Institutional factors influencing the internationalisation of emerging market telecommunication firms in Nigeria

Ugbede Umoru

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Abstract

Past literature on the internationalisation of telecommunication firms has documented evidence on how politics, regulations, market, corruption and cultural factors influence international telecommunication firms at entry in a host market. However, how these factors influence post-entry requires more attention. This thesis, using the institutional theory as a lens, aims to draw attention to the institutional factors that influence the post-entry expansion of emerging market telecommunication firms in Nigeria.

This thesis adopts a multiple case qualitative study involving forty-seven interviews and secondary documents, which were thoroughly examined to ensure triangulation of data. The findings demonstrate that in addition to the key formal institutions, among which are the role of politicians, the tax system and the Central Bank of Nigeria (CBN), informal factors in the shape of community and infrastructural challenges have an influence at post-entry.

This thesis advances a more nuanced understanding of how institutional factors influence the post-entry of an international telecommunication firm. First, this thesis demonstrates that both formal institutions in the form of politicians and regulators, as well as informal institutions, namely the communities coerce the international telecommunication firms by making financial demands on them and arbitrarily disrupting the building of telecommunication base stations (TBS). Second, it contributes to the institutional theory literature from an African perspective by demonstrating that while formal and informal institutions co-exist they influence post-entry independently.

Further, institutional theory research has largely ignored Africa as a research setting, limiting our understanding of the nuances this context can contribute to management literature. This thesis identifies the range of strategies including corporate social responsibilities (CSR), bribery and engagement adopted by international telecommunication firms to manage both the formal and informal institutions. Finally, identifying these strategies shows that international telecommunication firms can legitimatise their operations even in an unstable environment. Regarding policy implication, it provides empirical evidence to show that the 2003 Nigerian telecommunication Act requires updating by the regulators to acknowledge the role the informal institutions play in the sector.
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List of abbreviations
AT&T American Telephone & Telegraph
ANC African National Congress
ALTON Association of Licensed Telecommunication Operators of Nigeria
ASEAN Association of South East Nations
BRICS Brazil, Russia, India, China and South Africa
BTS Base Transceiver Station
CAPEX Capital Expenditure
CDMA Code Division Multiple Access
CSR Corporate Social Responsibility
FDI Foreign Direct Investment
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>ICRG</td>
<td>International Country Risk Guide</td>
</tr>
<tr>
<td>ITU</td>
<td>International Telecommunication Union</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>ITT</td>
<td>International Telephone &amp; Telegraph</td>
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<tr>
<td>IBV</td>
<td>Industry Base View</td>
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<tr>
<td>LTE</td>
<td>Long Term Evolution</td>
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<tr>
<td>MINT</td>
<td>Malesia, Indonesia, Nigeria and Turkey</td>
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<tr>
<td>MNCs</td>
<td>Multinational Corporations</td>
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<tr>
<td>MTN</td>
<td>Mobile Telecommunication of Nigeria</td>
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<tr>
<td>MTC</td>
<td>Mobile Telecommunication Company</td>
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<tr>
<td>NCC</td>
<td>Nigerian Communications Commission</td>
</tr>
<tr>
<td>NESREA</td>
<td>Nigerian Environmental and Standard Regulatory Enforcement Agency</td>
</tr>
<tr>
<td>NITEL</td>
<td>Nigerian Telecommunication Limited</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation of Economic Corporation and Development</td>
</tr>
<tr>
<td>OPEX</td>
<td>Operational Expenditure</td>
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<tr>
<td>PRS</td>
<td>Political Risk Services</td>
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<tr>
<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<tr>
<td>SIM</td>
<td>Subscriber Identification Module</td>
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<tr>
<td>TBS</td>
<td>Transceiver Base Station</td>
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<tr>
<td>UA</td>
<td>Universal Access</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>USA</td>
<td>United State of America</td>
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<tr>
<td>USPF</td>
<td>Universal Service Provision Fund</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<tr>
<td>WHO</td>
<td>World Health Organisation</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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Chapter 1 Introduction to thesis

1.1 Introduction

Existing research on the factors that influence firms’ internationalisation, which refers to how firms enter and expand in foreign countries (Welch and Luostarinen, 1988), have advanced our understanding of the influence of political, regulatory, market, corruption, firm level and cultural factors at entry stage (Sarkar, Cavusgil and Aulakh, 1999; Globerman and Shapiro, 2002; Guler and Guillén, 2010; Ozturk, Joiner and Cavusgil, 2015; Nielsen Asmussen and Weatherall, 2017). However, how these factors influence the post-entry of international firms requires more attention given that the nature of doing business in the context of an emerging market can be characterised by uncertainty. While the entry stage is the stage firms negotiate access to enter a foreign market, the post-entry is an important stage in firms’ internationalisation process, where international firms can expand or exit the market (Mata and Portugal, 2000). For example, in the telecommunication sector, international telecommunication firms can expand in terms of network infrastructure and subscriptions in the host country. This thesis, therefore, aims to offer insight into how institutional factors influence the post-entry expansion of international telecommunication firms from emerging market in Nigeria.

This thesis has undertaken a critical review of the literature to broaden our understanding of what we know regarding the factors that have influenced the internationalisation of firms and in particular the internationalisation of telecommunication firms and show the need to investigate their post-entry. The review of past literature shows that, firstly, it is not yet clear how political institutions, which are government departments found by previous studies to
influence international firms at entry, can influence them at post-entry (Levy and Spiller, 1994; Sarkar et al., 1999; Guler and Guillén, 2010; Nielsen et al., 2017).

For example, Mudambi and Navarra (2002) demonstrate that political factors such as the democratic government in developed host countries, including the US and other developed countries in Europe, determine investment. Asiedu (2006, 2011) investigated investment in natural resources in developing countries and concluded that political stability is an important determinant in attracting foreign investment. Guler and Guillén (2010) examined the impact of the political environment on 216 American venture capital firms from 1999-2001 and found host countries’ characteristics such as political institutions engendered an investment climate that attracted foreign firms. Therefore, attention has increasingly been drawn to the influence of political institutions when firms decide to enter a foreign market, with less attention paid to post-entry. After an examination of 153 quantitative studies on foreign investment destinations, Nielsen et al. (2017) suggested that there is a need for future empirical research to investigate the role of political institutions at post-entry because the number of research carried out on the influence of institution on firms’ activities after entry is relatively small.

In the telecommunication sector studies, investigation have shown the role of the political institution. Levy and Spiller (1994) use a case study of Argentina, Chile, Jamaica, the Philippines and the UK to determine the extent political factors underpin internationalising telecommunication firms. The study found a political institution to be a prerequisite to private sector investment in the telecommunication sector at entry in a host market. Gutiérrez and Berg (2000) who examined the telecommunication development in Latin America found that the political factor is one of the most important as regards boosting investment in the sector in Latin
American countries. Drawing on the studies of Gutiérrez and Berg (2000), Aguiar et al. (2012) investigated the influence of political institutions on foreign investment to determine the extent to which political institutions influence international firms. The study found that a major concern at entry is the political risk to the business operation of the international firms. For this reason, extant studies on telecommunication firms’ internationalisation have drawn attention to the importance of political institutions at entry with a limited focus on the post-entry. Therefore, this thesis aims to respond to this call by investigating the role of the political institution at the post-entry expansion of the international telecommunication firms.

Another reason there is less clarity regarding the extent to which regulatory institutional factor influence firms’ internationalisation at post-entry is because previous empirical studies have limited the importance of regulatory institutions to just a factor to be considered before entering the international market (Globerman and Shapiro, 2002; Farla, Crombrugghe and Verspagen, 2016). Globerman and Shapiro (2002) demonstrate in their investigation of the role of institutions in attracting investment to host countries that a regulatory environment attracts investment. Kaufmann et al. (2009) found in their investigation into factors that determine investment in Greece, Bulgaria, and Romania and Croatia that a better regulatory institution has an overall impact on foreign investment. In the study of the telecommunication sector in 22 Latin American countries, Gutierrez (2003) found that sound regulatory governance regarding the telecommunication sector has a positive impact on the telecommunication firms’ network investment when entering the foreign market.
Moreover, in the investigation of the importance of regulation to international telecommunication firms, Clifton et al. (2011) show how regulation shapes the path towards telecommunication firms’ internationalisation in Europe. Paleologos and Polemis (2013) used a panel data of thirty countries within the Organisation for Economic Corporation and Development (OECD) countries to examine the regulatory process in the telecommunication industries of these countries and how it has impacted on the level of investment by telecommunication firms at entry. The study found that there is a strong and positive relationship between effective regulation and the time when the telecommunication firms first invested in the host country. Overall, the empirical works reviewed regarding the role of regulation have limited investigation to the entry stage of firms’ internationalisation. An investigation of the role of the regulatory institution at post-entry may, therefore, be necessary to extend previous studies.

As regards cultural factors, the field of international business has completed extensive research in this area at the entry stage (Brouthers and Brouthers, 2001; Trevino et al., 2008). Empirical research in Africa suggests that cultural factors may work against the formal institution to undermine government and firms’ activities (De la Torre-Castro and Lindström, 2010; Michaloupolus and Papaiosnnou, 2015). Michaloupolus and Papaiosnnou (2015) suggest that cultural factors may work against the formal institution because of the lack of attention to the pre-colonial African traditional settings that still exist. The evidence reviewed in this thesis clearly suggest a pertinent role played by culture in firms’ foreign operations. Therefore, since the post-entry expansion of telecommunication firms are largely dependent on the level of network penetration across the country, there is a need
for further consideration of the influence of local cultural factors such as ethnic tribes, language and religion that may hinder expansion at post-entry.

Another area which is not clear from previous studies is whether there is a lack of understanding from previous studies on whether market size motivates the internationalisation of firms (Asiedu, 2006; Ozturk, Joiner and Cavusgil, 2015). For example, in their investigation of US firms’ investment in Europe and Asian countries between 1981 to 2000, Sethi et al. (2003) observed that market size contributed to the early internationalisation of firms to Europe, because of the large presence of middle-class consumers. Asiedu (2006) sets out to investigate if countries that do not have natural resources could attract foreign investment and found that market size was a major determinant in the attractiveness for foreign investment. Ozturk et al. (2015) investigated the responsiveness of two case companies in Malaysia and the US and noted that international firms that seek international market potentials should first assess and align their objectives with industry-specific potential in the host country before they enter a market. From the review conducted on the role of market size in the internationalisation of telecommunication firms, findings are inconclusive on the importance of market size. This thesis can help to provide an explanatory power on the significance of market size from the post-entry perspective.

Furthermore, there is a scarcity of evidence on how corruption within internationalising firms influence post-entry because the literature has only demonstrated how the issue of corruption occurs at entry (Sutherland, 2011; Curvo-Cazurra, 2016). What we know of corruption within the telecommunication sector around the world has been limited to situations where the international
A telecommunication firm seeks to enter a host market (Uhlenbruck et al., 2006; Sutherland, 2011; Sutherland, 2018). For instance, the case of the French executive at Alcatel and the case of the Siemens bribery scandal have all happened at the stage the international telecommunication firm seeks approval from the host government (Sutherland, 2011; Sutherland, 2018). This thesis can contribute by providing where relevant empirical evidence of corruption at the post-entry of the internationalising telecommunication firms.

Finally, there is little understanding from previous literature on firms’ internationalisation on the influence of institution on the firm level resources used to survive at post-entry (Fuentelsa, Garrido and Maicas, 2015; Ghezzi, Cortimiglia and Frank, 2015). In the qualitative study of telecommunication operating companies’ technical knowledge, Marcelle (2005) demonstrates that telecommunication companies require different types of firm level resources to survive in the host country. One such is the role of technology, which has been documented by previous studies as fostering the expansion of the telecommunication firms (Dowling, Boulton and Elliott, 1994; Chan-Olmsted and Jamison, 2001; Castello et al., 2016). For example, Chan-Olmsted and Jamison (2001) revealed that technological change contributes to the globalisation of telecommunications. The role of the social media has further demonstrated the importance of technology in a digital world (Castello et al., 2016). However, how technology contributes to the post-entry of international telecommunication firms requires further investigation due to the increasing role of technology in this field. The findings from this thesis can help to demonstrate the importance of technology to international telecommunication firms at post-entry.
Research has started to draw our attention to the relevance of post-entry expansion of firms from different sectors (Santangelo and Meyer, 2011; Siebers, 2012; Ahi et al., 2017). For example, in their investigation of subsidiaries in the manufacturing sector in Hungary, Lithuania and Poland to determine the level of commitment to internationalisation, Santangelo and Meyer (2011) found that differences in institutions determine the level of commitment of the international firm in a host country. Siebers (2012) investigated the retail sector in China to determine the expansion of retail transnational corporation and found that transnational retail firms are required to adapt to local institutional environmental factors at post-entry to be successful. In a more recent work, Ahi et al. (2017) demonstrated the importance of the decision making process of small and medium enterprises at post-entry in Finland and Italy. Despite these contributions, the extent to which international firms are influenced at post-entry requires more attention due to paucity of evidence.

An attempt has also been made in the literature on the internationalisation of telecommunication firms to show the importance of the post-entry of firms (Sarkar et al., 1999; Clifton et al., 2011). For example, in their analysis of the international telecommunication firms’ internationalisation, Sarkar et al. (1999) stress the need for the telecommunication firms to manage ex-post (post-entry) factors such as the political process to survive at post-entry. Clifton et al. (2011) compared the internationalisation of British Telecom of the UK and that of Telefonica of Spain and argued that while Telefonica succeeded in the foreign market, British Telecom exited. This study did not investigate the reasons behind the withdrawal of British Telecom from engaging further in international expansion, neither did it investigate how Telefonica succeeded following entry into the foreign
market. A more current study by Curwen and Whally (2016) analysed activities of 24 of the largest network operators and found that the international telecommunication firms are increasingly consolidating on the domestic market. The study, however, does not provide explanations for the focus of these international telecommunication firms on domestic market after internationalisation. Therefore, understanding the factors and how they influence internationalisation post-entry is particularly important because firms either consolidate their dominance in the market or exit (Sarkar et al., 1999; Clifton et al., 2011).

This thesis, using the institutional theory as a lens, seeks to address gaps in the previous literature by drawing attention to the institutional factors that influence the post-entry of the international telecommunication firms from the context of Nigeria. Scott (1995, 2013) defines institution to be the regulative, normative and cultural-cognitive pillars, which can be the underlying influences on firms at post-entry. Regulative institutions emphasise rule setting that monitors and sanctions firms’ activities. For example, regulative guidelines established to monitor the activities of the international telecommunication firms by the Nigerian Communication Commission (NCC). The normative element set the goals or objectives for firms and specify the rules on how these goals are attained. For instance, international telecommunication firms are required to adhere to the international best practices and standards set by the international telecommunication union (ITU) or a national body such as the Association of Licensed Telecommunication Operators of Nigeria (ALTON). The cultural-cognitive element is the informal institution that emphasises the shared belief of a people embedded within the society.
Scott (2013, p. 59) suggested that in adopting the three institutional pillars in an investigation, it is worthwhile to “distinguish among component elements to identify the underlying assumptions, mechanisms and indicators”. In other words, it is important to conduct an in-depth investigation of the influence of a single pillar to understand how influential an institution can be in a context. This thesis, therefore, will adopt the theoretical framework of Scott (1995, 2013) on the institutional theory to investigate which of the pillars of institutions influences the operations of the international telecommunication firms at their post-entry stage.

Scott (1995, 2013) suggests that the essence of the three pillars is to determine legitimacy, which is the acceptance of the firm in an institutional environment. Drawing on the works of Scott (1995), Suchman (1995) and Deephouse et al. (2017) suggested that firms can only achieve legitimacy in a stable environment, but their research gave little consideration on how international firms that operate in an unstable international context can respond to demands from institutions and thereby achieve legitimacy. Kostova and Roth (2008) in their earlier contribution to the literature on institutions had suggested that legitimacy in the context of international firms, although possibly difficult to attain because of the multiplicity and complexity of the institutional environment, international firms can legitimatise their operations by selecting and negotiating with institutional actors, which can consist of the three institutional pillars. Building on the works of Kostova and Roth (2008), Scott (Scott 2010, p. 16) highlighted the importance of international firms in the discussion of the institutional theory by saying “an important asset to provide legitimacy increasingly utilised by multinational firms is their ability to shop from among various types of institutions in the environments to determine which is most favourable for them” to provide legitimacy. Thus, the
influence of institutions and how legitimacy is achieved can be important in the study of the activities of international telecommunication firms as they may face different institutional influence.

The Nigerian telecommunication sector provides a useful context to extend previous studies on the institutions that influence international firms at post-entry. Firstly, with over one hundred and fifty million subscribers and almost one hundred thousand telecommunication masts and telecommunication base stations (TBS) built over the last sixteen years, the Nigerian telecommunication sector can add explanatory power to the relevance of the post-entry expansion of firms (Nigerian Communications Commission, 2017). Secondly, the Nigeria telecommunication sector, which hosts several international telecommunication firms, is the largest telecommunication sector in Africa and has experienced a considerable amount of growth since liberalisation in the year 2000 (Euromonitor, 2016). The focus of this thesis is on international telecommunication firms and not on small and medium enterprises (SMEs) because existing body of literature on SMEs that have contributed to our understanding of SMEs internationalisation (Lu and Beamish, 2001; Lu and Beamish, 2006; Hilmersson and Johanson, 2016; Macias-Franco and Laverde, 2018) shows that the expansion of SMEs is slow in host countries due to lack of resources and capabilities compare to MNCs. Drawing on this insight and relating it to the context of Nigeria and the telecommunication sector in particular, local telecommunication firms or small and medium enterprises operating within the Nigerian telecommunication sector have a small number of subscribers. These local telecommunication firms include Visafone, Starcom, Multilinks, and Intercellular Communications limited (Madichie, 2011). Due to lack of resources their growth strategy is to focus on urban cities that can ensure return on investment.
In addition, they may not have the resources to cope with challenges including theft and vandalism of telecommunication equipment, terrorism and community challenges in other parts of the country facing the large telecommunication multinationals. Moreover, survival in the face of influence and intervention of political establishments and issues of corruption requires a considerable amount of resources. Therefore, they are excluded from the case companies chosen for this thesis because they may not be able to address the research gap of this thesis and enrich the data set the way larger international firms will do.

Finally, all the telecommunication firms operating in the country seek to expand their operations given the huge and growing market opportunities (Euromonitor, 2016; Nigerian Communications Commission, 2017). As a result, Nigeria provides a useful ground to investigate the factors that are influencing the international telecommunication firms at post-entry and how they have survived in the last sixteen years. Given the gaps identified from the review of past literature on international firms and telecommunication firms’ foreign expansion, unanswered questions regarding factors that influence at post-entry still remain. This thesis aims to answer the following research questions:

1. What are the institutional factors that influence the post-entry expansion of emerging market telecommunication firms in Nigeria?

2. How do the factors influence the post-entry internationalisation of telecommunication firms and how do the firms respond to these factors?

3. How do the identified factors in Nigeria contribute to the process of firm internationalisation in an institutional setting of an emerging African country?
1.2 Methodology

In order to answer the research questions, this thesis adopts a qualitative case study of four international telecommunication companies, which are identified as Case A, B, C and D. The qualitative case study is a well-established approach within international business research (Doz, 2011; Marschan-Piekkari and Welch, 2004; Welch et al., 2011; Newenham-Kahindi and Stevens, 2017; Kriz and Welch, 2018). The case companies in this thesis were deliberately selected for the purpose of theoretical contribution (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Kriz, and Welch, 2018). A multi-case study such as this strengthens the rigour in the qualitative study as well as its generalisability (Yin, 2014; Miles and Huberman, 1994), where generalisation is an analytical generalisation and not a statistical one, that is, generalisation is made concerning the influence of institutional factors at post-entry (Yin 2009, 2014; Eisenhardt, 1989).

Forty-seven in-depth interviews from both case companies and government agencies were conducted in four states in Nigeria. Given the particular interest of this thesis, which is to have an understanding of the factors influencing international telecommunication firms’ post-entry expansion, senior managers responsible for telecommunication infrastructure deployment and expansion across the country were interviewed. Care was also taken to ensure that senior managers with the same portfolio were interviewed across the four case companies. In addition, this was also repeated within the case companies, where managers with the same portfolio across the states in Nigeria were interviewed. This is to ensure a more detailed understanding of the key events within the sector and in the case companies. In addition to the interviews conducted, documents including annual reports, minutes
of meetings and the government gazette were thoroughly analysed and used to triangulate data. A thematic analytical approach, following the five steps of thematic analysis of Braun and Clarke (2006), was adopted to analyse the data collected. This is a common method of data analysis in international business (Ahi et al., 2015; Welch and Piekkari, 2006).

