



THE UNIVERSITY *of* EDINBURGH

Edinburgh Research Explorer

## Corruption distance and the equity-based foreign entry strategies of multinational enterprises in Sub-Saharan Africa

**Citation for published version:**

Liu, L., Godinez, J., Henley, J & Geleilate, JMG 2023, 'Corruption distance and the equity-based foreign entry strategies of multinational enterprises in Sub-Saharan Africa', *Journal of International Business Policy*.  
<https://doi.org/10.1057/s42214-023-00158-z>

**Digital Object Identifier (DOI):**

[10.1057/s42214-023-00158-z](https://doi.org/10.1057/s42214-023-00158-z)

**Link:**

[Link to publication record in Edinburgh Research Explorer](#)

**Document Version:**

Peer reviewed version

**Published In:**

Journal of International Business Policy

**General rights**

Copyright for the publications made accessible via the Edinburgh Research Explorer is retained by the author(s) and / or other copyright owners and it is a condition of accessing these publications that users recognise and abide by the legal requirements associated with these rights.

**Take down policy**

The University of Edinburgh has made every reasonable effort to ensure that Edinburgh Research Explorer content complies with UK legislation. If you believe that the public display of this file breaches copyright please contact [openaccess@ed.ac.uk](mailto:openaccess@ed.ac.uk) providing details, and we will remove access to the work immediately and investigate your claim.



**Corruption distance and the equity-based foreign entry strategies of multinational enterprises in  
Sub-Saharan Africa**

**ABSTRACT**

We build on corruption and legitimacy literature to propose specific means of collaboration between multinational enterprises and home and host country policymakers to reduce engagement in corruption when entering Sub-Saharan Africa. Our analysis shows that multinationals choose entry modes to balance their need for internal and external legitimacy and how the entry modes may be affected by their investment motives. Our study supports that corruption distance is positively associated with the formation of joint ventures, which calls for policymakers to prioritize oversight of the partnership of the foreign firm and the local partner. We also provide a framework for assessing how the influence of corruption distance on entry mode varies across different investment motives. Specifically, we argue that market-seeking investment is likely to be associated with a wholly owned subsidiary entry mode, and as such, policymakers should focus on the strength of internal anti-corruption controls. Conversely, resource-seeking MNEs are more likely to enter via joint venture, and thus policymakers should require foreign firms to disclose their potential partners in the host country and the terms of their partnership.

**Keywords:** Sub-Saharan Africa; entry mode; corruption distance; institutional theory; legitimacy

## INTRODUCTION

Since the turn of the century, Sub-Saharan Africa has experienced an average growth rate of 5% (Pityana, 2019), drawing the attention of entrepreneurs, established businesses, scholars, and policymakers (Barnard, Cuervo-Cazurra, & Manning, 2017; George, Corbishley, Khayesi, Haas, & Tihanyi, 2016; Ofori, Dossou, Asongu, & Armah, 2022). At the heart of the Sub-Sahara's rapid growth is the opening and rise of consumer markets, investment in infrastructure, the availability of large quantities of natural resources, and economic integration facilitated by regional free trade agreements (Ibeh, 2018). To take advantage of the many opportunities, foreign multinational enterprises (MNEs) significantly increased foreign direct investment (FDI) in the region (Pityana, 2019). However, in locations with weak formal institutional environments, FDI policymaking is becoming more complex and uncertain (Iammarino, 2018; Zhan, 2021), especially in Sub-Saharan Africa, an area characterized by high corruption levels (Zalle & Ouedraogo, 2021). Corruption in host countries influences the relationship between MNEs and policymakers (Buckley, 2021). MNEs operating in locations with high corruption face increasing costs derived from their interaction with corrupt external actors (Godinez & Liu, 2018) and legitimacy dilemmas that derive from the firm's need to balance the host country's expectations and headquarters' demands (Cuervo-Cazurra, 2016, Spencer & Gomez, 2011, Uhlenbruck, Rodriguez, Doh, & Eden, 2006). Concurrently, home and host country policymakers should work on creating an apparatus that encourages the reception of FDI while reducing opportunities for MNE engagement in corruption.

To propose specific policies to aid Sub-Saharan countries, we analyze MNEs' entry mode into Sub-Saharan Africa, accounting for their motive, and how the relative difference between the home and host country corruption levels affects the entry mode decision. Past studies point out that high corruption is associated with low-equity entry modes, such as joint ventures (JVs) (Mudambi, Navarra, & Delios, 2013; Slangen & Van Tulder, 2009). Others predict that corruption in a foreign location is associated with wholly-owned subsidiaries (WOSs) (Duanmu, 2011; Tseng & Lee, 2010). In our analysis, we acknowledge that the entry mode is a critical strategic decision that is determined by multilevel factors ranging from firm-level aspects, such as global strategic considerations (Kim & Hwang, 1992), to

country-level factors, such as institutional characteristics of the home and host countries (Henisz & Zelner, 2012) and corruption distance, defined as the difference in relative corruption levels between the home and host locations (Godinez & Liu, 2015).

Drawing on the notion of legitimacy, a central theme of institutional theory in policy and international business literature, we develop a legitimacy-seeking theoretical framework to explain the relationship between corruption distance and equity-based entry mode. We argue that differences in corruption practices between the home and host country will determine the conditions in which MNEs build internal and external legitimacy (Rodriguez, Uhlenbruck, & Eden, 2005). For instance, MNEs headquartered in locations with relatively low corruption levels are typically disadvantaged when entering a region where corruption is pervasive, as they face higher liability of foreignness and isomorphic pressures (Godinez & Liu, 2015). We conceptualize external legitimacy-seeking with three aspects - interaction with the host government, local integration, and home-country scrutiny. MNEs that need a higher level of external legitimacy with the host government and integration with the local society, coupled with strict scrutiny at home, place a greater value on local partners in the host country. Thus, firms entering a location with high corruption distance, such as Sub-Saharan Africa, are likely to adopt an avoidance approach (i.e., forming JVs), enabling them to acquire legitimacy and build trust with local community partners who understand local social ties, economic background, histories, religious beliefs, morals, and customs (Kepe, 1999), but that can also help them engage in corruption (Sartor & Beamish, 2020). We also propose that internal legitimacy is associated with business codes (moral or ethical), corporate governance regulations, and organizational credibility - determined by a company's initiatives and mandates for global citizenship, reputation, and governance. Thus, MNEs prioritizing internal consistency are more likely to focus on full control and governance via WOS, as strategies that entail involvement in corruption can damage the MNEs' organizational legitimacy (Stevens & Newenham-Kahindi, 2019) with external stakeholders, especially in their countries of origin (Godinez & Liu, 2015). Furthermore, we provide a framework for assessing how the influence of corruption distance on entry

mode may vary across different investment motives and explaining why they are associated with different types of legitimacy-seeking.

Although the notion of internal and external legitimacy has been integrated with the corruption literature (Duanmu, 2011), previous research has paid relatively little attention to the role of investing motive. In this paper, we focus on two primary investment motives, namely, resource-seeking and market-seeking, which constitute the majority of FDI flows to developing economies, such as Sub-Saharan African countries (Nkeitiah-Amponsah & Sarpong, 2020; Okafor, 2015). Resource-seeking FDI is driven by the presence of raw materials or natural resources within a host country, and the goal is to profit from the sale of these resources within the world markets, while market-seeking FDI is motivated by access and expansion to new markets (Nketiah-Amponsah & Sarpong, 2020). In brief, we argue that under conditions of high corruption distance, resource-seeking MNEs rely more on external legitimacy, because of their need for local community involvement and because of their high interaction with local government officials to secure licenses and permits, making them more likely to utilize a JV, which could be instituted to be able to engage in corrupt deals. Conversely, market-seeking MNEs seek to exploit strong market power and, thus, have relatively limited interaction with the host government and face less pressure to require local community support but are more concerned with maintaining an acceptable organizational reputation. Consequently, they tend to prioritize internal legitimacy as well as global consistency, thus, preferring to enter via WOS, which could shield them from engaging in corruption.

Our research makes three contributions to the corruption and international business policy literature with Sub-Saharan Africa as our setting. First, we provide a more fine-grained understanding of the impact of corruption on the equity-based foreign entry modes of MNEs by developing a legitimacy-seeking framework to analyze the relationship between corruption distance and two primary entry decisions, WOS versus JV while accounting for investment motive. Specifically, we find that the more corruption distance between the home and host countries, the more likely an MNE is to utilize a JV where the local partner provides knowledge of how to deal with government officials and gain political capital to benefit the MNE. Furthermore, when accounting for motive, our results propose that MNEs entering Sub-

Saharan Africa with a resource-seeking motive are more likely to utilize a JV, and MNEs with market-seeking motives usually prefer to enter via WOS. Second, based on our results, we provide specific recommendations for policymakers regarding FDI flows into Sub-Saharan Africa to create a structure that encourages FDI reception while reducing MNE engagement in corruption. Specifically, since the more corruption distance, the more likely MNEs will seek to enter Sub-Saharan Africa via JV, home-country policymakers should enact active and consistent enforcement of contracts and/or enforce existing laws and regulations that increase liability for MNEs when a corrupt act is carried out by the local partner. Simultaneously, host country policymakers should create a better apparatus that clearly outlines the rights and responsibilities of all participants in JVs. When accounting for market-seeking motives, home-country policymakers should enact and enforce anti-corruption policies that emphasize the need for robust internal controls that could be independently tested and verified in collaboration with host-country authorities. Conversely, to ensure that resource-seeking MNEs investing in the area are responsible for the engagement in corrupt acts by local partners, home-country policymakers should work with host-country authorities to avoid rent-seeking derived from arbitrary and/or missing legislation enforcement. Third, we extend the geographic reach of policy research on the relatively under-explored countries in Sub-Saharan Africa (Luiz & Stewart, 2014). Thus, we posit that some extreme conditions related to high corruption levels, the underdevelopment of infrastructure, and institutional pressures in the Sub-Saharan African setting offer us an opportunity to use the variability across contexts to refine existing policy theories.

