UNIVERSITY OF TURKU
Turku School of Economics

Bless the rains down in Africa

How can Finnish companies successfully enter Sub-Saharan African markets?

International Business
Department of Marketing and International Business
Master's thesis

Author:
Ville Jokinen

Supervisors:
D.Sc Niina Nummela
D.Sc Taina Eriksson
M.Sc. Emilia Isolauri

18.8.2023
Turku

Bachelor's thesis / Master's thesis / Licentiate thesis / Doctoral thesis

Subject: International Business

Author: Ville Jokinen

Title: Bless the rains down in Africa – How can Finnish companies successfully enter Sub-Saharan African markets?

Supervisors: D.Sc Niina Nummela, D.Sc Taina Eriksson, M.Sc. Emilia Isolauri

Number of pages: 104 pages + appendices 8 pages

Date: 18.8.2023

It is widely known that Africa is full of potential and opportunities for foreign companies to expand and invest and that potential and opportunities do not come without risks posed by the African business environment. At the same time, affirmative long-term investment decisions and the implementation of sustainable agendas are hampered by the overwhelming social, political, and economic risks that companies in Africa must contend with.

This thesis and its study aim to cover the research gap in the literature by investigating what types of risks Finnish companies can encounter when they enter Sub-Saharan African markets as well as how institutions and resources affect successful market entry and can help mitigate or avoid the risks. Based on this, the main research question that this thesis aims to answer is: *How can Finnish companies successfully enter Sub-Saharan African markets?*

Previous research and academic literature have identified certain market characteristics that define the Sub-Saharan African business environment as well as risks that are often associated with the business environment of Sub-Saharan Africa. Institutions and resources were identified as key factors affecting market entry in international business discipline and elements such as institutional distance, institutional voids, and resource commitment were identified to strongly affect market entry in emerging markets such as Sub-Saharan Africa.

The empirical data for this study was collected through expert interviews where experts from Finnish export promotion services organizations were interviewed along with Finnish entrepreneurs/companies that currently operate in Sub-Saharan Africa. Additionally, news articles and online publications from trusted media outlets were used as secondary data source to strengthen the primary empirical data. The findings from empirical data mostly confirm that Finnish companies entering Sub-Saharan Africa encounter the same risks as well as are affected by the same institutional and resource-based factors during the market entry process as covered in previous research and academic literature.

The aim of this study was met by creating practical implications for Finnish companies planning to enter Sub-Saharan African markets based on the theoretical background and empirical data of this study. Practical implications of this study identified a set of five practical recommendations for Finnish companies to successfully enter Sub-Saharan African markets – *have alternatives, know your key competencies, have a physical presence, utilize external support, and build partnerships*.

Key words: Finnish, company, market entry, market entry strategy, uncertainty, risk, institution, institutional environment, resource

Kanditutkielma / Pro gradu -tutkielma / Lisensiaatintutkielma / Väitöskirja

Oppiaine: Kansainvälinen liiketoiminta

Tekijä: Ville Jokinen

Otsikko: Bless the rains down in Africa – How can Finnish companies successfully enter Sub-Saharan African markets?

Ohjaajat: KTT Niina Nummela, KTT Taina Eriksson, KTM Emilia Isolauri

Sivumäärä: 104 sivua + liitteet 8 sivua

Päivämäärä: 18.8.2023

Yksi 2000-luvun trendikkäimmistä väittämistä kansainvälisessä liiketoiminnassa on ollut Afrikan potentiaali ja mahdollisuudet ulkomaisille yrityksille, sekä mahdollisuus hyötyä laajentumisesta ja investoinneista Afrikkaan. Afrikan potentiaaliin ja mahdollisuuksiin liittyy kuitenkin myös riskejä, joita sen liiketoimintaympäristön hankaluus aiheuttaa. Esimerkiksi pitkän aikavälin investointipäätöksiä ja kestävän kehityksen ohjelmien toteuttamista haittaavat suuret sosiaaliset, poliittiset ja taloudelliset riskit, joiden kanssa yritysten on kamppailtava Afrikan markkinoilla.

Tämän pro gradu -tutkielman ja sen tutkimuksen tavoitteena on kattaa kirjallisuudessa oleva tutkimusaukko selvittämällä, minkälaisia riskejä suomalaiset yritykset voivat kohdata Saharan eteläpuolisen Afrikan markkinoilla ja miten sekä instituutiot että resurssit vaikuttavat onnistuneeseen markkinoillepääsyyn, ja voivat jopa auttaa riskien lieventämisessä tai välttämisessä. Tämän pohjalta tutkielman päätutkimuskysymys on: *Miten suomalaiset yritykset voivat onnistuneesti päästä Saharan eteläpuolisen Afrikan markkinoille?*

Aiemmissa akateemisissa tutkimuksissa on yksilöity tiettyjä erityisominaisuuksia, jotka kuvastavat Saharan eteläpuolisen Afrikan liiketoimintaympäristöä sekä riskejä, jotka usein liittyvät Saharan eteläpuolisen Afrikan liiketoimintaympäristöön. Lisäksi kansainvälisen liiketoiminnan tutkimuksen saralla myös instituutioiden ja resurssien on todettu olevan keskeisiä tekijöitä, jotka vaikuttavat yritysten markkinoillepääsyyn.

Tutkimuksen empiirinen aineisto kerättiin asiantuntijahaastatteluilla, joita tuettiin tunnettujen medioiden uutisartikkeleilla ja internet-julkaisuilla. Haastatteluissa haastateltiin suomalaisten vienninedistämispalveluorganisaatioiden asiantuntijoita sekä Saharan eteläpuolisessa Afrikassa tällä hetkellä toimivia suomalaisia yrittäjiä/yrityksiä. Empiirisestä aineistosta saadut tulokset vahvistavat suurimmilta osin sen, että Saharan eteläpuoliseen Afrikkaan pyrkivät suomalaiset yritykset kohtaavat markkinoillepääsyn aikana samoja riskejä sekä samoja instituutioihin ja resursseihin liittyviä tekijöitä, joita on jo käsitelty aiemmissa akateemisissa tutkimuksissa.

Tutkimuksen tavoite saavutettiin luomalla joukko käytännön suosituksia suomalaisyrityksille, jotka suunnittelevat markkinoillepääsyä Saharan eteläpuolisen Afrikkaan. Suositukset perustuvat pro gradu -tutkielman teorian ja empiirisen aineiston perusteella kerättyyn dataan ja niiden avulla tunnistettiin viisi suositusta onnistuneeseen markkinoillepääsyyn Saharan eteläpuoliseen Afrikkaan – *pidä vaihtoehdot avoinna, tunne osaamisesi, ole fyysisesti paikalla, hyödynnä ulkoista tukea sekä rakenna kumppanuuksia*.

Avainsanat: suomalainen, yritys, markkinoillepääsy, markkinoillepääsystrategia, epävarmuus, riski, instituutio, institutionaalinen ympäristö, resurssi

TABLE OF CONTENTS

1 Introduction 7

1.1 Background and motivation 7

1.2 Finnish-African relations 9

1.3 Research objectives and focus 12

1.4 Structure of the thesis 16

2 Sub-Saharan African business environment and its risks 17

2.1 Sub-Saharan Africa as a market 17

2.2 Risks in Sub-Saharan African markets 21

2.2.1 Target risk framework for market entry 21

2.2.2 Country risks 23

2.2.3 Industry risks 26

3 Market entry to Sub-Saharan Africa 32

3.1 Role of uncertainty in companies' market entry 32

3.2 Effect of the institutional environment on market entry 34

3.3 Role of resources in market entry 39

3.4 Creating a successful market entry into Sub-Saharan African 43

4 Methodology 49

4.1 Research approach 49

4.2 Data collection 50

4.3 Data analysis 56

4.4 Evaluation and ethics of the study 59

4.4.1 Evaluation of the study 59

4.4.2 Ethics of the study 62

5 Findings 64

5.1 Sub-Saharan African business environment and its risks 64

5.1.1 Business environment 64

5.1.2 Risks 66

5.2 Institutional effect on market entry 73

5.3 Role of resources in market entry 77

6 Conclusions 82

6.1 Theoretical contribution 82

6.2 Practical implications 87

6.3 Limitations and suggestions for future research 90

7 Summary 92

References 94

Appendices 105

Appendix 1 Sub-Saharan African countries 105

Appendix 2 Interview guide 106

Appendix 3 Data management plan 108

Appendix 4 Privacy notice 111

LIST OF FIGURES

FIGURE 1: MAP OF AFRICA 14

FIGURE 2: SUB-SAHARAN AFRICAN MARKET CHARACTERISTICS 17

FIGURE 3: TARGET RISK FRAMEWORK FOR MARKET ENTRY (MÜLLNER 2016) 22

FIGURE 4: RESOURCES AND INSTITUTIONS (ADAPTED FROM MEYER ET AL. 2009, 66) 45

FIGURE 5: RESOURCE COMMITMENT AND MARKET ENTRY METHODS 46

FIGURE 6: THEORETICAL FRAMEWORK 48

FIGURE 7: PROCESS OF CONSTRUCTING AND CARRYING OUT INTERVIEWS (KNIGHT 1994, 18) 53

FIGURE 8: PROCESS OF ANALYZING DATA (TUOMI AND SARAJÄRVI 2018) 58

FIGURE 9: PRACTICAL RECOMMENDATIONS 87

LIST OF TABLES

TABLE 1: RISK CATEGORIES AND DISCUSSED RISKS 30

TABLE 2: OPERATIONALIZATION TABLE 52

TABLE 3: CONDUCTED INTERVIEWS 54

1 Introduction

1.1 Background and motivation

"It's gonna take a lot to drag me away from you" sang Toto in their song *Africa.* And for the author of this thesis, it is going to take a lot to drag him away from his experiences in Finnish trade and export promotion to Africa that he obtained during his time in Nigeria. Yes, I spent six months working for The Embassy of Finland in Abuja, Nigeria covering tasks related to Finnish export promotion to Western Africa as well as different tasks related to trade politics between Finland and Western Africa in general. This experience enriched my views on Finnish exports to Africa and made me realize that there are many risks for Finnish companies to overcome as well as factors affecting market entry before the potential and opportunities of African markets can be fully realized.

Africa's attractiveness as a market is boosted by the fact that the continent has a population of 1.4 billion (UNCTAD 2022), with a particularly large population of young people (World Bank 2023a & 2023b), numerous large cities, and rapid urbanization especially in Western and Central Africa (The World Bank 2023a). In addition, the abundance of natural resources in Africa has enormous unrealized economic potential (The World Bank 2023c). For example, in Eastern and Southern Africa, Angola is the region's top producer of crude oil, while precious metals and minerals, such as gold, diamonds, and platinum are the main exports for South Africa and Zimbabwe (The World Bank 2023b). In Western and Central Africa, Nigeria, Ghana, and Burkina Faso are resource-rich with commodities such as oil, cocoa, and cotton respectively (The World Bank 2023a).

However, 83 per cent of African countries are heavily reliant on commodities and require diversification on their exports as well as trade in services (UNCTAD 2022). This is where foreign companies and investments come in. For example, to European Union "Africa is a geopolitical priority" and in 2022, the EU and the African Union (AU) adopted a "Joint Vision for 2030" where one deliverable is a 150-billion-euro investment package known as Global Gateway. This package of grants and investments supported by the EU budget shows that a wider audience has also noticed the potential and opportunities that African markets can offer foreign companies (EEAS 2023).

Many African countries are currently attractive markets for Finnish green technology companies but also companies with expertise in areas such as recycling and circular economy. For example, Africa needs the skills and technology to create more decent jobs and increase the productivity of African businesses as the continent is seen to develop primarily through digitalization and green economic growth. (African era 2021.) Therefore, in 2021 the Ministry for Foreign Affairs of Finland also published its first-ever Africa Strategy in an effort to strengthen Finland's relationships with African nations. Finland emphasizes maintaining political ties with African nations and many of them are now prospective trading partners for Finland as a result of their expanding markets. Although Finland already has solid diplomatic and business ties with nations in North Africa, there is room for more, especially in Sub-Saharan Africa. (Ministry for Foreign Affairs of Finland 2022a.)

Now that there has been a proper awakening even at the government level regarding the potential and opportunities of Africa and African markets for Finnish companies the next step should be about understanding what stands between Finnish companies and their success in African markets. The business environment is difficult for foreign companies due to poverty, poor infrastructure, political instability, and conflicts as well as corruption and skills shortages (Luke & Walters 2023). Foreign companies also need to acknowledge issues like climate change, migration, and China-Africa relations that have significant effect on the African business environment (Africa portal 2022). Adding to that, another challenge is the complexity and variety of Africa. Originating from the fundamental truth that there isn't a single Africa but a very diverse continent, one-size-fits-all solutions should not be applied in business. (The Deloitte Consumer Review 2014).

Although often opportunities and challenges go hand in hand, the literature and research about Africa’s potential most often concentrate on the opportunity perspective of African markets and how companies could identify and build successful strategies to thrive in the African markets in the long term (see e.g., The Deloitte Consumer Review 2014 & Leke & Signé 2019). However, how can companies grab and hold on to those opportunities if they do not know and understand the challenges and risks the African business environment can have? For example, Asongu and Odhiambo (2019, 260) note that a “systematic review of challenges to doing business in Africa is also motivated by gaps in the extant literature.” A proper survey of challenges and risks in African markets is missing even at the general level in contemporary African development literature (Asongu and Odhiambo 2019, 260). This is something that this thesis aims to cover from a Finnish perspective by identifying different risks that Finnish companies can encounter as well as factors affecting successful market entry to African countries.

1.2 Finnish-African relations

Finland's relations with African countries and the African Union (AU) are fragmented and largely dependent on public funding (Aronen 2019). Regardless of this, Finland has had and still has long diplomatic development cooperation as well as trade and business relations with many African countries. For example, in 2020 Finland celebrated its 150 years of friendship with Namibia, and in 2023, Finland will celebrate 60 years of diplomatic relations with Nigeria (Finland Abroad 2022a & 2022b). Although the links with individual African countries are fragmented and differ significantly from each other, it has worked in Finland's favor. Aronen (2019) mentions in his article that while Finnish exports and trade are concentrated in three North African countries, Egypt, Morocco, and Algeria as well as in South Africa, Finnish development coordination is known in East and Central Africa. "In Somalia, if you say you are Finnish, it is quite possible that the locals remember that it was Finland that helped them in the fight against tuberculosis back in the 1980s, before the Somali civil war." (Aronen 2019.)

Even though Finland's relations with individual African countries have been long-lasting and Finland's reputation in the continent is positive, more is needed. Good political relations, as well as diplomatic and economic presence, are needed in Africa to promote cooperation in the economy, trade, and development (Finland's Africa Strategy: Towards a stronger political and economic partnership 2021). Often strong and confidential relations are a prerequisite for cooperation with the local level and civil society in Africa (Finland's Africa Strategy: Towards a stronger political and economic partnership 2021). This makes understanding Finnish-African relations important for this thesis and its research.

Currently, Finland has 13 embassies, four Business Finland Offices, and several honorary consulates around Africa. (Ministry for Foreign Affairs of Finland 2022b & Business Finland 2022). The latest Embassy to open in Africa is in Senegal's capital city Dakar in 2022. This was the first Embassy of Finland to be opened in French-speaking West

Africa. (Ministry for Foreign Affairs of Finland 2022c.) This is a good indication of Finland’s ambition to strengthen and deepen relations with African countries. As Finland’s new Africa strategy says “The aim -- is to diversify and deepen Finland's relations with African countries, the AU, and regional organizations. The strategy emphasizes the importance to strengthen mutually beneficial political and economic relations.” Many African countries have seen their economies grow, the continent becomes politically and economically integrated, and their populations expand rapidly. At the same time, Africa's strategic, geopolitical, and commercial economic importance has increased. (Finland’s Africa Strategy: Towards a stronger political and economic partnership 2021.)

This growing importance has not only been noticed at the government level in Finland but also within Finnish companies. At least 200 Finnish companies are operating in the 13 countries that Finland has representation as well as in the neighboring countries, half of them in Kenya. The biggest companies, such as Nokia, Wärtsilä, and Kone, are present almost everywhere, but smaller companies have also become surprisingly widespread. (Aronen 2019.) Before the COVID-19 pandemic in 2019, Africa accounted for 2,4 per cent of Finland's total goods exports equalling 394 million euros worth of exported goods (Finnish customs 2019). These numbers do not include other exports like services and other intangible assets as mentioned by Finnish customs, but they still illustrate the current state of trade between Finland and Africa accurately. According to Finnish customs (2019), combined trade with African countries is in surplus for Finland.

Trade with African countries has been concentrated in a few countries, both in exports and imports. 29 per cent of the value of exports came from Egypt, 19 per cent from Morocco, and 16 per cent from South Africa. North African countries accounted for 59 per cent of total African exports while exports to other African countries, apart from South Africa, were low. In particular, Finland exports forest industry products to African countries. Their value was about half of the total value of African exports. Timber is mainly exported to Egypt while paper and cardboard are especially exported to South Africa, Morocco as well as Egypt (Finnish customs 2019.) These statistics give the thesis further justification to go more south in the African continent to explore the markets south of the Sahara for Finnish companies.

This low amount of trade between Finland and Africa has been one of the key priorities in Finland’s new Africa strategy. Promoting sustainable economic growth and economic restructuring as well as trade and investments are the common interest of Finland and African countries. While Finland's long-term relations with Sub-Saharan Africa are based on successful development cooperation, Finland's diplomatic and trade relations with North African countries have traditionally been stronger and more based on trade. This has created a good basis for the diversification of relations and opens the door to stronger political and economic ties all around Africa while also creating potential in countries with already strong relations. (Finland’s Africa Strategy: Towards a stronger political and economic partnership 2021.)

From an economic point of view, Finland has three aims how to create trade, investments, and jobs with African countries through green economic growth. (Finland’s Africa Strategy: Towards a stronger political and economic partnership 2021.) For example, by 2030, Finland intends to double its trade with African countries while also increasing investment both ways (Africa strategy … 2021). The strategy also aims to shift the focus of cooperation from development aid to ecologically and socially sustainable economic cooperation (Sitra 2022) while combining Finnish expertise to promote green economic growth and sustainable structural change in African countries, which also creates jobs (Finland’s Africa Strategy: Towards a stronger political and economic partnership 2021).

In addition to Finland, the African continent is particularly important for Europe as a neighbor (Finland’s Africa Strategy: Towards a stronger political and economic partnership 2021). The EU is currently Africa's largest trade and investment partner, the largest development partner, and the largest contributor to African Union peacekeeping operations (Europe Information 2022). Therefore, in addition to its bilateral relations with Africa, Finland promotes these objectives within the EU, Nordic cooperation, international financial institutions, the UN, and other multilateral cooperation frameworks. Alongside the EU, the Nordic countries, with their similar values and social models, are also an important reference group for Finland. (Finland’s Africa Strategy: Towards a stronger political and economic partnership 2021.)

1.3 Research objectives and focus

It is widely known that Africa is full of potential for expansion and investment by foreign companies, but that potential and opportunities do not come without risks posed by the African business environment. Leke and Signé (2019) have even named their publication *Africa's Untapped Business Potential* while Asongu and Odhiambo (2019, 3) mention that affirmative long-term investment decisions and the implementation of sustainable agendas are hampered by the overwhelming social, political, and economic risks that companies in Africa must contend with. However, international business scholars have lately started to acknowledge the shortcomings and lack of current IB research on Africa and have therefore begun to emphasize the need for new research on the continent (see e.g., Nachum et al. 2023; Kamoche & Wood 2023).

Thus, this thesis and its study aim to cover the research gap in the IB literature by investigating what types of risks Finnish companies can encounter when they enter Sub-Saharan African markets as well as how institutions and resources affect successful market entry and can help mitigate or avoid the risks. Based on this, the main research question that this thesis aims to answer is:

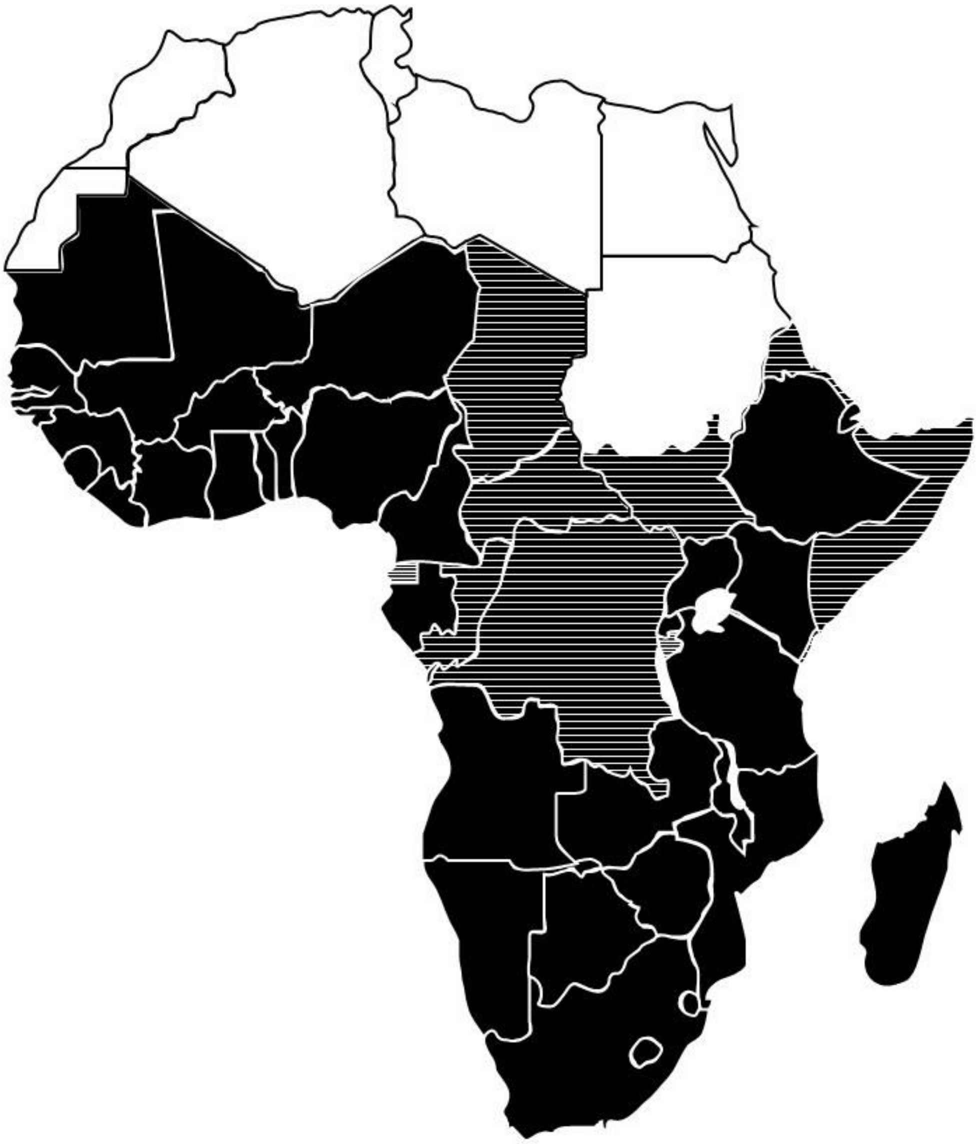
- *How can Finnish companies successfully enter Sub-Saharan African markets?*

This research question is divided into sub-questions that aim to support and ease answering the main research question. At the same time, these sub-questions are formed based on the theoretical themes used in this thesis. The sub-questions are:

- *What risks can Sub-Saharan African markets pose for Finnish companies?*
- *How do institutions affect Finnish companies' market entry?*
- *What resources do Finnish companies need to enter Sub-Saharan African markets?*

These supporting questions help develop an understanding of the risks possessed by Sub-Saharan Africa and its markets as well as factors affecting successful market entry for Sub-Saharan African markets. Together with the empirical data collected by the author, these will help answer the main research question.

This thesis will focus on Sub-Saharan Africa (SSA) excluding extremely fragile countries categorized by Organisation for Economic Co-operation and Development (OECD). This thesis will also only cover risks and market entry from Finnish companies' perspective. "Sub-Saharan Africa is the term used to describe the area of the African continent which lies south of the Sahara Desert" (New World Encyclopedia 2023). Geographically, the Sahara Desert's southern edge acts as the demarcation line and includes 42 mainland countries and six island nations (New World Encyclopedia 2023). See Appendix 1 for a listing of all 48 Sub-Saharan African countries (New World Encyclopedia 2023; OECD 2022). Extremely fragile countries excluded from this thesis are Burundi, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Eritrea, Somalia, and South Sudan (OECD 2022). See Figure 1 for a map picturing Sub-Saharan African countries covered in this thesis as well as extremely fragile countries excluded from the thesis.



■ Sub-Saharan African countries
▤ Extremely fragile countries (Sub-Saharan African countries not covered in this thesis)
□ North Africa
* Island nations part of Sub-Saharan Africa (not visible on the map but covered in this thesis)
- * Cabo Verde (West Africa)
- * Comoros (Southern Africa)
- * Mauritius (Southern Africa)
- * São Tomé and Príncipe (West Africa)
- * Seychelles (East Africa)

Figure 1: Map of Africa

This thesis focuses on Sub-Saharan Africa for two reasons. Choosing Sub-Saharan Africa as a region may look like a broad focus for one thesis but the very limited amount of academic research and literature about individual countries or different regions of Africa requires taking a wider focus. At the same time, this wider focus gives us a better overall understanding of Sub-Saharan Africa and the differences in its markets. However, the most fragile and failed countries of Sub-Saharan Africa are left outside of the thesis' focus as they are not seen to provide significant market potential for Finnish companies at present. In addition, majority of those countries do not have functioning institutions to adequately discuss for the purpose of this thesis.

Also, this thesis does not discuss the opportunity aspect these same Sub-Saharan African markets can offer for Finnish companies, as it would create too wide a focus to cover in one thesis. This focus is also chosen for two reasons. First, academic research, literature, and even different business publications are already full of articles and studies about the opportunities that Africa and its vast markets can offer for foreign companies. This existing literature and research have already identified very well and precisely the key pillars for opportunities in African markets. For example, Deloitte's ninth *Deloitte Consumer Review* focuses on "African opportunities for consumer businesses" (The Deloitte Consumer Review 2014) while Leke and Signé (2019, 77) discuss "Five bold business opportunities" in Africa in their publication *Spotlighting opportunities for business in Africa and strategies to succeed in the world's next big growth market.*

To keep the research scope of this thesis feasible, other definitions need to be made as well. First of all, it is necessary to understand that as this thesis and its study focus on Finnish companies and the risks they might encounter while entering Sub-Saharan African markets, therefore the empirical results will focus on the Finnish perspective. Thus, the results and conclusions of this thesis will not be generally applicable to all companies around the world nor even to all companies in Finland. Another important definition is being aware of the fact that Sub-Saharan Africa is made up of 48 diverse nations, each with its own size, population, geography, and cultural background. Even though the focus is on Sub-Saharan Africa as a whole, the markets are diverse and cannot be characterized as a single market. Therefore, also the findings of this thesis might not apply to every Sub-Saharan African country or market.