1.3 Thesis contributions

The findings from this thesis make theoretical and practical contributions to the current literature on firms’ internationalisation. Existing literature suggests the importance of political, regulatory, corruption, firm level and cultural factors at entry (Sarkar et al., 1999; Guler and Guillén, 2010; Henisz and Zelner, 2001; Daude and Stein, 2007; Collins and Uhlenbruck, 2004; Fuentelsa et al., 2015; Farla at al., 2016; Curvo-Cazurra, 2016; Yi et al., 2018). This thesis makes contributions to existing studies focusing on the relevance of these factors at the post-entry of emerging market telecommunication firms in the context of Nigeria. The findings show the factors that influence firms’ post-entry. These are the community and infrastructural challenges, which were identified as important informal institutions influencing post-entry. The formal institutions are the influence of politicians, multiple regulations, informal ways of tax system and the Central Bank of Nigeria’s (CBN) deliberate obstruction of international telecommunication firms, preventing them from accessing foreign exchange needed to import telecommunication equipment.

Regarding theoretical contributions, firstly, the thesis provides contributions to previous literature on political institutions, which found that
government officials can interfere in the activities of international firms when they enter a foreign market (Sarkar et al., 1999; Henisz and Zelner, 2001; Guler and Guillén, 2010; Nielsen et al., 2017). A new and more nuanced understanding from this thesis shows that politicians coerce the international telecommunication firms to build telecommunication masts in their villages, which then disrupt the building of these masts, thereby impacting on the post-entry expansion. These actions by the politicians redirect funds from the Universal Service Provision Fund (USPF) established by the Nigerian Communication Act 2003 for telecommunication network expansion for their personal gain. Thus, impacting on the uniform distribution of telecommunication network in the country.

Secondly, this thesis also contributes to existing studies on the role of regulatory institutions that found that the regulatory environment in the host country may become a burden and therefore hamper firms’ internationalisation (Kaufmann et al., 1999, 2009; Globerman and Shapiro, 2002; Daude and Stein, 2007). This thesis makes a contribution to these studies by demonstrating that multiple regulations involving several agencies, including the Nigerian Communication Commission (NCC), and the Nigerian Environmental Standards and Regulations Enforcement Agency (NESREA), which duplicate the responsibilities of the other, struggle for supremacy as to who should establish rules and guidelines in the building of telecommunication masts in the country.

Thirdly, this thesis confirms previous literature that found that corruption is an important factor that determines firms’ entry into a foreign market (Spencer and Gomez, 2011; Hauser and Hogenacker, 2014; Collins and Uhlenbruck, 2004; Curvo-Cazurra, 2016; Yi et al., 2018). Literature has compared corrupt practices in both developed and developing countries. For example, in their investigation of
developed countries’ firms, Hauser and Hogenacker (2014) investigated the activities of 510 Swiss firm in foreign markets. The study found that the behaviour of these firms in host countries are guided by the home countries anti-corruption laws. Therefore, based on this finding, their propensity to engage in corruption may be small in the context of an emerging market like Nigeria. Similarly, Godinez and Liu (2015) found no evidence of corruption regarding investment into America from countries that have less tolerance for corruption. The findings by Hauser and Hogenacker (2014) and Godinez and Liu (2015) suggest that investment by developed countries multinationals in emerging countries such as Nigeria will be guided by the anti-corruption laws in their home countries. Thus, involvement in corruption activities may be low when compared to the developing countries multinationals.

Regarding corruption in developing countries, studies show that firms from a highly corrupt society will know how to navigate the corruption in host countries. Egger and Winner (2005) investigated 73 developed and less developed countries and found corruption is seen as a positive stimulus to enhance the foreign direct investment of firms in a host country. Collins and Uhlenbruck (2004) and Sutherland (2011) found that previous cases of corruption involve international telecommunication firms that pay bribes to win contracts to operate in emerging countries. This thesis contributes to this literature in two ways. First, whereas existing studies investigate the influence of corruption at the entry stage, this thesis extends the analysis to how corruption influences post-entry internationalisation. In particular, the investigation shows that firms do establish units, separate accounts and liaise with local partners for the purpose of bribing government officials and local communities to expand their telecommunication infrastructure, such as base
stations comprising telecommunication masts and other telecommunication equipment in different states in Nigeria. Second, previous studies investigated firms from developed countries, yet this thesis examines multinational corporations (MNCs) from emerging markets, whose perception of corruption may differ from those from developed countries given that they originate from corrupt environments. For example, this thesis found that because bribery is tolerated and accepted in their home countries, it is seen as a normal act in business transactions in Nigeria, thus the establishment of departments and units to cater to demands of bribery.

Further, the thesis contributes to the institutional theory literature from an African perspective because it shows that, although both the formal and informal institutions co-exist within the institutional environment, they influence independently of each other (Kamoche and Harvey, 2006; Michaloupolus and Papiosnnou, 2015). The literature on the institution suggests that informal institutions such as culture support formal institutions such as political and regulatory institutions (North, 1990; Scott, 2014; Holmes et al., 2013). This thesis provides evidence to show that instead of supporting the formal institutions (e.g. the regulators), the informal institutions work against the formal institutions. For instance, the thesis found that the influence of the community members hosting the telecommunication masts and the influence of thieves and vandals to be significant. The local community members make monetary demands and the refusal of such demands will mean no telecommunication base stations can be built. The thieves and vandals damage telecommunication equipment in the process of stealing them. Such actions by the community defeat the policy of Universal Access (UA) of the regulator the NCC that ensures all Nigerians have access to telecommunication services.
Finally, institutional theory research has largely ignored Africa as a research setting, limiting our understanding of the nuances this context can contribute to management literature (Kamoche and Harvey, 2006; Newenham-Kahindi, 2009; Zoogah, Peng and Woldu, 2015; Michaloupoulos and Papiosnnou, 2015). Kamoche and Harvey (2006) and Newenham-Kahindi (2009) found that international firms that wish to succeed in Africa should endeavour to develop a wider knowledge of the African setting and embed this in their operations. This thesis contributes to these studies by illustrating how international telecommunication firms developed ways to manage the influence of both the formal and informal institutions. These include engagement with the institutional actors, corporate social responsibilities (CSR), bribery and the use of firm level resources in the form of technology to satisfy the demands of their consumers. This thesis, therefore suggests that the managers of international telecommunication firms should adopt these strategic ways to manage institutional demands within emerging market telecommunication environment.

This thesis has an important policy implication. It provides empirical evidence to show that the 2003 Nigerian telecommunication Act requires updating by the regulators to acknowledge the role the informal institutions play in the sector because currently, it only acknowledged the role of the formal institutions such as the regulators.

1.4 Structure of the thesis

This thesis is structured in six chapters. Chapter 1 introduces the relevance of the research from a theoretical and contextual perspective. In addition, it presents the
research questions, the research contributions and the methodology the research adopted.

Chapter 2 presents the background to the thesis. This chapter aims to show the trajectory of the evolution of the telecommunication industry worldwide and, in particular, its evolution in Nigeria. It comprises the global development of the telecommunication industry and its historical perspective from a Nigeria context.

Chapter 3 focuses on the theoretical underpinning to the research, which is the institutional theory. The existing discussion on the institutional theory is critically analysed and synthesised to reveal the gaps in the existing studies. In addition, empirical and conceptual studies within the international telecommunication firms’ literature were reviewed to identify gaps.

Chapter 4 is the methodology chapter. It explains the methodological approach adopted by the researcher to address the proposed research questions. Firstly, it discusses the philosophical underpinning of the research. Secondly, the research design, a qualitative case study, is presented. Further, the method of data collection, which includes data from the interviews conducted and documents, is explained, thereby ensuring triangulation. The method of analysis, which entails the use of thematic analysis, is presented. Finally, data quality and ethical issues are considered.

Chapter 5 focuses on introducing the findings from the analysis of the data. The first section of the findings chapter is presented based on the propositions set out in chapter three of this thesis. The second section focuses on presenting emerging findings.
Chapter 6 focuses on a critical discussion of the empirical findings of this thesis using the key concepts and themes. This is synthesised with past literature on the institutional theory and the internationalisation of telecommunication firms. Finally, Chapter 7 addresses the main contributions of this thesis. In addition, the implications of the research to practice, that is, to the managers of the international telecommunication firms and the policymakers within the Nigerian telecommunication sector, are presented. Finally, the limitations of the research and future research are discussed. Figure 1.1 present the thesis structure.
Figure 1. 2 Structure of the thesis

Source: Developed by the author
Chapter 2 Background to research

2.1 Introduction

In this chapter, section 2.2 discusses the development within the global telecommunication industry; section 2.3 focuses on the telecommunication development in Nigeria, and finally, a summary of the chapter is drawn in section 2.4.

2.2 Global development in the telecommunication sector

Research has documented evidence on the factors that have influenced the global telecommunication sector (Bohlin and Granstrand, 1994; Gual and Waverman, 1998; Stienstra et al., 2004). These factors include the liberalisation of the sector and technological advancement. The following sections will discuss these factors from a global perspective. Section 2.3 will then specifically examine the contribution of these factors from the Nigeria's perspective.

2.2.1 Liberalisation

The process of liberalising the telecommunication sector worldwide started with two interventions. Firstly, the involvement of national governments of developed countries in the liberalisation of the sector. Secondly, the intervention of international institutions. The involvement of the national governments started with the effort of developed countries like the United States (US) and the United Kingdom (UK) in the early 1980s and mid-1990s and subsequently other regions such as Africa and Asia in early 2000. Research on the development of the telecommunication sector has shown that by the early 80s the US and UK
governments had begun to discourage the increasing public financing of their telecommunication sector and started to promote its liberalisation (Bohlin and Granstrand, 1994; Gual and Waverman, 1998). For instance, by 1981, the UK had reduced public expenditure in the British telecommunication sector due to the inability of the government owned telecommunication companies to provide quality service for consumers (Gual and Waverman, 1998). This poor performance led to the government inviting private sector investment, as the government believed that private companies could efficiently run the sector and provide consumers with a quality service. The entry of the private companies resulted in competition amongst companies, thereby providing affordable services. A similar approach was adopted in the US, where the government developed a holistic telecommunication policy in the 1996 telecommunication Act, designed to open all telecommunication markets to both domestic and foreign companies (Cave and Waverman, 1999). The policy resulted in increasing participation from private investment. A case in point is the entrance of Sprint into the US market to rival the dominance of AT&T in the early 1990s, which led to a reduction in prices for the consumers (Dowling et al., 1994; Cave and Waverman, 1999).

Since 2000, other studies in Europe and around the world have also demonstrated the role liberalisation has played in the development of the telecommunication sector. Chan-Olmsted and Jamison (2001) examined the forces that have contributed to the transformation in the telecommunications sector. The study revealed that the liberalisation of the telecommunication services and the subsequent privatisation of state owned telecommunication firms were the most significant changes within the global telecommunication industry. Stienstra et al. (2004) investigated how the five largest European telecommunication firms
responded to the forces of liberalisation. The study found that the deregulation of
the telecommunication sector by governments in Europe contributed to increasing
competition among Deutsch Telekom, France Telecom, British Telecom, Telecom
Italia and Spanish Telefonica.

A similar trend regarding the poor performance of government owned
telecommunication firms was observed in developing countries such as Sub-
Saharan Africa and Asia in the late 1980s (Wilson and Wong, 2003; Djiofack-
Zebazenand Keck, 2008). However, the difference was that rather than liberalise in
the face of mounting difficulty in running the sector, such as the inability to provide
affordable telecommunication services and the delivery of poor quality services, the
telecommunication sector in this region continued to be controlled by the state
information communication ministries (Wilson and Wong, 2003). For example, in
Sub-Saharan Africa, in the 1980s and 1990s the domestic ministry of
communication made all the tariff, investment and pricing decisions (Wilson and
Wong, 2003; Djiofack-Zebazenand Keck, 2008). All the post, telephone and
telegraph companies were government-run as regards operation and regulation.

Furthermore, by the late 1990s African countries including Nigeria,
Ethiopia, Burundi, Senegal and South Africa had started to separate their post,
telephone and telegraph ministry into individual ministries (Djiofack-Zebazenand
Keck, 2008). Although the ministries were decentralised for easy management, they
were still government controlled. The reasons given for the continued control by
the government of these countries was the risk to national security as they claimed
that liberalising the sector could provide opportunities for former colonial masters
to tap the secure government security channels, thereby interfering in the domestic
political activities of the country (Sarkar et al., 1999; Wilson and Wong, 2003).
In the case of intervention by international institutions/organisation, by the year 1994, the World Trade Organisation had been established, and most countries including those from Africa were signatories and negotiations were held by member countries at the 1986-1994 Uruguay round of talks (Cave and Waverman, 1999). At the negotiations, member nations including those of the African countries agreed on the process of reforming the telecommunication sector. Accordingly, by 1998 the member nations had begun to implement the agreed reforms, which included promoting liberalisation, the establishment of regulatory bodies and granting market access for foreign investment. At this point telecommunication firms are to take advantage of this new liberalisation to commence internationalisation. The next subsection presents an account of the international telecommunication firms that internationalised in developed and developing countries.

2.2.1.1 Account of the international telecommunication firms that took advantage of the liberalisation reform

As discussed in the previous sections, before its liberalisation in the 1980s and the 1990s the telecommunication sector was primarily controlled by independent governments worldwide. However, the liberalisation in the 80s and the 90s of the developed and developing countries’ domestic market triggered home country telecommunication firms, particularly in the developed countries, to seek opportunities first in developed countries and then in developing countries. Research on the expansion of international telecommunication firms found that the result of liberalisation was increasing competition for domestic firms (Sarkar et al., 1999; Curwen and Whally, 2003, 2006). In a short time, the domestic market became too competitive for telecommunication firms. Hence, the
internationalisation of telecommunication firms in foreign markets became inevitable. In this section, a detailed discussion is presented on the internationalisation of international telecommunication firms, firstly in the developed countries of Europe and America, secondly in Latin America and finally, in Africa and Asia.

Table 2.1 shows the telecommunication firms among those that internationalised early in the 80s and 90s. These were developed telecommunication firms entering other developed markets due to the liberalisation of the host countries' telecommunication sector (Sarkar, Cavusgil and Aulakh, 1999; Curwen and Whally, 2003, 2006). An example is the Telefonica de Espana (Spain), which was among the first of the European telecommunication firms to internationalise to the UK (Curwen and Whally, 2005). Others include the internationalisation of Vodafone to Germany, Deutsch Telekom to the UK, France Telecom to Belgium, and Telecom Italia to Mexico (Curwen and Whally, 2005a, 2005b; Gerpott and Jakopin, 2007).
Table 2. 1 Telecommunication firms' internationalisation in the developed countries

<table>
<thead>
<tr>
<th>Telecom company</th>
<th>Year of internationalisation</th>
<th>Home country</th>
<th>Host countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telefonica</td>
<td>1988</td>
<td>Spain</td>
<td>UK</td>
</tr>
<tr>
<td>Vodafone</td>
<td>1990</td>
<td>UK</td>
<td>Germany</td>
</tr>
<tr>
<td>France Telecom</td>
<td>1990</td>
<td>France</td>
<td>Belgium</td>
</tr>
<tr>
<td>Deutsch Telekom</td>
<td>1990</td>
<td>Germany</td>
<td>UK</td>
</tr>
<tr>
<td>Portugal Telecom</td>
<td>1994</td>
<td>UK</td>
<td>US</td>
</tr>
</tbody>
</table>

Source: Adapted: Sarkar, Cavusgil and Aulakh (1999); Curwen and Whally (2003, 2006)

Table 2. 2 Telecom firms' internationalisation in emerging markets excluding Africa

<table>
<thead>
<tr>
<th>Telecom companies</th>
<th>Year of internationalisation</th>
<th>Home country</th>
<th>Host country</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Movil</td>
<td>2004</td>
<td>US</td>
<td>Argentina, Brazil, Colombia, Ecuador, Honduras, Uruguay, and Venezuela</td>
</tr>
<tr>
<td>BellSouth</td>
<td>2004</td>
<td>US</td>
<td>Argentina</td>
</tr>
<tr>
<td>Telecom Italia</td>
<td>2004</td>
<td>Italy</td>
<td>Argentina, Bolivia, Brazil, Peru, Venezuela</td>
</tr>
<tr>
<td>Telefonica</td>
<td>2004</td>
<td>Spain</td>
<td>Brazil, Argentina, Chile, Colombia, Ecuador, El Salvador, Guatemala, Paraguay, and Venezuela</td>
</tr>
<tr>
<td>Portugal Telecom</td>
<td>2004</td>
<td>Portugal</td>
<td>Brazil</td>
</tr>
</tbody>
</table>

Source: Adapted: Curwen and Whally (2003, 2006)

Table 2. 3 Telecom firms’ internationalisation in Africa
<table>
<thead>
<tr>
<th>Telecom company</th>
<th>Year of internationalisation</th>
<th>Home country</th>
<th>Host country</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTN</td>
<td>2003</td>
<td>South Africa</td>
<td>Nigeria, Benin, Congo-Brazz, Cote d’Ivoire, Rwanda, Uganda,</td>
</tr>
<tr>
<td>Etisalat</td>
<td>2003</td>
<td>Emirate</td>
<td>Gabon, Cote d’Ivoire, Sudan, and Tanzania,</td>
</tr>
<tr>
<td>Orascom</td>
<td>2003</td>
<td>Egypt</td>
<td>Algeria, DR Congo, Gabon, Tunisia, Zimbabwe</td>
</tr>
<tr>
<td>Vivendi Universal</td>
<td>2003</td>
<td>France</td>
<td>Mali, Mayotte, and Morocco,</td>
</tr>
<tr>
<td>France Telecom</td>
<td>2003</td>
<td>France</td>
<td>Benin, Cote d’Ivoire, Egypt, Equatorial Guinea, Madagascar, Mali, Mauritius, and Senegal,</td>
</tr>
<tr>
<td>Vodacom</td>
<td>2003</td>
<td>South Africa</td>
<td>DR Congo, Lesotho, South Africa, Swaziland, Mozambique, and Egypt.</td>
</tr>
<tr>
<td>MTC</td>
<td>2003</td>
<td>Kuwait</td>
<td>Burkina Faso, Chad, Congo-Brazz, DR Congo, Gabon, Madagascar, Malawi, Niger, Sierra Leone, Sudan, Tanzania, and Zambia</td>
</tr>
<tr>
<td>Millicom</td>
<td>2003</td>
<td>Luxembourg</td>
<td>Chad, DR Congo, Gabon, Mauritius, Senegal, and Sierra Leone</td>
</tr>
<tr>
<td>Investcom</td>
<td>2003</td>
<td>Lebanon</td>
<td>Benin, Ghana, Guinea-Bissau, Liberia, and Sudan,</td>
</tr>
<tr>
<td>Portugal Telecom</td>
<td>2003</td>
<td>Portugal</td>
<td>Angola, Cote d’Ivoire, Morocco, and Sao Tome,</td>
</tr>
<tr>
<td>Telekom Malaysia</td>
<td>2003</td>
<td>Malaysia</td>
<td>Ghana, Guinea-Bissau, and Madagascar,</td>
</tr>
</tbody>
</table>

In the developing countries of Latin America, research conducted on the development of the sector in the region has shown that internationalisation into the Latin American telecommunication market started in 2000 (Gutiérrez and Berg, 2000; Gutiérrez, 2003; Curwen and Whally, 2006; Ramamurti, 2000). Table 2.2 shows that entry into the Latin American market commenced with the entry of Telefonica, American Movil and Telecom Italia to large Latin American countries such as Brazil, Argentina and Venezuela. However, though the early period of the internationalisation of the telecommunication firms was developed countries to developed countries and subsequently to developing countries as seen in table 2.1 and 2.2, not all internationalisation processes were successful (Garpott and Jakopin, 2007; Clifton, Comin and Diaz-fuentes, 2011). For example, Clifton, Comin and Diaz-fuentes (2011) compared the internationalisation of British Telecom and that of Telefonica of Spain and argued that while Telefonica succeeded in the foreign market, British Telecom exited. Although the reason provided for the exit of the company was described briefly in the works of Turner and Gardiner (2007) as the high cost of entry and debt incurred by the company, the inability to respond to the post-entry institutional environment may have contributed to the withdrawal of the company from international activities.