## **LITERATURE REVIEW**

### **Corruption and MNE foreign market entry mode**

International entry mode choices are a prominent topic in international policy research (Fu, Buckley, Sanchez-Ancochea, & Hassan, 2021; Sauvart, 2021). Equity-based ownership decisions not only characterize a long-term commitment representing a substantial investment that is difficult to reverse (Hennart & Slangen, 2015) but also involves ongoing direct management of the foreign subsidiary as well as with various local stakeholders, including government agencies (Hill, Hwang, & Kim, 1990). The WOS entry mode is chosen when an MNE prefers full control over local operations to make decisions at

its discretion without worrying about the partners' potential opportunistic behavior (Brouthers & Brouthers, 2000). Additionally, when facing high corruption in the host country, MNEs might prefer to enter via WOS when they need to conform to the norms and requirements of the parent firm (Godinez, Bandeira de Mello, Sanchez-Barrios, & Khalik, 2021). Conversely, JVs normally occur between interdependent firms and help a firm acquire critical resources to overcome its own constraints. For example, local embeddedness, such as political connections, can be a key competitive advantage that MNEs may not be able to develop in the host country in a short time (Chen, Ding, & Kim, 2010), but it may be offered by local partners who are in a better position to get government contracts and get around complex regulations (Cole, Elliott, & Zhang, 2009). Thus, JVs are a vehicle utilized by MNEs to involve a local firm to help navigate high political risks and overcome market information constraints (Fu, et al., 2022; Nippa & Reuer, 2019). However, extant literature also points out that MNEs can utilize JVs in a host country to help them circumvent anti-corruption laws and regulations (Cuervo-Cazurra, 2016) and even to participate in corrupt deals to benefit the MNE (Cuervo-Cazurra, 2016; Sartor & Beamish, 2020; Uhlenbruck et al., 2006).

A key factor driving uncertainty in international business is corruption (Aïssaoui & Fabian, 2022). Corruption is seen as one of the most prominent institutions in a location (Peng, Wang, & Jiang, 2008), reflecting its economic, legal, political, and cultural arrangements (Rose-Ackerman & Palifka, 2016). A broad definition of corruption refers to “the abuse of entrusted power for private gain” (Cuervo-Cazurra, 2016: 36). In this paper, we focus on public corruption, which occurs at the interface of the private and public sectors in which a government official has monopolistic powers over the distribution of, or access to resources in the private sector (Luiz & Stewart, 2014), enabling him/her to obtain additional personal gain in exchange for giving other company or individual a benefit (Cuervo-Cuzurra, 2016). Drawing from institutional theory, past studies have investigated the tensions between home and host country differences in corruption and the institutional pressure on the MNE for local isomorphism (Davis, Desai, & Francis, 2000; Rodriguez et al., 2005). Isomorphic pressures are forces that subject companies to conform to the established customs and practices in a local environment (DiMaggio &

Powell, 1983). In the context of corruption, MNEs from countries with low corruption levels entering a highly corrupt host location are generally at a disadvantage due to discrimination and adverse treatment from host country stakeholders (Godinez & Liu, 2018), information asymmetry exacerbated by a lack of local knowledge (Brouthers & Brouthers, 2000), and additional costs to balance the tensions between internal and external expectations (Spencer & Gomez, 2011).

Despite such challenges, locations with high levels of corruption still attract remarkable amounts of FDI, which turns the conversation from whether corruption affects FDI to how firms implement responsive strategies to adapt to corrupt environments (e.g., Doh, Rodriguez, Uhlenbruck, Collins, & Eden, 2003, Stevens & Newenham-Kahindi, 2019) and how policymakers should deal with this phenomenon. Prior studies collectively provide further evidence that the relationship between corruption and the MNE's foreign entry modes has not been easy to establish, calling for more attention to the specific conceptualization of corruption and to examine contingent effects to mitigate overgeneralization (Sartor & Beamish, 2018). This implies that entering foreign markets involves complex calculus that includes internal resources and capabilities assessment (Anand & Delios, 2002), legitimacy acquisition, and other policy considerations. In the following section, we assess how differences in corruption practices between the home and host country will determine the conditions in which MNEs should build their internal and external legitimacy (Rodriguez et al., 2005), elaborating on the need to seek legitimacy in the context of corruption distance. We then exemplify the conditions faced by MNEs entering Sub-Saharan Africa considering their investment motives, hypothesizing that two types of investment motives - resource-seeking vs. market-seeking - may be associated with different types of mechanisms that govern the relationships between corruption distance and entry mode decisions to provide specific policy recommendations on creating an apparatus that encourages the reception of FDI while reducing MNE engagement in corruption.

### **Corruption distance and foreign entry motive: a legitimacy-based framework**

The institutional perspective has emerged as the dominant school of thought about understanding MNEs' behavior when entering developing economies, emphasizing the importance of legitimacy (Xu &



Shenkar, 2002). Stressing the role of legitimacy and institutional differences across countries, the institutional theory argues that corruption increases the liability of foreignness due to high unfamiliarity, discriminative, and relational hazards (Hoskisson, Wright, Filatotchev, & Peng, 2013, Scott, 2013). Moreover, it emphasizes the importance of organizational legitimacy for firm survival and internationalization (Eden & Miller, 2004). Legitimacy can be defined as “the acceptance of the organization by its environment” (Kostova & Zaheer, 1999:64). Legitimacy, therefore, involves a firm’s adaptation of pre-existing practices and the creation of new ones according to local institutional conditions. The legitimation process emerges as the organization builds its image to local stakeholders and their perceptions validate or not the organization in the host environment (Meyer & Rowan, 1977). Thus, firms achieve legitimacy by ceding to isomorphic pressures in terms of structure, policies, and practices (DiMaggio & Powell, 1983), which are set to meet a range of different or even conflicting expectations (Kostova, 1999).

Regarding corruption, legitimacy involves both regulatory and normative aspects associated with unfamiliarity and discriminatory hazards (Eden & Miller, 2004). Strong normative institutions generally reflect high social embeddedness and difficulties for people to move beyond informal institutions before being replaced by formal ones (McCarthy, Puffer, Dunlap, & Jaeger, 2012). Thus, corruption distance increases the liability of foreignness in every aspect, creating unfamiliarity, discrimination, and inter-and intra-relational hazards for MNEs from countries with lower social embeddedness (Eden & Miller, 2004). In this case, legitimacy-seeking actions in the context of corruption practices need to consider institutional characteristics and stakeholders’ expectations from two perspectives, external and internal (Kostova & Zaheer, 1999). The distinctiveness of internal and external legitimacy forms the basis for our expectation that each will precipitate different types of uncertainty for MNEs, as the characteristics of each type are relatively unique. External legitimacy derives largely from regulative and normative pressures to conform to home and host country practices and meet the expectations of external actors (Davis et al., 2000). Therefore, an MNE is subject to its home country's scrutiny, which, combined with the regulative and normative environment of the host country, may affect the acquisition of external legitimacy. For

example, some MNEs face home country legislation that aims to curb the supply of bribes abroad, such as the Foreign Corrupt Practices Act (FCPA) in the United States or the Bribery Act 2010 in the United Kingdom (Barkemeyer, Preuss, & Ohana, 2018), while compliance with the practices in the corrupt host country is considered socially valid and legitimate (Rodriguez et al., 2005).

Internal legitimacy occurs when the MNE's subunit is requested to comply with the headquarters' business practices and ethical codes to safeguard against corporate misconduct and reduce risk. That is, MNEs' subsidiaries are subject to isomorphic pressures stemming from headquarters' standards (Kostova & Zaheer, 1999), and "playing dirty" abroad may lead to reputational risks. Thus, to succeed in their international ventures, MNEs must manage internal and external legitimacy pressures by implanting policies and controls designed to facilitate avoiding corruption (Stevens & Newenham-Kahindi, 2019). Thus, differences in corruption practices between the home and host country will determine the conditions in which MNEs should build their internal and external legitimacy (Rodriguez et al., 2005). When corruption distance is low, MNEs can more easily adjust to external legitimacy pressures since corruption practices are compatible with what the firm experiences at home (Godinez & Liu, 2015). When corruption distance is high, firms are required to learn and adjust to local practices to gain external legitimacy, increasing their overall costs of doing business and reputational risks (Uhlenbruck et al., 2006).

Although the notion of internal and external legitimacy has been integrated with corruption literature (Duanmu, 2011), previous research has paid little attention to the role of investing motive. We conjecture that motive will also affect how firms assess their needs for internal and external legitimacy in the context of corruption. In general, MNEs invest abroad for one of four main motives: resource-seeking, market-seeking, efficiency-seeking, and strategic asset-seeking (Dunning, 1998). However, in this study, we focus on resource and market-seeking motives since in Sub-Saharan Africa inward "FDI is predominantly based on resource and market-seeking motives" (Nketiah-Amponsah & Sarpong, 2020: 210). Furthermore, empirical research shows that Sub-Saharan Africa presents an abundance of oil, natural gas and a large and increasing population, which supports resource and market seeking as the

main motives for investment, whereas efficiency and strategic asset-seeking do not present statistically significance (Okafor, 2015). We distinguish between market-seeking and resource-seeking not to suggest that firms follow only one interest when investing in Sub-Saharan Africa, but rather to highlight conceptually different aspects of the main initial investment motives, particularly in terms of legitimacy consistency. We then offer a conceptual framework (see Figure 1) that takes into consideration the legitimacy pressures derived from corruption distance between home and host countries and the objectives involved in resource-seeking and market-seeking motives. Our goal is to distinguish more clearly how MNEs will face legitimacy pressures abroad and then use this perspective to explain how it will have an impact on entry mode decisions to develop policy recommendations.

