Explaining Intra-Africa Internationalization

There is a paucity of literature on intra-African trade on the continent despite clear indications that the phenomenon is on the increase on the African continent. This review focuses on some of the key issues and outcomes that have been raised in this recent book. The book provides an eclectic bag of theories to explain the phenomenon, but these theories can have a better explanatory power if situated within an Africapitalism context. Also, strategic, political, and digital considerations in internationalization on the African continent are espoused in Part 2 of the book. The final part of the book presents cases from different sectors in multiple countries to buttress the point that intra-African trade and the emergence of African multinationals is on the rise. The editors have mapped out the nature of intra-African internationalization but clearly note that the attempt is not exhaustive. Consequently, it represents a starting point for scholars to interrogate the issues that have been espoused in this book.

The internationalization literature is inundated with literature on foreign direct investment (FDI) into Africa from the global north and how firms from the global south (Africa especially) can also participate in the value chains of multinational companies in the global north. In response to the above, macro-level managers of African economies have been encouraging inward FDI investments into their various countries while micro managers have been encouraged to export into western countries. However, the evidence is beginning to show that there is strong intra-African trade at the micro level that is driving growth on the African continent. Several cases in Africa support this assertion (Adeleye, White, Ibeh, & Kinoti, 2015). However, there is a paucity of literature covering this emerging phenomenon. This book ably deals with this lacuna in literature and is a sequel to an earlier edition focusing on “the changing dynamics of international business in Africa.” It provides readers with the key issues and emerging trends, while providing insights into future research avenues.

The editors divide the book into three parts. Part 1 deals with the key issues, emerging trends, and future dynamics, as well as presenting directions for future studies. Adeleye, White, and Boso deal with critical issues while discussing emerging trends and key issues in intra-Africa internationalization. The first chapter presents a rich discussion of Africa in the global business arena and questions some of the notions held about Africa in the international business literature. For example, they point out that while Africa’s contribution to global exports is nearly negligible, intra-African trade is on the rise and saw an almost 10% increase between 2005 and 2014. This growth can be a preparatory phase for African enterprises to participate in future global markets beyond the continent. The trends show that this growth was spurred by transnational firms from Kenya, Nigeria, and South Africa. Also, they note that efforts at overcoming infrastructural and institutional bottlenecks that have hindered the participation in international markets seem to be paying off with the emergence of African multinationals. The findings suggest that one of the key drivers of this internationalization effort has been networking and interorganizational cooperation among firms, especially among service firms. An overview of the thematic areas (rise of pan-African banks, corporate political activity, internationalizing in a digital era, internationalizing in a VUCA [volatility, uncertainty, complexity, and ambiguity] region and building African businesses and brands) covered in the volume are briefly discussed in this chapter.

The second chapter in this part of the volume, by Adeleye and Boso, raises questions about the ability of African multinationals to dominate a market previously held by European multinationals and recently emerging market players and the implications of such for international business research scholars. The authors correctly estimate based on current evidence that the factors driving intra-African internationalization and the emergence of African multinationals is likely to continue. This is largely because the Africa region remains one of the largely untapped market opportunities globally for many products and services. It is rightfully noted that the research on intra-African internationalization at the firm and strategic management level is nearly negligible. Theories on the motivations, locational dynamics, regionalization, internationalization processes, challenges, effects of internationalization on performance, and institutional dynamics will be very welcome. Currently, the authors suggest an eclectic bag of theories that can explain the behaviors of the emerging African multinationals that encompass these theories. However, putting these theories within the context of Africapitalism (Amaeshi & Idemudia, 2015) will provide these theories with the needed African impetus. Africapitalism represents an economic philosophy that is a middle ground between business and opportunity suited to African conditions. This is because reliance on Western philosophical concepts will offer little in understanding trade among Africans, with Riggian pragmatism as the result.