The internationalisation of firms in the emerging markets of Asia and Africa was slow compared to the developed market. This is because their telecommunication market was not as open as the western market and that of Latin America in the 90s (Curwen and Whally, 2003; Sutherland, 2014). However, from 2000 the African telecommunication market, as seen in table 2.3, began to improve as foreign international telecommunication firms from former colonial masters started investing as early as 2003 (Curwen and Whally, 2003; Sutherland, 2007,
2014). The finding of Curwen and Whally (2003) is consistent with their more recent finding, Curwen and Whally (2016) that firms tend to expand to countries that have a historical affinity with their home countries. For instance, France Telecom’s investment in the former colonial territory of Mali, Chad and Cote d'Ivoire; Portugal Telecom in Angola and Vodafone, trading as Vodacom in South Africa. Additionally, similar economies started to invest in one another. For instance, investment from developing countries of Asia to developing countries of Africa, e.g. Telekom Malaysia investing in Ghana, Malawi and Mali. Hutchison Whapoa of Hong Kong investing in Tanzania (Curwen and Whally, 2005b; Curwen and Whally, 2016).

Since 2000, due to institutional changes, such as the introduction of independent telecommunication regulators that assisted in further liberalising the sector, there has been an increasing internationalisation of foreign telecommunication firms into the sector in different parts of the African continent (Albiman and Sulong, 2016). Accordingly, internationalisation was no longer limited to countries with a colonial heritage or cultural affinity as suggested in the study of Curwen and Whally (2016), but expanded to areas where there was demand. For instance, as seen in table 2.3, Vodacom of the UK had a presence in South Africa, Kenya, and Egypt; Portugal Telecom in Namibia; Telekom Malaysia in Malawi; Econet of Zimbabwe and MTN of South Africa in Nigeria (Curwen and Whally, 2008; Sutherland, 2014).

Furthermore, recently, there has been an increasing presence of non-European telecommunication firms in Africa. For instance, Middle Eastern telecommunication firms including Etisalat of the United Arab Emirate; MTC and
Zain of Kuwait; Bharti Airtel of India and more significantly, MTN of South Africa, are dominating investment in Africa (Sutherland, 2014; Curwen and Whally, 2016).

The influx of the international telecommunication firms to Africa has contributed to the forty percent increase in the region’s mobile penetration rate surpassing the global average (International Telecommunication Union, 2016). This is an increment to the previous report that showed 20 percent yearly growth with 732 million subscribers in 2012, up from 20 million in 2000 (Aker and Mbiti, 2010). The African telecommunication market has now become the second fastest region regarding mobile subscription growth after Asia (Albiman and Sulong, 2016; International Telecommunication Union, 2016).

2.2.2 Technological advancement of the sector

In addition to the global liberalisation of the telecommunication sector there is the continuous advancement in technology, which drives the telecommunication industry. Of particular relevance is the evolution from analogue to digital (Antonelli, 1995; Bohlin and Granstrand, 1994). This technology has resulted in rapid development as there is now convergence amongst recent technologies including the mobile communication technologies, internet, the media and information technologies, thereby creating the information, communication and technology industries (ICT) (Cave and Waverman, 1999; Laanti, Mcdougall, and Baume, 2009).

The International Telecommunication Union (ITU) (2016) has reported that, currently, seven billion people, that is, ninety-five percent of the global population, live in an area covered by the mobile cellular network. The mobile broadband network, the 3G has also reached eighty-four percent of the global population.
Furthermore, the new wave of technology known as long-term evolution (LTE) that facilitates faster connectivity has spread to reach four billion people, the equivalent of fifty percent of the global population. This report by the ITU indicates the level of demand globally for the telecommunication technology. Thus, the demand serves as a driving force behind the increasing internationalisation of the telecommunication firms. The next section discusses the historical development of the telecommunication sector in Nigeria.

2.3 Historical development of Nigeria and the telecommunication sector

The previous section focused on the global development of the telecommunication sector. This section will present the evolution of the telecommunication development in Nigeria. In part, the section focuses on the context of the research, Nigeria, regarding geography, politics and socio-cultural development. In general, these contexts can shed light on the type of environment in which the telecommunication firms operate, the challenges they could face and the possibilities of developing strategies to respond to the challenges, if any. More specifically, this thesis recognises that the ethnic tribes and religion that have been in existence since the precolonial and colonial era can affect how telecommunication firms operate within Nigeria. Therefore, figure I illustrates the structure of this section. The section is divided into six timelines: phase I, precolonial 1850-1913; phase II, colonial-era 1914-1959; phase III, the post-independence era 1960-1984; phase IV 1985-1999; phase V 2000-2005; phase VI 2006-2016.
2.3.1 Phase I and II precolonial and colonial era: 1850-1959

Two factors were particularly significant in the development of the telecommunication sector in the pre-colonial (phase I) and the colonial period (phase II) in Nigeria. These include, firstly, the complex regions that existed in the pre-colonial Nigeria that serve as the motivating factor for the establishment of the colonial telecommunication infrastructure. Secondly, the establishment of the telecommunication infrastructure to manage the complexity of the regions effectively. These factors are discussed in the following subsections.
2.3.1.1 Pre-colonial regions in Nigeria

An understanding of the unique nature of and the diverse ethnicities and cultures the international telecommunication firms will encounter is crucial to expanding their business. More importantly, they may want to understand the individual uniqueness of these regions as they will encounter people and societies from diverse ethnicities and cultures.

The north and the south regions of Nigeria existed as kingdoms with different belief systems, norms and values. Moreover, these regions comprised different tribes, languages and religions before the coming of the British colonial masters. The precolonial history of Nigeria by way of the vivid description in the works of Isichie (1983) and Falola and Heaton (2008) showed a society that was divided according to people’s religious, tribal and ethnic origins. According to studies conducted on investment in Africa, it is important for multinationals to be aware of these distinctions before investing in African countries (Kamoche and Harvey, 2006; Michaloupoulos and Papaioannou, 2015). Settlement in some parts of Nigeria dates back to 500 B.C. However, the entity called ‘Nigeria' was created in 1914 as part of the British colonial empire, thus contributing to furthering the European partition of Africa that started in the latter part of the nineteenth century (Falola and Heaton, 2008).

The pre-colonial Nigerian societies are people and communities made up of different historical backgrounds and illustrate the differences between the north and the south. For instance, the northern part of the country is widely homogenous regarding religion, which is the Muslim religion and the Hausa language. In addition, it comprises a structured political system. The Southern part of the country
is widely heterogeneous including the Yoruba, Igbo, Ijaw, Ikwere, and Igala tribes, who practised a mixture of Muslim, Christian and traditional religion (the worship of a deity). In total, the Nigerian state comprises almost three hundred ethnic tribes (Falola and Heaton, 2008).

This diversity as regards religion, language and tribe within the Nigerian state can pose a challenge to telecommunication firms as the mode of operation can differ from one region to another. For instance, telecommunication companies can face different demands from the diverse society in Nigeria as they expand within the country. An example of this is that due to the northern region’s Islamic orientation might prevent firms from displaying adverts they may consider sexually provocative or inappropriate. In the south, it could be the issue of security due to the militants’ activities. Therefore, the telecommunication firms will have to develop strategies to respond to distinct requirements of each community. The next section discusses the telecommunication development during the colonial period.

2.3.1.2 The colonial era: the establishment of colonial telecommunication infrastructure

The precolonial Nigeria as described in the previous section existed as regions, currently divided into six geopolitical regions, the South-east, South-west, North-central, North-east and North-west. These regions were amalgamated by the British in 1914 to perpetuate economic exploitation. Prior to amalgamation into what is today called Nigeria, the colonial authority led by the governor general, Lord Fredrick Lugard, had begun to establish infrastructures in the different regional capitals to harness the economic resources of the regions and for the purpose of
establishing firm control of the territory (Falola and Heaton, 2008). One such infrastructures is telecommunication, which facilitated the communication between the British commissioners in charge of the Northern and Southern regions. This was the beginning of the development of telecommunication in Nigeria.

By 1851, a post office was established in Lagos, the commercial capital, and by 1856, the submarine cable was commission by the Cable and Wireless Company of the UK to link Lagos and other regions of Nigeria to London to facilitate communication between regional commissioners in Nigeria and London (Ofulue, 1980; Akwule, 1991). By 1923, the British Public Telegraph was established to link Lagos by submarine cable to the West Coast of Africa: Ghana, the Gambia and Sierra Leone and to England (Ofulue, 1980; Akwule, 1991; Adomi, 2005). By 1950, Nigeria (with a population of 30-35 million) accounted for just 15,000 fixed telephone lines (Adomi, 2005) in major Nigerian cities only, thus neglecting the rural areas. When the government gained independence in 1960, an effort was made to correct this situation.

2.3.3 Phase III 1960-1984
By 1960, Nigeria had gained independence from the British colonial masters. The newly independent government of Nigeria initiated a development plan to replace obsolete telephone exchanges (Akwule, 1991). The primary objective of the development plan was to boost communication between the major urban industrial and commercial cities (Akwule, 1991). The plan included a provision for new exchanges in 45 locations with the capacity to accommodate 162, 000 multiple telephone lines; 12 additional exchanges to provide 48, 000 lines; and a mobile
exchange involving the provision of 29 units of the mobile switching system to generate 11,300 lines (Akwule, 1991; Adomi, 2005). The result of these development plans was the construction of a microwave route linking principal cities (Adomi, 2005). The plan were not achieved due to the political interregnum in the form of a coup where the military toppled the then democratically elected government in 1966 (Adomi, 2005). Additionally, there was a civil war in Nigeria that lasted from 1967 to 1973. The coup and the civil war were the first instances of the influence of political interference in the development of the telecommunication sector in Nigeria. The war ended in 1973, and by 1985, the government established the state owned telecommunication company to oversee the development of the sector. The next section discusses the achievements of this company.

2.3.4 Phase IV 1985-1999
After the civil war, the government established the state-run telecommunication company, the Nigerian Telecommunication Limited (NITEL) in 1985 to manage both the running and regulating of the sector (Adomi, 2005). The establishment of NITEL shows that like other countries mentioned in section 2.2, Nigeria separated its post, telegraph and telephone ministry for effective management and efficiency. However, the only notable achievement of NITEL was to bring the total active lines to just 400,000 lines, with a teledensity of 0.4 (teledensity is telephone lines for every hundred individuals within a location) (Onwumechili, 2001). NITEL was subsequently privatised due to government liberalisation policy as it was not meeting the expectation of providing an efficient telecommunication infrastructure and service for the country (Adomi, 2005).
The first process of liberalising the telecommunication sector in Nigeria commenced with the establishment of the regulatory body following the structural adjustment directives from the IMF and World Bank to the then military government of Nigeria. Hence, the creation of the Nigerian Communications Commission (NCC) under the military decree No. 75 of 1992 (Madichie, 2011). The agency was given the responsibility of regulating the telecommunication sector, thereby breaking the monopoly of NITEL. However, the liberalisation process was only a partial success because the commission was not able to operate effectively due to political intervention from the military government (Madichie, 2011; Araromi, 2015). It was subservient to the military regime. This was the situation of the sector until 1999 when the country was ushered into a new democratic era. The democratic government decided to fully liberalise the sector and give autonomy to the NCC to regulate the sector. This is further discussed in the next section.

2.3.5 Phase V 2000-2005

Effective liberalisation and regulation commenced in the early 2001 with the devolution of powers to the NCC. By 2003 the Nigerian Communication Act was in force (Madichie, 2011; Araromi, 2015). The Communication Act contained the powers and functions of the NCC. The 2003 act gave more powers to the NCC, thus reducing the powers of the ministry of communication to mere policymaking.

The powers and functions of the Commission contained in the Communication Act 2003 include:

- functioning as an independent national regulatory authority for the telecommunications industry; facilitation of investment in and entry into the Nigerian telecommunication market in order to provide and supply communication service equipment and facilities; ensuring that licensees
implement and operate at all times the most efficient and accurate billing system; the promotion of fair competition in the communications industry and the protection of communications services and facilities providers from the misuse of market power or anti-competitive and unfair practices by other services or facilities providers or equipment suppliers; granting and renewing communications licences whether or not the licences themselves provide for renewal in accordance with the provisions of the Act and monitoring and enforcing compliance with licence terms and conditions by licensees; encouraging and promoting infrastructure sharing amongst licensees and providing regulatory guidelines; set up guidelines and regulation (Nigerian Communications Commission Act, 2003, p. 1-9).

The functions of the commission are carried out through three arms of regulation (Nigerian Communications Commission, 2016). First, there is the economic regulation which focuses on the regulation of tariffs, consumer affairs and competition issues. Secondly, the technical regulations which focus on standards, frequency issues, the approvals and numbering plans. Finally, social regulation that focuses on content regulations (Nigerian Communications Commission, 2016).

The commission was also tasked with the responsibility of setting up the universal fund, which provides for the expansion of the network across the country. According to the Act, “a fund to be known as the Universal Service Provision Fund (USP) is to be established”; under this fund:

the commission shall consider, design and determine a system which shall promote the widespread availability and usage of network services and
application services throughout Nigeria by encouraging the installation of network facilities and the provision for network services and applications services to institutions and in unserved, underserved areas or for underserved groups within the community to ensure Universal Access (UA) to telecommunication services across the country (Nigerian Communications Commission, 2016, p. 44-45).

The first action of the NCC as the main regulator of the sector was to auction the second generation (2G) GSM digital mobile licence. Licences were granted to new entrants such as MTN Nigeria Telecommunication limited (a South African company) and Econet Wireless Ltd (now Bharti-Airtel Ltd, headquartered in India), and, in addition, the NITEL sister company, M-tel (state-owned) was granted a licence to operate voice services and fix lines. Similarly, Globacom Ltd (an indigenous privately owned company) became the second operator in 2002, which included the multi-service package of a national carrier, digital mobile and international gateway license (Madichie, 2011; Adejuwon, 2013; Osabutey and Okoro, 2015). Additionally, licences were awarded to code division multiple access (CDMA) and the fixed wireless operators such as Visafone, Starcom, Multilinks, and Intercellular Communications limited (Madichie, 2011; Osabutey and Okoro, 2015). The licences issued to the telecommunication firms were a form of formal legitimacy extended to the firms to operate in Nigeria. The telecommunication firms operated within this phase tax-free, as a form of incentive by the regulator to encourage investment where they did not have to pay any levy. However, since then the regulatory environment has changed due to events in Nigeria and the sector. These events are discussed in the next section.
2.3.6 Phase VI 2006-2016

In the last fifteen years, there have been significant events in Nigeria and the sector, in particular. These include the increasing investment in the sector by international telecommunication firms, the new challenges due to the rise of several multiple regulators in the sector, the issue of corruption and the impact of political factors on the expansion of the international telecommunication firms. These are discussed in the following subsections.

2.3.6.1 The increasing investment in the sector

In the last fifteen years, Nigeria, the largest telecommunication market in Africa, with a subscription rate of 154 million, has an influx of international telecommunication firms from emerging markets such as MTN of South Africa, Airtel of India, and other equipment manufacturers such as Huawei of China into the sector (Nigerian Communication Commission, 2016; Euromonitor, 2016). A number of international telecommunication firms have internationalised into the sector in the last ten years. These include Etisalat in 2008 (which exited the country in 2017) and Airtel in 2010. Consequently, this has increased the level of foreign investment in the sector. For instance, reports by Euromonitor International (2016) stated that between 2003 and 2014, Nigeria had received into the telecommunication sector in the form of investment, a total amount of NGN377 billion (US $2.4 billion), making the country the third highest recipient of foreign direct investment (FDI) in the telecommunication sector among countries within the Middle East and Africa. Total revenue accrued to the sector as of 2014 stood at NGN1.5 trillion (US$9.3 billion) (Nigeria Communications Commission 2015; Euromonitor International, 2016). Thus, showing a high turnover of investment.
However, the Nigerian economy faced recession in 2015 and 2016, so this could impact on the level of FDI that may come into the country. In the United Nations World Investment Report (2016), it was reported that investment in West Africa declined compared to that of North Africa largely because of the slump in the investment in Nigeria as the country is “weighed down by lower commodity prices and flattening local currency”. FDI into Nigeria dropped to $3.1 billion in 2015 compared to $4.7 billion in 2014 (United Nations Conference on Trade and Development, 2016). This trend in foreign investment could lead to a reduction in the amount of investment in the telecommunication sector.

The country occupies the second position regarding telecommunication growth in Africa after South Africa (Euromonitor International, 2016). Household mobile penetration stood at 78.4% in 2014 against 54.7% in 2009; it is estimated to reach 86.2% by 2030. However, this is less when compared to South Africa with a mobile penetration rate of 97% in 2014. Nigeria had a subscription rate of 135 million in 2014 estimated to reach 241 million by 2030, which will be 69.8% growth over 2015 (Nigerian Communication Commission 2014; Euromonitor International, 2016). Additionally, the sector has recorded a significant amount of success with subscriber rates reaching 160 million in 2016 compared to 400,000 telephone lines in 1985 (Nigerian Communications Commission, 2016). The subscription rate is significant when compared to South Africa with a mobile subscription rate of 92.9 million in 2016 (Euromonitor International, 2016; PR Newswire, 2017). However, there have been some regulatory challenges facing the Nigerian telecommunication sector. These are discussed in the next section.
2.3.6.2 The regulatory factor

The regulatory challenge involved the interest that the NESREA and the NCC have in the sector. In 2007, the NESREA was set up by the government. One of the responsibilities of the agency is to ensure effective enforcement of environmental laws and regulations in the country. These laws ensure the protection of air quality standards and the atmosphere. They also prohibit the discharge of hazardous substances into the air or upon the land and waters of Nigeria. Specifically, the provisions of the Act entail “a framework for curtailing hazardous emissions from telecommunications and ICT equipment to prevent environmental and health hazards”. In addition, the agency developed the regulations relating to National Environmental (standard for telecommunications and broadcast facilities) Regulations, 2011. The object of the regulations for the telecommunication sector is to ensure consistent application of environmental laws, regulations and standards in all sectors of the telecommunication and broadcast industry in Nigeria (NESREA, Act 2007). With the creation of the NESREA and the NCC, the telecommunication firms face the challenge of compliance between the two agencies. The next section discusses the extent of the conflict of interest between the two agencies.

2.3.6.3 The regulatory conflict in the Nigerian telecommunication sector

Since the establishment of NESREA in 2007, there has been a regulatory struggle between the NCC and NESREA on the regulatory processes that pertain to the telecommunication industry. In particular, regulations relating to the base transceiver stations (BTS)\(^1\) that host the telecommunication mast/towers and other

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1 The phrase “base station” and “base transceiver base station (TBS)” are used interchangeably in this research.
equipment for effective communication (Ehiagwina et al., 2016). This is because the base stations require the use of backup power systems. The power systems ensure the stations are always powered. Equipment used in powering the stations could include lead-acid batteries and diesel-fuelled generator sets.

There are concerns within the Nigerian telecommunication sector as to whether base stations cause harm to the human body and the environment because the maintenance of the back up equipment at the base stations involves disposal of waste such as lead-acid batteries, waste oils and tyres (Iman-Tamin et al., 2016; Ehiagwina et al., 2016). Additionally, there are also concerns about the harmful impact of the emission of an electromagnetic field (radio frequency transmission signal) from the mast/towers on human health. The mobile phones communicate with base stations through a radio frequency transmission signal involving a microwaves link (Iman-Tamin et al., 2016; Garg and Wilkes, 1998). In the process of transmitting signals, radiation, which is the energy that travels through space penetrating various material, is emitted in the electromagnetic field (Ehiagwina et al., 2016). This radiation could be ionising or non-ionising. The former is the higher frequency radiation considered to have harmful effects when exposed.

do it for a long time without protection, while the latter is the low-frequency radiation which is used in the telecommunication sector (Ehiagwina et al., 2016).

There has been considerable debate on the impact of telecommunication firms' base stations on human health and the environment. While some studies (Iman-Tamin et al., 2016; Stewart et al., 2012; Garg and Wilkes, 1998) have found that the electromagnetic field is harmful, others found that the emission is less injurious (Swerdlow et al., 2011). Since there are contrary findings on the impact
of base stations, there are proposals for a precautionary approach by international organisations such as the United Nations Convention on climate change report (2000) and the World Health Organisation report (WHO) (2010), towards curbing the effect if there is found to be one. The precautionary measures involve setting a specific distance between human residences and the base stations (Mclean and Petterson, 2012). A study conducted by WHO (2010) shows that electromagnetic field radiation from base stations can cause harm, but it pointed out that more research is required to determine the degree of the impact. In a study conducted in the United Kingdom, Mclean and Petterson (2012) found that the findings from government and the telecommunication industry show that telecommunication masts and equipment pose no threat to the human body. The reports from independent scientists are inconclusive and the precautionary approach in the use of telecommunication equipment has been suggested.