---

Insert Figure 1 Here

---

## **Hypotheses development**

### *Corruption distance and entry mode strategy*

In emerging economies in general, and in African economies more specifically, where formal institutions are underdeveloped and where corruption is rampant (Luiz & Charalambous, 2009), MNEs are increasingly aware of the importance of informal institutions, such as communities and tribal structures and relationship management (Barnard et al., 2017). Given that local governments favor and local communities play an extremely vital important role as a rather stable infrastructure for information sharing, legitimacy building, and safeguarding of contracts and loans (Bitzer & Hamann, 2015, Holt & Littlewood, 2015), strong government and community relationships can be an essential competitive advantage (George et al., 2016; Ibeh, 2018). One example is the Kgotla in Botswana, which is an institution serving as a forum for policy formulations and decision-making (Cassidy, Wilk, Kgathi, Bendsen, Ngwenya, & Mosepele, 2011). These factors then shape how business is conducted, as community structures are a necessity rather than an option (George et al., 2016).

Hence, acquiring legitimacy becomes more difficult due to the different institutional environments between the home and host countries. A persistent problem occurs when what is perceived

as illegitimate in some societies may be seen as perfectly acceptable in others. For example, gift-giving is an acceptable business practice in most developing countries (Tian, 2008), but it is normally restricted in developed ones, leading to difficulty in establishing and maintaining internal legitimacy (Kostova & Zaheer, 1999). Research has shown that to decrease the negative effects of corruption in the host country, MNEs would try to reduce their exposure to corruption by taking on a local partner who has acquired legitimacy and who can leverage their knowledge and social and political capital (Doh et al., 2003, Yiu & Makino, 2002), who may be able to develop a coping mechanism and exclusive social networks to overcome barriers (Peng & Heath, 1996). Moreover, host government officials face less risk of extorting illegal payments from local firms because legislation and regulations are either missing or arbitrary in their enforcement. Therefore, we expect MNEs with high corruption distance to be more likely to form JVs with local partners who are sufficiently embedded in the host country (De Villa, Rajwani, & Lawton, 2015) and who can deal with local government officials, including engaging in corrupt acts. Therefore, we propose the following:

Hypothesis 1: Under conditions of greater corruption distance, an MNE is more likely to use a JV rather than a WOS to enter a highly corrupt host country.

#### *Resource-seeking investment motive and entry mode strategy*

Resource-seeking MNEs are motivated to invest abroad to acquire specific resources, mainly location-bound raw materials and natural resources, at a lower cost than could be obtained in their home country (Dunning, 1998; Okafor, 2015). Previous studies suggest that resource-seeking FDI tends to be more isolated from the general local economy (except the government) (Blanton & Blanton, 2006); thus, it has no inclination to seek broader integration within their host country beyond ensuring the security of their site (MacDonald & McLaughlin, 2017). However, resource-seeking investment is likely associated with large projects that involve complex operations, ongoing negotiations, and intensive interactions with local governments and other stakeholders. As a result, these MNEs require a higher level of external legitimacy and more integration with their host society which may increase their reliance on local partners

who may employ informality to deal with institutional uncertainties and unintended consequences (Luo, 2005).

In Sub-Saharan African countries, access to resources is normally associated with having physical control of them (Shahbaz, Destek, Okumus, & Sinha, 2019), and anti-competitive behavior is a general problem in all kinds of business, especially in small economies. To gain control of natural resources, MNEs must deal with government officials for licenses and permits, as well as with local communities to access supply pools to conduct extractive work. Unfortunately, “there is no shortage of anecdotal evidence that multinational companies in the extractive industries have used bribery to get access to resources” in Africa (Kolstad and Wiig, 2013: 381). Therefore, although the need for MNEs to have internal legitimacy to comply with anti-corruption regulations from their home country might be great, their willingness to establish external legitimacy and enhance their ties with local stakeholders may be greater (Liu, Henley, & Mousavi, 2021). Thus, since resource-seeking FDI in Sub-Saharan Africa tends to be less sensitive to anti-corruption measures from the home country, resource-seeking MNEs might opt for forming a JV with a local partner that could lend them external legitimacy that could help them engage with corrupt local officials. Therefore, we propose the following:

Hypothesis 2: The relation between corruption distance and the likelihood of an MNE entering via JV in a relatively highly corrupt location is enhanced by a resource-seeking motive.

#### *Market-seeking investment motive and foreign entry strategy*

Market-seeking FDI, in principle, is driven by market potential and the reduction of distance-related costs involved in exporting, such as transportation, communication, tariffs, and foreign exchange (Zaheer, Schomaker, & Nachum, 2012). Unlike resource-seeking MNEs, the development of external legitimacy is not an inherent goal of a market-seeking MNE. Previous studies suggest that market-seeking involves exploiting technological superiority and firm-specific advantages, enabling them to outperform local firms while protecting their intellectual property, knowledge, corporate reputation, and brand equity (Driffield & Love, 2007). When a company colludes with corrupt governments, consumers will quickly form a stereotype that the company is engaging in unethical transactions and exploiting local resources in

the host developing countries (Luo, 2005). In this situation, an MNE is more likely to focus on full control and governance of its operations, prioritizing internal ethical codes and organizational credibility and reducing its dependence on local connections. Their competitive advantages enable them to overbid local legislation through conforming to international norms. Also, they can pass the additional costs onto consumers in the form of higher prices (Cuervo-Cazurra, 2016). Luo (2005) argues that MNEs from developed countries are more likely to use arm's length methods and attend more to ethical codes and organizational credibility when entering emerging economies that are more corrupt than the home country.

Furthermore, market-seeking MNEs may also be hesitant to share their ownership advantages and proprietary assets with a local partner who may illegally use them (Dunning 1998), especially in a location characterized by high corruption levels where intellectual property might not be protected (Godinez & Liu, 2018). Therefore, a market-seeking motive in the host country generally implies that the MNE possesses higher bargaining power against local stakeholders and needs relatively less external legitimacy but more internal legitimacy, and thus, the firm would prefer a WOS (Yiu & Makino, 2002). Indeed, there is an indication that MNEs from developed countries that possess historical and cultural ties to a region may enter such region via WOS, as MNEs would “take a calculated risk if the market is lucrative enough” (Cooke, Wang, & Wood, 2022: 7). The country-of-origin effect presents different concerns for market-seeking MNEs from developed and developing economies. Thus, we expect corruption distance to play a role in entry decisions for market-seeking MNEs. Figure 2 presents our conceptual model. Therefore, we propose the following:

Hypothesis 3: The relation between corruption distance and the likelihood of an MNE entering via JV in a relatively highly corrupt location is weakened by a market-seeking motive.

---

Insert Figure 2 Here

---

## METHODS

### *Sample and data sources*

We conducted our study by analyzing MNEs investing in 18 Sub-Saharan countries, as presented in Table 1. Sub-Saharan Africa is a heterogeneous region comprised of 54 countries (World Bank, 2018). Our sample of 18 countries, although not inclusive of all the differences present in the area, is representative of its high corruption, with an average Corruption Perception Index (CPI) of 3.45 CPI and (Transparency International, 2010). Sub-Saharan African nations are strongly recognized as promising members of a future generation of ‘emerging market’ countries (Nellor, 2008). They are home to several thriving emerging industries, which have allured numerous businesses to start operations there (George et al., 2016). Despite its attractiveness to foreign investors and its heterogeneous sociopolitical context, the Sub-Saharan region shares common characteristics such as a complex institutional environment (Newenham-Kahindi & Stevens, 2018) with weak governance (Parente, Rong, Geleilate, & Misati, 2019) and high corruption levels (Transparency International, 2010). The high corruption levels of the region and the many new businesses starting operations there make it an ideal location to analyze how corruption distance affects the entry of MNEs to craft policies to encourage the reception of FDI while reducing opportunities for MNE engagement in corruption. The 18 countries have been targeted by MNEs from a variety of home countries, having received large amounts of FDI. Thus, firm-level data regarding entry modes help understand the relationship between corruption and MNEs strategy in Africa, outweighing any possible downside of having seemingly outdated data.

---

Insert Table 1 Here

---

To test our hypotheses, we relied on data gathered from a questionnaire survey conducted by the United Nations Industrial Development Organization (UNIDO, 2010). One of the authors intensively engaged in the survey design and participated in data collection fieldwork in Sub-Saharan Africa between 2008 and 2009. This dataset was completed by 2010 and included all domestic and foreign-owned companies hiring more than ten employees in Sub-Saharan Africa. The survey was administered in 18

sub-Saharan African countries by conducting 6,359 face-to-face interviews with top-level managers of foreign-owned and domestic firms. The survey data contains detailed and comprehensive information about the firms' characteristics and performance. The original foreign sample consists of firms categorized into either the manufacturing or service industries. Firms with less than 10% foreign equity were not considered in the study since they could not be classified as a JV (Brouthers & Hennart, 2007). Firms with unspecified foreign equity levels were excluded. The final sample consisted of 810 observations of initial entries in total. While our data was collected in 2010, this has little effect on the validity and reliability of the empirical testing because MNEs are more likely to consider uncertainty and risk like corruption in their initial entry decision (Brouthers & Hennart, 2007).

## **Measures**

### *Dependent variable*

Our dependent variable denotes an ownership structure that is either WOS or JV. We defined this variable with a dummy, coded "0" for a WOS and "1" for JV. Previously Padmanabhan and Cho (1995) argued that a 95% equity level is typically used as the cut-off point to distinguish between a JV and a WOS. Yiu and Makino (2002), alternatively, use a triple cut-off point system of 100%, 95%, and 80%, which are used respectively to distinguish between those two types of ownership structure. However, we follow Makino and Beamish (1998), who adopted an 80% cut-off point by obeying the traditional accounting rules that suggest that the minimum necessary equity control level to confer control is 20%.