Part 2 of the book considers a multiplicity of issues that confront intra-African internationalization efforts of African businesses in an eclectic manner. Nigerian banks have been expanding into much of Africa, especially in the West African subregion. Ebimo Amingo’s chapter examines the factors that influence the behavior of Nigerian banks. The chapter provides insights into the usefulness of regulatory

reforms, shifts in the strategic direction of the banks, and a desire to exploit both tangible and intangible organizational assets to diversify into other sub-Saharan African markets. The implications and contributions of the chapter are less robust; for instance, there is a high reliance on home-market and firm factors influencing internationalization outcomes without the same emphasis on host-market conditions that are equally important. However, many studies report the importance of host-market conditions on internationalizing firm choices (Nyuur & Debrah, 2014). These include favorable government regulations, low cost factors, security issues, and infrastructure.

Notwithstanding these issues, the study presents interesting issues that can serve as the basis for future researchers, while business leaders can utilize them as initial discussion frameworks for internationalization efforts. Charles Mbalyohere presents an exploration into the corporate political perspectives influencing intra-African FDI utilizing a qualitative methodology with evidence from Uganda. Steeped in institutional dynamics in emerging markets, the study finds that international investment patterns of African firms are shaped by heterogeneous corporate political strategies. This is helping to redefine capitalism based on African aspirations and contingencies. This is very insightful, as most African business environments are still governed by relation ties and trust rather than contractual norms (Kwasi Buame, 1996).

The chapter by Emmanuel Kofi Adjei discusses inward investments into the Ghanaian hospitality industry through the utilization of Internet marketing. The main argument of this chapter is that utilizing the Internet for marketing purposes represents some form of virtual internationalization effort without brick and mortar elements. The findings support this line of argumentation for the sample size utilized for the study. However, the process of argumentation, analytical strategy, and contribution were weakly articulated. The chapter devotes only a half page to internationalization literature without any linkages to the virtual internationalization literature though the Internet that is objectified. Yet the findings can be very useful for hotels, especially small ones seeking to participate in the global market.

The final part of the book presents the key issues and outcomes in Africa-to-Africa internationalization from cases in multiple African countries. The cases include the beer wars that SABMiller from South Africa is causing by its entry into Nigeria; the changing landscape for South African petrochemical giant SASOL in Mozambique; South Africa’s NGN Telecom’s reentry into the Kenyan market; and the benefits of patience when internationalizing within Africa and Kenya’s Equity Bank’s attempts to build a true African multinational bank by entering into the Nigerian banking industry. Together, the cases multisectorally identify competitiveness, dynamism, perseverance, and ambition as some of the key attributes to reaping benefits in intra-African internationalization efforts. SASOL, for instance, relied heavily on culture and context in the implementation of internationalization efforts into Mozambique to build sustainable relations in that market. This is an important approach in avoiding the problems of ingratiation in international markets (Buame & Acheampong, 2015).

NGN Telecom’s reentry shows the role of continuous learning and adaptation to the host business environment.

The editors have put together a good collection of chapters that is able to introduce readers to the key issues in intra-African internationalization with supporting cases. The book helps fill an important research lacuna in international business regarding the role of Africa, especially intra-African internationalization, in the literature. The book is a valuable resource for students, practitioners, and scholars interested in international business from an African perspective. The editors have mapped out the nature of intra-African internationalization but clearly note that the attempt is not exhaustive. Consequently, it represents a starting point for scholars to interrogate the issues that have been espoused in this book.

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REFERENCES


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George Acheampong holds a PhD from the University of Ghana after completing coursework at the University of Copenhagen. George is a past DANIDA Growth and Employment Scholar. He has held fellowships at the UNU-WIDER and DERG University of Copenhagen. His research interests are in how enterprise can lead to development in Africa utilizing market-based approaches. Specifically, he focuses on development entrepreneurship, business failures, family business, and international business. Some of his works have also been published in the International Marketing Review, Journal of Family Business Management, Journal of Small Business and Enterprise Development, Journal of Global Entrepreneurship Research, Review of International Business and Strategy, Thunderbird International Business Review, and Journal of Enterprise Information Management. George teaches entrepreneurship, international business, and marketing at the University of Ghana Business School. He is a member of the Africa Academy of Management (AFAM) and the International Academy of African Business and Development (IAABD).

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