1.4 Structure of the thesis

Now that the baseline for this thesis has been set, it is time to look at the path that will be followed during this thesis. The current chapter already laid the foundation for this thesis and gave motivation about the importance of the subject that is to be studied. The next chapters will take us further down that path toward the finish line where the theories and empirical data have been transformed into relevant and meaningful research contributions for international business research and discipline as well as practical implications for Finnish companies planning for market entry to Sub-Saharan Africa.

The following two chapters concentrate on the literature review and theoretical background of the thesis subject. They aim to answer the sub-questions formed in chapter 1.3 as well as form a solid foundation for the empirical research that will be conducted for this thesis. Chapters 2 and 3 will also give a deeper understanding of the Sub-Saharan African business environment and the risks it can hold for foreign companies as well as the effect of institutions and the role of resources in market entry to emerging markets like Sub-Saharan Africa. Additionally, the theoretical framework of this study will be presented at the end of these chapters.

Chapter 4 will cover the methodology of this thesis and explains what research methods are used in this study as well as justify why the chosen research methods were used. It also explains the data collection and the data analysis process of the gathered empirical data for this study as well as evaluates the trustworthiness and ethics of this study. Chapter 5 will present the findings of the gathered empirical data and structures the relevant findings from transcribed empirical data into themes according to the sub-questions formed in chapter 1.3 as well as compares them to the theoretical framework presented at the end of chapter 3.

Chapter 6 will make conclusions by combining the theoretical background and empirical data covered in previous chapters. Chapter 6 will address the theoretical contributions and practical implications this study has created for international business research and discipline as well as for Finnish companies planning to enter Sub-Saharan African markets. Additionally, chapter 6 will address the limitations of this study and points out a few suggestions for future research on market entry to Sub-Saharan Africa. Lastly, chapter 7 will summarize this study and creates a brief overview of all contents covered in this thesis.

2 Sub-Saharan African business environment and its risks

2.1 Sub-Saharan Africa as a market

As one of the most diverse regions with 48 countries and a total population of over one billion (The World Bank 2022a), Sub-Saharan Africa is the region to discover in the 21st century. To better understand what type of risks Sub-Saharan African markets can have, we first must analyze and understand the unique characteristics that make Sub-Saharan African markets so challenging to operate in, invest and expand to. To do that, a few key market characteristics are listed in Figure 2 and explained below.

Figure 2: Sub-Saharan African market characteristics

Sub-Saharan Africa is a region with a wide variety of resources, both natural and human, that could lead to inclusive growth and the eradication of poverty in the area. As part of the largest free trade area in the world and a market of one billion people, the region is forging a whole new path for development by utilizing the potential of its resources and people. Sub-Saharan Africa consists of countries that range from low and lower-middle to upper-middle and high-income countries. In addition, 22 of those countries are fragile or conflict-affected while 13 countries are small nations, each with a small population, little human capital, and a small amount of territory. (The World Bank 2022a.)

To support these countries and their development, The African Continental Free Trade Agreement (AfCFTA) came to force in May 2019 and trading under the agreement started at the beginning of 2021. AfCFTA's purpose is to remove trade barriers and increase trade inside and between all African countries. Today, 44 of 54 African countries have ratified the agreement and it is expected that potentially over 30 million people could be lifted out of extreme poverty with the effects of AfCTFA. It is also estimated that AfCFTA could increase Africa's FDI flows possibly as much as 159 per cent from the current situation. (African Continental Free Trade Agreement 2022.) This would significantly ease foreign companies' possibilities for market entry into Sub-Saharan Africa.

In today's Sub-Saharan Africa, agriculture employs a majority of individuals in labor-intensive jobs. This represents between 60 and 70 per cent of the population. Most farming families are subsistence farmers, and most of them live below the poverty line. (Fox & Mor 2019, 20.) This means that they live with less than 2,15 dollars a day (World Bank Blogs 2022) and that there are over 400 million people in Sub-Saharan Africa that live in this extreme poverty, estimated by the United Nations Conference on Trade and Development (UNCTAD), the UN's trade and development body (UNCTAD 2021). This means almost half of the Sub-Saharan African population lives in poverty which in turn creates one of the central risks for foreign companies entering Sub-Saharan African markets for example through the continent's purchasing power as potential customers most often cannot afford their products or services.

Sub-Saharan African markets are characterized by differences on multiple fronts. The region's economic growth varies between subregions and countries (The World Bank 2022a). For example, The World Bank (2023a; 2023b) expects Western and Central Africa's' economy to grow at 3,4 per cent in 2023 while Eastern and Southern Africa's economy's growth is expected to slow to 3,1 per cent in 2023 from the previous year's 3,6 per cent. In addition, the 48 countries differ from each other by different levels of infrastructure as well as "trade agreements, tax regulations, culture and levels of technological development" (The Deloitte Consumer Review 2014).

There are also odd unbalances in many aspects of the Sub-Saharan African economies and business environments in general. For example, most Sub-Saharan African countries register steady growth in GDP despite high rates of poverty and inequality in wealth distribution (Supporting Climate Resilience and a Just Energy Transition in Africa 2022). Then again, both Leke and Signé (2019) as well as *Deloitte Consumer Review* (2014) name urbanization and urbanizing population as a major opportunity for foreign companies while at the same time, both publications also mention the lack of infrastructure as a challenge in many Sub-Saharan African countries and markets. These types of contradictions best illustrate the characteristics of sub-Saharan African markets as well as the complexity and wide variety of differences within the region's markets that foreign companies must face.

With a fast-growing population, "half of whom will be under 25 years old by 2050", and by embracing its resources and population, Sub-Saharan Africa is forging a brand-new route for development (The World Bank 2022a) and that way for foreign companies as well. Along with the growing population, economic growth and potential have been growing in Sub-Saharan Africa as well. In October 2022, the estimated real gross domestic product (GDP) growth in the whole Sub-Saharan African region was 3,7 per cent and the highest growing GDP by a Sub-Saharan African country was in Niger where the expected GDP growth in 2022 was 6,7 per cent (International Money Fund 2022).

In addition, Leke (2018) estimates that by 2030 the largest consumer markets in the world will include Nigeria, Egypt, and South Africa while many other Sub-Saharan African countries show potential for growth due to their high GDP growth rates. However, this high volume of growth and future demand creates another challenge for foreign companies – supply that could equal the continent's demand. Industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory firm Deloitte note this in their survey where they suggest that Sub-Saharan Africa "is not suffering from a lack of demand, but sometimes from a lack of supply." (The Deloitte Consumer Review 2014.)

Economic growth in Sub-Saharan Africa has been steady and positive throughout the entire 21st century but recent years have seen the good development take steps back. Even though global pandemics and geopolitics are not precisely market characteristics, in developing and fragile Sub-Saharan Africa, their effects cannot be overlooked and thus they are discussed in this thesis. COVID-19 naturally hampered the economic development in Sub-Saharan Africa but just as the region's economy was beginning to recover from the devastating effects of the pandemic, the Russia-Ukraine conflict escalated to create another global crisis (Supporting Climate Resilience and a Just Energy Transition in Africa 2022). Because of these ongoing crises, the region faces the risk of entering stagflation, which is characterized by both sluggish growth and rising inflation (The World Bank 2022b).

Sub-Saharan African nations have received accolades for the extreme efforts they took to address the COVID-19 pandemic's consequences on public health. However, the COVID-19 pandemic has had severe repercussions on businesses and the economy “despite the epidemiological success” of Sub-Saharan African nations in reducing its impact because of the failure to take enough preventive measures, which led to the pandemic by governments. (Acquaah et al. 2021, 2.) For Sub-Saharan African companies, the COVID-19 epidemic has resulted in several difficulties at varied levels. Many manufacturing facilities and companies temporarily shut down or slowed down operations because of the lockdowns. As a result, demand for things including energy, food, and cargo shipping has drastically decreased while companies have given in to widespread layoffs and salary reductions, which has resulted in the formal sector declining. (Namatovu & Larsen 2021, 105.)

Following the Russian war of aggression and the subsequent trade sanctions against Russia, disruptions to global trade and supply chains, primarily in the agricultural, fertilizer, and energy sectors, have shifted the balance of Sub-Saharan Africa's risks and economic outlook to negative. However, the impact is likely going to be asymmetrical. On one hand, increased prices of exported commodities could be advantageous for Sub-Saharan African nations that export for example net quantities of oil and other export-oriented commodities. (Supporting Climate Resilience and a Just Energy Transition in Africa 2022.) On the other hand, the effects on net importers of energy, food, and other commodities are worrisome since rising food and energy prices will aggravate inflationary pressures and restrain economic growth (The World Bank 2022b).

In addition, The World Bank (2022a) mentions that Sub-Saharan Africa “struggles to pick up momentum amid a slowdown in global economic activity, continued supply constraints, outbreaks of new coronavirus variants, high inflation, and rising financial risks due to high and increasingly vulnerable debt levels.” The pandemic and Russia’s war of aggression in Ukraine are making monetary policy more difficult as stagflation symptoms start to emerge. As of October 2021, countries in Sub-Saharan Africa have had a moderate to high probability of debt distress. (The World Bank 2022b.) The current global situation, therefore, creates a new layer of challenges for foreign companies to operate in, invest in or expand to Sub-Saharan African markets.

2.2 Risks in Sub-Saharan African markets

2.2.1 Target risk framework for market entry

To discuss risks in market entry to Sub-Saharan Africa, they should first be examined in a certain context. To do this, Müllner's (2016, 802) *Target risk framework for market entry,* (see Figure 3) will be used in this study.[1] In general, risk is an uncertain occurrence or circumstance connected to conducting business in foreign markets that could be harmful to the company (Eduardsen & Marinova 2020, 1). When companies enter foreign markets, different levels of aggregation of risk sources arise. They may be unique to a certain investment, industry, or country (Müllner 2016, 802). In Müllner's (2016, 802) framework, different risk sources can be incorporated at each level of aggregation. On a country level, risks may come from political players, civil society, or market factors at the national level, for instance.

The more unique and particular risk is to a particular investment or market entry, the lower the level of aggregation at which it exists. Whole sectors, nations, or, in the worst-case scenario, the entire global economy are impacted by outer tiers of aggregation. As we progress through the target risk framework from the outer ring toward the inner rings, we arrive at industry and investment risks. Industry risks can include industry regulations, product or service substitutions, market prices, and competition in the industry. Investment risks in turn can include adequate funding and supply, relevant technologies, right partners as well as other operational risks. (Müllner 2016, 802.)

[1] Composed from Vaaler et al. (2008, 30-31) *Target risk framework* and Liesch et al. (2011, 865) *Coevolutionary framework.*

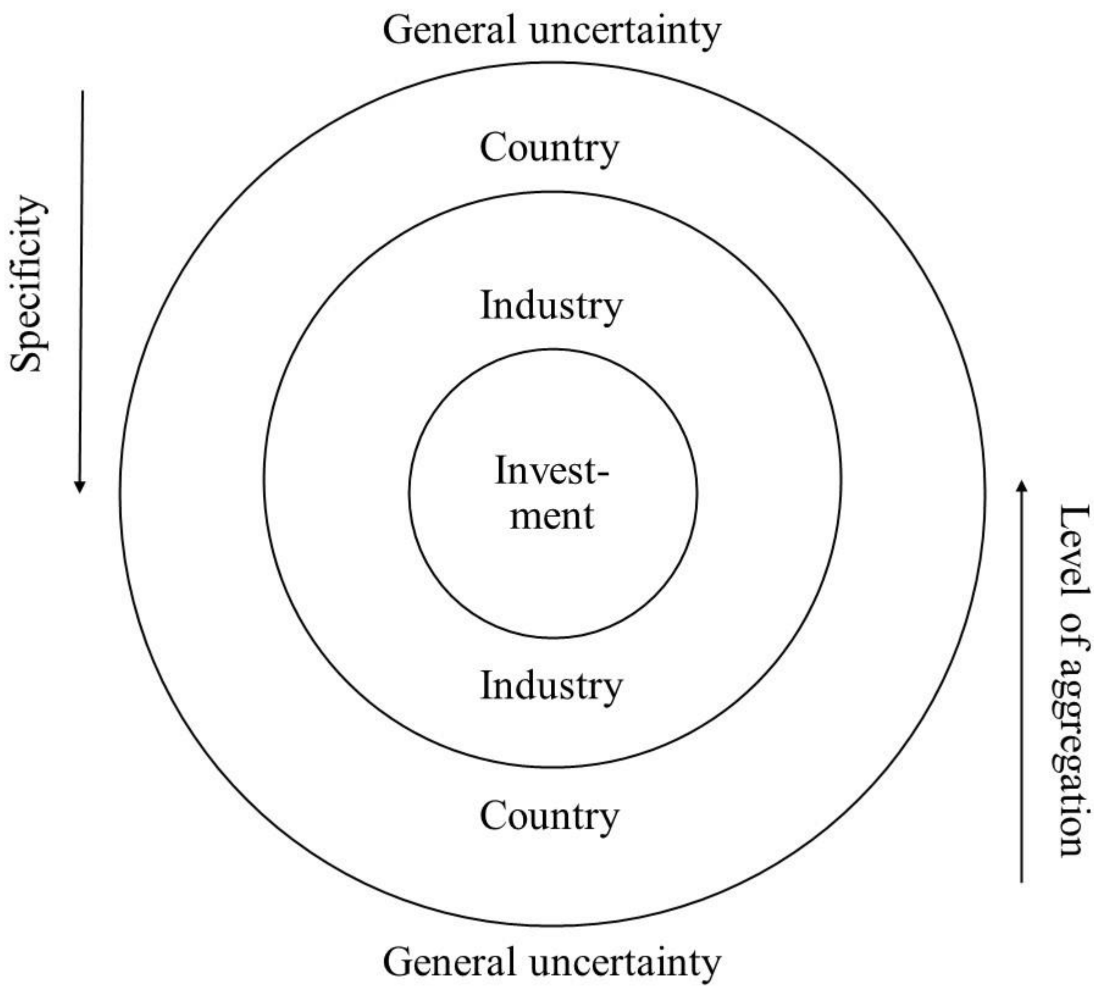


Figure 3: Target risk framework for market entry (Müllner 2016)

In addition, Müllner's (2016, 802) framework includes a "general uncertainty" aspect which is more related to the internationalization and choice of market entry method of the company. The role of uncertainty stands out as a key factor in the selection of entry mode among the existing theories that have been explored in the academic field (Müllner 2016, 800). This thesis will focus on the general uncertainty aspect of Müllner's (2016, 802) framework more thoroughly in sub-chapter 3.1 as it is more linked to internationalization and entry method choice than other layers of the *Target risk framework for market entry.* Therefore, country and industry layers of the framework will be covered first in sub-chapters 2.2.1 and 2.2.2 while risks related to investments will be covered in sub-chapter 3.2.2 as they are tightly linked with the resource factor of this study.

2.2.2 Country risks

In Sub-Saharan Africa, the unique risks associated with the countries or even with the entire region are most often related to infrastructural and political risks that come from within the continent (see e.g., Endris & Kassegn 2022; Bowen et al. 2009; Berman & Balde 2013; Finncham 2020). However, it is also good to acknowledge that all Sub-Saharan African countries differ from each other, and thus the risks discussed here can appear differently in each country, certain risks might not even appear in certain countries, and in certain countries there can be risks that are not discussed in this study. Right behind financing and corruption, undeveloped infrastructure is cited as the third most significant barrier to doing business in the region (Ncube & Lufumpa 2017). There are not enough critical infrastructures, including a reliable supply of electricity, adequate roads, clean water, and sewers (Lakmeeharan et al. 2020) as well as effective waste disposal facilities, and other necessities for society and commercial enterprises (Adisa et al. 2014, 8) in Sub-Saharan Africa.

In their study, Adisa et al. (2014, 8) mention that the success or failure of small businesses can be influenced by the availability of infrastructure and uses Nigeria as an example while mentioning that these infrastructural issues have existed in Sub-Saharan Africa for years and continue to exist today. Over the years this has been recognized as one of the biggest problems for example in Nigeria and a majority of other Sub-Saharan African countries. This continues to impede the whole region's economy from growing at a desired rate. The erratic and epileptic electricity supply in Nigeria is one of the most notable examples of decayed infrastructure in Sub-Saharan Africa. The operation and delivery of services that depend on a steady power supply are negatively impacted by this and many companies in Nigeria cited poor power supply as a significant issue hindering their operations. (Adisa et al. 2014, 8.)

However, problems with electricity and energy supply are not only Nigeria's problem. Despite advances made by many governments, the entire region's biggest problem is still energy. Sub-Saharan Africa needs a large increase in energy investments given that more than 600 million people in the continent live without access to adequate sources of energy (Lakmeeharan et al. 2020). For businesses to regulate the cost of energy and production, electricity is also essential. Many companies use electricity-dependent office equipment, industrial gear as well as motors, ventilation, lighting, and facility heating to make money.

The quality of life, availability of public services, and modern economic activity in Sub-Saharan Africa are all hampered by a lack of access to electricity. Lack of these supplies frequently causes productivity loss and revenue shortages for companies operating in the region. (Business Insider Africa 2022.) From the Sub-Saharan African subregions, this infrastructure development is worst in the Western Africa region (Ajide 2020, 7).

Weak infrastructure also acts as a catalyst for another major risk in the Sub-Saharan African region. The sheer size and population of the Sub-Saharan African region pose unique supply chain issues and as the infrastructure on the continent is poor, traveling across different countries can negatively affect companies' supply chain. (Business Insider Africa 2022.) Transporting goods between countries has been a hurdle to intra-regional and international trade because the region is made up of numerous small landlocked nations without access to ports. This is mostly caused by the region's lack of streamlined and effective transportation routes, which leads to high expenses from undeveloped infrastructure (Githaiga et al. 2019, 121.) Facilitating face-to-face business transactions is challenging but it is also equally challenging to get commodities to the final consumer in Sub-Saharan Africa (Business Insider Africa 2022).

Thus, transportation expenses in Sub-Saharan Africa are 50 to 175 per cent greater than in most other parts of the world (Githaiga et al. 2019, 121). For example, according to The World Bank's logistics performance index, Sub-Saharan Africa record a score of 2,20 on a scale of 1 to 5 in 2018 when considering the quality of trade and transport-related infrastructure. This score is the worst among all geographical regions measured in the index. (The World Bank 2023d.) Even inside some metropolitan areas, the bad road syndrome renders it difficult to distribute goods and services. This inevitably increases transportation expenses further. (Adisa 2014, 9.) This also works the other way around. Consumers most often choose to purchase their items from vendors who are located along the main roads rather than from small business owners operating in a designated area that has inaccessible roads leading to it. This leads to situations where consumers find some remote locations difficult to get to (Okpara & Wynn 2007, 32) and further hampers the development of infrastructure in Sub-Saharan Africa.

Additionally, it is important to note that supply chain issues in Sub-Saharan Africa are not just about risks that come along with underdeveloped transportation infrastructure and operations. Supply chain issues in the region are more diverse and multidimensional and therefore can create other risks that cannot be adequately discussed in this study because of the limitations of this thesis (see e.g., El Baz et al. 2018). As El Baz et al. (2018, 21-22) mention, logistics supply chain management includes a wide variety of topics that reflect "the complexity of logistics and supply chain phenomena in Africa" and thus the risks connected to it.

Thirdly, corruption and political instability are also "compounding multiple crises" in Sub-Saharan Africa. The Corruption Perceptions Index (CPI) for the region shows an average score of 32 out of 100 while the region "struggles to recover from the COVID-19 pandemic". (Transparency International 2023a.) For example, the worst performing non-extremely fragile country in Sub-Saharan Africa is Guinea Bissau with a ranking of 164 out of total 180 countries (Transparency International 2023b). But it is not only about corruption that foreign companies can encounter in Sub-Saharan Africa. It is also the very basic regulations and government policies that hinder business growth in the region Business Insider Africa 2022).

According to ETK Group's (2021) calculations, 62,5 per cent of the "last quartile of the World Bank's Ease of Doing Business Index is occupied by African countries". This is a result of the continent's complex and constantly shifting regulatory environment. Starting a business, upholding agreements, registering new property, obtaining regulatory approvals, and safeguarding investors can all be very difficult tasks across Sub-Saharan Africa. Even though the ease of doing business in Sub-Saharan African countries has improved significantly, more needs to be done to increase the region's competitiveness on the international stage. Building consistent long-term strategies can be challenging for companies due to a constantly changing environment and frequently changing policies. Therefore, the cost of doing business in Sub-Saharan Africa is inevitably increased. (ETK Group 2021).

Unfortunately, however, we cannot talk about the risks of Sub-Saharan African markets without talking about corruption. In many Sub-Saharan African countries, corruption is systematic (d'Agostino et al. 2016, 71) and companies are often forced by unethical practices to redirect their well-intentioned funds to non-financial activities (Muriithi 2017, 43). In many countries, corruption has become accepted as a new normal, and specifically, government officials can even expect it before providing any services to companies (Muriithi 2017, 43). However, corruption can also take on a more disorganized and decentralized nature in Sub-Saharan Africa, and it is often utilized to fund individual advancement (d'Agostino et al. 2016, 71-72). It is therefore not uncommon to encounter ongoing harassment and intimidation of companies by law enforcement and other legal authorities, who frequently seize company assets or merchandise for example in the name of unpaid licenses and other penalties. (Muriithi 2017, 43.)

Foreign companies and their subsidiaries that operate in emerging and developing countries frequently face pressure to partake in illicit activities like bribery (Spencer & Gomez 2011, 280). For companies this means that corruption is a source of uncertainty and raises transaction costs, necessitating a strategic response. The institutional gaps or voids in Sub-Saharan African countries are also intimately related to the widespread corruption in the region's markets. (Luiz & Stewart 2014, 383.) Corruption has harmed the institutional framework built on democratic principles and slowed down economic growth in Sub-Saharan Africa. For example, in Nigeria, corrupt activities have especially impeded infrastructure development and according to studies, Nigeria's socio-political and economic problems have their roots in corruption. (Ebekozien 2020, 348.)

Risks in political instability, regulations, laws, governance as well as corruption are all parts of a wider phenomenon of business ethics in Sub-Saharan Africa. Therefore, they can also create other risks that cannot be adequately discussed in this study because of the limitations of this thesis (see e.g., Adeleye et al. 2020). Business ethics is developing in Sub-Saharan Africa as a discipline (Adeleye et al. 2020, 717) and thus it has multiple underlying factors that can affect for example different institutional, social, and political risks in different Sub-Saharan African countries.

2.2.3 Industry risks

Industry-wise the 48 Sub-Saharan African countries have many bright prospects. However, these prospects differ not only from country to country but also from industry to industry. (McKinsey & Company 2010.) This also means that different industries face different risks in Sub-Saharan Africa and that the risks in the same industry between two different countries can differ significantly. The fact that the region's growth story is far from exclusively dependent on the extractive industries may be the most important aspect to acknowledge. Banking and telecommunications are experiencing growth, and infrastructure development costs in Sub-Saharan Africa are rising much more quickly than globally (McKinsey & Company 2010).

This also means that traditional industry risks are not the only ones that apply to Sub-Saharan African industries. Few industry-specific risks repeat in academic literature. Fragmentation (see e.g., McKinsey & Company 2010 & Adenikinju & Oyeranti 1999), industry regulations (see e.g., McKinsey & Company 2010 & Signé 2018a), and competition (see e.g., Bowen et al. 2009 & African era 2021) are among the top mentioned industry-specific risks in Sub-Saharan Africa.

Fragmentation in this context is two-fold. In this thesis, it means the fragmentation of certain industries in Sub-Saharan Africa as well as the fragmentation and heterogeneity of Sub-Saharan African consumer markets. When it comes to the fragmentation of certain industries in the region, McKinsey & Company (2010) mention for example that “With 85 percent of Africa’s farms occupying less than two hectares, production is highly fragmented.” Many agricultural workers also fragment their landholding into multiple plots, and almost all of them combine farming food with raising livestock or planting cash crops (Adenikinju & Oyeranti 1999, 11). This means that it is necessary to develop new business models that can benefit from scaling in some ways (McKinsey & Company 2010) as well as counter risks that fragmented industries generate.

It is not only the agricultural industry in Sub-Saharan Africa that is fragmented. The region’s financial markets are also fragmented and segmented, and it is a defining feature for the whole industry (Adenikinju & Oyeranti 1999, 51). In Sub-Saharan Africa, financial institutions are segmented mainly into commercial, mortgage, and development banks. In practice, this fragmented character of Sub-Saharan Africa's financial markets makes it challenging to formulate policies for the financial market which in turn has led to an extensive number of governmental controls and interventions such as limited competition through market entry restrictions. (Adenikinju & Oyeranti 1999, 26-27.) This in turn increases industry risk for the financial industry in the region.

If some Sub-Saharan African industries are fragmented, so are their markets as well. A heterogeneous market structure forces companies to differentiate their market entry strategies in different industries as a one-size-fits-all strategy will not work. This is simply because Sub-Saharan Africa comprises close to 50 countries, each with significant variations in spending power and consumer behavior (McKinsey & Company 2010.) Therefore, localization of products or service offerings is highly recommended to guarantee that they suit the needs and lifestyles of customers in various regions and countries across Sub-Saharan Africa (Signé 2018a, 27). According to studies, companies who have successfully entered Sub-Saharan African consumer markets have commonly used two strategies where one has been the tailoring of their goods and services to meet the needs of the local population and country in question (Signé 2018a, 27) regardless of the industry.