### *Independent variable*

Our independent variable was corruption distance. We measured corruption distance as the difference between the relative corruption levels of the home and host countries, following Godinez and Liu (2015). We then re-scaled the measures to allow for a more straightforward interpretation by reversing the CPI from 0 (low perception of corruption) to 10 (high perception of corruption). Our moderator variables included the motive for investment. Market-seeking investment denoted investments whose primary goal was to access new customers (Dunning, 1988). Resource-seeking denoted investments whose primary purpose was accessing natural resources (Dunning, 1988). We created a



dummy variable on the third choice, where resource-seeking investment was denoted as 0 and market-seeking as 1 (UNIDO, 2010). We then constructed two interaction variables (market-seeking x corruption distance and resource-seeking x corruption distance) to examine the moderating effects.

#### *Control variables*

It is expected that an MNE's entry decision will be dependent on firm-specific and country-specific variables (Dunning, 1998). We controlled the following country characteristics: market size, the rule of law, bureaucracy, tax rate, contract enforcement, and geographic distance. We chose these variables since they have been identified as important factors determining FDI decisions in the extant literature. We measured market size as the natural logarithm of the host country's GDP (Habib & Zurawicki, 2002). Rule of law, which includes law enforcement, property rights, and crime (Globerman & Shapiro, 2002), was retrieved from the World Bank (2010) dataset. We included bureaucracy as control by adding the natural logarithm of the average time to start a business in the host country because the more chances a firm has to engage in corruption with a local official (Godinez & Garita, 2015). We included economic activity-based (production, marketing, distribution) costs related to foreign operations that might encourage FDI as opposed to trade (Wei, 2000), namely, tax rate and geographic distance. The latter is measured by the natural logarithm of the distance between the centers of the home and host countries (Cuervo-Cazurra, 2006). We measured contract enforcement as the natural logarithm of the number of days it takes to enforce legal contracts (Cuervo-Cazurra, 2008).

We also controlled for the following firm-level variables: capital intensity, size of investment, average profit margin, years since investment, and presence in the Sub-Saharan. We measured capital intensity by using the ratio of fixed costs to variable costs, which denotes the financial leverage of foreign firms. We measured the size of the investment by using the natural logarithm of the total value of the investment in the country and the average profit margin by the natural logarithm of the average profit by the firm. Firms with higher financial leverage investing larger amounts and/or generating larger returns in highly corrupt locations are more prone to be affected by corruption since they are more visible to corrupt local officials (Uhlenbruck et al., 2006). Also, international knowledge and experience are associated with

entry modes involving greater resource commitment, such as WOS (Johanson & Vahlne, 2006). We controlled for years since investment and presence in Sub-Saharan since established MNEs possess local knowledge and experience to overcome disadvantages related to liability of foreignness (Teixeira & Grande, 2012). Therefore, they might be more experienced in dealing with corruption, and we measured it with the natural logarithm of the number of years since the company's foundation (Cuervo-Cazurra, 2016). Table 2 presents a detailed description of our variables, measures, and sources.

---

Insert Table 2 Here

---

### *Data analysis*

We utilized binomial logistic regression analysis to explore the influence of corruption distance over entry mode and account for investment motive. We applied this statistical method due to its ability to incorporate a wide range of diagnostics, the dichotomous nature of the dependent variable, and the combination of continuous and categorical variables included in our model (Hair, Anderson, Tatham, & Black, 1984). In addition, we converted all variables to standardized z-scores before conducting our analysis since the dataset encompasses continuous, single-scale, and multiple-scale constructs and categorical variables, following Dikova & van Witteloostuijn (2007). Also, before carrying out the moderation analysis of distance and motive, all predictors were normalized around their mean value to avoid possible multicollinearity issues (Rabbiosi & Santangelo, 2019).

In our analysis, the ownership structure is captured by a dummy variable that takes the value of 1 if the entry was via JV or 0 if the entry was via WOS. The regression coefficients calculate the impact of the independent variable on the probability that the entry mode utilized was a JV. A positive sign for the coefficient denotes that the probability of a JV increases. Conversely, a negative sign denotes the opposite. We created five models to conduct our analysis. In Model 1, we estimate the main effects of our predictor variables to establish our baseline. Model 2 analyzes the probability of a JV for companies accounting for investment motives, either resource or market-seeking. Model 3 estimates the main effects of the predictor variable on the probability of a JV accounting for corruption distance with a resource-

seeking motive as a moderator. Model 4 includes the moderating effects of market-seeking and how it affects the ownership structure of firms. Finally, model 5 includes all the interaction effects.

### *Statistical Tests*

First, we tested the null hypothesis that all regression coefficients (except the intercept) were zero with the model chi-square statistical test (Dikova & Van Witteloostuijn, 2007). With these results, we rejected the null hypothesis and inferred that our independent variables improved the prediction of the probability of using a JV as entry mode since, in every model tested, the overall chi-square significance was high ( $p = 0.000$ ), and all our models showed high predictability as presented in each model's sensitivity, specificity, and overall predictability chance. Second, since the firm-level measures are self-reported, there is the possibility of common method bias. The measurement of firm-level variables that we used in this study is rather objective, as respondents only had to report which entry mode was used to start operations in the host location, the motive for investment, the amount invested, size of the investment, presence in the area, and the age and size of the firm. Objective measures are less prone to common method bias than regular self-reported measures (Schwens, Zapkau, Brouthers, & Hollender, 2018). Additionally, UNIDO engaged in several levels of quality checks to ensure the accuracy of the data. These included humans checking in the field by enumerators and supervisors at UNIDO headquarters. Also, to ensure consistency, several reviews of questionnaires that involved frequent re-visits and recalls of interviewees were carried out (UNIDO, 2010).

## **RESULTS**

Before presenting the evidence of our tests, we present a bivariate correlation analysis and descriptive statistics in Table 3. The correlation analysis helped us gain an initial understanding of the relationship between entry mode and corruption distance and the control variables. The correlation shows some significant relationships between the entry mode and the rest of the variables. However, all correlations are below 0.32, indicating that they are not particularly strong, which poses no multicollinearity problem in the regression models (Hair et al., 1984), and thus, multicollinearity is unlikely to distort our results (Schwens et al., 2018). In addition, we calculated each variable's variance

inflation factor (VIF) with a median of 1.42, well below the conservative threshold of 2.5 used to study corruption and its effects on FDI (Godinez & Liu, 2015).

---

Insert Table 3 Here

---

Table 4 presents the results of analyzing the effect of corruption distance on entry mode. Model 1 shows the results for corruption distance and entry mode. Our results lead support to Hypothesis 1, which argues that in conditions of greater corruption distance, MNEs will prefer to enter Sub-Saharan African countries via JV. Model 2 shows the results for firms with corruption distance accounting for motive. Model 3 assesses whether the relation between corruption distance and the likelihood of an MNE entering JV is enhanced by resource seeking (Hypothesis 2). Our results support this hypothesis with a significance of  $p < 0.05$ . In Model 4, we analyzed if the relation between corruption distance and entry via JV was weakened by a market-seeking motive (Hypothesis 3). Our results present the right sign but are not statistically significant. However, Hypothesis 3 can still shed light on how corruption distance affects the entry mode of an MNE with a market-seeking motive in Sub-Saharan Africa, as discussed below (Meyer, van Witteloostuijn, & Beugelsdijk, 2017).

---

Insert Table 4 Here

---

Concurrent with extant literature, our results show that the rule of law, contract enforcement, the size of the investment, years since investing in the area, and regional presence are predictors of entry mode into a highly corrupt location (White, Hemphill, Joplin, & Marsh, 2014). Specifically, our results show that the size of investment and presence in Sub-Saharan Africa are predictors of JVs. This can be explained because firms that have experience operating in Sub-Saharan Africa might understand that having a local partner helps them better navigate an institutional environment characterized by high corruption levels (Godinez & Liu, 2018). Conversely, a weak rule of law, poor contract enforcement, and the time since the firm invested in Sub-Saharan Africa are predictors of an MNE preferring to enter via WOS. These results are explained by the need that MNEs should protect knowledge from a possible

opportunistic partner (Godinez & Liu, 2015). To test the robustness of our results, we utilized an alternative method, ordinary logistic regression, to corroborate the results as suggested by Sartor and Beamish (2018), presented in Table 5. The results of our robustness tests are presented in Table 5. These results are considerably similar to those presented in Table 3 in terms of significance and sign ( $\pm$ ) and their effects on corruption distance over entry mode, also while accounting for the motive.

---

Insert Table 5 Here

---

## DISCUSSION

Our study contributes to the recent debate on policies to attract FDI into a highly corrupt host location in general and in Sub-Saharan Africa in particular (Okafor, 2015; Ofori, et al., 2022; Zalle & Ouedraogo, 2021). Based on sound empirical and theoretical analyzes, we highlight the necessity to examine corruption distance for MNE investment into Sub-Saharan Africa while accounting for the motive. We conclude that corruption distance significantly threatens MNEs' external and internal legitimacy, particularly for MNEs with a low tolerance for corruption. The rapid expansion of MNEs in corrupt locations, such as Sub-Saharan African countries, progressively exposes them to high levels of corruption. This creates the dilemma of complying with local expectations of participating in corruption to achieve external legitimacy and local isomorphism or complying with headquarters' mandates to avoid engaging in corruption abroad. While complying locally creates additional costs and uncertainties, favoring internal legitimacy over local isomorphism might diminish external legitimacy (Godinez & Liu, 2018). Thus, we provide a more nuanced explanation of the critical role of sensitivity to different legitimization in establishing foreign operations (Ang, Benischke, & Doh, 2015). Our findings support that corruption distance has a direct effect on the entry mode choice and that MNEs would prefer to enter the region via JV to balance their need for internal and external legitimacy. This confirms that local partners help MNEs achieve external legitimacy by sharing their local embeddedness, including business and political networks, and dealing with local officials, which also helps circumvent home country scrutiny.

