industrial development in the home country, the institutional view has been found to have the power to do just that. Contemporary institutional theory indicates that in order for firms to survive, they must conform to prevailing rules and systems within their environment (Dacin et al., 2002; DiMaggio & Powell, 1983). While institutions in themselves drive change and shape the nature of change across various contexts and levels, they also change in character over time (Dacin et al., 2002).

As a developing region, SSA has been dynamic and changing, driving towards change in economic development particularly in the manufacturing sector (African Union Commission, 2016; Oxford Business Group, 2014). The current institutional dynamism in SSA makes the institutional view the appropriate lens to use in understanding the role of foreign institutional practice knowledge on firm internationalisation, institutional change, and industrial development. The view has the potential to highlight how institutional processes interact to effect change on firm decisions and industry actions (Dacin et al., 2002; Zoogah et al., 2015).

In recent years, there has been an increase in internationalising firms from developing countries, and this has received attention from researchers (Li & Ding, 2013). Institutional theory has also only just been recently considered as a possible perspective to explain internationalisation of firms not only in developing countries but the world over. This ‘anomaly’ of excluding institutional theory in internationalisation literature has been persistent despite the fact that some aspects of international business literature have been dealing with institutional issues (Dunning & Lundan, 2008). For instance, issues of the government-firm bargaining relationship and issues of jurisdiction of local laws on international firms are institutional issues that have not been discussed as such. There are generally two approaches to the institutional view on firm internationalisation. Table 1 gives a summary of the institutional view, presenting examples of research in the two approaches, levels of analysis and the contexts of the research.

Table 1

Summary of Institutional View of Firm Internationalisation (Author, 2019)

Author	Context	Level of Analysis	Approach	Constructs/ Variables used	Findings
Kostova & Zaheer, (1999)	Complex network of MNE sub-units from the West	Firm	Neo-institutional	MNE legitimacy	Cognitive and normative institutional domains pose greater challenges to MNE legitimacy than the regulatory domain.
Kostova, (1999)	Complex network of MNEs sub-units from the West	Country	Neo-institutional	Strategic practice transfer	Successful practice transfers are embedded on three types of contexts (social, firm, and relational) that operate at the levels of country, firm, and individual.
Xu & Shenkar, (2002)	Complex network of MNEs sub-units from the West	Country	Neo-institutional	Institutional distance	The MNE will choose low control when the foreign environment presents an institutional system different from its home environment but will opt for full ownership when the institutional system is more similar.
Li & Ding, (2013)	Limited internationalisation activities, e,g exporting from a developing country	Firm	Neo-institutional	Firm capability, institutional isomorphic pressures	Firm capabilities enhance the effects of coercive pressure on firm internationalised and weaken the effects of normative pressure.
Dunning & Lundan, (2008)	Complex network of MNE sub-units	Firm & Country	Economic	Normative, regulative, and cognitive institutions; MNE behaviour	Country and firm specific institutions affect the value addition opportunities of MNEs and the attitudes and actions of MNEs affect the content and significance of institutions over time.
Deng, (2009)	Complex network of MNE sub-units from a developing country	Firm	Economic	Strategic asset seeking M&A	Institutional environment in which firms are embedded influences firm behaviour. Firms conform to national institutional factors. Chinese firms acquire strategic resources through internationalisation (M&A) that are either not available at home or they cannot internally develop as a way of gaining legitimacy at home.
Luo, Xue, & Han, (2010)	Chinese Government regulatory institutions	Country	Economic	Outward Foreign Direct Investment policies	Governments in developing countries should play an active role in promoting outward FDI and help address their firm's competitive disadvantage in the global market.

The most dominant approach is ‘institutional economics’, which emphasises the economic motivations of firms and the macro-level institutional frameworks such as regulations and government policies (Deng, 2009; Luo et al., 2010). The neo-institutional view focuses on how firm decisions are shaped by isomorphic pressures from the environment (Kostova & Zaheer, 1999; Li & Ding, 2013). With the foundation of the institutional view within international business, researchers have explored the relationship at both country and firm levels of analysis, mostly within the complex network of MNE sub-units context (Dunning & Lundan, 2008; Kostova, 1999; Kostova & Zaheer, 1999; Xu & Shenkar, 2002). At the country level, researchers examined how decisions of both domestic and foreign firms are conditioned by national-level institutions (Maitland & Nicholas, 2003; Mudambi et al., 2003). At the firm level, studies seek to explain ways in which sub-units of firms gain legitimacy as perceived by their parent company and/or the foreign country (Kostova & Zaheer, 1999; Xu & Shenkar, 2002).

Overall, establishing and maintaining legitimacy in the foreign country is understood to be critical to internationalisation, since it determines the acceptance of a firm by its environment and its long-term performance in the environment. Perhaps the most influential contribution is the institutional distance construct (Kostova, 1999; Kostova & Zaheer, 1999), which posits that the larger the institutional distance between the home and foreign countries, the more difficult it is for a firm to establish legitimacy in the foreign country. This line of thinking was extended by Xu and Shenkar, (2002), who argued that the institutional distance must be matched to firm-level attributes such that legitimacy of the firm in the foreign country is established and a sustainable competitive advantage is assured.

This view is consistent with the process nature of internationalisation (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975), and although theoretically different, the institutional distance construct is similar to the psychic/cultural distance construct as used by the traditional view of firm internationalisation. Institutional distance is defined as the difference between the

institutional profiles of the home and foreign countries (Kostova, 1999). The country institutional profile is a three-dimensional construct consisting of the regulatory, cognitive, and normative dimensions. Each dimension in the country institutional profile reflects the difference in the home and foreign countries' institutional systems.

In one study, Li and Ding (2013) developed and tested a multi-institutional model in a developing country context, where firms studied had limited internationalisation activities. They found that in addition to economic benefits, firms also internationalise to gain legitimacy by conforming to the requirements of their home country institutional environment.

This seems to be a completely different approach of legitimacy when compared to developed countries, where legitimacy is gained in the foreign country environment, where a firm gains its legitimacy is a result of the differences in the institutional profiles of the home and foreign countries. Developing countries depart from some expectations due to their peculiar developmental trajectories, however, they share typical institutional characteristics. These characteristics are opportune departure points for rigorous generalizability assessments, as well as starting points for novel theories for the understanding of international business in developing countries (Burgess, 2020).

Although studies using the institutional view of firm internationalisation consider varying levels of analysis, they still fall short in developing a comprehensive view of institutional influences on firm internationalisation (Dunning & Lundan, 2008; Li & Ding, 2013). Furthermore, this view mostly considers internationalisation from the context of developed countries, with the exception of some research that uses the Chinese context (Deng, 2009; Li & Ding, 2013; Luo et al., 2010). Above all, current research fails to explain the role of foreign institutional practice knowledge on a firm's subsequent internationalisation decisions, institutional change, and industrial development in the home country.

2.5. Summary

Four views of firm internationalisation have been reviewed: the entrepreneur view, the international trade view, the traditional view, and the institutional view. Most of the literature approaches internationalisation from the position of firms in developed countries, at the expense of firms from developing countries. That position leaves a gap in the literature, lacking the understanding of the role of foreign institutional practice knowledge on a firm's internationalisation decision, and industrial development in the firm's home country. In addition, the internationalisation views reviewed do not show how foreign institutional practice knowledge by internationalised firms leads to home country industrial development. This is critical for both theoretical development and practice. Understanding of institutional dynamics opens opportunities to better understand the theoretical subtleties of institutional change and how firms can adapt better to internationalisation challenges. The subsequent section presents an emergent conceptual framework that seeks to explain institutional dynamics that lead to industrial development in developing countries.

Chapter 3: Conceptual framework and hypotheses development

3.0. Introduction

All institutional systems are dynamic. Some institutions are developmental in nature, such as amendments to policies, laws, or treaties, while others are reactions to events occurring in the socio-economic environment. Some developments are gradual and incremental, unfolding over a long period of time and taking the form of informal developments to practices, while others occur hastily yet are far-reaching(Burns & Carson, 2005; Greif, 2006; North, 1990; O. Young, 2010; Zoogah et al., 2015). The need to understand institutional practices and the role foreign institutional practice knowledge had in industrial development, institutional dynamics and internationalisation activities is a challenge for management academics and practitioners alike. Although there is a sizeable literature on institutional dynamics in the broad area of management, the understanding of the role of foreign institutional practice knowledge in the home country is comparatively under-developed. Institutional dynamics are important for this study since international firms are exposed to institutional systems of at least two countries. In some cases, the institutional systems are antagonistic to each other, requiring some response from the internationalised firm. The dynamics at play require understanding of how they influence institutional development at both the firm and the home country level.

The interplay of institutional systems between the firm and both the home and foreign countries play an important role in the development of institutional systems. The interplay provides an opportunity for firms to develop insights into how to best respond. Since firm-level practices operate within the confines of the country-level institutions (Young, 2010), how the firm responds to the interplay is critical for determining the influence of foreign institutional practice knowledge on industrial development in the home country.

There are two widely accepted perspectives for studying institutional dynamics: one is that change is intentionally created by institutional actors, while the other is that change happens naturally over time without the deliberate participation of institutional actors. The intentionally

created perspective posits that institutions are created by forward-looking institutional actors for specific purposes, and it views the cost of change rather than historical restrictions as confining institutional dynamics (Fernandez & Rodrik, 1991; Kantor, 1998; North, 1990; Williamson, 1985). The evolution perspective views institutional dynamics as patterns of behaviour reflecting the unintentional effects of interactions among institutional actors with limited rationality (Hodgson, 2006; Peyton, 1993). This view contrasts with the forward-looking and functionally driven intentionality perspective, creating a gap between the two perspectives.

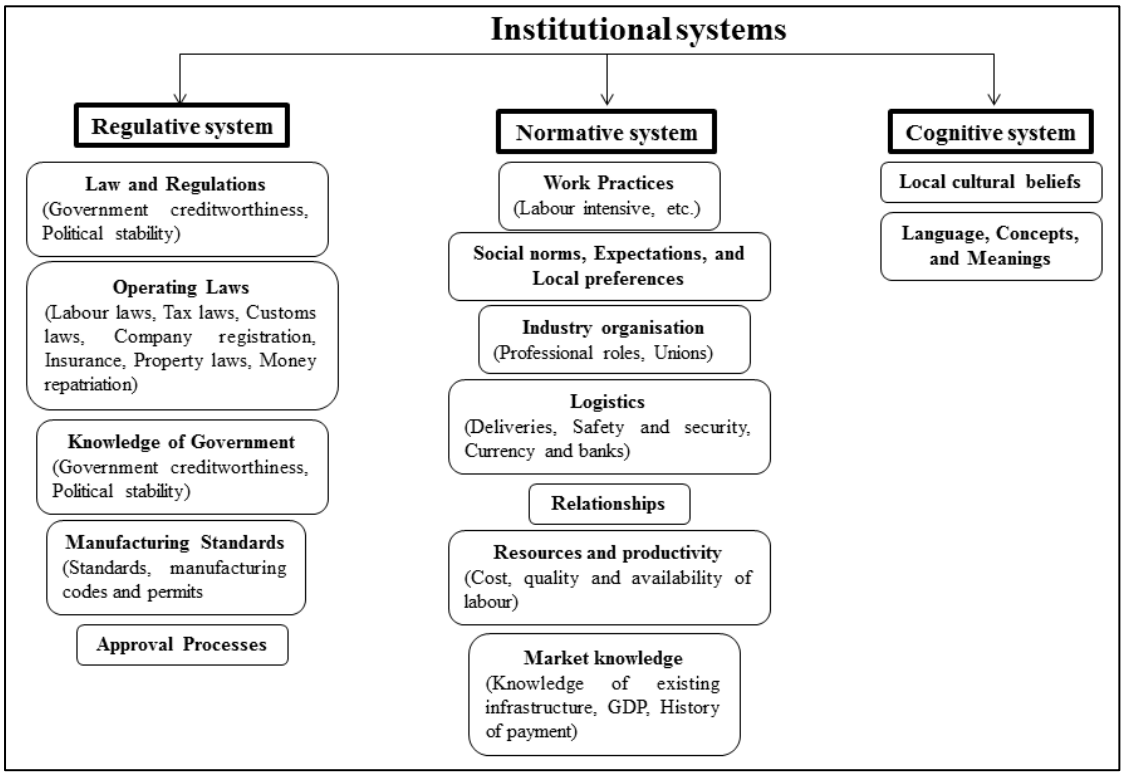
3.1. The conceptual framework

To present an acceptable conceptualisation of the role of foreign knowledge on industrial development, institutional change and internationalisation activities, the key concept of 'institutions' is reviewed. The nature of institutions (regulations, practices, beliefs, norms, customs etc.) (Burgess & Steenkamp, 2006; Dacin et al., 2002; Phillips et al., 2004; Scott, 2008) is varied and diverse. It is therefore important to appreciate the shared and common characteristics and highlight the different types of institutions in laying a foundation for discussing their relations at different levels and outlining the dynamism at play. This study adapted a framework from the works of Scott (2008) and Javernick-Will and Levitt (2010) for categorisation of institutions, referred to in Figure 3.

Institutions are generally understood as commonly accepted practices or systems of rules which firms follow in order to reduce uncertainties (Javernick-Will, 2009; Scott, 2008). Such systems of rules are necessary because they guarantee the possibility of coordinating individual firms through formal protocols, while minimising the likelihood of selfish confrontation. Thus, in so far as institutions establish the systems of rules, they also limit the way self-interests may confront one another by setting the framework within which firms may operate.

Figure 3

Categorisation of Institutional Systems (Javernick-Will & Levitt, 2010; Scott, 2008)



By extension, the systems of rules regularise the conditions under which firms can easily and efficiently make decisions (Coriat & Weinstein, 2002), such as where to internationalise and which international activities to engage in. Each system structures and regulates interactions in particular ways and provides a systematic basis for firms to accommodate one another and to frame, interpret and analyse their performances and justifications (Burns & Carson, 2005). An institutional system broadly includes the regulative, normative, and cognitive systems. The following elaborate on these systems within the context of manufacturing.

Within the context of manufacturing, the regulative system includes the formal mechanisms of governance, that is, laws, rules, supervision, incentives, and sanctions. These are generally explicit and easily observable. Important components of the regulative system in manufacturing include regulations, manufacturing standards, operating laws, and approval processes. The normative system focuses on the prescriptive, evaluative, and obligatory dimensions of social life, emphasising the

shared values and norms, interpersonal expectations, and valued identities. Within the manufacturing industry examples include expectations and local preferences, industry organisation, productivity norms and logistics. Lastly, the cognitive system exploits a society's widely shared beliefs about the nature of the world. The beliefs are socially constructed symbolic representations that provide templates for framing individual perceptions and decisions. Examples include local cultural beliefs, language, concepts, and meanings.

In the real world, institutional systems are found in complex combinations that underlie and influence each other (Burgess, 2020; Burgess & Steenkamp, 2006; Javernick-Will & Levitt, 2010); thus the categorisation into regulative, normative and cognitive systems is for analytical purposes only. The complexity of the systems is multiplied in international environments, where there are multiple institutional actors from different agencies and institutional systems.

3.1.1. Hierarchy of institutional systems

There are two basic hierarchical levels of an institutional system (Coriat & Weinstein, 2002; Edquist & Johnson, 1997), the firm level and the country level, that are of interest to this study. The firm-level practices are nested in higher level, country institutional systems. Firm-level practices comprise of norms or rules developed and practiced internally within a firm and define the context within which decisions are made and implemented. Examples of normative and cognitive firm-level practices include market knowledge, organisational culture, internal procedures and controls, firm resources and competencies, work practices and logistics.

Country-level institutional systems comprise practices adopted by industry actors as a whole and accepted as industry norms and standards. Examples include minimum manufacturing quality standards and codes, industry organisation (professional roles and unions), industry knowledge, operating laws, and culture and beliefs.

3.1.2. The emergent nature of the proposed theory

The proposed foreign practice adoption model for industrial development and institutional development through firm internationalisation is emergent, since industrial development occurs at the country level while institutional development is triggered by firm-level processes (Goldstein, 1999). Institutional development is experienced at both the firm and country levels. The firm responds to the interplay between its own internal practices and the home country by adjusting to the requirements of the foreign country. Firms do this as a way of gaining legitimacy in the foreign country (Kostova, 1999; Kostova & Zaheer, 1999; Li & Ding, 2013; Xu & Shenkar, 2002). This response triggers friction between the firm and its home country institutional systems, prompting some changes to occur. Given the position of internationalised firms in their home country, they can influence institutional change at the country level. The ability to influence emanates from internationalised firms being viewed as knowledgeable, legitimate actors in the international environment (Hardy et al., 2001; Phillips et al., 2000, 2004). The experience of internationalised firms in both the home and foreign markets further speak for them in their home country. The firms inspire action from their home country actors.

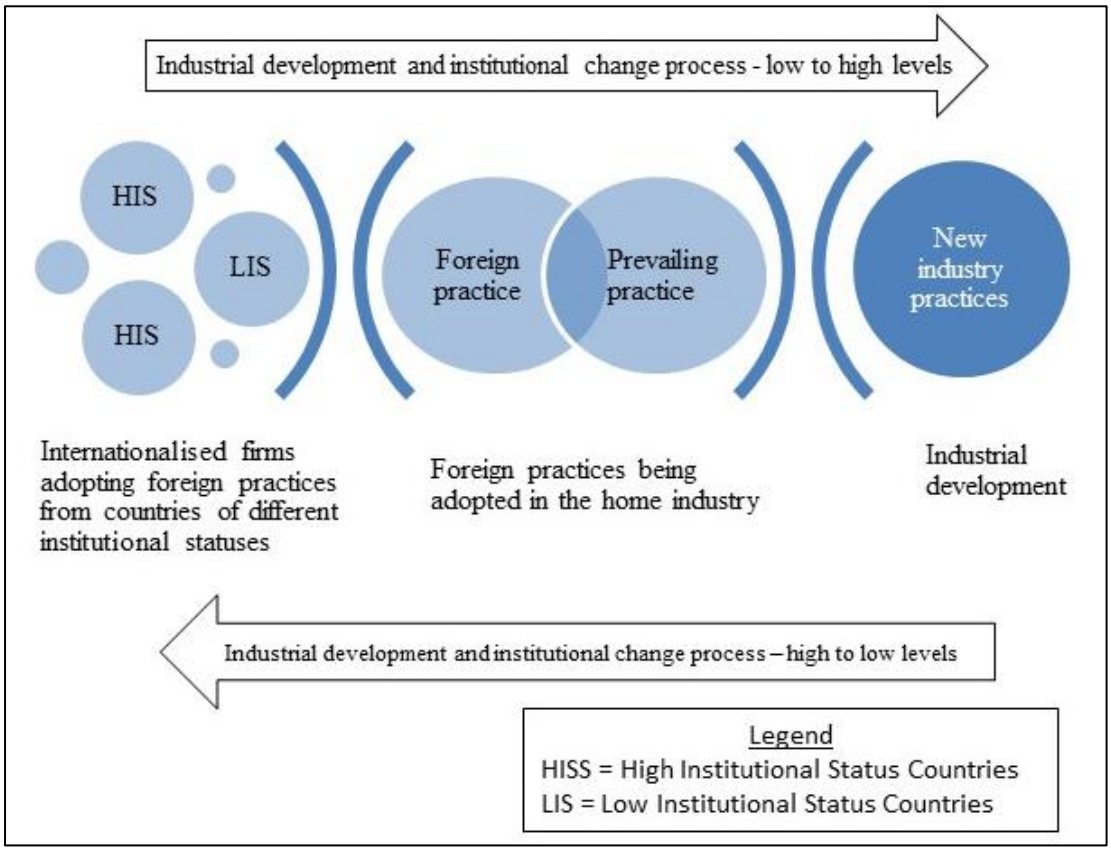
Due to the emergent nature of the theory, the process of industrial development in SSA through firm internationalisation may not be anticipated in its full richness until it shows itself. The process of industrial development is thus dynamic because it arises from complex institutional systems that evolve over time (Andersen, 1993; Rogers, 2003; Shin et al., 2016). This emergent process follows more of a continuum than a discrete path from the components to the whole (Bechtel & Richardson, 1993;). The central role that internationalised firms play in the industrial development emphasises their importance as components of the complex institutional system in the framework. In

fact, often it is the interplay between the components and the whole that has been emphasised in studies of complex self-governing systems (Lewin, 1992).

The interplay between multiple-level institutional systems is important since changes at one level (e.g., firm level) alone fail to offer explanatory insight into the dynamics leading to industrial development. However, the interplay gains explanatory power when the levels are configured as components of a complex institutional system (Goldstein, 1999). Thus, industrial development is neither predictable from, deducible from, nor reducible from the individual levels on their own.

Figure 4

The Continuum of the Industrial Development Process

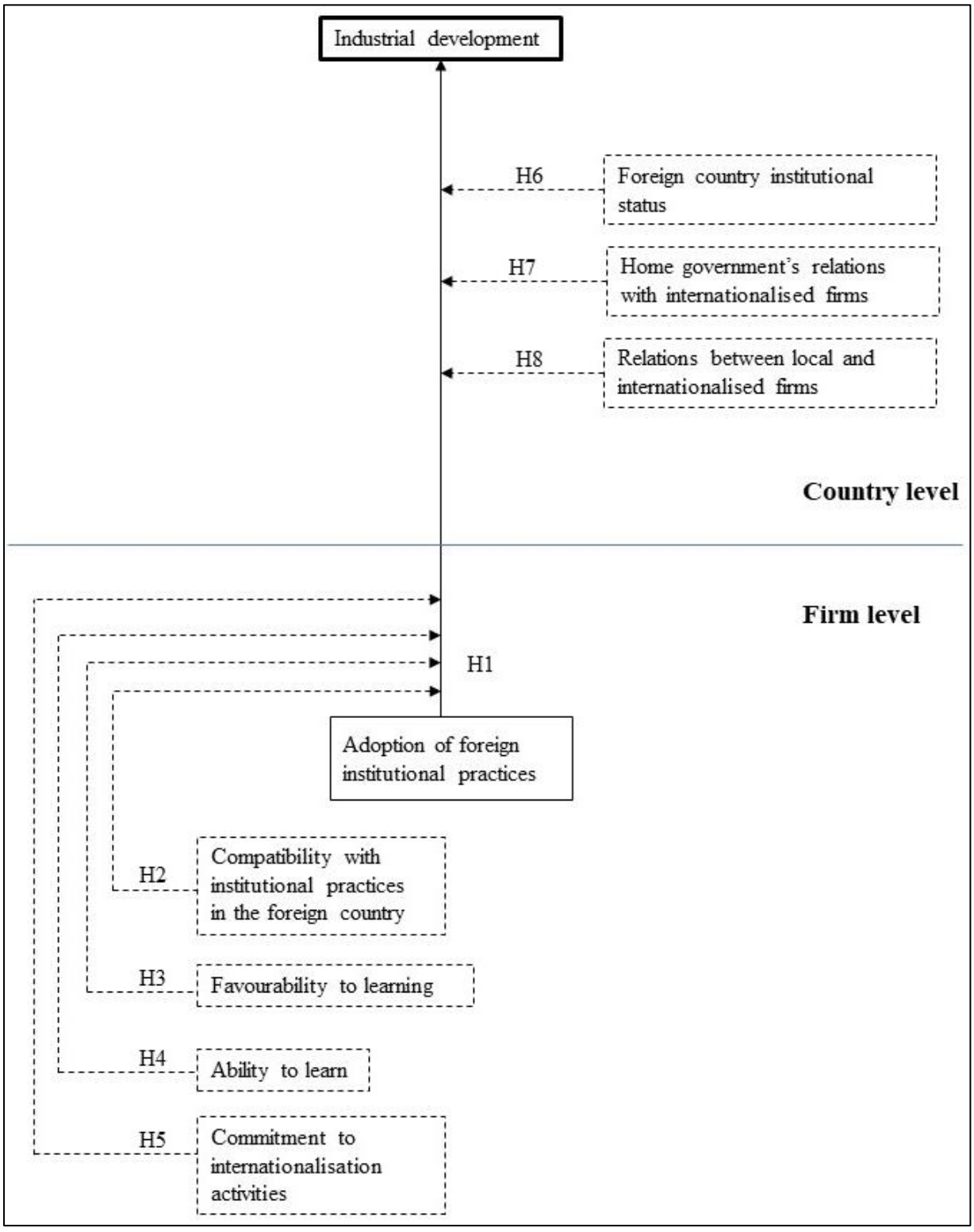


In spite of the emergent nature of the framework, it is conceivable that industrial development has a causal effect on the changes at the lower level of the firm (Goldstein, 1999; see Figure 4). Due to the central role that internationalised firms play in the industrial development

process, their importance as components of the complex institutional system is emphasised in the framework. Thus, the emergent nature of the framework is not provisional but enduring as the interplay between levels further evolves with time. The knowledge-based model of industrial development through firm internationalisation is presented in Figure 5.

Figure 5

Foreign Practice Adoption Model of Industrial Development through Firm Internationalisation



3.1.3. Industrial development

There is overwhelming evidence that institutional systems matter in industrial development (Bertocchi, 2011; Fosu & O'Connell, 2006). New practices emerge and become legitimate over time. Once established, they endure with greater or lesser degrees of stability depending on their bases of legitimacy and the dominant actors involved (DiMaggio & Powell, 1983; Scott, 2008). Thus, although institutions serve to both powerfully drive change and shape the nature of change across levels and contexts, they also change in character over time (Dacin et al., 2002).