Within the Nigerian telecommunication sector, studies have shown that there is evidence that the electromagnetic field and disposals from the base station are detrimental to human health (Ogboru, 2016, Iman-Tamin, et al. 2016, Ehiagwina, et al., 2016). In a study carried out to examine the impact of telecommunication installations on human health in Kwara State, Nigeria, Imam-Tamin et al. (2016) found cases of the impact of radio frequency from telecommunication masts on residences. The study shows that no laws exist regulating the telecommunication firms with regards to the hazards. The study calls for telecommunication firms to adopt the precautionary approach suggested by international organisations.

The process of establishing a precautionary measure form the basis of the disagreement between the NCC and the NESREA. Accordingly, the NESREA
regulation of 2011 obliges all new telecommunications facilities to have a minimum set back of ten meters from the perimeter wall of any premises at the base of the mast/tower (NESREA Act, 2011), while the NCC prescribed five meters set back (Nigerian Communication Commission ACT, 2003). Setback refers to the distance between the base stations and the commercial or private residences. The telecommunication firms are in a dilemma as to which of the regulatory bodies' directives to follow. Thus, within the Nigerian telecommunication sector, two regulatory bodies have conflicting opinions on how the sector should be regulated regarding set back. This inevitably places pressure on the telecommunication firms, as it is the regulatory bodies who confer legitimacy on them.

2.3.6.4 Corruption in the Nigerian telecommunication sector

Corruption, defined by the Transparency International (2010) as the use of public office for private gain has been recorded in the Nigerian telecommunication sector since the 70s. For instance, the International Telephone & Telegraph (ITT) claimed to have paid Chief Moshood Abiola, the winner of Nigeria’s 1993 presidential election, a bribe amounting to $160 million in 1979 (Sutherland, 2018). In the Siemens bribery scandal in 2008, a US congressman William Jefferson claimed to have paid the officials of the Nigerian Telecommunication Limited (NITEL) and the former Vice President of Nigeria, Atiku Abubakar, a bribe amounting to $500,000 (Sidhu, 2009; Sutherland, 2011, 2018). While William Jefferson served a jail term in the US, the government officials, in particular, the former vice president, are currently seeking for election into public office in Nigeria. Since officials of the Nigerian government have previously been linked to corruption allegations on the activities of the telecommunication firms in Nigeria, it would be interesting to see
if government officials are involved in the acts of bribery within the sector at post-entry.

The issue of corruption was also raised in the analysis of telecommunication investment in Sub-Saharan Africa conducted by Madiche (2011), who suggested that the process involved in licensing international telecommunication firms in Nigeria after liberalisation is less transparent and below international standard. These studies, therefore, shows the issue of bribery seems to occur at the point the international telecommunication firms attempt to seek a licence to operate in the host country of Nigeria (Sidhu, 2009; Sutherland, 2011, 2018).

2.3.6.5 The political factors in Nigeria

There are political factors particularly worthy of discussion in the contemporary Nigerian political system that can influence the post-entry expansion of the telecommunication firms because of the direct contact these institutions have with the international telecommunication firms. Firstly, the influence of the three tiers of government, which comprise the federal, the state and the judiciary. Secondly, the influence of actors that cause political instability, such as the activities of the Boko Haram insurgents in the North-east and militants in the South-south of Nigeria.

The federal tier comprises the three arms of government including the executive, the legislature and the judiciary. While the executive is headed by the president responsible for executing the law, the legislature or the National Assembly, which is divided into the Senate and the lower house of parliament, is made up of representatives from the 36 states of the federation and the capital territory, Abuja. Their responsibility is to make laws. The chief justice heads the judiciary and has the responsibility of interpreting the law. The state tier comprises
the state executive governments headed by the governors and the state house of assembly, which is made up of the representatives from the local government. The local governments are headed by the local government chairs. Similar to the federal tier, the state executives are responsible for executing the laws of the states and the state house of assembly is responsible for making the laws of the state. The state judiciary is responsible for interpreting the laws of the state.

According to the part one of the second schedule of the 1999 Nigerian constitution, the functions of the federal, state and local government are listed within the exclusive, concurrent and residual list of the constitution. In the exclusive list, the federal government is responsible for legislating for some sectors and also oversees the development of these sectors. These include the defence, customs and excise duties, currency, coinage and legal tender, and the telecommunication sector. The concurrent list comprises the sectors for whose development both the federal and the state government are responsible for their development. These include health, education, agriculture and housing. The residual list has functions reserved for the local government such as the supervision of traditional matters including the creation of the chieftaincy roles.

The functions of the federal government within the exclusive list regarding the telecommunication sector is divided between the executive and the legislature. While the executive has the function through the ministry of communication and its agencies such as the NCC to make policies for the running of the sector as outlined in the previous section, the function of the legislature at the National Assembly is to make laws. Within the National Assembly, some committees have been mandated to make laws for the sectors. For instance, regarding the telecommunication sector, there are committees in both the Senate and lower house
of parliament (the House of Representatives) that is the Senate and the house committee of telecommunication and communication. The job of these committees is to carry out oversight functions, in addition making laws for the telecommunication sector. These laws are to be effectively implemented by the executive arm of government, which is either the ministry of communication or the regulatory body, the NCC.

The second political factor is a degree of political instability that affects the sector in the form of terrorist attacks on telecommunications installations by the Boko Haram terrorist group in the Northern part of the country and the Niger Delta militants in the South-south of the country. In the analysis of the impact of the Boko Haram terrorist group on the Nigerian telecommunication sector, Onuoha (2013) demonstrates that the group which started in 2002, had been focussing their attacks on government security establishments, political leaders, religious organisations and private establishments. In recent years, however, they have increased attacks on the telecommunication infrastructure claiming that the government and its security apparatus liaises with the telecommunication firms to trace and monitor the movement of its members, hence the destruction of base stations (Adebisi and Oghojafor, 2015). The attacks on telecommunication facilities with improvised explosive devices is another dimension in addition to the vandalism and theft experienced by operators (Onuoha, 2013). Thirty base stations belonging to the telecommunication firms were bombed in the North-eastern states of Nigeria, including Yobe, Gombe, Kano, Borno and Adamawa in 2011 (Onuoha, 2013).

The cost to telecommunication firms due to Boko Haram attacks include casualties in the form of loss of life; service cost, that is, network outages; and financial damage, for example, money initially budgeted for network expansion is
used in fixing and replacing the destroyed infrastructure (Onuoha, 2013). Adebisi and Oghojafor (2015) wrote that from 2009 to 2015 Boko Haram had destroyed over 150 base stations and caused over N75 billion ($233 million) worth of damage.

There is also instability in the south due to the activities of the Niger Delta militants in the South-south of the country. This region is currently the oil-rich region of the country where the crude oil exploration is taking place and is the leading foreign exchange earner for the Nigerian economy. In this region, the indigene has constituted a militant group that blows up the pipelines of oil multinationals and engaged in kidnapping as a response to the oil spillages, environmental damage and economic deprivation, which they claim is caused by the oil companies and ignored by the Nigerian government. The activities of the militants can hinder the expansion of the international telecommunication firms in this region.

Literature has emerged to draw our attention to the survival of subsidiaries in conflict zones, particularly, sub-national locations in host countries (Dai, 2009; Dai, Eden and Beamish 2013, 2017). Conflict zone is defined as the region in host country characterized by “war, insurgency or severe lawlessness” (Anderson et al. 2010, p. 8). These conflict zones pose a significant threat to the operations and employees of multinationals (Dai et al., 2013). Therefore, the North-east region in Nigeria can be classified as a conflict zone. Dai et al. (2013) investigate the impact of conflict zones and the geographical location of a focal firm and other home country firms in the host market. The study found that the level of exposure of the firm to conflict zones determine its survival. In addition, how close is the firm to other multinationals from the same home country contributes to the exit of the firm from the conflict zones. In their recent work to determine the response of multinationals in conflict zones Dai, Eden and Beamish (2017) suggest that
valuable resources belonging to a multinational can become a liability if it is expose to harm and if the firm persist to hang to such valuable resources. The study conclude that it is best such firm exit the conflict area. The instability in the northern part of Nigeria is clearly affecting how the telecommunication firms use its resources and will also impact on how they continue to expand in the country. Consequently, how the international telecommunication firms survive and respond to insurgent can add to current literature on conflict zones (Dai et al. 2013, 2017).

2.4 Summary of the background chapter

This Chapter has discussed the global telecommunication sector and the development of the sector in Nigeria. The global perspective has to do with the contributions of the national institution within the developed countries and the international organisations who caused changes to occur in the sector globally. In Nigeria, the British colonial powers started the development of the sector. In addition, within Nigeria after independence, there are factors such as political interference and the establishment of regulatory bodies by the government which caused changes within the sector. Another key factor is the issue of corruption that is widespread in the sector. The factors that orchestrated these changes can be termed as institutional factors. Institutions are the underpinning mechanisms, whether formal or informal, that influence the activities of an organisation, which is the international telecommunication firm. Thus, this thesis, whose aim is to understand the events within the telecommunication sector and that of Nigeria, in particular, will adopt the institutional theory to explain the phenomena within the sector. The next chapter will discuss in detail the institutional theory.
Chapter 3. Literature review

3.1 Introduction
In this Chapter, section 3.2 presents an in-depth analysis of the conceptual development of institutional theory. Section 3.3 focuses on the empirical studies that have adopted the institution theory within the context of firms’ internationalisation process and most importantly on the international telecommunication firms. Section 3.4 focuses on the firm level factors in the context of telecommunication firms’ internationalisation. Further, section 3.5 presents the proposed conceptual framework of the thesis. Finally, section 3.6 will present a summary of the literature reviewed and the gap in the previous literature.

3.2 The development of institutional theory
Many scholars have contributed to the development of the institutional theory both from the conceptual and empirical perspective (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Scott 1995, 2008). The contributions of these previous studies are presented in this section. Firstly, section 3.2.1 will present the early conceptualisation of the institution. Secondly, section 3.2.2 discuss the role of the informal institution in Africa and how it can influence the post-entry of the international telecommunication firms. Finally, section 3.2.3 reviews previous empirical studies that have adopted the institutional theory in investigating topical issues in different fields and industries. The purpose of this review is to have a broader understanding of how previous studies have used the institutional theory.
3.2.1 Early conceptualisation of the institutional theory

Existing studies have provided several perspectives on the institutional theory. These perspectives are traced to the foundational works in the old and the new institutionalism. The old institutionalism traced to the works of Weber (1930) and Selznick (1949) suggested that the essence of institutions is to instil value in firms’ behaviour. The process of instilling this value is called institutionalisation (Weber, 1930; Selznick, 1949). Weber (1930) asserts that the reason there is bureaucracy (regulations and guidelines), which is referred to as structure, and the processes within the firm is due to the influence of the institution, which he referred to as culture within the society, that is, society determines how a firm behaves. The behaviour of a firm in line with that of the society is termed institutionalisation (Weber, 1930). Building on the works of Weber (1930), Selznick (1949) and Selznick (1957) studied how societal structures influence the behaviours of firms. Selznick (1957) observed that institutionalisation is something that happens to the firm over time, that is, as the firm continues to exist in the environment it gradually takes on the form of the society. Therefore, the emphasis of the old institutional scholars was on instilling values in the firm not on how the values were instilled.

By the mid-20th century, other institutional scholars have begun to place the development of the institution side by side with firm’s development. For example, Parson (1960) built on the works of Weber (1930) and Selznick (1949) by looking at how consistent a firm’s goals are with those of society. However, subsequent works by the neo-institutional theorists (the new institutionalism) in the late 70s and the early 80s started to emphasise the blurred boundary between the society and the firm, and in addition, began to focus on how values are instilled in firms. For example, Zucker (1977) viewed the institution as a social pattern and
institutionalisation as the process of firms attaining such a pattern. However, other subsequent work such as that of Meyer and Rowan (1977), DiMaggio and Powell (1983), and Meyer and Scott (1983) began to conceptualise and identify themes within the social pattern. These studies drew attention to the diffusion of a firm’s structure and processes in a larger society. In their conceptual paper, Meyer and Rowan (1977) observed that firms are required to conform to certain rules within society to be legitimate. In essence, there was a shift towards the perception of the generalised belief system that firms must behave as the society prescribes. The society identify various “social purposes and specifying in a rule like way the appropriate means to pursue them” that is the appropriate and specific ways in which firms are to behave (Meyer and Rowan 1977, p. 343). The shift includes a departure from the initial perception of the institutionalisation process to a more distinct way that constitutes the different types of processes that can make firms conform to environmental demands. This was the basis of the conceptual framework of DiMaggio and Powell (1983) who further improved the work of Meyer and Rowan (1977) by suggesting that firms tend to behave similarly due to pressure from the institutional environment. This form of behaviour is called isomorphism, which refers to the actions of firms that are similar to existing firms, thereby drawing support from the audience or society.

According to DiMaggio and Powell (1983) the organisational field, which refers to the environment that enables the interaction and participation of constituent members, is based on three isomorphic forces: coercive, mimetic and normative isomorphism. The coercive mechanism refers to pressures exerted on firms by institutions upon which they are dependent. For instance, the agencies of government can put pressure on international telecommunication firms to comply
with rules. The mimetic mechanism stresses imitation in the case of uncertainty, that is, “when the environment creates a symbolic uncertainty, firms may model themselves on other firms” (DiMaggio and Powell 1983, p. 151). For instance, international telecommunication firms may behave like one another within the Nigerian telecommunication sector if they are uncertain about what to do in the business environment. The normative mechanism refers to professional bodies like the Association of Telecommunication Operators of Nigeria (ATON) that monitor the activities of its members to ensure all members maintain optimal and professional standards in the industry.

By the early 1990s, a further effort was made through the works of North (1990) and Scott (1995) to develop the institutional theory. For example, North (1990, p. 5) defined the institution as the “rules of the game that shapes” firms’ behaviour and these rules are in the form of formal and informal rules that firms may comply with to enhance survival in the environment. The formal rules refers to the regulatory processes, and legal and political systems within a country. The formal institution has clear and specific rules. It also has standards that firms within a society must comply with and this will in turn shape how the institution and organisation interact with one another (North, 1990).

The informal rules are referred to as culture where the norms and values are embedded within society (North, 1990). Culture is defined as the transmission from one generation to the next of such things as the religion, language, norms and values of a people (Boyd and Richardson, 1985). Hofstede (1991) defines culture as the collective programming of the minds of a particular set of people. The informal rules have been increasingly considered as the foundation on which the formal rules rely in order to function (North, 1990). In their work on the informal institution,
Helmke and Levitsky (2004, p. 727) see informal institutions as “socially shared cultural rules, usually unwritten that are created, communicated and enforced through channels widely accepted as official”. Thus, the definition indicates that the informal institution possesses non-visible elements that predate visible formal institutions such as regulations and the political institutions and its enforcement mechanism including regulators, and the political and the legal systems. Such mechanisms of enforcement are very different from those of the informal institution, which have been found to include “shunning and even violence against an firms from the members of the society” (Grymala-Busse 2010, p. 313).

Another important contribution in the mid-1990s to the development of the institutional theory is that of Scott (1995). In his contribution to the works of Meyer and Rowan (1977), DiMaggio and Powell (1983) and North (1990), Scott (1995, p. 34) sees the institution as the different elements within the society including regulative, normative and cultural-cognitive elements, which he called the “pillars of institutions”. In his subsequent work, Scott (2005, 2008) and most recently Scott (2014), views these pillars of the institution as sources of stability and meaning for social behaviour. Scott (2014, p. 57) observed that the pillars of institutions are the “central building blocks of institutional structures, providing the elastic fibres that guide behaviour and resist change”. In essence, these pillars are the support system that upholds social order.

The regulative pillar emphasises rule setting that monitors and sanctions firms’ activities. The regulative pillar involves the ability to enact rules, monitor how firms conform to them and thereby establishes processes that either rewards or sanctions that punish as a form of putting mechanisms to correct future behaviours.
For examples, regulative guidelines established to monitor the activities of the international telecommunication firms by the Nigerian Communication Commission (NCC) are formal institutions that determine how the telecommunication firms behave in the context of Nigeria. The normative element set the goals or objectives for firms and specify the rules on how these goals are attained. For instance, the international telecommunication firms are required to adhere to the international best practices and standards set by the international telecommunication union (ITU) or a national body such as the Association of Licensed Telecommunication Operators of Nigeria (ALTON). According to Scott (1995, 2013) the cultural-cognitive element emphasises the shared conceptions that constitute the process through which meaning is made. For instance, the belief of a people embedded within the society.

The institutional framework of Scott (1995) has been criticised for focusing more attention on the cultural cognitive pillar than the regulative and the normative pillars. For instance, in a review of the institutional theory, Hirsch (1997) observed that previous work on institutional theory, in particular that of Scott (1995), has not provided institutional theory researchers with the flexibility of adopting the pillars of institutions in either conceptual or empirical research. What this means is that institutional scholars were forced to adopt the cultural-cognitive element in investigation (Hirsch, 1997). In response to this criticism, Scott (2014) argued that at that time it was novel to focus more attention on the culture as there was scarce research in the area. Scott (2014, p. 138) further argue that the pillars of the institution were proposed as “analytical tools in order to enable investigators to identify what ingredients were at work in varying situations or contexts while acknowledging that the elements were often combined together”.

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Institutions from the writings of both North (1990) and Scott (1995, 2014) have unambiguously shown that institutions do matter; however, how institutions matter requires more attention. How institutions matter became the major point of argument in subsequent literature on institutions. For example, Peng (2002, 2003), Peng, Wang and Jiang (2008) and Peng, Sun, Pinkham and Chen (2009) contributed to previous scholarly works on neo-institutionalism by integrating the ideas of North (1990) and Scott (1995) to develop the institutional base view. Institutional base view focuses on exploring the role of institution and firms’ relationship, particularly in emerging economies. Peng et al., (2008, 2009) suggest that both the framework of North (1990) and Scott (1995) are complementary. Table 3.1 presents examples of complementary areas in both frameworks.

Table 3.1 Complementary areas of institution

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<td>Formal institutions</td>
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<td>Informal institutions</td>
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Source: Adapted from Peng et al. (2008)

In table 3.1, on one hand, formal institutions comprising laws, regulations and rules, which constitute the rules of the game in an institutional environment correspond to the regulative pillar. On the other hand, informal institutions comprising norms corresponds to the normative pillar. Finally, cultures and ethics corresponds to the cultural-cognitive pillar. The combination of both are “natural
for management research” (Peng and Heath 1996, p. 499). This is because a complementary view of research on institutions investigates both formal and informal components in the environment (Peng et al., 2009). Peng et al. (2009) further argued that an integrative approach is important in management research because it draws on the benefits in both perspective, which can help international firms to understand the host environment in foreign market.

The works of Meyer and Rowan (1977), Zucker (1977), DiMaggio and Powell (1983) and Mayer and Scott (1983) on the institutional theory were the foundational works, and therefore, dominated the scholarly insights in terms of application of the theory. However, according to his later contribution, Scott (2008) maintained that although the theory had made substantial progress since the seminal conceptualisation of neo-institutionalism in the 70s, the previous works “overstated the unity, coherence and independence of their framework” (Scott 2008, p 431). What this means is that the society alone act in a uniform and coherent way to determine the behaviour of the of the and, in addition the firm is passive (Oliver 1991).

To correct this flaw, two approaches have been suggested. Firstly, institutional scholars need to understand that the “institutional environment is not monolithic, but often varied and conflicted”, that is, within one environment different institutions exist that might even be confrontational (Scott 2005, p. 11). For example, elements of the regulatory, normative and cultural-cognitive institution “may not be aligned, and one may undermine the effects of the other” (Scott 2005, p. 11). To be precise, the institutional environment may be dynamic
and fragmented where one institution may be successful in promoting its ideals over another.

Secondly, actors within the institutional environment can institutionally construct their institutional environment (Scott, 2005; Lawrence and Suddaby, 2006). These actors, which includes institutional actors and firm actors, can reconstruct the rules, norms and the belief system through interactions between the institutions and the firms (Scott, 2005). In essence, Scott (2005) observed that the previous foundational work did not foresee the possibility of firms responding to institutional pressures strategically. Consequently, this has become a major criticism of neo-institutionalism. This criticism form the basis for the introduction of the concept of institutional work (Lawrence and Suddaby, 2006, 2011). Institutional work has to do with the “purposive action of individuals and organisations aimed at creating, maintaining and disrupting institutions (Lawrence and Suddaby, 2006, p. 215). Specifically, it focuses on the ability of actors/individuals to carefully navigate the institutional environment.

Lawrence and Suddaby (2006) drew insights from the works of DiMaggio and Powell (1988), Oliver (1991) and Suchman (1995) who were mainly preoccupied with the idea that firm actors are rational human beings who can employ various means to achieve organisational objectives. In particular, DiMaggio and Powell (1988) introduced the concept of agency in institutional theory, which suggests that firms are also actors within the institutional environment, and therefore, are not passive in the face of institutional pressures but can respond. This is further illustrated by Oliver (1991), who observed that contrary to assumptions of previous scholarly works (e.g. Meyer and Rowan, 1977; DiMaggio and Powell,
1983) firms could and do respond to the different combinations of institutional elements.