Furthermore, we develop a conceptual framework, accounting for legitimacy pressures for assessing the impact of corruption distance on entry mode subject to different investment motives. We posit that MNEs that enter Sub-Saharan Africa with a resource-seeking motive tend to be more focused on complying with external legitimacy associated with interaction with the host government, integration into local society, and home country scrutiny. Thus, they tend to favor a JV as their entry mode. Hence, it is paramount that headquarters of resource-seeking MNEs that enter Sub-Saharan Africa via JVs create and enforce a strict internal compliance program to vet possible partners in the host location that could be tested and verified by both home and host country officials. In contrast, although not statistically significant, our results suggest that MNEs entering Sub-Saharan Africa aiming to expand their market tend to emphasize internal legitimacy associated with ethical codes, corporate governance, and organizational credibility aligned with a WOS, by overbidding local laws through the implementation of higher corporate standards than required or conform to international norms. Nevertheless, while market-seeking MNEs seem to be less likely to engage in corruption by utilizing a local partner, they might still participate in corrupt deals without the help of a third party. Thus, we encourage these firms to strengthen their transparency efforts by constantly assessing their internal policies and controls while also allowing them to be independently audited and verified by both home- and host-country officials.

Our study highlights key policies that home-country and host-country officials can enact to reduce the engagement in corrupt acts by MNEs investing in Sub-Saharan Africa. Specifically, we acknowledge that the relationship between corruption and FDI is modified by the country of origin of the FDI (Cuervo-Cazurra, 2006) and that not all MNEs investing in Sub-Saharan Africa are bound by strict home country anti-corruption laws and adhere to international anti-corruption conventions. We also posit that while MNEs headquartered in locations with low corruption levels are bound by legislation (e.g., the FCPA) or international conventions (e.g., the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions), these norms and rules have not yet significantly reduced

MNE participation in corruption in Sub-Saharan Africa. Thus, we propose that in addition to following legislation regarding participation in corruption abroad, home-country policymakers in locations with relatively low corruption levels require MNEs investing in Sub-Saharan Africa to disclose their motives for investing. With this information, policymakers would be able to then require firms to strengthen their internal anti-corruption controls if the investment is market-seeking (WOS) and perform periodical audits. If MNEs would invest in Sub-Saharan Africa for resource-seeking motives (likely using a JV), then home country laws and conventions should demand MNEs to disclose more information, including all partnerships with local firms, the responsibility of each partner and so on. Also, we encourage policymakers from countries with anti-corruption legislation to bring their counterparts from other locations to sign such conventions. The home government can also play an important role in leveraging its political relationship with the host country government, such as requesting the host government to pay more attention to the accountability of government officials by avoiding anti-competitive behaviors and rent-seeking opportunities across a range of economic activities, encouraging MNEs to generate a strong response to corruption demands and even intervene on their behalf (Stevens & Newenham-Kahindi, 2019).

Since inward FDI is a relatively stable source of financing and growth and enables the transfer of technologies and skills (Zhan & Santos-Paulino, 2021), attracting FDI lies at the core of the economic development strategy of Sub-Saharan Africa (Sutherland, Anderson, Bailey, & Alon, 2020). Thus, public officials in the host countries should improve institutional environments that may incur political and social risks for foreign investors. Political stability and the willingness to fight corruption are essential enablers, as MNEs would put priority on protecting the safety and security of their investment and employees (Jin et al., 2021). Since Sub-Saharan Africa presents high levels of relative corruption, we propose that there should be policy efforts to combat this problem in the area. For instance, governments can do more to legislate and enforce laws and regulations to mitigate a discriminative and hostile business environment.

Host-country officials can discern the motive for MNE investment, enacting laws and policies that distinguish different types of FDI according to investment motive. They should also emphasize strict internal compliance programs that are independently tested and verified by local officials. Specifically, if a firm invests for market-seeking motives via WOS, local officials should require such firm to have a robust internal anti-corruption system that could be externally verified locally and internationally. On the other hand, local anti-corruption policies should be enacted for firms investing in Sub-Saharan Africa via JV with resource-seeking motives. Specifically, legislation should be in place to increase transparency regarding the role of the local partner in the JV and the initial negotiations to attract this partner and ensure that the terms and conduct of the agreement do not include help in participating in corruption. At the same time, local legislation should be sanctioned and enforced to protect the MNE's intellectual property from opportunistic partners (Meyer, et al., 2017). If local officials make these changes, other firms that might have hesitated to invest in the area could be reassured that their investment would be protected. In this case, MNEs' external legitimacy would not be tarnished by a partner that might participate in corrupt acts. Since resource-seeking FDI tends to occur via JVs, policymakers could facilitate foreign workers' entry and articulate programs to develop the local human resource base via training and education. Such policies could also be applied in the case of market-seeking FDI occurring via WOS by requiring MNEs to hire and train local workers.

#### *Limitations and future research*

There are limitations to this study that stem from the nature of the data that can be addressed in future research. First, we employed rare and valuable data derived from the survey published in 2010; we are constrained by the cross-section nature and seemingly outdated concern of the survey data. Future research can validate our results by utilizing more recent and longitudinal data covering other developing countries. Second, we utilized existing metrics to measure corruption. While these measures have been widely utilized in previous research, they are concerned about the perception of corruption instead of the actual corruption levels. Third, Sub-Saharan Africa is an ever-evolving and modernizing area in which individual countries, such as Ghana, are beginning to attract efficiency and strategic asset-seeking FDI



(e.g., Dadzie, Owusu, Amoako, & Aklamanu, 2018). Future should explore the role of all four investing motives and their relation to entry mode and corruption distance when the data is available for the area.

## CONCLUSIONS

Foreign firms adapt their entry mode to penetrate a highly corrupt location depending on the distance in corruption levels between the home and host countries and their motive for investment. Our analysis shows that MNEs with a market-seeking motive are likely to enter Sub-Saharan Africa by utilizing WOS, while those with resource-seeking motives rely on JVs and the legitimacy that comes from the local endorsement. The diversity of investment motive and composition of country of origin reinforce the collective efforts of MNEs and home and host-country policymakers in combating corruption. For market-seeking MNEs we propose a strong oversight of their internal anti-corruption controls. For resource-seeking MNEs we argue that home country policymakers should require MNEs to include in their compliance programs a disclosure of their potential partners in the host country. Also, home country public officials should proactively pursue multilateral anti-corruption campaigns that include host country governments and international institutions.

## REFERENCES

- Aïssaoui, R. & Fabian, F. 2022. Globalization, economic development, and corruption: A cross-lagged contingency perspective. *Journal of International Business Policy*, 5: 1-28.
- Anand, J. & Delios, A. 2002. Absolute and relative resources as determinants of international acquisitions. *Strategic Management Journal*, 23(2): 119-34.
- Ang, S. H., Benischke, M. H., & Doh, J. P. 2015. The interactions of institutions on foreign market entry mode. *Strategic Management Journal*, 36(10): 1536-53.
- Barkemeyer, R., Preuss, L., & Ohana, M. 2018. Developing country firms and the challenge of corruption: Do company commitments mirror the quality of national-level institutions? *Journal of Business Research*, 90: 26-39.
- Barnard, H., Cuervo-Cazurra, A., & Manning, S. 2017. Africa business research as a laboratory for theory-building: Extreme conditions, new phenomena, and alternative paradigms of social relationships. *Management and Organization Review*, 13(3): 467-95.
- Bitzer, V. & Hamann, R. 2015. The business of social and environmental innovation, *The business of social and environmental innovation*: Springer.

- Biswas, M., 2017. Are they efficient in the middle? Using propensity score estimation for modeling middlemen in Indian corporate corruption. *Journal of business ethics*, 141(3), pp.563-586.
- Blanton, S. L. & Blanton, R. G. 2006. Human rights and foreign direct investment: A two-stage analysis. *Business & Society*, 45(4): 464-85.
- Brouthers, K. D. & Brouthers, L. E. 2000. Acquisition or greenfield start-up? Institutional, cultural and transaction cost influences. *Strategic Management Journal*, 21(1): 89-97.
- Brouthers, K. D. & Hennart, J.-F. 2007. Boundaries of the firm: Insights from international entry mode research. *Journal of Management*, 33(3): 395-425.
- Buckley, P. 2021. Exogenous and endogenous change in global value chains. *Journal of International Business Policy*, 4: 221-227.
- Cassidy, L., Wilk, J., Kgathi, D. L., Bendsen, H., Ngwenya, B. N., & Mosepele, K. 2011. Indigenous knowledge, livelihoods and government policy in the Okavango Delta, Botswana. *Rural livelihoods, risk and political economy of access to natural resources in the Okavango Delta*, Botswana: 75-97.
- Castro, A., Phillips, N., & Ansari, S. 2020. Corporate corruption: A review and an agenda for future research. *Academy of Management Annals*, 14(2): 935-68.
- Chang, Y.-C., Kao, M.-S., Kuo, A., & Chiu, C.-F. 2012. How cultural distance influences entry mode choice: The contingent role of host country's governance quality. *Journal of Business Research*, 65(8): 1160-70.
- Chen, C. J., Ding, Y., & Kim, C. F. 2010. High-level politically connected firms, corruption, and analyst forecast accuracy around the world. *Journal of International Business Studies*, 41(9): 1505-24.
- CIA. 2010. World Fact Book. <https://www.cia.gov/the-world-factbook/about/cover-gallery/2010-cover/>
- Cole, M. A., Elliott, R. J., & Zhang, J. 2009. Corruption, governance and FDI location in China: A province-level analysis. *The Journal of Development Studies*, 45(9): 1494-512.
- Cooke, F. L., Wang, J., & Wood, G. 2022. A vulnerable victim or a tacit participant? Extending the field of multinationals and corruption research. *International Business Review*, 31(1): 101890.
- Cuervo-Cazurra, A. 2006. Who cares about corruption? *Journal of International Business Studies* 37, 807-822.
- Cuervo-Cazurra, A. 2008. Better the devil you don't know: Types of corruption and FDI in transition economies. *Journal of International Management*, 14(1): 12-27.
- Cuervo-Cazurra, A. 2016. Corruption in international business. *Journal of World Business*, 51(1): 35-49.
- Cuervo-Cazurra, A. 2018. Thanks but no thanks: State-owned multinationals from emerging markets and host-country policies. *Journal of International Business Policy*, 1: 128-156.
- Dadzie, S. A., Owusu, R. A., Amoako, K., & Aklamanu, A. 2018. Do strategic motives affect ownership mode of foreign direct investments (FDIs) in emerging African markets? Evidence from Ghana. *Thunderbird International Business Review*, 60(3): 279-294.