In the case of countries, when industrial practices change and develop, and new practices are institutionalised, they lead to improved ways of doing business. Industries develop as a result. Such institutional development emanates from the adoption of better practices at the firm level that are then adopted at the country level, ultimately emerging in the form of industrial development. Industrial competitiveness is to a large extent determined by capabilities and knowledge necessary for production (United Nations Industrial Development Organization, 2015, 2020). Measurement of the CIP Index is consistent with the view that industrial competitiveness is dependent adoption and adaptation of foreign knowledge as opposed to developing new knowledge (United Nations Industrial Development Organization, 2015). A number of studies have examined institutional influences on the adoption of some practices by firms, such as total quality management, quality circles and business continuity planning (Bates & Hollingworth, 2004; Ismail, 2007; Westphal et al., 1997; Zsidisin, Melnyk, & Ragatz, 2005). Adoption of such foreign practices diffuses to the country level over time (e.g., Total Quality Management in Japan, see Bates & Hollingworth, 2004), either through mimetic or normative pressures (Westphal et al., 1997), resulting in industrial development. In this perspective, foreign practice adoption involves complex interactions between the firm and its environment (United Nations Industrial Development Organization, 2015).

The adoption process is shaped by the interplay between the home and foreign country institutional systems (Strauss, 1982; Zhao & Cao, 2017). At times the two institutional systems have

contradicting meanings and values (Kostova & Roth, 2002). Therefore, the transfer of foreign practices may not always be smooth. Local firms may not immediately conform to foreign standards (Guillén, 1994). The foreign practices and their meanings may be debatable, reinterpreted by local firms as understood from their local institutional system perspective (Fiss & Zajac, 2011; Zajac & Westphal, 2004). Consequently, when introduced into the home country, some practices may not be transmitted as absolute substitutes, nor receive the same level of attention and appreciation from local firms (Creed et al., 2002).

The interaction within and across institutional levels of the firm and country summarises the emergent process of industrial development through firm internationalisation. An internationalised firm can acquire foreign institutional practice knowledge that it uses to transform its practices and that also translate into country-wide practices, leading to industrial transformation. However, industrial development is a process that emerges over time.

3.1.4. Adoption of foreign institutional practices by an internationalised firm

The firm-level practices relate to the rules that individual firms formulate for themselves (Burns & Carson, 2005; Coriat & Weinstein, 2002), that is, the customs, practices and norms they follow (normative). Internationalised firms in this case are viewed as both organisations and institutions in themselves. Since their institutional practices are nested within country institutional system. Thus, whatever practice a firm develops complies with a higher-level institutional system.

3.1.4.1.Successful adoption of foreign institutional practices

Institutional theory has been widely used for studying the adoption and diffusion of practices by firms (Dacin et al., 2002; DiMaggio & Powell, 1983; Friedland & Alford, 1991; Scott, 2008; Tolbert & Zucker, 1983). At the epicentre of the institutional perspective is the idea that firms sharing the same environment will employ similar practices and thus become ‘isomorphic’ with each other (Kostova & Roth, 2002; Li & Ding, 2013; Tolbert & Zucker, 1983). Firms conform to institutional pressures and adopt practices as a way of gaining legitimacy (Li & Ding, 2013). Many

elements of an institutional system such as norms and values are usually specific to a country, and thus firm practices can be expected to be similar within a country; however, they vary across different countries.

As a result, differences in institutional practices across countries are likely to lead to firms adopting different practices (Gooderham et al., 1999; Orru et al., 1991). Orru et al. (1991), supporting this view, found that firms in industries in Japan, Taiwan and South Korea operate according to different institutional practices and have adopted different practices. Since it is important for an internationalised firm to achieve and maintain legitimacy in the foreign country (Li & Ding, 2013), they will experience the pressure to adopt foreign-country practices and become isomorphic with the country institutional practices. In other words, an internationalised firm will mimic practices of other industry players in the foreign country for their own survival in the foreign country (DiMaggio & Powell, 1983; Li & Ding, 2013; Scott, Ruef, Mendel, & Caronna, 2000). Adopted foreign practices are an important source of competitive advantage for the internationalised firm to use at both its home and foreign country (Deng, Duffy, & Harrison, 1995; Ghoshal & Bartlett, 1988; Kogut & Zander, 1992; Li & Ding, 2013).

Drawing from previous work on institutional theory and practice adoption (Kostova, 1999; Kostova & Roth, 2002; Szulanski, 1996), 'practice' is viewed as a firm's routine use of knowledge in conducting specific activities that have been refined over time. The practices reflect the common knowledge that has been accepted and approved within the firm. Consistent with institutional theory, practices of the firm have a social meaning shaped by the institutional system in the foreign country. Such practices are ingrained in the understanding of social reality enforced by the foreign country and other constituents (Meyer & Rowan, 1977). As practices become institutionalised, they become accepted within the firm as legitimate and are adopted by the firm for legitimacy reasons and not necessarily for efficiency reasons (Kostova & Roth, 2002; Li & Ding, 2013; Meyer & Rowan, 1977).

An internationalised firm adopts foreign practices through coercive, mimetic or normative processes (DiMaggio & Powell, 1983; Li & Ding, 2013; Scott, Ruef, Mendel, & Caronna, 2000). Coercive isomorphism occurs when practices are imposed on an internationalised firm by a more powerful authority (e.g., foreign country government, foreign client etc.), mimetic isomorphism when an internationalised firm responds to uncertainty by adopting practices of other more successful firms (in the foreign country), and normative isomorphism when an internationalised firm adopts practices that are generally considered acceptable in the foreign country. Adopting foreign practices increases an internationalised firm's chances of surviving in the foreign country and gaining legitimacy (Li & Ding, 2013).

Based on the above discussion, it is argued that to trigger industrial development, an internationalised firm changes its practices as dictated by the foreign country institutional practices – that is, they adopt foreign institutional practices that are perceived to be superior to their prevailing home country practices. The theoretical definition of *a successful adoption* is adapted from Kostova's (1999) conceptualisation of 'practice transfer'. The word 'adoption' emphasises that the change is an explicit experience, not a gradual process of dissemination. The process of adoption includes the transmission of a set of practices and their meanings between the firm and the foreign country. The adoption process does not end with the acceptance of descriptive rules; it continues until the rules are internalised and institutionalised.

Institutionalisation is a process by which a practice is persistent and reaches a 'taken-for-granted' level (Greif, 2006; Kostova, 1999; Szulanski, 1996). It is thus conceptualised at the levels of implementation and internalisation, where implementation is the degree of accepting practices, while internalisation is the act of attaching meaning to the adopted foreign practices. Although implementation and internalisation are theoretically distinct, they are interrelated because higher levels of implementation are associated with higher levels of internalisation (Kostova, 1999). As time passes, the adopted foreign institutional practices are fostered in the internationalised firm,

making behaviours understandable, predictable and stable (Szulanski, 1996). Accordingly, adoption is the institutionalisation of practices of the foreign country.

Adoption of foreign institutional practices by internationalised firms in the home country collectively emerges at the country level. These firms improve their own practices at the home office based on what they learnt from foreign countries, in the process contributing to home country industrial development. A distinctive feature of emergence is that the higher-level entity that emerges from the behaviour of lower-level entities in an organisation may be unintended (Goldstein, 1999; Young, 2010). Emergence is a process in which an unintended high-level phenomenon arises from actions of many particular individual actors (Goldstein, 1999) – in this case, internationalised firms. For a successful adoption of foreign institutional practices at the home country level resulting in industrial development, local firms at the home country should follow suit in adopting foreign practices as adopted by internationalised firms. An emergent enabling process must take shape.

New practices that are viewed as consistent and complimentary to the prevailing home country practices are most likely to be embraced and adopted at the home country level (Ghoshal & Bartlett, 1988; Kostova, 1999; Strauss, 1982; Zander & Kogut, 1995). This is because new complimentary practices can be defined and connected more clearly to strong sanctions/rewards (Phillips et al., 2004). However, new practices are easily perceived as being legitimately superior to the prevalent practices (Ghoshal & Bartlett, 1988) since they have been adopted by internationalised firms. Therefore, successful country-level adoption is easier. New practices give assurance to local firms that adopting them would minimise costs associated with being a foreign producer once they internationalise or simply improve their own local performance. The assurances include meeting minimum set international standards, being more competitive in the market, minimising differences in practices across international markets and gaining legitimacy (Phillips et al., 2000). Therefore, adoption of foreign institutional practices at the country level is a mechanism through which adoption of foreign practices at the firm level influences industrial development. Thus, both

internationalised and non-internationalised firms shall be motivated to adopt foreign institutional practices since they will directly benefit through improved performance. The improved performance coupled with better practices will result in development of internationally competitive industries. It is therefore, hypothesised that:

H1: *There is positive relationship between the adoption of foreign institutional practices by an internationalised firm within a foreign country and their home country's industrial development.*

3.1.4.2.Compatibility with institutional practices in the foreign country

Foreign institutional practice adoption is not always smooth since foreign standards may be incompatible with what the internationalised firm is used to (Guillén, 1994; Zhao & Cao, 2017). The interpretations and meanings of foreign practices can be contentious and decoded differently, based on the home context and institutional practices (Fiss & Zajac, 2011; Guillén, 1994). Thus, compatibility of the internationalised firm with institutional practices in the foreign country will influence the effect of adoption of foreign practices on industrial development. Foreign practices may not all be accepted, nor are they adopted as indisputable (Creed et al., 2002).

Recognising the considerable gaps and tensions between an internationalised firm and the foreign country institutional forces, the concept of "compatibility" is borrowed (Rogers, 2003) and used in an institutional compatibility perspective to capture the interplay between the internationalised firm's practices and the foreign country institutional environment. Rogers (2003) defined 'compatibility' primarily as the degree to which a foreign institutional practice is consistent with existing socio-cultural values of potential adopters. Compatibility is regarded as an important condition in facilitating the adoption of foreign institutional practices (Rogers, 2003; Zhao & Cao, 2017). Anything not compatible with the values and norms of an internationalised firm's institutional practices will not be adopted as quickly and widely as a practice that is compatible (Rogers, 2003). Therefore, the compatibility of the internationalised firm with the foreign institutional practices moderates the effect of adoption of foreign practices on industrial development.

Zhao & Cao (2017) coined the term ‘institutional compatibility’ to highlight the importance of harmony between a foreign institutional practice and the internationalised firm’s institutional practices. Institutional compatibility between an internationalised firm and a foreign institutional practice serves as a filter that shapes both the extent of foreign institutional practice adoption and the outcome of the adoption (Zhao & Cao, 2017). A higher level of compatibility reduces the tension and conflicts in foreign institutional practice adoption (Carruthers & Halliday, 2006). Adopting and transferring institutionally compatible practices means fewer cognitive, normative and regulative barriers leading to more positive responses from the internationalised firm (Zhao & Cao, 2017). Thus, institutionally compatible practices diffuse more easily; they also yield better outcomes because they help to enhance legitimacy and obtain support from local actors. Institutional compatibility is one of the dimensions of change that determines the success of institutional change (Kostova, 1999; Zander & Kogut, 1995) at both the firm and industry levels. Compatibility of institutional practices affects their ease of communication and understanding and is conceptualised as the similarity between the adopting internationalised firm and the foreign country institutional practices, as reflected in their institutional practices (Kostova, 1999; Strauss, 1982). When foreign institutional practices are easy to understand adoption of the practices is easy, however, when understanding is difficult adoption is poor. Poor adoption of foreign institutional practices will have an effect of poor industrial development since there is little motivation for industrial change.

Drawing from Roger's (2003) theoretical insights, institutional compatibility is defined as the extent to which a foreign institutional practice’s underlying values and principles are in alignment with the receiving internationalised firm’s home country institutional practices. Thus, foreign institutional practices whose underlying values and principles that are highly compatible with home country institutional practices will more likely be adopted resulting in high industrial development, whereas incompatible ones are often ignored or rejected (Zhao & Cao, 2017) resulting in minimal industrial development. Adopting highly compatible foreign practices enhances legitimacy and gains

support, thereby yielding greater benefits to the adopting internationalised firm and its home country in the form of industrial development. The consequences of adoption show that highly compatible institutional practices are desirable and sustainable in the adopting internationalised firm's home country (Zhao & Cao, 2017).

The adoption of highly compatible foreign practices by an internationalised firm from a foreign country has been found to be positively affected by the degree of similar institutional practices between the two (Ghoshal & Bartlett, 1988). Thus, an internationalised firm will only adopt practices that put them in a position of advantage. The ability of institutional practices to be adopted depends on their desirability and compatibility with the existing institutional practices (Burns & Carson, 2005). Country-level institutions dictate firm level institutional practices that are acceptable (Dikova et al., 2010), shape the manner in which firms conduct their business, and impose sanctions on a firm's actions (Meyer & Peng, 2005; Sartor & Beamish, 2014). A firm's actions are characterised by acceptable business practices, conventions, and norms of behaviour in both the firm and country levels. When foreign country institutional practices are not compatible with those of the firm, then behavioural uncertainty increases (Sartor & Beamish, 2014) resulting low adoption of foreign practices with the effect of poor industrial development.

A foreign country's standard of business practices and the internationalised firm's reputation contribute to the prevailing institutional environment (Dikova et al., 2010). When practices are highly compatible, it will be easier for an internationalised firm to understand, internalise (Kostova, 1999) and adopt them, and in the process influencing home country industrial development. It is therefore hypothesised that:

H2: *Compatibility of an internationalised firm's practices with the foreign country's institutional practices moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development such that when compatibility is high, the effect of the adoption of foreign practices on industrial development will also be high.*

3.1.4.3.Favourability to learn.

Learning does not only create a competitive advantage for firms, but it is also a pre-requisite for the survival of internationalised firms. This is because firms need to change internally and adapt to changes in their operational environment (Lahteenmaki et al., 2001). However, firms can only learn when the environment is favourable to learning and when individuals within the firm are continuously learning (Tannenbaum, 1997). A firm with a favourable learning environment has employees with a common understanding of the firm's international market objectives and how their individual roles contribute to the firm's international activities (McGill et al., 1992). When employees are aware of the firm's intentions in the international market they are most likely to engage in experiences that would provide them with appropriate foreign institutional practice knowledge (Tannenbaum, 1997).

A firm's favourability to learning influences the effect of the firm's adoption of foreign institutional practices on industrial development such that highly favourable environment to learning will result in high adoption of foreign institutional practices leading to high industrial development while low favourability to learning will lead to low adoption resulting in poor industrial development. This is because when employees understand the international market objective and are supported, the environment allows for learning of new ways of doing business and better practices that could result in better returns, foreign practice adoption becomes easy and change is easily accepted. However, when the environment does not support learning employees are demotivated to introduce new practices, adoption of foreign institutional practices is poor, resulting in poor industrial development.

Although environments that are favourable to learning from foreign institutional practices vary from one firm to another, overall, firms that have environments that are strongly favourable to learning exhibit strong performance and adaptability to their operational environments, while those

with environments that are not favourable to learning demonstrate weak performance and adaptability (Tannenbaum, 1997). It is thus hypothesised that:

H3: *Favourability to learning of an internationalised firm moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that when favourability to learning by an internationalised firm is high, the effect of favourability to learning on the adoption on foreign institutional practices and industrial development will also be high.*

3.1.4.4.Ability to learn.

Internationalised firms' ability to learn is dependent on the resources they invest in to adopt foreign institutional practices. Such sources of practice knowledge include contractual and non-contractual relationships, acquisitions of people and companies, strategic direct sources, non-strategic direct sources and public sources (Javernick-Will, 2009). Contractual relationships include relations with clients, foreign consultants, financiers, foreign partners, and sub-contractors/suppliers while non-contractual relationships include relations with other firms or individuals from personal and professional networks developed over years and relationships with government officials (Amdam, 2009; Javernick-Will, 2009; Johanson & Vahlne, 2003; Luiz & Ruplal, 2013).

The ability of an internationalised firm to learn exposes the firm to better practices, enhancing the firm's possibilities of adopting foreign institutional practices. As such, firms that can learn are highly likely to adopt foreign institutional practices while those whose ability to learn is low are unlikely to adopt foreign institutional practices. This means that the ability of a firm to learn influences the firm's chances of adopting foreign institutional practices with those that have high ability to learn highly likely to adopt foreign institutional practices resulting in industrial development in their home country while those with low ability to learn not adopting foreign practices resulting in poor industrial development at the home country.

In many cases, internationalised firms with high ability to learn partner with foreign firms to fill voids in their foreign institutional practice knowledge (Khanna & Rivkin, 2001; Rondinelli & London, 2003). Firms with high ability to learn also bring in foreign institutional practice knowledge by investing in or acquiring another firm or hiring locals (Lorenzen & Mahnke, 2002). Such firms acquire strategic direct sources of industrial institutional include sending employees ('pioneering') into the foreign market to talk to locals, competitors, contractors, and others that could provide insight on market conditions and standards. Other non-strategic sources include acquiring foreign institutional practice knowledge from employees' prior personal experiences (Javernick-Will, 2009). Public sources include journals, conferences, external websites, and other public information sites. While firms that have high ability to learn actively invest in foreign knowledge acquisition, firms with low ability to learn do not seek to learn and their level of exposure to new practices is limited. Their ability to adopt new practices is low resulting in insignificant internal and industrial changes.

Firms that are able to learn are forward-looking and will thus assess the new institutional environment and take into account what others outside the environment are likely to do, and they retrospectively evaluate their institutional practices on observable outcomes (Greif, 2006) with the aim of improving their own position. In turn such firms influence their home industries as they adopt new foreign institutional practices resulting in industrial development. It is therefore hypothesised that:

H4: *Ability to learn by an internationalised firm moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that when ability to learn by an internationalised firm is high, the effect of the ability to learn on the adoption of foreign institutional practices and industrial development will also be high.*

3.1.4.5.Firm's commitment to internationalisation activities

Adoption failures are possible even when practices are compatible. A potential explanation for such failures is inherent in the internationalising firm's commitment to internationalisation

activities. Difficulty in adoption of foreign institutional practices is likely to occur when there is lack of commitment from the firm that seeks to acquire the institutional knowledge (Amdam, 2009; Szulanski, 1996). Thus, a firm's level of commitment will have an influence on the effect between the firm's adoption of foreign practices and industrial development, such that when commitment levels are high, adoption of foreign institutional practices is likely to be high resulting in high industrial development, while low commitment will lead to low adoption resulting in poor industrial development.

Commitment is conceptualised as the degree to which a firm is willing to exert considerable effort and have a strong desire to maintain its international activities (Kostova, 1999; Tan et al., 2014). It is defined as any action taken in the present considering the future. Commitment is essential for internationalised firms as it ensures that the requisite resources are availed for the firm's survival in the international market (Cavusgil & Nevin, 1981; Sull, 2003). Committed firms will put in place resources that will ascertain their success in the international market this includes ensuring that the firm responds by changing their practices and adopting foreign institutional practices. On the other hand, firms that are less committed will not invest in the requisite resources and are less likely to change nor adopt foreign practices.

Commitment determines behavior and, consequently, superior performance in exports. The relationship between the firm's commitment and export performance has been previously studied indicating the existence of a positive relationship between commitment and propensity to engage in international activities (Cavusgil & Nevin, 1981; Chadee & Mattsson, 1998; Haar & Ortiz-Buonafina, 2002; Navarro et al., 2010; Thach & Axinn, 1991). Specifically, Chadee & Mattsson (1998) studied 155 small and medium internationalised manufacturing firms from New Zealand and found that commitment to international activity was the most influential variable in the firms' international performance. The same relationship was also found by Thach & Axinn (1991) when they studied US and Canadian manufacturers.

Firms that are highly committed to their international activities are likely to be committed to any task that ensures success in the foreign country, including adoption of new institutional practices. Such firms would also be willing to avail the necessary resources required for adoption of foreign institutional practice transfer. It is thus hypothesised that:

H5: *Commitment of an internationalised firm to internationalisation moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that when commitment to internationalisation by an internationalised firm is high, the effect of the commitment on the adoption of foreign institutional practices and industrial development will also be high.*

3.1.5. Country level factors

The factors at play at the country level discussed next are (1) the foreign country's institutional status, (2) the home government's interaction with internationalised firms, and (3) the interaction of local and internationalised firms in the home country.

3.1.5.1.Foreign country institutional status

Internationalised firms make important decisions about where to expand. Differences between the home and foreign country institutional practices play an important role in the decision (Johanson & Vahlne, 1977; Kostova, 1999; Kostova & Zaheer, 1999). Firms generally decide to expand to foreign countries that are institutionally like their own, because similar countries have low cost of gaining institutional practice knowledge. Recent studies, however, suggest that institutional difference effects are not symmetric and can be viewed as an advantage for institutionally weaker countries (Stahl et al., 2017; Yildiz & Frey, 2016).

Institutional practices in developing countries are generally weaker or poorer and in some cases non-functional as compared to those in developed countries (Bertocchi, 2011; Fosu, 2013). Accordingly, the weaker institutions create an opportunity for firms to 'upgrade' their practices

through internationalising to institutionally stronger countries. This creates a learning opportunity through cross-border institutional practice knowledge-sharing mechanisms.

The differences in country institutional profiles equates to differences in institutional status. The role of status has been largely ignored in management and international business literature (Yildiz & Frey, 2016), yet it can help in understanding the role of foreign institutional practice knowledge in home country industrial development. Status is conceptualised as the socially constructed, inter-subjectively agreed upon and accepted ordering or ranking of individuals, groups, organisations or activities in a social system (Washington & Zajac, 2005). It is gained through distinctive and singular practices (Bitektine, 2011).

Following the sociological conceptualisation of status and consistent with the institutional distance construct, the *country institutional status* construct is identified to categorise countries into either 'high institutional status' (HIS) or 'low institutional status' (LIS). Country institutional status is conceptualised as the relative institutional difference between the home and foreign country. Thus, a HIS status country is one that is relatively institutionally developed as compared to the LIS. An internationalised firm could either have its home country as either a HIS or a LIS relative to the foreign country the firm exports to.

Previous studies on status (Keltner et al., 2003; Stahl et al., 2017) show that those with low institutional status are more likely to have their decisions influenced by those with higher institutional status. Similarly, HIS foreign countries are more likely to influence foreign institutional practice adoption in internationalised firms from LIS home countries. This is because internationalised firms from LIS countries are likely to be subjected to strong pressures to conform and adapt to the ways of HIS foreign country (Li & Ding, 2013). Internationalised firms exposed to institutionally superior environments are usually better prepared, motivated to learn and are more adaptable as they pay greater attention to institutional practice differences (Stahl et al., 2017). It is also expected that firms that internationalise to foreign countries that are institutionally comparable

to their home countries can adopt foreign practices that they deem will improve their competitiveness at both the home and foreign markets.

While firms that internationalise to HIS countries are under pressure to adopt foreign institutional practices, those that internationalise to LIS countries are under no (or minimal) institutional pressure to adopt foreign institutional practices. They are more likely to overlook softer and less tangible institutional differences that may be important to their own development (Stahl et al., 2017). Moreover, it is difficult to adopt foreign institutional practices that have no proven record. A record of past usefulness hints at robustness, making it easier to legitimately adopt such foreign institutional practices (Goodman et al., 1980; Szulanski, 1996). In addition, institutional practices in a LIS country are unstable and thus unreliable and untrustworthy (Alhassan & Kilishi, 2019; Edokat & Njong, 2019). Adopting foreign institutional practices from a LIS country would be more difficult and most likely to be challenged and resisted (Szulanski, 1996). It is thus hypothesised that:

H6: *Foreign country institutional status moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that the effect of the adoption of foreign institutional practices and industrial development will be high when a firm has internationalised to high institutional status foreign country than a low institutional status foreign country.*

3.1.5.2.Home government's relations with an internationalised firm

Government largely makes up the regulatory institutional system, which includes an explicit dimension of enforcement. Social devices that operationalise practices (e.g., the justice system, government support instruments etc.) guarantee compliance by firms. The regulations set the limit to the 'free-will' of firms and the margins of resourcefulness they can enjoy in their activities.

Close ties between internationalised firms and government accelerate adoption of any new foreign practices and diffusion of policy outcomes. Thus, where are close relations between government and firms, adoption of foreign institutional practices will be high resulting in high

industrial development, while where relations between the government and firms is poor adoption of foreign practices will be low resulting in poor industrial development.