The regulatory landscape has already been discussed in chapter 2.2.2, but regulations do not stop only at the country level. As Signé (2018a, 24) points out, “different countries have different regulations and requirements for doing business” but so do different industries as well. For example, companies interested in investing in Eastern Africa's distribution industry should be aware that despite efforts to streamline the procedure, all countries in the region have some sort of market entry legislation (Signé 2018a, 24). New companies must formally register a business (Asongu and Odhiambo 2019, 264), receive government permission, and obtain the relevant commercial licenses and permits in Kenya, Tanzania, Uganda, and Rwanda. (Signé 2018a, 24.) In Sub-Saharan Africa, these start-up procedures take time and money as they can include multiple phases which are not necessarily digitalized, as well as include corrupt practices (Asongu & Odhiambo 2019, 264). These types of regulations can increase industry risks in certain industries around the region.

According to The World Bank’s Doing Business Index, Sub-Saharan Africa has the lowest ranking in ease of doing business as a region (Munemo 2012, 158). For example, while Uganda forbids foreign merchants from opening stores outside of cities, Rwanda supervises tax registration even for micro-retailers, small franchises, and kiosks (Signé 2018a, 24). However, the most significant industry regulation risk seems to vary depending on the industry. While Signé (2018a, 24) mentions that price controls are the primary regulation-related obstacle for the retail and distribution industries, he also mentions in his other publication that “burdensome port and tax bureaucracies in Africa have contributed to the highest direct and indirect costs of international trade in manufacturing in the world” (Signé 2018b, 23). For example, as a measure of consumer protection, the majority of Eastern African countries have implemented price controls on goods like fuels, sugar, and pharmaceutics (Signé 2018a, 24). For foreign companies though, the cost of registering a company and the procedures attached to it are the most significant industry regulation-related risk followed by contract enforcement after managing to start a business in Sub-Saharan Africa (Munemo 2012, 158).

The regulative landscape is also not only about strict regulations nor the inconveniences and negative incentives they give to foreign companies entering markets. Regulations and unsupportive legislation towards businesses and an effective business environment can also halt and negatively impact different industries and their growth. Even though not a Sub-Saharan African country, Egypt provides this thesis with an example of regulatory constraints (McKinsey & Company 2010). In Egypt, regulatory constraints have restricted the financial industry's growth to just 2,3 per cent annually, compared to Egypt's GDP growth of 4,8 per cent. This is contrary to the financial industry's outgrowing GDP in Sub-Saharan African countries. For example, in Kenya GDP growth between 2000 and 2008 was 4,4 per cent while its financial industry's GDP growth was 8,5 per cent. (McKinsey & Company 2010.) Between Egypt and Kenya, the only clear factor affecting this is Egypt's strict regulations. Business regulations are needed to support a good investment climate that spurs economic growth and eradicates poverty (Munemo 2012, 158) but the lack of political commitment to properly address the overlapping authorities and jurisdictions (Signé 2018b, 23) only leads to a situation where regulative landscape does not support different industries and can cause an increase in the riskiness of certain industries.

Competition is also fierce in Sub-Saharan Africa and in recent years China in particular has been investing in the region regardless of the industry. For example, major infrastructure projects in the region have been carried out with Chinese money. In Sub-Saharan Africa, Finnish companies are also on the same starting line as companies from other industrialized countries. (African era 2021.) Signé (2018a) adds that competition is increasing in Sub-Saharan Africa and highlights it with an example of Walmart's recent entry to the region by saying: "Nigeria reports one of the highest levels of market competition in Africa" (Signé 2018a, 19). This shows that Finnish companies will face competition in Sub-Saharan Africa regardless of the industry and that is a risk to overcome in the region's markets.

Competition is not only a foreign companies challenge in Sub-Saharan Africa. According to a survey conducted by Bowen et al. (2009), as part of their research on the small and micro enterprises (SMEs) in Kenya, Bowen et al. (2009, 21-22) noticed that one of the main challenges these SMEs face is competition. 198 companies or representatives of companies participated in the survey and 177 of them mentioned competition as a challenge. This means that 89,4 per cent of the respondents mentioned competition as one of their main challenges in doing business in Kenya. (Bowen et al. 2009, 21-22.)

Although most respondents admitted that competition is a challenge, just 38 per cent of respondents identified it as the top challenge. This suggests that not all industries and business sectors experience the same level of competition and thus competition might not be as big of a risk in all industries. Additionally, given that the market has been liberalized in Kenya, business owners may have come to terms with the fact that competition, in all its forms, is a natural part of doing business. (Bowen et al. 2009, 21-22.) For Finnish and other foreign companies this means that domestic companies in Sub-Saharan Africa are also prepared for tighter competition in their markets which in turn can increase industry risks in highly competitive industries. Risks discussed in sub-chapters 2.2.2 and 2.2.3 are compiled below as a table for ease of reference.

Table 1: Risk categories and discussed risks

RISK CATEGORIES:	DISCUSSED RISKS:
Country risks	Infrastructure Political instability Corruption
Industry risks	Market fragmentation Industry regulations Competition

In addition to the academic articles discussed above, many business owners mention that doing business in Sub-Saharan Africa can be difficult due to the region's business environment's unique risks, which are rarely seen outside of the region (ETK Group 2021). If companies in Sub-Saharan Africa are to reach their full potential, the risks of doing business there must be appropriately managed. When it comes to conducting business in Sub-Saharan Africa, it is not only about traditional risks and barriers of trade, but also about a widespread misperception that Sub-Saharan Africa's economic development would primarily depend on industries like oil and gas. However, this is untrue as fast-moving consumer goods (FMCG) and other customer-facing industries are flourishing as a result of a growing middle class, a young population, and widespread urbanization. (ETK Group 2021.)

For example, in addition to articles presented in chapter 2.2, Endris and Kassegn (2022), Bowen et al. (2009), Berman and Balde (2013), as well as Finncham (2020), outline the wide variety of risks that the sub-Saharan African business environment can hold for foreign companies. The risks mentioned previously are not the only ones that foreign companies can encounter when they enter Sub-Saharan African markets. However, they are most commonly mentioned in academic research as well as in many other articles and publications concerning Sub-Saharan Africa and thus discussed in this thesis. Also, to keep the scope of this thesis feasible every single possible risk cannot be covered and thus the focus has been given to a few common risks. Additionally, market entry is not just about known risks but also general uncertainty that is related to the market entry process, as well as factors that influence the manifestation of risks. This uncertainty and two central factors are discussed in the following chapter.

3 Market entry to Sub-Saharan Africa

3.1 Role of uncertainty in companies' market entry

Due to the uncertainty and unpredictability of international market entry, risk is a major problem when conducting business beyond national borders. Therefore, it is not unexpected that the concept of risk has attracted lots of attention in the literature on internationalization and is regarded as a key concept in understanding and theorizing companies' internationalization. (Eduardsen & Marinova 2020, 1.) As such, risks are measurable to some extent and can often be traced back to a specific source, meaning they have a cause. Meanwhile, true uncertainty is immeasurable, unpredictable, and random. (Müllner 2016, 801.)

For illustrative purposes, let's use contracts as an example. Contracts can be used to price risks and partially transfer them to other parties (Müllner 2016, 801). According to established literature on market failures, when markets fail, contracting takes the place of trust. Although a contract is the foundation for cooperation, trust is one of the most crucial components when it comes for example to the success of international strategic alliances. Trust encompasses assumptions about what other people will do in circumstances that are not and frequently cannot be expressly covered in the contract. It has been claimed that informal norms and agreements frequently supplement contracts and that formal contracts frequently play a relatively limited role in inter-company partnerships and especially in global settings like market entry. (Blomqvist et al. 2008, 126-128.)

Since the growth of each is dependent upon the other, trust and contracts could be seen as two sides of the same coin. They coexist and grow together rather than being mutually exclusive. (Blomqvist 2005.) Risks can also be managed in different ways besides contracts, depending on the source. Social pressures can be used to minimize risk, for instance, if the behavior of a certain economic player is the origin of the risk. However, as a result, it is not something that can be taken into account when creating contracts or priced suitably to make it transferable ex-ante. These characteristics in turn make true uncertainty unmanageable a priori. (Müllner 2016, 801.)

However, uncertainty's precise definition continues to elude agreement. Additionally, previous research has identified several uncertainty dimensions, including environmental uncertainty, which covers political, economic, government, cultural, and discontinuous uncertainty and reflects both the formal and informal aspects of a country's environment. In a similar vein, industry uncertainty covers input, demand, competitiveness, and technology uncertainty, whereas company uncertainty refers to behavioral, R&D, operating, and prior experience uncertainty. As a result, it is difficult to distinguish between the many dimensions of uncertainty, and therefore, they are frequently utilized inconsistently or synonymously. (Sharma et al. 2020, 189.)

By Applying Liesch et al. (2011, 865) coevolution theory to his *Target risk framework for market entry,* Müllner (2016, 802) concludes that "an unknowledgeable internationalizing firm initially faces uncertainty only". As the company actively learns about sources of uncertainty at the different levels of aggregation in the framework mentioned in sub-chapter 2.2.1, it can measure them and subsequently convert them into risks that may be controllable (Müllner 2016, 802). Liesch et al. (2011, 865) framework offers some alternatives to the distinction between risk and uncertainty in internationalization. Risk and uncertainty can be distinguished in a dynamic and actor-specific manner. The main claim is that some market entry uncertainty can translate into controllable risk. The measurability of the source determines how much of a transformation is achievable. While some static sources might be simple to measure, others might be dynamic and hence change over time. In such cases, the source of risk maintains some level of uncertainty, perhaps causing an overlap between risk and uncertainty. (Müllner 2016, 802.)

Additionally, the entry mode determines some risk sources endogenously (Slangen & van Tulder 2009, 287). A multinational company can assume increased political risk while perhaps balancing with other types of risks when choosing for example to create a wholly owned subsidiary in a developing country as opposed to exporting from their home country. Therefore, entry mode determines sources of risk as much as uncertainty determines entry mode. (Müllner 2016, 802.) As a result, it is unavoidably biased to compare various entry modes directly without considering their endogenous risk characteristics (Slangen & van Tulder 2009, 287).

The role of uncertainty stands out as a key factor in the selection of entry mode among the existing theories that have been explored in the academic field and the choice of market entry mode in turn is the most widely studied strategy in international business. (Müllner 2016, 800.) Therefore, the following sub-chapters delve deeper into the factors affecting market entry to Sub-Saharan African markets. Namely, institutional environment and resources will be discussed in sub-chapters 3.2 and 3.3. Then, in sub-chapter 3.4 all academic literature and research used in this study will be combined to form a synthesis of the factors affecting Finnish companies' market entry to Sub-Saharan African markets as well as how these factors and market entry strategies can help Finnish companies transfer uncertainty towards measurable risks.

3.2 Effect of the institutional environment on market entry

For a company that is expanding internationally, selecting the best method of entry into foreign markets is a crucial strategic decision according to international business literature (Ahi et al. 2017, 1; Zhang et al. 2023, 1). Particularly, the target country's institutions, the "rules of the game", have a big impact on companies' business strategies like entering foreign markets (Meyer et al. 2009, 61). Therefore, institutions and their role in market entry will be discussed here in more detail. The institutional environment can be seen as an "environment consisting of political, cognitive, and sociological elements such as laws, rules, norms, cultural beliefs, and habits shared by relevant members" in the company's home and target country (Fuentelsaz et al. 2020, 1; Huang & Sternquist 2007, 614).

Building on the contrast between formal and informal institutions, the institutional viewpoint has been utilized to examine how these two types of institutions affect the choices and outcomes of multinational companies (MNCs) (Fuentelsaz et al. 2020, 1). Formal institutions are often referred to as explicit norms in a society including for example laws, regulations, penalties, protection of property rights, and contracts whereas informal institutions are conceptualized as "differences in norms, values and beliefs". (Arslan & Larimo 2017, 145; Fuentelsaz et al. 2020, 3). Also, since formal institutions are more susceptible to change over time than informal institutions, it is essential to ensure that they are upheld to ensure that markets function effectively and at minimal risks and costs (Fuentelsaz et al. 2020, 3).

The degree of resemblance between the institutional environments of the company's home and target countries is known as "institutional distance" and it determines the company's familiarity with the target country's environment (Zhang et al. 2023, 1). Studies that examine institutional differences and distances from an institutional viewpoint have noted that when institutional distance is high, companies opt for entry methods with low resource commitment and a low degree of control (Hernández & Nieto 2015, 123; Zhang et al. 2023, 1). This is because those provide them with more flexibility and reduce conflicts between internal consistency and outward legitimacy. However, using entry methods with higher degrees of control makes it easier to manage regulatory differences and promotes internal consistency above obtaining external legitimacy. As institutions influence both the company's choice of entry method and offer an environment for transactions to occur, therefore both viewpoints appear to be necessary. (Hernández & Nieto 2015, 123.)

Institutional distance is also a major source of uncertainty (Boddewyn & Peng 2021, 8) for companies entering new markets. Companies that are crossing borders to enter new markets experience unusual uncertainties related to the regulation of transactions in those regions. The exposure to a new foreign environment, particularly the initial exposure, is blamed for the unusual uncertainty in cross-border operations (Ang et al. 2015, 1539.) For example, companies from cultures with high levels of uncertainty avoidance tend to choose non-equity modes over equity modes (Huang & Sternquist 2007, 621) in market entry. This is evident, especially in developing and emerging markets like Sub-Saharan Africa. A distinctive market entry strategy that emphasizes reducing the institutional distance should be developed before entering an emerging market (Adeola et al. 2018, 205) as institutions have been demonstrated to affect companies' entry mode strategies, as well as have a greater impact on entry strategy for emerging markets than for developed country markets (Oguji and Owusu 2017, 210).

When we discuss market entry strategies for Sub-Saharan Africa, academic literature and research most often highlight acquisitions and joint ventures as the most suitable market entry strategies because of the improving business environment in the region. For example, Oguji and Owusu (2017, 210 & 2021, 6) discuss in their two different articles the importance of acquisition and joint venture as a market entry strategy while Chen et al. (2017, 213) only discuss foreign companies choosing between acquisition and greenfield investment when entering different Sub-Saharan African markets.

In Sub-Saharan Africa, international acquisitions and joint ventures are becoming more prominent in part due to the economic liberation policies adopted by several countries in the region as well as the growing consolidation of various industries in Sub-Saharan African countries. While cross-border acquisitions are seen to be the best alternative for foreign companies entering Sub-Saharan Africa, full acquisition entry strategies are seen as more difficult due to the considerable institutional differences between the region's countries and the home countries of foreign companies. (Oguji & Owusu 2021, 6.) As Chen et al. (2017, 214) note, "the level of development of formal institutions positively influences the likelihood of acquisitions" meaning that acquisitions are more favored where there are more viable formal institutions.

Chen et al. (2017, 214) also mention that "a high level of formal institutional development" will result in more acquisitions since the institutional conditions support contract enforcement, predictability, and transparency of the foreign market entry process. In Sub-Saharan Africa, this means that as countries develop so do their institutions as well, and it favors acquisitions as a market entry strategy to Sub-Saharan African markets. However, Oguji and Owusu (2021, 6) also note that some governments apply various local content laws to protect indigenous companies since the majority of Sub-Saharan African economies depend heavily on natural resources for economic revenue. Local content laws may make some merger and acquisition (M&A) deals less viable, making joint ventures or other types of acquisition entry methods, like partial and staged acquisitions, more feasible. (Oguji & Owusu 2021, 6.)

Another popular entry strategy for foreign companies entering Sub-Saharan Africa is joint ventures (JVs) (Boateng 2004, 57). However, there has been a very limited number of studies regarding foreign companies doing joint ventures in the Sub-Saharan African region (Oguji & Owusu 2021, 6.). These studies have so far led to the overall conclusion that joint ventures in Sub-Saharan Africa frequently differ from joint ventures in developed nations and need a new framework to examine the numerous stages joint ventures go through. Additionally, as Sub-Saharan Africa is a region with varying levels of institutional and cultural diversity across its nations, the different institutional standards present in the region should also lead to various levels of ownership mechanisms of joint ventures. (Hearn 2015, 206.) At a contextual level, the same limited literature also showed that institutions are among the most vital factors determining joint venture strategy and success in Sub-Saharan Africa (Oguji & Owusu 2021, 6).

In their other study, Oguji and Owusu (2017, 212) precisely argue that the role of "institutional environment would influence the cost and uncertainty multinationals would encounter when setting up their subsidiaries and in gaining access to local resources".

The underlying idea is that a country with strong institutions will enable efficient markets for local resources and will lower transaction costs and policy uncertainties for doing business there (Meyer et al. 2009, 62). Oguji and Owusu's (2017, 211) study especially focuses on how institutions, target-specific experience, and host nation capabilities affect the decision between partial, staged, and full acquisition strategies when entering the Sub-Saharan African markets. In this particular case study, they found that Finnish multinational companies opt for different types of acquisitions regarding the outcome of the aforementioned factors of the target country as well as that for multinational companies looking to enter new and emerging markets more quickly and to maintain their competitiveness on the global market, acquisitions are a crucial entry strategy (Oguji and Owusu 2017, 210).

There are other types of market entry strategies to enter Sub-Saharan African markets as well. Oguji and Owusu (2017, 211-212) as well as Chen et al. (2017, 212) argue that in certain cases greenfield investments are more often adopted when entering Sub-Saharan African markets. In countries where formal institutions are developing quickly, foreign companies are more likely to use greenfield entry mode, while in countries where factor markets are developing quickly, they are more likely to use acquisitions. The main distinction between formal institutions and factor markets is that whereas institutions are utilized for the exchange of inputs and outputs among different companies, factor markets are employed to manufacture commodities or services. Therefore, an underdeveloped factor market as an institution can affect the value of commodities or services. (Chen et al. 2017, 214-216.) For instance, the inadequate transportation infrastructure in northern Mozambique has affected the value of coal resources in the country (The coal train derails 2014).

A quick pace of formal institutional development, particularly in an emerging economic context like Sub-Saharan Africa, suggests that the countries are shifting from a relationship-based to a rule-based business environment. This "pro-market reform" means that relationship-based transactions are replaced by rule-based transactions as a result of formal institutions aligning laws and regulations with market principles. (Peng 2003, 282, 290.) According to previous research, rapid pro-market reforms increase market competition and expand the chances for foreign companies. This will reward companies planning to do greenfield investments as that would offer additional production capacity to meet the demand of the growing target market. (Chen et al. 2017, 214-215.)

Another factor also supports using a greenfield entry strategy for Sub-Saharan African markets. As formal institutions quickly shift towards the pro-market direction, the value of the region's companies tends to decline. This makes acquisitions less favorable among foreign companies. When state institutions remove themselves from the role of setting goals for local companies, the local companies themselves must swiftly learn to create and implement their targets for production, set prices and begin searching for customers. (Chen et al. 2017, 215.) Due to the relative absence of these market-based competencies, local companies in emerging countries frequently struggle to anticipate changing demand and deploy the resources necessary to meet that demand (Xu & Meyer 2013, 1337). Therefore, rapid pro-market development favors greenfield investments and greenfield as a market entry strategy for foreign companies rather than acquisitions in emerging regions (Chen et al. 2017, 215) like Sub-Saharan Africa.

Acquisitions, joint ventures, and greenfield investments are the three modes international market entry research has focused on (Hoskisson et al. 2004, 26) which means that traditional company-level strategies have dominated the literature on market entry modes (Chip et al. 2019, 304). However, Chip et al. (2019, 304) argue that there is an additional mode of market entry that is suitable for emerging markets like Sub-Saharan Africa. In this additional mode of market entry, multiple companies enter together "as an extension of an existing loose network, known as a bridging network. The extension of an external network across borders is an appropriate mode of entry in emerging markets, with no pre-existing networks or existing networks within a market that are weak, immature, or missing". (Chip et al. 2019, 304.)

Institutional voids in Sub-Saharan African markets increase the demand for external partners. Therefore, a loose unbounded network is comprised of companies that voluntarily cooperate to fill institutional voids in a host country, lowering risk, costs, and commitment to capital (Chip et al, 2019, 305-306). Institutional voids themselves are "imperfect markets and institutions" that are mostly present in emerging markets (Manikandan & Ramachandan 2015, 598). Institutional voids indicate gaps that need to be filled, especially when local enterprises are absent. To overcome challenges in market entry caused by these voids, a cooperative network can be an effective choice. (Parmigiani

& Rivera-Santos, 2015, 60.) A network approach to market entry enables participants to gain access to various areas that an outside company entering the market alone would not be able to (Chip et al. 2019, 311) while also giving access to profitable opportunities in emerging markets where institutions are still incomplete and developing (Manikandan & Ramachandan 2015, 601).

Being a part of a network lowers transaction costs by removing uncertainty and inefficiencies that might arise if a company would operate independently of the network. The objective of the network is to establish a new local network for the target market. Foreign companies can then work together on this new local network to fill voids in the target market while leaving the door open for the participating foreign companies to further expand or cooperate with the existing network in the new market area. (Chip et al. 2019, 311-312.) Networks can also help their member companies recognize and seize the growing number of opportunities in Sub-Saharan African markets through their wider variety of resources (Manikandan & Ramachandan 2015, 603).

3.3 Role of resources in market entry

While institutions play a significant role in companies' market entry, most contemporary literature has concentrated on the features of the company making market entry, meaning particularly its resources and capabilities (Meyer et al. 2009, 61). A company's capabilities, specialized assets, organizational culture, size, reputation, and business acumen are examples of firm-specific resources. Firm-specific resources are often cited as the drivers of a company's competitive advantage. Firm-specific capabilities in turn express what a company can do with its resources and how it interprets and turns its unique tangible and intangible resources into practice (Ekeledo & Sivakumar 2004, 75-76).

As market entry is dependent on to whether and what degree foreign companies need certain resources and capabilities, so is their market entry strategy as well. For example, acquisitions and joint ventures involve the sharing of resources between a foreign company and a target country company whereas greenfield investments do not offer access to resources embedded within the companies in the target country. (Meyer et al. 2009, 64.) Therefore, strategic challenges stem from the firm-specific resources and capabilities as the options available for the foreign company are the results of its resources just as the limitations are due to a lack of its resources. (Ekeledo & Sivakumar 2004, 75.)

Traditionally, in terms of market entry, resources have been viewed from the perspective of foreign companies either transferring resources to the host country or the resources of foreign companies themselves (Lindsay et al. 2017, 132; Meyer et al. 2009, 64). For example, for companies entering and growing in foreign markets, resources and capabilities might lie in local connections, such as intermediaries, and could include aptitudes for obtaining and managing local workforce as well as creating and maintaining relations and networks with the target country's government. Also, as many foreign companies lack the internal resources to compete on an equal footing with large domestic and international firms in the target country, they frequently rely on external resources and competencies for successful market entry and development in foreign markets. (Lindsay et al. 2017, 132.)

Companies must use external resources to make up for their internal resource shortages and overcome the challenges these shortages cause. Companies with limited resources may feel compelled or forced to collaborate with intermediaries or other stakeholders to obtain resources they do not have. (Lindsay et al. 2017, 133.) This reliance will be greater in large emerging regions like Sub-Saharan Africa that are culturally and physically remote, and where foreign companies typically face "liabilities of smallness and foreignness" (Kontinen & Ojala 2010, 450). Companies are also more unlikely to have the resources that are needed to engage in transactions with local companies in foreign markets where institutional distance is high. Additionally, smaller companies may lack the organizational framework required to manage global operations and would therefore need external resources. (Lindsay et al. 2017, 132.)

Also, particularly important in developing and emerging regions like Sub-Saharan Africa are "context-specific resources" that foreign companies typically need to be able to reach their competitive advantage (Lindsay et al. 2017, 132; Meyer et al. 2009, 64). Access to channel partners, guidance on intellectual property rights and legal requirements (Lindsay et al. 2017, 132), as well as knowledge of other intangible and tangible local resources, are all examples of context-specific resources (Monaghan et al. 2014, 142). Intangible resources include information and local knowledge, along with reputation and brand, whereas tangible resources can include physical representative offices, networks, and contacts with agents, distributors, and government organizations. These resources provide access to expertise that are pertinent to the company's operations. (Lindsay et al. 2017, 132.)

Companies may need to rely more on network- and relationship-based market entry strategies such as network approach or joint ventures in regions where legal institutions, such as contract law and the enforcement of property rights, are weak (Meyer et al. 2009, 65) and where establishing relationships might be challenging and time-consuming (Lindsay et al. 2017, 133). This will help them develop the capacity to enforce contracts, which are frequently informal, using norms rather than litigation. As a result, networks and relations with other businesses, agents in the distribution channels, and government officials are all valuable context-specific resources in emerging regions such as Sub-Saharan Africa. In addition to the context-specific resources, context-specific capabilities like organizational and strategic adaptability could improve competitiveness in the unpredictable and volatile environments of Sub-Saharan Africa. Foreign companies who view local resources as crucial to their competitiveness could prefer to do market entry through an acquisition or joint venture with a local partner rather than doing greenfield investment. (Meyer et al. 2009, 65.)

The method used to enter a foreign market affects the company's level of resource commitment, the risks it will take on in the target country as well as the amount of control it has over its international operations (Laufs & Schwens 2014, 1109). Thus, resource commitment can be defined as the amount of dedicated tangible and intangible resources that a foreign company uses in the target country. For instance, a low resource commitment choice would be just to move operating capital to a subsidiary while starting from scratch with a greenfield investment demonstrates a high resource commitment choice as the greenfield investment demands significant resources. (Laufs & Schwens 2014, 1110; Randøy & Dibrell 2002, 119.) This is because the foreign company doing market entry through greenfield investment is responsible for paying all startup expenses and providing services to the foreign market (Laufs & Schwens 2014, 1110). Therefore, high resource commitment is also often characterized by the inability to move resources without suffering an economic loss of value (Randøy & Dibrell 2002, 119).

Foreign entry method decisions are best understood as "a trade-off between control and the cost of resource commitments", frequently in a setting of high risk and uncertainty (Anderson & Gatignon 1986, 3). Therefore, foreign market entry method selection impacts the amount of risk to which the company is exposed in the global setting and is inextricably linked to resource commitment. The risk of losing important resources increases with the number of resources the company dedicates to foreign market entry.

(Laufs & Schwens 2014, 1110.) This risk factor related to market entry investment is also present in Müllner's (2016, 802) *Target risk framework for market entry* discussed in sub-chapter 2.2.1. In Müllner's (2016, 802) framework, the lowest level of aggregation is considered investment risks which are more specific and unique to a particular investment or market entry. Therefore, few investment risks related to market entry to Sub-Saharan Africa are covered at this point.

