

## Submission of Thesis and Dissertation

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Title of Thesis: The Impact of Cultural Differences on the Internationalization of MNEs: A Case Study of MTN Nigeria.

Date: August 2020

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**The Impact of Cultural Differences on the Internationalisation of  
Multinational Enterprises (MNEs): A Case Study of MTN Nigeria.**

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**Submitted in partial fulfilment of the award of MSc. International Business**

**School of Business**

**National College of Ireland**

**Supervisor: Dr. Kesiena Mercy Ebenade**

**Submitted to the National College of Ireland**

**(August 2020)**

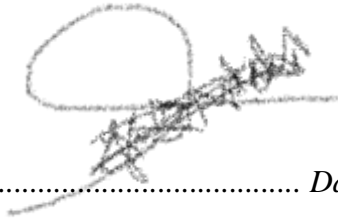
## **Abstract**

The purpose of this research is to analyse the effect of culture on Internationalisation of a large multinational enterprise in Nigeria, a case study of MTN Nigeria. This study aims at contributing to international business research by clarifying how organisations overcome differences in culture, beliefs and assumptions in order to gain competitive advantage in foreign markets. This study aims at addressing knowledge development in Internationalisation of Multinational firms. It also elaborates on Hofstede theory, with in depth analysis of traditional theoretical arguments for analysing cultural impact, in international marketing of Multinational enterprises.

The study examines culture using Hofstede cultural dimensions with reference to the elements of culture and their impact on Internationalisation and analyses the Internationalisation process using Uppsala model. The study further describes the research methodology by using a semi-structured interview method to carry out research with simple random sampling technique. This is a qualitative study, having the sample size of ten respondents which will include the management staff of MTN Nigeria.

**Declaration**

*I declare that this thesis has been conducted and composed by me and submitted for assessment on the program study leading to the award of MSc in International Business.*

A handwritten signature in black ink, consisting of a large, loopy initial 'S' followed by several smaller, less distinct characters.

*Signed ..... Date ..... 19<sup>th</sup> August 2020.....(Candidate)*

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## CHAPTER ONE

### INTRODUCTION

#### **1.1 Background to The Study**

International business can be described as the business activities which involve the transfer of resources tangible and intangible in other countries that are different from its domestic market. (Hill, 2008). International business also refers to the transfer of goods, technology, knowledge, capital and services from one country to the other. It involves cross border transactions between two or more nations (Hill, 2014). International business occurs when there is movement of goods and services from one country to the other, when contractual agreement allows firms use products and services from other foreign countries, and when a firm decides to formulate operational, manufacturing and research and development facilities in foreign markets (Zekos, 2013). Countries may have different regulations that may favour the production and sale of quality standard dairy products or offer tax incentive to the company. Foreign expansion is influenced by the opportunities in the foreign market to derive economies of scale. These opportunities can be harnessed if the company possesses the resources to enter the market. When the firm plans Internationalisation, the management should take into consideration factors affecting the market and how to exploit the opportunities created in the market (Lindbergh, 2005).

International business literatures such as (Hofstede, 2016; Forsgren, 2016; Lindbergh, 2005) recognise that institutional knowledge is an essential factor for successful Internationalisation of the firm. It is important for individual firms to increase their knowledge about cultural and institutional differences. In this study, culture is considered to be the distinctive characteristics of thoughts of people from other people (Hofstede, 2016). Hofstede (2002) discusses culture

as “Mental Programming” which is referred to as arrangement of thoughts, emotional state and credible performance.

The behavioural patterns and thinking dimensions of the people creates a culture. There is a great impact on the business procedures and organising of businesses due to cultural differences, where people disentangle the situations and issues and resolve the predicaments (Trompenaars & Hampden-Turner, 2004).

A major challenge firms face is institutional knowledge and analysis of the environment it intends to operate in. Cultural ignorance has led to the failure of some multinational enterprises because of failure of adjusting to the trends, uniqueness and difference in the foreign market.

Countries have diverse people, beliefs and systems (Lindbergh, 2005), it is important to note that cultural intelligence is essential for a firm’s business relationship and is necessary for successful integration into the foreign market.

Globalisation is an opportunity for companies to expand, gain economies of scale and recognition. It is imperative to understand how firms develop knowledge about the foreign market. A major theoretical framework that illustrates knowledge development by companies is the Internationalisation process (I.P) model (Johanson & Vahlne, 1977). This model derives knowledge from the theory of growth in the firm and Cyert & March behavioural theory of the firm (Pitelis 2007) which assumes that a company that is culturally ignorant and economically of the foreign market will adopt an Internationalisation process on a step by step basis thereby overcoming cultural ignorance.

Firms wish to avoid uncertainty in the foreign market, the I-P model claims that firms expand on a step by step basis that is sequentially starting from the exportation of resources to gradually increasing their market commitment then finally setting up subsidiaries (Jonsson & Foss 2011). There is a need for operative process management to be empathetic towards differences in culture for managing organizations in an effective way (Trompenaars & Hampden-Turner,

2004). There is great significance of cultural understanding for the performance of organizations operating in international markets.

Technological advancement has played an important role in getting the countries closer together. The interconnection of the countries for boosting their business performances and planning marketing strategies in today's world is globalization. The congregating demands of consumers around the world have created international business marketing opportunities and developed new horizons for expansion of businesses and profits (Cleverland, Naghavi, & Shafia, 2017).

The Culture of a country depicts its mindset, dressing styles, eating habits, thinking approaches and norms. The activities which are performed outside the boundaries of the country of origin are International Marketing activities (Kwok et al., 2005).

Because people uphold their diverse culture (Ahmed 2014) marketing strategies should be designed according to culture and receiver's perception of the product (Javalg & Russell, 2018). This is an empirical study of research which fills up the gaps of literature and contributes to international business study.

## **1.2 Overview of Nigeria**

Nigeria is an African country that is located in the Gulf of Guinea in West Africa. It is surrounded by countries such as Cameroon in the east, Niger in the North, Chad in the Northeast and Republic of Benin in the west. Nigeria is the most populated country in Africa and the richest country in Africa (Ogbonna 2010). Nigeria is one of the top tenth largest countries in the world and it is very culturally diverse owing to its size and many tribes existing in the country. Ogbonna (2010) estimates that Nigeria has about 371 tribes and 400 spoken languages. However, there are three major tribes in Nigeria which are Ibo, Hausa, and Yoruba. Also, there are three major religions in Nigeria which also forms part of the belief system of the people. These religions are Islam, Christianity and Traditional worshippers. There are other

cultural elements prevailing in Nigeria such as age, level of education and social organisations. All these elements have played significant roles in the Internationalisation process of Multinational companies.

### **1.3 Organisational Context**

This research is focused on MTN's Internationalisation process in Nigeria. MTN Nigeria communication Plc. is a South African owned company of the MTN Group which was founded in 1994. MTN expanded into Nigeria in August 2001. MTN Nigeria is a member of the MTN group operational in Africa, Asia and Europe. It is one of Africa's leading providers of communication service covering over 61 million people across the country.

The listing of MTN Nigeria on the Nigerian Stock Exchange (NSE) was successfully completed on the 16<sup>th</sup> of May 2019. Thereby changing its name from MTN Nigeria communication Limited to MTN Nigeria Communication PLC and it became the first network provider to be listed on the Nigeria Stock Exchange. This listing clearly shows the company's commitment to the Nigerian market thereby attracting potential local investors who are willing to be a part of the growth of the MTN.

MTN Nigeria's strategy is to provide unique products and services that offer value to customers and increased customer satisfaction and convenience. The strategy of MTN is to offer best customer experience, value creation and efficiency focus, ignite commercial performance, growth through data and digital service, technology excellence and foster an inclusive and dynamic working environment to enhance productivity, creativity, innovation and drive.

MTN is devoted in carrying out all its activities with professionalism, due care, diligence and integrity thereby ensuring its compliance with all regulatory laws. The company has been relatively growing in capacity, coverage and innovation leading to the development of new strategies, technology and new market entries. MTN battles strong rivalry in the telecoms

industry which include Glo, Airtel, and 9mobile however, it has been the largest telecommunications company in Nigeria as it possesses the largest market coverage and services which include voice call and data.

The success of the company in increasing its customer base highly depends on the outsourced company's (agents) ability in supplying effective network equipment, marketing and sales services and management of operations. There is no direct managerial, operational or financial control over network equipment because they rely on partnership, but MTN have subdivisions that oversee the activities of outsourced companies to ensure they deliver quality and on time. The aspect of the value chain in which MTN is directly involved is in the provision of service and optimization of their service. They are directly involved in ensuring that network coverage is sufficient for their customers. However, they have an inhouse operational team that ensures that all outsourced companies meet the business demand.

#### **1.4 Statement of Research Problem**

The interest in multinational companies has given rise to lots of research and articles on Internationalisation, which has led to analysing people's views and concept of the process of Internationalisation.

The need for organisations to expand their operations beyond the border is fast rising as factors of production are now mobile. Business Organisations replicate themselves by expanding their value chain to other countries. Organisations are increasingly open to the Internationalisation of their operations to harness opportunities across the border of their home country. (Jonsson & Foss 2011)

A successful Internationalisation process is most important for multinational companies because no firm will take pride in investing huge resources only to fail at the business. For companies to succeed in the foreign market, it should understand the importance of culture and tailor its products to suit the needs of the market.

It should be understood that every market is unique and distinct. Dominance in leading the market segment of a country doesn't guarantee the same in another market because different markets have different behaviours (Hadjikhani et al., 2014). To keep up with the fast-growing economy, companies are adjusting their business practices to meet the demand of its customers.

### **1.5 Objectives of the Study**

The overall aim of this study is to examine how MTN Communications Plc has been able to develop knowledge to overcome cultural differences prevailing in the market to gain competitive advantage in Nigeria. The specific objectives are to;

1. Identifying cultural differences in the foreign market and their implications on MNEs international strategy.
2. Scrutinizing the impact of culture on International Marketing and customer responsiveness.
3. To analyse how a firm can obtain cultural knowledge of the international market.
4. To understand how market experience can improve cultural knowledge for MNEs to gain competitive advantage.

### **1.6 Research Question**

This study provides answers to the question “*How has MTN Communications PLC, in its expansion into Nigerian market, been able to develop knowledge to overcome cultural differences prevailing in the market so as to gain competitive advantage?*” The specific research questions are listed below.

1. What is the impact of culture on Internationalisation of multinational enterprises?
2. How can a firm obtain cultural knowledge?
3. How can cultural intelligence impact a successful international marketing strategy?
4. How can a firm overcome cultural difference in a foreign market?

## **1.7 Research Hypotheses**

The following postulate hypotheses are to be tested in the course of this study.

Hypothesis one

H<sub>0</sub>: cultural elements have no impact on Internationalisation of multinational enterprises.

H<sub>1</sub>: cultural elements impact Internationalisation of multinational enterprises.

Hypothesis two

H<sub>0</sub>: market experience cannot improve cultural knowledge

H<sub>1</sub>: market experience can improve cultural knowledge.

Hypothesis three

H<sub>0</sub>: cultural intelligence has no impact on successful international marketing strategy.

H<sub>1</sub>: cultural intelligence impacts on successful international marketing strategy.

Hypothesis four

H<sub>0</sub>: A firm cannot overcome cultural difference.

H<sub>1</sub>: A firm can overcome cultural difference.

## **1.8 Significance of the Study**

The aim of this research is to contribute to international business knowledge by clarifying how culture and experience influences management decisions and how their decision impacts on a firm's Internationalisation process. This research analyses the in-depth knowledge marketers obtain to enable them to understand the people and environment for a successful Internationalisation process. More specifically, this research provides answers to how firms develop cultural knowledge of the foreign market to overcome cultural ignorance.

## Management

The outcome of this research can serve as a guide to managers at various levels helping them understand that culture is diverse and for a successful Internationalisation process, cultural knowledge of the foreign market is essential for the success of the business. It also provides processes or Internationalisation by different international business models that can be essential for adopting sound marketing strategy. The outcome of this study is also relevant to performance management practice as it shows variations in corporate culture. Consequently, Managers will understand how to develop strategies to suit customer's needs.

## Employees

Employees are people who get the job done. The study helps workers gain knowledge of diverse cultures to enable them to overcome cultural ignorance so as to achieve organizational goals and objectives of globalization.

## Researchers

For Researchers, this study will possibly support further research studies and generate more insight into different points of view. This study can serve as a catalyst into future research works.

### **1.9 Limitations of the study**

This research uses a case study research design which makes it difficult to derive a causal relationship. Also, the study makes use of only ten participants for the interview which therefore raises concerns about the generalisation of the outcome. Thirdly, the research investigates self-reported opinion which indicates that actual behaviour was not observed to ascertain outcome. Finally, there are many ways and approaches by which a firm can obtain foreign market knowledge for example adopting mimetic behaviour or acquiring local units (Forsgren, 2016). However, this research focuses on obtaining cultural knowledge using the Internationalisation process model (I-P model).