Government and firms play complementary roles where government authorises rules and firms abide by them to establish and maintain legitimacy (Kostova & Zaheer, 1999; Li & Ding, 2013). However, when there are no cordial relations the roles do not compliment, they may be adversarial. Where the roles are complimentary, Government would make specific policy decisions at distinctive stages of industrial development after consulting with firms and influenced by the take-off and growth of industries either encouraging or impeding the implementation of certain standards (Etzkowitz, 2003; Giesecke, 2000). The interdependency between government and firms is shown through the concentrated policy-making process. Where the policy making process engages the industry and firms are part of the decision making, then government is less likely to introduce standards and practices that will impede success in international markets. Closer ties will result in consultations where internationalised firms may demonstrate that the benefits of new practices and the importance of such practices in their own success. Thus, where there are close relations between governments and the industry it will be easier to introduce new practices that can be easily adopted resulting in industrial development. However, where the relationship between the government and the industry is adversarial then it will be difficult to for firms to suggest better standards and new practices thus adoption of foreign practices will be difficult resulting in poor industrial development. It is therefore hypothesised that:

H7: *Home government's relations with internationalised firms moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that the effect of the adoption of foreign institutional practices and home government's relations with internationalised firms will be high when the home government relations with internationalised is strong than when it is weak.*

3.1.5.3.Relations between local and internationalised firms

Gaining legitimacy implies ensuring harmony between the social values associated with institutional practices and the norms of acceptable behaviour in the larger institutional system (Dowling & Pfeffer, 1975). Even for the home country adoption, new practices ought to acquire legitimacy to easily spread fast (Carruthers & Halliday, 2006; Davis & Greve, 1997; Zhao & Cao, 2017). As expected, for a foreign institutional practice to acquires legitimacy and symbolic significance in the home country environment, it must interconnect with the comprehensive institutional system and the reality of the local firms and other actors (Dunn & Jones, 2010; Kostova & Zaheer, 1999; Zajac & Westphal, 2004).

Thus, foreign institutional practices that are easily spread in the home country institutional environment will gain legitimacy and even popularity among local firms, governmental agencies, the public media, consumers, and the public. Therefore, if a foreign practice fails to connect with the home country's cognitive, normative and regulatory frameworks, it is likely to be ignored or rejected by the local firms (Zhao & Cao, 2017).

From this perspective, the relations between internationalised firms and local firms play an important role in shaping the adoption of foreign institutional practices (Bandelj, 2009; Liu, 2006). For example, after the spread of neoliberal ideology across the world, the adoption of its policies continued to vary across countries due to their different political systems and history (Fourcade-Gourinchas & Babb, 2002). During the market transition era in China, firms adopted foreign practices, such as performance-based pay and formal hiring procedures (Cao, 2004; Keister, 2002). One of the driving forces behind such adoptions was the strong promotion of the practices by firms and other actors as legitimate and inevitable (Zhao & Cao, 2017). The relationships between firms enabled adoption of the foreign practices.

Following the same logic, relations between internationalised and local firms dictate the outcome of foreign institutional practice adoption and its influence on home country industrial

development. If internationalised firms can enhance legitimacy and create a positive perception of foreign institutional practices by demonstrating their benefits to the home country, then they are likely to enhance the adoption of the foreign practices by local firms. Foreign institutional practices that do not direct benefit to the local industry are likely to create distrust (Newman & Nollen, 1996; Zhao & Cao, 2017) from the local firms. Specifically, Newman and Nollen (1996) found that foreign institutional practices that are primarily ideologically 'Western' may be at odds with China's entrenched cultural system and are therefore not viewed as beneficial to local industries.

Internationalised firms tend to maintain ties with both their home and foreign business partners, and they tend to face normative pressures from both sides (Zhao & Cao, 2017). Both ties demand common ground from the internationalised firm's orientation and practice. Such firms tend to adopt foreign practices that are of benefit to their home industry, showing responsiveness to both home and foreign country actors. In contrast, adopting foreign practices that are not beneficial to the home country industry can alienate the firm from its home partners, thus undermining its legitimacy and acceptance in its home country (Zhao & Cao, 2017). This was found to be particularly important in China, where cordial relations with home country partners was essential for success (Li, Poppo, & Zhou, 2008).

Multiple studies have shown that inter-firm relations shape the adoption of practices (Davis & Greve, 1997; Westphal et al., 1997). The inter-firm ties are used to channel institutional expectations, knowledge and information (Podolny, 2001). They compel firms embedded in the country's institutional systems to conform to dominant orientations and practices, as discrepant behaviours create undesirable, strenuous inter-firm relations (Rao et al., 2000; Schilling & Phelps, 2007; Zajac & Westphal, 2004).

Firms embedded in their home country institutional practices and operating in a foreign institutional environment can influence home country industrial development. An embedded firm is not just an actor in a particular country (Phillips et al., 2004); it is one that is integral to the industrial

functions in its home country. A firm's influence on the adoption of foreign institutional practices relates to the firm's 'voice' in its home country (Hardy et al., 2001).

Legitimately embedded internationalised firms are able to influence adoption of foreign institutional practices by local firms because their actions are validated by their own foreign institutional practice knowledge and experiences (Hardy et al., 2001; Phillips et al., 2000, 2004). These firms inspire change as they interact with other home country firms. Their experience speaks for them. It is thus hypothesised that:

H8: *Relations between local firms and internationalised firms moderate the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that the effect of the adoption of foreign institutional practices and relations between local firms and internationalised firms will be high when relations between local and internationalised firms are strong than when they are weak.*

3.2. Summary

Internationalisation literature has largely excluded the role that foreign institutional practice knowledge plays in home country industrial development. The proposed theoretical framework gives a description of the dynamics between institutional practices as firms internationalise from a developing country. The ability of foreign institutional practice knowledge to influence industrial development depends on the internationalised firm's capability to adopt foreign institutional practices and transfer the practices to its home country. The internationalised firm plays a very critical and central role in advocating for adoption of foreign institutional practice resulting in home country industrial development.

Chapter 4: Methodology

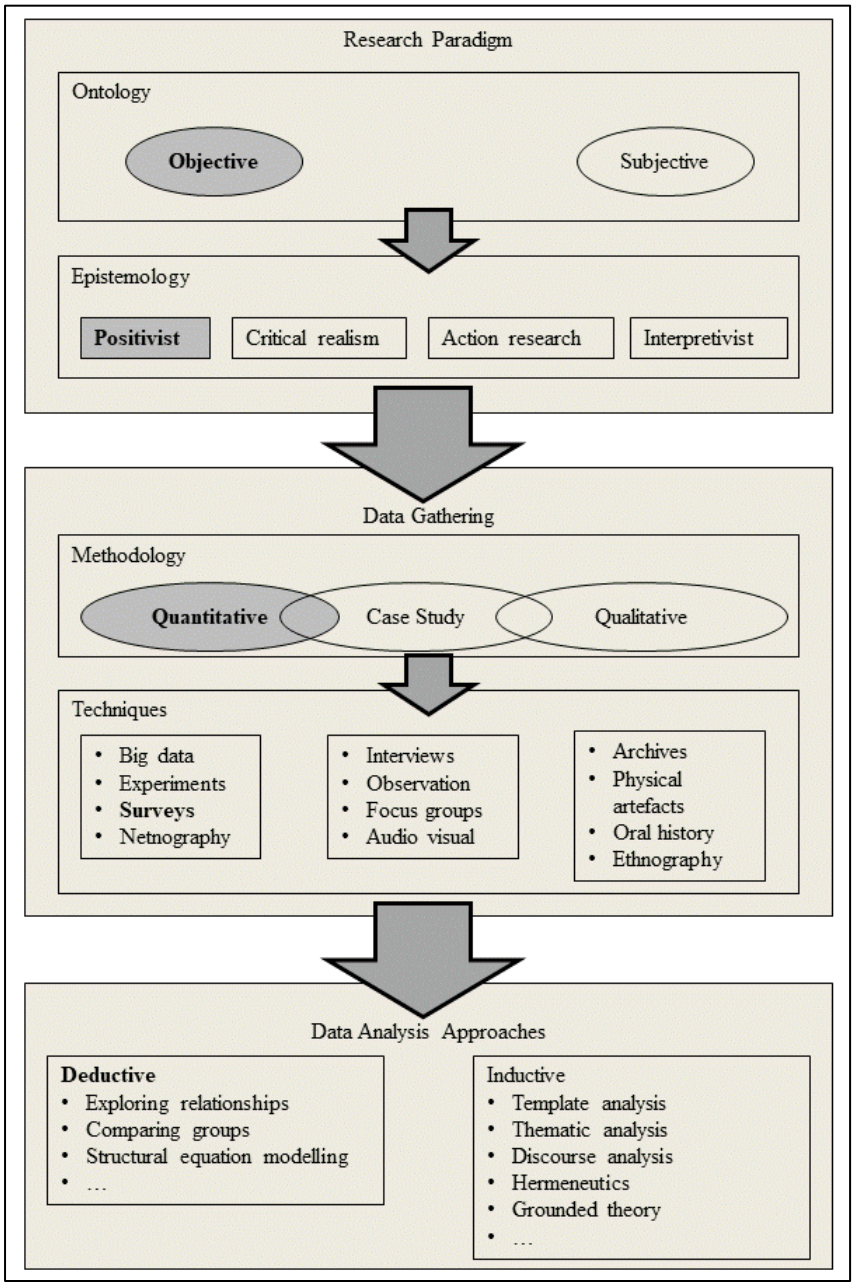
4.0.Introduction

This section discusses the approach the researcher used to collect data. Importantly, the section discusses the researcher's philosophical influences, their perception of reality and knowledge generation (Figure 6). The section lays the foundation for the critical decisions made by the researcher in their quest to answer the question of whether firm internationalisation influenced industrial development in the home country. First, it is important to highlight the philosophical and ontological inclinations of the researcher prior to discussing how data was collected because such predisposition of the researcher influences their perception of reality and knowledge, guide on how data should be collected, from whom it should be collected, and the consequent claims made.

Kuhn (1971) advised that once a paradigm is chosen then the researcher must remain within it and with it. A paradigm is a combination of metaphysical theory about the nature of business management objects or processes, and the consequential method which is tailored to acquire knowledge of those objects/processes (Harre', 1987). Although this researcher assumes a particular philosophical and ontological position, it is done with a full awareness that philosophies and knowledge generation can be opposing and contradictory at the same time, while still logical (Kant, 1780/1998 as cited by O'Gorman & MacIntosh, 2015). Although the philosophical position assumed by this researcher is logical, it is conceded that it may be incomplete; however, it is useful for the purpose at hand.

Figure 6

Methodological Approach (O'Gorman & MacIntosh, 2015)



4.1.Research philosophy and ontology

The ontological assumptions of researchers can be broadly summed up into two perspectives of "objective" and "subjective" (Figure 6). The objective perspective perceives reality as existing even when not being experienced or directly observed, and can be measured or tested, while on the other hand, the subjective perspective views reality as made up of interactions and perceptions of

living subjects or processes (Anderson, 1990; O'Gorman & MacIntosh, 2015), and thus, measuring it can be a mammoth task.

Being alive to the objective of this study of addressing the question of whether firm internationalisation influences industrial development at the home country, this researcher is cognisant that reality, for the purposes of this study may really be "real" as there is effect and can be positively verified through empirical observations and the logical analysis of what was observed (Barbie, 2016). Consequently, this researcher views the world and by extension, reality, as objective and therefore independent of any comprehension. Thus, the research objective can be achieved, and facts explained through robust, replicable methods.

4.2.Epistemology

Generally, there are four positions through which a researcher can gain compelling and reliable knowledge, being, positivist, critical realist, action research, and interpretivist. The position assumed by the researcher is dependent upon their assumptions about reality (Barbie, 2016). A researcher with an objective view of reality would usually be aligned to a positivist epistemology, while a researcher who views reality as subjective would be inclined to have an interpretivist epistemology (O'Gorman & MacIntosh, 2015).

Granted this researcher's objective ontological approach to this study, they are naturally positivist. The researcher approached this study seeking to explain whether firm internationalisation influences industrial development at the home country. In this approach, knowledge is generated through accumulation of facts resulting in principles that can then be generalised from empirical knowledge. Thus, the study explains the relationship between firm internationalisation and industrial development and predicts what happens in home industries when firms internationalise by searching for regularities and causal relationships.

4.2.1. A critique of epistemological approaches

Although the positivist approach has its roots in the natural sciences, researchers have consistently advocated that the same research approaches be used in social sciences (Barbie, 2016; Donaldson, 1996). The positivist approach is mechanical and determinist and has been argued to offer data that is precise and specific (Donaldson, 1996; O'Gorman & MacIntosh, 2015). On the other polar end, the interpretivist approach is fashioned around understanding the differences that lie between the natural sciences and the social sciences (Silverman, 1970; Weber, 1978), being that the former emphasises explanation while the latter emphasises understanding (Schutz, 1970; Weber, 1978). Weber, (1978) contends that studying human beings has an element of subjectivity that is lacking in natural sciences and pointed out that while physical systems cannot react to predictions made about them, social systems can.

The positivist and interpretivist approaches are at extreme polarity; in between, there is critical realism and action research (Figure 6). Some scholars argue that positivist and interpretivist as research paradigms should be kept apart as distinct approaches (Goles & Hirschheim, 2000; Kuhn, 1971; Orlikowski & Baroudi, 1991). However, there are others who strongly argue on the need for a balance in these extreme approaches (Bhaskar, 1978; Goldkuhl, 2004, 2012; Herr & Anderson, 2015; Marshall et al., 2005). Such discourse led to action research and critical realism as approaches that combine interpretivism and positivism.

Critical realism assumes that there is a reality that exists independent of human perceptions (Bhaskar, 1978; Easton, 2010), and that our access to this reality is always limited (ideologically and physically), and skewed by our human perceptions. This approach is usually critiqued on that, even though it makes assumptions about the world in order to develop knowledge from observations grounded in reality, it is accepted that such assumptions create a temporary reality, which might be different from another perspective (O'Gorman & MacIntosh, 2015). Critical realists hold that even though it might not be possible to verify universal characteristics of reality in an objective manner,

humans still behave as if it was possible to do so. The position of critical realists is that perceptions can and do shape reality. However, the power that perceptions have is dependent on some objective circumstances – that can be reliably measured (Danermark et al., 2002; Easton, 2010).

Action research is a highly applied and engaged approach which highlights collaboration of practitioners and researchers to bring some change. The term "action research" is a term referring to a number of research styles that seek to effect change to a situation being studied (Herr & Anderson, 2015; O'Gorman & MacIntosh, 2015). The researcher intervenes in organisations studied and works with organisational members over a matter of genuine concern to both of them and there is a genuine need to take action on the situation (Eden & Huxham, 2001; Herr & Anderson, 2015; Huang, 2010). The validity of action research is often challenged because it places emphasis on developing an understanding of the specific setting, thus it has limited capability to develop knowledge that can be generalised (Huang, 2010; O'Gorman & MacIntosh, 2015). This then has a compounding problem of potentially facing difficulties of publishing in reputable, mainstream peer-reviewed journals.

Although there is a temptation to balance positivism with interpretivism, as mixed methods are increasingly becoming popular, the researcher appreciates that "mixed philosophies are likely to be a recipe for confusion" (O'Gorman & MacIntosh, 2015, pp 66). The principle of interpretivist research is to create a holistic understanding of how a phenomenon is experienced and unfolds over time while positivism epistemology is inclined towards developing 'laws that explain why a phenomenon occurs' at a given point in time as opposed to 'understanding trends and how they occurred over time (Weber, 1978). Mixing the methods may thus result in confusion in explaining how firm internationalisation explains industrial development.

4.3.Methodological approach

The methodological approach of the current study is quantitative. Quantitative studies are defined as quantifying the problem or research question and establishing the mechanisms through which one or more quantitative variable(s) may affect another (Taheri et al., 2015). A quantitative

approach is appropriate for the study since extant literature has helped establish hypotheses (Dunn & Jones, 2010; Javernick-Will, 2009; Kostova, 1999; Kostova & Zaheer, 1999; Li & Ding, 2013; Phillips et al., 2000; Szulanski, 1996; Tannenbaum, 1997; Zhao & Cao, 2017). Thus, a qualitative approach was deemed inappropriate as the research ideas are well developed and trends proven in literature. Specifically, this was a survey study.

A survey is a structured method of asking the same questions in the same order to different respondents, and creating a database of answers for analysis (Sarantakos, 1988; Taheri et al., 2015). Surveys allow for natural exploitation of variables (Taheri et al., 2015) while looking for associations. Other reasons for using the survey are that they can be easily understood by respondents; and repeat studies can be conducted in future to track any changes. However, the researcher is mindful of its limitations such as exaggerated/under-reporting, and accuracy of recall.

4.4.Research design

There are two main types of survey research designs, explanatory (or analytical) and descriptive (Oppenheim, 2000; Taheri et al., 2015). The descriptive design aims at establishing the proportions of a given population who share characteristics. On the other hand, an explanatory design examines relationships and differences between groups, that is the *'why'* of cause and effect relationships (Taheri et al., 2015). This study explains the influence of firm internationalisation in industrial development; thus, the design is explanatory. The research design employed a cross-sectional survey (Machado et al., 2016). Surveys are often used to construct explanations about a given population (Li & Ding, 2013; Machado et al., 2016).

The target population of the survey consisted of SSA manufacturing firms (exporters and non-exporters). The SSA countries were selected based on convenience. These countries were found in the SSA CIP Index published by UNIDO. The sample was stratified based on the firm's internationalisation status (McPherson, 1996; Tybout, 2000). It was created from multiple websites designed for export development in their respective countries and maintained by their respective

Government departments. The respective websites (Table 2) provide a catalog of registered manufacturing firms or contacts of the registry managers who then shared member lists from their respective countries. For the manufacturer to be included in the sample they should not be a subsidiary or branch of a foreign company. Subsidiaries of foreign companies were not allowed to participate to avoid contamination and bias of different firm practices across countries (Bell et al., 2001). In addition, the exporter firm should be a manufacturer with a sales/distribution office in a foreign market.

Table 2

Websites for Exporting Firms in respective Countries

Country	**Website** Manufacturing association member list, business directory or any other business list for manufacturing firms
Botswana	https://www.gobotswana.com/sites/default/files/botswana-manufacturers-exporters-directory-2016.pdf
Swaziland	https://business-eswatini.co.sz/business-directory/
South Africa	https://sacci.org.za/membership/
Mauritius	https://www.mexamauritius.org/our-products
Cote I'dvore	https://www.apex-ci.net/en/
Uganda	https://www.uma.or.ug/membership/online-member-directory
Nigeria	https://www.manufacturersnigeria.org/MembersDirectory
Rwanda	https://www.rwandayp.com/browse-business-directory
Burundi	http://www.aib-burundi.org/en/membership.html
Malawi	https://www.mccci.org/index.php?option=com_sobipro&sid=1&Itemid=137
Gambia	https://www.giepa.gm/Gambian%20Export%20Companies
Cameroon	https://exima.com/exporters
Kenya	https://kam.co.ke/membership/
Senegal	http://www.snyello.com/category/Manufacturing_Industry
Gabon	http://www.gouvernement.ga/
Zambia	http://zam.co.zm/become-a-member/
Ghana	https://www.ghanachamber.org/index.php/membership/membership-category
Lesotho	http://www.ifashion.co.za/index.php?option=com_mtree&Itemid=107
Madagascar	http://www.gefp.mg/index.php/en/about-the-gefp/gefp-by-numbers
Tanzania	https://cti-tz.silkstart.com/cpages/home
Congo	http://www.congoyp.com/category/Manufacturing_Industry
Mozambique	https://clubofmozambique.com/business/directory/
Niger	http://www.gouv.ne/index.php?id_page=30
Central African Republic	https://www.rca-gouv.net/
Burkina Faso	http://www.cci.bf/?q=en/our-services/business-directories
Benin	https://www.go4worldbusiness.com/suppliers/benin/agriculture-and-food
Eriteria	http://www.eritrea.be/old/eritrea-business.htm
Ethiopia	http://ethiopianchamber.com/eccsa%E2%80%99s-members.aspx

4.4.1. Data collection

Data was collected in two parts. The first was collection of CIP index for the period 1990 to 2013 for SSA countries and the second was collection of survey data. The CIP index data was collected from the internet from reports published by the UNIDO. Figures for each country were manually captured in excel datasheets for the 24-year period and average calculated for each country. The average was to be used as a surrogate for the country's 'industrial development' index. However, the idea was abandoned after realising that the averages were only slightly different between countries (Table 5), making the continuous variable difficult to work with. The variable was then treated a binary, where a country could either have noticeable industrial development or not. Countries with an average index of more than zero were classified as having noticeable industrial development while those with an index of zero were classified as having unnoticeable industrial development.

Since the study investigates the relationship between firm internationalisation and industrial development, firms that have internationalised and those that have not were selected based on three criteria; (1) the availability of a the firm in a sample frame, which was in the form of either a manufacturing association member list, business directory or any other business list for manufacturing firms for a respective country; (2) possibility of getting responses on time; and (3) minimal language barriers, in that order. The possibility of getting a response was determined by availability of contact details for the company (not a generic email such as infor@xxx.com). Also, firms that did not use English in their websites were excluded.

An introductory email was sent to the Public Relations Officers (PRO) or Marketing officers of the selected firms explaining who the researcher was, their university affiliation and programme of study. These officers were contacted only because their details were easily available on the firm's websites on the 'contact us' section. The sent email highlighted the objectives of the study, potential benefits to the firm, benefits to the manufacturing community in their respective country and the

SSA region. Confidentiality of the firm and their responses was assured. A consent form that captured these details was attached to the email with a questionnaire. The PROs/Marketing Officers were asked to either share a questionnaire that was attached to the email with at least one Executive/Manager that was actively engaged in the internationalisation activities of their firm or share with the researcher the contact details of the Executives/Managers. Only one person per firm was expected to respond. Completed questionnaires were to be e-mailed back to the researcher.

The researcher started with firms in Botswana, their home country in 2016. A set of emails were sent out to the contact persons followed by a phone call. This was carried on until 100 firms were reached. This proved to be difficult and time consuming since only 46 responses were collected after weekly follow-ups were made for about 3 months. Due to the challenges experienced while collecting data in Botswana alone the researcher decided to seek help from research assistants from other countries. The first people that the researcher asked help from were those enrolled in the PhD programme at the University of Cape Town. The cohort that the researcher was in had 40 students and about half were based in other countries other than South Africa. They were helpful in suggesting someone in their home countries that could help with data collection at a fee. This was helpful but it was only in five (5) countries.

The researcher also engaged expatriate colleagues at the University of Botswana to suggest some people who could help with data collection in their home countries or any country in SSA at a fee. This approached proved to be better as expatriates had more contacts in their home countries and other countries. Expatriate colleagues informed other expatriates who did not work at the University, and this started a snowballing effect. Most of contacts from the expatriate community were very responsive. However, the researcher also followed up on them with emails. In most cases the colleague at the University that the researcher made first contact with took the responsibility of following up the research assistants without being asked to. This reduced coordination activities of the researcher.

Some few contacts were a result of the researcher attending a workshop in Ghana for upcoming researchers. Some of the attendants who were PhD scholars agreed to assist by suggesting some people who would help with data collection in their home countries. Unlike the expatriate community, the assistants suggested by this group was not as effective. However, some data was collected through them. The target for each country was 100 firms, half internationalised and the other locally based. All firms had to be engaged in some form of manufacturing. All in all, the process took slightly over 12 months (2017). However, this was a respectable time compared to how long it may have taken if the researcher had done it alone. Despite the efforts of reaching out to 100 firms in each country (total of 2800), we failed to get 100 responses in any of the countries. However, an average response rate of 46% was achieved (874 firms).

4.4.1.1.Importance of key respondents

The nature of the study and characteristics of the population were important factors in the selection of the selection of potential respondents (Frankfort-Nachmias & Nachmias, 1996; Kostova & Roth, 2002). Interest and familiarity with what the research seeks to achieve is argued to improve the response rate (Frankfort-Nachmias & Nachmias, 1996).

It has been argued in literature that key respondents should be selected based on their special roles or qualities within their firms (Campbell, 1955; Cowles, Kiecker, & Little, 2002; Spence & Crick, 2006). For instance, (Cowles et al., 2002) argues that respondents' selection should be based on two criteria; (1) they should occupy roles that make them knowledgeable on issues under investigation, (2) their ability and willingness to communicate with the researcher. Thus, executives involved in the firm's internationalisation activities were targeted for this study as appropriate sources of relevant data. Only one person per firm was targeted since many of the firms are small and very few people would be expected to influence internationalisation activities in the firm. In addition, any other person with a different role would add very little depth of knowledge to address the research objective (Spence & Crick, 2006).

4.4.1.2.Piloting the questionnaire

A pilot survey was conducted on a small sample of ten (10) firms in Botswana to test the internal validity of the questionnaire. By definition, a pilot study is a trial run of the main study done to examine the feasibility of the intended research approach. It resembles the actual study (Taheri et al., 2015). A pilot study gives a warning of whether the main study would fail, where research protocols may not be followed, whether the proposed questionnaire is appropriate or too complicated (Leon et al., 2011).

There are typically three steps to pilot testing, being in-depth interview or focus group discussion, followed by question adjustment, and lastly research process test. The first step establishes issues that need to be addressed in the main study, while the second step deals with revising the questions or revising the question order. The last step addresses the best ways to distribute and collect the questionnaires. For this study, pilot testing was done primarily to establish if the questions were easily understood by respondents. The results of the pilot showed that there was no obvious problem, so the questionnaire remained as it was.

4.4.1.3.Ethical considerations

According to the ethics in research handbook from the University of Cape Town, the identity of all respondents should be strictly kept confidential. The information extracted from the questionnaires should only be used in the publication of the findings as a thesis, journal article((s), and/or conference presentation(s). In addition, personal and confidential data cannot be identified in any report or publication. Moreover, any data that is stored must be properly labelled and put in a safe, secure, and restricted place such as a locked cabinet which is only accessed by the researcher. It is necessary to save electronic data in a secure computer with a password. All files containing confidential information shall be destroyed when they are no longer necessary. Moreover, respondents are to be protected from any harm and ethical procedures should be implemented when

collecting data. Before any data was collected, ethical clearance was sought and granted by the University of Cape Town Ethics committee (REF: REC 2018/002/017).