- Davis, P. S., Desai, A. B., & Francis, J. D. 2000. Mode of international entry: An isomorphism perspective. *Journal of International Business Studies*, 31(2): 239-58.
- De Villa, M. A., Rajwani, T., & Lawton, T. 2015. Market entry modes in a multipolar world: Untangling the moderating effect of the political environment. *International Business Review*, 24(3): 419-29.
- Di Maggio, P.J., Powell, W.W., 1983. The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48: 147-160.
- Dikova, D. & Van Witteloostuijn, A. 2007. Foreign direct investment mode choice: entry and establishment modes in transition economies. *Journal of International Business Studies*, 38(6): 1013-33.
- Doh, J. P., Rodriguez, P., Uhlenbruck, K., Collins, J., & Eden, L. 2003. Coping with corruption in foreign markets. *Academy of Management Perspectives*, 17(3): 114-27.
- Driffield, N. & Love, J. H. 2007. Linking FDI motivation and host economy productivity effects: conceptual and empirical analysis. *Journal of International Business Studies*, 38(3): 460-73.
- Duanmu, J.-L. 2011. The effect of corruption distance and market orientation on the ownership choice of MNEs: Evidence from China. *Journal of International Management*, 17(2): 162-74.
- Dunning, J.H., 1988. The theory of international production. *The International Trade Journal*, 3(1), pp.21-66.
- Dunning, J. H. 1998. Location and the multinational enterprise: a neglected factor? *Journal of International Business Studies*, 29(1): 45-66.
- Eden, L. & Miller, S. R. 2004. Distance matters: Liability of foreignness, institutional distance and ownership strategy, " *Theories of the Multinational Enterprise: Diversity, Complexity and Relevance*": Emerald Group Publishing Limited.
- Fu, X., Buckley, P., Sanchez-Ancochea, D., & Hassan, I. 2021. The world has a unique opportunity: Accelerating technology transfer and vaccine production through partnerships. *Journal of International Business Policy*, <https://doi.org/10.1057/s42214-021-00124-7>
- George, G., Corbishley, C., Khayesi, J. N., Haas, M. R., & Tihanyi, L. 2016. Bringing Africa in: Promising directions for management research: Academy of Management Briarcliff Manor, NY.
- Globerman, S. & Shapiro, D. 2002. Global foreign direct investment flows: The role of governance infrastructure. *World Development*, 30(11): 1899-1919.
- Godinez, J., Bandeira de Mello, R., Sanchez-Barríos, L., & Khalik, M. 2022. Familiarity does not breed contempt: Curbing subsidiary corruption through a legitimacy-enhanced ownership structure. *Latin American Business Review*, 23: 279-307.
- Godinez, J. & Garita, M. 2016. The dimensions of corruption and its impact on FDI decision making: The case of Guatemala. *Business and Politics*, 18(2): 123-141.
- Godinez & Garita, 2016

- Godinez, J. & Liu, L. 2018. Corruption and its effects on FDI: Analysing the interaction between the corruption levels of the home and host countries and its effects at the decision-making level. *Journal of Business Ethics*, 147(4): 705-719.
- Godinez, J. R. & Liu, L. 2015. Corruption distance and FDI flows into Latin America. *International Business Review*, 24(1): 33-42.
- Habib, M. & Zurawicki, L. 2002. Corruption and foreign direct investment. *Journal of International Business Studies*, 33(2): 291-307.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. 1984. *Multivariate data analysis with readings*, 1995. Tulsa, OK: Petroleum Publishing.
- Hennart, J.-F. & Slangen, A. 2015. Yes, we really do need more entry mode studies! A commentary on Shaver. *Journal of International Business Studies*, 46(1): 114-122.
- Hill, C. W., Hwang, P., & Kim, W. C. 1990. An eclectic theory of the choice of international entry mode. *Strategic Management Journal*, 11(2): 117-128.
- Holt, D. & Littlewood, D. 2015. Identifying, mapping, and monitoring the impact of hybrid firms. *California Management Review*, 57(3): 107-125.
- Hoskisson, R. E., Wright, M., Filatotchev, I., & Peng, M. W. 2013. Emerging multinationals from mid-range economies: The influence of institutions and factor markets. *Journal of Management Studies*, 50(7): 1295-1321.
- Iammarino, S. 2018. FDI and regional development policy. *Journal of International Business Policy*, 1: 157-183.
- Ibeh, K.I.N., Uduma, I.A., Makhmadshoev, D. and Madichie, N.O. 2018. Nascent multinationals from West Africa: Are their foreign direct investment motivations any different?, *International Marketing Review*, 35(4): 683-708. <https://doi.org/10.1108/IMR-08-2016-0158>
- Ibeh, K. 2018. Why do some African multinationals invest outside their home region? Should they?. *Transnational Corporations Journal*, 25(1), 43-72.
- Jetter, M. & Parmeter, C. F. 2018. Sorting through global corruption determinants: Institutions and education matter—Not culture. *World Development*, 109: 279-294.
- Jin, C., Li, B., Ye, Z. and Xiang, P., 2021. Identifying the non-traditional safety risk paths of employees from Chinese international construction companies in Africa. *International journal of environmental research and public health*, 18(4), p.1990.
- Kepe, T. 1999. The problem of defining 'community': Challenges for the land reform programme in rural South Africa. *Development Southern Africa*, 16(3): 415-433.
- Kim, W. C. & Hwang, P. 1992. Global strategy and multinationals' entry mode choice. *Journal of International Business Studies*, 23(1): 29-53.
- Kolstad, I. & Wiig, A. 2013. Digging in the dirt? Extractive industry FDI and corruption. *Economics of Governance*, 14, 369-383.

- Kostova, T. 1999. Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review*, 24(2): 308-324.
- Kostova, T. & Zaheer, S. 1999. Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review*, 24(1): 64-81.
- Liu, L., Henley, J., & Mousavi, M. M. 2021. Foreign interfirm networks and internationalization: Evidence from sub-Saharan Africa. *Journal of International Management*, 27(1): 100810.
- Luiz, J. M. & Charalambous, H. 2009. Factors influencing foreign direct investment of South African financial services firms in Sub-Saharan Africa. *International business review*, 18(3): 305-317.
- Luiz, J. M. & Stewart, C. 2014. Corruption, South African multinational enterprises and institutions in Africa. *Journal of Business Ethics*, 124(3): 383-98.
- Luo, Y. 2005. An organizational perspective of corruption1. *Management and Organization Review*, 1(1): 119-154.
- MacDonald, G. & McLaughlin, T. 2017. Extracting conflict, *Business and human rights*: Routledge.
- McCarthy, D. J., Puffer, S. M., Dunlap, D. R., & Jaeger, A. M. 2012. A stakeholder approach to the ethicality of BRIC-firm managers' use of favors. *Journal of Business Ethics*, 109(1): 27-38.
- Meyer, K. E., Estrin, S., Bhaumik, S. K., & Peng, M. W. 2009. Institutions, resources, and entry strategies in emerging economies. *Strategic Management Journal*, 30(1): 61-80.
- Meyer, J., & Rowan, B. 1977. Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83: 340-363.
- Meyer, K. E., van Witteloostuijn, A., & Beugelsdijk, S. 2017. What's in a *p*? Reassessing best practices for conducting and reporting hypothesis-testing research. *Journal of International Business Studies*, 48: 535-551.
- Mudambi, R., Navarra, P., & Delios, A. 2013. Government regulation, corruption, and FDI. *Asia Pacific Journal of Management*, 30(2): 487-511.
- Nellor, D. C. 2008. The rise of Africa's "frontier" markets. *Finance & Development*, 45(003).
- Newenham-Kahindi, A. & Stevens, C. E. 2018. An institutional logics approach to liability of foreignness: The case of mining MNEs in Sub-Saharan Africa. *Journal of International Business Studies*, 49(7): 881-901.
- Nippa, M. & Reuer, J. 2019. On the future of international joint venture research. *Journal of International Business Studies*, 50: 555-597.
- Nketiah-Amponsah, E. & Sarpong, B. 2020. Ease of doing business and foreign direct investment: Case of Sub-Saharan Africa. *International Advances in Economic Research*, 26: 209-223.
- Ofori, I., Dossou, M., Asongu, S., & Armah, M. 2022. Bridging Africa's income inequality gap: How relevant is China's outward FDI to Africa? *Economic Systems*, 101055.