As mentioned, investments bear their specific risks when they are conducted. According to Müllner's (2016, 802) framework, investment risks can for example be funding, partners as well as other operational risks or challenges. Sub-Saharan Africa is no different in this sense, but the region does have its own unique set of risks that are associated with investment and the procedures around the investment. In Sub-Saharan Africa, the most common investment risks are lack of adequate funding and high cost of capital (see e.g., Adisa 2014 & Business Insider Africa 2022), finding the right partners and partnerships (see e.g., Business Finland 2019 & McKinsey & Company 2010) as well as lack of skilled labor (see e.g., ETK Group 2021 & Signé 2018b). These are also mentioned in Müllner's (2016, 802) framework.

One of the fundamental problems of Sub-Saharan Africa is the availability and high cost of financing, even without the effects of the COVID-19 pandemic and Russia's war of aggression in Ukraine (Confederation of Finnish Industries 2020, 7). Comparatively speaking, Sub-Saharan Africa has a high cost of raising capital (Business Insider Africa 2022), and even though Finnish companies can acquire financing from home country, The Confederation of Finnish Industries (2020, 26) notes in their publication *Afrikka-politiikan uusi aika* that Finnish development finance instruments are slow, difficult to understand and the acceptance percentage for funding is low. For Finnish companies, this means that acquiring funding from Sub-Saharan African banks or through different home country funding instruments is a major challenge for market entry to Sub-Saharan Africa and thus increases the risk for the investment.

Another big bottleneck is the lack of knowledge and a network of contacts (Confederation of Finnish Industries 2020). As understanding the local environment is rarely possible without local knowledge, it is worthwhile to put some effort into finding a local partner. Having a well-networked partner who genuinely understands the context and local customs will greatly improve the operating conditions. In addition, working together can lead to new and unintended innovations, which then can be useful on a wider scale. (Business Finland 2019.) Finally, although there is already a surplus of low-cost, underemployed labor, Sub-Saharan Africa's workforce is considered to be unskilled and inefficient, which is also one major barrier to investments and market entry, particularly in more specialized forms of industry. Less than one in five Africans aged between 15 and 24 have finished primary education, and just two-thirds of them continue to higher education. (Signé 2018b, 22.) Finding skilled professionals is therefore a significant challenge for Finnish companies wanting to expand to Sub-Saharan Africa and thus increases risk for investment in the region.

Market entry methods also entail various degrees of control over operations on foreign markets (Laufs & Schwens 2014, 1110) as control refers to the degree of authority a company may wield over the foreign affiliate's systems, processes, and decisions (Ekeledo & Sivakumar 2004, 75). Different entry modes represent various degrees of resource commitment in terms of control over foreign market operations. The highest resource commitment is undertaken in “fully owned subsidiaries, followed by joint ventures, franchising and licensing, and exports”. (Giachetti & Peprah 2022, 124.) In emerging economies like Sub-Saharan Africa, resource commitment is also linked with institutional voids (Giachetti & Peprah 2022, 124) that were also mentioned in sub-chapter 3.2. This indicates that in Sub-Saharan Africa institutions and resources are deeply entwined as well as that they are central factors in creating a successful market entry in the region. Therefore, synthesis from institutions, resources, and risks is formed in the following sub-chapter to help us successfully enter Sub-Saharan African markets.

3.4 Creating a successful market entry into Sub-Saharan African

Before a synthesis can be formed for this study, the interlinkage of institutions and resources in market entry to Sub-Saharan Africa needs to be discussed further. In Sub-Saharan Africa, companies are under a significant influence of informal institutions such as norms, values, and beliefs regardless of the weak institutional environments in the region and limited support from formal institutions which prevent companies from growing and surviving (Amankwah-Amoah et al. 2022, 2). Companies are faced with institutional factors they are unfamiliar with in target countries that are institutionally distant and might not have the networks, expertise, experience, or other required resources to deal with those unfamiliar factors (Lindsay et al. 2017, 131).

Therefore, foreign companies encounter particularly difficult conditions in institutionally distant target markets due to vulnerability to institutional forces in the target country as well as different resource constraints. Institutions from the home country can often assist companies in overcoming some of these constraints. For example, government support may offer resources such as financial or advisory to a company doing market entry, either at home or in the target country, as well as training on topics like the regulatory environment or cultural considerations. (Lindsay et al. 2017, 131.)

Additionally, the institutional voids that exist in emerging markets such as Sub-Saharan Africa are likely to have a variety of impacts on foreign companies that are doing market entry (Amankwah-Amoah et al. 2022, 2). Institutional voids are considered to exist if there are weak or no institutions in the market (Giachetti & Peprah 2022, 123). These "underdeveloped market-supporting institutions" limit market interactions, raise transaction costs, and create economic inefficiency, ultimately influencing how firms commit resources in foreign markets. Any kind of economy can have institutional voids, but emerging markets like Sub-Saharan Africa are particularly prone to them. (Liedong et al. 2020, 1.)

Institutional strength differs across countries and regions. In countries and regions where institutions are undeveloped, there are frequently no efficient intermediary mechanisms to link buyers and sellers to support market creation and thus resulting in institutional voids. (Liedong et al. 2020, 2-3.) Institutional voids restrict foreign companies' decisions to allocate resources in Sub-Saharan African markets (Landau et al. 2016, 484). Market entry may be hampered by weaknesses in market-supporting institutions including regulatory frameworks and contract enforcement procedures in Sub-Saharan Africa. This suggests that a foreign company's choice to invest in foreign operations is somewhat reliant on the caliber of market-supporting institutions in the target country. The number of resources that are committed to market entry is a crucial strategic choice with significant implications for the success of the operation. (Liedong et al. 2020, 3.)

Also, the decision to commit resources is not static nor a one-off. Instead, it changes based on the institutional environment at the time. For example, a company may gradually increase its commitment to a foreign market by "internalizing and directly owning foreign operations" instead of hiring external agents. (Liedong et al. 2020, 3.) The commitment of resources is an "exit barrier" that might restrict the firm's strategic flexibility (Harrigan

1981, 307). When major resources have been spent, companies cannot leave foreign markets without racking up big sunken costs. Therefore, choosing to commit resources is a major decision, especially in emerging economies like Sub-Saharan Africa where institutional voids are frequently present. (Liedong et al. 2020, 3.)

To comprehensively understand the interaction between institutions and resources, we should consider two cases (see Figure 4). According to Meyer et al. (2009, 66), foreign companies would not be able to rely on markets to obtain local resources if institutions are weak and hence unable to secure even modest market efficiency. Due to the inefficiencies of the financial markets in such circumstances, an acquisition may be unbearably expensive. Furthermore, it's possible that in this case the resources of the acquired company couldn't be accurately evaluated, and integrating them would be difficult. Therefore, foreign competitors who require local resources would choose to establish a new organization in partnership with a local company, with both partners sharing control and contributing resources including both tangible and intangible resources. (Meyer et al. 2009, 66.)

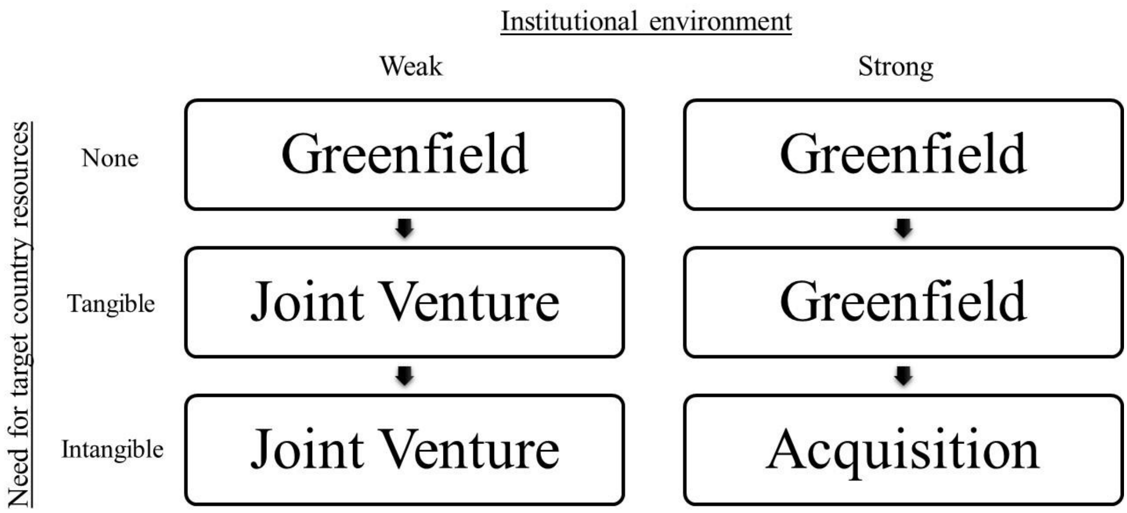


Figure 4: Resources and institutions (adapted from Meyer et al. 2009, 66)

In the opposite case, foreign companies would likely be able to utilize contracts to organize the majority of transactions where strong institutions make markets efficient. Greenfield entry thus becomes more feasible and acquiring resources in the form of tangible assets in this case would not provide significant obstacles. (Meyer et al. 2009, 66.) Therefore, Meyer et al. (2009, 66) anticipate that “under strong institutions, acquisitions would be more likely to be used” when foreign companies seek out intangible resources held by target country companies, whereas greenfield operations are suitable when only a small number of local resources are needed, or when resources are tangible and can be obtained or accessed through market transactions.

Additionally, this thesis draws inspiration from Giachetti and Peprah’s (2022), Laufs and Schwens’s (2014) as well as Liedong et al. (2020) studies regarding companies’ resource commitment to emerging markets under the influence of institutional voids. The intertwined nature of resource commitment and institutional voids discussed in this sub-chapter is visualized in Figure 5. The visualization demonstrates that while the need to commit resources increases among market entry methods, institutional voids of Sub-Saharan African markets constrain foreign companies’ possibility to commit these resources and use equity-based market entry methods.

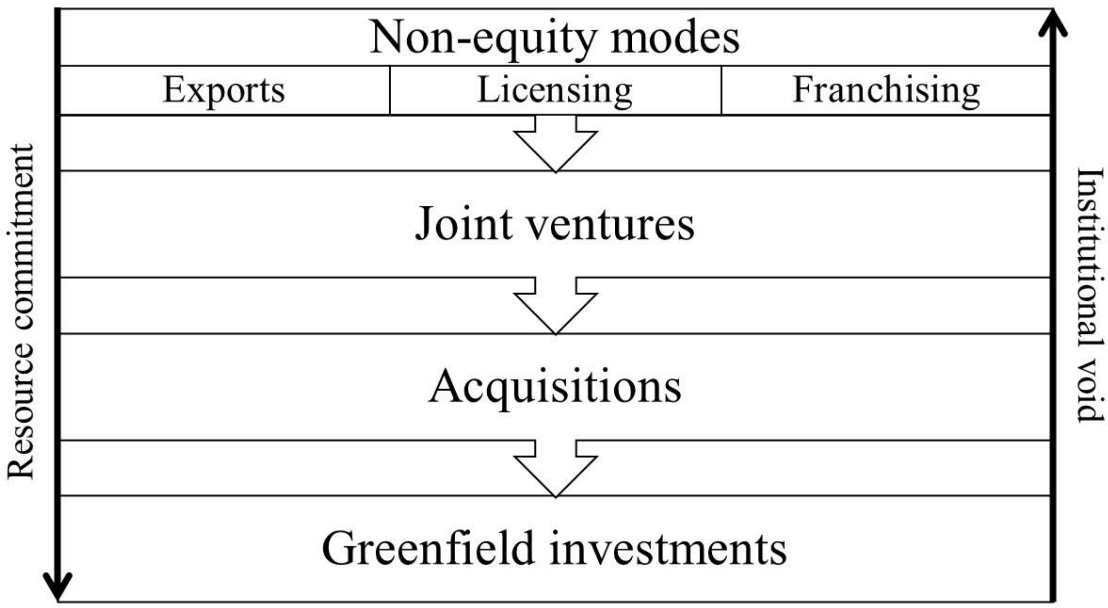


Figure 5: Resource commitment and market entry methods

This thesis and its theoretical background lean on two central factors in international business literature: institutions and resources. These two factors and this thesis draw extensively from two different international business theories: institutional theory and resource-based view to discuss market entry to Sub-Saharan Africa for Finnish companies. Thus, these central theoretical perspectives are progressively getting intertwined in a variety of entry method studies to better understand the influences on foreign market entry (Lindsay et al. 2017, 133). The exposure of foreign companies to institutional characteristics in a host market, as well as the link with resources, were explored by Brouthers and Nakos (2004). Additionally, other researchers have shown that a foreign company's access to external resources may vary depending on the institutional environment in the target country (Lindsay et al. 2017, 133). SMEs have been proven to have more difficulty managing the detrimental impacts on market operations caused by weak institutions since they lack resources.

According to Brouthers et al. (2008), the resource-based view on entry mode choice is better explained by "the moderating influence of institutions" than by differences in institutional environments between a foreign company's home and target country. Furthermore, the resource-based view has been incorporated into the institutional theory to examine foreign market entry methods in developed countries such as Sub-Saharan Africa (Lindsay et al. 2017, 133). Recent research has prompted scholars to claim that combining the institutional theory with the resource-based view of international business in emerging economies might provide greater insights because of the links between resource availability and the influence of institutions (Lindsay et al. 2017, 133).

This is also where this thesis and its research intend to contribute to the existing academic research by identifying institutional and resource-related factors that help Finnish companies successfully enter Sub-Saharan African markets. Therefore, a theoretical framework, which combines Müllner's (2016, 802) *Target risk framework for market entry* with institutional and resource-related factors, has been presented on the next page (see Figure 6) to visualize the successful market entry to Sub-Saharan Africa. However, the framework is not meant to be followed as a magic formula that automatically leads to successful market entry, but rather a visualization of how all factors described in previous chapters link to each other and affect the successful market entry to Sub-Saharan Africa.

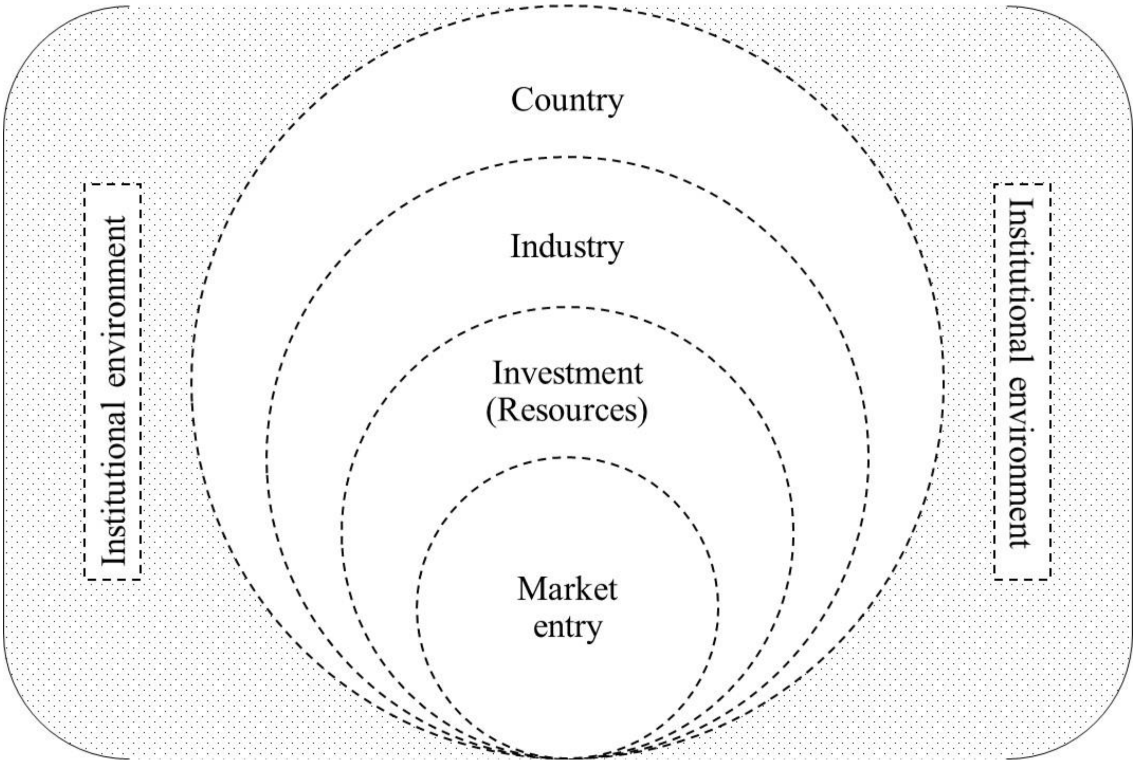


Figure 6: Theoretical framework

In Figure 6, Müllner's (2016, 802) *Target risk framework for market entry* has been enhanced with institutional and resource-related factors. In the framework, market entry has been added to the lowest level of aggregation to demonstrate the risk levels that foreign companies need to go through to achieve market entry to Sub-Saharan Africa. The dotted lines between different levels demonstrate that all companies might not encounter risks at all levels while doing market entry as well as that certain risks in different risk levels can be overlapping and belong to two different risk levels.

Additionally, resource-related factors have been added to the investment risk level of the framework because very often they are close to each other or can even mean the same thing. For example, financing and partners that have been discussed in previous chapters of this study are resource-related factors as much as they are risks related to market entry investment. Also, institutions and institutional environment has been added to the framework to demonstrate that they are the setting where everything happens as well as the underlying factor that affects risks at all levels. This also applies to resources as they are also linked and intertwined with institutions and the institutional environment in Sub-Saharan Africa as previously established in this sub-chapter.

4 Methodology

4.1 Research approach

A methodology can be seen as a set of philosophical methods for producing knowledge about a particular subject or issue. In general, they are often divided into two categories: quantitative and qualitative. (Eriksson & Kovalainen 2008, 16.) Even though there are several options for a research method as well as applied research methodologies that could be used to discuss and solve issues identified in this study, a qualitative approach was chosen as a research method for this study. The qualitative approach is well suited for this thesis as the study aims to get a comprehensive understanding of how institutions and resources affect Finnish companies' successful market entry to Sub-Saharan African markets.

As this study fits well with the idea that "all concepts originate in experience, that all concepts are about or applicable to things that can be experienced, or that all rationally acceptable beliefs or propositions are justifiable or knowable only through experience" (Britannica 2023), empiricism has been chosen as the leading philosophical method for this study. This empiricism viewpoint is suited to this study because of its multidimensional topic that requires a "complex, deep grasp of the topic" (Creswell 2007, 40). And as Creswell (2017, 40) further explains, when quantitative methods are unable to adequately disclose a complex issue or occurrence, a qualitative research strategy is employed.

In qualitative research methods, information is acquired through comprehensive gathering techniques that most often occur in real settings with actual people. Consequently, it is effective for detailed, business-related occurrences that happen in real-life settings such as factors affecting successful market entry to Sub-Saharan Africa. (Eriksson & Kovalainen 2008, 3-5.) Also, in qualitative research humans are regarded as the preferred source for collecting data, and rather than employing random sampling, it is common practice in qualitative studies to select the target sample appropriately (Hirsjärvi et al. 2009).

4.2 Data collection

As Tuomi & Sarajärvi (2018) mention in their publication interviews, surveys, observation, and information based on various documents are the most typical ways to acquire data for qualitative research. In this thesis, interviews were chosen as the primary data collection method to acquire the necessary data for the study. Interviewing people about business-related issues and topics is an efficient and practical technique to obtain information, which is why the method is relatively widespread in qualitative research (Eriksson & Kovalainen 2008, 94; Puusa & Juuti 2011, 73). Moreover, there might not be any published information on the studied subject or issue and thus it might be essential to create some for the study. Additionally, depending on the study's research problem and the researcher's resources, different techniques can be applied as alternatives, parallel, or in other ways that align with the research problem. (Eriksson & Kovalainen 2008, 94.) This parallel technique was applied in this study as the researcher combined data from interviews with secondary data acquired from different news articles and online publications discussing Finnish companies in Sub-Saharan Africa.

In qualitative research primary data is often preferred, and humans are favored as the primary data collection source. (Hirsjärvi et al. 2012; Miles & Huberman 1994). In this study, primary and secondary data were used in parallel, and data was collected through guided semi-structured interviews as well as news articles and online publications. The semi-structured interview and open-ended questions were used to encourage a variety of responses. The objective of these interviews was to identify interviewees' unique perspectives of the study's topic and how that perspective affects their behavior (Hirsjärvi et al. 2012; Miles & Huberman 1994). Interviews were also recorded to enable further transcription and analysis as the transcription of interviews enables readers of the study to analyze the interview dialogue. (Crabtree, 2006; Wright, 2013).

Interviews in qualitative research can be roughly divided into three categories: structured interviews, semi-structured or unstructured interviews, and group interviews and their focus can vary greatly from broad to narrow (Myers & Newman 2007, 4; King 1994, 15). The semi-structured interview was the chosen primary data collection method for this study because the structured interviews would have severely constrained the interviews while group interviews would not have been able to yield an in-depth view of institutions and resources that affect the successful market entry to Sub-Saharan Africa (Kallio et al. 2016, 2955).

Semi-structured interviews, like the ones used in this study, have a prepared list of topics and themes to be covered. The technique mimics the casual style of interviews, allowing the interviewer to apply and adjust his questions to the interview context while, on the other hand, allowing for a closer examination of unpredicted trends in the interview situation (Yazan 2015, 144-145). In addition, the use of interviews allows the interviewer to pay attention to non-linguistic communication, which may provide important clues as to what the interviewer should pay particular attention to and seek further clarification from the interviewee (Puusa & Juuti 2011, 76). The flexibility of the semi-structured interviews brings advantages like allowing for the repetition of questions to clear up any ambiguities or to redefine words or concepts more thoroughly (Puusa & Juuti 2011, 76; Tuomi & Sarajärvi 2018).

Semi-structured interviews and interviews in general also have several limitations often associated with the information generated by interviews (Puusa & Juuti 2011, 77). When using an interview technique for data collecting, a researcher must be able to justify the choices made for the study's techniques and recognize the limitations of the technique used (Eskola & Suoranta, 1998). In addition, interviews require time and resources, and thus commitment. The knowledge and skills of the interviewer are also in a central role since the interview’s “success” is determined by how well the interviewer understands the topic being covered. The context and current circumstances can also have an impact on the interviewee’s responses to specific questions and interviewees may also give certain answers to appease the interviewer or project a positive image of themselves. (Ghauri & Gronhaug 2002; Hirsjärvi et al. 2012).

To make sure that the link between the research questions, the theoretical concepts, and the collected data is shown, great effort has been made to appropriately operationalize the research question. The interviewer subsequently prepared an interview guide in advance that includes themes, questions, and possible sub-questions (Appendix 2) from the basis of the operationalization table shown in Table 2. The interview themes were the Sub-Saharan African business environment and its risks, market entry strategies as well as institutions and institutional environment, and the role of resources in market entry.

Table 2: Operationalization table

Research question	Sub questions	Themes	Interview themes
How can Finnish companies successfully enter Sub-Saharan African markets?	*What risks can Sub-Saharan African markets pose for foreign companies?*	Market characteristics	Sub-Saharan African business environment and its risks
		Country and industry risks	Sub-Saharan African business environment and its risks
	How do institutions affect Finnish companies' market entry?	Market entry strategies	Market entry strategies
		Institutions and institutional environment	Institutions and institutional environment
	What resources do Finnish companies need to enter Sub-Saharan African markets?	Investment risks	Sub-Saharan African business environment and its risks; Role of resources
		Role of resources	Role of resources

The interview guide (see Appendix 2) served as an organizing and supportive tool that enabled the interviewer to keep the conversation focused on the predetermined themes. This is useful because as Tuomi and Sarajärvi (2018) as well as Hart (1991, 194) mention, asking whatever comes to mind is not correct even in semi-structured interviews and instead urge to look for relevant research questions that support the purpose and objective of the research. Also, due to the conversational nature of the interviews, additional questions were asked throughout the interviews, allowing for the exploration of themes and ideas from a particular issue that came up during the conversations. (Eskola & Suoranta, 1998).

Constructing and carrying out this thesis' interviews are done according to Knight's (1994, 18) four-step process (See Figure 7). First, the research question was defined for this thesis which creates the basis for the whole research and interviews. Secondly, an interview guide was prepared as discussed above, and after that interviewees were recruited. Lastly, interviews were carried out and these will be discussed later in this chapter. For recruiting interviewees, rather than employing a random sample, the interviewees were carefully selected based on the study's purpose and objectives (Hirsijärvi et al. 2009; Jankowicz 1995).

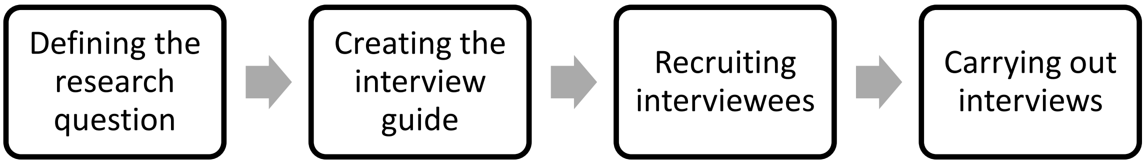


Figure 7: Process of constructing and carrying out interviews (Knight 1994, 18)

The technique used in this study to choose interviewees is often referred to as the key informant approach. This approach is very distinct from other interview techniques where most often informants are chosen at random, and the aim is to gather a larger sample so that there may be more in-depth conversations about the topics and issues of the research. The key informant approach in turn is a form of purposive sampling where the researcher selects the viewpoints that are central to the topic and issues of the study in question as well as their theoretical position in conjunction with chosen collaborators. (Jankowicz 1995; Silverman 2005.)

To acquire interviewees, the researcher used his networks from his endeavors in Nigeria where he worked for six months with tasks related to export promotion and market entry of Finnish companies to Nigeria, Ghana, and Western Africa in general. For this thesis, interviewees were split into two categories, the other being different experts from the Finnish export promotion services network and another category Finnish entrepreneurs/companies that are operating in Sub-Saharan Africa. From the expert category, five interviewees were chosen while also three entrepreneurs/companies were interviewed. The chosen experts work in different organizations and parts of the Finnish export promotion service network but through their roles, all of them work in close collaboration with Finnish companies and their market entry to Sub-Saharan Africa. This was the main selection criteria when choosing experts for interviews. As a result, a total of eight interviewees were chosen and six interviews were conducted as two interviews were conducted as a pair interviews. See Table 3 for information about the conducted interviews.