4.4.2. Sample characteristics

Twenty-eight (28 countries were used for the study with a total of 874 firms (Table 3). Half of the countries (14) had noticeable industrial development while the other half suffered unnoticeable industrial development. In total 48.9% of the firms had internationalised while 50.1% were based in their home countries. Sampled firms were evenly spread across countries. 34.8% of the firms were from countries with unnoticeable industrial development while 65.2% were from countries with noticeable industrial development (Table 4). 50.9% of the firms were not internationalised (home), while 49.1% had internationalised.

Of the internationalised firms (n = 429), 74.1% were from countries with noticeable industrial development, while only 25.8% were from countries with unnoticeable industrial development. 38.4% of internationalised firms from countries with noticeable industrial development were hosted by low institutional status countries whereas 61.6% of such firm were hosted by high institutional status countries. A majority (82%) of internationalised firms from countries with unnoticeable industrial development were hosted by countries with low institutional status, in contrast only 18% were hosted by high institutional status countries.

Table 3

Cross Tabulation of Home Country Industrial Development and Firm Internationalisation

Country	Industrial development		Firm internationalisation		
	Unnoticeable	**Noticeable**	**No**	**Yes**	**n (%)**
Botswana		X	17	29	46 (5.3)
Swaziland		X	15	31	46 (5.3)
South Africa		X	20	25	45 (5.1)
Mauritius		X	20	25	45 (5.1)
Cote I'dvore		X	20	25	45 (5.1)
Uganda	X		20	5	25 (2.9)
Nigeria	X		20	15	35 (4.0)
Rwanda	X		9	5	14 (1.6)
Burundi	X		9	5	14 (1.6)
Malawi	X		20	15	35 (4.0)
Gambia	X		20	5	25 (2.9)
Cameroon		X	8	15	23 (2.6)
Kenya		X	24	16	40 (4.6)
Senegal		X	19	31	50 (5.7)
Gabon		X	19	21	40 (4.6)
Zambia		X	28	24	52 (4.8)
Ghana		X	22	18	40 (5.9)
Lesotho		X	19	20	39 (4.5)
Madagascar		X	8	19	27 (3.1)
Tanzania		X	13	19	32 (3.7)
Congo	X		16	9	25 (2.9)
Mozambique	X		20	10	30 (3.4)
Niger	X		5	5	10 (1.1)
Central African Republic	X		9	5	14 (1.6)
Burkina Faso	X		15	8	23 (2.6)
Benin	X		11	9	20 (2.3)
Eriteria	X		10	5	15 (1.7)
Ethiopia	X		9	10	19 (2.2)
N (%)	**14 (50)**	**14 (50)**	**425 (48.6)**	**429 (49.1)**	**874**

Table 4

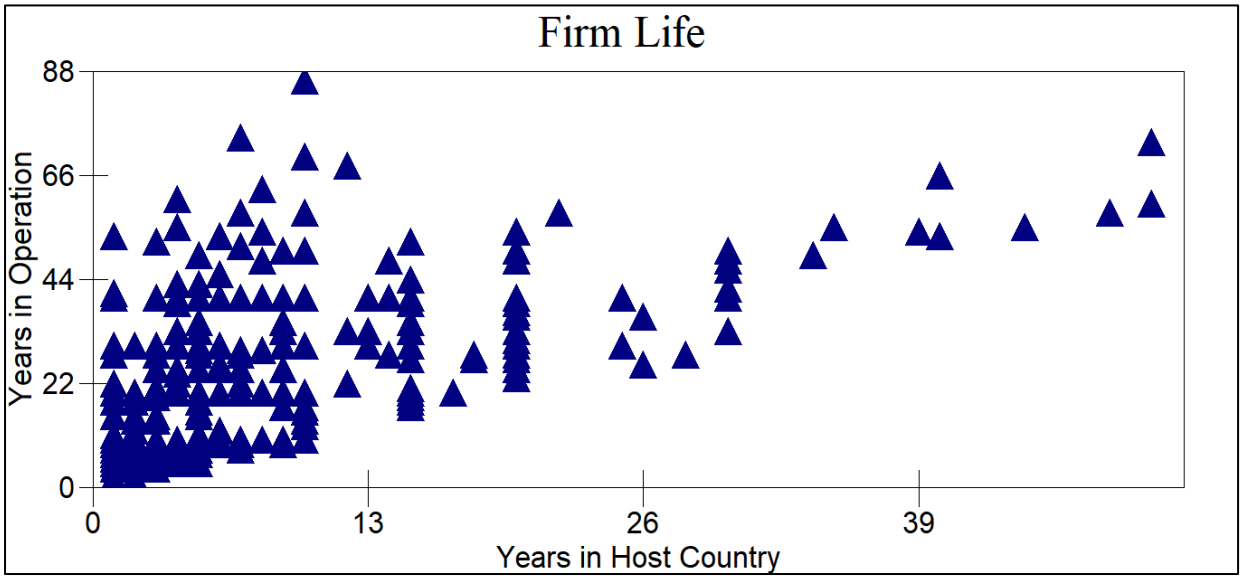
Cross Tabulation of Foreign Country Institutional Status and Home Country Industrial Development

Foreign country institutional status	Home country industrial development		
	Unnoticeable	**Noticeable**	**N (%)**
Home	193	252	445 (50.9)
LIS	91	122	213 (24.4)
HIS	20	196	216 (24.7)
N	**304 (34.8)**	**570 (65.2)**	**874**

Firms in the sample had been operating for at least a year in their home countries while the oldest has been operating for about 88 years, whereas internationalised firms had been in the foreign countries for at least a year and the longest is about 50 years (Figure 7). Most firms had been operating at their home countries for at most 40 years as compared to at most about 18 years in the foreign countries.

Figure 7

Years in Operation and Foreign Country



4.4.3. Measures

Likert scales were used to measure the main research variables because they are applicable interval scales that measure behaviour (Rugman & Hoon Oh, 2011). Likert scales have several advantages such as saving time, easy to use, and being more likely to be completed as compared to other forms of questionnaires (Tang, 2007). A seven-point scale was used as opposed to a five-point as the longer the scale the better the chances of detecting finer differences between respondents (Taheri et al., 2015). There were eight main variables in this study that used the likert scale being, compatibility with institutional practices in foreign country, favourability to learning, ability to learn, commitment to internationalisation activities, adoption of foreign institutional practices, home

government's relations with firms, interaction of firms, and home country adoption of foreign institutional practices. All variables are operationalised below, and their measures discussed.

4.4.3.1.Firm related dimension and control variables

Data on four firm related dimension variables was collected. These were (1) the firm's home country, (2) years of operation of the home country, (3) foreign country where the firm has the highest sales volumes and have a sales office, (4) years of operation in the foreign country. The Executive of firms were asked to state their firm's home country and foreign country. The home country was defined as where the firm has its head office while the foreign country was the country where the firm did most of its business outside its home country and has a sales office. The name of the firm's home country was then operationalised as either having noticeable industrial development or non-noticeable industrial development as informed by the CIP index (Table 5).

The name of the foreign country was operationalised as either Low Institutional Status (LIS) or High Institutional Status (HIS) depending on the country's level of development (Alonso & Garcimarti, 2013). The number of years in operation in either the home or home country were operationalised and measured as continuous variables in years.

To control for the firm and country characteristics that may drive the relationship between adoption of foreign institutional practices and home country industrial development the analysis includes firm level and country level control variables, respectively. The firm level control variables used were number of years operating at home and number of years operating in the foreign country. These two variables were included because firms that have been operating for longer at both the home country and foreign country may have better knowledge of institutional practices. In this study we control for years of operation using the reported actual number of years the firm has been operating. The country level control variables used were the home country average Gross Domestic Product (GDP) growth rate and the home country average GDP per capita over the 24-year period (1990 to 2013). Countries with higher GDP growth rate and GDP per capita have higher chances of

better industrial development. The average GDP growth rate and GDP per capita were the average for the 24-year period (1990 to 2013) as reported by the World Bank (The World Bank, 2020).

4.4.3.2.Defining the dependent variable and data structure

Research design and analysis for this study involves measuring dependent, independent, and moderating variables. Dependent variables are variables that are affected by other variable(s), while independent variables are those that affect the dependent variable(s) (Taheri et al., 2015), and moderating variables alter the strength of the causal relationship (Baron & Kenny, 1986; Kenny, 2018). For this study, the independent variable is adoption of foreign practices – at the firm, with four moderating variables, being, (1) compatibility with foreign country institutional practices, (2) favourability to learning, (3) ability to learn and (4) commitment to internationalisation activities. The dependent variable is industrial development – at the country level, with four moderating variables, being (1) adoption of foreign institutional practices at the home country, (2) foreign country institutional status, (3) government's relations with internationalised firms, and (4) relations between local and internationalised firms.

4.4.3.3.Operationalising the dependent variable at the country level

For this study, the dependent variable is industrial development at the country level. It is operationalised as an country's ability to develop local production capacity and have their presence in international markets (United Nations Industrial Development Organization, 2015). The variable was measured using the UNIDO's CIP Index. The CIP index is a concept of competitiveness that emphasises a country's manufacturing development (United Nations Industrial Development Organization, 2015). A country's manufacturing development reflects country's capacity to increase its presence in the international and domestic markets while developing industrial sectors and activities with higher value-added content. Hence, a country with a higher CIP index has the capacity to develop its manufacturing industry and expand into international markets.

The index is developed along three competitiveness dimensions. The first dimension captures a country's capacity to produce and export its manufactures, while the second covers its levels of technological deepening and upgrading. The last dimension is the country's impact on world manufacturing in terms of shares in value added and world manufacturing trade. The CIP index is a performance (outcome) indicator as opposed to being a potential indicator (process) (United Nations Industrial Development Organization, 2015). The index thus provides country rankings that remain relatively stable over long periods of time. The reason for the stability is that learning is a cumulative process that occurs over time. The stability makes the index suitable for the study since any changes in the index would be expected in the long term. This is because the effects of learning take long to be reflected in industries. The CIP index rankings for SSA countries for the period of 1990 to 2013 are shown in Table 5. The cut-off of 2013 was used only because at the time of data collection the latest published indices were for year 2013.

Table 5

SSA CIP Index (1990 - 2013)

	Country/Year	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	Average
1	South Africa	.07	.07	.07	.08	.08	.09	.09	.08	.08	.08	.08	.08	.08	.09	.08	.09	.09	.09	.09	.09	.09	.09	.08	.09	.08
2	Mauritius	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.03	.03	.03	.03	.03	.03	.02	.03	.02	.03	.04
3	Swaziland	.03	.03	.003	.003	.003	.003	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.02	.02	.02	.02	.02	.02	.02	.02
4	Botswana	.02	.02	.002	.002	.002	.002	.02	.02	.02	.02	.03	.03	.03	.03	.02	.02	.02	.02	.02	.02	.02	.02	.02	.03	.02
5	Cote I'dvoire	.02	.02	.002	.002	.002	.002	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02
6	Cameroon	.01	.01	.001	.001	.001	.001	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01
7	Kenya	.01	.01	.001	.001	.001	.001	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01
8	Senegal	.01	.01	.001	.001	.001	.001	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01
9	Gabon	.01	.01	.001	.001	.001	.001	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01
10	Zambia	.01	.01	.001	.001	.001	.001	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01
11	Ghana	.01	.01	.001	.001	.001	.001	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.007	.01
12	Lesotho	.01	.01	.001	.001	.001	.001	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	-	-	-	.01
13	Madagascar	.004	.01	.004	.004	.003	.004	.004	.004	.01	.003	.003	.003	.004	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.006	.01
14	Tanzania	.003	.003	.003	.003	.003	.003	.003	.003	.004	.004	.004	.003	.004	.003	.004	.004	.004	.01	.01	.01	.01	.01	.01	.007	.01
15	Nigeria	.003	.003	.003	.003	.004	.004	.004	.01	.004	.003	.002	0	.01	.01	.01	.001	.001	.001	.001	.001	.01	.01	.01	.01	0
16	Congo	.003	.003	.003	.003	.004	.004	.004	.004	.004	.003	.004	.004	.01	.01	.01	.001	.001	.001	.001	.001	.01	.01	.01	.01	0
17	Mozambique	.002	.002	.002	.002	.002	.002	.003	.003	.003	.003	.003	.003	.004	.01	.01	.001	.001	.001	.001	.001	.003	.01	.01	.007	0
18	Niger	.004	.004	.004	.004	.004	.004	.004	.004	.004	.004	.004	.004	.004	.003	.003	.003	.003	.003	.003	.003	.003	.003	.003	.005	0
19	Malawi	.003	.003	.003	.004	.004	.003	.004	.003	.003	.003	.003	.003	.002	.003	.003	.002	.002	.003	.003	.003	.003	.004	.004	.003	0
20	Uganda	0	.001	.001	.001	.001	.002	.003	.003	.002	.002	.002	.002	.002	.002	.002	.003	.004	.004	.004	.004	.004	.01	.01	.004	0
21	Central African Republic	.003	.003	.003	.003	.003	.003	.003	.002	.003	.003	.003	.003	.002	.002	.002	.003	.003	.002	.002	.002	.001	.001	.001	.001	0
22	Burkina Faso	.002	.001	.002	.002	.002	.001	.001	.003	.003	.003	.003	.002	.002	.003	.003	.002	.002	.002	.002	.002	-	-	-	-	0
23	Benin	.001	.001	.002	.002	.002	.002	.002	.002	.002	.002	.002	.002	.003	.002	.002	.003	.003	-	-	-	-	-	-	-	0
24	Rwanda	0	0	0	0	0	0	0	.001	.001	.001	.001	.001	.002	.001	.002	.002	.002	.002	.002	.003	.002	.003	.003	.003	0
25	Burundi	.002	.002	.002	.002	.001	.001	.001	0	0	0	0	.001	0	.001	.001	.001	.001	.002	.001	.001	.001	.001	.001	.001	0
26	Gambia	.001	.001	.001	.001	.001	.002	.001	.001	.001	.001	.001	.001	.001	0	.001	.001	0	.001	0	.001	.001	0	.001	0	0
27	Eritrea	.001	.001	.001	.001	.001	.001	.001	.001	.001	.001	.001	.001	.001	0	0	0	.001	0	0	0	0	0	0	0	0
28	Ethiopia	.001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	.002	0

The rankings are based on the average country CIP index for a 24-year period, between years 1990 and 2013. Countries were clustered based on CIP average values into three color-coded sets: top, middle, and bottom. Countries in the top set have the most noticeable industrial development in the SSA region. The set consists of five (5) countries being, South Africa, Mauritius, Swaziland, Botswana, and Cod'Ivoire. The middle set consists of countries with average industrial development. Among them are countries such as Cameroon, Kenya, Senegal, Gabon, and Lesotho. The bottom set is the largest, consisting of 14 countries. The set consists of countries with non-noticeable industrial development. Amongst them are countries such as Mozambique, Malawi, Rwanda, Ethiopia, Uganda, and Eritrea.

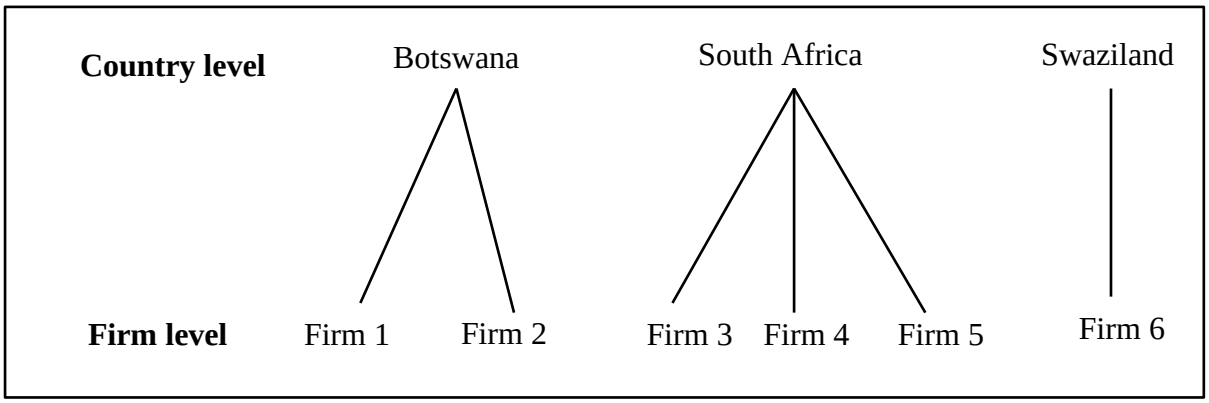
Table 5 provided the country population for the study. All countries were included in the study since literature gives varying rules of thumb on the minimum number of countries to be included in a multi-level study. The suggestions range from eight to even over a hundred (Hox et al., 2012; Kreft & de Leeuw, 1998; Meuleman & Billiet, 2009; Park & Yu, 2018; Stegmueller, 2013). While there have been debates on the appropriate sample size for accurate multilevel studies (Hox et al., 2012; Meuleman & Billiet, 2009; Stegmueller, 2013) statistical methods have been found to work well with small sample sizes (Hox et al., 2012; Stegmueller, 2013), even as small as five countries (Stegmueller, 2013). This is because when groups are many neither the random nor fixed components are affected by the small group size (Hox et al., 2012; Park & Yu, 2018).

Some of the studies that have used small groups include the third wave of SHARE (2008-2009) which used 13 countries (http//www.share-project.org), a study by Normand & Zou, (2002) which uses ten groups, and another by Browne & Draper, (2006) which uses six groups. The country sample size of twenty-eight (28) is found to be appropriate as at least twenty-five (25) groups are recommended for two-level studies in order to ensure a desired

level of power given a relevant effect sizes (Snijders & Bosker, 1993). The underlying two-level hierarchy structure of the data is presented in Figure 8. The units are firms and countries. The lower units are for the firm classifications (e.g., firm 1, firm 2, firm 3…e.tc) and the higher units form the country classifications (e.g., Botswana, South Africa, Swaziland…etc.). Figure 8 is a diagram to convey the essential structure of firms nested within countries.

Figure 8

Nested Data Hierarchy Structure (unit diagram – firms in countries)



However, the data is cross classified by the firm and country industrial development status. Not all firms from the same country are internationalised and firms operate in countries with different industrial development statuses. Consequently firms are nested in a two-level cross classification structure (Leckie & Bell, 2013) of firm-by-country-by-industrial development status. Industrial development for different countries was classified as either noticeable or not noticeable based on average CIP index over the 24-year period (Table 5). Therefore, the data used was binary, where the CIP index was above zero industrial development was perceived as noticeable (1) but if the CIP index was zero or below industrial development was perceived to be not noticeable (0).

4.4.3.4.Operationalising the independent variable at the firm level

The independent variable at the firm level is adoption of foreign practices by the firm. It is argued that this comes about primarily as a result of firm internationalisation, where a firm seeks to maximise its source of competitive advantage in multiple markets (Ghoshal & Bartlett, 1988; Kostova & Roth, 2002). Firm internationalisation is the sequential build-up of international commitments over time (Johanson & Vahlne, 1977, 2003; Johanson & Wiedersheim-Paul, 1975). Thus, firm internationalisation is conceptualised as a firm's presence in a foreign country.

Adoption of foreign practices is operationalised as the actual implementation of a foreign practice and believing in the value of the foreign practice (Kostova & Roth, 2002). The foreign practices are diffused into the firm and gained normative acceptance. The study did not focus on any specific practices as the respondents had varying experiences. We adapted Kostova & Roth (2002) operationalisation of foreign practice adoption. The focus was on what the firm considered practices of strategic importance based on their line of business. The implementation of the practices should have at least been started in the preceding (5) years.

The measure adopted from Kostova & Roth (2002) asked respondents to assess the level of implementation of new/foreign practices at their firm. Specifically, the respondents assessed the: (1) overall implementation of new/foreign practices, (2) leadership (practice communicated, supporting change, actions reflect importance of new practice), (3) information and analysis (information tacking), (4) planning (acting on plans, strategic business planning), (5) business results (improvement through innovation, improvement in overall quality), and (6) customer satisfaction (customer requirements, flexibility, satisfaction). The average of the items was used to operationalise foreign practice adoption.

4.4.3.5.Operationalising moderating variables at the firm level

The moderating variables at the firm level are: (1) compatibility with foreign institutional practices, (2) favourability to learning, (3) ability to learn, and (4) commitment to international activities. The measure for compatibility of the firm with foreign institutional practices in the foreign country was grounded on the conceptualisation of institutions as norms of behaviour, practices, and conventions that guide business relations (North, 1990; Rogers, 2003). National institutions shape the way firms conduct their business and influence managerial discretion by imposing constraints on manager's actions (Boisot & Meyer, 2008; Meyer & Peng, 2005; Sartor & Beamish, 2014). The measures were adopted from Sartor & Beamish (2014) behaviourally-oriented institutions construct (BOII). The construct was developed from items selected from the World Competitiveness Yearbooks (WCY) published by the International Institute for Management Development (IIMD). The WCY collects data from international business executives on their perceptions of regarding prevailing institutions in respective countries worldwide (Sartor & Beamish, 2014). The BOII measures the differences in the reputation of managers in both the home and foreign country with respect to issues of managerial credibility and ethical practices (Sartor & Beamish, 2014). The average of the items was used to operationalise compatibility.

Organisational learning is a pre-requisite for a firm's future survival. This is because firms need to continuously change internally and adapt to their operational environment (Lahteenmaki et al., 2001). A firm's ability to both learn and create a conducive learning environment are therefore a major source of competitive environment. A learning firm is conceptualised as one that facilitates the learning of all its members and continuously transforms itself (Pedler et al., 1991), - it is able to learn and favours learning.

Measures for learning were adopted from Lahteenmaki et al. (2001) dynamic model of organisational learning. They conceptualise the firm's ability to learn as facilitating

members of a firm to learn, that is removing hinderances to an individual's learning and the firm supports the process in a proper way. The adopted scale asked respondents to assess their firm on its ability to facilitate eight (8) indicators of learning being (1) an open minded and positive attitude towards risk taking, (2) learning by mistakes, (3) open communication, (4) willingness to develop oneself, (5) challenging and meaningful work, (6) preconditions to taking initiatives, (7) encouraging activeness in one's work, and (8) minimal distress of personnel. An average measure for the items was used to operationalise learning.

Favourability to learning is conceptualised as putting in place structural changes or conditions that support organisational learning. Without enabling structures it would be challenging for the firm to be efficient and adapt to environmental changes (Lahteenmaki et al., 2001). The scale adopted from Lahteenmaki et al. (2001) required respondents to assess the firm on its ability to influence individuals within the firm to want *build the future together*. Specifically, respondents rated the firm on eight (8) items being, (1) ability to cooperate, (2) efficient decision making, (3) efficient and fluent information flow, (4) ability to use teamwork, (5) business-oriented operational culture, (6) efficient strategic planning, (7) fluent work processes, and (8) management support of personal development. An average of the items was used to operationalise favourability to learning.

Measures for the commitment to internationalisation activities were adopted from Tan et al., (2014) export commitment index. The factors for the index were developed with a view of identifying export commitment as a transition between pre-internationalisation and first export activity. Export commitment is thus conceptualised as the degree to which a firm exerts considerable effort to maintain its international activities (Kostova, 1999; Tan et al., 2014). The factors used from the scale asked the respondents to assess their firm on seven (7) items after exposure to a favourable export stimuli, being (1) communication of interest in exporting throughout the firm to seek opinion, (2) seeking more relevant information from

internal relevant sources, (3) seek more information from a network firm, (4) seeking more information from a local government agency, (5) evaluation of benefits and risks relating to potential export markets, (6) making an assessment of our own resource capabilities, and (7) evaluate the advantages and disadvantages of exporting against our firm goals. An average was used to operationalise commitment to internationalisation activities.

4.4.3.6.Operationalising variables at the country level

Adoption of foreign institutional practices at the country level naturally happens at the firm level and emerges at the country level. The emergence is determined by how popular or compatible practices are for the country as firms copy each other (Kostova & Roth, 2002; Li & Ding, 2013) or succumb to pressures of gaining legitimacy (Li & Ding, 2013).

The three moderating variables at the country level being (1) foreign country institutional status, (2) home government's relations with internationalised firms, and (3) relations between local and internationalised firms were measured using sets of statements that used a 7-point Likert scale (1 to 7) that measured the respondent's level of assessment of their firm based on the selected statement. On the scale, 1 represented a very weak assessment while 7 represented a very strong assessment.

Respondents were asked to state their firm's home country and the country their firm does a lot of business with. The country at which the firm did a lot of business (highest sales) was then used as a surrogate for the foreign country. This was an important exercise in order to avoid problems of endogeneity (Alonso & Garcimarti, 2013) as firms may be exporting to both HIS and LIS countries. The foreign country that a firm does a lot of business with is considered most important to the firm and thus most likely to influence its practices (Sartor & Beamish, 2014). The foreign country was then classified as either HIS or LIS depending on institutional quality criteria as suggested by Alonso & Garcimarti (2013). They found that institutional quality is primarily determined by a country's developmental level. Other

secondary determinants are income distribution, a tax system, and education levels. Income distribution provides the necessary conditions to maintain institutional quality, while the tax system and educational level improves institutional quality (Alonso & Garcimarti, 2013).