## **1.10 Outline of Chapter**

This study consists of five chapters.

### Chapter one

This chapter consists of the general introduction of the research work, the statement of problem, research objectives, research question, research hypothesis, significance of study, scope of the study and outline of the chapters.

### Chapter two

This chapter is the literature review. it discusses key theoretical frameworks, specific experiences firms experience in the market, how they formulate strategy to accommodate cultural differences.

### Chapter three

This chapter focuses on and gives more insight into research methodology and research design. Sampling technique, sample size, data source, and data collection instruments.

### Chapter four

This chapter presents the analysis and interpretation of the data derived from the study.

### Chapter five

This chapter summarizes the findings of the study, the conclusion and recommendation.

## CHAPTER TWO

### LITERATURE REVIEW

#### **2.1 Conceptual Framework**

There is a long debate in the literature about the national culture and the culture of organizations interface (Gerhart, 2009; Hatch & Zilber, 2012; Nazariana, Atkinson & Foroudic, 2017). Minkov & Hofstede (2016) assert that obtaining an understanding of culture and its elements are very significant for overcoming the challenges of International trade. An institution's culture has the power to influence the overall business strategies of the organizations.

#### **2.2. Internationalisation**

This describes the process of designing goods and services to satisfy the needs of users in many countries. It could also mean an organisation increasing its footprint in a foreign market to capture greater market share (Czinkota 2009).

Internationalisation comprises both an organization's decision to expand to a foreign market and a sequential expansion that happens after entry. This expansion is dependent on accumulated knowledge and knowledge acquired from experience in the market of which cultural knowledge is key to a successful expansion (Galdino et al., 2019).

Internationalisation process suggests that market knowledge can be acquired from a variety of sources such as firm's disposition to innovativeness, proactiveness and risk taking, it results in exposure to cultural diversity (Kropp et al., 2008; Zhou, 2007) and use of specialized agents in the entry into foreign markets (Spence and Crick, 2009).

Managing international organisations involve obtaining an understanding of the market so as to gain competitive advantage. New competitive advantage is developed by an enterprise through their stock of knowledge as well as learning ability (Liu Ying-Yen, 2019). Therefore, an organisation's knowledge can be strengthened through a structured learning ability in order

to overcome market ignorance. Recently, international opportunity development has been associated with knowledge derived in the Internationalisation process (Chandra, 2017).

### **2.2.1 International Trade Theories**

These theories analyse various patterns and motivations of international trade. Examples of international trade theories are; absolute advantage, comparative advantage, free trade, new trade theory and competitive advantage theory. These theories give detailed explanations to International trade. International trade can be described as the exchange of goods and services between people or countries.

Classical Trade Theory describes the ability of countries to generate goods and services in which it has a competitive advantage for local consumption and export. It states that a country's wealth depends on import and export balance (Speth 2015).

### **2.2.2 Theory of Absolute Advantage**

The theory of absolute advantage emphasises that countries excel if they focus on products in which they have absolute cost advantage.

However, this theory does not apply to the modern-day Internationalisation process as factors of production have become mobile; labour, technology and information are now transferable from country to country. Adam Smith theory emphasises that countries should only specialize in products in which they have resources to produce efficiently (Speth 2015). This theory is not sufficient to base this report on because it recognises only one factor of production which is labour.

### **2.2.3 Theory of comparative Advantage**

This theory was formulated by David Ricardo, according to him, countries succeed if they focus on the production of goods and services in which they have competitive advantage over.

It is the ability of an economy to produce goods and services at lower opportunity cost and realise stronger sales margin than that of trade partners (Bernhofen et al., 2018).

#### **2.2.4 Theory of competitive advantage**

This theory assumes that competitive advantage occurs when an organisation develops a contribution of attributes that enables it to outperform its competitors (Barney & Clark, 2007).

These advantages include access to natural resources, trained and skilled personnel resources, access to diverse workforce, access to new technology and access to large market share etc.

#### **2.2.5 Free Trade**

This is a policy that is often implemented in the modern world today. It is a means of a mutual and formal agreement of nations involved. Therefore, the act of opening up nations is known as free trade. This free trade usually benefits wealthy nations that attract big companies who intend to expand and sell their goods and services abroad (Healey, 2014).

#### **2.2.6 New trade theory**

This theory suggests that economies of scale and network effect are key determinants of international trade patterns. The new trade theory is significant that it outweighs the traditional trade theory of comparative advantage. Another assumption of this theory is that firms who have advantage can become early entrants and dominate the market thereby making it difficult for new firms to compete (Yamarik, 2018).

### **2.3 Cultural Framework**

Culture is a set of values, beliefs, norms, customs and society standards of living include language, eating habits, dressing and social trends. Culture is defined as, ‘the way in which a group of people solve problems and reconciles dilemmas’ (Trompenaars & Hampden-Turner, 2004). Hofstede (2002) discusses culture as “Mental Programming” which is referred to as

arrangement of thoughts, emotional state and credible performance. He also stated that it is the shared designing of the thoughts which differentiates people from each other.

Culture is of vital importance for businesses where the businesses have direct interaction with the culture including all the stakeholders of the society including consumers, employees, suppliers and retailers. Hofstede, G. (2016). Culture is a gradual procedure of beliefs and attitudes and collective activities. There are many definitions of culture itself, but culture determination and evaluation of its elements is difficult while conducting research (Deephouse, Newburry, & Soleimanic, 2016).

Certain cultural aspects are more visible than others, these elements are more observable such as behaviour, language, food and music. A more critical analysis of culture can be studied by observing the submerged tip of the iceberg. The in-depth layer of the iceberg involves expressed values that emphasizes how cultural members explain the manifest culture and finally, deep down into the iceberg consists of assumptions that provide ultimate meaning (Ghemawat & Reiche, 2011).

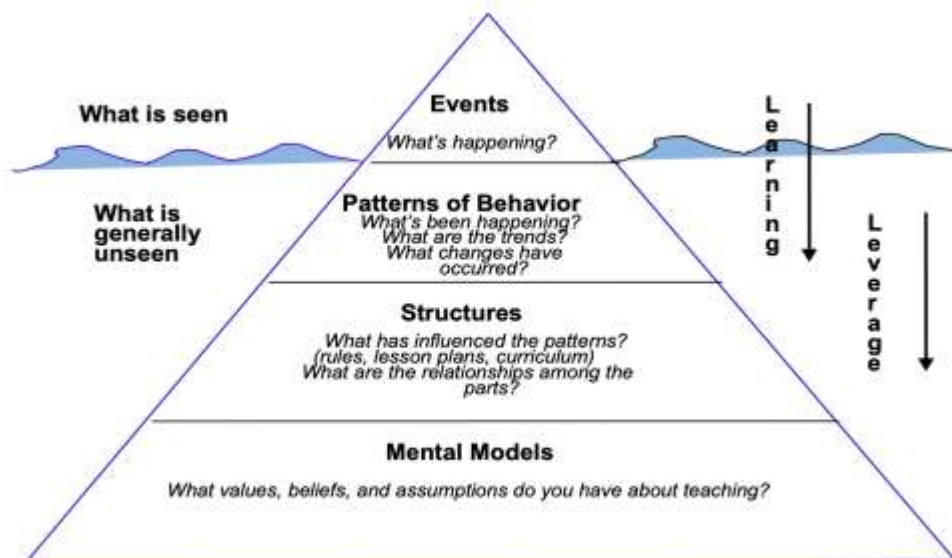


Figure 1: The Iceberg Model

source: The Iceberg Model (Goodman, 2002).

For example, in Nigeria, it is cultural for a person to address superior by their title (Mr, Miss, Dr, Engr, Professor, etc) and superiors should never be addressed by their first name as it is considered a sign of disrespect and lack of reverence. This is an example of Power distance where some individuals are considered superior and should be offered such respect. Therefore, the surface of the iceberg represents the 'title', but deep down the iceberg are the unseen elements such as the assumption of lack of proper home training in a typical Nigerian concept. In the context of internationalisation, if an Irish firm intends to expand into Nigeria without this basic cultural knowledge, to the Irish firm these values may be insignificant but to the Nigerian institution it is upheld with utmost importance. Therefore, dealing with culture not only requires knowledge of adequate behaviour but also having a deep understanding of assumptions and values that determines people's behaviours (Hofstede, 2016).

#### **2.4 Hofstede's Cultural Dimensions**

The cultural framework that is widely used was developed by a Dutch social psychologist and management scholar Geert Hofstede (Ghemawat & Reiche, 2011). Hofstede dimensions help in embedding international marketing into the national culture. In 1980, Hofstede model on national cultural differences and consequences was introduced in a time when cultural differences in societies were very relevant for both economic and political reasons (Hofstede, 2010). Hofstede started working as a management trainer and manager of personal research at IBM International. His analysis of national culture defined four initial dimensions which were power distance, individualism/collectivism, uncertainty avoidance, and masculinity/femininity, that were positioned against 40 countries. The outcome of the data has led management practitioners and researchers to embrace this model. The dimensions were later extended to five dimensions of Hofstede (2016) which are; power distance,

individualism/collectivism, uncertainty avoidance, masculinity/femininity and long-term orientation.

### **2.5.1 Power Distance**

Power distance is one of the most practiced cultural dimensions, it reinforces that power is unevenly distributed in the society. The members of the society believe that few members are more powerful than the others as there is unequal distribution of power in the society. The essential attributes of any society are power and inequality. For example, Organisational structures in firms are unevenly distributed. It comprises the top-level management to the middle level and then the low-level management. Hierarchy in an organisation reflects an inherent inequality. In Nigeria the society accepts status differences and are expected to express proper respect for superiors.

### **2.5.2 Individualism/Collectivism**

Hofstede's second dimension identified Individualism/ collectivism. Individualism contends with collectivism, where individualism is the belief that individuals are responsible for themselves and they have to look after themselves and only their immediate family members. On the contrary in the collectivist society people have strong allies with one another and have developed strong groups with extended family members and take care of them without question and full loyalty.

### **2.5.3 Uncertainty Avoidance**

The third Hofstede cultural dimension is Uncertainty avoidance. This concerns the degree to which risky situations and ambiguity are accepted by cultural members. This element tries to minimize the effect of unknown and uncertain situations through prior planning and safety measures (Ahmed 2014). The people within these cultures are more emotional and get easily encouraged by their inner feelings. The cultures which accept uncertainty have more tolerance

towards novel and surprising situations, having only few laws. People in this culture are unemotional and apathetic and remain unconcerned with the happenings in their society. For example, some societies have low uncertainty avoidance such as Singapore where unstructured and ambiguity exist which favours innovation, risk taking and acceptance of different views.

#### **2.5.4 Masculinity/Femininity**

The fourth dimension of culture is Masculinity/femininity. Masculinity refers to the society that prefers men to be dominant and successful. In masculine countries, the values of men are considered as competitive and self-assured compared to women members of the society. The most masculine culture according to Hofstede (2002) is Slovakia, Japan, Hungary, Australia, Venezuela. The opposite of Masculinity is Femininity which is considered as the same values given to women as that of men in the society. Examples of feminine countries are Sweden, Norway, Netherland, Denmark and Slovenia (Travis, 2013).

#### **2.5.5 long-term orientation/Short-term orientation**

This is when there is a focus on the future rather than relying of short-term benefits and implications. The organisation is willing to delay short term social success, materials and emotional gratification to prepare for the future. This cultural perspective leads to adaptation of value persistence, perseverance and savings. On the other hand, when people or organisations are more focused on the present or past and considers the future of less importance, they are considered to have short term orientation. Thy value tradition, immediate gratification and social hierarchy (Ahmed 2014).

### **2.6 Limitation of Hofstede Model**

Some critics have argued about the conceptualization of the national culture despite the popularity of the model. Apart from Hofstede five cultural dimensions, there are other factors that influence culture and there are other ways culture can be assessed (Moussetes, 2007).



Also, this model does not really define individual personalities e.g. Age and taste as these are essential factors for international opportunities (Smith, 2011).

Furthermore, Hofstede dimension is not sufficient for comparing classes of companies in the same country. This is because organisational culture differs as well as their target market. Therefore, managing international organisations involves both organisational and national cultures in order to hold the institutions together.

## **2.7 Cultural Elements**

Cultural Elements should be recognized for understanding the society and its limitations which can influence people's interactions and behaviours (Leung et al, 2005; Gluesing, 2007; Hofstede 2002). Culture has shown the greatest effect on the Hofstede (2002) dimensions.