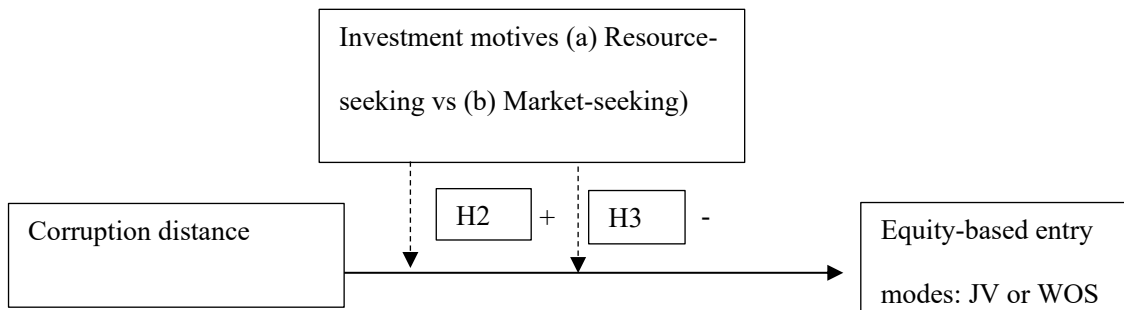
- Okafor, G. 2015. Locational determinants of US outward FDI into Sub-Saharan Africa. *The Journal of Developing Areas*, 49(1): 187-205.
- Parente, R., Rong, K., Geleilate, J.-M. G., & Misati, E. 2019. Adapting and sustaining operations in weak institutional environments: A business ecosystem assessment of a Chinese MNE in Central Africa. *Journal of International Business Studies*, 50(2): 275-91.
- Peng, M. W. & Heath, P. S. 1996. The growth of the firm in planned economies in transition: Institutions, organizations, and strategic choice. *Academy of Management Review*, 21(2): 492-528.
- Peng, M. W., Wang, D. Y., & Jiang, Y. 2008. An institution-based view of international business strategy: A focus on emerging economies. *Journal of International Business Studies*, 39(5): 920-36.
- Pityana, S. 2019. How Africa can secure its long-term economic growth: World Economic Forum.
- Rabbiosi, L. & Santangelo, G. D. 2019. Host country corruption and the organization of HQ–subsidiary relationships. *Journal of International Business Studies*, 50(1): 111-124.
- Rodriguez, P., Uhlenbruck, K., & Eden, L. 2005. Government corruption and the entry strategies of multinationals. *Academy of Management Review*, 30(2): 383-396.
- Rodriguez, P., Siegel, D.S., Hillman, A. and Eden, L., 2006. Three lenses on the multinational enterprise: Politics, corruption, and corporate social responsibility. *Journal of international business studies*, 37(6), pp.733-746.
- Rose-Ackerman, S. & Palifka, B. J. 2016. *Corruption and government: Causes, consequences, and reform*: Cambridge University Press.
- Sartor, M. A. & Beamish, P. W. 2018. Host market government corruption and the equity-based foreign entry strategies of multinational enterprises. *Journal of International Business Studies*, 49(3): 346-370.
- Sauvant, K. P. 2021. Improving the distribution of FDI benefits: The need for policy-oriented research, advice, and advocacy. *Journal of International Business Policy*, 4(2): 244-261.
- Schwens, C., Zapkau, F. B., Brouthers, K. D., & Hollender, L. 2018. Limits to international entry mode learning in SMEs. *Journal of International Business Studies*, 49(7): 809-831.
- Scott, W. R. 2013. *Institutions and organizations: Ideas, interests, and identities*: Sage Publications.
- Shahbaz, M., Destek, M., Okumus, I., & Sinha, A. 2019. An empirical note on comparison between resource abundance and resource dependence in resource abundant countries. *Resource Policy*, 60: 47-55.
- Slangen, A. H. & Van Tulder, R. J. 2009. Cultural distance, political risk, or governance quality? Towards a more accurate conceptualization and measurement of external uncertainty in foreign entry mode research. *International Business Review*, 18(3): 276-291.
- Stevens, C. & Newenham-Kahindi, A. 2019. Avoid, acquiesce...or engage? New insights from sub-Saharan Africa on MNE strategies for managing corruption. *Strategy Management Journal* (42):273-301.
- Spencer, J. & Gomez, C. 2011. MNEs and corruption: The impact of national institutions and subsidiary strategy. *Strategic Management Journal*, 32(3): 280-300.

- Sutherland, D., Anderson, J., Bailey, N., & Alon, I. 2020. Policy, institutional fragility, and Chinese outward foreign direct investment: An empirical examination of the Belt and Road Initiative. *Journal of International Business Policy*, 3: 249-272.
- Teixeira, A. A. & Grande, M. 2012. Entry mode choices of multinational companies (MNCs) and host countries corruption: A review. *African Journal of Business Management*, 6(27): 7942-7958.
- Tian, Q. 2008. Perception of business bribery in China: The impact of moral philosophy. *Journal of Business Ethics*, 80(3): 437-45.
- Tihanyi, L., Griffith, D. A., & Russell, C. J. 2005. The effect of cultural distance on entry mode choice, international diversification, and MNE performance: A meta-analysis. *Journal of International Business Studies*, 36(3): 270-283.
- Transparency International. 2010. *Corruption Perceptions Index*, Berlin: Transparency International.
- Tseng, C.-H. & Lee, R. P. 2010. Host environmental uncertainty and equity-based entry mode dilemma: The role of market linking capability. *International Business Review*, 19(4): 407-418.
- Uhlenbruck, K., Rodriguez, P., Doh, J., & Eden, L. 2006. The impact of corruption on entry strategy: Evidence from telecommunication projects in emerging economies. *Organization Science*, 17(3): 402-14.
- UNIDO. 2010. Africa Investment Report. Vienna: United Nations Industrial Development Organization.
- Wei, S.-J. 2000. How taxing is corruption on international investors? *Review of Economics and Statistics*, 82(1): 1-11.
- World Bank. 2018. World Bank World Development Indicators, 1990-2017.
- Xu, D. & Shenkar, O. 2002. Institutional distance and the multinational enterprise. *Academy of Management Review*, 27(4): 608-18.
- Yiu, D. & Makino, S. 2002. The choice between joint venture and wholly owned subsidiary: An institutional perspective. *Organization Science*, 13(6): 667-783.
- Zhan, J. X. 2021. GVC transformation and a new investment landscape in the 2020s: Driving forces, directions, and toward a forward-looking research and policy agenda. *Journal of International Business Policy*, 4: 206-220.
- Zhan, J. X. & Santos-Paulino, A. 2021. Investing in the Sustainable Development Goals: Mobilization, channeling, and impact. *Journal of International Business Policy*, 4: 166-183.
- Zaheer, S., Schomaker, M. S., & Nachum, L. 2012. Distance without direction: Restoring credibility to a much-loved construct. *Journal of International Business Studies*, 43(1): 18-27.
- Zalle, O. & Ouedraogo, I. 2021. Spillover effects of corruption and democracy on territorial attractiveness of foreign direct investment in Sub-Saharan Africa. *African Development Review*, 33(4): 756-769.

**Figure 1: Theoretical framework**

	<b>Low corruption distance</b>	<b>High corruption distance</b>
<b>Resource seeking motive</b>	External legitimacy pressures are moderate. MNEs can rely on home-grown capabilities and have high interactions with the host government, moderate local integration needs, and less home country scrutiny.  Internal pressures are moderate.	External legitimacy pressures are high. High interaction with the host government, high level of local integration such as access to the labor market and social obligations, and high security from the home government.  Internal legitimacy pressures are high.
<b>Market seeking motive</b>	External legitimacy pressures are low with less issues with adaptation to corruption practices, less local integration, and less home scrutiny.  Internal legitimacy pressures are moderate.	External legitimacy pressures are moderate with limited interaction with the host government, less pressure to integrate with the local community, and high scrutiny of home country.  Internal legitimacy pressures are high with more demand for control and organizational reputation.

**Figure 2: Conceptual model**





**Table 1** Corruption levels and rankings of host countries

	Country	CPI	Rank
1	Burkina Faso	3.8	76
2	Burundi	2.1	150
3	Cameroon	2.7	130
4	Cape Verde	5.5	40
5	Ethiopia	3.3	102
6	Ghana	4.7	56
7	Kenya	2.5	139
8	Madagascar	2.8	123
9	Malawi	3.1	111
10	Mali	3.5	95
11	Mozambique	3.1	111
12	Niger	3.4	98
13	Nigeria	2.6	136
14	Rwanda	5.4	43
15	Senegal	4.4	61
16	Tanzania	3.0	117
17	Uganda	2.5	139
18	Zambia	3.8	76
	Average	3.45	100.17

Source: (Transparency International, 2010)

CPI = Corruption Perception Index (scale 0 = highly corrupt; 10 = very clean); Rank = position relative to other countries in the index out of 168 countries surveyed

**Table 2** List of variables, measures, and sources

	<b>Variable</b>	<b>Measure</b>	<b>Source</b>
<b>Dependent variable</b>	Ownership structure	Either JV = 1 or WOS = 0	UNIDO, Africa Investor Survey, 2010
<b>Independent variable</b>	Corruption distance	Absolute value of the difference in corruption levels between home and countries. Reversed from CPI 0 (low) to 10 (high) to allow calculation. Calculated by knowing in advance how much an illegal payment would be, being asked for an extra payment, and having the service delivered after paying.	Transparency International, 2010
<b>Moderating variables</b>	Resource-seeking	Respondents' indication of motivation driving investment	UNIDO, Africa Investor Survey, 2010
	Market-seeking	Respondents' indication of motivation driving investment	UNIDO, Africa Investor Survey, 2010
<b>Institutional variables</b>	Market size	Natural logarithm of host country GDP	World Bank Governance Datasets 2018
	Rule of law	Measures quality of contract enforcement, property rights, and effectiveness of the police and courts. From 0 (nonexistent) to 100 (excellent)	World Bank Governance Datasets 2018
	Bureaucracy	Natural logarithm of the average time to start a business	World Bank Governance Datasets 2018
	Tax Rate	Measures host country tax rate. From 0 to 100	World Bank Governance Datasets 2018
	Contract enforcement	Natural logarithm of the number of days required to enforce legal contract	World Bank Governance Datasets 2018
	Geographic distance	Natural logarithm of distance between the centers of the home and host country in miles	CIA World Factbook 2010