The major preoccupation of this thesis, therefore, is to contribute to the first correctional measures and investigate the institutional factors that influence the post-entry expansion of the international telecommunication firms. To be more specific, the aim is to identify the most important institution and explain how institution has changed over time in terms of its influence, as Scott (2013) suggested, although institutions exist to provide stability and order they may also undergo changes, so scholars may want to investigate not only how institutions are maintained but how they undergo changes. For instance, since the Nigeria telecommunication sector was established in early 2000, the institutions present in the sector may have changed. This thesis will in part pay attention to the responses of firms (if any) within the institutional environment, because, as suggested by Scott (2005) and Lawrence and Suddaby (2006, 2011) firms and individuals within the firm can reconstruct the rules, norms and the belief system within their environment, so it is possible that the telecommunication firms may have started to respond to the demands in the institutional environment.

Scott (1995) suggests that the purpose of firms conforming to the three pillars of the institution is to gain legitimacy, which refers to the acceptance of the firm within the institutional environment. Suchman (1995) argued that legitimacy could both be seen as a determinant of a firm’s acceptance and a strategic tool adopted by the firm to survive in the institutional environment, which is in line with the works of DiMaggio and Powell (1988), Oliver (1991) and Lawrence and Suddaby (2006). The understanding of legitimacy from the institutional theory perspective is necessary as legitimacy can be the result of institutional influence
(Scott, 2014). The next section, therefore, provides a detailed discussion on the concept of legitimacy.

3.2.1.1 The legitimacy concept
Institutions have been identified in the preceding session as influencing firm, thereby providing them (the firms) with the legitimacy to operate in the institutional environment. In this section, the concept of legitimacy is defined, and the perspectives of key legitimacy scholars are presented. In addition, the perspective of international business scholars on the concept of legitimacy and how it links to that of institutional theory is discussed. Finally, a research gap that this thesis seeks to cover will also be presented.

Legitimacy has been defined by several scholars from a different perspective. To some, organisational legitimacy refers to the actions of an organisation that is acceptable within the society (Dowling and Pfeffer, 1975). Meyer and Scott (1983, p. 201) introduced a cultural perspective to the concept of legitimacy by defining it as “the degree of cultural support for an organisation”. Suchman (1995) defined legitimacy as the “generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values and beliefs”. Studies on legitimacy in the last ten years have come up with a more concise and succinct definition of legitimacy. Tost (2011) defines legitimacy as “the extent to which an entity is appropriate for its social context”. In a more recent work, Deephouse et al. (2017) define legitimacy as the perceived appropriateness of an organisation to a social system regarding rules, values, norms and definitions”. It is important to highlight that the commonality in the previous and recent scholarly definitions is that
legitimacy occurs when firms are already in existence, set up or established and its activities are expected to be evaluated or monitored by constituents, e.g. government officials, regulatory bodies and members of the society.

In this research, legitimacy is defined following Suchman (1995), Scott (1995) and Deephouse et al. (2017) as the attempt of firms to gain acceptance in the society through conforming to regulative, normative and cultural-cognitive institutions. Specifically, it emphasises the actions that can be taken by the international telecommunication firms to react to the demands of the various institutions within the Nigerian telecommunication sector and the Nigerian society in general. These actions can comprise how they relate to institutions such as the government, the regulators, the communities hosting the telecommunication mast and other factors within the Nigerian context.

While early research (e.g. Meyer and Rowan, 1977; DiMaggio and Powell, 1983) focuses on the institutional effects on organisational behaviour to determine its legitimacy, the 1990s saw another perspective to the discourse on organisational legitimacy. Examples of such works include Ashforth and Gibbs (1990); Oliver (1991) and Suchman (1995). They viewed legitimacy as a strategic resource or tool to be adopted by organisations to survive within the institutional environment and to fulfil organisational goals. These scholars introduced different ways on how institutions influence firms and how firms manage such influence to obtain legitimacy. For instance, building on previous works on the institution by Meyer and Rowan (1977) and DiMaggio and Powell (1983), Ashforth and Gibbs (1990) argued that organisations pursue legitimacy in two ways: substantive and symbolic practices.
Substantive practices entail activities which involves role performance. Role performance by the organisation consists of meeting the demands of constituent members upon which they depend for resources that facilitate their survival. For instance, the international telecommunication firms meeting the demands of the regulatory body. The argument put forward by Ashforth and Gibbs (1990) is that the ongoing fulfilment of expectations is a prerequisite to organisational survival. Consequently, telecommunication firms can target some specific actors within their environment and fulfil their desires; these actors, in turn, will legitimise their survival.

In addition to the substantive practice, Asforth and Gibbs (1990) built on the works of Meyer and Rowan (1977) and argued that a firm could also pursue legitimacy through symbolic management. This means the organisation can sometimes ceremoniously attempt to conform to certain social expectations while keeping the internal organisational mechanism intact; they could also conceal their activities from prevailing rules and norms within the society. This behaviour may not be practical within the Nigerian telecommunication sector as argued by Sutherland (2014) in his comparative study of the telecommunication sector in Africa. He asserts that it is a vastly regulated sector and that since the sector is relatively new, regulators are very much interested in the internal dynamics of the firms, not necessarily for efficiency but for their own interests. As an illustration, in the Nigerian context, the regulatory system is designed in such a way that systems are linked. For instance, the SIM card registration database of the operators is regularly monitored by the regulators, who also have access to the database. As a result, they were able to penalised Case D in this thesis for violating the regulation on SIM card registration as they (the regulators) have also access to the database.
Therefore, it may be difficult for telecommunication firms in Nigeria to conceal organisational practices.

Studies have been conducted building on the works of Ashforth and Gibbs (1990) to refine the concept of legitimacy in institutional theory. For example, Suchman (1995) draws on the three institutional pillars of Scott (1995) to develop three dimensions of legitimacy, namely: pragmatic, moral and cognitive. When a firm enters an exchange with its audiences by directly rewarding them, it is termed pragmatic legitimacy. What this means is that there could be a form of exchange such as bribery between the firms and the constituents. Another type of pragmatic legitimacy is the influence legitimacy, which has to do with constituents supporting the firm, not because of some specific gains but because the existence of the firm represents a wider public interest.

Moral legitimacy emphasises that the right thing ought to be done in any given circumstances, which is a contrast to pragmatic legitimacy that focuses on the institutional actor that benefits from monitoring the firm. For instance, structural legitimacy, which is a form of moral legitimacy, suggests that constituents demand that a firm has organisational structure in place to determine competency. This means that the regulatory bodies within the Nigerian telecommunication sector can place a demand on the international telecommunication firms to have some form of organisational structure, which is subject to approval.

The third form of legitimacy is the cognitive legitimacy, which refers to a situation that involves an organisation pursuing the kind of actions the society deems right. If these actions are accomplished by the organisation, it then assumes the “taken-for-grantedness” status that is an absence of questioning” (Deephouse and Suchman, 2008, p. 53). This means that the organisation has been accepted by
the constituents and is beyond wrongdoing or questioning. The difference between the pragmatic, moral and cognitive legitimacies is that while the pragmatic and moral legitimacy monitor behaviour, the cognitive does not but is nevertheless viewed as necessary. Although the international telecommunication firms are important firms in Nigeria, they may not have attained the cognitive status yet taking into account the different constituents that place demand on their activities.

For an organisation to have the three forms of legitimacy, Suchman (1995) suggested that organisations need to overcome the challenge of gaining, maintaining and repairing legitimacy through three strategic responses: conforming, selecting among environments and manipulating the environment.

Gaining legitimacy refers to a firm becoming established within the institutional environment, so for an organisation to gain legitimacy they must be selective within the environment regarding the audience that is supportive of their activities. For instance, in the Nigerian telecommunication sector, telecommunication firms might want to be selective about which of the audiences or regulative bodies they should comply with (either NCC or NESREA). They maintain legitimacy if the institutional environment is satisfied with their level of conformity.

The challenge of repairing legitimacy observed by Suchman (1995) is activated when an organisation discovers they must respond to an unforeseen crisis. This might happen when a firm is oblivious of their declining support from their constituent members. For example, in the context of the Nigerian telecommunication sector, one of the case companies was recently fined by the regulatory body. In this instance, it would be interesting to find out how they were able to repair this imbroglio between them and the regulatory body, the NCC. They
could do it through conforming to the commission’s directives, which according to Suchman (1995) has to do with a firm positioning its plans within the existing institutional order so as to seem to the constituents that they are conforming. Alternatively, it could be through manipulation, which involves the organisation coming up with a different way of doing things contrary to that of the institutional environment. Thus, it is the direct opposite of selection and conformity.

Suchman (1995, p. 596) further suggested two ways organisations can maintain legitimacy. One way is through “perceive change”, which has to do with the process of enhancing their ability to foresee future negative impact and devising ways to avert this. For instance, a firm can develop a close relationship with elements of the institutional environment so it (the firm) is seen as part of the environment. In the context of Nigeria, given the traditional heterogeneous environment presented in section 2.3 of this thesis regarding different languages, religions and way of life, the international telecommunication firms can attempt to develop a form of affinity with the constituents. Another way of maintaining legitimacy is through “protecting their accomplishment”, which means that firms can protect already gained legitimacy from being eroded. As Ashforth and Gibbs (1990) suggested there is a tendency for the firm to become complacent with their achievement. As a result, Suchman (1995, p. 596) concluded that “firms should avoid unexpected events that might reawaken scrutiny”. Again, using the fine imposed on one of the case company as an example, the findings of this research can show whether the company became complacent with existing legitimacy in the sector.

Building on the works of Ashforth and Gibbs (1990) and Suchman (1995), Deephouse et al. (2017, p. 4) contributed to previous studies by introducing two
ways firms can manage legitimacy, which are “challenged by and “institutionally innovating”. On the one hand, “challenged by” deals with the existence of and opinions of multiple stakeholders, hence heterogeneous sources of legitimacy. The heterogeneous nature of the Nigerian institutional environment provides the ground for observing the different stakeholders that make demands on the telecommunication firms. On the other hand, “institutionally innovating” deals with the radical actions of organisations to change norms.

The perspective of legitimacy as presented in the works of Suchman (1995); Ashforth and Gibbs (1990); and Deephouse et al. (2017) is that legitimacy is gained and maintained in an institutional environment that is stable because a firm must fit within the various criteria of legitimacy, that is, regulative, moral and cultural-cognitive (Scott, 2014). However, the concept of legitimacy as suggested by Suchman (1995) and Deephouse et al. (2017) is limited as it does not pay attention to how firms can be influenced in the process of seeking legitimacy when operating in international contexts, which are in the main largely unstable environments for international firms.

This limitation was given considerable attention in the works of Kostova and Zaheer (1999) and Kostova and Roth (2008), who in their contribution to the development of institutional theory and firm legitimacy had argued that extant works by the neo-institutionalist did not focus on international firms that operate in different institutional environments, where some of the environments may not be stable, but still gain and maintain legitimacy. Kostova and Roth (2008) agreed that maintaining legitimacy in the context of international firms may be difficult because of the multiplicity and complexity of the legitimating environment. However, they proceed to argue that international firms can gain and maintain legitimacy by
selecting and negotiating with institutional actors, which can consist of the three institutional pillars.

In support of this perspective, Scott (2010) linked the concept of legitimacy to that of institutional theory and drew on the works of Kostova and Roth (2008), highlighting the importance of international firms in the discussion of the institutional theory by saying “an important asset increasingly utilised by MNCs is their ability to shop from among various types of regulatory environments to determine which is most favourable for them” (Scott 2010, p. 16). It seems clear that since international firms may face institutional influence the adoption of the institutional pillars and the concept of legitimacy is particularly important in the study of their activities in a foreign market, because they may face different combinations of institutional influence. In this regards, Deephouse et al. (2017, p. 30) suggested that “there are specific combinations of institutions that apply to specific types of organisations under specific circumstances” to grant legitimacy to firms. The study further suggests that there are emerging empirical settings, such as the informal setting, that are fertile grounds for growing research on an institution that ensures a firm’s legitimacy. Furthermore, they call for further investigations on institutions granting legitimacy because, historically, the formal institutions such as state regulations have long been central to studies on legitimacy (Dowling and Pfeffer, 1975; Meyer and Rowland, 1977; Zucker, 1987; Meyer and Scott, 1983; Bitektine and Haak, 2015). Therefore, this thesis seeks to address this gap by investigating the context of Nigeria in Africa, which can introduce nuances in the study of the institution and the concept of legitimacy.

The next section discusses the institution from the perspective of Africa to determine which of the pillars of institution is widespread within the institutional
environment as elements of cultural-cognitive or informal institutions, such as religion, tribes, norms and values, which have been found to be common in emerging countries, can enhance a firm’s legitimacy (Holmes et al., 2013). In addition, it will be important to see if there are positive or negative underpinnings of the role of the institutions from the African perspective.

3.2.2 The institutions in the context of Africa

Studies both conceptual and empirical from Africa have increasingly argued that the institution in the African context differs from other parts of the world (Zoogah, Peng and Woldu, 2015; Kamoche and Harvey, 2006; Michalopoulous and Papaioannou, 2013; Michalopoulus and Papaioannou, 2015). This is because elements of the informal institutions such as tribes, ethnicity, religion and language as well as a traditional political structure are much more complex within Africa due to its heterogeneous society (North, 1990; Scott, 2014). Conceptual papers have been written in this regard. For instance, in the study of human resource management in Africa, Kamoche and Harvey (2006) adopted institutional theory to examine how multinationals can successfully gain and diffuse both international and local knowledge embedded in the social norms and values of the people, such as collectivism (emphasis on the group), which can enhance team performance. The study suggests that there is the need for foreign investors to understand the business environment in Africa to ensure success. The study concluded that international firms could acquire tacit managerial knowledge by recognising the knowledge entrenched in the African context.

Recent studies on Africa have suggested that investigating the African setting may contribute to management research (Peng, 2014; Zoogah, Peng and
Woldu, 2015; Nkomo, Zoogah and Acquaah, 2015). For example, Zoogah, Peng and Woldu (2015) in a conceptual study pointed out that management scholars have much to learn from Africa because of the distinctiveness of its institutional environment, which has a significant role to play in organisational effectiveness. For instance, within the African setting the national institutions like the government and ethnic institutions such as the traditional chiefdoms either cohabit or exist separately and this may influence the management of businesses because there might be demands for compliance to rules from both institutions. The study called for empirical research and context-specific studies in Africa because these may contribute to extending theories on organisational effectiveness. Similarly, Nkomo, Zoogah and Acquaah (2015) suggest that researching the context of Africans’ rural society may provide the platform for new theory development on firms’ expansion in Africa. On the whole, these conceptual papers suggest that understanding the informal institutional setting in Africa where there are many different tribes and tribal chiefs, which hold sway over the government, can contribute to effective management practice in Africa.

Empirical research conducted following conceptual assertions by previous studies have found evidence to suggest that indeed the contextual background of African institutions is distinctive (Acquaah, 2007; Newenham-Kahindi, 2009; De la Torre-Castro and Lindström, 2010; Khavul et al., 2009; Newenham-kahindi and Stevens, 2017). For instance, building on the works of Kamoche and Harvey (2006), Newenham-Kahindi (2009) investigated the South African service firms internationalising to Tanzania. The study found that integrating cross-cultural practices of Ubuntu and Indaba with the host country’s management practices contributed to high work performance within the firm. While Ubuntu refers to group
solidarity and relationship building, Indaba refers to the traditional structure of managing conflict within the community. The success in the adoption of local knowledge according to the findings of this study was the reason the study suggests the need for international firms to recognise the cultural-cognitive pillars of institutions including Ubuntu and Indaba that can influence organisations within African countries.

Other studies have also identified the importance of formal institutions recognising the local contextual setting in Africa. In the qualitative case study investigation of small-scale fisheries and seaweed farming in Zanzibar, De la Torre-Castro and Lindström (2010) found that normative and cultural-cognitive institutions were a major component in the institutional environment of the fishing community in Zanzibar. There are two distinct fishing communities, the Marumbi and the Chwaka, each of whom has long traditional way of fish farming but distinct way of fish farming enshrined in their culture. While the Marumbi community uses dema, a basket trap to engage in fishing activities, the Chwaka community uses dragnet, which encroaches on the fishing grounds of the Marumbi community. On the one hand, the Marumbi community claimed that the act of using dema is part of their cultural. On the other hand, the Chwaka community claimed that the government’s fishing legislation permits them to fish in any zone using dragnets. This conflict has led to the government promulgating laws and by-laws, which are consistently violated by both parties.

The findings of Newenham-Kahindi (2009) and De la Torre-Castro and Lindström (2010) is supported in the empirical study of ethnicity in Sub-Saharan Africa by Michaloupolus and Papaioannou (2015), who found that the pre-colonial heritage of some African countries, such as tribes, chiefs and traditional folkways,
continue in rural parts of Africa. Thus, giving some African countries a dual structure of a formal and informal setting. The existence of this dual setting can pose a challenge to international firms who might not have the expertise to manage such an environment.

Recent empirical studies in specific African countries have begun to suggest ways in which international firms can manage such an ambiguous environment. For example, Acquaah (2007) investigated the impact of social capital derived from ties with government and community leaders in Ghana. The study found that social capital developed as a result of building networks and developing social relationship with government officials, managers of other firms and community chiefs enhances firm’s survival and performance in the host country. The interesting outcome of the study is that the leaders within the community such as chiefs and elders contributed significantly to firms’ performance. Similar studies have been conducted in other African countries to determine ties between international firms and host country institutions. For example, to determine the impact of political institutions on corporate risk taking, Boubakri et al. (2013) investigated non-financial firms in 77 countries including four African countries, Botswana, Egypt, Nigeria and Zimbabwe. They found that close ties to facilitated more lucrative investment choices.

Using data collected on 429 firms from 27 African countries including Nigeria, Zoogah (2018) drew on institutional based view to investigate the interactive effects of institutional endowment on the performance of firms. Institutional endowment refers to the degree to which a country has effective institutions that facilitate economic transaction. The study found that there are differences in firm performance across African countries given the role political
and regulatory enabling environment play in exploring natural resources on the continent. The study concludes that international firms that survive in the countries investigated, such as Nigeria must pay attention to institutional effects.

Studies have also began to draw attention to the unique institutional settings in region specific studies. In East Africa sub region, Newenham-kahindi and Stevens (2017) investigated the mining sector to understand the institutional challenges mining multinationals could face specifically in the Lake Victoria Zone in Western Tanzania and the Great Lakes in Burundi and Rwanda. The study found that international mining companies investing in the host communities for the first time relied on the information provided and the relationship that has been developed by locals employed as intermediaries to overcome institutional challenges such as the tension between different ethnic groups and the company or violence and vandalism of companies’ properties within the host country.

Within the West African sub region, Ibeh et al. (2016) investigated the motivation behind location choices for FDI among WEST African service multinationals. The findings of the study suggest that in addition to market seeking opportunities, relationship seeking is particularly relevant for subsequent investment opportunities. This goes to show that relationship with institutional actors is key to survival in host countries.

Given this conceptual and empirical studies of institutions in Africa, it is evident that the institutional environment in Africa where there is prevalence of informal institutions and can influence international firms in unique ways, which can often work in different ways to the formal institutions. However, there is still more room for empirical investigation on the influence of the traditional African
setting. Peng (2014), Michaloupoulos and Papaiosnnou (2015) and Newenham-kahindi and Stevens (2017) suggest that future research should focus more on how the role of local institutions including ethnicity, history and traditional chiefdoms interact with formal institutions such as the regulatory institutions. A possible focus would be how the pre-colonial and post-colonial Nigerian society presented in Chapter 2 of this thesis influence formal firms and establishments like the regulatory bodies and the telecommunication firms.

Indeed, Michaloupoulos and Papaiosnnou (2015) suggested that “more work is needed to shed light on how multinationals deal with local ethnic institutions and tribal leaders and how dual coexisting institutional frameworks in rural Africa influence foreign investment”. This research contributes to this perspective by unpacking what is peculiar to the Nigerian setting. Attention will be drawn to how the Nigerian context, including the traditional community, people’s way of life or belief systems, tribes and religion, can serve as the informal institutions that can influence the international telecommunication firms in Nigeria. This research, therefore, presents an opportunity to contribute to the body of literature on institutional theory. The subsequent sections present a review of empirical studies that have adopted institutional theory to investigate the influence of the institution on firms’ behaviour in different contexts.