Culture can be perceived differently with different types of people. There are different perceptions of people having distinctive behaviours, attitudes, preferences and taste while being offered an international product (Suh & Kwon, 2002). The role of culture in the development of societies and countries are very important as the world is becoming interlinked with each other through globalisation (Karim, 2015). There are eight elements of culture to be considered in development of International Marketing Strategies. According to Sarathy et al. (2006), these elements of culture are, law and politics, language aesthetics, Values and attitudes, technology and material culture, social organization, education and religion.

### **Law and Politics**

The cultural traditions of a country develop its political and legal environment. The laws and politics of culture are a depiction of culturally accepted norms by the society. There is a need to understand the sensitivity of culture in a political view as this is of great importance to Internationalisation.

### **Language**

Language is one of the most significant elements of culture. The importance of language is necessary for the implementation of international strategy. Where there are many languages in the world, communication within a given market is important for understanding. The barriers in language would lead to failure in Internationalisation if the strategies do not properly address the diversity that exist.

### **Aesthetics**

Society's trend towards art, folktale and drama are the aesthetics of its cultures. They define the meaning of arts symbolically in artistic ways of expression. The use of artistic expressions would help in the identification of brand image and their usage of symbols for communication of messages (Brooks et al., 2004).

### **Values and attitudes**

Values are identified as goals, social principles and standards that have an intrinsic worth on a people (Ahmed, Ullah, & Alam, 2014). The values of consumers of one market are different from the values of the consumers from the other market. The values of a people towards wealth and risk-taking actions greatly affect the products offered, its packaging and its communication to the consumers. To enhance international strategy, it is important to understand the cultural values and attitude of the people.

### **Social Organization**

Many people belong to various social groups such as clubs, unions, professional organisations and religious institutions. Individuals are directly and indirectly influenced by the institution they belong to. This cultural element has been addressed as collectivism and individualism by Hofstede (2002) in its cultural dimensions.

### **Education**

Business operations nationally and internationally are strongly affected by the educational standards in the society. The firms, who want to extend their operations globally, would need

to understand the educational standards and level of skills in the market they are going to offer their products (Czinkota et al., 2009). Educational standards vary from country to country and also influences the behaviour of consumers towards products. Bekerman & Kopelowitz (2008), Management and employees of multinational enterprises are also shaped with respect to the educational knowledge of the society.

### **Religion**

People's religious beliefs or degree of religiosity seem to affect consumer responsiveness to new products, brands and firms. According to the research study of Lee (2013), the study reveals that religion creates either positive or negative institutional and network effects which results in an increase or decrease of goods and services.

### **Trends**

Trends such as emerging markets, population and demography, speed of innovation and other factors contribute to the economy and how international firms are perceived in the market. These elements hold a high level of uncertainty as the market evolves continuously.

## **2.8 Internationalisation Process Model**

Johanson & Vahlne, (1977) Internationalisation process model (IP-model) has captured the attention of a large number of researchers on foreign firm's international behaviour. The model provides experiential knowledge and network relationship as fundamental ground for incrementality, market knowledge and market commitment (Clavel, Juaneda-Ayensa & Fernández-Ortiz, 2020).

The IP-model asserts that uncertainty can be avoided through management decisions on market commitment. The level of uncertainty can be described as barriers that exist in foreign markets such as Political, economic, technological, social cultural, environmental, competition and legal factors. The model is constructed around uncertainty, expectation, experiential knowledge and commitment in the foreign market.

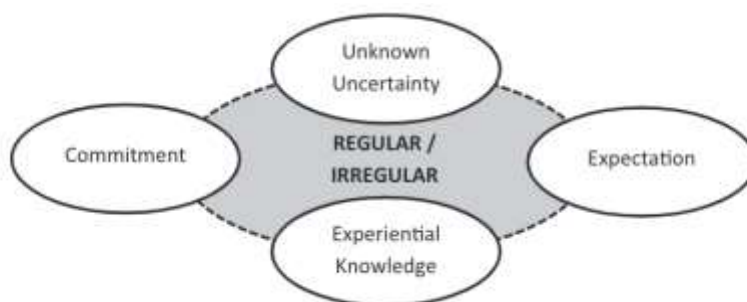


Figure 2:I.P Model

Source: (Hadjikhani et al., 2014)

The Uppsala model breaks the Internationalisation process into four stages as described below.

### 2.8.1 Uppsala Model

Uppsala model is a theory that analyses the Internationalisation process of a firm. The original model was the study of Swedish multinational companies which started their international expansion in markets close to the domestic market which have similar psychic distance and further expand to other markets (Jonsson and Foss, 2011).

Interest in multinational firms has led to many research articles and books on the firm's international strategy. This strategy is of necessity because of the existence of barriers to trade of which this research work focuses on cultural barriers. Johanson & Vahlne (1977) established the I-P model of Internationalisation process emphasizing on the experience and knowledge developed in the foreign market (Clavel et.al, 2020).

The term Internationalisation refers to the attitude a firm has towards the foreign market and the process of carrying out activities abroad (Jonsson and Foss 2011).

Companies start their Internationalisation process when they are relatively small and expand their operations abroad (Jonsson and Foss 2011). The first assumption in the I-P model is that firms first develop in the domestic market and this Internationalisation process leads to a series of incremental decisions. A major challenge to globalization is knowledge about the foreign

market, its culture, people and resources. However, this challenge is reduced through incremental decision making and consistently learning about the foreign market and its evolving needs (Lindbergh, 2005).

A basic assumption of the Uppsala Model is lack of knowledge in the foreign market. However, this knowledge can be acquired through a sequential process. Therefore, acquiring knowledge is by being active and participating in the market thereby developing market experience (Forsgren 2016).

The second assumption is that the market is penetrated through an incremental decision due to market uncertainty. This management learning process is called “learning through doing” (Forsgren, 2016).

The third assumption is that knowledge is highly dependent on individuals which makes it difficult to transfer knowledge to other contexts and individuals. Experience itself cannot be transferred. Experience promotes business strength and places the organisation at a competitive edge (Forsgren 2016).

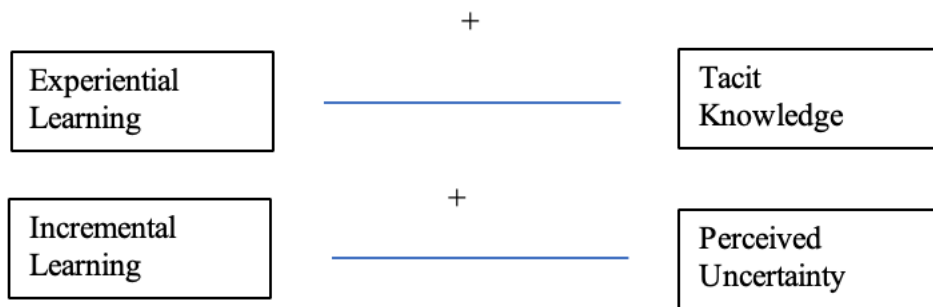


Figure 3: Market Knowledge Process

Source Forsgren 2002 p262

The Uppsala Internationalisation process model identifies four different stages of Internationalisation, embedded in these stages are how firms develop knowledge about the foreign market and how this knowledge informs their strategy and decision making.

1. no regular export activities

2. export via independent representatives (agent)
3. sales subsidiary and
4. production/manufacturing

The first process is the discovery stage, the entrepreneur discovers potential opportunities in a foreign market and combines different market entry strategies to explore the market opportunity (Forsgren, 2016). The relevance of the business relationship of a foreign market differs depending on the focus of the firm. Forsgren (2016), asserts that being an insider in a foreign market is more important at the developing phase when the MNE intends to establish linkage with local knowledge in order to develop competence. Therefore, this supports the notion that local knowledge sourcing is important for competence creation for Internationalisation of MNEs (Cantwell & Mudambi, 2011). At the discovery of new opportunities, it is important to obtain as much information about the foreign market.

The second stage assumes that the firm tends to enter the foreign market with successively greater psychic distance (Jonsson & Foss, 2011). Psychic distance can be defined as;

*“...the sum of factors preventing the flow of information from and to the market. These include differences in language, education, business practices, culture, and industrial development.”*  
(Johanson & Vahlne, 1977)

Internationalisation is as a result of a decision to spread to foreign countries. In order to avoid risk and uncertainty, firms start exporting to neighbouring countries that are comparatively similar in regard to business practices and culture. (Jonsson & Foss, 2011)

The concept of Psychic distance as it applies to people with common interests, practices trends and factors of production applies to how companies start internalizing. The firm spreads out its operations to countries with similarities in their business practice. By this, it is easy for the firm

to break barriers that exist between foreign countries and integrate within the market. (Jonsson & Foss, 2011)

In some literatures, (e.g., Clark & Pugh, 2001; Shenkar, 2001) Psychic distance has been highly criticized. The creation of a single index-based results from the five cultural dimensions presented by Hofstede (2002) assumes correlation as independent dimensions and is in conflict with cultural distance. On the other hand, psychic distance suffers from being defined as a perceptual concept but instead operationalized with objective measures (Lindbergh, 2005). Rather than creating an index country by country, cluster approach has been suggested to be more appropriate to ascertain cultural difference based on the score obtained from Hofstede's cultural dimension (Clark & Pugh, 2001). From the review of Hofstede (2016), asserts that countries who have similarities in attitude can be grouped in clusters, as a result, differences between clusters are of interest rather than differences between specific countries. The concept of country cluster is based on language, geography and culture. it also recognises that the countries that have particular political, social and legal environmental similarities is where the organisations act (Jonsson & Foss, 2011). It is also argued that national uniformity can be achieved by using the national border as a unit of analysis. In different countries, though a cluster approach may oversee cultural differences, it is important to evaluate the outcome of various studies. According to Lindbergh (2005), it is appropriate to ascertain cultural differences through the use of cluster approach in business transactions. Also, cluster approach is further advocated to capture better and more advanced international experience because it advocates for diversity of experience. A firm may be present in plenty of countries which belong to the same cultural regions, therefore such firms may have limited experience compared to firms active in different cultural regions (Erramilli, 2001).

The third phase is that after the establishment of agencies, markets are established through the use of subsidiaries in several markets and finally the establishment of production facilities in the foreign markets (Jonsson & Foss, 2011).

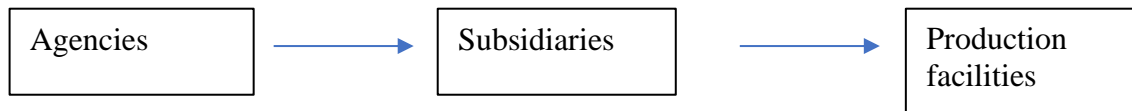


Figure 4: Establishment of Subsidiaries

The I-P model asserts that the four phases of the Internationalisation process are dependent on the firm developing knowledge and organisational structure. In this phase, the organisation builds up an export department capable of maintaining the agencies. With the establishment of sales subsidiaries, this means that control of subsidiaries is coordinated and marketing in different countries are developed (Jonsson & Foss, 2011).

### 2.7.2 Learning Behaviour and Knowledge Development

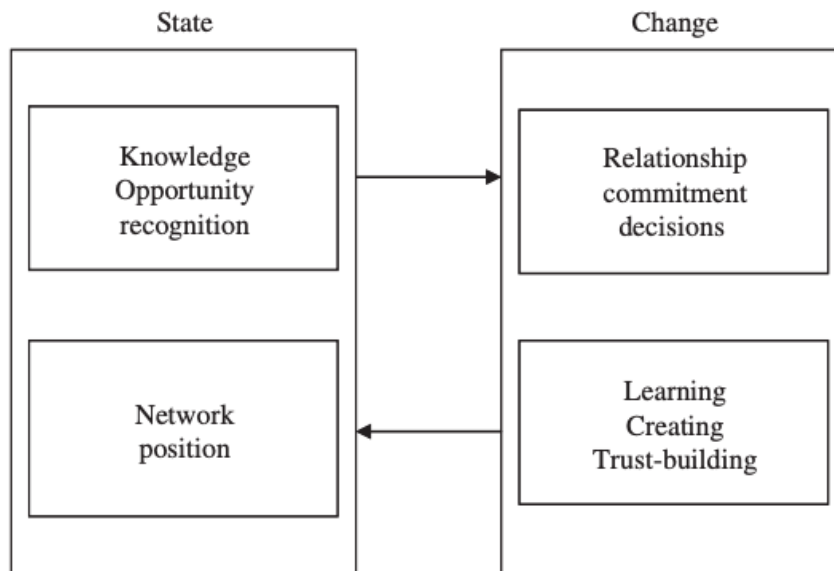


Figure 5: The basic mechanism of Internationalisation process of a firm

Source: Johanson & Vahlne 1990



This model recognises “recognition of opportunity” as essential for knowledge development. Opportunities in the market contributed to a subset to knowledge development. Lindbergh, (2005) consider opportunity an important variable that drives the process of learning behaviour. The components that make up this variable are; needs, strategy, capabilities of the firm to utilize the opportunity to achieve its goal.