Home government's relations with internationalised firms was measured using two items from indicators of country level coordination and three items from indicators of overall national policy patterns by Siaroff (1999). The items were used to measure the level of coordination in making important economic policies between governments and the private sector (Siaroff, 1999). Specifically, the items asked respondents to assess (1) the coordination of the nature economic ties and outlook of firms, (2) the extent of co-determination is regulated with broad involvement, (3) the nature of conflict resolution in industrial adjustment and wage setting, (4) the extent of generalised political exchange in industrial relations and policy making, and (5) the general nature of public-private interaction. The average for the items was used to operationalise government's relations with internationalised firms.

Relations between local and internationalised firms was measured using relational factors found to strongly influence interorganisational relationships (Kozuch & Sienkiewicz-Matyjurek, 2016). Interaction of firms is conceptualised as engagement of firms in a common activity to achieve a common goal (Phillips et al., 2000). The growing significance of interorganisational interactions on practices results from environmental uncertainty, and quest for cooperative advantage (Kozuch & Sienkiewicz-Matyjurek, 2016). The factors identified by Kozuch & Sienkiewicz-Matyjurek (2016) include, (1) collaboration of firms, (2) interdependence of firms, (3) close links between firms, (4) the extent of conflict between firms, (5) uncertainty in the country, and (6) expectations of firms. The average for the items was used to operationalise relations between local and internationalised firms.

4.5.Data analysis

4.5.1. Analysis techniques

Several statistical techniques were exploited during the data analysis process through the use Statistical Package for Social Sciences (SPSS v25) and MLwiN 3.02 software. Exploratory factor analysis was carried out to determine the underlying structure of the measured constructs. Cronbach's alpha reliability analysis was carried out to measure the reliability of the constructs. The links between various independent and dependant variables were tested using techniques such a Pearson's correlation matrix and other statistical tests such as Mann-Whitney U test and Pearson's Chi-square test. Lastly, a descriptive statistical analysis was carried out to provide an overview of the data.

Finally, the logistic regression analysis was used as the main multivariate analytical technique for this research, with which to test the relationship between the various independent variables and industrial development in a multilevel approach (Steele, 2009). The analysis explored the non-hierarchical two-level data structure and fit a binary response variable in multi-level models to examine the relative importance of firm internationalisation as a source of variation on the home country's industrial development.

4.5.2. Exploratory factor analysis

To examine the underlying structure of the measured constructs data collected was subjected to principal components axis factoring with promax rotation. Prior to running the principal axis factoring, examination of the data indicated that not every variable was perfectly normally distributed. However, these deviations were not considered to be problematic given the robust nature of factor analysis. A linear relationship was identified among the variables. Seven factors (with Eigenvalues exceeding 1) were identified as underlying the questionnaire items. (see Table 6). In total, these factors accounted for around 85% of the variance in the data. Adoption of foreign institutional practices accounted for

18%, commitment of an internationalised firm to internationalisation activities accounted for 11.12%, favourability to learning of an internationalised firm accounted for 11.14%, ability to learn by an internationalised firm accounted for 13%, relations between local and internationalised firms accounted for 12.01%, and home government relations with an internationalised firm accounted for 9.14%.

Table 6

Promax rotated factor structure of the questionnaire items

Item description (% variance)	**Factor loadings**
Adoption of foreign institutional practices (18%)	
New/foreign practices in general	.88
Leadership (practice communicated, supporting change, actions reflect importance of new practice).	.85
Information and analysis (information tracking)	.82
Planning (acting on plans, strategic business planning)	.89
Business results (improvement through innovation, improvement in overall quality)	.81
Customer focus and satisfaction (customer requirements, flexibility, satisfaction)	.79
Compatibility of an internationalised firm's practices with the foreign country institutional practices (10.73%)	
Ethical practices are always implemented in our firm in our home country	.79
Ethical practices are always implemented in our firm at the foreign country	.85
The credibility of our managers is very strong in our home country	.83
The credibility of our managers is very strong in the foreign country	.87
Commitment of an internationalised firm to internationalisation activities (11.12%)	
Communication of interest in exporting throughout the firm to seek opinion	.91
Seek more relevant information from internal relevant sources	.86
Seek more information from a network firm	.78
Seek more information from a local government agency	.83
Evaluation of benefits and risks relating to potential export markets	.85
Assessing our own resource capabilities	.79
Evaluate the advantages and disadvantages of exporting against our firm goals	.88

Table 6 continued

Favourability to learning of an internationalised firm (11.14%)	
Ability to cooperate	.82
Efficient decision making	.88
Efficient and fluent information flow	.81
Ability to use teamwork	.77
Business-oriented operational culture	.80
Efficient strategic planning	.79
Fluent work processes	.78
Management support of personal development	.88
Ability to learn by an internationalised firm (13%)	
An open minded and positive attitude towards risk taking	.77
Learning by mistakes	.80
Open communication	.79
Willingness to develop oneself	.76
Challenging and meaningful work	.84
Preconditions to taking initiatives	.82
Encouraging activeness in one's work	.75
Minimal distress of personnel	.85
Relations between local firms and an internationalised firm (12.01%)	
Collaboration of firms is high	.75
Interdependence of firms is intense	.80
There are close links between firms	.89
Conflict between firms is high	.86
Uncertainty in firms is high	.90
Expectations of firms are similar	.85
Home government's relations with an internationalised firm (9.14%)	
Nature of economic ties is coordinated.	.88
Extent of co-determination in the workplace is required and regulated with broad involvement, and with councils dependent on unions.	.85
Nature of conflict resolution in conflict resolution in industrial adjustment and wage setting is bargained or networked.	.90
The extent of generalised political exchange in industrial relations and national policy making is extensive, both at the firm and national level	.87
General nature of public-private interaction is encompassing	.86

4.5.3. Reliability analysis

The Cronbach's alpha reliability coefficient was used to assess the reliability of the seven (7) study constructs. Cronbach's alpha is the most used measure to determine if the individual items of the scale measure the same construct (Hair, Black, Babin, Anderson, & Tatham, 2014; Sullivan & Bauerschmidt, 1990; Szulanski, 1996; Westphal & Khanna, 2003).

Alpha's above the threshold value of .60 were adopted as representing the lower levels of acceptability to pass the reliability test (Hair et al., 2014). As shown in Table 7, Cronbach's alpha for all the variables was beyond the .70, suggesting that the items are acceptably reliable in measuring the same underlying variable. Some variables are directly measured in this study, thus not requiring a multi-item scale that require operationalisation. Such variables are home country's industrial development, years in operation, foreign country, years operating in the foreign country. These variables are not included in Table 7.

Table 7

Reliability Statistics

Scale	Cronbach's alpha	N of items
Adoption of foreign institutional practices	.83	6
Compatibility of an internationalised firm's practices with the foreign country institutional practices	.80	4
Commitment of an internationalised firm to internationalisation activities	.83	7
Favourability to learning of an internationalised firm	.78	8
Ability to learn by an internationalised firm	.80	8
Relations between local firms and an internationalised firm	.89	6
Home government's relations with an internationalised firm	.87	5

4.5.4. Outliers and missing data

A structured approach to addressing missing data and outliers was used (Hair et al., 2014). Patterns of the missing data was examined to determine the extent of the missing data for individual variables and firms. Resulting from this, 419 firms were deleted because of excessive missing data (over 50%) (Hair et al., 2014). After dealing with missing data, no cases in this study were found to be an outlier or being unrepresentative of the sample due to extreme characteristics of variables.

4.5.5. Logistic models

To test the relationship between firm internationalisation and industrial development logistic models have been used. The theoretical models consider one dependent variable at

the country level (industrial development) and one independent variable at the firm level (adoption of foreign institutional practices). There are a total of seven moderating variables, four at the firm level (compatibility of an internationalised firm's practices with the foreign country institutional practices, favourability to learning of an internationalised firm, ability to learn by an internationalised firm, and commitment of an internationalised firm to internationalisation activities) and three at the country level (foreign country institutional status, home government's relations with an internationalised firm, and relations between local firms and an internationalised firm).

4.5.6. Statistical assumption of the logistic models

There are statistical assumptions that were assessed as required in logistic models (Peng, Lee, & Ingersoll, 2002). However, most fundamental statistical assumptions of multivariate analysis were achieved given the non-normal distribution of the data (Table 8). Firstly, the results of both the Kolmogorov-Smirnov and Shapiro-Wilk normality tests show that the data is not normally distributed across all the variables ($p = .000$).

Secondly, the dependent variable should be dichotomous which is the case for both the dependent variables of industrial development (country level) and adoption of foreign institutional practices (firm level). Third, there are no outliers in the data. The effect of multicollinearity among moderating variables was also checked. Pearson's correlation matrix was calculated to check any potential multicollinearity problems (Table 10). The correlations were below the cut-off threshold point of 0.7.

Table 8

Normality Tests

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Industrial development	.46	429	.00	.55	429	.00
Years in operation of the firm	.18	429	.00	.90	429	.00
Number of years operating in the foreign country	.22	429	.00	.77	429	.00
Average GDP growth rate	.19	429	.00	.98	429	.00
Average GDP per capita	.22	429	.00	.77	429	.00
Foreign country institutional status	.34	429	.00	.64	429	.00
Adopt foreign institutional practices	.16	429	.00	.90	429	.00
Compatible of an internationalised firm's practices with the foreign country	.17	429	.00	.92	429	.00
Commitment of an internationalised firm	.12	429	.00	.94	429	.00
Favourability to learning of an internationalised firm	.14	429	.00	.93	429	.00
Able to learn by an internationalised firm	.14	429	.00	.92	429	.00
Relations between local firms and the internationalised firm	.15	429	.00	.91	429	.00
Home government's relations with an internationalised firm	.14	429	.00	.92	429	.00
a. Lilliefors Significance Correction						

A second factor of multicollinearity was calculated, the variance inflation factor (VIF), was calculated to provide as an indication of multicollinearity problems between variables used in logistic models. An assessment of the VIF results showed that all values ranged between 1.05 and 1.94 (Table 9), which are well below the threshold level of 10 (Hair et al., 2014).

Table 9

Variance Inflation Factor

Model	Collinearity Statistics	
	Tolerance	VIF
Internationalised	.95	1.05
Years in operation of the firm	.61	1.65
Average GDP growth rate	.70	1.42
Average GDP per capita	.64	1.56
Foreign country institutional status	.52	1.94
Number of years operating in the foreign country	.61	1.63
Adopt foreign institutional practices	.52	1.91
Compatibility of an internationalised firm's practices with the foreign country	.61	1.65
Commitment of an internationalised firm	.55	1.80
Favourability to learning of an internationalised firm	.64	1.56
Ability to learn by an internationalised firm	.65	1.54
Relations between local firms and the internationalised firm	.62	1.62
Home government's relations with an internationalised firm	.55	1.83
Dependent Variable: Industrial development at home country		

Table 10

Pearson's Correlation Matrix

Variable	1	2	3	4	5	6	7	8	1	2	3	4	5	6
Firm level														
Firm Internationalisation Status	1.00													
Years in operation	.29	1.00												
Years operating in foreign Country	.25	.02	1.00											
Adoption of foreign institutional practices	.39*	.08	.05	1.00										
Compatibility of an internationalised firm's practices with the foreign country	.26*	.024	.05	.47*	1.00									
Commitment of an internationalised firm	.41*	.11	.10	.51*	.15	1.00								
Favourability to learning of an internationalised firm	.27*	.14	.04	.38*	.23	.36*	1.00							
Ability to learn by an internationalised firm	.33*	.13	.13	.39*	.13	.43*	.39*	1.00						
Country Level														
Home country industrial development									1.00					
Average GDP growth rate									.45*	1.00				
Average GDP per capita									.36	.45*	1.00			
Foreign country institutional status									.45*	.23	.34	1.00		
Relations between local firms and the internationalised firm									.38	.46*	.42*	.38	1.00	
Home government's relations with an internationalised firm									.53*	.42	.40	.35	.32	1.00
Means	.74	.99	23.22	.50	9.10	2.89	3.41	3.79	3.40	3.32	3.22	0.31	3.59	2.89
S.D	.44	.07	16.89	.50	9.51	1.62	1.81	1.78	1.74	1.82	1.83	0.46	1.87	1.62

$p < .05$*

4.5.7. Summary

This chapter addressed the research design, methodology and data collection. To answer the research question, a quantitative research approach was deemed appropriate to provide an empirical test of the integrative theoretical framework and hypotheses developed in Chapter 3. Following the positivist philosophy that guided this study, survey method and design was discussed. The results of this study are presented in the next Chapters.

Chapter 5: Results

5.0.Introduction

This section discusses the results of the study. Firstly, the section presents empirical findings from the survey with regards to the influence firm internationalisation on industrial development. For the purposes of testing the hypotheses presented in Chapter 3, logistic regression analysis is applied to examine the combined effect of firm level variables and country level variables leading to the home country's industrial development.

5.1.Comparison between internationalised and non-internationalised firms

The differences in terms of variables between internationalised firms and non-internationalised firms is of interest to this study. Thus, the Mann-Whitney U test was applied to compare the two groups of firms, i.e., internationalised firms vs non-internationalised firms on the study variables. Table 11 presents the results.

The results show that the 'internationalised firms' group has a higher means ranking on all the constructs. However, statistically significant differences were found between internationalised firms and non-internationalised firms on all constructs except the 'compatibility' construct.

The relationship between firm internationalisation and industrial development is of interests to this study. The internationalisation status of the firms in the sample was classified as either 'yes' (internationalised) or 'no' (not internationalised) and whether the firms were from countries with 'noticeable industrial development' or 'unnoticeable industrial development. To verify that the firm's internationalisation status and its home country's industrial development status are dependent a Pearson's Chi-Square test was applied. The results show that there is a statistically significant ($p = .000$) between the variables (Table 12). This means that the firm internationalisation status influences home country's industrial

development. Firms that are internationalised are mostly likely to be from countries that experience noticeable industrial development (Table 14).

Similarly, a Pearson's Chi-Square test was applied to test the relationship between 'adoption of foreign practices' variable by firms with the industrial 'development variable'. This test was necessary since firm internationalisation is conceptualised as adoption of foreign practices in this study. The results were also statistically significant ($p = .000$) (Table 13), showing that the two variables are not independent of each other. That is adoption of foreign practices by firms influences industrial development.

Table 11

Mann-Whitney U test

		Home country industrial development	Foreign country institutional status	Adoption of foreign institutional practices	Compatibility of an internationalised firm's practices with the foreign country	Commitment of an internationalised firm	Favourability to learning of an internationalised firm	Ability to learn by an internationalised firm	Relations between local firms and the internationalised firm	Home government's relations with an internationalised firm
Mean ranking	Non-internationalised	400.82	224.47	57.50	209.75	31.50	340.30	376.00	376.16	372.81
	Internationalised	475.90	660.51	215.74	215.02	215.86	539.16	501.88	501.71	505.22
Mann-Whitney U		79036	211	112	417	60	52024	67945	68016	66519
Wilcoxon W		179166	100339	115	420	63	152152	168073	168144	166647
Z		-5.33	-27.88	-1.84	-.06	-2.13	-11.94	-7.54	-7.55	-7.88
Asymp. Sig. (2-tailed)		.00	.00	.07	.95	.03	.00	.00	.00	.00

Table 12

Chi-Square test - Relationship between Firm Internationalisation Status (Firm level) and Industrial Development (Country level)

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	29.48[a]	1	.000		
Continuity Correction[b]	28.71	1	.000		
Likelihood Ratio	29.76	1	.00		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	29.44	1	.000		
N of Valid Cases	874				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 149.22.
b. Computed only for a 2x2 table

Table 13

Chi-Square test - Adoption of Firm Practices (firm level) and Industrial Development (Country level)

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	91.52[a]	6	.00
Likelihood Ratio	91.01	6	.00
Linear-by-Linear Association	65.69	1	.00
N of Valid Cases	429		

a. 2 cells (14.3%) have expected count less than 5. The minimum expected count is 3.10.

Table 14

Crosstabulation of Internationalisation Status and Industrial Development

			Industrial Development (ID)		
			Unnoticeable ID	Noticeable ID	Total
Internationalised	No	Count	193	252	445
		% within Internationalised	43.4	56.6	100
		% within ID	63.5	44.2	50.9
	Yes	Count	111	318	429
		% within Internationalised	25.9	74.1	100
		% within ID	36.5	55.8	49.1
Total		Count	304	570	874
		% within Internationalised	34.8	65.2	100
		% within ID	100	100	100

5.2.Analysis of the overall sample

The statistical analyses of the empirical data reported was captured into MLwiN 3.04. An alpha level of significance of 5% was used for all statistical tests to meet the requirements for an acceptable analysis. The selection of the relevant independent variables to predict the dependent variable of industrial development is justified in the development of the conceptual framework from which a set of hypotheses was developed. Logistic regression is the main data analysis technique of this study with which the influence of firm internationalisation on industrial development is investigated. For logistic regression analysis the dependent variable of industrial development was used as a dummy variable where countries with an average CPI index over a 24-year period (1990 to 2013, see Table 5) of at least 0.01 were coded '1' and '0' otherwise.

5.3.Specifying and fitting the null model

First a null (variance components) model was fitted to industrial development. The model only includes an intercept, home country random effects. The model was fitted using 1st order predictive quasi-likelihood (PQL1) method available in MLwiN (Steele, 2009). Before the model was fitted, the data was sorted to ensure that firms are nested within countries. The constant vector variable (a set of 1's) was also included. The starting values of the model parameters were specified from a firm-within-country two-level model by IGLS (Iterative Generalised Least Squares). The data was first sort to fit the assumed two-level hierarchy. The model is expressed using the notation in Equation 1 (see Appendix);

Where $HomeID_{ij}$ is the observed home country industrial development score for firm i's home country j (i = 1, …, 874; j = 1, …, 28). β_0 is the average log-odds that the outcome variable equals one instead of zero when all predictor variables are set to zero (fixed intercept), and U_{0j} is the deviation of the country specific log-odds that the outcome variable

equals one instead of zero from the fixed intercept. This is the level-2 random intercept variance component.

The model results are presented in Table 15. The results show that there is no significant difference in the overall sample [β_{0j} = .026(.378)], the odds of an improvement in industrial development because of firm activity are 1:1.026. Thus, a typical firm in SSA would not lead to significant industrial development in its home country.

However, there are significant industrial development differences between SSA countries (U_{0j} = [3.845(1.069)]. Thus, there is significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of a firm in an internationalised firm in an SSA country to influence industrial development at home significantly varies from one country to another.

Table 15

Model 0: Null

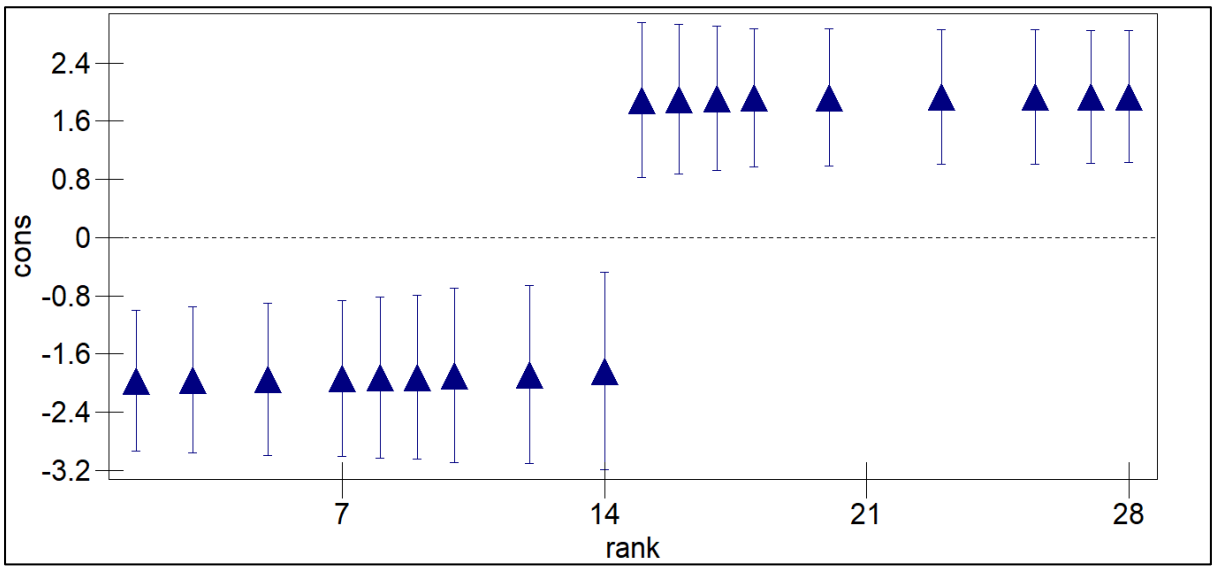
	Null Model	**S.E.**	**p-value**	**Log Odds**
Response	Home Country Industrial Development			
Fixed Part				
cons	0.026	0.378	0.944	1.026
Random Part				
Level: Country				
Var(cons)	3.845	1.069	.000	46.759
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	874			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

Figure 9 shows the estimated residuals of all the 28 countries in the study. None of the countries, at 95% confidence interval overlaps the horizontal line at zero indicating that

industrial development in these countries is significantly above average (above the zero line) or significantly below average (below the zero line).

Figure 9

Residuals Plot: Null Model



The intra-class correlation coefficient (ICC) for the null Model is;

$$ICC = \frac{var(U_{0j})}{var(U_{0j}) + \pi^2/3}$$

$$ICC = \frac{3.845}{3.845 + 3.29}$$

$$ICC = 0.539$$

Where: var(U_{0j}) = 3.911; $\pi^2/3 \approx 3.29$

The ICC represents the proportion of the between-country variation of the chances of differences between SSA countries being explained by differences in industrial development through firm internationalisation. Thus, ICC = .539 indicates that 53.89% of the chances of influencing industrial development in SSA is explained by between-country differences, while within-country differences explain 46.11% of the chances.

5.4.Assessment of logistic models

Using the overall sample, this section discusses the assessment of the seven logistic regression models presented in Tables Table 16, Table 17, Table 18, Table 19, Table 20, Table 21, Table 22, Table 23, and Table 24. Each model has different set of independent variables used to test the research hypotheses on their influence on industrial development at the home country.

For the assessment of the overall fit and goodness of fit of the ten estimated logistic regression models, guidelines suggested by Hair et al. (2014), Sommet & Morselli (2017) and Steele (2009) were followed. In doing so, the results of the intra-class coefficient were used to evaluate the soundness of the models employed in the logistics regressions.

In Model 1 the control variables (years of operation at home country, years of operation in the foreign country, average GDP growth rate and average GDP per capita) were introduced. The model results are presented in Table 16. The results show a positive intercept with no significant difference in the overall sample [β_{0j} = .127(1.059)], the odds of an improvement in industrial development because of firm activity are 1:2.472. However, a typical firm in SSA would not lead to significant industrial development in its home country.

Nevertheless, there are significant industrial development differences between SSA countries (U_{0j} = [3.599(1.084)]. Thus, there is significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of an internationalised firm in an SSA country to influence home industrial development significantly varies from one country to another.

Table 16

Model 1: Control Variables

	Model 1	S.E.	p-value	Log Odds
Response	Home Country Industrial Development			
Fixed Part				
cons	0.127	1.059	0.905	2.472
Years of Operation	0.007	0.010	0.498	
Years in a Foreign Country	0.001	0.016	0.933	
Average GDP Growth Rate	-0.135	0.232	0.560	
Average GDP per Capita	.000	0.000	0.120	
Random Part				
Level: Country				
Var(cons)	3.599	1.084	0.000	36.562
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	429			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

In Model 2, the main effects of the influence of firm internationalisation on industrial development was tested (Table 17). As discussed earlier in Chapter 3, firm internationalisation is conceptualised as adoption of foreign institutional practices by a firm that operates in a foreign country. Table 17 gives the results testing the influence of a firm's adoption of foreign institutional practices on the home country's industrial development.

The results show a positive intercept [β_{0j} = .245(.935)], indicating that a typical internationalised firm in a foreign country is likely to influence industrial development in its home country. However, there was no significant difference in the overall sample. The odds of an improvement in industrial development in the overall sample are 1:1.278.

Comparing the estimate of the coefficient for adoption of foreign institutional practices with its standard error, we find that the effect for adoption of foreign institutional practices was significant. The positive and significant coefficient implies that the effect of adoption of foreign institutional practices on industrial development at the home country is strong. In fact, the odds of an improvement in industrial development because of an internationalised firm's adoption of foreign institutional practices are 1:2.123.

Similarly, there were significant differences in industrial development between SSA countries (U_{0j} = [2.592(.818)]). Thus, there is a significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of adoption foreign practices at the firm level on influencing industrial development significantly varies from one country to another.