Table 3: Conducted interviews

Interview	Date	Duration	Person	Profession	Experience
Interview 1	27.2.2023	80 min	Interviewee A	Trade Counsellor, Senior Advisor	Experience on Nigeria, Ghana, and the Western-African region in general. Lived in Nigeria for over ten years.
Interview 2	1.3.2023	71 min	Interviewee B	Grants and Impact Manager	Over six years of experience in supporting Finnish companies in Sub-Saharan Africa.
			Interviewee C	Business Partnership Lead	Over two years of experience in supporting Finnish companies in Sub-Saharan Africa.
Interview 3	3.3.2023	70 min	Interviewee D	Finnish diplomat	Experience on Nigeria, Ghana, and Liberia. Lived in Nigeria for two years.
			Interviewee E	Finnish diplomat	Experience on Nigeria and Ghana. Lived in Nigeria for a year.
Interview 4	9.5.2023	83 min	Interviewee F	Co-Founder and CEO	The company operates in Benin, Cameroon, Ghana, Kenya, Nigeria, Rwanda, South Africa, Zambia, and Zimbabwe.
Interview 5	25.5.2023	49 min	Interviewee G	Founder and CEO	The company operates in Zambia.
Interview 6	6.6.2023	62 min	Interviewee H	CEO	The company operates in Kenya, Nigeria, Tanzania, and Uganda. Lived in Mozambique for over five years and in South Africa for over three years.

After identifying suitable interviewees from the researcher's network, individual emails asking for participation in the interview along with an introduction to the researcher's thesis and its topic were sent. A little later, approximately a few days before the interview, an official permission form and interview questions were sent to the interviewees as recommended by Hart (1991, 191). This was also done to build trust between the interviewer and interviewees as suggested by Eskola and Suoranta (1998) because the level of trust between the two mentioned sides can influence the results of the interview. The interviewees were interviewed either individually or in pairs. This approach was chosen because some interviewers worked for the same organizations and were better able to participate in pairs. This led to interviewees accompanying each other's sayings and enabled interviewees to engage in more in-depth discussions on the topics. In these interviews, the interviewer also ensured that the discussions were kept on research topics as well as making sure both interviewees had an equal chance to bring their opinions and views to the table.

All interviewees were given the opportunity to meet with the interviewer beforehand to talk generally about the topic and the interview itself. This led to a more relaxed and "chattier" interview environment. It was also underlined at this point that the interview was free-form and conversational, that all the interviewees' opinions and viewpoints were important, and that there were no right or wrong responses. In addition, permission to record the interview was asked along with information provided about the interviewer's data management plan (see Appendix 3). All interviewees agreed that the interview could be recorded. Using recording provided a simpler way for the interviewer to concentrate on the interview and its setting without any distractions. It also allowed the interviewer to access the data in its original format as often as required.

Overall, eight persons were interviewed in six interviews during the spring and summer months of 2023. All interviews were conducted in Finnish as it was the mother language of all participants. Most interviews were conducted virtually via Zoom or other equivalent software due to the geographical distance between the interviewer and interviewees. Two interviews were however conducted live in Helsinki as the interviewer's and interviewees' location made it possible. At this point, it is also good to note that finding and arranging interviews with Finnish entrepreneurs/companies was time-consuming and took a great effort from the interviewer. Thus, only three interviews with different Finnish companies operating in Sub-Saharan Africa could be conducted within the timeframe of this study.

Additionally, to complement and strengthen the data collected from the interviews secondary data in the form of news articles and online publications were used in this study. In total 20 news articles and online publications discussing Finnish companies' market entry to Sub-Saharan Africa were collected and analyzed for this study. Articles and publications were collected from trusted and reputable Finnish newspapers and websites such as Yle News, Helsingin Sanomat, and the Centre for Economic Development, Transport and the Environment (ELY-centres).

Lastly, it is also good to talk about saturation. According to Tuomi and Sarajärvi (2018) when the data becomes saturated, it simply means that the interviewees no longer generate fresh data for the research and thus the data starts to repeat itself. During the interviews, the same themes and observations started to rise from interviewees even though every interviewee brought their perspectives to the interview themes and the interviewer acquired a broad understanding of phenomena around the topic of his thesis. This implies that a saturation point was reached during the interviews. Additionally, the similar contents and low amount of secondary data available on the internet also implies saturation from this study's point of view while at the same time, it demonstrates the need for new research on Finnish companies' market entry to Sub-Saharan Africa.

4.3 Data analysis

One of the pivotal phases of performing research is data analysis. By analyzing the data, the researcher seeks to evaluate, organize, and formulate the collected research data so that the research problem can be addressed and answered properly. Typically, after processing data, describing and classifying the processed data is carried out before being combined and key parts of it explained. (Hirsjärvi et al. 2004.) Before carrying out the analysis, the researcher properly familiarized himself with the collected data from research as recommended by Eskola and Suoranta (1998), and thus before the analysis data from the research was carefully reviewed multiple times.

Even though Hart (1991, 197) argues that there is not a single correct method for organizing, analyzing, and interpreting qualitative data and that the research method should contain all the data required for further analysis while also being organized above the level of the acquired raw data, Tuomi and Sarajärvi (2018) mention that content analysis is the primary technique used to analyze qualitative research, and it is the basis for many other types of analysis in qualitative research. Content analysis is guided either by collected data or previous theory, or an intermediate combination of the two (Tuomi & Sarajärvi 2018). In this study, the latter option was used meaning that the data analysis was carried out by theory-driven analysis. In this form of analysis, theory helps the analysis, but the analysis is not directly based on theory. The research does not test an already existing theory nor use a ready-made framework, but previous research guides the data analysis. In theory-driven analysis, the researcher uses abductive thinking, which combines data-driven thinking with existing theories from previous research. (Tuomi & Sarajärvi 2018.)

In this study, the analysis of the data proceeded according to the framework presented by Tuomi and Sarajärvi (2018) which is shown in Figure 8. Firstly, the data was listened to and transcribed and after that, the researcher familiarized himself with the transcribed data. At this point, it was decided what in the data was of interest to the researcher and the research itself. (Tuomi and Sarajärvi 2018.) In this study, the research questions served as a tool for the researcher to identify the key themes from the data. Also, coding was utilized in this study to identify key aspects of the transcribed data. Coding refers to the structuring of data to help find the key elements of the data that are relevant to the research problem. Coding can be carried out in several different ways using characters, letters, or other forms of structuring, such as strikethrough or underlining. (Kauppinen & Puusniekka 2009.)

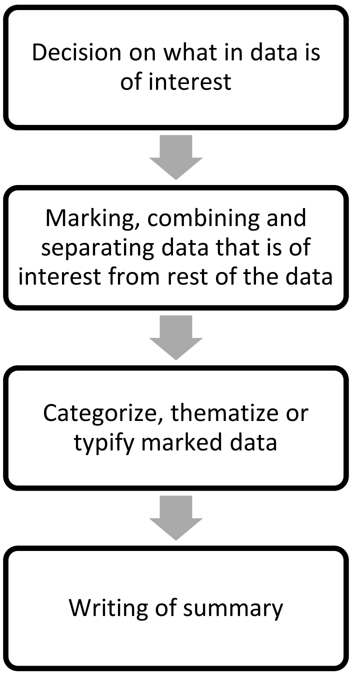


Figure 8: Process of analyzing data (Tuomi and Sarajärvi 2018)

In this study, the coding was carried out by underlining the key findings from all interviews that are relevant to the research questions and problem without further categorization. Categorization of the key findings was done in the third stage of the analysis where the data was thematized according to the operationalization table (see Table 2). Within these certain themes, common and differentiating views from interviewees were sought. (Tuomi and Sarajärvi 2018.) This same process of analyzing the data was also used for the secondary data collected through news articles and online publications. The key themes from the secondary data were also identified and coded according to research questions and later categorized and thematized in line with the operationalization table.

In this thesis, the thematization of the data was carried out based on interview themes that in turn were based on a theoretical framework that was created in sub-chapter 3.4. The various quotes, phrases, and words were then collected under the selected themes, after which the data was typed, meaning that the data was searched for recurring or otherwise interesting aspects. Then in the fourth and final stage of the analysis, collected data was written open in chapter 5 describing the results of the study based on the analysis. (Tuomi and Sarajärvi 2018.)

Tuomi and Sarajärvi's (2018) data analysis process described above was used to organize the collected data, make it easier to analyze as well as understand the connection between the interviewees' responses and the study themes. During the analysis stage, the collected data should be combined and transformed into a clear and comprehensible shape without losing their informative value as recommended by Eskola & Suoranta (1998). This study was done by creating a synthesis of the collected data. As mentioned by Puusa and Juuti (2011, 115), qualitative research analysis combines analysis and synthesis. This means that the collected data is chopped up according to the chosen research method, and then the researcher synthesizes and reassembles the data. Then the researcher draws conclusions, which he presents in his study as the results of the research, which have a scientific basis and as was done in this study (Puusa & Juuti 2011, 115).

When analyzing and synthesizing the results from empirical data and as the key themes were identified, these were compared with the findings from previous theories and literature. The analysis then sought to consider as many different perspectives as possible on market entry to Sub-Saharan Africa to avoid the theory from over-directing the analysis while allowing the empirical results to be viewed from this study's perspective. Finally, after analyzing the data, the findings were compiled into a set of practical recommendations for Finnish companies entering Sub-Saharan African markets.

4.4 Evaluation and ethics of the study

4.4.1 Evaluation of the study

In qualitative research, trustworthiness is more challenging to evaluate than in quantitative research mostly because the research itself is almost always partly based on the subjective perception of the researcher. Therefore, in qualitative research, trustworthiness should be assessed through the researcher's impartiality and neutrality. In qualitative research, trustworthiness is often not assessed in terms of validity and reliability as they are more appropriate for quantitative research. (Tuomi and Sarajärvi 2018.) Instead, an evaluation of four different criteria can be used. According to Lincoln and Guba (1985, 300), credibility, transferability, dependability, and confirmability are the four distinct factors that researchers use to determine research's trustworthiness. In addition, Lincoln and Guba (1985, 300) mention that this four-factor qualification is widely used in qualitative research. In this study, trustworthiness is carefully taken into consideration in all phases of the research and writing processes.

Credibility measures a researcher's ability to provide research outcomes that correspond to reality (Lincoln & Guba 1985, 296). Eriksson and Kovalainen (2008, 294) also add that the researcher should consider the following three elements when evaluating credibility: (1) Is there sufficient information on the subject and adequate evidence for the observations drawn from the material? (2) Are there convincing enough logical connections between the observations and categories? (3) Could another researcher reasonably reach the same conclusions?

Sub-Saharan Africa and market entry are widely studied subjects in international business literature and hence both the theoretical and empirical data provide a sufficient amount of material for this study. Literature sources were also selected carefully to ensure that used publications and databases can be considered credible and credibility was further strengthened by using older literature along with contemporary literature. The credibility of the study was also strengthened through a carefully made interview framework (see Appendix 2). The operationalization table (see Table 2) served as the basis for creating the interview framework, ensuring a connection between the research problem, theory, and literature as well as collected data.

All interviewees represented either experts in internationalization, market entry, and export promotion or Finnish entrepreneurs operating in Sub-Saharan Africa which strengthens the credibility further (Meyer 2001). All interviews were also done in Finnish, the native language of all interviewees and interviewer to ensure any meaning were not lost in translation. Furthermore, the use of a voice recorder allowed the interviewer to check word-by-word any parts of the interview and thus making the analysis process more thorough and credible. In addition, by using similar research methods to those employed in prior comparable studies and by verifying that all respondents were willing participants, the credibility of this study was strengthened (Shenton 2004).

Transferability evaluates the broader probability and applicability of research results (Lincoln & Guba 1985, 296–297). This means the study's ability to apply findings to different surroundings or populations (Shenton 2004). To provide transferability in this study, theory and literature review are introduced and discussed along with the research approach and process. In addition, the data collection process with information on primary and secondary data selection criteria is provided to strengthen the transferability. This was further strengthened by offering information about interviewees' experience, interview questions, and interview times to offer a more comprehensive understanding of the study and its context as was recommended by Shenton (2004) as well as Eskola and Suoranta (1998). However, at the expense of transferability, no further details of the interviewees are disclosed in this study to preserve their anonymity.

As Shenton (2004) also mentions, instead of focusing on how well transferability may be achieved, the purpose of transferability in qualitative case studies should be to provide thorough explanations of how the research was conducted so that readers may assess how transferable the study findings are in various contexts. However, the study's results and findings' transferability in other contexts or settings is somewhat constrained by the study's limited scope and scale. As the study focuses on Finnish companies and their successful market entry to Sub-Saharan Africa, it might not be well applicable to companies in other countries or market entry to other continents.

Dependability refers to the researcher's ability to produce a truthful and reliable picture of the phenomenon under study (Lincoln & Guba 1985, 299). In this study, dependability is strengthened by providing information on the research process, the techniques used during the process as well as an interview guide (see Appendix 2) and data analysis. Considering this, it can be argued that enough data have been provided for other researchers to replicate the same study. In addition, the study has been carried out following scientific principles and considering possible changes or developments for example in the environment or legislation to strengthen this study's dependability. However, since this was the researcher's first scientific study and research, inexperience may have had an impact on the quality of the interview data and thus affect the gathered data. Furthermore, precise replication of research is often not likely, as critical realism implies. (Guba & Lincoln, 1994, 105).

Confirmability measures the researcher's objectivity to the subject under study (Lincoln & Guba 1985, 300) and thus the intention is to illustrate that the researcher's interpretations are more than just their creation. (Eriksson & Kovalainen 2008, 294). In this study, the objective is to provide results and conclusions that accurately characterize the conditions being studied and are independent of the researcher's subjective judgments. Hence, confirmability can be linked to the previously discussed credibility and dependability. According to Shenton (2004), confirmability can be increased by using triangulation, constructing a viable research design, and acknowledging the researcher's prior assumptions. All these issues were taken into consideration during this study. The rationale for this is to provide readers the possibility to assess the research’s objectivity as subjectivity cannot be totally eliminated in qualitative research (Eskola & Suoranta, 1998). In addition, as Meyer (2001) claims and as was done in this study, intentionally erasing past preconceptions and biases while making research is one technique for reducing subjectivity.

4.4.2 Ethics of the study

In the 21st century, there has also been an increase in interest in research ethics (Bell & Bryman 2007, 74; Wiles 2012, 1), and therefore ethical considerations like anonymity, privacy, and confidentiality of interviewees are emphasized in this study. In general, “ethics are the branch of philosophy which addresses questions about morality. The terms ethics and morals are often used interchangeably. Research ethics are concerned with moral behavior in research contexts.” (Wiles 2012, 4.) This thesis follows Wiles’ (2012, 3) classification of three core issues in research ethics: informed consent, anonymity, and confidentiality as well as risk and safety.

Informed consent was acquired through a consent form that has been signed in advance by each interviewee. The consent form outlines the purpose of the study, the interviewee’s role in the study, and the rules for data processing. At the start of the interviews, each interviewee’s verbal confirmation of their willingness to participate was made, and they were each individually informed of the study's intended use and processing of their data and material gathered during the interview. Each interviewee was also informed about the option of later withdrawing from the study, in which case the data collected until the withdrawal of consent will be used as part of the research data, anonymized and confidential.

Each interviewee's identity has not been disclosed. Private information about the interviewees' backgrounds and personal matters has also been left out of the study. No information unrelated to the study was gathered, and non-research-related matters, such as the state of one's own company or present employment, were not intentionally raised during the interviews. If such matters however rose, they have been left out of the study to reduce any drawbacks. Each interviewee is also anonymized to uphold the responsibility of confidentiality and prevent any direct connections with the study.

Additionally, the protection of interviewees' health and safety are crucial components of ethical research practice. However, there may not be much risk to the participants in this study as it does not deal with delicate topics or deal with difficulties, or situations that are specific to individuals. Still, each interviewee was informed of the possibility to stop the interview at any time if they wish and for example if the interview started to cause anxiety. The risk to the researcher was also considered and the risk was attempted to be reduced by adhering to ethical practices and guidelines during the research process.

European Union's General Data Protection Regulation (GDPR, 2016/679 EU) is also recognized in this study. The register holding personal data created throughout the research process has a data management plan that is supported by a comprehensive data privacy notice. The data management plan and the privacy notice are done according to the University of Turku's Data Protection Policy which follows the abovementioned EU General Data Protection Regulation (EU 2016/679). Privacy notice includes the information required under Articles 13 and 14 of the EU GDPR. See Appendix 3 and 4 for the data management plan and privacy notice. Following the study's completion, all data will be immediately destroyed. Before that, the information will be accurately stored and only the researcher will have access to it.

5 Findings

5.1 Sub-Saharan African business environment and its risks

5.1.1 Business environment

To begin with, this chapter cannot be opened without mentioning the fact that there is no "one" Africa and no "one" African business environment. When asking interviewees the question about how they see the African business environment for Finnish companies currently, they never fail to mention that you cannot nor should not speak about Africa but rather the individual countries within the continent. As one interviewee described the dilemma of speaking about Africa:

> "Let's talk about what kind Europe is as a business environment, so it is very, very diverse and Africa is very similar." (Interviewee A; Trade Counsellor, Senior Advisor)

Other interviewees also mentioned that Africa is a continent of 54 countries in various stages in many aspects. For example, African countries differ in development, political and economic aspects as well as in their general willingness to invest in international trade and "clean the house" meaning erasing corruption. This leads to the first simple finding about the importance of recognizing Africa as a vast and diverse continent that cannot be generalized. In addition, as one interviewee disclosed, another layer of diversification comes from the divide between Northern Africa and Sub-Saharan Africa especially culture-wise. However, as this thesis focuses on Sub-Saharan Africa, differences especially between Northern, Mediterranean Africa and Sub-Saharan Africa are not covered in this thesis.

Something that most of the interviewees also brought up when asked about the African business environment was the awareness and knowledge about Sub-Saharan Africa and the historical ties of Finland's relations, especially to Eastern African countries. Interviewees saw that the Sub-Saharan African business environment remains mostly unknown for Finnish companies and that was partly related to the fact that the African continent is seen as Africa, not 54 individual countries. The awareness and knowledge about Sub-Saharan Africa are also very divided. People and companies that are already interested in Sub-Saharan Africa tend to know about it beforehand whereas people and companies not interested in Sub-Saharan Africa tend to not. As two interviewees disclosed the subject:

> They are very very diverse, and I think that one of the reasons why Africa is still often talked about as such a unit is that it is little known. (Interviewee A; Trade Counsellor, Senior Advisor)

> Africa is something like a -- periphery, as some Finnish companies may still think. (Interviewee B; Grants and Impact Manager)

However, certain differences in awareness of Sub-Saharan African regions are noticeable. Eastern and Southern Africa are most known according to a couple of interviewees, and this is affected by the historical ties of Finland to certain countries as well as language. For example, in the past Finnish missionaries in Eastern Africa as well as the English language have affected the awareness and knowledge of Eastern and Southern African regions.

> If you think about it from a Finnish perspective, some countries are better known. In East Africa, the Finns have a longer history and there are also countries such as Kenya and Namibia [that are well known]. (Interviewee A; Trade Counsellor, Senior Advisor)

> Certainly, South Africa and then East Africa are still the most familiar to Finns. Perhaps the easiest, safest, and more stable, which is largely where to start. And then, of course, the language issue is also central. You see, on average, Finns know English better than they know French. (Interviewee B; Grants and Impact Manager)

In addition, different interviewees brought up different other factors and subjects affecting the Sub-Saharan business environment, its risks, the effects of institutions, and the need for resources. This very well demonstrates their views and perspectives about Sub-Saharan Africa and its business environment through their field of expertise. Whereas a couple of interviewees mentioned the importance of knowing the right people and the importance of demonstrating that your company's product or service truly works in Sub-Saharan Africa, other interviewees emphasized political factors, rule of law, and corruption strongly. This also demonstrates the vast variety of factors affecting the Sub-Saharan African business environment and the impossibility to cover all affecting factors adequately in one thesis.

Therefore, only the most unanimous factors were covered at this point. A lot of factors relating to institutions and resources also came up later during the interviews and therefore they are further covered in the following sub-chapters. Still, lastly, it is worth noting the potential in the Sub-Saharan African business environment that almost all interviewees brought up. Even though being challenging, distant, and known to a few at least from Finnish companies' perspective, the underlying potential is evident. As was heard from one expert and one entrepreneur:

> So, it's a massive market. Particularly in terms of more and more growing population and then in a way also in terms of consumer opportunities and natural resources. (Interviewee B; Grants and Impact Manager)

> I have said many times and I like to say that there are two continents in the world where not very much business is done by Finns, and both start with the [letter] A and Africa is the one with the most potential. (Interviewee F; Co-Founder & CEO)

5.1.2 Risks

All interviewees agreed that there are a lot of risks in Sub-Saharan Africa when asked about the risks that the business environment can include. Additionally, many news articles also highlighted the variety of risks present in Sub-Saharan Africa (see e.g., Finnish entrepreneurs… 2018). However, what is important to note is that all experts and entrepreneurs named mostly the same risks that are affecting Finnish companies and their market entry. Lack of knowledge about Sub-Saharan Africa, finding the right, preferably local, partner, infrastructure, corruption, institutional environment as well as financing were all seen as major risks among other smaller challenges. Below are but a few citations about different risks in the Sub-Saharan African region:

> A bad partner who cannot really move things forward and is then trusted too much. (Interviewee A; Trade Counsellor, Senior Advisor)

> Quite a lot of risks probably arise from the fact that we are not even aware of them all, that we have limited knowledge and understanding. (Interviewee C; Business Partnership Lead)

> Another big issue that presents varying degrees of challenges in most African countries is infrastructure. (Interview D; Finnish diplomat)

> It's the corruption. (Interviewee G; Founder & CEO)

Institutional environment and financing were also mentioned to be a central risk in Sub-Saharan Africa. The institutional environment was seen as the "enabling environment" for Finnish businesses, and businesses in general, to operate in any country. It was mentioned during the interviews that many Sub-Saharan African countries have taken "easy steps" in creating enabling business environments for foreign companies. This means for example institutions that promote investments or laws and regulations that offer tax deductions for foreign companies. However, these “easy steps” do not solve the broader problems in Sub-Saharan African countries’ society structures. In the end, it is essential to have for example functioning labor markets and an educated workforce to create a supporting and enabling business environment.

When it comes to financing, the central issue with it comes from the lack of it in Sub-Saharan Africa. Finnish companies should bring the financing with them when entering the Sub-Saharan African markets. The lack of financial mechanisms and instruments in Sub-Saharan Africa creates situations where down payments are usual in business. This creates situations where Finnish companies can be at a disadvantage because of their own smaller financial resources compared to bigger European as well as Chinese and American companies who can offer better terms of payment. As the Finnish newspaper *Arvopaperi* sums this up:

> What Africa desperately needs to develop further is investor capital. If you don't have equity, you don't get liabilities. (No fear of working in East Africa 2014)

Despite being generally risky, Sub-Saharan Africa is a vast region and the risks inside the region are not the same, thus making them country risks. Multiple interviewees pointed out the differences especially between Western Africa and Eastern Africa as well as between Western Africa and Southern Africa. For example, based purely on gross domestic product (GDP) Eastern African countries are doing far better than their counterparts on the Atlantic Ocean’s side of the continent according to one interviewed expert. Another interviewee also brought up OECD’s Development Assistance Committee’s (DAC) list of countries eligible to receive official development assistance.

> Just like with the DAC classification, -- a UMIC country as an operating environment is probably very often much easier than a fragile state. (Interviewee B; Grants and Impact Manager)

In addition, the role of financing, currencies, culture, as well as politics, create differences in risks across countries in Sub-Saharan Africa. For example, as the Eastern African region is generally more known to Finnish companies and financiers through longer historical ties, acquiring financing is most often easier in eastern parts of Sub-Saharan Africa. With currencies, a simple fact was brought up during the interviews from both experts and entrepreneurs that countries with more stable currencies tend to have fewer risks at least from economic and financial perspectives. Also, even though this thesis does not cover cultural factors in market entry, risks relating to cultural factors were brought up in one of the interviews and are therefore very briefly mentioned. Cultural risks such as strong clans or tribe communities can bring new layers of risks that can be hard for Finnish companies to comprehend in various Sub-Saharan African countries.

Also, one risk varying strongly between Sub-Saharan African countries is import tariffs, quotas, and other restrictions on Finnish companies and their investments in Sub-Saharan Africa. This same risk does not only appear between Sub-Saharan African countries but also between different industries in different Sub-Saharan African countries. As one interviewee described this issue:

> It is typical in different countries and to varying degrees that there are these domesticity requirements, which are intended to boost, support, and increase domestic production, and then also restrict [foreign investments]. (Interviewee D; Finnish diplomat)

This same phenomenon can also be seen industry-wise in industries that are supported by governments and thus making them industry risks. Naturally, this varies between Sub-Saharan African countries as governments tend to support industries in which their country can realistically be competitive. For example, due to certain natural resources or knowledge the country possesses. This also leads to another factor pointed out in one interview that companies, Finnish as well as domestic, need “signals” that tell them to invest in certain industries. This “signal” can for example be a commitment from the government to have a certain strategy to support a certain industry for a certain time. Finnish online publication *Kauppapolitiikka*, published by the Ministry for Foreign Affairs of Finland, also gives an example of this sometimes-needed signal for Finnish companies:

> The Ghanaian government wants foreign investment and operators in the country. They want to create the best possible business environment. (Rising Africa 2014)

A couple of interviewees also brought up that generally investments and projects related to infrastructure and for example, to the mining industry are seen as challenging and therefore riskier in Sub-Saharan Africa. This in turn is mostly related to these industries’ requirements and scope. Many infrastructural projects in Sub-Saharan Africa are wider in scope and take more time because of the lack of existing infrastructure in those countries. The same applies to the mining industry as the mining operations as well as the mines themselves often must be started from scratch. This widens the investment scope, prolongs the investment timeframe, and requires greater funding, all of which also increases the risks for the investments and projects.

When interviewees were asked about possible differences in risks that Finnish companies can encounter in Sub-Saharan Africa compared to other developing regions, opinions, and views started to differ. One interviewee brought up the already discussed lack of finance and the need for Finnish companies to bring the financing with them. Sub-Saharan Africa differentiates itself from other developing regions with the lack of capital and actors capable of providing financing to Finnish and other foreign companies. Another interviewee then mentioned the already discussed factor of knowledge. As Finnish companies have less knowledge about Sub-Saharan Africa compared to other developing regions, it creates risks that are rarely seen outside Sub-Saharan Africa.