The second variable is the Relationship commitment decision. The Uppsala model assumes that the Internationalisation process is pursued when there is a strategic alliance or relationship formed in the market. This relationship is characterized by trust, a level of knowledge, and finally commitment which is contributed by all the parties thereby promoting successful Internationalisation. The relationship formed will either strengthen or weaken the international process. from the network point of view, they can decide what kind of relationship or partnership to maintain depending on the entry mode, organisational changes, environmental factors and size of investment.

Network position involves the local parties involved that benefit from the strategic partnership such as agents and suppliers.

In the Uppsala model, knowledge creation and building can be achieved by experiential learning. This implies that knowledge can be developed by current activity, operations and regular daily activities.

All these factors above contribute to the body of knowledge formed in the foreign market.

## **2.8 Limitation of learning behaviour and Uppsala model**

The I-P model emphasises on experiential learning through continuous activities (Lindbergh, 2005) therefore this reduces the pace of international process. However, Forsgren, (2016) and other researchers assert that knowledge cannot only be gained through a learning-by-doing behaviour but can also be gained by grafting. Grafting means the acquisition of local units that have the required knowledge of the market therefore leading to a faster Internationalisation

process. This process thereby gives a firm more alternative paths to explore other than that predicted by the Uppsala model. Also, studies have shown that existing business relationships can improve learning experience for firms (Forsgren, 2016). According to Fosgren (2016), there are two types of learning; learning to boost effectiveness and learning to boost organisation's awareness of different alternatives. Therefore, the Uppsala model ignores these learning views.

However, over the years, researchers have been careful with adding more variables to the Uppsala model. Therefore, we can assume that the strength of the model is its simplicity. The Uppsala model proposes that the more experience a firm obtains from the market, the more its knowledge thereby reducing the perceived risk which at the end promotes more foreign expansion (Forsgren, 2016).

## **2.7 National Culture as a Determinant for Internationalisation of MNEs**

### **2.7.1 Culture and Internationalisation**

Internationalisation is a challenging business strategy for competing and offering products in the market that has different norms, beliefs and attitudes by understanding the culture of the people (Cleverland, Naghavi, & Shafia, 2017). Culture is a learnt behaviour which can be inherited from ancestors (Daramola & Oyinade, 2015). There is a need to understand the cultural differences to become successful in the international market by analysis of cultural attributes (Ahmad, Ullah & Alam, 2014).

Cultural attributes are inherited in the nation, they are norms which are adopted and learnt with the passage of time (Cayla & Arnold, 2008).

Internationalisation involves communication, negotiation and management. Hofstede (2002) dimensions define national values both in business perspective and in general. Mooji (2018) in her book, applied Hofstede findings in the field of advertising, consumer behaviour and global

branding. As firms expand beyond the domestic market, gaining an understanding of the foreign market is of importance (Clavel et.al, 2020).

### **2.7.2 The Interaction of a Firm**

The difference between international business and domestic business is that countries differ from others. Some of the barriers of trading include political system, economic, social cultural, technological, ecology and legal factors (Doole 2008). Social culture has an important role to play in the Internationalisation process. The I-P model assumes that countries are relatively different and that firm knowledge about countries also varies.

A firm cannot function in isolation, it has to interact within the market (Lindbergh, 2005), therefore the system of relationship where a company coordinates its business activities to facilitate the exchange of resources is known as the market (Jonsson & Foss, 2011). This relationship involves the interaction between customers, suppliers, investors, and employees creating a chain of distribution for the firm. It not only involves buying and selling but also communication to develop an understanding of the needs, capabilities and strategies of the market (Brooks et al., 2004). If the network or relationship of a firm is international, it will be necessary for the firm to obtain sufficient knowledge of the market (Forsgren 2016). The above instance is when the firm initiates a process to expand to a foreign market. On the other hand, an international process can also be initiated by a buyer from another country (Driouchi & Bennett, 2012).

Some countries are more or less accessible to a foreign firm depending on how clear their objectives are. Barriers to trade are formalized in regulations, guidelines and laws whereas others could be values, beliefs and norms (Hofstede 2016), of which can be learned only through experience. Following the assumption of Uppsala model stage two; export via independent representatives (agent), firms use agents that are familiar with the foreign market

to gain understanding of the institution because institutions with normative character such as business norms and practices are difficult to understand (Lindbergh, 2005).

Lack of knowledge about a country's environment will create difficulties in engaging in business transactions with foreign partners because acceptability of foreign firms differ from other countries (Lindbergh, 2005). A major determinant in the I-P model is the knowledge gained from the foreign market. The Internationalisation model does not emphasise the differences that exist between countries but mostly illustrates knowledge and experience, however, Hofstede's (2016) study captures cultural differences.

## **2.8 Conclusion**

The business environment has evolved over the years in response to globalisation, there is a rapid increase in competitors entering a foreign market thereby increasing diversity. Therefore, analysing the cultural differences in international trade is key to gaining competitive advantage in the market. Penetrating a new market is a big decision for MNEs because it involves skilled staff, greater administration, and marketing effort. However, it involves gaining an understanding of the market environment (Brassington & Pettitt, 2006). International marketers should pay attention to cultural factors as this will determine how their products and services are accepted in the market (Driouchi & Bennett, 2012). The firm has to interact with new people, culture, and institutions. Culture is distinctive, different people and different ways of life therefore it is only right to respect everyone's culture.

## CHAPTER 3

### METHODOLOGY

#### **3.1 Introduction**

The purpose of this chapter is to present the research philosophy, methods and approaches of the study. It gives a detailed reason for the selection of a qualitative case study and how it was most appropriate for this research study. Furthermore, it focuses on research design such as target population, semi- structured interview questions, sampling techniques, sampling issues, and data analysis. The chosen research methodology is to obtain sufficient response on the overall research question as stated below;

*“How has MTN Communications PLC, in its expansion into Nigerian market, been able to develop knowledge to overcome cultural differences prevailing in the market so as to gain competitive advantage”*

#### **3.2 Research Philosophy**

There are four philosophies in which research studies are conducted, they include positivism, pragmatism, participatory, and social constructivism (Hans-Gerd Ridder, 2012). For the purpose of this study, social constructivism research philosophy was adopted for the study. The reason why this philosophical approach is most suitable for this study is because according to social constructivism, knowledge and reality are actively created by interaction and social relationship (Hartas, 2010). This concept may appear to be obvious and natural to individuals but in reality, it is an artefact or invention of a particular society or culture. This research philosophy is constructed using qualitative data as influenced by the investigator. It also allows researchers to use open ended questions where participants can construct social meaning of research issues. As a result, this research philosophy will provide adequate explanation to the qualitative findings.

### **3.3 Research Approach**

Research study could employ either inductive or deductive research approaches. Deductive approach involves moving from general to the particular that is studying a theory and deriving hypothesis from it, testing of the hypothesis and revising the theory (Locke, 2007). Inductive approach on the other hand, involves moving from particular to general when making an empirical observation about some phenomenon and forming theories and concepts (Richard, 2009). Inductive approach therefore involves seeking a linkage between variables in the process of developing a general finding.

Case study research idea was chosen in finding and evaluating the Impact of Cultural Difference on Internationalisation of MTN Nigeria. The use of case study approach promotes access to multiple data sources which enhances credibility and reliability of data. In addition, qualitative data was selected for analysing research issues and secondary data including archive records and documentation. This approach was deemed most appropriate to obtain sufficient data to achieve the objective of the study.

### **3.4 Research Design**

The overall construction strategy of a research study is called the research design. It involves gathering of data and analysing the result outcome (Cooper & Schindler, 2006). Qualitative approach was applied in the collection of primary data to discover how cultural differences affected the exploration and expansion of MTN communication Plc into Nigeria. This research was however conducted as an exploratory case study. The purpose for choosing an exploratory case study is because it is easy for the researcher to interact with participants in the organisation. Also, this study employs exploratory research design because it allows the researcher to develop an empirical understanding of the performance of MTN Nigeria compared to other companies in the telecommunications industry in Nigeria. It further creates an understanding of the cultural diversity of the employees, partners, and agents.

Qualitative approach was necessary for obtaining sufficient understanding of cultural factors that influence international strategy of multinational companies. This approach is deemed necessary for analysing the case study because it exposes real-life uncertainties that exist in a foreign market and answers the question that sought to understand the link between culture and Internationalisation that seems complex for survey strategies. Therefore, qualitative methodology was essential for promoting researcher's flexibility in ascertaining the impact of cultural difference on the Internationalisation process of MTN Nigeria.

### **3.5 Data Collection Technique**

The data collection techniques employed by the researcher were primary and secondary data. Primary data was collected through a semi-structured interview while secondary data was collected using comprehensive literature review of MTN Nigeria. The data collection technique specifically involved a mixture of participant observation, interviews and archival records and documentation.

#### **3.5.1 Primary Data**

According to Creswell (2008), the primary research method is usually referred to as fieldwork because the researcher approaches the field to obtain data.

The advantage of using primary data is because information collected is tailored to the specific objective of the research study Creswell (2008). In essence, the questions asked were tailored specifically to proffer answers to help the study. In this study, a semi structured interview was conducted for collecting primary data. Furthermore, the researcher adopted the most careful and critical execution to ensure that the most accurate, reliable, relevant recent and unbiased data was gathered in th e process.

The purpose for choosing primary data was because it is suitable for investigation as it provides first-hand information from the participants and provides current information. Also, it is attributed to be transparent and free from bias.

### **3.5.2 Secondary Data**

Secondary data involves obtaining available information that relate and proffer answers to the objective of the study. Compared to primary data, secondary data is readily available, inexpensive and easy to obtain. There are various sources of secondary data they include; information from national population census, organisational records and information from government etc. In this research, secondary data was presented in the literature review which was sourced from the university e-library. Other than the school library, some data were sourced from the organisation's website and government publications.

### **3.6 Research Population and Sampling**

The research population is the total number of participants the researcher wishes to work with. Mohajan, (2018), emphasized how important and significant the selection of the sample is and selection of participants to achieve the objective of the study. Proper sampling technique is important for accuracy of collected data, cost effectiveness and time saving. Adequate sampling technique is important for providing unbiasedness in research participants.

For this research study, the sample population was randomly selected among MTN Nigeria managers. Random sample technique was used because the research case study has a huge population compared to the population necessary for investigation. The sample size was insignificant in developing the findings because the primary data was collected based on a qualitative research method (Mohajan, 2018). The interview was conducted with the management staff of MTN Nigeria via Zoom online platform. The sample size for the interview was ten participants of whom are all managers in various department in MTN Nigeria



### **3.6.1 Selection Criteria**

The criteria for the selection of the research participant is that they must be employees and management staff of MTN Nigeria during the period the study was conducted.

## **3.7 Data Collection Procedures**

### **3.7.1 Instrument**

The source of data for this study was primary and secondary data. The primary data consisted of data obtained from interviews of the respondents. The instrument used in obtaining primary data was a semi structured interview method.

### **3.7.2 Data Collection Process**

The construction of the primary data was done by the researcher based on the review of literature on the topic; the impact of culture in Internationalisation of MNEs. The qualitative approach of this study investigated the impact of cultural difference on the international expansion of MTN into Nigeria. The interview guide was structured based on the research question. The interview questions were structured to eliminate ambiguity, jargons, unfamiliar words and technical words to prevent confusion and avoid errors. The use of interviews is important because it allows for better explanation, and exploration of research topics.

On the other hand, secondary data was collected based on the approach addressed in the data collection technique (section.3.5.2) above. These sources include the company website, online database, government publications and research reports.

## **3.8 Data analysis**

The interview was conducted on an online platform called Zoom, which was recorded by the researcher. This data collected was then converted into a transcript for an in-depth analysis of the data. Also, a descriptive study was done through information gathered from past studies in various literature reviews and information gathered from the interview through discussions.

Thematic analysis was considered most relevant for the analysis of data in this investigation as the research questions are specific, the sample population was predetermined and the objective is clearly identified (Mohajan, 2018). This study was however concerned with the interpretation and description of the relationship between culture and Internationalisation process.

### **3.9 Validity of the research methodology**

Validity is referred to as the degree to which the content of the questions contain the characteristics of the research to enable it achieve the objective of the study (Mohajan, 2018). Validity can be analysed by the conformity, dependability and transferability. The steps used by the researcher in ensuring validity of the study include; provision of research proposition, clear presentation of research questions and full substantiation of research study. This was achieved through the development of research questions based on literature gaps.

Content validity refers to how suitable measuring instruments provide suitable coverage for the research study. Therefore, to ensure validity, this research was supervised by an expert who provided guidance to the researcher and validated if the content was relevant or not.