Table 17

Model 2: Adoption of Foreign Institutional Practices at Firm Level

	Model 2: Adoption of Foreign Practices	**S.E.**	**p-value**	**Log Odds**
Response	Home Country Industrial Development			
Fixed Part				
cons	0.245	0.935	0.793	1.278
Years of Operation	0.015	0.011	0.178	
Years in Foreign Country	0.006	0.018	0.719	
Average GDP Growth Rate	-0.156	0.202	0.442	
Average GDP per Capita	0.000	0.000	0.126	
Adoption of Foreign Institutional Practices	0.753	0.284	0.008	2.123
Random Part				
Level: Country				
Var(cons)	2.592	0.818	0.000	13.356
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	429			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

The intra-class correlation coefficient (ICC) for Model 2 is;

$$ICC = \frac{var(U_{0j})}{var(U_{0j}) + \pi^2/3}$$

$$ICC = \frac{2.592}{2.592 + 3.29}$$

$$ICC = 0.4407$$

Where: var(U_{0j}) = 3.911; $\pi^2/3 \approx 3.29$

This means that 44.07% of the chances of influencing industrial development in the model is explained by between-country differences, while within-country differences explain 55.93% of the chances.

Model 3 (Table 18) displays the results of the interaction effects of adoption of foreign institutional practices by an internationalised firm and compatibility between an internationalised firm's practices and foreign country on industrial development at the home country. The results show a positive intercept [β_{0j} = .245(.934)], indicating that the interaction effects are likely to influence industrial development on the overall sample. The results were not significant. The odds of an improvement in industrial development because of the interaction effects for a typical internationalised firm was 1:1.277.

Comparing the estimate of the interaction coefficient with its standard error, we find that the effect of high levels of compatibility between an internationalised firm's practices and industry practices in the foreign country was significant (Table 18 and

Figure 10). The coefficients of the interaction variables are positive. The positive coefficients and significant interaction effect for high compatibility implies that the effect for adoption of foreign practices on industrial development is in fact stronger for an internationalised firm with practices that are highly compatible with practices in the foreign country. This means when compatibility of institutional practices between an internationalised firm's practices is low then adoption of foreign institutional practices will

also be low leading to low industrial development at the home country. However, when compatibility of institutional practices is high then adoption of foreign practices by an internationalised firm will be high leading to high industrial development at the home country (Figure 10). Thus, effect of adoption of foreign institutional practices by an internationalised firm on home country industrial development is moderated by compatibility of the internationalised firm's institutional practices with the foreign country institutional practices.

Figure 10

Interaction plot for adoption of foreign institutional practices and compatibility between an internationalised firm's practices and foreign country

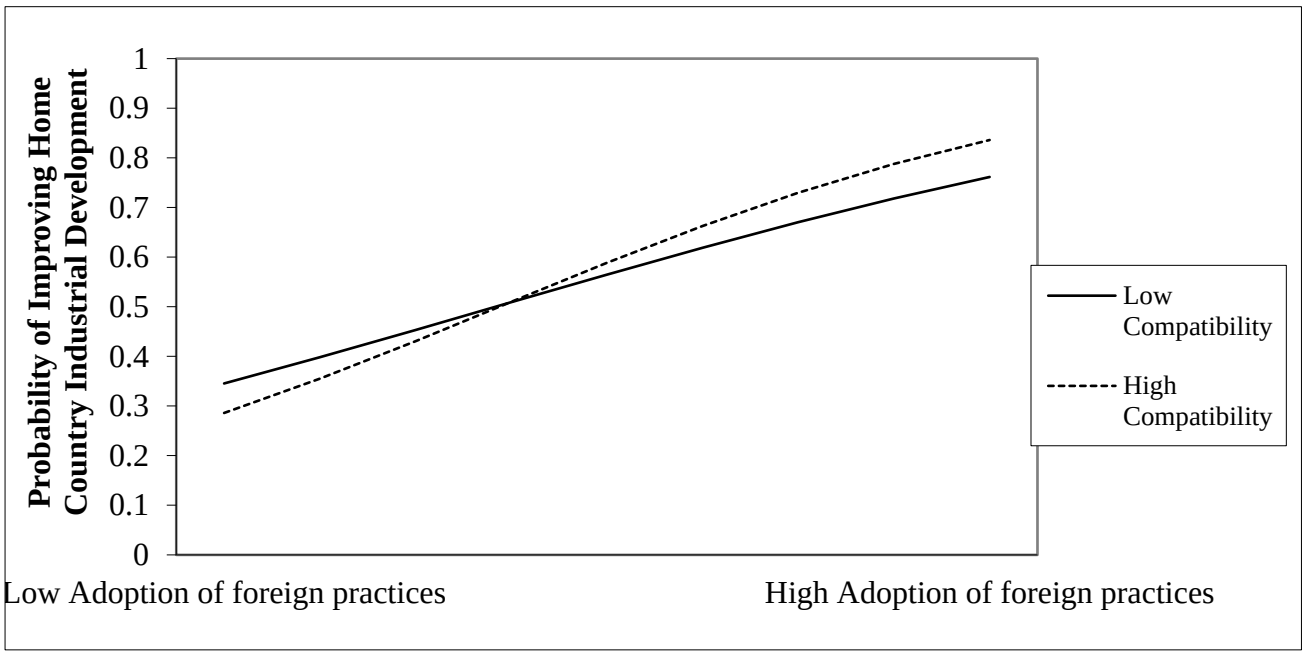


Table 18

Model 3: Interaction effects of Adoption of Foreign Institutional Practices and Compatibility

	Model 3: Adoption X Compatibility Levels	**S.E.**	**p-value**	**Log Odds**
Response	Home Country Industrial Development			
Fixed Part				
cons	0.245	0.934	0.793	1.277
Years of Operation	0.014	0.011	0.188	
Years in Foreign Country	0.008	0.018	0.673	
Average GDP Growth Rate	-0.160	0.201	0.425	
Average GDP per Capita	0.000	0.000	0.128	
Adoption of Foreign Institutional Practices	0.838	0.378	.026	2.312
Compatibility between firm and foreign practices	0.016	0.007	0.002	1.017
Adoption of Foreign Institutional Practices X Compatibility between firm and foreign practices	0.062	0.030	0.004	1.064
Random Part				
Level: Country				
Var(cons)	2.553	0.807	0.000	12.846
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	429			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

There were significant differences in industrial development between SSA countries (U_{0j} = [2.553(.807)]). Thus, there is a significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of the interaction effects of adoption of foreign practices and compatibility influencing industrial development significantly varies from one country to another. The intra-class correlation coefficient (ICC) for Model 3 is;

$$ICC = \frac{var(U_{0j})}{var(U_{0j}) + \pi^2/3}$$

$$ICC = \frac{2.553}{2.553 + 3.29}$$

$$ICC = 0.43693$$

Where: $var(U_{0j}) = 3.911$; $\pi^2/3 \approx 3.29$

This means that 43.69% of the chances of influencing industrial development in the model is explained by between-country differences, while within-country differences explain 56.31% of the chances.

Model 4 (Table 19) displays results of the interaction effects of adoption of foreign institutional practices and favorability to learning by an internationalised firm on industrial development at the home country. The results show a positive intercept [β_{0j} = .177(.938)], indicating that the interaction effects are likely to influence industrial development for the overall sample. There were non-significant differences. The odds of an improvement in industrial development because of these interaction effects was 1:1.194.

Comparing the estimate of each interaction coefficient with its standard error, we find that the effect of high levels of favourability to learning by an internationalised firm was significant (Table 19 and Figure 11). The coefficients of the interaction variables are positive. The positive coefficients and significant interaction effect for high favourability to learning implies that the effect for adoption of foreign institutional practices on industrial development

is in fact stronger for internationalised firms that favour learning. This means that when favourability to learning by an internationalised firm is low both the adoption of foreign practices by an internationalised firm and home country industrial development will be low. However, when favourability to learning by an internationalised firm is high both the adoption of foreign practices by an internationalised firm and home country industrial development will be high (Figure 11). This, therefore, means that the effect of adoption of foreign practices by an internationalised firm on industrial development is moderated by the internationalised firm's favourability to learning.

Figure 11

Interaction plot for adoption of foreign institutional practices and favourability to learning by an internationalised firm

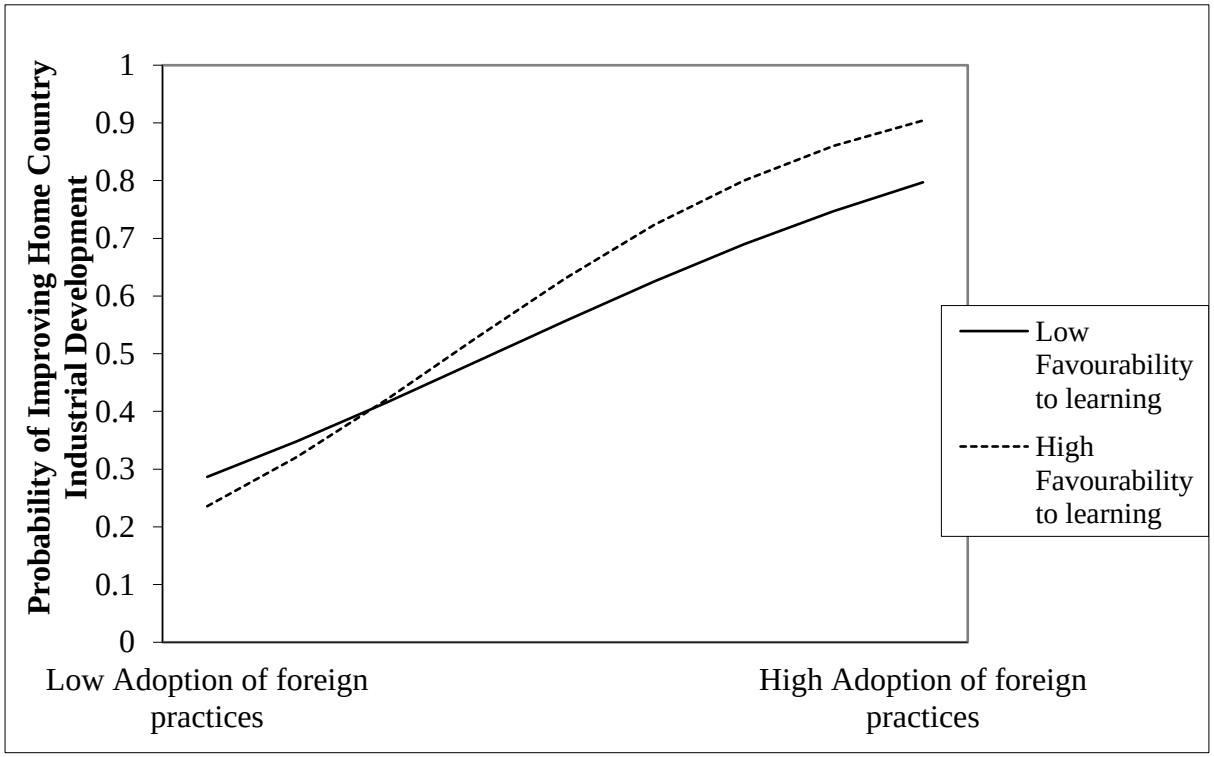


Table 19

Model 4: Interaction effects of Adoption of Foreign Institutional Practices and Favourability to Learning

	Model 4: Adoption X Favourability to Learning Levels	**S.E.**	**p-value**	**Log Odds**
Response	Home Country Industrial Development			
Fixed Part				
cons	0.177	0.938	0.850	1.194
Years of Operation	0.016	0.011	0.148	
Years in Foreign Country	0.007	0.018	0.698	
Average GDP Growth Rate	-0.159	0.200	0.427	
Average GDP per Capita	0.000	0.000	0.127	
Adoption of Foreign Institutional Practices	1.045	0.516	0.043	2.843
Favourability to learning by an internationalised firm	0.051	0.009	0.001	1.052
Adoption of Foreign Institutional Practices X Favourability to Learning	0.095	0.025	0.003	1.100
Random Part				
Level: Country				
Var(cons)	2.504	0.795		12.231
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	429			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

There were significant statistical differences in industrial development between SSA countries (U_{0j} = [2.504(.795)]). Thus, there is a significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of adoption of foreign

practices and favourability to learning by an internationalised firm interaction effect influencing industrial development significantly varies from one country to another.

The intra-class correlation coefficient (ICC) for Model 4 is;

$$ICC = \frac{var(U_{0j})}{var(U_{0j}) + \pi^2/3}$$

$$ICC = \frac{2.504}{2.504 + 3.29}$$

$$ICC = 0.4328$$

Where: var(U_{0j}) = 3.911; $\pi^2/3 \approx 3.29$

This means that 43.28% of the chances of influencing industrial development in the model is explained by between-country differences, while within-country differences explain 56.72% of the chances.

Model 5 (Table 20) presents results of the interaction effects of adoption of foreign institutional practices by an internationalised firm and ability to learn by an internationalised firm on industrial development. The results show a positive intercept [β_{0j} = .184(.951)], indicating that the interaction effects are likely to influence industrial development in the overall sample. There were no significant differences. The odds of an improvement in industrial development because of the interaction effects was 1:1.202.

However, comparing the estimate of each interaction coefficient with its standard error, we find that the effect of high levels of ability to learn by an internationalised firm was significant (Table 20 and Figure 12). The coefficients of the interaction variables were positive. The positive coefficients and significant interaction effect for ability to learn implies that the effect for adoption of foreign practices by an internationalised firm on industrial development is in fact stronger for internationalised firms that can learn. This means that when an internationalised firm low ability to learn, its adoption of foreign institutional practices will also be low leading to low industrial development in the home country.

However, if the internationalised firm has a high ability to learn, its adoption of foreign institutional practices will be high resulting in high industrial development in the home country (Figure 12). This means that the ability to learn by an internationalised firm moderated the effect of adoption of foreign practices by an internationalised firm on home country industrial development.

Figure 12

Interaction plots for adoption of foreign institutional practices and ability to learn by an internationalised firm

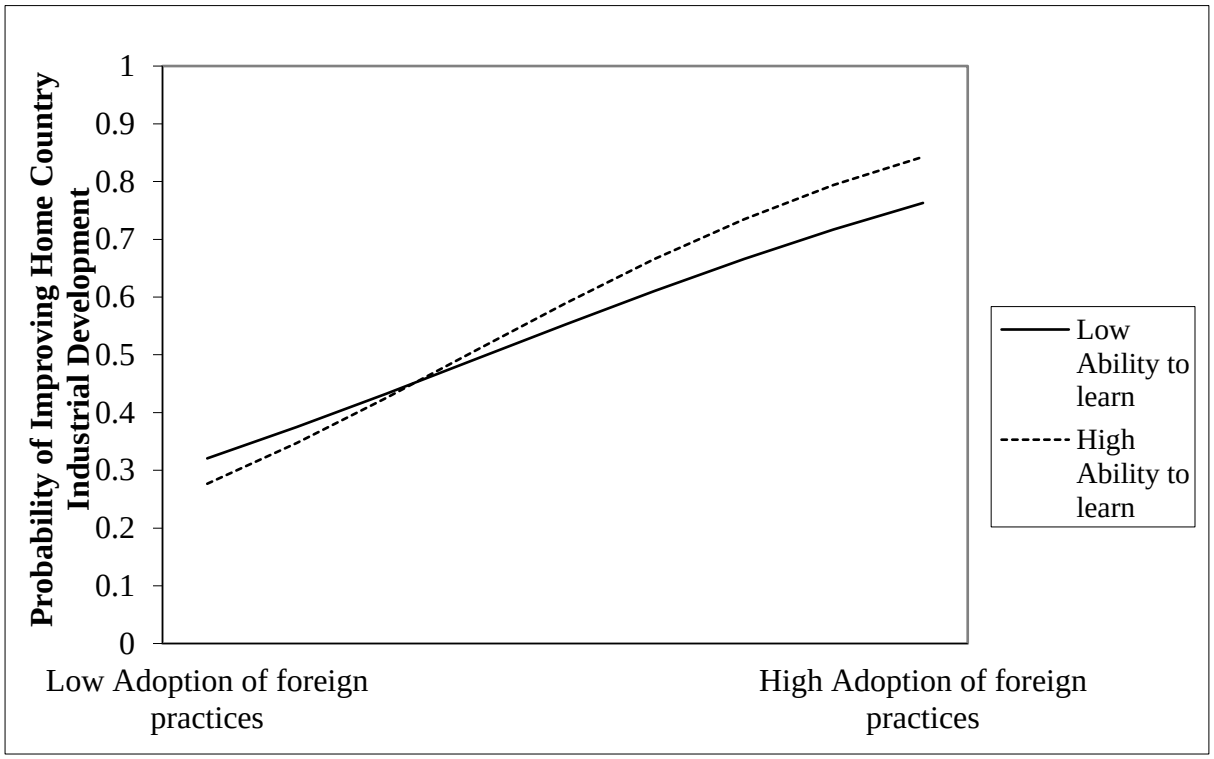


Table 20

Model 5: Interaction effects of Adoption of Foreign Institutional Practices and Ability to Learn

	Model 5: Adoption X Ability to Learn Levels	**S.E.**	**p-value**	**Log Odds**
Response	Home Country Industrial Development			
Fixed Part				
cons	0.184	0.951	0.847	1.202
Years of Operation	0.016	0.011	0.150	
Years in Foreign Country	0.006	0.018	0.756	
Average GDP Growth Rate	-0.153	0.201	0.446	
Average GDP per Capita	0.000	0.000	0.126	
Adoption of Foreign Institutional Practices	0.900	0.471	0.056	2.460
Ability to learn by an internationalised firm	0.025	0.011	0.002	1.025
Adoption of Foreign Institutional Practices X Ability to Learn by an internationalised firm	0.060	0.021	0.001	1.062
Random Part				
Level: Country				
Var(cons)	2.547	0.805		13.769
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	429			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

There were significant statistical differences in industrial development between SSA countries (U_{0j} = [2.547(.805)]). Thus, there is a significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of the interaction effects influencing industrial development significantly varies from one country to another.

The intra-class correlation coefficient (ICC) for Model 5 is;

$$ICC = \frac{var(U_{0j})}{var(U_{0j}) + \pi^2/3}$$

$$ICC = \frac{2.547}{2.547 + 3.29}$$

$$ICC = 0.4364$$

Where: $var(U_{0j}) = 3.911$; $\pi^2/3 \approx 3.29$

This means that 43.64% of the chances of influencing industrial development in the model is explained by between-country differences, while within-country differences explain 56.36% of the chances.

Model 6 (Table 21) displays results of the interaction effects of adoption of foreign institutional practices by an internationalised firm and commitment to internationalisation. The results show a negative intercept [β_{0j} = -.001(.895)], indicating that the interaction effects are less likely to influence industrial development in the overall sample. There were no significant differences. The odds of an improvement in industrial development because of the interaction effects was 1:.999.

However, comparing the estimate of each interaction coefficient with its standard error, we find that the effect of commitment to internationalisation by an internationalised firm are significant (Table 21 and Figure 13). Counter to the anticipated negative interaction effect, the coefficients of the interaction variables were positive. The positive coefficient and significant interaction effect for commitment by an internationalised firm imply that the effect for adoption of foreign institutional practices by an internationalised firm on industrial

development is strong. This means that internationalised firms that have low levels of commitment to internationalisation lead to low levels of foreign practice adoption and industrial development while internationalised firms with high levels of commitment to their international activities lead to high levels of foreign practice adoption and industrial development at the home country.

Figure 13

Interaction plots for adoption of foreign institutional practices and ability to learn by an internationalised firm

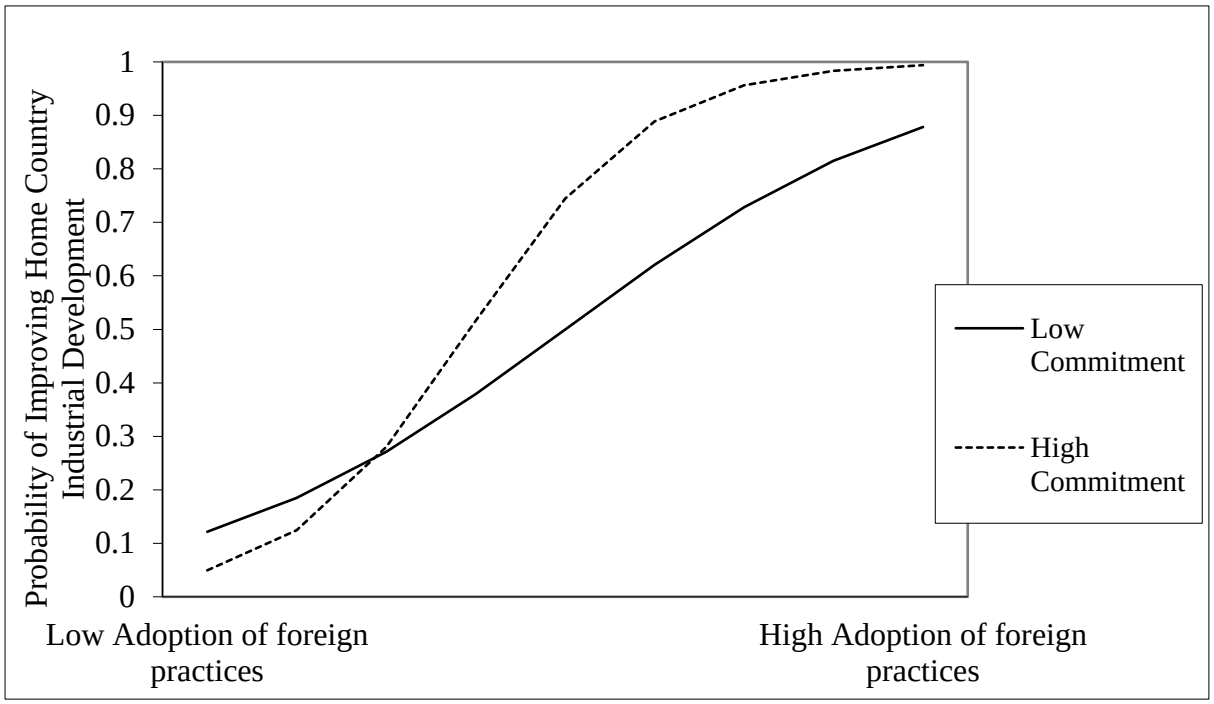


Table 21

Model 6: Interaction effects of Adoption of Foreign Practices and Ability to Learn

	Model 6: Adoption X Commitment to Internationalisation	**S.E.**	**p-value**	**Log Odds**
Response	Home Country Industrial Development			
Fixed Part				
cons	-0.001	0.895	0.999	0.999
Years of Operation	0.030	0.013	0.020	
Years in Foreign Country	0.008	0.021	0.699	
Average GDP Growth Rate	-0.170	0.187	0.364	
Average GDP per Capita	0.000	0.000	0.125	
Adoption of Foreign Institutional Practices	1.977	0.592	0.001	7.221
Commitment to internationalisation by an internationalised firm	0.153	0.076	0.012	1.165
Adoption of Foreign Institutional Practices X Commitment to internationalisation by an internationalised firm	0.293	0.041	0.019	1.340
Random Part				
Level: Country				
Var(cons)	2.083	0.692		
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	429			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

There were significant statistical differences in industrial development between SSA countries (U_{0j} = [2.083(.692)]). Thus, there is a significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of the interaction effects influencing industrial development significantly varies from one country to another.

The intra-class correlation coefficient (ICC) for Model 6 is;

$$ICC = \frac{var(U_{0j})}{var(U_{0j}) + \pi^2/3}$$

$$ICC = \frac{2.083}{2.083 + 3.29}$$

$$ICC = 0.38768$$

Where: var(U_{0j}) = 3.911; $\pi^2/3 \approx 3.29$

This means that 38.77% of the chances of influencing industrial development in the model is explained by between-country differences, while within-country differences explain 61.23% of the chances.

Model 7 (Table 22) displays results of the cross-level interaction effects of firm level adoption of foreign institutional practices and foreign country institutional status on industrial development at the home country. The cross-level interaction effects showed a positive intercept [β_{0j} = .055(.926)], indicating that addition of the interaction effects is likely to influence industrial development in the overall sample. However, there were a no statistically significant difference. The odds of an increase in industrial development because of these country level variables was 1:1.057.

However, comparing the estimate of each interaction coefficient with its standard error, we find that the effect of foreign country institutional status on industrial development is significant (Table 22 and Figure 14). The coefficients of the interaction variables were positive. The positive coefficient and significant interaction effect for foreign country

institutional status imply that the effect for adoption of foreign institutional practices by an internationalised firm on industrial development is strong. This means that firms that have internationalise to high institutional status countries have significantly higher levels of foreign country institutional practice adoption resulting in improved home country industrial development as compared to firms that internationalised to low institutional status foreign countries. Therefore, internationalising to foreign countries with better institutional practices improves adoption of foreign institutional practices by an internationalised firm leading to high industrial development at the home country while internationalising to foreign countries with inferior institutional practices reduces adoption of foreign institutional practices leading to low industrial development at the home country.