3.2.3 The empirical application of institutional theory
What we know about the institutional theory is largely based on empirical studies that have investigated how the regulative, normative and cultural-cognitive dimensions of the institution influence firms’ legitimacy in the institutional
environment. In this section empirical studies from various sectors, disciplines and contexts that have adopted the three dimensions are presented to provide a broader understanding of the theory. As Scott (1995, 2013) observed, two areas that empirical work can contribute to involve whether the three pillars of the institution can be combined in analysing institutional effects or if one pillar of the institution exerts dominance over others. In addition, it is important to learn if there have been changes over time, because as highlighted by Zucker (1977, 1999) institutionalisation is a continuous process. Thus, attention should be given to the process of development of the institution in a context (Scott, 2014). The empirical review in this section will focus on how institutional scholars have complied with these instructions.

Existing studies in the last ten years have shown the importance of adopting institutional theory to investigate topical issues in several sectors. For instance, studies within the technology sector have shown the influence of the institutions (Kim, Kim and Lee, 2009; Baptista, 2012; Angst et al., 2017). Investigating the e-government system in the technology sector in South Korea, Kim, Kim and Lee (2009) drew on insights from the institutional framework of DiMaggio and Powell (1983) and Scott (2001). In particular, they adopted the normative, regulative and mimetic dimensions to explicate the adoption of the e-government system to combat corruption in South Korea. The essence of the single case study was to see how the e-government system has evolved and adapted in the civil service sector in South Korea. The study found that the three-dimensions provide the basis for the adoption of the system. Firstly, it ensured firms adopted the initiative of the government considered under the normative dimension, that is, the norms and values in the society as a criterion for adopting the system. Secondly, it influenced
and provided a model for others to follow. This is in terms of coercion or regulatory enforcement and mimetic dimension. Although the pillars of the institution had an equal impact regarding its influence and the adoption of the e-government system, it was found that these changed over time as the government employed the instrument of coercion to force the civil service sector to adhere to the norms and values of the country to stop corruption. These, therefore, show that the regulative element is more prominent than the normative and cultural-cognitive elements.

In their investigation of the United Kingdom (UK) health care system to determine the impact of the government policies on the adoption of information technology, Baptista (2009) and Currie (2012) demonstrate that the policies by the regulatory institution, the government, on advanced information technology in the healthcare record management system met resistance from professional clinicians, a normative institutional structure. Thus, leading to a delay in the implementation of the policies over time. Building on the findings of Baptista (2009) and Currie (2012), in a recent investigation by Agnst et al. (2017) on the UK healthcare system and technology adoption, rather than focusing on the implementation of the regulatory policies on the information technology security system to avoid security breaches, practitioners, who are the normative institutions within the health care system, have consistently adopted the policies in a symbolic manner, where they pretend to implement the policies, but in actual fact do not. This leads inevitably to increasing conflict between the two most prominent institutions, the regulatory and normative. The study conducted by Currie (2012) and Agnst et al. (2017) was limited to a single context study, so further research was called for to investigate whether the conflict between the normative and the regulative institutions could be replicated in other sector.
The framework of Scott (1995, 2001) has also been adopted in the accounting profession to understand the institutional impact and changes, but with little consideration to the influence of the macro/external institutional environment (Järvenpää, 2009; Gorestzki, Strauss and Weber, 2013). For instance, in a qualitative case study to understand the changes and stability in management accounting systems, Järvenpää (2009) adopted the regulative, normative and cultural-cognitive pillars of Scott (2001) to investigate management accounting functions. The study demonstrates that the regulative pillars that serve as the foundation of the accounting changes include the financial accounting regulations and the stock market. These placed institutional pressures on the accounting firms to implement changes in accounting reporting systems. The normative and the cultural-cognitive pillars played a supporting role to the regulatory element in the form of assistance that amounts to interpreting the moral obligation of the management accounting practitioners to act based on what is right within the profession. The cultural-cognitive dimension reveals the right values within the firm such as accurate financial reporting. According to Järvenpää (2009) the adoption of the institutional framework helps in enriching analysis in accounting changes. Therefore, the three pillars of the institution have been found to play a supporting role in enhancing accounting functions.

Gorestzki et al. (2013) extend the works of Järvenpää (2009) by investigating the institutionalisation of the management accounting role within a German manufacturing firm. The purpose of the study was to investigate how changes within the role of a chief financial officer occur. The study found that there was a deliberate institutionalisation of management accounting roles at the intra-organisational level. The studies conducted by Järvenpää (2009) and Gorestzki et
al. (2013), although they adopted the institutional pillars, gave little consideration to the institutional arrangement in terms of the larger influence of the external cultural and regulative institutions on the intra-organisational management and accounting functions. The studies, therefore, call for a future investigation into the role of macro regulative, normative, and cultural-cognitive institutions in intra-organisational management accounting functions, in order to show how this macro institution can influence a firm’s internal arrangements.

Several pieces of evidence have also suggested strong institutional influence in the agricultural sector (De la Torre-Castro and Lindström, 2010; Schermer et al. 2015). For example, De La Torre-Castro and Lindström (2010) found that regulations developed by the formal institution, the government, are not enough to promote long-term cohesiveness between the two rival fishing communities in Zanzibar, as regulatory policies focus more on rules than norms and cultural-cognitive elements. Similarly, in the study of the agricultural sector in Austria, France and Norway, Schermer et al. (2015) investigated how the regulative, normative and cultural-cognitive institutions affected the choices of farmers in these countries where years of farming had resulted in changes to the ecosystem of the mountain grasslands. The findings from the study show that the cultural-cognitive pillars, which are the cultural values held at the local level, were significant across the three countries. For instance, farmers prefer to graze their animals in-doors to avoid dirty animals. The normative pillar was found to include different national and regional groups that advocate for the welfare of their members across the three countries. The activities of these groups were the basis for the actions of the government regarding the regulatory pillar that provides subsidies for farmers. However, the study found that amongst the three pillars,
normative and cognitive pillars were particularly significant because of their strong influence in the society at the local and regional levels. Therefore, they can influence the grassland management practices.

The studies conducted by De La Torre-Castro and Lindström (2010) and Schermer et al. (2015) were limited in their findings as there was no evidence to suggest integration or the distinctive nature of each of the institutional factors. Therefore, these studies suggest the need for future research that may integrate the cultural institution with the regulative institutions in terms of policy making for the agricultural sector within their context of the investigation.

In sustainability literature, research has also highlighted the influence of the pillars of the institution (Butler, 2010; Delmas and Montes-Sancho, 2011; Kim et al., 2013). For example in case study research, Butler (2010) employs the institutional theory to explain how external factors of regulative, normative and cultural-cognitive institutions influence the decisions of information technology (IT) manufacturers. The purpose of the study was to underscore the level of compliance of IT firms to the environmental sustainability issues that the government impose on them with the increased production of computers and tablets. It was found that the institutional, regulatory environment within the European Union (EU) regarding the compliance to greenhouse carbon emission was the most difficult to comprehend when compared to the normative and cultural-cognitive elements. This is due to the confusing signals coming from the regulatory bodies in charge of environmental protection in Europe. Therefore, IT firms strive to build systems and structures to help understand the regulatory directives to ensure adequate conformity. This, therefore, goes to show that the regulative pillar of the institution is the most significant in this study.
In a similar study to Butler (2010), Delmas and Montes-Sancho (2011) determine how institutional factors affected the adoption of the international environmental management standards. The study found that both the regulative and the normative elements work against one another. For instance, at the early stage of adoption, the regulative or coercive element played a major role as the regulatory institutions, such as the United Nations (UN) Global Compact, the International Environmental Management System Standard ISO 14001 and the Global Reporting Initiative, ensures that countries adopt these management standards. However, there are difficulties in the diffusion of such a policy over time in different countries because the normative element, which comprises professional bodies including professional compliance officers, often exaggerates the threat of the misuse of information regarding compliance to environmental standards. Thereby, leading to confusion and policy differences between the regulatory enforcement agencies and the professional compliance officers. This has led to the regulative and normative institutions working against one another in the process of adopting management standards. The study was only limited to the influence of the two institutions and did not emphasise how this might change over time. Hence, the study suggests that future studies can investigate whether the institutional pressures at the early stage of adoption of the accounting standard are the same as the diffusion stage.

In another example, Kim et al. (2013) adopt the framework of Scott (1995) to investigate the influence of institutional pillars in CSR practice in South Korea, and how they changed and interacted to influence the CSR practice. The study shows that there are no single institutional factors that influence the CSR practice, but multiple complex levels of interaction among different institutions including the pressure to adopt the normative values as espoused in the South Korean
Confucian culture, the pressure from the government and the pressure from the international organisations. While the Confucian values expect businesses not to show CSR practices publicly, the government, on the other hand, wants businesses to adopt a short-term approach that shows how quickly the regulatory policies on environmental sustainability works. In addition, this pressure by the government and normative values and the international organisation such as the UN Global Compact want businesses to adopt a long-term sustainability approach to CSR practice. The study, therefore, concludes that the CSR practice is witnessing a period of dynamic change, as there is increasing pressure from both national and global institutions, which are separate and independent of one another. The study, which limits its investigation to a single context investigation, recommends future research in a different context to replicate the findings in this study.

In their contributions to the empirical application of the analytical framework of Scott (1995, 2013), Lang, Fink and Kibler (2014) investigated the role of regulative, normative and cultural-cognitive institutions in local entrepreneurial practices in rural central Europe. The purpose of the study was to develop a contextualised understanding of entrepreneurship in five European countries of Austria, Slovenia, Hungary, Slovakia and the Czech Republic. The study found that in a context where there has been prior political instability, there are instances of the sudden introduction of regulatory policies, whereas the normative and the cultural cognitive institutions including the local attachment of entrepreneurs were either gradually introduced or sometimes neglected. The study concluded that Austria, where there are stable regulatory policies, engenders strong entrepreneurial activities because there is no uncertainty in the institutional environment. In contrast, in Slovenia, Hungary, Slovakia and the Czech Republic
that have had cases of civil unrest, there is more normative and cultural-cognitive influence than regulatory. The findings in this study indicate that there is a positive integration of institutions in a more stable society, but found conflict among institutions in an unstable environment.

Taken together, there has been an exhaustive and empirical investigation of the adoption of the institutional pillars as reviewed in this section. In particular, the review has shown that the three institutional pillars have been adopted to examine either a sector or their influence on a domestic firm in a specific context or country. In addition, the review of previous studies has revealed that the institutional pillars either integrate or are in conflict with one another in a specific context. However, the scope of these studies was largely general being primarily concerned with the influence and the interaction of the three institutional pillars in one context, namely on a domestic firm’s activities in one country, rather than as suggested by Scott (2013, p. 59) to apply separate component element, to “identify the underlying assumptions, mechanisms and indicators”. Therefore, there may be a need to look at the effect of institutions from a more narrow perspective. For instance, international business scholars argue that since international business firms operate in more than one country, there is the possibility that they may experience different influences of institutions because the institutions that influence international firms’ operation in one country can be different from another (Kostova, 1999).

In support of this notion, it is important to reiterate the position of Scott (2010) on the role of international firms on institutional development, where he stated that “an important asset increasingly utilised by multinationals is their ability to shop from among various types of institutional environments to determine which is most favourable for them” (Scott 2010, p. 16). The international business field
can, thus, make an important contribution to the discourse on the institutional theory. The next section will now explore this argument, explaining how the institution has been used within the international business field and then in the international activities of telecommunication firms.

3.3 Institution in the context of firms’ internationalisation

This section focuses on the empirical studies that have adopted institutional theory to analyse international firms’ foreign expansion processes as one of the most significant discussions in the field of international business is the influence of the institution on the foreign firms’ investment in the host countries (Doh et al., 2017). Previous research has identified that international firms operate in a different institutional environment compared to home countries due to differences in regulative, normative and socio-cultural pillars of institutions (Scott, 2014; Holmes et al., 2013; Doh et al., 2017). The pillars of institutions have been given priority in previous studies in international business due to their significant influence in the entry stage (Scott, 1995; Kostova, 1997; Kaufmann et al., 2009). For instance, Kostova (1997) adopted the institutional framework of Scott (1995) to develop a country institutional profile. A country institutional profile shows “a set of all relevant institutions that have been established over time, operate in that country and get transmitted into firms through individuals” (Kostova 1997, p. 180). Drawing on the work of Kostova (1997), in a study conducted by Kaufmann et al. (1999, 2009) for the World Bank, the country institutional profile was found to include the political factors (that is the political stability and instability of a country) and regulatory quality, which are the regulative pillars of institutions. In addition, factor such as corruption was considered as a normative institution because of its
underlining norms and values. These institutional factors influence how foreign firms decide to engage in their internationalisation process (Kostova, 1997; Kaufmann et al., 1999, 2009).

Moreover in the 2017 special issue of the journal of international business studies, Doh et al. (2017) highlight the significance of the institutions comprising politics, government and socio-cultural within the emerging markets, which represents the pillars of an institution that creates a transactional cost for international firms investing in host countries. The findings of Kaufmann et al. (1999, 2009) and Doh et al. (2017) demonstrate that in line with Scott (1995, 2013) suggestions on the need to identify a single pillar of an institution that can influence firms’ behaviour, the international business presents an opportunity to apply this theory. This is because firms that operate at a transnational level can identify a suitable institution that may have a negative or positive influence on their investment in host countries (Scott, 2014). Despite documented empirical research, there has been a lack of research on how these factors influence international telecommunication firms post-entry. The following subsection will discuss in detail the findings of previous empirical studies to show that little effort has been made to look at the influence of institution at the post-entry of international telecommunication firms in the host countries. Subsequent discussions will be presented on the influence of institutions including political, regulatory, cultural, corruption and market factors on the activities of the international firms as they seek to engage in international operations.
3.3.1 Political factors

Political factors are formal institutions within a country, which comprises government and its agencies, and their primary responsibility is to ensure the stability of governance and secure lives and properties (Globerman and Shapiro, 1999). Previous studies on firms’ foreign expansion to different regions and sector specific studies such as on international telecommunication firms’ expansion have investigated the impact of political factors, and found that they do have an influence on the process of firms’ internationalisation at entry stage (Guler and Guillén, 2010; Aguiar et al. 2012). In region specific investigations, the findings of previous studies on the influence of political factors on firms’ investment in host countries are divided into two major perspectives, the developed and developing countries. The reason provided for these two perspectives is found in the works of Aguiar et al. (2012). Aguiar et al. (2012) investigated the influence of political institutions on foreign investment to determine the extent to which political institutions influence international firms. The study found that the key consideration before investment is the expected impact of current and projected political risk factor on business operations and performance. A further consideration is the consequent effect on profitability of investment in host countries. It is evident that political factors are one international firms’ major consideration before engaging in foreign engagement in the host countries.

From the perspectives of the developed countries, previous studies that have investigated investment in developed host countries have shown that the political environment in most developed countries helps to attract investment (Mudambi and Navarra, 2002; Tsebelis, 2002; Guler and Guillén, 2010). For instance, Mudambi and Navarra (2002) demonstrate that the presence of democratic government in host
countries in developed countries including the US and other developed countries in Europe determine the international attractiveness of the location for foreign direct investment, because these account for the reason why firms invest in these countries. Analysing how political institutions can work to the advantages of firms, Tsebelis (2002) observed that democratic institutions within Western countries provide policy tools that reduce the ability of government officials to enact policies that undermine the operations of multinational companies. Jensen (2008) who utilised price data to investigate how domestic political factors can influence multinationals found similar findings. Jensen (2008) suggests that democratic regimes reduce risks for international investors. Guler and Guillén (2010) examined the impact of the political environment on 216 American venture capital firms from 1999-2001 and found that stable/democratic political institutions were one of the characteristics of host countries which engendered innovative opportunities, protect investors’ right, facilitate exit and guarantee stability.

What is less clear from these studies that have investigated the influence of political factors is the influence of the factor once the investment has been made in the host countries. Guler and Guillén (2010, p. 201) noted that future work is required to determine “the impact of institutions on venture capital practices once the foreign firm starts operation in the foreign country”. The study further suggests that future studies should not be limited to venture capital alone, but should also consider another field in international business, where there has been limited research. This position is supported in the review of 153 quantitative studies on foreign investment destination conducted by Nielsen et al. (2017), who found that there is a need for future empirical research because the amount of research that has
looked at the influence of institution on firms’ activities after entry is relatively small.

In contrast to studies from developed countries, those within developing countries have shown mixed findings. For instance, using a data sample covering 83 developing countries from 1984 to 2003, Busse and Hefeker (2007) identified government stability, ethnic tensions, lack of law and order and the democratic accountability of the government responsible for attracting foreign firms. Most importantly, changes in government policies and political institutions in the host countries affect the behaviours of multinationals (Busse and Hefeker, 2007). Contrary to the findings of Busse and Hefeker (2007), Jadhav (2012) used panel data to examine the determinant of FDI in BRICS (Brazil, Russia, India, China and South Africa) economies. The study found that political institutional factor are not statistically significant factors influencing FDI in BRICS countries because most of the investment is from countries with a similar institutional environment; hence emerging market foreign firms can cope with the demands of the political environment. This is particularly significant to this research as it gives credence to the increasing investment of emerging market multinationals in emerging countries in Africa. However, the study did not show emphatically the countries that are recipients or their corresponding investors; additionally, the industries that attract these investments were not given consideration.

Furthermore, consistent with the findings of Busse and Hefeker (2007) and Jadhav (2012), Arsyad and Hwang (2014) examined the multinational expansion of ASEAN (Association of South East Nation) firms and found political institutions contribute to local firms’ expansion and performance, because local firms tend to use political relationships with the government to advance their interest more than
foreign counterparts. Thus, discouraging foreign firms from considering investment in the host country.

Studies within Africa have shown the negative impact of the unstable political institution on foreign investment decision of international firms. For instance, Asiedu (2006) used a panel data of 22 Sub-Saharan African (SSA) countries to analyse the determinant of FDI to the region and found that political instability has a negative effect on FDI. Similarly, adopting a cross-sectional time series data, Cleeve (2012) examined the investment inflows into 40 SSA countries and found political stability and institutional credibility impacts on firms’ decision to invest in SSA. Luiz and Charalambous (2009) revealed that South African banks consider the political stability of most Sub-Saharan countries before internationalisation. Similarly, a study conducted by Luiz and Ruplal (2013) on the internationalisation of mining companies in Africa, shows the political factor as a major determinant in South African firms’ internationalisation in other parts of Africa.

Overall, the findings in previous studies that have investigated the influence of political institutions have increased awareness on the influence of political institutions to foreign firms’ investment in host countries, particularly at the entry stage of their internationalisation process (Guler and Guillén, 2010; Busse and Hefeker, 2007; Nielsen et al., 2017). What is not yet clear is the influence of the political institutions in the post-entry expansion of the international firms in the host country. Therefore, following Guler and Guillén (2010) and Nielsen et al. (2017), this thesis adopts the institutional theory to investigate the influence of the political factors on the international telecommunication firms’ post-entry expansion.
From a sector perspective, the influence of political factors on the internationalisation of telecommunication firms to the telecommunication sectors in host countries have also been well documented. Using a case study of Argentina, Chile, Jamaica, the Philippines and the UK to determine the extent to which political factors underpin internationalising telecommunication firms, Levy and Spiller (1994) found a political institution to be a prerequisite to private sector investment in the telecommunication sector. The study found that out of the five countries investigated, only the UK has strong policy established to prevent arbitrary constraint from the political actors. Similarly, analysing the international expansion of telecommunication carriers, Sarkar et al. (1999) revealed that market imperfections impinge on internationalisation strategies. The study found that the state role as creator of unnatural market imperfection (that is, both as the grantor of market access and post-entry regulatory body), places a strategic need on telecommunication firms to manage the political process and design strategies that create a sustainable competitive advantage that avoids such imperfections.

The perspective of Sarkar et al. (1999) and Levy and Spiller (1994) was the basis of the investigation of Gutiérrez and Berg (2000) who examined the telecommunication development in Latin America. The study found that political factors were among the most important as stability in the environment boosted investment. In the same vein, Henisz and Zelner (2001) used a panel data to investigate the institutional environment for telecommunication investment and deployment of telecommunication infrastructure in 147 countries from 1960 to 1994. The study shows that for countries to develop a telecommunication infrastructure, not only are economic characteristics important, but also the ability of the countries’ political-institutional environment to constrain arbitrary behaviour.
on the part of government officials, including extortion from foreign telecommunication firms.