Another interviewee then also pointed out that the type of business differentiates Sub-Saharan Africa from other developing regions. When compared for example to Asia and its developing regions, business is often more “mature”, and the business concept is further prepared when entering Asian markets compared to Sub-Saharan African markets. In Sub-Saharan Africa, it is more common that markets are entered, and business started in an earlier phase. In addition, when Finnish companies enter Sub-Saharan African markets, the business is more commonly related to creating and bringing something new to the markets that do not yet exist in it whereas in Asia, Finnish companies’ business more often already exists there, and the target is to lower labor costs or acquire a better workforce for the company. These differences in business maturity and concept create risks for Finnish companies that are not very often seen outside Sub-Saharan Africa.

Once again, when interviewees were asked about how perceived risks might differ between Finnish companies and other European countries, funding was pointed out immediately. However, this time lack of funding was not about lack of funding in Sub-Saharan Africa, but rather the lack of it in Finland. In other European countries, and especially in bigger European countries, the financial support for companies entering Sub-Saharan African markets is far greater than in Finland. The comment below describes the situation between European countries:

> What is visible is that especially the big European countries seem to have better support and arrangements for these companies to get this kind of financial support and guidance, so that the risks are significantly lower than for Finnish --. (Interviewee A; Trade Counsellor, Senior Advisor)

This was especially highlighted by Finnish entrepreneurs that operate in Sub-Saharan African markets. All interviewed entrepreneurs did mention that even though they see for example Team Finland network's financial instruments, support, and knowledge crucial for Finnish companies, the wider Finnish society and financial institutions are very reluctant to support Finnish companies in Sub-Saharan Africa. This is not only linked to funding and financial support but also to basic day-to-day services companies need to operate and conduct business in Sub-Saharan Africa. For example, one entrepreneur described their company's situation as follows:

> The specific risk in Finland is that Finnish banks do not like to deal with small businesses operating in Africa and opening accounts is simply impossible, as is [also] maintaining the accounts once opened. (Interviewee F; Co-Founder & CEO)

Also, it is not only about funding and the financial institutions in the European countries but also about presence in the target markets meaning Finnish institutions in Sub-Saharan Africa. Many other European countries have a greater and longer presence in Sub-Saharan Africa than Finland. This creates a risk for Finnish companies compared to their European counterparts as they have much larger and wider networks established throughout Sub-Saharan Africa. One interviewee disclosed this by saying:

> And when it comes to networks, Finland has an embassy in x number of African countries. They [other European countries] have a completely different story. Their embassies are completely different in size. Their cooperation is much broader, and their projects are much bigger than what Finland has. (Interviewee C; Business Partnership Lead)

The same interviewee then continued by explaining how the difference is not just between Finland and bigger European countries but also between Finland and countries roughly our size:

> I heard last week that, if I remember correctly, Finland is now running a private-sector development project in Zambia, Sweden is running 20 private-sector development projects, which gives a little perspective. (Interviewee C; Business Partnership Lead)

By spreading their institutions and networks to target countries and in this case to Sub-Saharan Africa, other European countries have support functions and for example, financial institutions for their companies who are entering the market. This presence in Sub-Saharan Africa also encourages other European companies to enter the markets there. The smaller number of institutions and networks, and therefore physical presence in Sub-Saharan Africa put Finnish companies at a disadvantage in the region and thus creates risks for successful market entry.

Of course, at this point, it is important to mention that history comes to play a part when we speak of networks in Sub-Saharan Africa. Countries like the United Kingdom and France have had large colonies in Sub-Saharan Africa this still shows today through established institutions, partnerships, and networks. This colonial history, or the lack of it from the Finnish perspective, can however be a "double-edged sword" and thus impossible to cover extensively in the scope of this thesis. Still, it reminds us that as a smaller European country with no colonial history, Finland does not have the same kind of resources to utilize for supporting market entry to Sub-Saharan Africa while also reminding us to use our resources as effectively as possible and take advantage of different modes of cooperation.

Lastly in this interview theme, interviewees were asked about the general uncertainty of the African business environment to prepare them for the second interview theme. This is because market entry always includes some level and form of uncertainty as already established in sub-chapter 3.1. When this was asked of the interviewees, the most common answer was that the already discussed risks also create general uncertainty in Sub-Saharan Africa. However, in addition, two factors stood up from two separate interviews – unexpected events and attitudes of the companies or entrepreneurs entering Sub-Saharan African markets.

In Sub-Saharan Africa, companies need to be prepared for "shocking" and unexpected events more often than in other regions. Due to Sub-Saharan Africa's highly developing nature, uncertainty and unexpected events in the region lead to a situation where companies should be aware and prepared for the fact that you cannot prepare for everything in Sub-Saharan Africa. As one interviewee summarized this:

> You can be sure even less than elsewhere whether the situation tomorrow will be the same as today. (Interview E; Finnish diplomat)

Regarding uncertainty, interviewed entrepreneurs also pointed out the irregularity in how things happen and move in Sub-Saharan Africa. Projects can start and stop unexpectedly, and it can take a great amount of time before they can be continued again. The project time frames are generally longer, and it takes longer for investments to start creating positive returns while also uncertainty in finishing the project is greater than elsewhere. Additionally, the entrepreneurs emphasized the "volatility" of Sub-Saharan Africa meaning that the fluctuation of different factors can be greater and for example, the speed at that things can happen can change a lot even during one project. One entrepreneur and *MTV News* disclosed this as follows:

> You notice that [things happen] terribly slowly or then when they happen, [they do happen], and more so -- when someone starts to drive something negative – such [things] can happen quickly. (Interviewee G; Founder & CEO)

> Africa as a business environment requires patience and the ability to deal with surprises. This is something that Finns have also experienced. (Finnish entrepreneurs… 2018)

It is not only uncertainty, unexpected events, and volatility in Sub-Saharan Africa that create uncertainty in the region but also events and outside factors around the world. Sub-Saharan Africa is more exposed to global events and factors than other regions and therefore events like COVID-19 or Russia's war of aggression in Ukraine have had and still have significant effects in Sub-Saharan Africa. This then leads to the second factor – attitude. As there is more uncertainty in Sub-Saharan Africa than in any other region, it requires companies and entrepreneurs to be more resilient and have a certain attitude towards business ventures in Sub-Saharan Africa. Companies and entrepreneurs should be "pioneers" and "adventurers" who are prepared to take their time to achieve successful market entry as well as accept and adjust to the rather unique business environment.

Findings regarding the business environment and risks of Sub-Saharan Africa support the theoretical framework formed in sub-chapter 3.4 (see Figure 6) as well as the previous literature regarding discussed risks in chapter 2. Even though interviewees and collected articles do not categorize risks like in Müllner's (2016, 802) *Target risk framework for market entry* (see Figure 3) and this study's theoretical framework, risks mentioned in empirical data can be easily categorized into country, industry and investment risks and thus incorporated to fit into the theoretical framework of this study. For example, risks related to institutional environment and infrastructure as well as to financing and partner were all mentioned in previous literature and gathered empirical data alike. In addition, their overlapping nature was confirmed in empirical data as several risks such as institutions and financing for instance were mentioned in several risk levels. These factors imply that risks discussed in this study are central risks to acknowledge and overcome for Finnish companies for them to successfully enter Sub-Saharan African markets.

5.2 Institutional effect on market entry

When it comes to institutions, their effect on market entry, and how interviewees see Sub-Saharan African countries' institutional environment, the generalized answer was that institutions and the institutional environment of the target country affect Finnish companies' market entry. Institutions were mostly seen as enablers for Finnish companies as was already briefly mentioned in sub-chapter 5.1.2 as well as in sub-chapter 3.2. Institutions can be the factor that "lights the spark" for Finnish companies wanting to enter the Sub-Saharan African market and therefore institutions and institutional environment can be seen as central factors for market entry. As one interview disclosed the importance of the institutional environment:

> Well, first of all, it should have an impact, because it's a key prerequisite for operations. (Interviewee D; Finnish diplomat)

Additionally, one interviewed entrepreneur also mentioned that the institutional environment is not only about target country institutions such as schools or healthcare systems, financial institutions, or authorities but also big private companies in the target country. Big multinational companies (MNCs) in developing regions like Sub-Saharan Africa also affect the institutional environment for smaller companies. The interviewed entrepreneur mentioned as an example the risk assessment that big MNCs do before they enter the market. If a big MNC's risk assessment gives green light to enter the market, it encourages smaller companies who would not have such resources to conduct a thorough risk assessment process to follow in the wake of big MNCs. This is something that Finnish companies could take advantage of by following bigger companies in their industry.

Another interviewed entrepreneur, however, raised the point that the institutional environment in Sub-Saharan Africa can also be a "Wild West". In Sub-Saharan Africa, informal institutions have a great impact on the institutional environment and rule of law thinking can be weak, which in turn leads to an uncertain institutional environment where "rules of the game" can change quickly and what has applied this week, might not apply next week. Informal institutions like local communities, tribes, and cultural differences are something that Finnish companies should acknowledge when operating in Sub-

Saharan Africa. These informal institutions can differ greatly from formal institutions and therefore companies must adapt to environments where both formal and informal institutions apply.

However, how institutions concretely affect market entry and how the institutional environment does or does not support Finnish companies' market entry provided some different views. When asked about how the target country's institutional environment affects market entry, a couple of interviewees mentioned that whereas stable and predictable institutional environment with established rules, regulations, and operating models supports market entry, and whereas institutional environment with institutional voids raises the bar for market entry, there are differences in not just between Sub-Saharan African countries but also between industries. One interviewed expert used the food industry as an example:

> I can immediately say that in many cases, if we take food and beverage products as an example, I think that the registration of products here [Western Africa] is a little more difficult than, for example, in the Eastern. (Interviewee A; Trade Counsellor, Senior Advisor)

These differences between industries and how Sub-Saharan African countries support certain industries are important because as one interviewed entrepreneur mentioned, companies must interact with institutional stakeholders when entering markets. Depending on the company's industry, different licenses, permits, and accreditations might be needed for the company to be legally able to operate in certain markets and this without exception requires discussion and interaction with institutional stakeholders.

Then again, another interviewed entrepreneur argued that the "Wild West" type of institutional environment where there are institutional voids or the rule of law is weak, can also positively affect market entry and even support it in certain industries. Countries with no jurisdictional barriers can entice Finnish companies that have strict rules or regulations in their industry for example in European markets but not in Sub-Saharan African markets. This naturally might raise a concern about the ethics and morality of doing business but as the interviewed entrepreneur described this dilemma:

> Another thing that many times people forget is that the world is not uniform, but it is very heterogeneous so the fact that if something is forbidden somewhere, for example in Finland, it may still be very permissible in some African country. (Interviewee F; Co-Founder & CEO)

The same interviewee continued by saying that even though the weak institutional environment and lack of legalization and jurisdiction can promote opportunities in certain industries in certain Sub-Saharan African markets, that does not mean that the opportunities come through exploitation and taking advantage but rather by bringing the best practices and developing the industry as well as the institutional environment around it.

Next, when interviewees were asked which factors in the institutional environment support market entry, two factors mostly came up in the interviewees. Mainly, the role of partners as well as institutions that can and are willing to help Finnish companies were seen as factors strongly supporting market entry. Having partners that have operated in the target country for years can help Finnish companies with the institutional aspects and bureaucracy of entering the target market. Also, the willingness of Sub-Saharan African countries' institutions to help foreign companies to enter the market has great significance for successful market entry. As one interviewee described:

> Yes, in some countries it seems that it is clearly easier to approach [institutions] and they are happy to help and want to help international operators to enter the market. (Interviewee A; Trade Counsellor, Senior Advisor)

This shows that the target countries' institutions' willingness and attitude towards foreign companies can be a significant factor if they want to be supported in their market entry. However, sometimes it might also be enough if a company's industry and the institutions of that industry are supported. One interviewed entrepreneur mentioned that certain Sub-Saharan African countries are strong in certain industries. This means that even though the whole country's institutions and institutional environment would not be that strong, certain industries can be. Finnish companies should therefore acknowledge that to successfully enter the Sub-Saharan African market, they should consider markets that support their industry. The interviewed entrepreneur explained this by saying:

> If it [the industry] makes money, you know that the state will not kill its golden cow. (Interviewee G; Founder & CEO)

Lastly, interviewees were asked how Finnish companies should consider the target market's institutional environment in their market entry. This prompted various recommendations with thorough market research being the most coveted one. Multiple interviewees disclosed that entering Sub-Saharan African markets asks for thorough and carefully conducted market research. Finnish companies should take their time to analyze Sub-Saharan African markets and spend resources to clarify the “pros and cons” of Sub-Saharan African markets for their company. This recommendation was raised by both experts and entrepreneurs:

> It is worth researching properly and often Google is not enough for that. Although in Europe you can trust the information to some extent, but not here. So yes, it is worth investing and [understanding] the fact that you must get a consultant and pay a little to really find out how it works [here in Sub-Saharan Africa]. (Interviewee A; Trade Counsellor, Senior Advisor)

> It's worth finding out all these regulatory issues before you do this [market entry] and then if there's any legislation for any activity. (Interviewee F; Co-Founder & CEO)

Other recommendations from the interviewees included the already mentioned importance of local partners, acknowledging the institutional voids and the uncertainty it brings along with it as well as other political and regulatory factors. For example, acknowledging that Sub-Saharan African countries face corruption and Finnish companies will most likely face it as well is important. Also, companies should reserve extra resources for the high uncertainty that Sub-Saharan African institutions and the institutional environment can include. In addition, one interviewed entrepreneur mentioned that some level of physical presence in the target market is highly recommended as it helps the company to familiarize itself with the target country’s institutional environment.

The findings in this sub-chapter also support the theoretical framework formed in sub-chapter 3.4 (see Figure 6). Institutional factors such as informal and formal institutions as well as institutional voids were also seen as important factors in Finnish companies’ market entry by interviewees as well as collected articles and publications alike. However, empirical data also heavily pointed out that successful market entry is not just about institutions and institutional environment in Sub-Saharan Africa, but also institutional factors here in Finland affect Finnish companies’ market entry.

Additionally, as established in sub-chapters 3.2 and 3.4 Sub-Saharan African institutional environments often encourages companies to use market entry strategies like joint ventures, acquisitions, or networks as local knowledge and know-how are often required. Market entry strategies involving local partners were also highly emphasized and recommended by experts, entrepreneurs, and articles alike. Additionally, entrepreneurs and articles also highlighted the importance of physical presence in the target country, either through regular visits, project organization, or even through greenfield entry methods. *Yle News* uses Nigeria as an example when highlighting this factor in their article:

> You have to be there to make it in Nigeria. In Nigeria, it is precisely the presence of the parent company that is valued. (Yle in Nigeria… 2015)

5.3 Role of resources in market entry

Resources and their role in Finnish companies' successful market entry to Sub-Saharan Africa prompted rather unanimous answers from the interviewees throughout the interview theme. Among all asked questions, local partners and knowledge, money and financing as well as time and patience were the underlying and recurring themes, emphasizing the need for external resources in Sub-Saharan Africa. Already during the first question, when interviewees were asked do they see that Finnish companies require content-specific resources such as specific know-how, time, or money to overcome risks in Sub-Saharan Africa, local knowledge, patience, and support from Finnish export promotion services were repeatedly mentioned from both experts and entrepreneurs.

Local knowledge was mentioned as a key external resource by experts, entrepreneurs, and news articles alike. However, in this context, local knowledge did not only include local partners who can assist Finnish companies but also understanding the markets. One interviewed entrepreneur mentioned that the understanding of informality in doing business as well as the cultural differences of doing business in Sub-Saharan African countries are important. The entrepreneur described this informality and culture of doing business as follows:

> But especially in those situations that if someone contacts you from a Gmail address from some strange African country and wants to buy your product and services, it is not worth ignoring. There is also the kind of business informality there that the business runs through your own accounts and Gmail and there may not be any web pages. (Interviewee F; Co-Founder & CEO)

The same entrepreneur also continued by addressing the time and patience it takes to enter the market and conduct business in Sub-Saharan Africa. In Sub-Saharan Africa, it is important to "understand that no quick wins are coming out of there with ninety-nine percent certainty" and it might require perseverance to succeed in the region. Another entrepreneur's interview supported this view as the following comment shows:

> These [market entry] things are moving slowly, and then you're burning money. (Interviewee G; Founder & CEO)

This shows that perseverance and patience also affect other resources like money and capital. This leads to the last factor mentioned by several interviewees – support. This naturally includes financial support and financial resources that Finnish companies often require from Finnish financial institutions and export promotions service organizations to enter markets but in this context, it mainly means external expertise, guidance, and know-how these organizations can offer for Finnish companies in unfamiliar markets like Sub-Saharan Africa. One entrepreneur described this export promotion service organizations' importance as follows:

> But yes, this Finnpartnership support is really important. If Finland would not give support for such activities, I do not know if we would have even gone there. (Interviewee G; Founder & CEO)

In addition, the support that can be received from Finnish export promotion service organizations, interviewed experts once again mentioned the importance of local knowledge and having that support also on your target market. They also emphasized the role of language in entering the market, especially in French-speaking Sub-Saharan Africa as is visible in the comment below:

> You must be on the ground, you must have local staff, I would say, as well as the knowledge and language skills. (Interviewee D; Finnish diplomat)

Then, when interviewees were asked the same question as above but this time regarding market entry to Sub-Saharan Africa, almost identical factors were brought up and especially the importance of local partners in the target market and having "boots on the ground" were seen as crucial for successful market entry. For example, both experts and entrepreneurs argued that successful market entry most often does not just happen from one's office in Finland but making an effort and visiting your target market to best advance the market entry process. Different Finnish news articles and online publications also support this view (see e.g., Sitra 2022; A horn of plenty… 2019).

However, one answer from one interviewed entrepreneur stands out from other answers. While most of the answers focused on external resources, one interviewed entrepreneur acknowledged the importance of the firm-specific capability and willingness of company management to enter unfamiliar markets such as Sub-Saharan Africa. The entrepreneur noted that companies should understand and be willing to commit resources to market entry at all levels of the company to make it successful. As the entrepreneur summed up:

> And perhaps the most important is, of course, the ability and willingness of the management to do business [in Sub-Saharan Africa]. (Interviewee F; Co-Founder & CEO)

When interviewees were asked can they give examples where certain resources have been working well in market entry to Africa, once again partners and support, Finnish, and locals alike, were emphasized above any other resource. A couple of interviewees also brought up the importance of networks and partners who can acquire more contacts and partners for the Finnish companies and thus create a network of partners who can help and support the Finnish companies in different matters.

Additionally, one interviewee brought up the importance of the company being able to act agile and react to what is happening in its business environment and institutional environment. Because of the uncertainty and volatility in Sub-Saharan Africa, Finnish companies should have “the ability to play the game” and “be on the pulse” regarding what should be done next and where as well as trying to learn from their environments and not just checking in every month to see how they are doing.

After that interviewees were asked about possible examples where certain resources have affected the failure of market entry and answers were once again rather unanimous. Most of the interviewees mentioned that external resources such as lack of financing and receiving support from financial institutions and export promotion services organizations affect Finnish companies’ chances of successfully entering Sub-Saharan African markets. As most Finnish companies are SMEs and have a limited number of different resources, sometimes simply not having enough financial resources or any other resources can prevent the Finnish company from entering and completing the market entry process even though the will to do so would have been high. Also, the resources of Finnish export promotion services were seen as limited, and this in turn was seen as a risk for Finnish companies as the organizations cannot offer the support Finnish companies would need. The following comments sum up this problem of limited resources:

> Many times, this [lack] of seed funding and this kind of proof-of-concept type of funding I mentioned has many times brought down numerous trades. (Interviewee A; Trade Counsellor, Senior Advisor)

> I think that BF [Business Finland] and TEM [Ministry of Economic Affairs and Employment of Finland] and all the Finnish Team Finland organizations there in Helsinki should look to see if these [financial] instruments are working? Are there enough of them? Do they work well enough together and so on and so forth? (Interviewee D; Finnish diplomat)

Sometimes though, it is not only about financial resources or any other resources itself but also about how you use your resources. One interviewed entrepreneur emphasized that when you have a limited number of resources, you must know when and where to use them. Therefore, the success or failure of Finnish companies' market entry can also depend on the firm-specific capability to use its existing resources in the right place at the right time throughout the market entry process.

Lastly, when interviewees were asked what resources Finnish companies would require to successfully enter African markets, the same entrepreneur continued by saying that sometimes "you have to make your own resources" and not wait to get money or other resources from elsewhere. This shows that as important as external resources, financing, and support are for Finnish companies, companies' mentality towards their market entry can be just as important and thus emphasizes firm-specific resources and capabilities. Without the right mentality inside the company itself, no resource can alone create a successful market entry. Even though funding and support from Finland as well as from EU institutions and organizations were mentioned by most interviewees and their importance was emphasized, factors relating to the attitude and mentality of companies and their employees towards market entry were mentioned just as often.

Experts and entrepreneurs alike mentioned that companies entering Sub-Saharan African markets need to trust and believe in their skills and internal resources as well as be brave and resist uncertainty perhaps more than in other continents and regions. The whole company should be motivated and behind the mission of entering the market in Sub-Saharan Africa. The company should also understand the realities of Sub-Saharan Africa as a risky business environment, make proper preparations for market entry as well as have patience and perseverance when doing business in the region and of course be open-minded about Sub-Saharan Africa. One interviewee disclosed this by saying that as much as the bad reputation of Sub-Saharan Africa is based on facts, many times it is exaggerated, and entering markets and doing business are shown more impossible than they truly are.

Results and findings from this interview theme also support the theoretical framework formed in sub-chapter 3.4 (see Figure 6). Resource-related factors such as financing and partners as well as context- and firm-specific resources and capabilities support the factors mentioned in previous literature and mostly confirm that those are key resource-related factors in successful market entry to Sub-Saharan Africa for Finnish companies as well. Also, it is good to note that factors such as partners, local presence, or financing for instance were mentioned under several themes. Therefore, it also confirms the overlapping nature of different institutional and resource-related factors as presented in the theoretical framework (see Figure 6).

Additionally, as previous literature suggests, cooperative modes like joint ventures, different long-term partnerships, and networks are highly recommended for Finnish companies entering Sub-Saharan African markets because often these companies are lacking the internal resources needed in those markets. This same phenomenon can be seen from the empirical data as the role of external resources was seen to have a key role in Finnish companies' market entry to Sub-Saharan Africa. As Finnish companies often require external resources to complete market entry to Sub-Saharan Africa, market entry strategies that help Finnish companies acquire external resources were favored and recommended by the interviewees.

However, the findings also deviate from previous literature as many interviewees brought up the individuality of Finnish companies. Many interviewees mentioned that Finnish companies have distinctive firm-specific resources and capabilities which lead to unique and tailored market entry strategies according to each company's internal resources and need for external resources. Therefore, many interviewees argued that Finnish companies should find a market entry strategy that best suits their internal resources and skills.

All this also applies to the Sub-Saharan African region as its 48 countries can offer as well as require completely different resources from Finnish companies. This is also linked with the mentality factor mentioned by several interviewees and articles. Finnish companies should trust their offering, skills, and resources, and build their market entry strategy around their internal key competencies. Therefore, it is possible that Finnish companies can create hybrid or even completely new market entry strategies for their market entry. Thus, relying purely on existing strategies might be limiting and compromise success.

6 Conclusions

6.1 Theoretical contribution

Existing academic literature has already identified that there are systematic gaps in the literature regarding the risks of doing business in Africa (Asongu & Odhiambo 2019, 260). Additionally, even though general-level literature is already flawed, there are even bigger gaps in academic literature when it comes to Sub-Saharan Africa. This combined with the Finnish perspective and the risks that Finnish companies can encounter during their market entry to Sub-Saharan Africa, no academic literature is covering this perspective. This thesis has closed this gap by conducting a study regarding the Sub-Saharan African business environment's risks from a Finnish perspective and identifying central risks that Finnish companies can encounter. The central risks for Finnish companies were identified to be three lack-offs – *lack of knowledge and partner, lack of funding and support as well as lack of infrastructure*.

This thesis has also identified institutions and resources as central factors affecting Finnish companies' market entry to Sub-Saharan Africa. Previous research in the international business discipline has strongly focused on those two factors as key components to foreign companies' market entry to emerging regions like Sub-Saharan Africa. Previous research has also noted that these two central theoretical perspectives in international business discipline are progressively getting intertwined in a variety of entry method studies (see e.g., Lindsay et al. 2017; Brouthers and Nakos 2004; Brouthers et al. 2008) that are especially focused on emerging regions. However, contemporary literature is missing a more focused view on institutions and resources and how they affect Finnish companies' market entry. Therefore, this thesis covers this gap by focusing on institutional and resource-related factors affecting Finnish companies' market entry in Sub-Saharan Africa.

When comparing the three lack-offs with previous research and literature presented in chapters 2.2 and 3.3, it can be concluded that the findings of this study mostly support the previous research and literature's views on central risks in Sub-Saharan Africa while also adding new layers to the literature from a Finnish perspective. They also indicate that in Sub-Saharan Africa, central risks can be categorized according to Müllner's (2016)

Target risk framework for market entry as risks mentioned in empirical data can be divided into all levels of aggregation – country, industry, and investment.

This study concluded that lack of knowledge is a central risk to Finnish companies when it comes to Sub-Saharan Africa. From the Finnish perspective, the risk regarding knowledge stems mostly from the fact that Sub-Saharan Africa has not been as popular export or internationalization target as other emerging regions. Lack of knowledge in this context also means that rather than having no information at all about Sub-Saharan Africa, relevant information is harder to find. For example, the information provided by the Finnish export promotion services network about Sub-Saharan Africa is only just starting to increase. Lack of knowledge also has a straight link to the lack of a partner and the risks that come with it. With little or no knowledge of Sub-Saharan African markets, both previous research and the findings of this study indicate that the importance of having a partner is crucial for successful market entry into Sub-Saharan Africa. A partner with deep know-how and knowledge of the target market is essential for a Finnish company that has no experience or knowledge of certain markets.

Lack of funding and support was mentioned regularly in previous research and literature as a risk in Sub-Saharan Africa. This study's empirical data also supports this view and thus concludes that Finnish companies often require funding and other types of support to aid their market entry process to Sub-Saharan Africa. However, whereas previous research views funding from the perspective of financial institutions and acquiring finance from Sub-Saharan Africa (see e.g., Business Insider Africa 2022), empirical data points that for Finnish companies the lack of funding is more about lack of funding from Finnish financial institutions. Empirical data concludes that even though Finnish financial institutions and export promotion services network do have funding available for Finnish companies, it is complex, defective, and comes with high costs.