### **3.10 Ethical procedures**

The Consideration of participants' ethical rights are vital for conducting this research study. The most common and relevant ethical rights for this study include; consent, confidentiality and anonymity.

#### **3.10.1 Informed Consent**

Ethical consent forms were sent to participants via email to request permission and seek individual consent to use their response for the purpose of the study. The participants were required to fill the form before the interview and send it back to the researcher.

### **3.10.2 Confidentiality**

The confidentiality of the participants is the utmost priority of the researcher. Therefore, the information provided by the respondent will not be disclosed in any case. In order to maintain anonymity, the name and job title and highly expressed views were completely eliminated. For the study, no contact details will be asked such as address, phone number or P.O box. All responses provided by respondents will only be used for this study.

### **3.10.3 Data Storage**

Responses from the participants will be recorded and stored in the computer of the researcher and then transferred into a transcript. However, the recording will be deleted as soon as the research study is completed. The files are secured with the password and the researcher is the only person in possession of the password. These measures therefore contribute to the confidentiality of the participants.

### **3.11 Limitations of Research Methodology**

One of the limitations of this research methodology is that it makes use of ten respondents which raises concerns about generalising the findings. Another limitation is the timeframe of the research study, this however limits the amount of data that can be obtained from the study. Furthermore, the research method analyses one case study which also raises concerns about the generalisation of finding for all Multinational Enterprises. Also, a limitation of interview method is that the transcription may be understood differently by different researchers however, for the purpose of this study, it will be coded in common themes for better understanding and to achieve the objective of this research.

### **3.12 Conclusion**

This chapter provided details of the research methodology and the importance of selected research technique. From the above account, it was clear that a qualitative approach was most

appropriate for the collection and analysis of the case study and achieving the objective of the research study. The interview of ten individuals with strong profile and management position at MTN gives useful insight about the research topic. The themes and codes obtained from the interview transcript have been employed to provide answers to the research objectives. Professional experience and attentive approach during the interview have contributed to the quality of the methodology and analysis. The next chapter analyses the data collected from the methodology.

## CHAPTER 4

### DATA ANALYSIS AND DISCUSSIONS

#### **4.1 Introduction**

This chapter discusses and analyses the data obtained from this research investigation. In the previous chapter, the overview of data collection and investigation was highlighted. This study used a case study approach with the use of qualitative data in the collection and analysis of data so as to achieve the objective of the study. This section presents the findings from data collected from a semi-structured interview and how the responses relate to underlying theoretical frameworks. However, these findings are limited to the objective of the research study and the primary and secondary data have been employed in obtaining responses to the research question.

##### **4.1.1 Respondent Profile**

The general research question of this study has been introduced extensively in chapter one which is as state below;

*“How did MTN Communications PLC, in its expansion into the Nigerian market develop knowledge to overcome cultural differences prevailing in the market so as to gain competitive advantage?”*

To obtain sufficient and appropriate answers to this question, data was collected from Ten respondents who are senior managers at MTN Nigeria. These participants were coded Chris, Jesse, Duru, Emeka, Philip, Eze, Felix, Chuks, John and Ruth as they participated in a semi structured interview.

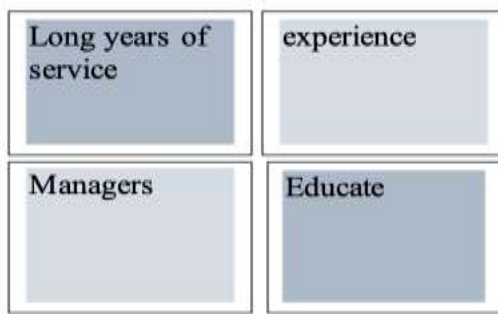
There were nine men that participated and one female. All the participants are senior managers at MTN who have worked with the firm for ten to fifteen years.

Table 1: Respondents profile

No	Participant's Coded Name	Years of experience	Job history and experience
1	Chris	10	Monitoring and evaluation officer, managing of CSR arm, sales analyst for customer acquisition, electronic customer migration, customer experience.
2	Jesse	15	Customer Acquisition. Direction and insight for available opportunities in the market. Ensure compliance with regulatory body.
3	Duru	14.5	Senior manager trade communication, go to market strategy and networking, merchandizing and sponsoring of festivals and events across the various regions in Nigeria. With the experience in communication and telecommunication strategies from university degrees
4	Emeka	15.5	Business operations, Management of relationships between business partners, localisation of business strategy to meet regional needs.
5	Philip	17	sales manager covering two states.
6	Eze	18	Electronic top up analyst, channel manager for electronic top ups and wholesale partners, senior manager for sales in the North, Business

			channel development Manager, senior manager for sales operation in South West region, Head of sales Cameroon, Manager of emerging channels in Nigeria. Experience working in different countries such as MTN Côte d'Ivoire, Benin Republic, Iran (Irancell), Cameroon.
7	Felix	16	General Manager of south region, coordinating operations and sales and customer acquisition.
8	Chuks	18	Acquisition of customers in the West, and Manager of emerging channels, merchandizing and coordination of new projects.
9	John	17	Senior Manager telecommunications, management of operations and all MTN partners, Business development, monitoring and evaluating customer experience.
10	Ruth	14	Management of Data Analysis, monitoring of virtual top ups, analysis of the market to take advantage of opportunities, Target creation and analysis.

Figure 6: Qualities of the interview respondents.



## 4.2 Findings

The mission statement of MTN group is: “to make customers live a whole lot brighter” this is a reflection of the quality of products and services they offer as well as unique features they provide to customers which differentiates them from competition and other multinational companies at large (MTN Group, 2019).

The vision statement is a short statement with a rather ambiguous content. Which is:

*“lead the delivery of a bold, new digital world to their customers.”*

In assessing the vision statement of MTN, Philip said that *“we can commend their effort in customer acquisition and investing in advanced communication infrastructure to harness the talent of their employees.”* MTN group is represented in over 23 countries in which they offer enterprise solutions to private, corporate and public sector. *“The MTN brand is among the most admired brands in Africa and the most admired telecommunications brand in Nigeria”* (Chris).

The organisational culture of MTN is founded on the principle of organisational success and the ability of employees to adapt to changing and evolving environments. This has encouraged learning behaviour from market experience in order to achieve organisational goals. The organisation believes that customer acquisition and loyalty is determined by MTN staying true to their promise through providing customer centric product and services (Duru).



All the participants agree that the Internationalisation process of MTN into Nigeria in 2001 was a smooth sail because they were ready for a change and competition was relatively low. Before MTN came into Nigeria it was difficult for the people to communicate through Nigeria Telecommunications Limited (NITEL) was in existence (Felix). In the era of NITEL, Phone calls could only be accessed in phone booths which was not readily available to everyone, the queue to make a phone call was unbearable, it was quite expensive to make a phone call and poor service was a barrier. This was an indicator that Nigerians needed an alternative and that led to ECONET and MTN (John). Though the economy was hungry for something new and better, the international expansion into Nigeria did not happen without cultural barriers prevailing in the market.

MTN made an effort to understand the cultural elements by forming strategic alliances with domestic agencies as part of its international strategy and this has made it easier for MTN to integrate in the market.

#### **4.3 Research Objective 1&2**

**To Identify cultural differences in the foreign market and their implications on MNEs international strategy.**

**Scrutinizing the impact of culture on International Marketing and customer responsiveness**

This section provides the analysis of research objective 1&2.

*“Culture is something people are passionate about, therefore understanding cultural assumptions are important in business... Therefore, if culture is abused, it becomes difficult to attract customers and the market at large” (Emeka).*

In the course of the interview, participants mentioned different cultural barriers that the organisation experienced in the market. A large majority considers these factors to be experienced in the market and lays emphasis on Language being a major barrier because of the

level of illiteracy in the market. However, Duru doesn't consider this to be a barrier anymore because products and services have been localised to accommodate language differences through indigenous agents and marketing campaigns. These cultural barriers have been coded below (Table 2).

Table 2: Research objective no.1 &2 themes and coding

Objective	Themes	coding
	<b>CULTURAL DIMENSIONS</b>	
cultural differences	Individualism/Collectivism	Families, festivals, Social organisations,
	Uncertainty Avoidance	Trends, Evolving Technology, age, uncertainty, new entrants, customers preference, Regulatory laws, Political, economic factors.
	Power distance	Seniority, communication, superiority, valuing Hierarchy, perception, respect.
	Masculinity/Femininity	A competitive market or less competitive, hostile environment or friendly.
	long-term orientation/Short-term orientation	Focus on the future, Emerging market, new entrants.
	<b>CULTURAL ELEMENTS</b>	
	Language	Pronunciations, tone, dialect, interpretation, understanding
	Religion	Religious beliefs, gatherings, festivals, fasting, Holy and restricted zones, values
	Aesthetics	Beauty, attraction, marketing, perception, feeling, understanding.
	Education	Literacy and illiteracy,

Hofstede cultural insights gives a graphical representation of the cultural dimension of Nigeria and South Africa. Comparing South Africa and Nigeria's cultural dimensions, there is a difference between the two countries.

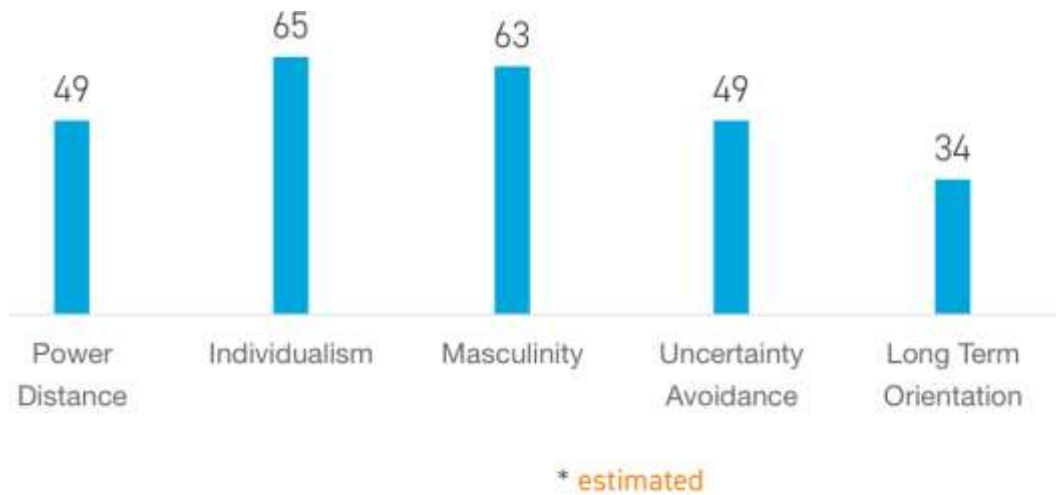


Figure 7: Cultural dimension of South Africa

Source: Hofstede Insights- South Africa (2016)

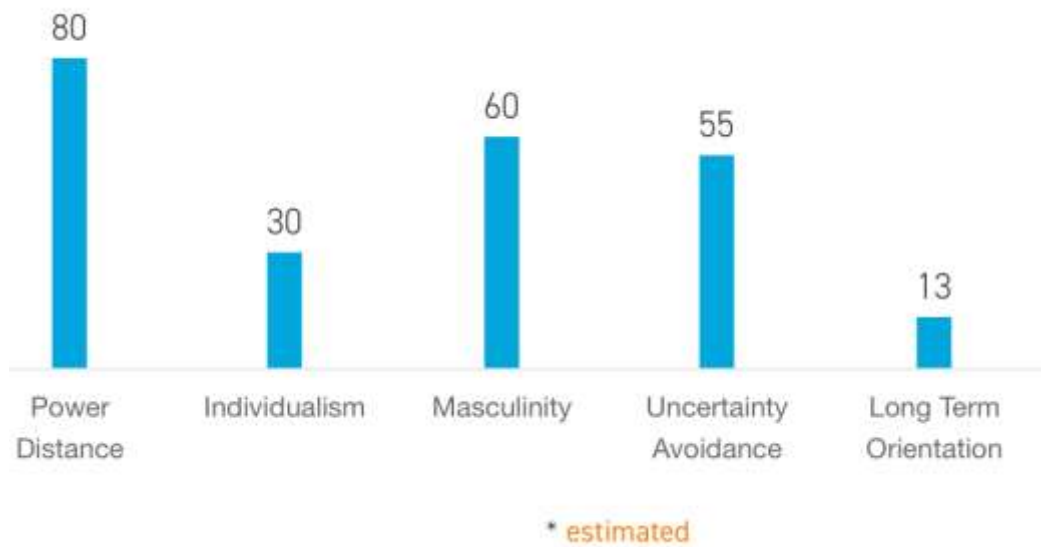


Figure 8: Cultural Dimension of Nigeria

Source: Hofstede Insights- Nigeria (2016)

### 4.3.1 Power Distance

The explanation of power distance has been captured in chapter 2. Nigeria is seen to have a very high-power distance at 80% according to Hofstede insight Nigeria. According to Ahmed,

Ullah, & Alam, (2014) this high-power distance signifies that authority is assigned on the basis of age, experience, age and education. Also, in Nigeria the exercise of authority is through the political system and authorities are centralized, also orders are exercised from the top to bottom. This downward flow therefore justifies Nigeria as a high-power Distance culture. On the other hand, South Africa scores low on power distance at 49% (Thomas & Bendixen, 2000), this means that to an extent, everybody has a place in the society which requires no further justification. According to one of the research respondents; Eze, “... *MTN, coming from a country with a low power distance culture considered the high power distance in Nigeria somehow frustrating as nothing was going to happen without the appropriate authority being informed which involves talking to the right person and recognising the appropriate channel for certain proposals to be approved...*”. This therefore threatened their investment decision thereby devising an alternative plan which will be further discussed in the Internationalisation process below.