In contrast to the findings of Levy and Spiller (1994) and Henisz and Zelner (2001) no evidence of the influence of a political factor was detected in the study carried out by Andonova (2009), who adopted the World Bank Development Indicators to investigate the expansion of ICT in 182 countries from 1990 to 2004. The study found that the dependence of telecommunication firms on superior political institutions is greatly reduced in the case of cellular telephones because the cellular network is cheaper and requires a small number of subscribers to reach an efficient scale. Thus, the rate at which political factors influence the internationalisation process of telecommunication firms remains inconclusive.

Within the African context, research has emerged regarding the level of influence of political factors on telecommunication firms. In a study of the Zimbabwean telecommunication sector to determine the role of political institutions, Goodstein and Velamuri (2009) found that the political institution, namely the government is relevant in granting license to telecommunication firms to commence operation in Zimbabwe and that the firms rely on the political links with government officials to enter the telecommunication market. Luiz and Stephan (2012) investigated the main factors that telecommunication firms consider before deciding to invest in the Sub-Saharan telecommunication market. The study found that the political factor is a determinant of the longevity of firms’ investment because in a country where governments are unstable, policies are also unstable and a subsequent government might initiate different investment policy. Sutherland (2014) analysed the development of the South African telecommunication sector.
The study revealed that since liberalisation, the government of the African National Congress (ANC) have consistently interfered in the running of the sector.

There has been a discussion in previous studies that suggested which factors may have contributed to the telecommunication investment in Nigeria (Osabutey and Okoro, 2015). Osabutey and Okoro (2015) adopted time series data and findings conducted on the international country risk guide (ICRG) by political risk services (PRS) to analyse the Nigerian telecommunication sector. The study found that the political and institutional factors in the form of democratic accountability and investment risk profile have significantly influenced FDI in the Nigerian telecommunication sector.

Taken together, the review from previous studies on the political factors have drawn attention to the importance of this factor when firms consider internationalisation into a host country. However, these past studies have limited investigation into the factors international telecommunication firms consider before market entry. In addition, previous studies have only adopted quantitative data to explicate how a political factor can influence the international expansion of the telecommunication firms at entry, with little emphasis on how this affects firms at post-entry (e.g. Gutierrez and Berg, 2000; Henisz, 2001; Andonova, 2009). Therefore, using the case study qualitative data, this thesis seeks to address this gap.

3.3.2 Regulatory factors

The regulative institution is one of the pillars of the institution that requires conformity to rules from the firms that operate in the institutional environment (Scott, 1995). The regulative institutional factor has been a subject of discussion in different fields and sectors (Järvenpää, 2009; Lang, Fink and Kibler, 2014). For
example, studies within the international business domain have seen the institutional regulatory environment to have an impact on the foreign investment of multinationals (Globerman and Shapiro, 1999; Daude and Stein, 2007). Globerman and Shapiro (1999) investigated the role of institutions in attracting investment to host countries and found the regulatory environment influences investment attractiveness of international firms in host countries, because less burdensome regulations are clearly more attractive to foreign investment. Bevan et al. (2004) examined the investment potentials in the transition economies of East European countries to determine the quality of institutions and found foreign direct investment (FDI) is positively related to the quality of formal institutions, such as the regulatory institution. According to Bevan et al. (2004) a positive institutional environment is an important advantage because an efficient market relies on supporting institutions.

In support of the study conducted by Bevan et al. (2004), Daude and Stein (2007) adopted the institutional framework of Kaufmann et al. (1999) to investigate which institutional factor is the most important determinant of foreign investment and found that lack of strong regulatory institutions in host countries deter investments by international firms. As Daude and Stein (2007, p.341) state, “unpredictable policies and excessive regulatory burden” prevent foreign investment. In a study conducted in Asia, Latin America and the Caribbean countries, Gani (2007) found that the quality of the regulatory system of a country can have a positive link to investment, as investment in these region were due to the weak regulatory institution. In the investigation to determine the suitability of investment in South-eastern Europe by international firms, Kaditi (2013) draws on the study of the institutional framework by Kaufmann et al. (2009) and found that
better regulatory institution has an overall impact on foreign investment in the region, because quality of regulatory institution is a strong determinant of investment in South-eastern countries including Greece, Bulgaria, and Romania and Croatia. Taken together, studies suggest that a host country that wishes to attract investment must ensure a good quality regulatory environment because this is a major consideration for international firms that seek foreign expansion (Kaufmann et al., 2009; Kaditi, 2013).

In contrast to these studies, new studies have emerged to show that there is no significant relationship between a good regulatory institution and the increasing investment of international firms in host countries (Daude and Stein, 2007; Kaditi, 2013; Panayides, Parola and Lam, 2015). For instance, in a comprehensive study conducted in BRICS and MINT countries, Akpan, Isihak and Asongu (2014) found that what matters most in these regions is the market size and the availability of infrastructure and not the quality of the institutions like regulation. Similarly, using a panel data from 46 countries, Farla, Crombrugghe and Verspagen (2016) found that there is no sufficient evidence to demonstrate that good regulatory governance attracts investment. This seems to be because foreign investors have direct access to the industry through a link with officials in government in the form of rent-seeking, which is the demand for a bribe. This study draws attention to the impact of corruption on firms’ internationalisation in host countries discussed in section 3.3.4. The factor of corruption has been found to be a major normative and cultural-cognitive institution that conflicts with the regulatory institution to determine foreign investment in host countries (Collins and Uhlenbruck, 2004).

In all, evidence for the role of regulatory influence on firms’ internationalisation process has been mixed. While some studies suggested that it
is important, others found contrary evidence (Bevan et al. 2004; Daude and Stein, 2007; Akpan, Isihak and Asongu, 2014; Farla, Crombrugghe and Verspagen, 2016). What is less clear is the extent to which regulatory institution influence firms’ internationalisation at post-entry. This thesis seeks to address this limitation.

In a sector-specific investigation such as the telecommunication sector, regulation has been found to be one of the important factors that influence the internationalisation of telecommunication firms at entry (Levy and Spiller, 1994; Gutierrez, 2003). Levy and Spiller (1994) observed that sound regulatory processes assist in ameliorating administrative expropriation because strong regulatory governance is a precondition to private investment in the telecommunication sector. The study found that a successful regulatory policy entails developing a regulatory governance structure that is adequate and encourages investment by relying on a country’s institution to constrain indiscriminate administrative action. Gutierrez and Berg (2000) drew on the findings of Levy and Spiller (1994) to examine telecommunication liberalisation and regulatory governance in Latin America and found that political and regulatory institutional factors are the two most important factors behind investment in the sector by international telecommunication firms. Institutional factors of politics and regulation have a significant and positive impact on the deployment of telecommunication networks because countries that lack an independent regulatory framework may experience under-investment in telecommunication infrastructure (Gutierrez and Berg, 2000). In the study of 22 Latin American countries, Gutierrez (2003) further confirms that sound regulatory governance in telecommunication sector has a positive impact on network expansion and a firm’s efficiency. The studies conducted by Levy and Spiller (1994) and Gutierrez (2003) is consistent with those of Panayides, Parola and Lam (2015)
who adopted the World Bank Governance Index (2009) that presents the regulatory quality of a host country as a major factor for foreign firms to investigate before entry to a host country. The study concludes that regulatory quality is an important determinant that affects international market competitiveness.

Studies carried out within the European telecommunication sector have also arrived at similar conclusions to those of Gutierrez and Berg (2000) and Gutierrez (2003) in Latin America. For instance, Clifton, Comin and Diaz-Fuentes (2011) show how regulation shapes the path towards telecommunication firms’ internationalisation in Europe. For example, friendly regulatory environment created the opportunity for British Telecom and Telefonica to quickly internationalise. However, the study noted that while Telefonica succeeded in the foreign market, British Telecom exited. This study did not investigate the reasons behind the withdrawal of British Telecom from engaging further in international expansion, neither did it investigate how Telefonica succeeded following entry into the foreign market. Building on the findings of Clifton et al., (2011), Paleologos and Polemis (2013) used a panel data of thirty countries within the OECD countries to examine the regulatory process in the telecommunication industries of these countries and the way in which it has impacted on the level of investment by telecommunication firms. The study found that there is a strong and positive relationship between effective regulation and investment. The implication, therefore, is that an effective regulatory system can provide a conducive atmosphere for telecommunication firms’ expansion at post-entry (Henisz, 2001; Clifton, Comin and Diaz-Fuentes, 2011; Paleologos and Polemis, 2013). As rightly noted by Mohamad (2014) who used a panel data in an empirical examination of 70
countries, the institutional environment in which sector reform takes place is an important determinant of attracting foreign investment and the success of investors.

In Africa, research has emerged that explores the level of influence of regulatory factors on the telecommunication sector. Berg and Hamilton (2001) examined the impact of government control on telecommunication development in Africa and found that for Africa to experience the level of development in the telecommunication sector as witnessed in the developed world, there is a need for governments to establish regulatory institutions that will promote the development of telecommunication infrastructure. Minges et al. (2008) in the review of Sub-Saharan African information and communication technology (ICT) sectors demonstrate that African countries require strong regulatory institutions because regulators are viewed as an arm of the government that does not have autonomy. Hence, they are subject to government control. In a similar study, Djiofack-Zebaze and Keck (2009) used a panel data of 177 countries of which 45 were from Sub-Saharan Africa to examine telecommunication development in Africa. The study found that regulatory quality plays a major role in improving access to telecommunication services in Africa, including the enactment of formal regulatory guidelines, the creation of national regulatory authorities and the privatisation of incumbent operators.

Moreover, in the analysis of Sub-Saharan telecommunication markets to identify the major institutional factor that international telecommunication firms from South Africa consider before internationalising, Luiz and Stephan (2012) used a mixed method research to show that a regulatory environment refers to regulators’ ability to create an environment that aids the sound development of ICT institutions and policy framework. The study further proposed that regulators should be
accountable to the public. Opata (2013) supports the view of Luiz and Stephan (2012) by questioning the autonomy of the regulatory body in Nigeria, the NCC, and argue that the regulatory body should be accountable to the public and not what they referred to as corrupt politicians. Similarly, to examine the sources of regulatory enforcement within the Nigerian telecommunication sector, Adejuwon (2013) used secondary sources of data including national dailies, specifically Thisday newspaper and claimed that the industry’s regulator, the NCC, is the sole regulatory body within the sector.

Current development within the Nigerian telecommunication sector seem to attest to the view of Opata (2013) and Adejuwon (2013). For instance, recent developments within the Nigerian telecommunication sector have shown that telecommunication firms are not finding the climate conducive to investment due to strict rigid enforcement rules. For example, the Nigerian Communication Commission recently fined one of the case companies used in this thesis NGN1.04 trillion ($5.2 billion) because the company defaulted on the commissions’ directives that required all operators to deactivate all in-active subscriber identification modules (SIM) cards (Thisday news 2015; Bloomberg Business, 2015). The commission had claimed that unregistered SIMs are being used by subscribers to perpetrate crime (The Guardian, 2015). However, the findings by Opata (2013) and Adejuwon (2013) are limited by the lack of empirical investigation on the role of the regulatory institution in the sector. This thesis will address this limitation.

Overall, the empirical studies reviewed in this section have limited the importance of the regulatory institution to a factor to consider before solely entering the international market (Luiz and Stephan, 2012; Mohamad, 2014). Therefore, what is not yet clear is the impact of this factor at post-entry. Panayides, Parola and
Lam (2015) suggest that further research can be conducted to verify the role of the strong regulatory institution on international firms’ investment in host countries’ infrastructural sectors such as the telecommunication sector in a different context. This thesis seeks to contribute to this extant literature. Another limitation that was also identified from previous studies examined in this section is that the investigation into the role of the regulatory institution has adopted more of quantitative panel data of several countries to explicate the role of the institution on telecommunication firms’ investment (Djiofack-Zebaze and Keck, 2009; Mohamad, 2014). Therefore, more qualitative investigation such as this thesis can add to our understanding of the regulatory institution of firms’ internationalisation, particularly at post-entry. Specifically, this thesis has adopted a qualitative method to reach an understanding of international telecommunication managers’ perspective on the influence of the regulatory factor at post-entry.

3.3.3 Cultural factors

Much has been written on the impact of the cultural-cognitive institution on the internationalisation process of firms (Kogut and Singh, 1988; Brouthers and Brouthers, 2001; Trevino et al., 2008). Kogut and Singh (1988), and Brouthers and Brouthers (2001) used the cognitive institution to examine why international firms adopt a particular entry mode strategy. Kogut and Singh (1988) opined that the entry mode selected by internationalising firms is influenced by cultural-cognitive factors because Japanese firms internationalising into the American market prefer to adopt joint venture instead of acquisition due to uncertainty avoidance. Uncertainty avoidance refers to a society’s approach towards ambiguity or risk when entering a foreign market to minimise cost (Hofstede, 1994). Brouthers and Brouthers (2001)
found further evidence to show that firms adopt wholly owned modes of entry to deflate cultural barriers in a culturally distant market. The term Cultural distance is used to describe the differences in culture between home and host countries (Tihanyi et al., 2005).

The suggestion by institutional scholars (e.g. North, 1990; Scott, 1995) that the informal institution or the cultural-cognitive element is fundamental to the development of regulative or formal institutions has been particularly influential in international business literature. For instance, Trevino et al. (2008) examined institutional reform in 16 Latin American countries from 1970 to 2000 using panel data from UNCTAD. The purpose of the study was to determine in which of the pillars institutionalisation processes take place. The study found that the educational system and political uncertainty, which the study categorised under the cultural-cognitive and normative pillars of the institution, respectively, are better indicators of FDI than regulative pillars such as tax and trade reforms. According to Scott (1995, 2008) and also by other studies on informal institution (e.g. North, 1990; Holmes et al., 2013) this is because regulative pillars are dependent on the normative and cultural-cognitive pillars to function. In a study of fifty-nine emerging countries covering Asia, Latin America and Africa over a period of nine years, Holmes et al. (2013) examined how the informal institutions shape the formal institutions, and how, in turn, the formal institution determines inward investment in the host country. The study finds that culture, an informal institution, provides a foundation on which countries’ formal institutions, such as regulation and political institutions, rest and develop.

However, extant studies have drawn attention to the negative influence of informal institutions. Grzymala-Busse (2010) in the investigation of Eastern and
Central European institutions found that informal institutions undermined the development of the formal institutions through shunning and violence activities against the formal institutions. Similarly, in their work on determining the influence of informal institutions in Bulgaria, Willimas and Vorley (2015) demonstrate that rather than supporting the advancement of the formal institutions, informal institutions, in the form of negative perception towards entrepreneurs hamper economic development. It is clear that the role of both formal and informal institution is an important consideration in international business.

Moreover, sub-regional literature has also found that for international firms to be successful in host countries, they are required to be embedded within the local context or environment in which they are established (Meyer et al., 2011; Ma et al., 2013; Chidlow et al., 2015). For instance, Meyer et al. (2011) suggest the need for multinationals to design strategies to manage multiple embeddedness within the local cultural context in which multinationals operate. Multiple embeddedness refers to how multinationals can continue to adapt to the existing organisational practices and as well as adapting to the local environment in which they exist. Buckley et al. (2014) observed that it is important for multinationals to pay attention to the realities of the sub-national environment in which they exist. In their investigation into the influence of sub-national influence, Ma et al. (2013) and Chidlow et al. (2015) found that the development of foreign subsidiaries is associated with different sub-national location-specific advantages. Therefore, the specific influence of national and sub-national institutions has become relevant in determining firms’ survival in a host country.

In the African context, indigenous cultural factors within the continent influence how firms can behave in their foreign operations. Analysing the
institutional differences between South Africa and Tanzania, Newenham-Kahindi (2009) found that firms from South Africa were able to blend both Ubuntu and Indaba cultural practices to thrive in the host country of Tanzania. While Ubuntu deals with group solidarity and relationship building, Indaba deals with the traditional social structure of handling conflict amongst groups. The study concludes that hybrid practices, that is, cross-cultural practices imbibed by the firm ensured its survival.

Recent studies have confirmed Newenham-Kahindi’s (2009) findings, for instance, examining the human resource management within Sub-Saharan Africa, Parboteeah et al. (2014) adopted institutional theory to investigate the informal factor of ethical diversity, in particular firms’ ethical climate within Nigeria and South Africa. They found that firms thrive in an environment in which trust, collective security and oneness, a Ubuntu practice, persist. More recently, literature has emerged that suggests that the role played by a regulative institution such as the national government may be weak within the rural setting in some African countries. For instance, Michalopoulos and Papaioannou (2015) investigated the role played by ethnicity and the traditional chief in development within Africa and found that in local areas farther from the capital, ethnic authorities and traditional chiefs enjoy enormous support from the local populace.

The evidence reviewed here clearly suggests a pertinent role played by culture in firms’ internationalisation processes. However, what is not yet known is the extent to which the cultural-cognitive element influences the post-entry expansion stage of the internationalisation process of firms, because, for example, international telecommunication firms that have to safeguard telecommunication facilities and installations might consider drafting the support of local chiefs and
not depend entirely on the national policing system for protection. Since the post-entry expansion of telecommunication firms is largely dependent on the level of network penetration nationally, there is a clear need for further consideration of the influence of local or sub-regional factors within the country. This is because local informal institutions such as the traditional political system in Nigeria may influence the post-entry of telecommunication firms.

3.3.4 Market factors

A considerable amount of empirical research has demonstrated the significance of market factors, which primarily includes the size of the foreign market and the demand from consumers that motivate international firms to seek entry (Sethi et al., 2003; Asiedu, 2006). In terms of market size, research has documented its relevance to internationalising firms. For example, in their investigation of US firms’ investment in European and Asian countries between 1981 and 2000, Sethi et al. (2003) observed that market size contributed to the early internationalisation of firms to Europe because of the large number of middle-class consumers. However, the study also found that increasing wage differentials contributed to companies facing competition and led to their seeking investment opportunities in India and China.

Subsequent studies demonstrate the link between the market size and other institutional factors. For instance, Asiedu (2006) sets out to investigate whether countries that do not have natural resources could attract foreign investment and found that market size was a major determinant in the attractiveness for foreign investment. However, the study also found that institutional factors such as
corruption and political instability deter international firms’ interest in the host market, despite the availability of large market size (Asiedu, 2006). However, other studies have shown that regardless of the corruption and political instability, countries can still attract foreign entry. For example, using panel data from UNCTAD, Brouthers et al. (2008) investigated the effect of corruption on investment. It was found market size can mitigate negative normative elements of corruption in foreign investment where the increasing growth in terms of market potential is a major determinant for attracting international firms.

Contrary to the findings of Asiedu (2006), but consistent with the findings of Brouthers et al. (2008), Jadhav (2012) adopted the World Bank panel data on investment in developing countries and demonstrated that institutional factors of corruption or political instability are not relevant to the market attractiveness for foreign investment opportunities in Latin America. The study further argued that market factors regarding opportunities within the host market increased investment. However, other recent studies have continued to align market factors such as the size and potential of a host country with institutional factors present in that country. In their examination of market factors that impact international firms’ choice of foreign market in the emerging market of China, He et al. (2015) draw on the works of Brouthers et al. (2008) and suggest that international firms that align with host countries’ foreign investment regulatory policies may have a better chance of survival. Similarly, Ozturk, Joiner and Cavusgil (2015) investigated how two international firms respond in Malaysia and the US and noted that international firms that seek international market potential should first assess and align their objectives with industry-specific potential in the host country before they enter a market.
The evidence provided by previous studies on the importance of market factors to internationalising firms suggests that market factor is particularly significant at the entry stage of firms’ internationalisation process (Asiedu, 2006; Jadhav, 2012). Very little is known of changes that occur in the market after the firms have entered the foreign market. Following the institutional theory perspective of North (1990) and Scott (1995, 2013), market factors, which can be a form of normative or regulative institution, because they are either subjected to the forces of supply and demand or market regulatory body, may undergo institutional changes (Peng, 2003).

Regarding demand, the changes in market demand, particularly in the telecommunication sector, have contributed to the transformation of the telecommunication sector (Dowliong et al., 1994; Sarkar et al., 1999). Dowliong et al. (1994) in their study of major European countries’ telecommunication sectors found that changes in market demand led to firms adopting a strategy to cope with changing trends. Lovelock and Yip (1996) observed that the increasing need to integrate and coordinate the operations of international corporate clients (e.g. multinationals) forced telecommunication firms to establish an international presence to retain customers.

In the study conducted by Sarkar et al. (1999) that examined the variables that are central to the international expansion of telecommunication firms, found that client led internationalisation pressured the firms to have cross-national links and cross-national presence. The study suggests that the competitive market structure and the conditions surrounding foreign market entry in host countries foster the internationalisation of firms. In particular, the study identified the economic and strategic benefits accrued to firms that can take the first mover
advantage and windows of opportunity within the host countries that have difficulty in establishing a dominant telecommunication carrier. In response to this, telecommunication firms try to provide a seamless service across international markets. Thus, global telecommunication services have changed due to market demand for better communication services that will enable them to connect to different branches (Chan-Olmsted, 2001). The opening of a national market motivates new entrants into the market, resulting in increased competition for mobile operators in the domestic market (Stienstra et al., 2004). Thus, it is important to consider the extent to which market demand influences the post-entry of international telecommunication firms. This thesis, therefore, seeks to understand how these changes regarding demand occur in the market, as this can influence the post-entry decision of the international firms to expand or exit the foreign market.