<b>Firm-level variables</b>	Capital intensity	Ratio of fixed costs to variable costs	UNIDO, Africa Investor Survey, 2010
	Size invested	Natural logarithm of the total value of investment in host country	UNIDO, Africa Investor Survey, 2010
	Average profit margin	Natural logarithm of the average profits of the firm for the year analyzed	UNIDO, Africa Investor Survey, 2010
	Years since investment	Number of years since the firm's first investment in Sub-Saharan Africa	World Bank Governance Datasets 2018
	Presence in Sub-Saharan Africa	Dummy variable indicating Yes = 1 or No = 0	UNIDO, Africa Investor Survey, 2010

---

**Table 3** Correlation matrix

Variable	Mean	SD.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Ownership structure	0.19	0.39	1													
Corruption distance	-2.23	2.42	-0.07*	1												
Market size	23.52	1.07	0.09*	-0.15*	1											
Rule of law	34.76	14.69	-0.09*	0.32*	-0.48*	1										
Bureaucracy	23.55	9.40	0.07*	-0.11*	-0.03	-0.29*	1									
Tax Rate	38.20	10.17	0.06*	-0.19*	0.32*	-0.27*	0.02	1								
Contract enforcement	59.32	18.54	-0.10*	-0.19*	-0.25*	-0.09*	-0.01	-0.03	1							
Geographic distance	5.45	3.27	0.01	-0.41	0.07*	-0.08*	0.05*	-0.06*	-0.01	1						
Capital intensity	4.91	8.26	0.01	0.01	0.03	-0.03	-0.02	-0.03	-0.02	-0.01	1					
Size of investment	10.83	8.81	0.05	-0.14*	0.03	-0.12*	0.12*	0.16*	0.01	0.04	-0.04	1				
Average profit margin	32.26	14.47	-0.01	-0.02	0.01	-0.03	0.02	0.02	0.02	-0.01	-0.03	0.14*	1			
Years since investment	15.83	15.92	-0.01	-0.26*	0.14*	-0.21*	0.06*	0.13	0.04*	0.07*	-0.03	0.42*	0.01	1		
Presence in Sub-Saharan	0.16	0.12	0.12*	-0.07*	0.06*	-0.08*	0.04*	0.07*	-0.05*	0.01	-0.01	0.05	-0.01	0.03	1	
Resource-seeking	0.78	0.41	0.14*	-0.06*	-0.01	-0.01	-0.03	-0.05*	0.01	0.02	-0.01	-0.02	-0.01	-0.04*	0.02	1
Market-seeking	0.88	0.31	-0.09*	0.05*	0.01	0.01	0.01	0.06*	-0.06*	-0.04*	0.02	0.04	0.01	0.07*	0.02	-0.05*

\*denotes significance at 5%

**Table 4** Logistic regression results: Corruption distance and ownership strategy

Variables	Base Model	Main Effects	Interaction Effects	Interaction Effects	Interaction Effects
	Model 1	Model 2	Model 3	Model 4	Model 5
Intercept	0.33(-0.78)	0.39(-0.74)	0.39(-0.74)	0.37(-0.76)	0.38(-0.75)
Corruption distance	0.19(1.81)*	0.91(1.82)*	0.91(1.81)*	0.92(1.69)*	0.94(1.01)*
<b>Institutional variables</b>					
Market size	1.16(0.92)	1.14(0.79)	1.14(0.80)	1.16(0.91)	1.12(0.89)
Rule of law	0.98(-1.66)*	0.98(-1.61)	0.98(-1.60)	0.98(-1.63)	0.96(-2.96)
Bureaucracy	1.01(0.74)	1.01(0.71)	1.01(0.72)	1.01(0.75)	1.01(0.73)
Tax Rate	0.99(-0.31)	1.01(0.08)	1.01(0.09)	0.99(-0.13)	0.99(-0.09)
Contract enforcement	0.99(-2.91)**	0.99(-2.91)**	0.99(-2.90)**	0.99(-2.87)**	0.99(-2.86)**
Geographic distance	0.99(-1.40)	0.99(-1.38)	0.99(-1.38)	0.99(-1.38)	0.99(-1.28)
<b>Firm-level variables</b>					
Capital intensity	0.97(-0.48)	0.99(-0.47)	0.99(-0.46)	0.99(-0.47)	0.99(-0.48)
Size of investment	1.02(1.97)*	1.02(1.90)*	1.02(1.90)*	1.02(1.94)*	1.03(1.98)*
Average profit margin	0.98(-0.90)	0.99(-0.76)	0.99(-0.75)	0.99(-0.74)	0.99(-0.95)
Years since investment	0.98(-1.95)*	0.98(-2.03)*	0.98(-2.01)*	0.98(-1.87)*	0.97(-2.01)*
Presence in Sub-Sahara	5.58(3.32)**	5.82(3.38)**	5.85(3.39)**	5.81(3.38)**	5.39(3.48)**
<b>Motive</b>					
Resource-seeking		2.18(2.33)*	2.14(2.42)*	2.41(1.41)*	2.42(2.42)*
Market-seeking		1.06(0.24)	1.33(0.74)	1.17(0.27)	1.24(0.47)
<b>Interactions</b>					
Corruption distance x resource-seeking			2.07(2.85)**		2.05(2.64)**
Corruption distance x market-seeking				0.73(-1.52)	0.81(-1.27)
<b>Model Summary</b>					
Overall chi-square	55.32***	62.89***	62.84***	57.42***	58.51***
Sensitivity	92.30%	93.10%	91.19%	92.13%	92.55%
Specificity	76.25%	72.50%	75.20%	74.45%	73.21%
Overall % correct	85.12%	84.10%	84.21%	84.76%	83.34%
Nalgelkerne R <sup>2</sup>	0.72	0.73	0.71	0.79	0.80
Observations	810	810	810	810	810

All are two-tailed tests. Standard errors are in rounded parentheses

\* $p < 0.10$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.001$

Positive signs denote a higher likelihood of JV

Negative signs denote a higher likelihood of WOS

**Table 5** Ordinary regression results: Corruption distance and ownership strategy

Variables	Base Model	Main Effects	Interaction Effects	Interaction Effects	Interaction Effects
	Model 6	Model 7	Model 8	Model 9	Model 10
Intercept	0.01(-0.01)	0.01(-0.01)	0.01(-0.01)	0.02(-0.04)	0.02(-0.03)
Corruption distance	0.01(1.78)*	0.01(1.74)*	0.01(1.73)*	0.01(1.63)*	0.01(1.53)*
<b>Institutional variables</b>					
Market size	0.01(0.81)	0.01(0.69)	0.01(0.71)	0.02(0.86)	0.01(0.80)
Rule of law	0.01(-1.76)*	0.01(-1.71)*	0.01(-1.70)*	0.01(-1.70)*	0.01(-1.72)
Bureaucracy	0.02(0.79)	0.01(0.81)	0.01(0.82)	0.01(0.83)	0.02(0.75)
Tax Rate	0.03(-0.22)	0.02(0.15)	0.02(0.15)	0.01(-0.04)	0.02(-0.1)
Contract enforcement	0.02(-0.97)**	0.02(-2.92)**	0.01(-2.92)**	0.01(-2.92)**	0.02(-2.90)**
Geographic distance	0.06(-1.25)	0.06(-1.23)	0.06(-1.23)	0.05(-1.25)	0.06(-1.20)
<b>Firm-level variables</b>					
Capital intensity	0.04(-0.53)	0.04(-0.51)	0.04(-0.51)	0.03(-0.53)	0.03(-0.50)
Size of investment	0.03(1.86)*	0.03(1.80)*	0.03(1.80)*	0.01(1.84)*	0.02(1.79)*
Average profit margin	0.01(-0.78)	0.01(-0.66)	0.01(-0.65)	0.01(-0.65)	0.02(-0.53)
Years since investment	0.02(-1.95)*	0.02(-2.01)*	0.02(-2.00)*	0.01(-1.85)*	0.02(-1.98)*
Presence in Sub-Saharan	0.40(4.24)***	0.40(4.30)***	0.40(2.83)**	0.40(4.29)***	0.40(3.67)**
<b>Motive</b>					
Resource-seeking		0.13(2.41)*	0.17(2.83)*	0.15(2.51)*	0.16(2.39)*
Market-seeking		0.01(0.22)	0.01(0.23)	0.02(0.49)	0.01(0.33)
<b>Interactions</b>					
Corruption distance x resource-seeking			0.12(2.83)**		0.14(2.71)**
Corruption distance x market-seeking				0.17(-1.73)	0.16(-1.63)
<b>Model Summary</b>					
Prob>F	0.000	0.000	0.000	0.000	0.000
R <sup>2</sup>	0.07	0.08	0.08	0.07	0.08
Adjusted R <sup>2</sup>	0.05	0.06	0.06	0.05	0.06
Observations	810	810	810	810	810

All are two-tailed tests. Standard errors are in rounded parentheses

\* $p < 0.10$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.001$

Positive signs denote a higher likelihood of JV

Negative signs denote a higher likelihood of WOS