#### **4.3.2 Uncertainty Avoidance**

The uncertainty avoidance level of Nigeria is relatively similar to South Africa. MTN being a South African country and replicating its activities in Nigeria did not encounter any significant restraints. Nigeria’s telecommunications industry is self-aware and steadily adapting to the stark realities of business such as changing trends, regulatory and intense rivalry uncertainties (Chuks).

According to Chris “... *Before MTN came into Nigeria, there was a hunger for communication. People needed a platform that allowed them to communicate freely and faster. The previous system of communication in Nigeria was not helping the people. Then MTN came along with other competitions. The uncertainty was low as there was few competitions in the market. Also, MTN was able to captivate the market by their brand and product delivery. Though they had*

*competition to deal with, they still maintain the leadership position in coverage, capacity and innovation which has made it the leading telecommunications company in Nigeria.”*

All the research participants agree that the uncertainties that exist in the market are regulatory, emerging trends, and competition. Duru throws more light on the area of regulation. According to him, “... *Because MTN is a foreign owned company, the regulatory body governing telecommunications companies in Nigeria NCC have been examining and critically observing the company’s operation to fish out loopholes. For example, when a case was brought to the Ministry of Justice in 2018 that MTN owed an equivalent of \$2billion taxes. After careful review and investigation, there was a decision to drop the case. The CEO of MTN addressed the case by saying that MTN is fully committed to their fiscal responsibilities and contributing to the growth and development of Nigeria.*” A fine of \$2billion can affect the organization's cash flow, profit, performance, image and even survival of the firm. However, the management of MTN have made an effort to avoid such regulatory uncertainties by implementing best practices.

The second uncertainty avoidance that affects the multinational enterprise is Trends. Technology is rapidly changing, and it has developed beyond calls and SMS. Currently there is a need to collaborate with different industries including the government. Emeka adds that, “...*MTN collaborates with the government to register subscribers as a means of building up the data base of the nation. Also, because of competition, the company stays at the top of their game to be innovative and offer services to maintain competitive advantage in the market these services include but are not limited to; Mobile money, insurance service and music and video marketing ...*” Philip adds that *age, education and exposure have a way of influencing MTN’s product and service delivery for example college students are more used to social media trends and music, therefore the firm makes effort to adapt products to suit their needs...*” It is said

that MTN is more attractive to the younger generation because of the influence of social media and access to learning materials (Emeka). Therefore, MTN makes effort to update their deliveries to suit the ever-emerging demands of the market and its subscribers. The uncertainty here is that trends are continuously changing therefore it is the responsibility of the firm to keep up with fast emerging trends.

Another major problem that MTN faces is the threat of competition. All the research participants have a similar view on how competition compete against MTN. The competition offers low prices, similar products and services as well as strong marketing campaigns. However, the probability of new emerging competition is low because running a telecommunications company requires large capital and is a huge investment risk as the market is highly occupied and it could be difficult for new entrants to compete. However, this uncertainty is not completely erased as a new organisation could emerge and compete in the market.

#### **4.3.3 Individualism/Collectivism**

Few studies can be seen on Hofstede Individualism/Collectivism of Nigeria. Of these studies, Hofstede insight gives a graphical representation of the individualism percentage. From the graph Nigeria represents 30% of individualism therefore representing collectivism to be 70%. This therefore shows a cultural difference from South Africa being the domestic market of MTN. the cultural element that is greatly represented is social organisation and this has further impacted on MTN's marketing strategy. Nigerians are known to live in societies, groups and they care for their immediate family, extended family members and friends. According to Emeka, "... *These groups have impacted marketing of their products and services by words of mouth advertisement...*" Emeka adds that "... *MTN takes advantage of community festivals to*

*market their product and the company contributes by sponsoring these events which has improved their subscribers and market share...*

#### **4.3.4 Masculinity/Femininity**

Nigeria and South Africa have relatively similar Masculinity index of 60% and 63% respectively. By earning a high score in Masculinity, indicates that the society is heavily driven by competition, achievement and success. This value system started in school and advanced throughout organisational life and society. This is a typical representation of the competition the organisation faces with its competitors and the need to outperform them and maintain market leadership. In Nigeria, people “live in order to work” they are challenged with targets and they strive to achieve them.

#### **4.3.4 long-term orientation/Short-term orientation**

Nigeria scores 13% in the long-term orientation meaning that the people have strong concerns with establishing the truth, they exhibit great respect for tradition, focused on achieving quick result and have low propensity to save for the future (Hofstede 2016).

The respondents exhibited little or no knowledge about this dimension, the elements and significance to their business operations. The assumption could be that it has no direct impact on MTNs business operations. However, this dimension emphasises dealing with challenges of the present and future while maintaining historic links (Hofstede 2016). The research seeks to understand how MNE overcomes cultural barriers in the foreign market to remain in business in the international market. These therefore signifies commitment, future growth and development, emerging markets, new entrants and technology. According to Eze “... *There is an unforeseeable future for MTN in Nigeria...*” Multinational firms and organisations at large invest in markets that offer an opportunity for development. Though Nigeria scores low on the long-term orientation, the market is however open to Technological development.

#### 4.3.5 Other cultural elements

Language is a major player in culture. It reflects cultural background, experience, education, feelings and emotions. Language also comprises pronunciations, tone, and dialect. Nigeria being a very diverse country, has about 371 tribes and 400 spoken languages with three major languages (Igbo, Hausa, and Yoruba) and English as their official Language (Ogbonna 2010). All the participants of the research interview agree that the language diversity has influenced the method in which MTN conducts business.

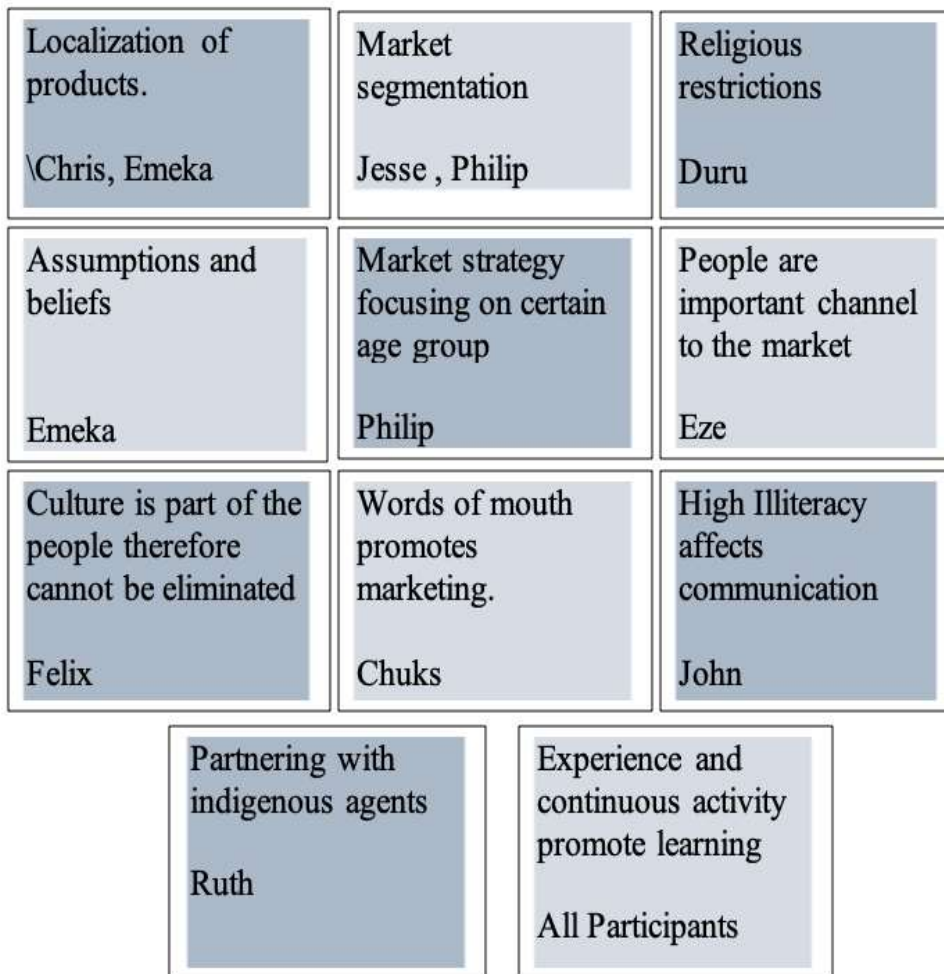
According to Chris and Jesse, Language and age is a major challenge for the business. Chris *“... In MTN’s market strategy, they localize the content and product to accommodate the language of the people. Such as in the North, since MTN’s products and services are customer based, MTN designs their marketing strategy in Hausa.*

Also, age has a role to play; Jesse said *” ... the age group that makes use of data a lot because of social media and school activities are the youth. Therefore, MTN focuses on offering the youth, products and services that encourage them to always patronize their product because if they don’t do so, the competition would win them over. Some products and services are designed to attract customers from a certain age group like university students or secondary school. Therefore, products have to be designed to suit their preferences.”*

Ruth *“... it is normal for shared language to facilitate development but because of the language differences in Nigeria, the company has to partner with indigenous agents to facilitate development and marketing of the products and services of MTN.*



Figure 9: Various ideas identified during the interview.



#### 4.5 Research Objective 3

**To analyse how a firm can obtain cultural knowledge of the foreign market.**

This objective was designed to understand how the firm developed knowledge about the foreign market for successful internationalisation process. Our findings signify that knowledge development can occur at any stage of the international process and that "...knowledge development is a systematic and a continuous process..." (Eze).

Table 3: Research objective no.3 themes and coding

Themes	coding
no regular export activities	Gap recognition, niche market, foreign market, barriers, regulatory, psychic distance.
independent representatives (agent)	Uncertainty avoidance, indigenous partners, channel to market
sales subsidiary	Connect stores,
production/manufacturing	Service canter, commitment, continuous activities

### **The Internationalisation Process Of MTN**

The process of Internationalisation occurs when it is observed that one market could have an opportunity to harness in the foreign market thereby causing the firm to take advantage of market share, economies of scale or specific products or raw materials (Jonsson & Foss, 2011). However, other markets could have a different driving force thereby leading to a different international approach.

The international expansion of MTN into the Nigeria market was similar to the Uppsala Internationalisation process model.

According to Chris "... *The Nigerian market needed a form of communication other than what was existing in the market...*" Jesse said "...*There was eagerness among people to communicate with one another because the system that was in existence was inefficient. People were getting frustrated and the perception was that telecommunication was just for the rich and therefore a luxury product...*" MTN's marketing strategy was to make their product and services readily available to everyone. The market accepted their entry by patronizing their products and services because of the quality of their service and coverage, they also have a strong presence in the villages and rural communities (Eze).

The firm's lack of knowledge about cultural factors and uncertainty influenced a systematic entry that tested the firm's ability to adapt in the market and impacts future development of

knowledge in a business relationship. The study of MTN Nigeria supports the findings of Jonsson and Foss, (2011) Internationalisation process. The implementation of the I-P model of Internationalisation is as a result of barriers to trade in the foreign market.

To overcome cultural barriers in the foreign market and to reduce the level of risk and uncertainty, MTN made contact with independent representatives (agents) as a channel to the market. This strategy represents the 'I' in their overall BRIGHT marketing strategy. BRIGHT is an acronym that stands for B- Best customer experience, R- return on efficiency, I- Ignite commercial performance, G- growth through data and digital platforms, H- Heart and mind and T- technology excellence (Jesse). He further explains that 'I' represents "Ignite commercial performance" which involves all the participants that act as a channel to customers. MTN uses domestic agents who have sound knowledge of the market as a means to improve their market share. These agents localize the content to suit the people. For example, Emeka said that "... *When marketing products and services in the Northern part of the country, the marketing content is translated to Hausa for the people to understand...*" This strategy is likewise replicated in other parts of the country. These agents are indigenous marketers, sales representatives and distributors who have experience in carrying out business in the market, therefore reducing the barriers to an acceptable level.