Figure 14

Interaction plots for adoption of foreign institutional practices and foreign country institutional status

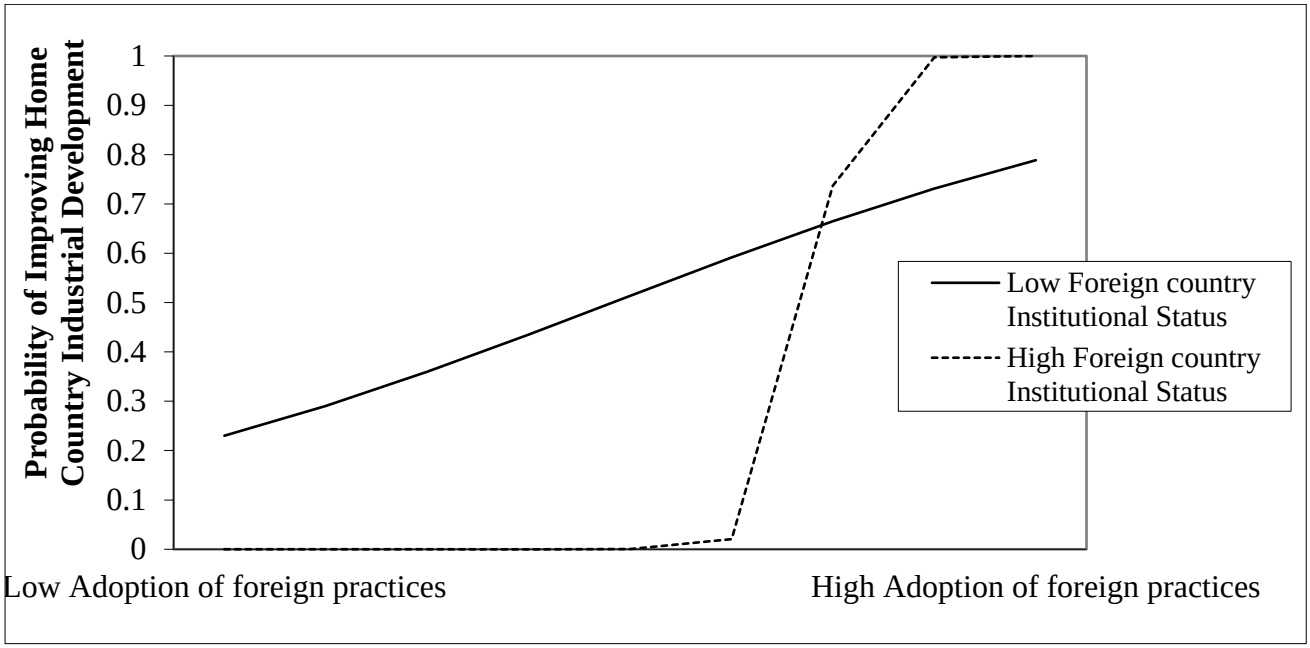


Table 22

Model 7: Interaction effects of Adoption of Foreign Institutional Practices (Firm Level) and Foreign Country Institutional Status (Country Level)

	Model 7: Adopt Practice X Foreign Country Institutional Status	**S.E.**	**p-value**	**Log Odds**
Response	Home Country Industrial Development			
Fixed Part				
cons	0.055	0.926	0.953	1.057
Years of Operation	0.026	0.012	0.038	
Years in Foreign Country	0.012	0.021	0.575	
Average GDP Growth Rate	-0.085	0.196	0.662	
Average GDP per Capita	0.000	0.000	0.112	
Adoption of Foreign Institutional Practices	1.262	0.498	0.011	3.532
Foreign Country Institutional Status	-1.260	0.602	0.036	0.284
Adoption of Foreign Institutional Practices X Foreign Country Institutional Status	2.618	1.316	0.047	13.708
Random Part				
Level: Country				
Var(cons)	2.098	0.708		8.150
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	429			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

There were significant statistical differences in industrial development between SSA countries (U_{0j} = [2.098(0.708)]). Thus, there is a significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of the interaction effects of the variables influencing industrial development significantly varies from one country to another.

The intra-class correlation coefficient (ICC) for Model 7 is;

$$ICC = \frac{var(U_{0j})}{var(U_{0j}) + \pi^2/3}$$

$$ICC = \frac{2.098}{2.098 + 3.29}$$

$$ICC = 0.38938$$

Where: var(U_{0j}) = 3.911; $\pi^2/3 \approx 3.29$

This means that 38.94% of the chances of influencing industrial development in the model is explained by between-country differences, while within-country differences explain 61.06% of the chances.

Model 8 (Table 23) displays results of the cross-level interaction effects of firm level adoption of foreign institutional practices and home government relations with an internationalised firm on the home country's industrial development. The cross-level interaction effects showed a positive intercept [β_{0j} = .279(.865)], indicating that addition of the interaction effects is likely to influence industrial development in the overall sample. However, there was a no statistically significant difference. The odds of an increase in industrial development because of the interaction effects was 1:1.322.

Comparing the estimate of the coefficient for the interaction effect with its standard error, we find that the effect was negative and not statistically significant. The negative coefficient implies that the interaction effect is less likely to influence industrial development at the home country.

Table 23

Model 8: Interaction effects of Adoption of Foreign Institutional Practices (Firm Level) and Home Government Relations with Internationalised Firms (Country Level)

	Model 8: Adopt Practice X Home Government / Int Firm Relations	**S.E.**	**p-value**	**Lod Odds**
Response	Home Country Industrial Development			
Fixed Part				
cons	0.279	0.865	0.747	1.322
Years of Operation	0.032	0.014	0.020	
Years in Foreign Country	0.016	0.023	0.487	
Average GDP Growth Rate	-0.173	0.181	0.338	
Average GDP per Capita	0.000	0.000	0.121	
Adoption of Foreign Institutional Practices	1.816	0.492	0.000	6.147
Home Government relations with an Internationalised Firm	0.262	0.294	0.373	1.300
Adoption of Foreign Institutional Practices X Home Government relations with an Internationalised Firm	-0.851	0.600	0.156	0.427
Random Part				
Level: Country				
Var(cons)	1.890	0.649		
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	429			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

There were significant statistical differences in industrial development between SSA countries (U_{0j} = [1.890(.649)]). Thus, there is a significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of the cross-level interaction effects influencing industrial development significantly varies from one country to another.

The intra-class correlation coefficient (ICC) for Model 8is;

$$ICC = \frac{var(U_{0j})}{var(U_{0j}) + \pi^2/3}$$

$$ICC = \frac{1.890}{1.890 + 3.29}$$

$$ICC = 0.36486$$

Where: var(U_{0j}) = 3.911; $\pi^2/3 \approx 3.29$

This means that 36.49% of the chances of influencing industrial development in the model is explained by between-country differences, while within-country differences explain 63.51% of the chances.

Model 9 (Table 24) displays results of the cross-level interaction effects of firm level adoption of foreign institutional practices and relations between a local and an internationalised firm. The cross-level interaction effects showed a positive intercept [β_{0j} = .292(.869)], indicating that addition of the interaction effects is likely to influence industrial development in the overall sample. However, there was a no statistically significant difference. The odds of an increase in industrial development because of the interaction effects was 1:1.339.

Comparing the estimate of the coefficient for the interaction effect with its standard error, we find that the effect was negative and not statistically significant. The negative coefficient implies that the effect of the interaction is less likely to influence industrial development at the home country.

Table 24

Model 9: Interaction effects of Adoption of Foreign Institutional Practices (Firm Level) and Relations between a Local and an Internationalised Firm (Country Level)

	Model 9: Adopt Foreign Practices X Relations Between Local and Int Firms	**S.E.**	**p-value**	**Log Odds**
Response	Home Country Industrial Development			
Fixed Part				
cons	0.292	0.869	0.737	1.339
Years of Operation	0.030	0.013	0.024	
Years in Foreign Country	0.014	0.022	0.521	
Average GDP Growth Rate	-0.173	0.182	0.342	
Average GDP per Capita	0.000	0.000	0.122	
Adoption of Foreign Institutional Practices	1.756	0.494	0.000	5.789
Relations between a Local and an Internationalised Firm	0.242	0.291	0.406	1.274
Adoption of Foreign Institutional Practices X Relations between a Local and an Internationalised Firm	-0.8341	0.597	0.162	0.434
Random Part				
Level: Country				
Var(cons)	1.926	0.656		
Level: Firm				
Var(bcons.1)	1.000	0.000		
Units: Country	28			
Units: Firm	429			
Estimation:	IGLS (MQL1)			
-2*loglikelihood:				

There were significant statistical differences in industrial development between SSA countries (U_{0j} = [1.926(.656)]). Thus, there is a significant deviation of log-odds of a country specific intercept from the fixed intercept. Therefore, the log-odds of the cross-level interaction effects influencing industrial development significantly varies from one country to another.

The intra-class correlation coefficient (ICC) for Model 9 is;

$$ICC = \frac{var(U_{0j})}{var(U_{0j}) + \pi^2/3}$$

$$ICC = \frac{1.926}{1.926 + 3.29}$$

$$ICC = 0.369248$$

Where: var(U_{0j}) = 3.911; $\pi^2/3 \approx 3.29$

This means that 36.92% of the chances of influencing industrial development in the model is explained by between-country differences, while within-country differences explain 63.08% of the chances.

Table 25 compares the results of the logistic regression analyses that was performed on the overall sample, associating the industrial development, as a dependent variable, to various explanatory variables in 2 levels of analysis, related to the firm (level 1) and country (level 2), as specified in the conceptual framework of this study.

Table 25

Comparing Models

Dependent Variable	Industrial development											
	Model 0	**p-value**	**Model 1**	**p-value**	**Model 2**	**p-value**	**Model 3**	**p-value**	**Model 4**	**p-value**	**Model 5**	**p-value**
Fixed Part												
cons	.026(.378)	.944	.127(1.059)	.905	.245(.935)	.793	.245(.934)	.793	.177(.938)	.850	.184(.951)	.847
Years of Operation			.007(.010)	.498	.015(.011)	.174	.014(.011)	.188	.016(.011)	.148	.016(.011)	.150
Years in Foreign Country			.001(.016)	.933	.006(.018)	.719	.008(.018)	.673	.007(.018)	.698	.006(.018)	.756
Average GDP growth Rate			-.135(.232)	.560	-.156(.202)	.442	-.160(.202)	.425	-.159(.200)	.427	-.153(.201)	.446
Average GDP per Capita			.000(.000)	.120	.000(.000)	.126	.000(.000)	.128	.000(.000)	.127	.000(.000)	.126
Adoption of Foreign Institutional Practices					.753(.284)	.008	.838(.378)	.026	1.045(.516)	.043	.900(.471)	.056
Compatibility between firm and foreign practices							.122(.042)	.004				
Adoption of Foreign Institutional Practices X Compatibility between firm and foreign practices							.062(.030)	.004				
Favourability to Learning by an Internationalised Firm									.051(.009)	.001		
Adoption of Foreign Institutional Practices X Favourability to Learning									.095(.025)	.003		
Ability to Learn by an Internationalised Firm											.025(.011)	.002
Adoption of Foreign Institutional Practices X Ability to Learn by an Internationalised Firm											.060(.021)	.001
Random Part												
Level: Country												
Var(cons)	3.845(1.069)		3.599(1.084)		2.592(.818)		2.553(.807)		2.504(.795)		2.547(.805)	
Level: Firm												
Var(bcons.1)	1.000(.000)		1.000(.000)		1.000(.000)		1.000(.000)		1.000(.000)		1.000(.000)	
Units: Country	28		28		28		28		28		28	
Units: Firm	874		429		429		429		429		429	
Estimation:	IGLS (MQL1)		IGLS (MQL1)		IGLS (MQL1)		IGLS (MQL1)		IGLS (MQL1)		IGLS (MQL1)	

Table 25 continued

Dependent Variable	Industrial development							
	Model 6	**p-value**	**Model 7**	**p-value**	**Model 8**	**p-value**	**Model 9**	**p-value**
Fixed Part								
cons	-.001(.894)	.999	.055(.926)	.953	.279(.865)	.747	.292(.869)	.737
Years of Operation	.030(.013)	.020	.026(.012)	.038	.032(.014)	.020	.030(.013)	.024
Years in Foreign Country	.008(.021)	.699	.012(.021)	.575	.016(.023)	.487	.014(.022)	.521
Average GDP growth Rate	-.170(.187)	.364	-.085(.196)	.662	-.173(.181)	.338	-.173(.182)	.342
Average GDP per Capita	.000(.000)	.125	.000(.000)	.112	.000(.000)	.121	.000(.000)	.122
Adoption of Foreign Institutional Practices	1.977(.592)	.001	1.262(.498)	.011	1.816(.492)	.000	1.756(.494)	.000
Commitment to internationalisation by an Internationalised Firm	.153(.076)	.012						
Adoption of Foreign Institutional Practices X Commitment to internationalisation by an Internationalised Firm	.293(.041)	.019						
Foreign Country Institutional Status			-1.260(.602)	.036				
Adoption of Foreign Institutional Practices X Foreign Country Institutional Status			2.618(1.316)	.047				
Home Government relations with an Internationalised Firm					.262(.294)	.373		
Adoption of Foreign Institutional Practices X Home Government relations with an Internationalised Firm					-.851(.600)	.156		
Relations between a Local and an Internationalised Firm							.242(.291)	.406
Adoption of Foreign Institutional Practices X Relations between a Local and an Internationalised Firm							-.834(.597)	.162
Random Part								
Level: Country								
Var(cons)	2.083(.692)		2.098(.708)		1.890(.649)		1.926(.656)	
Level: Firm								
Var(bcons.1)	1.000(.000)		1.000(.000)		1.000(.000)		1.000(.000)	
Units: Country	28		28		28		28	
Units: Firm	429		429		429		429	
Estimation:	IGLS (MQL1)		IGLS (MQL1)		IGLS (MQL1)		IGLS (MQL1)	

5.5.Hypothesis testing

This section discusses the results of the logistic regression analyses using the quasi-likelihood method to examine the hypothesised influence of identified variables on industrial development at the home country. The test of hypotheses at the firm-level models are shown in Model 2 (Table 17), Model 3 (Table 18), Model 4 (Table 19), Model 5 (Table 20) and Model 6 (Table 21). Specifically, the test relating to adoption of foreign institutional practices is shown in Model 2 (Table 17), while tests relating to all firm level variables (i.e. interaction effects between, adoption of foreign institutional practices and compatibility of the internationalised firm's practices and the foreign country; adoption of foreign institutional practices and favourability on an internationalised firm to learning; adoption of foreign institutional practices and an internationalised firm's ability to learn; and adoption of foreign institutional practices and commitment of an internationalised firm to internationalisation activities) are shown in Models 3, 4, 5, and 6 respectively.

The cross-level interaction effects are shown in Model 7 (Table 22), Model 8 (Table 23), and Model 9 (Table 24). Specifically, the models test the interaction effects of adoption of foreign institutional practices (firm level) and country level variables of foreign country institutional status, home Government relations with an internationalised firm, and relations between a local and an internationalised firm, on home country industrial development, respectively.

The estimated beta coefficients (β) for each of the variables in all the models are presented in Table 25. The direction and the magnitude of impact for each of the variables on the home country industrial development are assessed by the beta coefficients (β) and the exponentiated coefficients (odds ratio) respectively.

5.5.1. Firm level hypotheses

This section discusses hypotheses that were tested in the models as discussed above. A summary of the hypotheses results is presented in Table 26 below. The discussion starts with firm level hypotheses followed by country level hypotheses. Hypothesis 1 anticipated a positive relationship between the adoption of foreign institutional practices by internationalised firms within a foreign country and its home country's industrial development. As presented in Table 25, as expected, the results of Model 2 show that the respective coefficient for adoption of foreign institutional practices is positively related to industrial development, with a statistical significance ($\beta = .753$, $p < .05$). The odds ratio for 'foreign practice adoption' was 2.123, indicating that an internationalised firm that adopted foreign institutional practices from a foreign country is more likely to influence industrial development in their home country than one that did not adopt foreign institutional practices. Thus, hypothesis 1 was supported.

Hypothesis 2 anticipated that compatibility of an internationalised firm's practices with the foreign country moderated the relationship between adoption of foreign institutional practices by an internationalised firm and home country industrial development, such that when compatibility is high, adoption of foreign institutional practices and industrial development will also be high. The results in Model 3 show that coefficient for the interaction effect of compatibility of an internationalised firm's practices with the foreign country practices is positive and statistically significant ($\beta = .062$, $p < .05$). The odds ratio for the interaction effects was 1.064, indicating that an internationalised firm with high levels of compatibility of its practices with the foreign country practices has high chances of adopting foreign institutional practices from the foreign country and positively influencing industrial development at the home country. Thus, hypothesis 2 was supported.

Hypothesis 3 anticipated that favourability to learning of an internationalised firm moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development such that when favourability to learning is high, adoption of foreign practices and industrial development will also be high. The results in Model 4 show that the coefficient of the interaction effect for favourability to learning by an internationalised firm and adoption of foreign institutional practices is positive and statistically significant ($\beta = .095$, $p < .05$). The odds ratio for the interaction effect was 1.100. This indicates that an internationalised firm with high favourability to learning has high chances of adoption of foreign institutional practices and positively influencing industrial development in the home country while an internationalised firm with low favourability to learning has low chances of adopting foreign institutional practices in a foreign country. Thus hypothesis 3 was supported.

Hypothesis 4 anticipated that ability to learn by an internationalised firm moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development such that when ability to learn is high, adoption of foreign institutional practices and industrial development will also be high. The results in Model 5 show that the coefficients of the interaction effect for ability to learn by an internationalised firm and adoption of foreign institutional practices are positive and statistically significant ($\beta = .060$, $p < .05$). The odds ratio for the interaction effect for ability to learn was 1.062. This indicates that an internationalised firm with high ability to learn has high chances of adopting foreign institutional practices and positively influencing industrial development in the home country while an internationalised firm with low ability to learn has minimal chances of adopting foreign institutional practices in a foreign country. Thus, hypothesis 4 was supported.

Hypothesis 5 anticipated that commitment of an internationalised firm moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development such that when commitment to internationalisation is high, adoption of foreign institutional practices and industrial development will also be high. The results in Model 6 show that the coefficients of the interaction effect for commitment to internationalisation by an internationalised and adoption of foreign institutional practices are positively and statistically significant ($\beta = .293$, $p < .05$). The odds ratio for the interaction effect for commitment was 1.340. This indicates that an internationalised firm that has high levels of commitment to internationalisation has high chances of adopting foreign practices while an internationalised firm with low levels of commitment to internationalisation has minimal chances of adopting foreign institutional practices in the foreign country. Therefore, an internationalised firm with high commitment is most likely to positively influence industrial development in the home country. Thus, hypothesis 5 was supported.

5.5.2. Country level hypotheses

Hypothesis 6 anticipated that foreign country institutional status moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development such that when a foreign country is classified as of high institutional status adoption of foreign institutional practices from the foreign country will high and industrial development at the home country will also be high, and when a foreign country is classified as of low institutional status then adoption of foreign institutional practices and industrial development at the home country will be low. The results in Model 7 show that the coefficient of the interaction effect foreign country institutional status is positive and statistically significant ($\beta = 2.618$, $p < .05$). This indicates that an internationalised firm in a high institutional status foreign country is statistically different in its adoption of foreign institutional practices from an internationalised firm in a low

institutional status country. This means that internationalised firms that internationalise to high institutional status countries are likely to adopt foreign practices in those countries and influence industrial development in the home country while firms that internationalise to low institutional status countries are less likely to adopt foreign practices and therefore less likely to influence industrial development. Therefore, foreign country institutional status moderates the relationship between adoption of foreign institutional practices by an internationalised firm and home country industrial development. Thus hypothesis 6 was supported.

Hypothesis 7 anticipated that home government's relations with an internationalised firm moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development at the home country such that when home government's relations with an internationalized firm is high, adoption of foreign institutional practices and industrial development will be high. The results in Model 8 show that the coefficient for the interaction effect between government's relations with an internationalised firm and adoption of foreign institutional practices is negatively related to industrial development, however, not statistically significant ($\beta = -.851$, $p > .05$). The odds ratio was .427. This means that the home government's relations with an internationalised firm does not moderate the relationship between adoption of foreign institutional practices and industrial development at the home country. Therefore, hypothesis 7 was not supported.

Hypothesis 8 anticipated that relations between local firms and an internationalised firm moderate the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development at the home country such that when relations between local firms and an internationalised firm are high adoption of foreign institutional practices and industrial development will also be high. The results of Model 9 show that the coefficient of the interaction effect between relations between local firms and an internationalised firm and adoption of foreign institutional practices is negatively related

to industrial development at the home country, however not statistically significant (β = -.834, p > .05). The odds ratio was .434, indicating that the relations between local firms and an internationalised firm does not moderate the relationship between adoption of foreign institutional practices by an internationalised and industrial development at the home country. Therefore, hypothesis 8 was not supported.

Table 26

Summary of Hypotheses Test Results

Hypotheses	Result
H1: *There is positive relationship between the adoption of foreign institutional practices by internationalised firms within a foreign country and their home country's industrial development.*	Supported
H2: *Compatibility of an internationalized firm's practices with foreign country's institutional practices moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development such that when compatibility is high, the effect of the adoption of foreign practices on industrial development will also be high.*	Supported
H3: *Favourability to learning of an internationalised firm moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that when favourability to learning by an internationalised firm is high, the effect of favourability to learning on the adoption of foreign institutional practices and industrial development will also be high.*	Supported
H4: Ability to learn by an internationalised firm moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that when ability to learn by an internationalised firm is high, the effect of the ability to learn on the adoption of foreign institutional practices and industrial development will also be high.	Supported
H5: *Commitment of an internationalised firm to internationalisation moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that when commitment to internationalisation by an internationalised firm is high, the effect of the commitment on the adoption of foreign institutional practices and industrial development will also be high.*	Supported
H6: *Foreign country institutional status moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that the effect of the adoption of foreign institutional practices and industrial development will be high when a firm has internationalised to high institutional status foreign country than a low institutional status foreign country.*	Supported
H7: *Home government's relations with internationalised firms moderates the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that the effect of the adoption of foreign institutional practices and home government's relations with internationalised firms will be high when the home government relations with internationalised is strong than when it is weak.*	Not supported
H8: *Relations between local firms and internationalised firms moderate the relationship between adoption of foreign institutional practices by an internationalised firm and industrial development, such that the effect of the adoption of foreign institutional practices and relations between local firms and internationalised firms will be high when relations between local and internationalised firms are strong than when they are weak.*	Not supported

5.5.3. Overview of the overall results

This section provides a brief analysis of the regression results of the overall sample as presented in Table 25 leading to the identification of key determinant factors that influence industrial development. The empirical findings presented in Table 25 indicate that an internationalised firm influences industrial development at the home country by adopting foreign institutional practices. However, some country level interaction effects were found not to significantly influence industrial at the home country.

Although some cross-level interaction effects were not significant, interaction effects have been proven at both the firm (Models 2, 3, 4, 5, and 6) and country levels Model 7).

5.5.4. Summary

This chapter has reported the results of the empirical data of this study aiming at understanding the influence of adoption of foreign institutional practices by an internationalised firm on their home country's industrial development. Multilevel logistic regression analysis was conducted to test a set of hypotheses examining the influence firm and country level variables as identified in the conceptual framework of this study.

The logistic regressions reported in this chapter led to the identification of variables that explain the influence of firm internationalisation on industrial development in SSA countries. At the firm level adoption of foreign practices by internationalised firms was found to significantly influence industrial development at the home country. The firm level interaction effects were also found to significantly influence industrial development at the home country. However, only cross level moderation effect that showed significant results was that of foreign country institutional status on the relationship between adoption of foreign institutional practices and industrial development at the home country. The findings in this chapter and their implications are discussed in the final chapter of this study.

Chapter 6: Discussion and conclusion

6.0.Introduction

This study's objective was to understand whether adoption of foreign institutional practices by an internationalised firm influences industrial development at the home country in SSA. To address this objective, a conceptual framework was built and empirically tested to examine the main effect of the influence of the 'adoption of foreign institutional practices' variable by an internationalised firm on the home country's industrial development. The interaction effects of both the firm level and country level variables were also tested. The specific firm level variables were 'compatibility of an internationalised firm's with foreign country industry practices', favourability to learning of an internationalised firm', 'ability to learn by an internationalised firm', and 'commitment of an internationalised firm to internationalisation activities', while the country level variables were 'foreign country institutional status', 'home government relations with internationalised firms', and 'relations between local firms and an internationalised firm'.

The purpose of this section of the Thesis is to discuss the main findings of the results as they relate to the research questions, hypotheses, and the conceptual framework in a manner that will provide a richer understanding of the influence of firm internationalisation on industrial development in SSA, the proposed model and the literature in general. Limitations of the study are then discussed. The section is closed off with a conclusion and recommendations for SSA countries and future research.

This chapter is divided in to 4 major sections. The first section discusses the main findings of the study by answering the research question. The second part presents implications for policy and practice, followed by a discussion of the limitations and future research directions. The chapter ends with a conclusion and outlines the contribution of the study.

6.1.Discussion of findings

This study sort to understand whether firm internationalisation influences industrial development in SSA. Specifically, interest was on whether adoption of foreign institutional practices by an internationalised firm influences industrial development at the home country.

Before discussing the primary findings of this study, the link between firm internationalisation, adoption of foreign practices, and industrial development is reviewed against the empirical results. As argued in Chapter 1, it has been established that internationalised firms are comparatively more productive and efficient than non-internationalised firms (Criscuolo et al., 2004; Girma et al., 2004; Elhanan Helpman et al., 2004; Kraay, 2002; Melitz, 2003), and the most efficient firms have much more impact in influencing aggregate national productivity (Criscuolo et al., 2004; Melitz, 2003).