Empirical data also widened the perspective from funding and financial support to support in general. Gathered data note that especially the interviewed entrepreneurs see support from the Finnish export promotion services network as important if not even crucial to their market entry to Sub-Saharan Africa. Supporting companies with for example partner identification, sharing out information, and helping to deal with regulative and legislative issues in the target country were seen just as valuable as financial support according to empirical data.

Lack of infrastructure was mentioned throughout previous research and academic literature as a central risk in developing regions like Sub-Saharan Africa. Empirical data also highlights infrastructure as an important aspect and thus a central risk for Finnish companies but sees it from a different perspective. Previous research and academic literature focus mostly on the underdeveloped parts of the infrastructure and the pure lack of certain infrastructure and institutions in the Sub-Saharan African countries. The viewpoint has therefore been that the infrastructure of the country itself is a risk for entering the market. Finnish perspective acquired through empirical data in turn sees the underdeveloped infrastructure as a constraint to invest and enter the market. This is because entering the market and starting operations in countries and regions with underdeveloped infrastructure often requires investments that also simultaneously develop the infrastructure around the investment. This naturally implies more costs as well as the need for further resources and financing for the investment and market entry process – something that Finnish companies often have a limited amount when conducting market entry.

Previous research and literature on institutions and institutional environment in turn have mostly focused on formal versus informal institutions in the emerging regions as well as institutional distance. Additionally, research and literature often discuss institutional voids which are mostly present in emerging markets. Research and literature on institutions therefore often focus on market entry strategies that counter the effects of defective institutions. For example, studies that examine institutional differences and distances from an institutional viewpoint have noted that when institutional distance is high, companies opt for entry methods with low resource commitment and a low degree of control (Hernández & Nieto 2015, 123; Zhang et al. 2023, 1).

However, the effect of institutions and the institutional environment of the Sub-Saharan African region does not make choosing a market entry strategy as straightforward as the previous sentence could entail. As the state of institutions, institutional distance, and voids create a great amount of uncertainty in Sub-Saharan Africa, and the underdeveloped and defective institutions also generally tend to develop and change over time, Sub-Saharan Africa favors market entry strategies with higher resource commitment and degree of control over market entry and established operations. This in turn often means market entry strategies such as acquisitions, joint ventures, and greenfield investments as well as different network-based approaches.

Gathered empirical data supports previous research and literature as interviewees emphasized market entry strategies that involve local partners such as acquisitions, joint ventures, greenfield investments, and networks. Additionally, empirical data highlights the importance of physical presence in the target market during the market entry process regardless of the market entry strategy. Empirical data also supports previous research's view on resource commitment and that the above-mentioned market entry strategies require higher number of resources – something that Finnish companies usually do not have or have limitedly. At the same time the institutional voids constrain the possibility to use such equity-based market entry methods even though they are recommended in previous research, and now also verified in this study to be suitable methods for Finnish companies as well.

However, empirical data deviated from previous research in how they see institutions from their position. Whereas previous research and literature often look for the differences between institutions in foreign companies' home and target countries as well as the lack of certain institutions in the emerging market, empirical data look at institutions mostly from their enabling perspective. This means that previous research has looked at institutions from the perspective of how to address and mitigate risks caused by different institutional environments and has focused on the elements that are missing from the target market's institutional environment. The gathered empirical data in turn look at institutions from the perspective of how well they can enable and support Finnish companies' market entry. This means that they look at how well the Sub-Saharan African markets' already existing institutional environment encourages and complements the Finnish company's industry as well as the market entry process itself.

Previous research and literature regarding the role of resources on market entry to Sub-Saharan Africa has in turn mostly focused on the features of the company making market entry, meaning particularly its resources and capabilities as well as its need to reduce transaction costs (Meyer et al. 2009, 61). Focus has therefore been on the company's internal resources and what kind of market entry the company can do with its existing resources as well as on identifying what tangible or intangible external resources the company needs from the target market and how to acquire them. Empirical data however shows that Finnish companies have limited amounts or are lacking some key resources to do market entry to Sub-Saharan Africa. Therefore, acquired empirical data emphasizes the need for external resources that support Finnish companies' market entry rather than their internal resources and ability to use them.

Empirical data also concludes that entering Sub-Saharan African markets is resource intensive and requires companies to utilize both their tangible and intangible resources. This supports previous research's view on resource commitment to market entry and thus the idea of the more you commit resources, the more you have control over your market entry operations. As concluded above though, Finnish companies have often limited amounts or are lacking some key resources, and therefore Finnish perspective emphasizes the need for external resources.

Both previous research and empirical data gathered for this study conclude that companies often have limited internal resources and capabilities to conduct market entry to Sub-Saharan Africa due to its distant nature and status as an emerging region. Therefore, companies would prefer market entry strategies with low resource commitment and risk. These low resource-intensive and smaller risks including market entry strategies are often non-equity-based market entry strategies like straight exports, licensing, or franchising.

However, the need for external resources like knowledge and financing as well as the need to establish control over operations in distant markets like Sub-Saharan Africa overweight these issues and lead to a situation where higher resource commitment is advisable according to previous research and empirical data alike. Therefore, this study supports previous research on international business discipline and concludes that market entry strategies including partners such as acquisitions, joint ventures, and different network-based approaches are more often suitable when entering Sub-Saharan African markets compared to different non-equity entry methods.

As this study's purpose is not to test any existing framework nor develop any new framework for Finnish companies, this study cannot provide any recommendations for a single market entry strategy that would explicitly work for every Finnish company. This also supports previous research's views on market entry to emerging regions like Sub-Saharan Africa where so many different factors affect the market entry strategies that giving generalized recommendations for all companies to use one or two specific market entry strategies is impossible as well as irresponsible. However, this study can provide a few practical implications for Finnish companies and their managers on how to approach market entry to Sub-Saharan Africa. These are provided in the following sub-chapter.

6.2 Practical implications

Based on the previous research and findings of this study, a few practical implications for Finnish companies and their management can be made on how to tackle risks in market entry to Sub-Saharan Africa as well as how to address sub-Saharan Africa's institutional environment and the need for resources when conducting market entry. Unfortunately, no generalized recommendation on what market entry strategy Finnish companies should use when entering Sub-Saharan African markets can be given because of the multi-factorial nature of market entry theories. However, five practical recommendations for Finnish companies are identified in Figure 9 that aims to help Finnish companies successfully enter Sub-Saharan African markets.

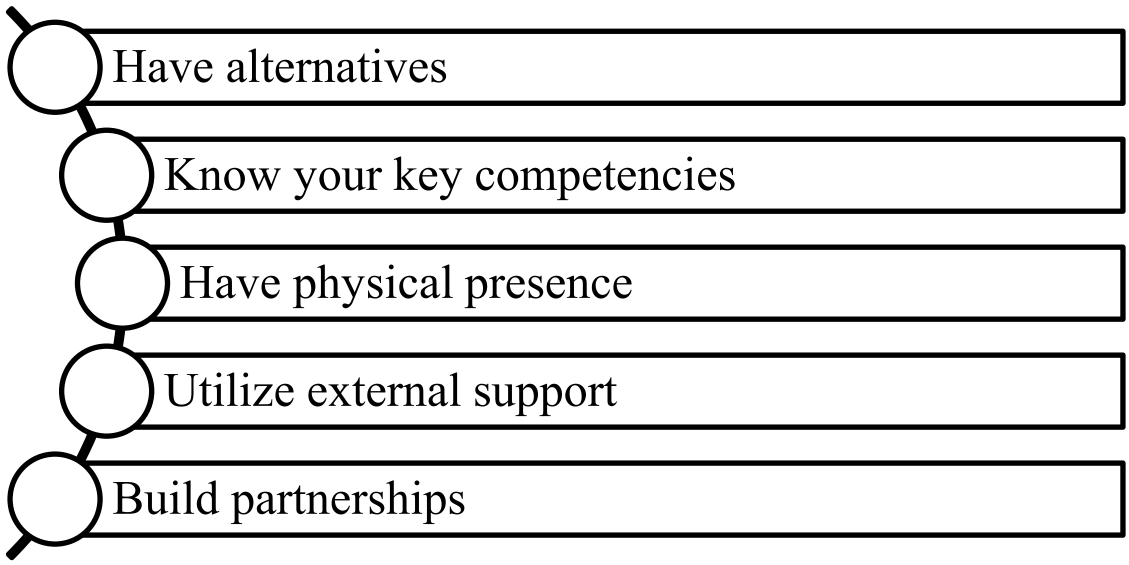


Figure 9: Practical recommendations

Have alternatives. For Finnish companies and their management, this means that when you are entering Sub-Saharan African markets, do not have all your eggs in one basket. Finnish companies should have backup plans in case something goes wrong in the market entry. Making sure you have options and plans ready for example to enter another Sub-Saharan African country or making sure you do not rely only on one local partner during the market entry process is important in Sub-Saharan Africa. It is also important to acknowledge the challenging business environment of Sub-Saharan Africa and therefore this study recommends that Finnish companies have established business models already before entering Sub-Saharan African markets as well as that they have conducted revenue-creating business in Finland or elsewhere before attempting market entry. Thus, this study does not recommend for example start-ups and other early-phase companies to enter Sub-Saharan African markets before their business model and offering is tested and proved somewhere else first.

Know your key competencies. Finnish companies should be aware of their competitive advantage and how their product or service creates value and stands out from the competing products or services in Sub-Saharan Africa. Finnish companies should know and trust their offering and thus build their market entry strategy around their product or service so that it complements as well as brings the best out of the company's offering in the target market. Also, the company's other key competencies like different internal resources and capabilities should complement and support the market entry process. For example, personnel's and management's capability to carry out a successful market entry with the chosen market entry strategy should be acknowledged.

Finnish companies should thus identify their internal resources, tangible or intangible, and analyze what type of market entry strategy would suit their existing resources and possibly even complement the lack of certain resources. Additionally, Finnish companies should consider Sub-Saharan African markets that support key areas of their product or service. The target country for example should support the company's industry or otherwise the legislation or infrastructure support the Finnish company and its product or service. Therefore, this study recommends that Finnish companies seek to enter markets in which external factors also support their key competencies to further assist them in successfully entering Sub-Saharan African markets.

Have a physical presence. For Finnish companies, this study highly recommends having a physical presence in their target market in Sub-Saharan Africa. This can help Finnish companies to tackle the possible bureaucracy and manual phases of the market entry process as certain phases in the process can require physical presence or visiting the target country. Having a physical presence in the target market can also help to reduce the institutional distance and differences between Finnish and Sub-Saharan African institutional environments as companies can better address these differences when they are physically in the target market. In addition, physical presence can help address the risk and enforce control of market entry operations throughout the market entry process as being "on the spot" enables Finnish companies to quicker react to changes in the target market's business environment and thus transform their operations accordingly.

Having a physical presence often means market entry strategies like acquisitions, joint ventures, or greenfield investments that include physical presence through for example acquired local company, own subsidiary, or established facilities. They are of course suitable and also often recommended in previous research, and this study also supports this view. However, it is important to remember that those "traditional" strategies are not the only ones to offer a physical presence in the target country. Newer market entry strategies like network-based approaches as well as a simple strategy of visiting your company's target markets regularly can help you achieve the same physical presence and the benefits it can bring to one's company.

Utilize external support. Finnish companies often require support in some form when entering Sub-Saharan African markets. Therefore, this study recommends that Finnish companies bravely contact and ask for support and help for example from different Team Finland organizations. These organizations are designed to help Finnish companies' market entry around the world, including Sub-Saharan Africa which can be a risky market to enter without proper support. These organizations can give valuable knowledge and market data as well as financing and important contacts for Finnish companies, all of which are highly recommended to have in Sub-Saharan Africa.

On the same note, however, this study addresses the limited number of resources that for example Finnish export promotion service organizations and other supporting functions have to adequately support Finnish companies' market entry to Sub-Saharan Africa. The empirical data of this study has pointed out that the experts working for Finnish export promotion service organizations and entrepreneurs alike feel that these organizations do not have enough resources to adequately support Finnish companies' market entry efforts to Sub-Saharan Africa. Therefore, this study recommends for wider Finnish society that if Finland wants to see more successful market entries to Sub-Saharan Africa, support organizations such as the Team Finland network needs more resources and general support from wider and higher levels of society and even from the government level.

Build partnerships. Even though mentioned last, partners and partnerships are not the least practical implication of this study. The most common advice mentioned in empirical data was local partners and therefore this study highly recommends building partnerships and having local partners when entering Sub-Saharan Africa. Having a partner who knows the target market and can advise for example on how to navigate the regulatory environment of the target country by knowing the right people can be extremely valuable for the Finnish company and for their successful market entry.

Also, to get in contact with local partners and create valuable partnerships, companies are recommended to contact Team Finland organizations such as Finnish embassies, Business Finland, and Finnpartnership which can guide Finnish companies in the right direction in finding suitable partners from Sub-Saharan Africa as well as assist in achieving successful market entry. However, it is also good to remember that as valuable as local partners can be for Finnish companies, one should never rely completely on only one or two local partners in case something happens to them, or they turn out to be unreliable and that way affect negatively to the market entry process.

It is good to acknowledge that the practical implications of this study and the recommendations given above can be overlapping and even in some extreme cases inconsistent with each other. This is because they are not meant to be a list where companies can tick off boxes one by one but rather a wider set of recommendations where Finnish companies can look for recommendations that best suit their situation and objectives of market entry. In addition, as it is near impossible to give generalized recommendations that would work for every Finnish company, the recommendations are kept broad and diverse so they would serve as many Finnish companies making market entry to Sub-Saharan Africa as possible.

6.3 Limitations and suggestions for future research

This thesis and its study provide theoretical contributions and practical implications for international business discipline and for Finnish companies planning to enter Sub-Saharan African markets. However, it does have some limitations that serve as a basis for future research suggestions. First, this study used a qualitative research method by conducting expert interviews and collecting secondary data from different news articles and online publications. These have their own set of limitations, especially due to the nature of interviews as the primary method. Interviewees' answers and views are always subjective and therefore findings of this study are also based on subjective views around the interviewed experts' area of expertise and entrepreneurs' own companies.

Second, market entry is a multifactorial and complex phenomenon in the international business discipline where institutions and resources are only two factors among multiple other factors. Because of the nature of this phenomenon as well as the time constraints of writing a master’s thesis, all factors cannot be considered in this study. Therefore, limitations have been made on factors that have been considered in this study to keep the scope of this thesis feasible and to be able to complete the master’s thesis as intended. This creates a suggestion to include more factors that affect market entry into future research. For example, cultural factors are highly suggested to be considered in future market entry research to Sub-Saharan Africa as they were briefly mentioned during the interviews of this study but could not be adequately covered because of the limitations of this study.

Third, previous research and academic literature regarding individual Sub-Saharan African markets is only emerging, and thus not much research is yet done on individual countries. Therefore, the scope of this study is on Sub-Saharan Africa as a whole and the recommendations are more on a general level so they would suit as many individual Sub-Saharan African markets as possible. However, this study acknowledges that the recommendations might not apply to every single individual Sub-Saharan African market and therefore this study also suggests future research to put focus more on the sub-regions of Sub-Saharan Africa or even on individual Sub-Saharan African countries. For example, the differences between Western and Eastern African markets that were also mentioned in this study call for more focused research on market entry to specific Sub-Saharan African regions or countries.

Lastly, as this study is focused on Finnish companies and their market entry to Sub-Saharan Africa, the theoretical contributions as well as practical recommendations and implications might not be suitable for companies from other countries. Additionally, as the Finnish private sector comprises a wide variety of different companies, this study acknowledges that the practical recommendations and implications may not even apply to every Finnish company. Therefore, this study lastly suggested that future research should consider further the differences in Finnish companies and how the practical recommendations presented in sub-chapter 6.2 could differ for example depending on the Finnish company’s industry or size.

7 Summary

The purpose of this thesis is to understand how Finnish companies can successfully enter Sub-Saharan African markets. This was done by answering three sub-questions: *What risks can Sub-Saharan African markets pose for Finnish companies, how do institutions affect Finnish companies' market entry, and what resources do Finnish companies need to enter Sub-Saharan African markets?* The Finnish perspective to the study was brought through empirical data where different experts and entrepreneurs/companies were interviewed. Additionally, secondary data through news articles and online publications regarding Finnish companies in Sub-Saharan were collected to complement and strengthen the data acquired through interviews. This study aimed to combine previous research and literature as well as the findings from the gathered empirical data to create practical recommendations for Finnish companies entering Sub-Saharan African markets.

Previous research and literature have identified certain market characteristics that define the Sub-Saharan African business environment as well as risks that are often associated with the business environment of Sub-Saharan Africa. Institutions and resources were identified as key factors affecting market entry in international business discipline and elements such as institutional distance, institutional voids as well as resource commitment, and external resources in turn were identified to strongly affect market entry in emerging markets such as Sub-Saharan Africa. Institutions and resources were also noted to be deeply intertwined factors that affect each other and the possible market entry strategies that Finnish companies should use when entering Sub-Saharan African markets. All factors discussed in the theoretical background of the study were compiled into a theoretical framework to visualize the successful market entry to Sub-Saharan Africa.

The empirical data for this study was collected through expert interviews where experts from Finnish export promotion services organizations were interviewed along with Finnish entrepreneurs/companies that currently operate in Sub-Saharan Africa. Semi-structured interviews were used as the basis for interviews and the interview themes and questions were compiled from themes around the thesis' sub-questions and theoretical background. The interviewees were carefully chosen to bring expertise regarding themes covered in the theoretical background of this study as well as to bring the Finnish perspective to the study. In total, eight experts and entrepreneurs/companies were interviewed, and all interviews were recorded and transcribed to allow an extensive and trustworthy analysis of the gathered empirical data. Additionally, 20 news articles and online publications were collected from trusted and reputable Finnish newspapers and websites.

The findings from empirical data mostly confirm that Finnish companies entering Sub-Saharan Africa encounter the same risks as well as are affected by the same institutional and resource-based factors during the market entry process as covered in previous research and academic literature. For example, *lack of knowledge and partner*, *lack of funding and support* as well as *lack of infrastructure* were found as central risks for Finnish companies according to empirical data, and the same risks were also identified in previous research regarding foreign companies' market entry. Thus, this study can answer the first sub-question of the thesis.

Findings regarding institutions and resources found that Finnish companies should enter markets that have enabling institutional environments and choose market entry strategies that counter the effects of possible institutional voids or imperfections as well as acquire partners who can help navigate the Sub-Saharan African institutional environment. Additionally, findings noted that Finnish companies require resources such as local knowledge, funding, and support to successfully enter Sub-Saharan African markets. These findings do not completely support previous research and academic literature on the effects of institutions and resources on foreign companies' market entry, but they shed light on what Finnish companies expect from the Sub-Saharan African institutional environment and what resources they need to successfully enter Sub-Saharan African markets. Thus, this study is also able to answer the two other sub-questions of this thesis.

The aim of this study was met by creating a set of practical implications for Finnish companies planning to enter Sub-Saharan African markets based on the theoretical background and empirical data of this study. Practical implications were presented to give Finnish companies concrete recommendations on what they should consider when entering Sub-Saharan African markets as well as how they can mitigate the central risks during the market entry process. Thus, this study contributes to supporting Finnish companies in successfully entering Sub-Saharan African markets and thus this thesis blesses the rains down in Africa for Finnish companies.

References

A horn of plenty found in Africa: Vesa Perälä explains how an SME paved the way to a lucrative market (2019) *Ilta-Sanomat 1.12.2019.*

Acquaah, M., Namatovu, R., & Kiggundu, M. N. (2021). Introduction to the special issue: Preliminary investigations into the COVID-19 pandemic and management in Africa. *Africa Journal of Management*, Vol. 7 (1), 1-12.

Adenikinju, A. F. – Oyeranti, O. (1999) Characteristics and Behavior of African Factor Markets and Market Institutions and Their Consequences for Economic Growth. *CID Working Paper Series 31*, Harvard University, Cambridge, MA.

Adeola, O. – Boso, N. – Adeniji, J. (2018) Bridging institutional distance: an emerging market entry strategy for multinational enterprises. In: *Emerging Issues in Global Marketing: A shifting paradigm*, Eds. Agarwal, J. – Wu, T. Springer, Cham.

Adisa, T. A. – Abdulraheem, I. – Mordi, C. (2014) The characteristics and challenges of small businesses in Africa: An Exploratory Study of Nigerian Small Business Owners. *Economic insights, trends and challenges*, Vol. 66 (4), 1-14.

Africa strategy seeks a strong trade partnership (2021) *Kauppapolitiikka 30.3.2021.* <https://kauppapolitiikka.fi/afrikka-strategia-tavoittelee-vahvaa-kauppakumppanuutta/>, retrieved 6.5.2023.

African era (2021) *Kauppapolitiikka 27.9.2021*.

African Continental Free Trade Area (AfCFTA) (2022) About. <https://au-afcfta.org/about/>, retrieved 19.12.2022.

Africa portal (2022) Africa: Key issues to track in 2022. <https://www.africaportal.org/features/africa-key-issues-track-2022/>, retrieved 3.5.2023.

Ahi, A. – Baronchelli, G. – Kuivalainen, O. – Piantoni, M. (2017) International Market Entry: How Do Small and Medium-Sized Enterprises Make Decisions? *Journal of International Marketing*, Vol. 25 (1), 1-21.

Ajide, F. M. (2020) Infrastructure and Entrepreneurship: Evidence from Africa. *Journal of Developmental Entrepreneurship*, Vol. 25 (3), 1-24.

Anderson E. – Gatignon H. (1986) Modes of foreign entry: A transaction cost analysis and propositions. *Journal of International Business Studies*, Vol. 17 (4), 1-26.

Amankwah-Amoah, J. – Adomako, S. – Danquah, J. K. – Opoku, R. A. – Zahoor, N. (2022) Foreign market knowledge, entry mode choice and SME international performance in an emerging market. *Journal of International Management*, Vol. 28 (4), 1-14.

Aronen, J. (2019) Suomi etsii Afrikkaa. *Kehitys – Utveckling 30.9.2019.* <https://kehityslehti.fi/8948/>, retrieved 28.10.2022.

Arslan, A. – Larimo, J. (2017) Greenfield Entry Strategy of Multinational Enterprises in the Emerging Markets: Influences of Institutional Distance and International Trade Freedom. *Journal of East-West Business*, Vol. 23 (2), 140-170.

Asongu, S. A. – Odhiambo, N. M. (2019) Challenges of doing business in Africa: A systematic review. *Journal of African Business*, Vol. 20 (2), 259-268.

Bell, E. – Bryman, A. (2007) The Ethics of Management Research: An Exploratory Content Analysis. *British Journal of Management*, Vol. 18 (1), 63-77.

Berman, L. R. – Balde, S. (2013) Business opportunities and challenges in Africa. *Euromonitor International*.

Blomqvist, K., 2005. Trust in a dynamic environment – fast trust as a threshold condition for asymmetric technology partnership formation in the ICT Sector. In: *Trust in Pressure, Investigations of Trust and Trust Building in Uncertain Circumstances*, Eds. Klein Woolthuis, R. – Bijlsma-Frankema, K. Edward Elgar Publishing, Inc. Cheltenham.

Blomqvist, K. – Hurmelinna-Laukkanen, P. – Nummela, N. – Saarenketo, S. (2008) The role of trust and contracts in the internationalization of technology-intensive Born Globals. *Journal of Engineering and Technology Management*, Vol. 25 (1-2), 123-135.

Boateng, A. (2004) Determinants of capital structure: Evidence from international joint ventures in Ghana. *International Journal of Social Economics*, Vol. 31 (1-2), 56-66.

Bowen, M. – Morara, M. – Mureithi, S. (2009) Management of Business Challenges among Small and Micro Enterprises in Nairobi – Kenya. *KCA Journal of Business Management*, Vol. 2 (1), 16-31.

Boddewyn, J. J. – Peng, M. W. (2021) Reciprocity and informal institutions in international market entry. *Journal of World Business*, Vol. 56 (1), 1-11.

Britannica (2023) Empiricism. < https://www.britannica.com/topic/empiricism>, retrieved 7.2.2023.

Brouthers, K. D. – Brouthers, L. E. – Wilson, B. J. (2001) Start-up versus acquisition: making the right diversification mode choice. *Global Focus*, Vol. 13 (1), 27-35.

Brouthers, K. D. – Nakos, G. (2004) SME entry mode choice and performance: A transaction cost perspective. *Entrepreneurship Theory and Practice*, Vol. 28 (3), 229-247.

Brouthers, K. D. – Brouthers, L. E. – Werner, S. (2008) Resource-based advantages in an international context. *Journal of Management*, Vol. 34 (2), 189-217.

Business Finland (2019) Rohkeasti Afrikkaan. <https://www.businessfinland.fi/ajankohtaista/blogs/2019/rohkeasti-afrikkaan>, retrieved 9.11.2022.

Business Finland (2022) Offices. <https://www.businessfinland.fi/en/for-finnish-customers/contact/contact-us#offices>, retrieved 28.10.2022.

Business Insider Africa (2022) 5 key challenges of doing business in Africa. <https://africa.businessinsider.com/local/markets/5-key-challenges-of-doing-business-in-africa/1cb00x8>, retrieved 3.11.2022.

Chen, R. – Cui, L. – Li, S. – Rolfe, R. (2017) Acquisition or greenfield entry into Africa? Responding to institutional dynamics in an emerging continent. *Global Strategy Journal*, Vol. 7 (2), 212-230.

Cohen, D. – Crabtree, B. (2006) Qualitative Research Guidelines Project. <http://www.qualres.org/index.html>, retrieved 1.4.2023.

Confederation of Finnish Industries (Elinkeinoelämän keskusliitto EK) (2020) Afrikka-politiikan uusi aika. <https://ek.fi/wp-content/uploads/Afrikka-politiikan-uusi-aika_EK_01072020.pdf>, retrieved 9.11.2022.

Creswell, J. W. (2007*) Qualitative inquiry and research design: Choosing among five approaches*. Sage Publications, Thousand Oaks, CA.

d'Agostino, G. – Dunne, J. P. – Pieroni, L. (2016) Corruption and growth in Africa. *European Journal of Political Economy*, Vol. 43, 71-88.

Ebekozien, A. (2020) Corrupt acts in the Nigerian construction industry: is the ruling party fighting corruption? *Journal of Contemporary African Studies*, Vol. 38 (3), 348-365.