The next stage was the establishment of a sales subsidiary in different parts of the country which was influenced largely by the size of the market. This stage reflects a level of commitment to the market by the use of independent subsidiaries as a channel to the market. According to Eze, "...*the establishment of sales subsidiaries was also influenced by different forces such as transport cost and customer convenience...*"

The final phase is the establishment of production facilities in the Nigeria market. The above stages were all dependent on the development of knowledge of activity and organisational

structure of the firm. Some segments of MTN haven't fully attained this stage yet however, a few segments are produced in Nigeria such as recharge vouchers and few other business segments (Chuks). This stage has led to the development and coordination of production and marketing.

Figure 10: Success factors for a Multinational enterprise

<b>Gap recognition</b> All Participants	<b>Ignite commercial performance</b> Chris	<b>Localise content to attract traction</b> Jesse
<b>Go to market strategy</b> Jesse	<b>Technology excellence</b> Jesse	<b>Sponsoring of events and festivals</b> Jesse, Duru, Philip
<b>Establishment of local relationships</b> All Participants	<b>Strategic alliance</b> All Participants	<b>Utilizing cultural platforms to gain access to the market</b> Philip
<b>Organisational values</b> Eze	<b>Maintaining solid relationship</b> All Participants	<b>Performance Appraisal</b> Felix
<b>Market commitment</b> All Participants	<b>Best customer experience</b> Jesse	<b>Uncertainty avoidance and risk management</b> John, Ruth
	<b>People</b> Emeka, Eze	

#### 4.6 Research Objective 4

**To understand how market experience can improve cultural knowledge for MNEs to gain competitive advantage.**

All our research participants have displayed a level of skill, expertise and experience in MTN Nigeria and have identified that “...*market experience and continuous activity in the market leads to incremental knowledge development which leads to future prediction...*” (Chris).

Table 4: Research objective no.4 themes and coding

Themes	coding
Knowledge Opportunity recognition	Identifying market need, and taking opportunity of the gap, knowledge development
Relationship commitment decisions	Learning by doing, commitment, experience, market participation, partnership,
Network positioning	Building of relationship
Learning, Creating Trust-building	Stability, continuous trading activities, commitment, target implementation and achievement evaluation.

#### MTN’S Knowledge and Learning

The Uppsala model is based on the assumption that institutional knowledge is essential to a firm's Internationalisation and also the knowledge that the firm obtains from experience in current activity is important for the learning process. All the research participants agree that MTN has improved a lot over the years. Felix said “... *our experience in the market has resulted in a different view about the market and has led to prediction of future outcomes...*” This sort of learning has made development in foreign markets achievable. On the other hand, lack of knowledge about language, belief, laws, regulations etc is related to psychic distance. In International business, psychic distance is based on perceived differences between domestic country and foreign country irrespective of physical distance, time and geographical location. This is the assumption of the Uppsala model which is well evident between South Africa and Nigeria. Over the years, Multinational Enterprises have entered into international business

activities forming joint ventures and strategic alliances in neighbouring countries thereby expanding such markets. This is evident in MTN's alliance with agents and independent representatives in the Nigerian market according to Jesse , "*... as a road to the market*" which is a channel to acquire new customers. This study did not assess the experience obtained from multiple markets, however the result obtained from the sequential entry showed that a firm's institutional knowledge can be increased by market-specific experience. This finding suggests that cultural distance can trigger learning behaviour thus an important mediator for knowledge development.

#### **4.6.1 Knowledge Opportunity recognition**

The Knowledge development of the Internationalisation process is shown in figure 4. Opportunity recognition is an important element of the international process that drives the knowledge process. Our findings indicate MTN recognised some opportunities in Nigeria such as limited competition in the market, the dying need for telecommunication by the people, large population and attractive geographical location were also factors. These opportunities were considered important to their entry. The importance of this variable 'Opportunity recognition' is what led to the development of other factors such as capabilities, strategies, networking and partnerships. At this stage the organisation formulates strategies, relationships and alliances for a successful market entry. This variable was identified in the I-P model (figure 2) as "Uncertainty avoidance". This is where all the big decisions are made and market strategy to overcome barriers, risk and uncertainties that could arise because the management is unaware of how the market will react at this stage.

#### **4.6.2 Relationship commitment decisions**

If the foreign market is considered to be potentially rewarding, there is a desire to establish relationships in the market. From our findings, this represents phase 2 of MTN's

Internationalisation process. In this phase, relationships were developed between independent representatives who had developed knowledge of the market thereby allowing the local firm to enjoy partnership. The partnership then leads to the development of knowledge, commitment and trust. This variable was identified in the I-P model (figure 2) as “commitment”. Therefore, we can assume that Internationalisation processes can be developed where there is a level of knowledge, trust and specific network relationships and when the process is seen as potentially rewarding. This concept of commitment involves a learning creation through current activity or according to Lindbergh, (2005) “learning through doing”.

#### **4.6.3 Network positioning**

MTN is seen to have strategic positioning through its relationship with local partners. This advances to the third phase of establishment of sales subsidiaries. This variable is identified as experiential knowledge. Sales subsidiaries are established to support the firm’s existing network. In our research, examples of these network positionings are the MTN connect stores. They are to support the agents and partners. The implication of the I-P model is that Internationalisation is dependent on a firm's relationship and ability to market knowledge which facilitates the overcoming barriers such as cultural barriers in the foreign market.

#### **4.6.4 Learning, Creating Trust-building**

Compiling the results of the findings, the result suggests that knowledge development is dependent on learning from strategic relationship, partnership, and experience. This implies that utilising the knowledge gained from current activity, operation and regular daily activities can improve knowledge development. All our research participants attest to this concept. For example, Eze said “...*The past 18 years have been a phase of continuous learning, every day, the market has a new challenge to learn from...*” Experience is therefore an important factor for learning and knowledge development contributes to overcome cultural barriers.

Figure 11: Benefits of market experience

Institutional knowledge Jesse	Information & Market experience <del>Duru</del> , Emeka, <del>Eze</del>	Prediction of future outcomes Chris, Duru
Foreign market development Emeka	Road to market Jesse	Managing competition Eze
Opportunity recognition All Participant	Commitment decision Jesse	Continuous activity Felix
Product improvement Chuks, Ruth	Learning through doing Eze	New subscribers Emeka, Eze
Re strategize Philip	Knowledge improvement Duru	



## CHAPTER 5

### 5.1 Conclusion

The concept of globalisation is not a new phenomenon, there are lots of international trade theories that explain the concept such as the theory of absolute advantage, theory of competitive advantage and the theory of comparative advantage. Strategic behaviour of a firm is as a result of what they can benefit from the foreign market such as the people, technology, raw materials and communication both from developed and developing countries. Purchasing power, capital, and increase in welfare of nations have also played an important role in attracting Multinational firms.

This research investigated the different types of cultural dimensions and cultural elements prevailing in the market and how multinational enterprises such as MTN overcome them. The study first distinguished the culture in Nigeria and South Africa (because MTN is a South African owned company). We also distinguished the market experience of MTN in the domestic market from that of the foreign market and analysed how MTN has been able to overcome the cultural barrier. These types of market experiences have led to the use of the I-P model for the study of international firms. This model was however used as a general framework for this thesis. The development of knowledge in the international firm was divided into four parts: 1) unknown uncertainty, 2) commitment, 3) Expectation 4) Experiential knowledge. Based on the study, discussion of the findings is related to the Uppsala model and a brief discussion of knowledge development.

This study concludes that institutional culture has an impact on the Internationalisation process of a firm like that of MTN and that development of institutional knowledge can be achieved through a series of sequential decisions to move into a foreign market and forming of strategic alliance with experienced agents. It also concludes that market experience accompanied by

complex situations like the level of uncertainty in Nigeria makes knowledge acquired by the firm more advanced compared to internationally inexperienced firms. One of the barriers faced by MTN was cultural differences in Nigeria compared to South Africa which is the home country of MTN. In the bid to overcome these cultural differences, the firm engaged indigenous agents as a means of smooth integration into the market. Then establishment of sales subsidiaries in the foreign market and production facilities. This sequential entry was a means to develop market knowledge of Nigeria and achieve competitive advantage. This also shows that more institutional knowledge can be derived from experience obtained from specific business relationships.

The analysis of the institutional knowledge and learning experience comply with the assumption of the I-P model which argues that more experience generates more knowledge. However, what seems to contradict the I-P model is that the firm's experience is influenced by how it is perceived in the market and the level of uncertainty which could be as a result of existing competition in the foreign market.

Furthermore, the findings agree with the concept of psychic distance. It was found that MTN's first foreign market entry was in countries with similarities in their institutional environment to the home country and this is evident in its entry into Nigeria, Ghana, Congo and Cameroon. This study shows that MTN first expanded to neighbouring countries within Africa and countries with perceived psychic distance thereby expanding their international activities which was characterized by stages and network approaches. The journey of MTN in the international market shows similar behaviour practiced by other firms in the literature. The identified determinants of Internationalisation were derived from the Internationalisation process model (Clavel et.al, 2020) and the determinant of culture emanated from the study of Hofstede cultural dimension.

This research study has contributed to the debate on the Internationalisation process of firms. First, this study gives an overview of the Internationalisation process using Uppsala model as well as the revised Uppsala model and learning behaviour of firms. Second, it gives an overall review of market-based approach such as the stage approach, networking and commitment approach and compares it to the international expansion of MTN into Nigeria making use of primary data through a semi structured interview. This research is based on qualitative data obtained from Management staff of MTN Nigeria who have long term working experience in the firm. This data has been used comparatively with the I-P model to understand the international behaviour of the firm. The aim of this study is to advance the understanding of cultural barriers and address market knowledge to contribute to the successful Internationalisation process. It also compares the cultural dimension using a graphical representation of Hofstede cultural dimension of South Africa (being the domestic market) and Nigeria (foreign market).

Though there are barriers to international trade, and these barriers create complexity for multinational firms however, firms should not be discouraged to Internationalise. The study shows that understanding the foreign market can be developed from strategic business alliance, participation and market commitment. Finally, the result shows that knowledge and experience are essential for Internationalisation.

The goal of this research was to understand how international firms overcome cultural differences in the foreign market, therefore, the findings show that cultural barriers can be overcome through knowledge development.

## **5.2 Recommendations**

Cultural elements are uncertain and could change in relation to a fast-growing economy, which could be as a result of fast-growing technology, or new entrant. Though MTN has successfully Internationalised in Nigeria and are strategically positioned from the findings as having the highest coverage and market share in Nigeria, however because of market uncertainty, future strategic changes are necessary to compete and maintain competitive advantage in the market. MTN should always conduct an assessment of the market, and utilize the knowledge obtained from experience to maintain competitive edge in the market.

## **5.3 Limitation and Implication for future research**

This research had one major goal: “*to identify how MNEs, in their Internationalisation process, developed knowledge to overcome cultural differences prevailing in the market so as to gain competitive advantage.*” The overall findings of this thesis provide evidence that experience leads to institutional knowledge. The result from the analysis shows that culture has a significant impact on Internationalisation of MNEs. As a result of moderation for the timeframe, we did not critically analyse knowledge intensity at each development phase. The study was also restricted to cultural barriers as there are other constraints MNEs could experience in a foreign market. Furthermore, the study does not capture experiences from multiple foreign markets. This study was conducted to systematically synthesize the literature in an attempt to compare the result obtained from the Internationalisation process of MTN. As International business is still evolving, the result provides qualitative support for the argument by Forsgren, (2016) and other researchers “*...that knowledge cannot only be gained through a learning-by-doing behaviour but can also be gained by grafting...*” The result relating to the impact of cultural differences on international business are not universally valid for all Internationalising firms. In this study, the impact of the difference led to a series of incremental entry decisions and incremental knowledge development.

Traditional Internationalisation theories may prove essential for the development of Multinational Enterprises in foreign markets characterized by cultural barriers, capital and time constraints. For future research, an elaborate and in-depth study of the learning behaviour of multinational companies in multiple foreign markets as well as other barriers experienced by international firms and how they are overcome could be of interest to International Business.

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**Consent to take part in research**

Title of research: **The Impact of Cultural differences on the Internationalization of MNEs: A case study of MTN Nigeria.**

- I..... voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer

any question without any consequences of any kind.

- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves... [outline briefly in simple terms what participation in your research will involve].
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.