Knowledge and practice sharing have also been found to be some of the key drivers of firm internationalisation. Knowledge can be shared through global networks and alliances or hiring human resources with international experience (Madsen & Servais, 1997; Weerawadena et al., 2007). At the epicentre of knowledge and practice sharing is the adoption and diffusion of foreign institutional practices by firms (Dacin et al., 2002; DiMaggio & Powell, 1983; Friedland & Alford, 1991; Scott, 2008). Research has established that firms that share the same environment employ similar practices and thus become ‘isomorphic’ with each other (Kostova & Roth, 2002; Li & Ding, 2013). Firms conform to institutional pressures and adopt foreign institutional practices as a way of gaining legitimacy (Li & Ding, 2013).

The argument is supported empirically in this study as the results in Model 2 have shown a highly significant relationship between adoption of foreign institutional practices by an internationalised firm and industrial development at home country ($p < .05$). Furthermore, the results demonstrate that an internationalised firm that adopts foreign institutional

practices was about 2 times more likely to influence home country industrial development. This suggests that industrial development of SSA countries could be enhanced by inspiring firms to internationalised as opposed to only operating domestically.

The findings discussed above substantiate the importance of studying the influence of firm level activities in a country and the economy. Specifically, the results show that firm internationalisation influences home country industrial development. After establishing the influence of firm internationalisation on home country industrial development, the interaction effects between adoption of foreign institutional practices and both firm and country level variables were tested. The discussion shall now focus on the results of the hypotheses 2 through to 8, examining variables related to adoption of foreign institutional practices at the firm level and across levels.

For hypothesis 2, institutional compatibility between the internationalised firm and the foreign country has been argued to be important in ensuring that there is easy adoption of foreign institutional practices by an internationalised firm (Carruthers & Halliday, 2006; Kostova, 1999; Zander & Kogut, 1995; Zhao & Cao, 2017). Thus, an internationalised firm will adopt foreign institutional practices that are aligned to the firm's own practices. Adopting and transferring institutionally compatible foreign practices faces less cognitive, normative, and regulative barriers leading to more positive responses from the home country (Zhao & Cao, 2017).

Compatible foreign practices are diffused more easily and where adoption influences industrial development then there should be a positive and significant interaction effect between an internationalised firm's own practices (compatible) and the foreign institutional practices that are to be adopted. As expected, the results of the logistic regression analyses (Model 3) suggest that the interaction effect of compatibility of an internationalised firm's practices with the foreign country industry practices and adoption of foreign practices has a

positive, significant effect on industrial development ($p < .05$). Compatibility of an internationalised firm's practices with the foreign country industry practices was found to moderate the relationship between adoption of foreign institutional practices and industrial development at the home country. An internationalised firm that has practices that are highly compatible with practices in the foreign country was found to have high chances of adopting the foreign practices and positively influence industrial development at the home country. It is thus not enough for firms to jut internationalise to improve their home country industrial development, they ought to internalise to foreign countries that have compatible institutional practices as theirs.

It has been established in literature that firms from developing countries internationalise as a way of gaining legitimacy in the eyes of their home governments (Li & Ding, 2013). Therefore, firms that internationalise to foreign countries where institutional practices are like theirs improve their chances of being successful internationally thereby stamping their legitimacy.

For hypothesis 3, the results suggest that there is a positive interaction effects between favourability to learning of an internationalised firm and adoption of foreign institutional practices on industrial development (Model 4). This is consistent with literature that suggests that an environment conducive to continuous learning provides a competitive advantage for firms (Lahteenmaki et al., 2001; Tannenbaum, 1997). This has been attributed to having a common understanding of the firm's objectives in the international market and the contribution of employees to the overall firm objective. Such a firm has been found to be adaptable to its environment and is generally more productive and efficient (Tannenbaum, 1997). The results of the interaction effect demonstrate that an internationalised firm that highly favours learning is highly likely to adopt foreign institutional practices in a foreign country and positively influence industrial development at the home country. Therefore,

internationalised firms that do not have a favourable environment to learning would have less influence on their home country's industrial development.

For hypothesis 4, the results indicate a positive interaction effect between ability to learn by an internationalised firm and adoption of foreign institutional practices on industrial development. An internationalised firm with less ability to learn was found to have less chances of adopting foreign institutional practices while one with high ability to learn was found to have high chances of adopting foreign institutional practices and positively influencing industrial development. This is consistent with expectation since internationalised firms that are able to learn have been found to actively put in place resources that support adoption of foreign institutional practices in foreign countries they operate at (Khanna & Rivkin, 2001; Rondinelli & London, 2003). This may include hiring human resources in the foreign country or sending employees from home office to study the foreign country (Javernick-Will, 2009). This therefore suggests that internationalised firms that are not inclined to learning will have minimal influence on their home country's industrial development.

For hypothesis 5, the results demonstrate that commitment of an internationalised firm moderates the relationship between adoption of foreign institutional practices and industrial development. An internationalised firm that is highly committed to its international activities was found to have high chances of adopting foreign institutional practices and positively influencing industrial development at the home country. This is as expected as research has shown that internationalised firms that are committed to their internationalisation activities perform better (Cavusgil & Nevin, 1981; Chadee & Mattsson, 1998; Haar & Ortiz-Buonafina, 2002; Navarro et al., 2010; Thach & Axinn, 1991). In fact, commitment was found to be the most influential variable in international performance (Chadee & Mattsson,

1998; Thach & Axinn, 1991). Thus, internationalised firms with lower levels of commitment would have negligible influence of their home country's industrial development.

The results show that internationalised firms that are committed to their international activities and adopt foreign practices are more likely to influence industrial development at the home country than those that are not committed. The results are indicative of motivations to internationalise. Firms that have strong motivations to internationalise will be committed and are likely to do all what is necessary to remain internationally competitive, including adopting foreign institutional practices (Kostova, 1999; Tan et al., 2014).

Hypothesis 6 through to 8 are on cross level interaction effects between adoption of foreign institutional practices by an internationalised firm and country level variables, i.e., foreign country institutional status, home Government relations with an internationalised firm, and relations between local firms and an internationalised firm.

For hypothesis 6, the results demonstrate that foreign country institutional status moderates the relationship between adoption of foreign institutional practices and industrial development. This is consistent with literature that suggests that foreign country institutional status is likely to influence internationalised firm's adoption of foreign institutional practices. Previous studies show that firms from LIS countries are more likely to be influenced to adopt foreign practices if they internationalise to HIS foreign countries (Keltner et al., 2003; Stahl et al., 2017). However, the institutional environments ought to be compatible (Zhao & Cao, 2017) .

Naturally, firms that internationalise to HIS foreign countries are expected to be subjected to strong pressures to conform to the environment in the foreign country and consequently adopt the ways of the foreign country (Li & Ding, 2013). Therefore, consistent with the results, an internationalised in HIS foreign country has high chances of adopting foreign institutional practices and positively influencing industrial development at the home

country while an internationalised firm at a LIS foreign country will have lower chances of adopting foreign institutional practices and even lower chances of influencing industrial development at the home country. This therefore suggests that for internationalised firms to have significant influence on their home country's industrial development they ought to internationalise to foreign countries that are institutionally superior to their home countries. This shall ensure that the firm will learn new foreign practices that they can implement and be transferred to their home countries thus improve home country industrial development.

For hypothesis 7, the results showed a non-significant, negative interaction effect between adoption of foreign practices by an internationalised firm within a foreign country and the home Government's relations with internationalised firms on industrial development. This is inconsistent with expectations since Government influences practices by developing regulations and guarantee compliance (Etzkowitz, 2003; Giesecke, 2000). Close ties between home Government and internationalised firms accelerates diffusion of new practices and legitimacy (Kostova & Zaheer, 1999; Li & Ding, 2013).

One explanation of the results could be the imbalance in the decision making on the acceptable practices. If firms internationalise to 'please' the Government, then they are likely to adopt practices that they believe would please the Government, not necessarily good for themselves nor industrial development. Thus, although relationships between home Government and internationalised firms may be cordial, they are skewed towards Government and its interests which may not necessarily be suitable for adoption of foreign practices and industrial development.

For hypothesis 8, the results also indicated a non-significant, negative interaction effect between adoption of foreign practices by an internationalised firm within a foreign country and relations between local firms and the internationalised firm on industrial development. This is inconsistent with literature. Multiple studies (Davis & Greve, 1997;

Podolny, 2001; Westphal et al., 1997) have shown that inter-firm relations channel institutional expectations, knowledge sharing and adoption of practices. The relations compel firms to conform to practices adopted by major actors.

The negative, non-significant interaction effect may be explained by the overall institutional environment in SSA countries. The environment generally has contradictory institutional practices that may be pulling in different directions at both the firm and country levels. For instance, despite the good relations, both the internationalised firm and local firm may not be committed to the development of the home country industry. This means that despite the potential they may have in influencing industrial development through adoption of foreign institutional practices and local firms learning from an internationalised firm during interactions, this will not happen if either party does not possess the requisite levels of commitment home country industry development. Commitment requires willingness to exert the necessary effort and resources into the activities (Kostova, 1999; Tan et al., 2014). It is essential for an internationalised firm as it ensures that the requisite resources are availed for the firm's survival in the international market (Cavusgil & Nevin, 1981; Sull, 2003).

6.2.Implications for policy and practice

The main findings of this study have direct implications for policy and practice. Thus, the empirically tested conceptual framework developed in this study revealed that the influences of adoption of foreign institutional practices by an internationalised firm from a foreign country emerge at the country level as industrial development. The interaction effects of the adoption of foreign institutional practices variable with firm level variables also influence industrial development. Insights from the study may assist in the systematic identification and evaluation of factors that influence firm internationalisation.

From a managerial perspective, the integrative framework of this study can be used as a tool for a firm to implement and review its approach to internationalisation. The results of

the study show that adoption of foreign institutional practices by an internationalised firm in a foreign country significantly influences industrial development. Thus, local firms should make deliberate decisions and put in place mechanisms that would facilitate that they learn and adopt practices of internationalised firms from their home countries. Such deliberate moves may facilitate quicker industrial development.

In addition, internationalisation decisions should be planned and based on international market knowledge gained through information sought in advance. Sourcing information in advance allows firms to make informed decisions on compatibility of their practices and those in countries they intend to internationalise to. Industry practices at the potential foreign country should not be at odds with the firm's practices. Finally, an internationalised firm should put in place resources that would facilitate their own learning from the foreign country and ensure they are committed to their internationalisation activities.

From a public policy perspective, the results of this study point to the importance of facilitation role of relevant home Government entities for the internationalisation of firms. Selection of appropriate internationalisation target countries may be enhanced by public policy intervention initiatives. For the internationalisation of small firms, which have limited access to resources and information, government agencies can play a critical role in assembling resources that can facilitate diffusion of foreign market information.

Further, using results of this study, it is important to stress for policymakers the critical role that trade policy agreements they sign play in influencing internationalisation decisions of firms and how in turn they could lead to home country industrial development or not. For policymakers, selection of countries to go into trade agreements with should be guided by relative institutional distance between the two countries. The results of this study suggest that the more compatible the foreign country institutional practices and the firm practices the better the odds of adopting foreign industry practices. Thus, home country

agencies should influence firms on which foreign country they may internationalise to. Doing this is likely to benefit the country through industrial development. Exerting influence should bear fruits particularly if firms are encouraged to internationalise to foreign countries with higher institutional status. Firms generally accept recommendations made by government institutions since firms have been found to use internationalisation to gain legitimacy from their home Governments (Li & Ding, 2013).

If policymakers and managers are committed to realising the full benefits of firm internationalisation in the form of industrial development, they should carefully plan industry knowledge-based internationalisation approaches looking at the impact that specific target countries could have for their firms. Managers should not have their firms internationalise for the short-term legitimacy benefit from Government. Policymakers should also understand the undesirable long-term implications of trade agreements of convenience.

6.3.Limitations of the study

While this research has made empirical and theoretical contributions to internationalisation research, and has policy and practice implications, it also has a few limitations. Four key limitations of the current study are discussed below with the view of how the Thesis could have been made better. The limitations are not meant to suggest that the current study is not enough, however, to reflect on a different, perhaps better approach to the question and make suggestions on future research.

Firstly, adoption of foreign institutional practices is a process that happens over time where information is sought and processed (Andersen, 1993; Rogers, 2003; Shin et al., 2016). However, this study offers a variance-based model. The history of internationalisation research to date shows, that it is extremely difficult for a seemingly process study to be evaluated on its own terms (Shin et al., 2016; Tolbert & Zucker, 1983; Welch & Paavilainen-Mantymaki, 2014). Rather, process studies are squeezed into variance-based templates – as is

the case in the current study. The time dimension of firm internationalisation is neglected (Welch & Paavilainen-Mantymaki, 2014). The fact that researchers are typically trained to follow the variance paradigm also means that it is difficult to maintain internal consistency within a process study.

There are various points at which process can be lost: posting the initial research question(s); deciding on the nature of the data set; erasing temporality in the analysis and offering variance-based models in the conclusion (Welch & Paavilainen-Mantymaki, 2014). A better understanding of the foreign practice adoption process can be better understood when a process study is conducted.

Secondly, literature has shown the importance of some country level variables in the adoption of foreign institutional practices that this study has failed to demonstrate. These are home Government relations with an internationalised firm (Etzkowitz, 2003; Giesecke, 2000; Kostova & Zaheer, 1999; Li & Ding, 2013) and relations between local firms and an internationalised firm (Carruthers & Halliday, 2006; Davis & Greve, 1997; Dowling & Pfeffer, 1975; Dunn & Jones, 2010; Hardy et al., 2001; Phillips et al., 2004; Westphal et al., 1997; Zhao & Cao, 2017). Perhaps such variables could be measured differently in future studies. For instance, instead of relying only on the response of the firm representatives, as was the case in this study, the researcher with the help of some assistants could also make their own assessments of the variables and see if they match the firm representative's evaluation. It has been found that respondents may give answers that they consider to be acceptable to the researcher and not necessarily a fair evaluation. Such socially desirable responses are likely to obscure relationships between variables (Bernardi, 2006; Hair et al., 2014; Ng & Nyaw, 1994).

Research has shown that socially desirable response (SDR) bias increases as a country's uncertainty avoidance increases (Bernardi, 2006). According to Hofstede's cultural

dimensions SSA countries are generally characterised by moderately high levels of uncertainty avoidance (Darley & Blankson, 2008; Kiggundu, 1988). Uncertainty avoidance captures the degree to which individuals in a culture feel unease in the presence of vague or new situations (Darley & Blankson, 2008). Since culture shapes assumptions of what is important and useful in organisations and define individual interests (Darley & Blankson, 2008), it mediates the relationship between the individual and the firm. This implies that firm representatives are likely to give responses that they think are suitable for their firms or what they think the researcher expects of their firm.

Thirdly, statistically significant results of this study show that the interaction effect between adoption of foreign institutional practices by an internationalised firm and foreign country institutional status positively influences home country industrial development. However, the concept of institutional status can be explored further in more detail by considering the three institutional dimensions (cognitive, normative, and regulative) individually and how each dimension influences industrial development. Country-specific institutional context influences business activity. Some studies have been conducted with this perspective on entrepreneurial activities with interesting results (Busenitz et al., 2017; Urbano & Alvarez, 2014). The results explained why some entrepreneurs in some countries may have competitive advantage over those from other countries and how country level specific institutional differences contribute differently to levels and types of entrepreneurship (Busenitz et al., 2017).

The role of the country specific institutional dimensions is also explored in the international business literature. From the three institutional dimensions, Kostova, (1997) proposed the concept of a country institutional profile to analyse how the regulative (includes government policies), normative (includes norms and values), and cognitive (includes shared knowledge) influence firm activity. However, studies in the area are mostly limited to answer

the question of how the complexity of operating in multiple institutional contexts affects the firm (Deng, 2009; Kostova, 1999; Kostova & Roth, 2002; Kostova & Zaheer, 1999; Li & Ding, 2013). These do not address the question of how differences in country institutional profiles affect adoption of foreign practices by an internationalised firm and subsequent industrial development in the home country. The study would be most suitable in contexts where firms internationalise to foreign countries with a different country institutional profile from its home country.

Fourth, top management has been found to play a significant role in adoption of foreign practices. Top management and board of directors make strategic choices that include adoption of foreign practices (Shin et al., 2016; Young et al., 2001). Firms' entry mode decisions and degree of internationalisation have been found to be positively associated with top management's international experience (Herrmann & Datta, 2002, 2006; Nielsen & Nielsen, 2011). Thus, executive characteristics become important in the decision to either adopt foreign institutional practices or not and their role needs to be investigated. In spite of this, the salient influence of the characteristics of top management on the firm's adoption of foreign institutional practices, very little research has been done to this effect (Shin et al., 2016). The current study could not take this direction as the unit of analysis was the firm. However, it would be valuable insight to understand how the characteristics of the individuals leading the firm influences adoption of foreign institutional practices, and how those characteristics emerge at the levels of the firm, and perhaps country.

6.4.Conclusions

In this study, two contributions are worthy of discussion, one theoretical and another empirical. The theoretical contributions are two. Firstly, this study demonstrates the main effect of adoption of foreign institutional practices on industrial development. The study empirically demonstrates that adoption of foreign institutional practices by an

internationalised firm in a foreign country influences industrial development at the home country.

Research on firm internationalisation has tended to ignore the use of foreign institutional knowledge to the benefit of the home country. This study addresses this shortcoming by offering empirical evidence of the influence of adopting foreign institutional knowledge on the industrial development of the home country. The results display a significant association between firm adoption of foreign institutional practices and industrial development. Therefore, one of this study's contribution to internationalisation literature is filling the gap in extant literature with a complimentary view that firm internationalisation influences home country industrial development.

The second theoretical contribution of this study is the interaction effects of between adoption of foreign practices by an internationalised firm and both the firm country level variables on home country industrial development. The study demonstrates that the interaction effects between adoption of foreign institutional practices of an internationalised with the respective four firm level variables (compatibility of an internationalised firm's practices with the foreign country industry practices, favourability to learning of an internationalised firm, ability to learn by an internationalised firm, and commitment of an internationalised firm to internationalisation) and one country level variable (foreign country institutional status) on industrial development at the home country. Unlike other limited studies on internationalisation of firms from developing economy contexts, this study uncovered firm and country level interactions that influence a country level output (industrial development). By doing so, this study moves beyond the mainstream internationalisation literature by developing conceptual links between often separated variables to explain their influence on another variable.

Lastly, this study makes an empirical contribution by providing empirical evidence on internationalisation in SSA, a region of developing economies. Although developing economies have generally been experiencing some growth, SSA has been experiencing some decline (Schwab, 2013), particularly in export manufacturing (Batesa et al., 2013; Ndulu et al., 2008; United Nations office of the special advisor on Africa and NEPAD-OECD Africa investment initiative, 2010).

Despite the challenge of general poor contribution of the SSA region to the world economy (Batesa et al., 2013; KPMG, 2015; Ndulu et al., 2008; Schwab, 2013) very little research has been done to understand how this underperformance can be addressed. This study thus opens conversations on how firm internationalisation in SSA can be a driver for home country industrial development that could result in the region contributing better to the world economy. While there has been evidence that firm internationalisation grows export manufacturing (Criscuolo et al., 2004; Girma et al., 2004; Helpman et al., 2004) in SSA, there has never been evidence suggesting any association between firm internationalisation and industrial development. This study provides evidence from the manufacturing sector which has been acknowledged for its potential impact on industrial development (Gebrewolde, 2015; Hummels et al., 2001; KPMG, 2014; Manyika et al., 2012).

This study developed and tested a multi-level foreign institutional knowledge-based conceptual framework. Therefore, this study underscores the importance of multi-level analysis and taking an integrative approach to internationalisation to understand elements needed to improve performance of firms and developing economies. The findings of this study encourage more studies on multi-level analysis to be carried out. Incorporating this into research that seeks to explain the importance of firm internationalisation from developing countries could provide a more sophisticated understanding through new insights, and allow scholars to go beyond single-level, one dimensional theorising.

7.0.References

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8.0.Appendices

8.1. Equations

Equation 1

Null 2-Level Logit Model

$$\text{HomeID}_{ij} \sim \text{Binomial}(\text{cons}_{ij}, \pi_{ij})$$
$$\text{logit}(\pi_{ij}) = \beta_{0j}\text{cons}$$
$$\beta_{0j} = \beta_0 + u_{0j}$$

$$\left[u_{0j}\right] \sim \text{N}(0,\ \Omega_u)\ :\ \Omega_u = \left[\sigma^2_{u0}\right]$$

$$\text{var}(\text{HomeID}_{ij}|\pi_{ij}) = \pi_{ij}(1 - \pi_{ij})/\text{cons}_{ij}$$

(874 of 874 cases in use)
UNITS:
CountryIdentifier: 28 (of 28) in use

8.2.Questionnaire

Q1: Please fill in the blanks with information about your firm

(a) Our firm's home country is: _____.

(b) Our firm has been operating for _____ years.

(c) Our firm does a lot of business from this foreign country/market: _____.

(d) Our firm has been serving this foreign country/market for _____ years.

Q2: Please fill in the blanks with information about yourself

(a) My position at the firm is: _____

(b) I have held my current position for _____ years.

Q3: Below are statements that seek to describe some aspects of your firm in the past five (5)

years and the country in which it operates. Please indicate your level or agreement or disagreement with these statements by putting an 'X' on the corresponding number against the statement. Note that;

1 = Very Poor; 7 = Very Strong. Numbers closer to 1 mean some level of weakness while those closer to 7 mean some level of strength.

How would you assess the level of implementation of new/foreign practices in your firm, i.e. have new/foreign practices been introduced in the past 5 years? For the following items…							
New/foreign practices in general	1	2	3	4	5	6	7
Leadership (practice communicated, supporting change, actions reflect importance of new practice).	1	2	3	4	5	6	7
Information and analysis (information tracking)	1	2	3	4	5	6	7
Planning (acting on plans, strategic business planning)	1	2	3	4	5	6	7
Business results (improvement through innovation, improvement in overall quality)	1	2	3	4	5	6	7
Customer focus and satisfaction (customer requirements, flexibility, satisfaction)	1	2	3	4	5	6	7
Assess the reputation of managers in your firm on the following items…							
Ethical practices are always implemented in our firm in our home country	1	2	3	4	5	6	7
Ethical practices are always implemented in our firm at the foreign country	1	2	3	4	5	6	7
The credibility of our managers is very strong in our home country	1	2	3	4	5	6	7
The credibility of our managers is very strong in the foreign country	1	2	3	4	5	6	7
Assess your firm on the following items after it had been exposure to favourable export stimuli…							
Communication of interest in exporting throughout the firm to seek opinion	1	2	3	4	5	6	7
Seek more relevant information from internal relevant sources	1	2	3	4	5	6	7
Seek more information from a network firm	1	2	3	4	5	6	7
Seek more information from a local government agency	1	2	3	4	5	6	7
Evaluation of benefits and risks relating to potential export markets	1	2	3	4	5	6	7
Assessing our own resource capabilities	1	2	3	4	5	6	7
Evaluate the advantages and disadvantages of exporting against our firm goals	1	2	3	4	5	6	7
Assess your firm on its ability to influence individuals within the firm to want '*build the future together*' (favourable to learning) …							
Ability to cooperate	1	2	3	4	5	6	7
Efficient decision making	1	2	3	4	5	6	7
Efficient and fluent information flow	1	2	3	4	5	6	7
Ability to use teamwork	1	2	3	4	5	6	7

Business-oriented operational culture	1	2	3	4	5	6	7
Efficient strategic planning	1	2	3	4	5	6	7
Fluent work processes	1	2	3	4	5	6	7
Management support of personal development	1	2	3	4	5	6	7
Assess your firm on its ability to facilitate the following indicators of learning…							
An open minded and positive attitude towards risk taking	1	2	3	4	5	6	7
Learning by mistakes	1	2	3	4	5	6	7
Open communication	1	2	3	4	5	6	7
Willingness to develop oneself	1	2	3	4	5	6	7
Challenging and meaningful work	1	2	3	4	5	6	7
Preconditions to taking initiatives	1	2	3	4	5	6	7
Encouraging activeness in one's work	1	2	3	4	5	6	7
Minimal distress of personnel	1	2	3	4	5	6	7
Assess other firms in your home country in on the following items…							
Collaboration of firms is high	1	2	3	4	5	6	7
Interdependence of firms is intense	1	2	3	4	5	6	7
There are close links between firms	1	2	3	4	5	6	7
Conflict between firms is high	1	2	3	4	5	6	7
Uncertainty in firms is high	1	2	3	4	5	6	7
Expectations of firms are similar	1	2	3	4	5	6	7
Assess interactions at your firm's home country on the following items…							
Nature of economic ties is coordinated.	1	2	3	4	5	6	7
Extent of co-determination in the workplace is required and regulated with broad involvement, and with councils dependent on unions.	1	2	3	4	5	6	7
Nature of conflict resolution in conflict resolution in industrial adjustment and wage setting is bargained or networked.	1	2	3	4	5	6	7
The extent of generalised political exchange in industrial relations and national policy making is extensive, both at the firm and national level	1	2	3	4	5	6	7
General nature of public-private interaction is encompassing	1	2	3	4	5	6	7