Eduardsen, J. – Marinova, S. (2020) Internationalisation and risk: Literature review, integrative framework and research agenda. *International Business Review*, Vol. 29 (3), 1-35.

El Baz, J. – Laguir, I. – Stekelorum, R. (2019) Logistics and supply chain management research in Africa: A systematic literature review and research agenda. *The International Journal of Logistics Management*, Vol. 30 (1), 8-38.

Ekeledo, I. – Sivakumar, K. (2004) International market entry mode strategies of manufacturing firms and service firms: A resource-based perspective. *International Marketing Review*, Vol. 21 (1), 8-101.

Endris, E. – Kassegn, A. (2022) The role of micro, small and medium enterprises (MSMEs) to the sustainable development of sub-Saharan Africa and its challenges: a systematic review of evidence from Ethiopia. *Journal of Innovation and Entrepreneurship*, Vol. 11 (20), 1-18.

Eriksson, P. – Kovalainen, A. (2008) *Qualitative methods in business research: A practical guide to social research*. Sage Publishing.

Eskola, J. – Suoranta, J. (1998) *Johdatus laadulliseen tutkimukseen*. Vastapaino, Tampere.

ETK Group (2021) Identifying the Key Challenges of Doing Business in Africa. <https://www.etkgroup.co.uk/identifying-the-key-challenges-of-doing-business-in-africa/>, retrieved 31.10.2022.

Europe Information (2022) Miten Afrikan maat ja EU tekevät yhteistyötä? <https://eurooppatiedotus.fi/2022/02/15/miten-afrikan-maat-ja-eu-tekevat-yhteistyota/>, retrieved 6.5.2023.

European External Action Service (EEAS) (2023) Africa and the EU. <https://www.eeas.europa.eu/eeas/africa-and-eu_en>, retrieved 2.5.2023.

Finncham (2020) News. <https://www.finncham.fi/news/2020/11/12/afrikka-mahdollisuudet-ja-haasteet-2020-ja-sen-jlkeen>, retrieved 31.10.2022.

Finland Abroad (2022a) FinNam150. <https://finlandabroad.fi/web/nam/finnam150>, retrieved 28.10.2022.

Finland Abroad (2022b) Finland and Nigeria <https://finlandabroad.fi/web/nga/finland-and-nigeria>, retrieved 28.10.2022.

Finland's Africa strategy: Towards a stronger political and economic partnership (2021) Government decision-in-principle. Ministry for Foreign Affairs of Finland, Helsinki.

Finnish customs (2019) Suomen ja Afrikan maiden välinen kauppa. <https://tulli.fi/documents/2912305/3331101/Suomen+ja+Afrikan+maiden+v%C3%A4linen+kauppa+2019/57ff3406-2fb2-454a-38e5-d15edf53bff6/Suomen+ja+Afrikan+maiden+v%C3%A4linen+kauppa+2019.pdf?version=1.0&t=1561365529000>, retrieved 28.10.2022.

Finnish entrepreneurs have plenty of challenges in Africa, starting with China (2018) *MTV News 13.9.2018.*

Fox, E. M. – Mor B. (2019) *Making Markets Work for Africa: Markets, Development, and Competition Law in Sub-Saharan Africa*. Oxford Academic, New York.

Fuentelsaz, L. – Garrido, E. – Maicas, J. P. (2020) The effect of informal and formal institutions on foreign market entry selection and performance. *Journal of International Management*, Vol. 26 (2), 1-17.

Ghauri, P. – Gronhaug, K. (2002) *Research methods in business studies: a practical guide*. Prentice Hall, Harlow.

Giachetti, C. – Peprah, A. A. (2022) How much control do firms exercise over their resources when entering emerging markets? The influence of institutional voids on entry mode degree of control. *Business Research Quarterly*, Vol. 25 (2), 122-142.

Githaiga, N. M. – Burimaso, A. – Bing, W. – Ahmed, S. M. (2019) The belt and road initiative: Opportunities and risks for Africa's connectivity. C*hina Quarterly of International Strategic Studies*, Vol. 5 (1), 117-141.

Guba, E. G. – Lincoln, Y. S. (1994) Competing paradigms in qualitative research. *Handbook of Qualitative Research*, Vol. 2, 105-116.

Harrigan, K. R. (1981) Deterrents to Divestiture. *Academy of Management Journal*, Vol. 24 (2), 306-323.

Hart S. J. (1991) A first-time user's guide to the collection and analysis of interview data from senior managers. In: *The Management Research Handbook*, Eds. Smith, N. L. – Dainty, P. Routledge, London.

Hearn, B. (2015) Institutional influences on board composition of international joint venture firms listing on emerging stock exchanges: Evidence from Africa. *Journal of World Business*, Vol. 50 (1), 205-219.

Hernández, V. – Nieto, M. J. (2015) The effect of the magnitude and direction of institutional distance on the choice of international entry modes. *Journal of World Business*, Vol. 50 (1), 122-132.

Hirsjärvi, S. – Remes, P. – Sajavaara, P. – Sinivuori, E. (2009) *Tutki ja kirjoita*. Tammi, Helsinki.

Hoskisson, R. E. – Kim, H. – White, R. E. – Tihanyi, L. (2004) *A framework for understanding international diversification by business groups from emerging economies*. Emerald Group Publishing Limited, Bingley.

Huang, Y. – Sternquist, B. (2007) Retailers' foreign market entry decisions: An institutional perspective. *International Business Review*, Vol. 16 (5), 613-629.

International Money Fund (2022) External Datamapper <https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/AD>, retrieved 19.10.2022.

Jankowicz, A. D. (1995) *Business Research Projects*. Chapman & Hall, London.

Kallio, H. – Pietilä, A.-M. – Johnson, M. – Kangasniemi, M. (2016) Systematic methodological review: developing a framework for a qualitative semi-structured interview guide. *Journal of Advanced Nursing*, Vol. 72 (12), 2954-2965.

Kamoche, K. – Wood, G. (2023) International business and Africa: Theoretical and applied challenges, and future directions. *Journal of International Business Studies*, Vol. 54 (5), 956-967.

Kauppinen A.-S. – Puusniekka A. (2009) *Menetelmäopetuksen tietovaranto KvaliMOTV*. Yhteiskuntatieteellinen tietoarkisto, Tampereen yliopisto.

Kontinen, T. – Ojala, A. (2010) Internationalization pathways of family SMEs: psychic distance as a focal point. *Journal of Small Business and Enterprise Development*, Vol. 17 (3), 437-454.

Lakmeeharan, K. –Manji, Q. – Nyairo, R. – Poeltner, H. (2020) Solving Africa's infrastructure paradox, *McKinsey & Company 6.3.2020.* <https://www.mckinsey.com/capabilities/operations/our-insights/solving-africas-infrastructure-paradox>, retrieved 20.12.2022.

Landau, C. – Karna, A. – Sailer, M. (2016) Business model adaptation for emerging markets: a case study of a German automobile manufacturer in India: Business model adaptation for emerging markets. *R & D Management*, Vol. 46 (3), 480-503.

Laufs, K. – Schwens, C. (2014) Foreign market entry mode choice of small and medium-sized enterprises: A systematic review and future research agenda. *International Business Review*, Vol. 23 (6), 1109-1126.

Leke A. – Signé L. (2019) *Spotlighting opportunities for business in Africa and strategies to succeed in the world's next big growth market*. Africa's Untapped Business Potential: Countries, Sectors, and Strategies.

Liedong, T. A. – Peprah, A. A. – Amartey, A. O. – Rajwani, T. (2020) Institutional voids and firms' resource commitment in emerging markets: A review and future research agenda. *Journal of International Management*, Vol. 26 (3), 1-21.

Liesch, P. W. – Welch, L. S. – Buckley, P. J. (2011) Risk and uncertainty in internationalisation and international entrepreneurship studies. *Management International Review*, Vol. 51 (6), 851-873.

Lincoln, Y. S. – Guba, E. G. (1985) *Naturalistic inquiry*. Sage Publications, London.

Lindsay, V. – Rod, M. – Ashill, N. (2017) Institutional and resource configurations associated with different SME foreign market entry modes. *Industrial Marketing Management*, Vol. 66, 130-144.

Luiz, J. M. – Stewart, C. (2014) Corruption, South African multinational enterprises and institutions in Africa. *Journal of Business Ethics*, Vol. 124 (3), 383-398.

Luke, R. – Walters, J. (2023) Logistics Challenges and Opportunities in Africa in the 2020s. In: *Global Logistics and Supply Chain Strategies for the 2020s*, Eds. Merkert, R. – Hoberg, K. Springer, Cham.

Manikandan, K.S. – Ramachandran, J. (2015) Beyond institutional voids: business groups, incomplete markets, and organizational form. *Strategic Management Journal*, Vol. 36 (4), 598-617.

McKinsey & Company (2010) Africa's path to growth: Sector by sector. <https://www.mckinsey.com/featured-insights/middle-east-and-africa/africas-path-to-growth-sector-by-sector>, retrieved 7.11.2022.

Meyer, C. B. (2001) A case in case study methodology. *Field Methods*, Vol. 13 (4), 329-352.

Meyer, K. E. – Estrin, S. – Bhaumik, S. K. – Peng, M. W. (2009) Institutions, resources, and entry strategies in emerging economies. *Strategic Management Journal*, Vol. 30 (1), 61-80.

Miles, M. B. – Huberman, A. M. (1994) *An Expanded Sourcebook: Qualitative data analysis*. Sage Publications, Thousand Oaks, California.

Ministry for Foreign Affairs of Finland (2022a) About Finland's Africa Strategy. <https://um.fi/about-finland-s-africa-strategy>, retrieved 16.10.2022.

Ministry for Foreign Affairs of Finland (2022b) Finland's representation abroad by country. <https://um.fi/ finland-s-representation-abroad-by-country >, retrieved 28.10.2022.

Ministry for Foreign Affairs of Finland (2022c) Suomen uusi edustusto avautunut Senegalissa. <https://um.fi/uutiset/asset_publisher/GRSnUwaHDPv5/content/suomen-uusi-edustusto-avautunut-senegalissa/35732>, retrieved 28.10.2022.

Monaghan, S. – Gunnigle, P. – Lavelle, J. (2014) “Courting the multinational”: Subnational institutional capacity and foreign market insidership. *Journal of International Business Studies*, Vol. 45 (2), 131-150.

Müllner, J. (2016) From uncertainty to risk – A risk management framework for market entry. *Journal of World Business*, Vol. 51 (5), 800-814.

Munemo, J. (2012) Business Regulations and Private Domestic Investment in Africa. *Journal of African Business*, Vol. 13 (2), 157-164.

Muriithi, S. M. (2017) African Small and Medium Enterprises (SMEs) Contributions, Challenges and Solutions. *European Journal of Research and Reflection in Management Sciences*, Vol. 5 (1), 36-48.

Nachum, L. – Stevens, C. E. – Newenham-Kahindi, A. – Lundan, S. – Rose, E. L. – Wantchekon, L. (2022) Africa rising: Opportunities for advancing theory on people, institutions, and the nation state in international business. *Journal of International Business Studies*, Vol. 54 (5), 938-955.

Namatovu, R. – Larsen, M. M. (2021) Responding to COVID-19: Insights from African firms. *Africa Journal of Management*, Vol. 7 (1), 104-120.

Ncube, M. – Lufumpa, C. L. (2017) *Infrastructure in Africa: lessons for future development*. Policy Press, Bristol, UK.

New World Encyclopedia (2023) Sub-Saharan Africa. <https://www.newworldencyclopedia.org/entry/Sub-Saharan_Africa>, retrieved 3.5.2023.

No fear of working in East Africa (2014) *Arvopaperi 14.3.2014.*

OECD (2022) State of Fragility 2022. <https://www.oecd.org/dac/states-of-fragility-fa5a6770-en.htm>, retrieved 3.5.2023.

Oguji, N. – Owusu, R.A. (2017) Acquisitions Entry Strategies in Africa: The Role of Institutions, Target-Specific Experience, and Host-Country Capabilities—The Case Acquisitions of Finnish Multinationals in Africa. *Thunderbird International Business Review*, Vol. 59 (2), 209-225.

Oguji, N. – Owusu, R.A. (2021) Market entry into Africa: Acquisitions and international joint ventures. Studies of foreign firms' market entry strategies, challenges, and performance in Africa. *Thunderbird International Business Review*, Vol. 63 (1), 5-9.

Okpara, J. O. – Wynn, P. (2007) Determinants of small business growth constraints in a sub-Saharan African economy. *S.A.M. Advanced Management Journal*, Vol. 72 (2), 24-35.

Parmigiani, A. – Rivera-Santos, M. (2015) Sourcing for the base of the pyramid: Constructing supply chains to address voids in subsistence markets. *Journal of Operations Management*, Vol. 33-34 (1), 60-70.

Peng, M. W. (2003) Institutional transitions and strategic choices. *The Academy of Management Review*, Vol. 28 (2), 275-296.

Puusa, A. – Juuti, P. (2011) *Menetelmäviidakon raivaajat: perusteita laadullisen tutkimuslähestymistavan valintaan*. JTO, Helsinki.

Randøy, T. – Dibrell, C. C. (2002) How and Why Norwegian MNCs Commit Resources Abroad: Beyond Choice of Entry Mode. *Management International Review*, Vol. 42 (2), 119-140.

Rising Africa (2014) *Kauppapolitiikka 5.9.2014.*

Sharma, P. – Leung, T. Y. – Kingshott, R. P. J. – Davcik, N. S. – Cardinali, S. (2020) Managing uncertainty during a global pandemic: An international business perspective. *Journal of Business Research*, Vol. 116, 188-192.

Shenton, A. K. (2004) Strategies for ensuring trustworthiness in qualitative research projects. *Education for Information*, Vol. 22 (2), 63-75.

Signé L. (2018a) *Africa's consumer market potential: Trends, drivers, opportunities, and strategies*. Brookings Institution, United States of America.

Signé L. (2018b) *The potential of manufacturing and industrialization in Africa: Trends, opportunities, and strategies*. Brookings Institution, United States of America.

Silverman, D. (2005) *Doing Qualitative Research. – a Practical Handbook.* Sage Publications, London.

Sitra (2022) Afrikka ponnistaa kohti kiertotaloutta. <https://www.sitra.fi/artikkelit/afrikka-ponnistaa-kohti-kiertotaloutta/>, retrieved 6.5.2023.

Slangen, A. H. L. – van Tulder, R. J. M. (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*, Vol. 18 (3), 276-291.

Spencer, J – Gomez, C. (2011) MNEs and corruption: the impact of national institutions and subsidiary strategy. *Strategic Management Journal*, Vol. 32 (3), 280-300.

Supporting Climate Resilience and a Just Energy Transition in Africa (2022) African Economic Outlook 2022. African Development Bank, Abidjan.

The Coal Train Derails (2014) *Africa confidential 6.8.2014*. <https://www.africa-confidential.com/article-preview/id/5724/The_coal_train_derails>, retrieved 13.5.2023.

The Deloitte Consumer Review (2014) Africa: a 21st century view. <https://www2.deloitte.com/content/dam/Deloitte/ng/Documents/consumer-business/the-deloitte-consumer-review-africa-a-21st-century-view.pdf>, retrieved 16.10.2022.

The World Bank (2022a) Region Africa. <https://www.worldbank.org/en/region/afr/overview>, retrieved 19.10.2022.

The World Bank (2022b) Press Release. <https://www.worldbank.org/en/news/press-release/2022/10/04/african-governments-urgently-need-to-restore-macro-economic-stability-and-protect-the-poor-in-a-context-of-slow-growth>, retrieved 19.12.2022.

The World Bank (2023a) Western and Central Africa. <https://www.worldbank.org/en/region/afr/western-and-central-africa>. retrieved 2.5.2023.

The World Bank (2023b) Eastern and Southern Africa. <https://www.worldbank.org/en/region/afr/eastern-and-southern-africa>, retrieved. 2.5.2023.

The World Bank (2023c) Leveraging Resource Wealth During the Low Carbon Transition. *Africa's Pulse*, Vol. 27.

The World Bank (2023d) Data. <https://data.worldbank.org/indicator/LP.LPI.INFR.XQ?end=2018&most_recent_value_desc=false&start=2018&type=shaded&view=map&year=2018>, retrieved 7.5.2023.

Transparency International (2023a) CPI 2022 For Sub-Saharan Africa: Corruption Compounding Multiple Crises. <https://www.transparency.org/en/news/cpi-2022-sub-saharan-africa-corruption-compounding-multiple-crises>, retrieved 7.5.2023.

Transparency International (2023b) Corruption Perceptions Index 2022. <https://www.transparency.org/en/cpi/2022/>, retrieved 7.5.2023.

Tuomi, J. – Sarajärvi, A. (2018) *Laadullinen tutkimus ja sisällönanalyysi*. Kustannusosakeyhtiö Tammi, Helsinki.

UNCTAD (2022) Economic Development in Africa Report 2022. <https://unctad.org/edar2022>, retrieved 2.5.2023.

UNCTAD (2021) Facts and Figures. <https://unctad.org/press-material/facts-and-figures-7>, retrieved 19.10.2022.

Vaaler, P. M. – James, B. E. – Aguilera, R. V. (2008) Risk and capital structure in Asian project. *Asia Pacific Journal of Management*, Vol. 25 (1), 25-50.

Wiles, R. (2012) *What are qualitative research ethics?* Bloomsbury Academic, London.

World Bank Blogs (2022) An adjustment to global poverty lines. <https://blogs.worldbank.org/voices/adjustment-global-poverty-lines>, retrieved 19.12.2022.

Wright, R. J. (2013) *Research methods for counselling: An introduction*. Sage Publications, Thousand Oaks, California.

Xu, D. – Meyer, K. E. (2013) Linking Theory and Context: 'Strategy Research in Emerging Economies' after Wright et al. (2005). *Journal of Management Studies*, Vol. 50 (7), 1322-1346.

Yazan, B. (2015) Three Approaches to Case Study Methods in Education: Yin, Merriam, and Stake. *Qualitative Report*, Vol. 20 (2), 134-152.

Yle in Nigeria: Finnish companies shy away from Africa's biggest country (2015) *Yle News 16.1.2015.*

Zhang, W. – He, X. – Wang, T. – Wang, K. (2023) Institutional distance and the international market entry mode: A meta-analysis. *Journal of International Management*, Vol. 29 (1), 1-20.

Appendices

Appendix 1 Sub-Saharan African countries

Angola	Benin	Botswana	Burkina Faso	Burundi	Cabo Verde
Cameroon	Central African Republic	Chad	Comoros	Democratic Republic of Congo	Republic of Congo
Côte d'Ivoire	Equatorial Guinea	Eritrea	Eswatini	Ethiopia	Gabon
The Gambia	Ghana	Guinea	Guinea-Bissau	Kenya	Lesotho
Liberia	Madagascar	Malawi	Mali	Mauritania	Mauritius
Mozambique	Namibia	Niger	Nigeria	Rwanda	São Tomé and Príncipe
Senegal	Seychelles	Sierra Leone	Somalia	South Africa	South Sudan
Sudan	Tanzania	Togo	Uganda	Zambia	Zimbabwe

Appendix 2 Interview guide

Background information

- Please tell your name, the name of the organization that you represent and talk shortly about your organization and your role.
- Please tell me shortly about your experiences regarding internationalization, export promotion, and international trade.
- Please tell me shortly about your skills and experiences about Africa.

Theme 1: African business environment and its risks

- How do you see the African business environment for Finnish companies currently?
    - Why is that?
- How do risks differ between different African countries?
    - How does this affect Finnish companies?
- What industry related risks do African markets hold?
    - How this affects Finnish companies?
- How do challenges and risks encountered in Africa differ from those encountered in other continents, countries, or regions?
    - Why is that?
- How do challenges and risks encountered by Finnish companies differ in Africa compared to for example other European countries?
- How much uncertainty would you say the African business environment currently has for Finnish companies?
    - Why is it so?

Theme 2: Market entry strategies

- What comes to your mind about market entry strategies?
- When a market entry is successful?
- How do different market entry strategies work when entering African markets?
    - Why is it so?

- Can you give examples where the chosen strategy has been working well in market entry to Africa?
- How about examples where the chosen strategy has clearly affected the failure of market entry?

Theme 3: Institutional effect on market entry

- In your opinion, how target country's institutional environment affects market choice?
- How does it affect market entry?
- Which factors in the institutional environment support market entry?
- In your opinion, how should Finnish companies take into account the target market's institutional environment in their market entry?

Theme 4: Role of resources in market entry

- Do you see that Finnish companies require special resources (e.g., specific skills, time, money, etc.) to overcome challenges and risks in Africa?
    - What resources?
    - Why are they needed?
- How about regarding market entry?
- Can you give examples where certain resources have been working well in market entry to Africa?
- How about examples where certain resources have clearly affected the failure of market entry?
- In your opinion, what resources do Finnish companies require to successfully enter African markets?

Appendix 3 Data management plan

1. Research data

Research data type	Contains personal details/information*	I will gather/produce the data myself	Someone else has gathered/produced the data	Other notes
Data type 1: *Interviews*	x	x		
Data type 2: *Recordings*	x	x		
Data type 3: *Notes*	x	x		
Data type 4: *Transcriptions*		x		
Data type 5: *Online articles*			x	

* Personal details/information are all information based on which a person can be identified directly or indirectly, for example by connecting a specific piece of data to another, which makes identification possible. For more information about what data is considered personal go to the Office of the Finnish Data Protection Ombudsman's website

2. Processing personal data in research

I will prepare a Data Protection Notice** and give it to the research participants before collecting data ☒

The controller** for the personal details is the student themself ☒ the university ☐

My data does not contain any personal data ☐

** More information at the university's intranet page, Data Protection Guideline for Thesis Research

3. Permissions and rights related to the use of data

Before the interviews, I will highlight the following issues related to data management:

Data type 1: Interviews

- The interviews are recorded for analysis, and I will do personal notes during the interviews.
- The collected data will be used for research purposes only.

Data type 2: Recordings

- Recordings are stored on the university-provided Seafile Cloud Service and the researcher's personal computer during the research.
- The collected data will be used for research purposes only.

Data type 3: Notes

- Notes are kept in the university-provided Seafile Cloud Service and on the researcher's personal computer during the research.
- The collected data will be used for research purposes only.

Data type 4: Transcriptions

- The transcribed results do not contain personal information about the interviewee or identifiable information about the organization.
- The transcribed results will be kept in the university-provided Seafile Cloud Service and on the researcher's personal computer until the thesis is completed and evaluated.
- The collected data will be used for research purposes only.

Data type 5: Online articles

- Collected articles and online publications do not contain personal information about the interviewee or identifiable information about the organization.
- Collected articles and online publications will not be saved anywhere.
- The collected data will be used for research purposes only.

4. Storing the data during the research process

In the university's network drive ☐
In the university-provided Seafile Cloud Service ☒
Other location, please specify: ☒
Other location: Researcher's personal computer.

I will record the interviews on the Teams platform on my personal computer. The recordings are immediately transferred to the university-provided Seafile Cloud Service.

5. Documenting the data and metadata

5.1 Data documentation

To document the data, I will use:

A field/research journal ☐

A separate document where I will record the main points of the data, such as changes made, phases of analysis, and significance of variables ☒

A readme file linked to the data that describes the main points of the data ☐

Other, please specify: ☐

5.2 Data arrangement and integrity

I will keep the original data files separate from the data I am using in the research process so that I can always revert back to the original, if need be. ☒

Version control: I will plan before starting the research how I will name the different data versions and I will adhere to the plan consistently. ☐

I recognize the life span of the data from the beginning of the research and am already prepared for situations, where the data can alter unnoticed, for example, while recording, transcribing, downloading, or in data conversions from one file format to another, etc. ☐

5.3 Metadata

I will save my data in an archive or a repository that will take care of the metadata for me. ☐

I will have to create the metadata myself because the archive/repository where I am uploading the data requires it. ☐

I will not store my data in a public archive/repository, and therefore I will not need to create any metadata. ☒

6. Data after completing the research

I will store all data until the thesis is completed, approved, and assessed.

Data will be stored on the university-provided Seafile Cloud Service and the researcher's personal computer until destroyed.

Appendix 4 Privacy notice

(The model includes the information required under Articles 13 and 14 of the EU GDPR):

1. Name of the register:

Experts' views on factors affecting successful market entry to Africa.

2. Data Controller:

Ville Jokinen, 040 5550952 vvjoki@utu.fi
Turku School of Economics, Department of Marketing and International Business, Rehtorinpellonkatu 3, 20500 Turku

3. Contact information of the responsible person:

Ville Jokinen, 040 5550952, vvjoki@utu.fi

4. **Purpose and legal basis for the processing of personal data:**

The research collects experts' views and experiences on factors affecting successful market entry to Africa. Email addresses are used when sending out invitations to interviews. The interviews involve collecting information on experts' experiences and views on e.g., the African business environment and challenges, market entry strategies as well as the role of institutions and resources.

The legal basis for processing personal data in Article 6 of the EU General Data Protection Regulation is:

☒ Processing is necessary for scientific research (public interest, Point 1a of Article 6)

☐ Data subject has given their consent to processing personal data (consent, Point 1e of Article 6)

☐ Other, what__________________

5. Processed personal data:

The following information about the data subjects is stored in the register:
Name, email address, profession, title, organization.

6. Recipients and recipient groups of personal data:

The data will not be transferred or disclosed to parties outside the research group.

7. Information on transferring data to third countries:

Personal data will not be disclosed to parties outside the EU or the European Economic Area.

8. Retention period of personal data or criteria for its determination:

The recorded interviews will be transcribed into text files and the recordings will be destroyed. Simultaneously, the research data will be anonymized by erasing identifiable personal data. Personal data is stored until the thesis is completed, approved, and assessed, after which the data is disposed of securely.

9. Rights of the data subject:

The data subject has the right to access their personal data retained by the Data Controller, the right to rectification or erasure of data, and the right to restrict or object the processing of data. The right to erasure is not applied for scientific or historic research purposes in so far as the right to erasure is likely to render impossible or seriously impair the achievement of the objectives of that processing.

The realization of the right to erasure is assessed on a case-by-case basis.

The data subject has the right to lodge a complaint with the supervisory authority.

10. Information on the source of personal data:

To send the invitations to the interview, email addresses or the possibility of forwarding a message are requested from the universities or obtained from the interviewee’s organization’s website. The other data is collected directly from those who participate in the interviews for the study.

11. Information on the existence of automatic decision-making, including profiling:

The data will not be used for automatic decision-making or profiling.