- I understand that disguised extracts from my interview may be quoted in... [list all forum in which you plan to use the data from the interview: dissertation, conference presentation, published papers etc.].
- I understand that if I inform the researcher that myself or someone else is at risk of harm, they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
- I understand that signed consent forms and original audio recordings will be retained in [specify location, security arrangements and who has access to data] until [specific relevant period – for students this will be until the exam board confirms the results of their dissertation].
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for [specific relevant period – for students this will be two years from the date of the exam board].
- I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Names, degrees, affiliations and contact details of researchers (and academic supervisors when relevant).

Signature of research participant

-----

Signature of participant Date

Signature of researcher

I believe the participant is giving informed consent to participate in this study

-----

Signature of researcher Date

## Appendix 2

### **Research Question**

Title of research: The Impact of Cultural differences on Internationalisation of MNEs: A case study of MTN Nigeria.

#### **Part A: Introduction and Background**

1. How long have you been working in MTN Nigeria?

Respondents: This response can be found on Chapter 4, Table 1 above.

**2. What are your roles and duties in MTN Nigeria?**

Respondents: This response can be found on Chapter 4, Table 1 above.

#### **Part B: Cultural dimensions and elements and its impact on MTN**

1. What cultural elements are prevailing in Nigeria? Is it language, religion, aesthetics, trends, education and social organisation?

Respondents:

Chris: All especially Language, Age,

Jesse: All -Language, education

Duru: Previously all the factors, but currently not Language because there are strategies in place to overcome the barrier such as advertising in local language by local agents.

Religion: YES

Emeka: All factors

Philip: All

Factors especially Language and Religion and Power distance impacts on people's relationship like how they greet. He discusses more on organisational culture than national culture.

Eze: All factors

Felix: All factors are dominant in the market.

Chuks: ALL

John: All

Ruth: All

## **2. How do these elements impact on MTN's business strategy?**

Respondents:

Chris: Localization of products and services to the region being penetrated. In Mtn's market strategy, they localize the content and product to accommodate the language of the people. Such as in the North, since MTN's products and services are customer based, MTN design their market strategy in Hausa.

Also, age: the age group that makes use of data a lot because of social media and school activities are the youth. Therefore, MTN focuses on offering the youth products and services that encourages them to always patronize their product because if they do not, the competition would. Some products and services are designed to attract customers from a certain age group like university students or secondary school.

Jesse: Partnering with local agents a distribution, and sponsorship of local events.

Duru: Religion affects because for example, during the muslim fast, there are some areas that marketers cannot penetrate because of the fast. This however affects customer acquisition; a lady must register a lady and men cannot enter a location where ladies are. Also, Age to a great

extent as some campaigns are not targeted towards children and children cannot also be registered.

Emeka: for example, one of the campaigns designed in the North was objected to because they felt it would be offensive to their culture and belief. So, they had to retrieve those posters and send them to the West and East where it was more acceptable.

Philip: over the years, we have learned that the level of illiteracy is quite high in Nigeria, to overcome this, some adverts and campaigns are done in local languages. Age also impacts on product development thereby leading to Customer segmentation focusing on the younger generation because of social media and the older generation prefer phone calls.

Eze: because people are the most important asset of the company therefore, their need, trends, understanding and acceptance is paramount for the acceptance of MTN's product in the market.

Felix: Because cultural elements cannot be contested and eliminated. These are beliefs that people cherish therefore, affects both the organisation and the public at large. The firm makes effort to accommodate customer, employees and other stakeholders. For example, when sponsoring festivals, adverts and posters are created to portray the relevance of the festival while advertising their products.

Chuks: Nigeria is a country that values family and friends, so MTN developed a package called family and friends where the cost of calling particular mobile numbers that are registered under their family and friends package is relatively low.

John: illiteracy is quite high in Nigeria; therefore, marketing campaigns are translated in local dialect.

Ruth: it is normal for shared language to facilitate development but because of the language differences in Nigeria, the company has to partner with indigenous agents to facilitate development and marketing of the products and services of MTN.

### **3. How did Nigerians accept MTN's products and services being one of the first GSM providers in Nigeria?**

Respondents:

Chris: The Nigerian market needed a form of communication other than what was existing in the market. And the product was well accepted.

Jesse: There was eagerness among people to communicate with one another because the system that was in existence was inefficient. People were getting frustrated and the perception was that telecommunication was just for the rich and a luxury. MTN has however been accepted in the market because of the quality of their service and coverage they also have strong presence in the villages and rural communities.

Duru: MTN took advantage of the gap to Internationalise.

Emeka: The old system was not functioning thereby leading to the acceptance of the entry into Nigeria

Philip: Because the GSM market was fresh, and because there was low competition, it was easy for MTN to thrive in the market because they were among the first three that started, and it was accepted by the market because of the need.

Eze: Very well, and their entry strategy was unique and attractive to customers, branding, name, value and promises, campaigns and channel to the market, that is why it was easy to gain ground compared to the two that were in the market.

Felix: competition was low and the existing network providers were not effective and efficient, therefore that entry barrier was reduced.

Chuks: It was well accepted because of low competition.

John: The old system was not functioning thereby leading to the acceptance of MTN's entry into Nigeria.

Ruth: When MTN entered the market, their competition Econet started operation that same year but they were dominant in Lagos and Ibadan. So, part of MTN's was to have wide coverage by being present and active in all the states in Nigeria.

### **Part C: Overcoming cultural difference**

1. How has MTN overcome cultural differences in the market?

Respondents:

Chris: By respecting cultural differences and advertising in the predominant language of the people, also by respecting religious holidays, sponsoring festivals. To get traction it is important to localise the content.

Jesse: He provides an overall insight of MTN's strategy to provide a basis for his explanation.

### **BRIGHT Strategy:**

B- Best customer experience to lead the customer NPS (Net promoters score) how likely someone will recommend MTN to another person. This groups have impacted marketing of their products and services by words of mouth

R- Return on efficiency

I- Ignite commercial performance

G- Growth through data and digital platform



H- Heart and mind

T- Technology excellence

Ignite commercial performance: refers to the road to market and strategic alliance.

Duru: MTN takes advantage of community festivals to market their product, the company contributes by sponsoring these events and this has improved their subscribers and market share

Emeka: culture is something people are passionate about, therefore understanding and knowledge of cultural assumptions are important. If their culture is abused, it becomes difficult to attract the market and therefore difficult to meet the objective of the organisation. As part of MTN's strategy, the first step is to obtain an understanding of cultural elements and their interpretation which is achieved through partners who have local knowledge of the market.

Philip: MTN uses religious platforms and other cultural platforms to access customers and their products are customers based. I think region plays a lesser role because telecommunication industry is customer focused. They offer products to gives them competitive edge over competition.

Eze: MTN's organisational values and culture have helped them stand out in the market irrespective of the market threat or barriers they face. Staying true to their word, market campaigns and branding has made them leaders in the market. Also, MTN thrives on maintaining relationships and this has formed a major part in channel to the market and customer acquisition.

Felix: An appraisal is set on performance of Partners and nonperforming partners are exited from the business. When MTN started they had over 400 in sales and distributors but over the years, it was reduced based on performance. Now it has been streamlined to 65.

Chuks: MTN has been able to overcome cultural barriers by the use of “People”. The business is centred on people; those acting as the channel to the market as well as its customers. So through the help of indigenous Partners, barriers and risk have been reduced.

#### **Part D: Market Strategy**

1. Does MTN use independent representative (agents) in its marketing strategy and why?

Respondents:

Chris: Yes; for customer acquisition, and to enable the people to be a part of the business operation.

Jesse: Yes: This channel is referred to as “Road to market” by MTN

Duru: Yes: Trade partners

Emeka: Yes

Philip: Yes

Eze: Yes

Felix: Yes

Chuks: Yes

John: Yes

Ruth: Yes

2. **Has MTN established sales subsidiaries or partners in Nigeria?**

Respondents:

Chris: Yes; in local communities for easy accessibility

Jesse: Yes

Duru: Yes: service centres, franchises

Emeka: Yes

Philip: Yes

Eze: Yes

Felix: Yes

Chuks: Yes

John: Yes

Ruth: Yes

**3. Has MTN established production facilities in Nigeria?**

Respondents:

Chris: Yes

Jesse: Yes

Duru: Yes

Emeka: Yes

Philip: Yes

Eze: Yes

Felix: Yes

Chuks: Yes

John: Yes

Ruth: Yes

#### **4. How did uncertainty avoidance affect MTN's Internationalisation strategy?**

Respondents:

Chris: Before MTN came into Nigeria, there was a hunger for communication. People needed a platform that allows them to communicate freely and faster. The previous system of communication in Nigeria was not helping the people. Then MTN came amongst other competition, the uncertainty was low as there was few completions in the market. Also, MTN was able to captivate the market by their brand and product delivery. Though they had competition to deal with, they still maintain the leadership position in coverage, capacity and innovation which has made it the leading telecommunications company in Nigeria.

Jesse: The uncertainties in the market affects different segments of the economy differently. For instance, the COVID pandemic is an uncertainty that is affecting the whole. However, this isn't affecting the company's revenue as the records shows that people want to connect with the world and are therefore buying bundles more than before. The aspect that is basically affected by the pandemic is registration of sim because MTN would not want to their agents at risk.

Duru: Because MTN is a foreign owned company, the regulatory body governing telecommunications companies in Nigeria NCC have been examining and critically observing the company's operation to fish out loopholes to attack.

Emeka: MTN collaborates with the government to register subscribers as a means of building up the database for the nation. Also, because of competition, the company stays at the top of their game to be innovative and offer services to maintain competitive advantage in the market these services include but not limited to; Mobile money, insurance service and music and video marketing.

Philip: In Nigeria there is high uncertainty as everything is changing, technology is advancing, customers are competing and regulatory bodies are trying to enforce compliance, trends are also evolving. However, MTN makes effort to adapt to the conditions in the market to accommodate any change for example, due to the stay at home policy, products have moved from physical to virtual deliveries.

Eze: There is high uncertainty in the market because of emerging technology. He has a secondment experience working in countries such as Côte d'Ivoire, Benin Republic, Iran, Cameroon.

Felix: the market is full of uncertainties and uncertainties keep arising in different forms, the most common uncertainty is the emerging technology. This has however led to the large capital investment on technology to accommodate the trends and technological advancement.

Chuks: Being in the firm from the onset, the major factor that posed an uncertainty in the market of indigenous competition.

John: The avoidance of uncertainties and the need to achieve organisational goals irrespective of the barriers in the market has facilitated the use of indigenous partners.

Ruth: Uncertainties has led to continuous learning and strategizing.

**5. How effective do you think these strategies are in maintaining competitive advantage in the market?**

Respondents:

Chris: very, we have the largest market shares and coverage

Jesse: This is evidence in their market share which means it is highly effective.

Duru: very effective

Emeka: very effective and this is evident in their coverage and subscribers.

Philip: very effective

Eze: very effective “MTN is only successful because they are in the right kind of relationship with their partners”

Felix: very effective

Chuks: very effective

John: very effective

Ruth: very effective

**Part E: Market Barriers and Experience**

1. In your market experience in Nigeria, what external barriers impacts highly on the business; is it political, technological, social cultural, environmental, legal or threat of competition?

Respondents:

All respondents consider these factors to be major players in the business.

**2. Can you say that MTN Nigeria has been able to obtain appropriate market knowledge through its market experience?**

Respondents:

All Respondents: Yes

**3. How has market experience informed learning process?**

Respondents:

Chris: their experience in market improve their knowledge of the people and predict future trends.

Jesse: Through their presence in the market, they offer solution that solves problem of communication for people by selling solution.

Duru: the number of years MTN has been participating in the market has improved their knowledge of the market and market strategy. MTN is the leading telecoms company in Nigeria, therefore their experience has informed their market strategy.

Emeka: Information and experience from the market shapes the way business is conducted.

Philp: continuous activity in the market has developed their knowledge and informed new strategies for example, the pandemic has been having made the firm more virtually inclined as a result of the experience with what is happening in Nigeria and the world at large, and this has led to re-strategizing.

Eze: I joined the MTN when it was relatively new, and over the years, MTN has rapidly improved. Organisational culture and values also facilitated the development of MTN in Nigeria.

Felix: Working with MTN over this year and being a part of the operations of the business, I can testify that there have been improvements. MTN is not the way it used to be. First of all, initially, sims were sold at outrageous prices but over the years the price dropped because of market survey and presence of competition. Our experience in the market has resulted in a different view about the market and has led to prediction of future outcomes.

Chuks: Because of the experience of continuous business activity in Nigeria, new products have been introduced, existing products and deliveries have been improved upon while some have been eliminated. This is an indicator that experience has informed a lot of decisions.

John: Through Market review and performance analysis, Knowledge has been developed to inform market strategy

Ruth: Market experience has led to the improvement of market strategy, product development and campaigns.