3.3.5 The corruption factor

Corruption within the field of international business has been defined as the “abuse of entrusted power for private gain” in host countries by both the host government and the international firms (Curvo-Cazurra 2016, p. 36). Empirical research from different contexts on the influence of corruption on the behaviour of international firms has been well documented (Mauro 1995; Wei, 1997; Lambsdorff, 1999; Rodriguez, 2005; Curvo-Cazurra 2016; Yi, Teng and Meng, 2018). To determine the foreign market attraction of a country to international firms, Mauro (1995) and Wei (1997) investigated the impact of corruption on international firms’ decision to engage in foreign investment and found that there is a negative link between corruption and foreign direct investment in host countries. This negative link
between corruption and foreign direct investment is due to the weak formal institution in the host country. In support of this, Rose-Ackerman (1999) investigated subsidiaries in host countries to determine the impact of corruption and established a strong link between the country level external institutions and corruption. The study found that a weak formal institution provides an opportunity for government officials to engage in bribery, which is a form of corruption.

Furthermore, research that has adopted the institutional theory to explain the activities of MNCs in host countries has suggested that international firms face the unusual circumstances of having to engage in corruption when they attempt to enter a host country, due to their embeddedness in fragmented and multiple institutional environments in that country (Collins and Uhlenbruck, 2004; Robertson and Watson 2004; Kostova, Toth and Dacin, 2008). For example, in the study of corruption in the context of India, Collins and Uhlenbruck (2004) found that managers of subsidiaries view corruption in developing countries from the normative and cognitive-cultural perspective as they see it as the norm in host countries and therefore, part of their everyday existence.

Similarly, to determine the role of local government institutions on international firms entering a host country, Spencer and Gomez (2011) found that although foreign subsidiaries face institutional pressure from host countries’ institutions, in particular local government, to give bribes, they do not request all international firms to pay bribes. This is dependent on two factors. One factor is the home country’s institutional environment, because no pressure is made to pay bribes if the international firms are from countries that prohibit foreign corrupt practices and may not agree to pay the bribe as they will be penalised. This is in accordance with the US foreign Corrupt Practices Act of 1977 and the OECD 1997
Convention on Combating Bribery of Foreign Public Officials that punishes any foreign activities of individuals or companies linked to corruption. However, this law excludes the facilitating payments, otherwise known as “grease payments” or “speed money” to government officials (Cuervo-Cazurra 2016, p. 37; Hill 2015, p. 129). The grease payments or speed money are not payments made for the purpose of securing contracts or to receive preferential treatments, but payments made to accelerate processes that would happen regardless (Cuervo-Cazurra, 2016).

The second consideration regards whether the international firms that have aligned with local partners may be approached to give a bribe because the local partners understand the norm in the institutional environment. By aligning with the local partner, they “outsource corrupt activities” (Spencer and Gomez 2011, p. 295). The study, therefore, suggests that local institutions’ support for corruption is dependent on whether the international firms have aligned with local partners.

Consistent with the findings of Spencer and Gomez (2011), Hauser and Hogenacker (2014) investigated the perception of 510 Swiss firms of corruption in foreign countries. According to Hauser and Hogenacker (2014), the developed market establishes an anti-corruption mechanism in home countries which directly impacts on firms’ behaviours abroad. For instance, bribery offences are prosecuted even when they occur abroad. An example is the case of William Jefferson who was jailed in the US for his involvement in the Siemen’s bribery scandal. This view is supported by Kieg et al. (2015), and Godinez and Liu (2015) who write that home countries’ perception of corruption is a major determinant of subsidiaries’ perception while in host countries. According to Keig et al. (2015) who analysed the formal and informal corruption environment of MNCs, suggested that MNCs that are located in highly informal corrupt environment may be susceptible to high
level corruption due to the lack of strong anti-corruption institutions. Godinez and Liu (2015) examined corruption and investment inflows into America and found corruption shows a negative effect when the home country of the foreign firm shows a negative tolerance to corruption. Therefore, one can conclude that international firms that either invest in the developed market or invest in another market from a developed market have a negative perception of corruption.

In contrast, studies conducted within the developing countries show that firms from a highly corrupt society will know how to navigate the corrupt society of the host country (Collins and Uhlenbruck, 2004; Egger and Winner, 2005; Rodriguez et al., 2006; Curvo-Cazurra, 2016). Egger and Winner (2005) investigated 73 developed and less developed countries and found corruption is seen as a positive stimulus to enhance the foreign direct investment of firms in a host country. However, this is more prevalent in low-income economies (Hauser and Hogenacker, 2014). Godinez and Liu (2015) suggest that the host country’s corrupt environment does not deter firms that originate from a highly corrupt home. In the investigation of corruption and market attractiveness, Brouthers et al. (2008) had shown that the effect of corruption on foreign investment depends on the motivation of MNCs to invest in a foreign market. Therefore, the impact of corruption has been found to be particularly relevant at the entry stages of firms’ internationalisation process.

Research within the international business field has advocated for host countries to establish strong institutional mechanisms to curb corruption. In the study of corruption in international business Curvo-Cazurra (2006) and most recently Curvo-Cazurra (2016) observed that efficient institutions including counter corruption laws determine the extent of bribery in host countries by government
officials. Curvo-Cazurra (2016) suggest that the institutional factor of corruption would be an interesting factor for international business scholars to consider. This is because the differences in the cognitive, normative and regulatory pressures across countries create a conflict for subsidiaries of international firms as they try to manage pressures from their host countries’ institutional environment, which requires them to gain legitimacy for their operations and satisfy the headquarters’ demand for performance. For instance, managers of subsidiaries may face the cognitive pressures to implement the same level of ethical standards as practised in the home countries but may simultaneously face the normative pressures in the host country, in which are considered acceptable behaviour. In addition, bribery of government officials to gain access to permits or licences or to be awarded contracts (see 2.3.6.4) may be tolerated and accepted means of engaging transactions. Studies conducted in developing countries such as India (Collins and Uhlenbruck, 2004; Uhlenbruck et al., 2006), suggest that bribery is tolerated in business transactions. However, other studies have suggested that bribery is perceived negatively in developed countries due to strong anti-corruption measures to prohibit such an act (Hauser and Hogenacker, 2014; Godinez and Liu, 2015).

However, contrary to previous findings of Collins and Uhlenbruck (2004) and Spencer and Gomez (2011), and in support of the assertion of Curvo-Cazurra (2016), recent studies have demonstrated that host countries’ institutional environment may not demand bribes; however, sometimes there may be a desire to give by the subsidiary managers for personal gain. For example, in a recent study to determine the engagement in corruption by subsidiary firms, Yi et al. (2018) studied 38,673 enterprises in 113 countries. The study found that there is a positive correlation between the firms’ foreign ownership and the factor of corruption,
because foreign subsidiary managers tend to act in their personal interest to foster corruption, because they want to submit positive reports to headquarters. The study also found that in the context of the developed formal institutions, that is, the developed countries, subsidiaries engage less in the bribery of government officials, because the regulations put in place by the government force international firms to disclose information regarding their activities in foreign operations.

The findings of Yi et al. (2018) confirm previous studies by Trevino et al. (2014) who found in their work on behavioural ethics that due to ethical scandals, organisations create the department of ethics and compliance office in response to external pressure to obtain normative support from the normative institution to gain legitimacy. However, in countries that have weak formal institutions, that is, in the developing countries, foreign subsidiaries engage in “self-interest opportunist and bribe the local government officials and other public agents” (Yi et al., 2018, p. 42). The study, therefore, demonstrates that managers of international firms take advantage of the lax regulatory, institutional rules to engage in corrupt activities for self-interest, which may include promotion, increase in salary and high-performance ratings among subsidiaries.

Therefore, based on the findings of Yi et al. (2018) and the insight provided by Curvo-Cazurra (2016) in their exposition, there is more opportunity to research the influence of corruption on firms’ international activities adopting the institutional theory, particularly at the post-entry stage, as firms seek to expand and gain acceptability in their institutional environment.

Existing studies have also explored the case of corruption in the telecommunication sector (Uhlenbruck et al., 2006; Sutherland, 2007; Sutherland,
The corruption cases often involve government officials that are entrusted with the responsibility of running the sector and executives of the telecommunication firms that are entrusted with the responsibility of running the company’s subsidiaries (Sutherland, 2007). Corruption has been found to be widespread within the telecommunication sector as often there is constant engagement between the regulators and the telecommunication firms on issues of licencing (Sutherland, 2011). For instance, in 2007, an executive of Alcatel, a French telecommunication firm, Christian Sapsizian was sentenced to 30 months in prison for bribing an official of the Costa Rican government for the award of a mobile phone contract by the state-owned telecommunication company (Sutherland, 2007; Sutherland, 2011). In 2008, Siemens, a German-based telecommunication company, agreed to pay the total sum of $1.34 billion to settle cases of bribery charges against the company when it was discovered that the company usually bribe government officials before licences and contracts on telecommunication projects are awarded in certain countries, including Nigeria (Sidhu, 2009). Similarly, other examples of bribery before starting operations include those in India, where a minister was sentenced to jail for receiving a bribe on the award of the 2G telecommunication spectrum (radio frequency airwaves) (Sutherland, 2011). These studies have demonstrated that bribery is a common decimal at the stage international telecommunication firms seek the opportunity to enter a foreign market.

Indeed, Uhlenbruck et al. (2006) used data from 220 telecommunications development projects in 64 emerging economies to show that corruption that influences international telecommunication firms is at the entry stage. The study found that firms react to the pressures of corruption via short-term contracting and
enter into a joint venture in the process of entering the international market. Additionally, due to the high cost that comes with greenfield investment, firms also use non-equity entry modes or partnering as an adaptive strategy to enter markets that have pervasive corruption. Therefore, although evidence abounds to show that corruption influences the entry stage of telecommunication firms, there is less evidence regarding corruption at the post-entry stage. This thesis seeks to address this limitation. The next section focuses on firm level factors influencing firms’ internationalisation.

3.4 Firm level factors in the context of internationalising telecommunication firms
Firm level factors are those resources and capabilities that a firm possesses and which, if used effectively, can provide competitive advantage (Barney, 1991). The literature on the international telecommunication expansion of firms has identified intangible and tangible resources to influence firms’ internationalisation (Endo, 2014). The following subsections will discuss both of these resources.

3.4.5.1 Intangible resources
Several studies have shown that intangible resources, which include technical skills and experience, have enabled the internationalisation of telecommunication firms (Marcelle, 2005; Endo, 2014; Ghesi et al. 2015). In the qualitative study of telecommunication companies’ technical knowledge, Marcelle (2005) demonstrates that telecommunication companies require different types of firm level assets including embodied resources which are skills, attitudes, tacit
knowledge and aptitudes. These embodied resources help international telecommunication firms to engage in effective internationalisation. Endo (2014) and Ghesi et al. (2015) have identified international experiences of managers as a source of organisational capability that they can draw on, providing the firm with a competitive advantage. In a longitudinal study spanning eleven years from 1998 to 2009 and covering 39 markets in five continents, Fuentelsa (2015) identified firm level resources including previous experience as having an impact on telecommunication performance. Studies have increasingly began to draw attention to the importance of tacit knowledge in the form of previous international experience in the internationalisation process of telecommunication firms (Ghesi et al., 2015; Fuentelsa, Garrido and Maicas, 2015). However, the tangible resources have also been considered as a viable resource to the firm’s expansion. These are presented in the next section.

3.4.5.2 Tangible resources

Existing empirical studies on telecommunication firms have found that tangible resources possessed by the firm could provide a competitive advantage for firms (Ghezi et al., 2015; Marcello, 2005). Marcello (2005) showed that non-embodied and organisational integration are tangible resources, where non-embodied resources include innovation in terms of technology. Organisation integration is the ability of the firms’ senior management leadership team to integrate both embodied and non-embodied elements. Similarly, management leadership has been shown to contribute to mobile operators’ successes within the home country’s domestic market (Ghezi et al., 2015). In a study focusing on four mobile operators, Ghezi et al. (2015) developed a framework that supports the need for strategic decision-
making processes by mobile operators in Italy. The strategic decisions by the
management involves the selection of business areas for a firm to explore and the
internal leverage of a firm’s resources to position itself in the industry (Ghezi et al.,
2015). Decision making by managers requires a thorough assessment of both the
internal and external factors (Barasa et al., 2017).

Regarding internal factors, in a more recent work, Balogun, Fahy and Vaara
(2017) rather than focusing on external environmental factors draw on the works of
Kostova and Roth (2008) to investigate the influence of the internal operations of
headquarters on subsidiaries. The study focuses specifically on the relation between
the decisions made by senior managers at the headquarters and how they are
perceived by subsidiaries in host countries. The study drew the attention of
institutional researchers to the influence of home countries’ headquarters in
maintaining legitimacy in host countries.

Among the tangible/internal resources identified by previous studies,
technological factors have significantly contributed to the internationalisation of
international telecommunication firms. The next section provides a detailed review
of the contribution of previous studies on the role of technological factors in the
telecommunication sector.

3.4.5.3 Technological factors
Evidence suggests that advancement in technology is among the factors that have
played a major part in the telecommunication sector worldwide. In their analysis of
developed countries’ service sector, Dowling et al. (1994) revealed that
technological change influences this sector. The study further argued that the
merging of telecommunication and computer technologies allows new service competitors, including computer and cable TV firms, to offer services such as communication that compete with traditional telephone companies.

Furthermore, the merger of data processing and telecommunication functions in large corporations generate the development of local area networks, such as an intranet (Dowling et al., 1994). Advances in the intelligent network (where new networks can support high information transmission), advances in the secure operating system, new switching technologies and the development in cellular/mobile services have enabled firms to diversify into new areas (Dowling et al., 1994). Chan-Olmsted and Jamison (2001) revealed that technological change contributes to the globalisation of telecommunications. Further, the study showed that innovation in telecommunication technology has led to lower prices and an increased demand on the part of consumers. Hence, enabling growth within the domestic and the global industry (Chan-Olmsted and Jamison, 2001). The perspective on the contribution technology makes to global communication were the basis of the investigation of Castello et al. (2016), who found that the use of technology to communicate in a social setting through social media platforms, in particular Twitter, can be viewed as an institution within the social environment that determines firms’ survival. This is because of the need for communication among members of the social setting. The study demonstrates how corporations cope with complex and heterogeneous demands by their constituent members in the institutional environment regarding the social media.

Indeed, Skouby (1997) examined the industry, market and services within the telecommunication sector and stated that the convergence of technology was because of the technological developments blurring the boundaries between the
computer, telecommunication and media/publishing industries. Subsequent studies such as Stienstra et al. (2004) observed that the demand for wireless communication made the wireline technology redundant. Studies on the development of telecommunication technology in Africa have found that some African countries leapfrogged from the analogue technology to the digital age (Batuo, 2015; Wamboye et al., 2015). Therefore, this body of literature demonstrates that technology can determine how international telecommunication firms perform at post-entry.

In recent times, studies are beginning to show that firm level factors such as technology cannot effectively bring about competitive advantage because managers are required to deal with both internal and external factors (Fuentelsa et al, 2015; Giachetti and Marchi, 2016). Research has shown that firm level factors do not confer an advantage, but are contingent upon the economic and political institutional context where firms operate (Fuentelsa et al., 2015; Giachetti and Marchi, 2016). For instance, investigating the global mobile phone industry, Giachetti and Marchi (2016) observed that in order to understand the reason behind the changes within the information technology industry, the focus should be on both the macro and micro environment of the firm that is: the institutional environment and the technological environment.

Indeed, Orlikowski and Barly (2001) in an earlier study had suggested that the technological and the institutional field, although separate are complementary in so many ways. For instance, in a study of three East African countries, namely Kenya, Tanzania and Uganda, Barasa et al. (2017) demonstrate that firm level factors including technology and managerial experience are dependent on the institutional environment. The study avers that a firm’s resources are positively
moderated by countries’ institutional quality; hence, the extent a firm can adequately tap into its resources is dependent on the environment. Additionally, emerging evidence has began to show that investment in firms’ resources does not increase the level of innovation because institutions influence how firms appropriate value from their resources (Fuentelsa et al., 2015). Fuentelsa et al., (2015) call for future research to look at a more integrated view of the role of institutions in the management literature.

Dunning and Lundan (2008, p. 578), while incorporating the institution into their framework on international firms’ expansion, argued that to understand the activities of international firms, “there is need to simultaneously consider the institutional influences inside the firm and also those between the firm and the external environment in which it operates”. Dunning and Lundan (2008) view the institution as an asset, specific to the firm such as the cross-border transfer of practices including managers’ wealth of experience in managing subsidiaries. In other words international managerial experiences from different international markets. Although there is ample evidence of the institution in both the firm and the external environment, how firms manage the institution has drawn less attention (Dunning and Lundan, 2008; Fuentelsa et al., 2015). There is, therefore, a need to investigate how telecommunication firms strategically deploy technological resources in response to external institutional demand. The next section presents the proposed conceptual framework for this thesis.

3.5 Conceptual framework

In the previous section, the theory that underpins this thesis was presented. In addition, how the theory has been applied in a different context was discussed. In
particular, the studies that have previously adopted the institutional theory in international business and the telecommunication firms’ internationalisation were reviewed. This section draws on the theory, the empirical studies and the context of Nigeria presented in Chapter 2, to present a proposed conceptual framework of post-entry expansion of the international telecommunication firms as shown in figure 3.1.
Figure 1.1 Proposed conceptual framework of factors influencing post-entry of international telecommunication firms

Source: Developed by the author for this thesis
Figure 3. 1 shows the factors that influence the internationalisation of firms and this thesis expects that these factors can influence the post-entry expansion of the international telecommunication firms in Nigeria. Firstly, the political factor identified in figure 3.1 is one of the regulative pillars of institutions because it has the ability to make rules, and sanction and reward the activities of firms (Scott, 2014). Perspectives of studies on firms’ internationalisation, telecommunication firms’ foreign expansion and insights from the context of Nigeria have highlighted the role political factors play. For instance, empirical studies in international business have argued that the political factor is one of the major considerations before international firms engage in internationalisation (Aguiar et al., 2012; Nielsen et al., 2017). Research shows that countries that have a stable political system comprising a democratic system of government that provides an opportunity for the international firms to develop a future strategy are best suited to attract investment (Mudambi and Navarra, 2002; Nielsen et al., 2017). This is because the level of risk regarding the confiscation and expropriation of firms’ assets are reduced (Jensen, 2008).

While the issue of political stability in the host country is a major concern to some scholars of international business, other scholars that research on the internationalisation of telecommunication firms find that the major concern is the arbitrary extortion from the firms during the period of entry (Levy and Spiller, 1994; Sarkar et al., 1999; Henisz and Zelner, 2001). However, Andonova (2009) is one of several researchers who has drawn attention to the fact that the political institution is not a major consideration when international firms consider foreign expansion (Andonova, 2009). Nonetheless, within Africa, there is evidence to suggest that the political institutional factor is a major consideration when investing in Sub-Saharan
Africa (Luiz and Stephan, 2012; Sutherland (2014). Indeed, other studies in Africa have gone as far as suggesting that it is only firms with close ties to the government that have their operational license approved (Goodstein and Velamuri, 2009).

With reference to Nigeria, as shown in figure 3.1, the political institution comprises three levels of government, which includes the federal, state and local governments and its sub-components, such as the executives, legislatures and the judiciary. The federal and the state government have the autonomy to make laws within their jurisdiction as regards taxes and the collection of levies. In addition, how firms operate in these various jurisdictions is the prerogative either the federal or the state governments. According to the constitution, although the telecommunication sector is reserved under the exclusive list as noted in Chapter 2 of this thesis, due to network expansion as required by the government they are required to lay telecommunication fibre cables to the different states of the federation. Consequently, telecommunication firms are expected to engage in another round of “re-entry” into sub-regions or local areas within the country after they have gained their initial licence that entitles them to operate in the country. The process of expanding into the local areas requires that they seek permission, called “right of way”, from the state government. The process of seeking for the right of way to lay telecommunication fibre cables brings them in contact with the state government and local government officials. Given these circumstances, there can be what Henisz and Zelner (2001) refer to as arbitrary administrative extortion from the telecommunication firms, particularly on issues of laying telecommunication cables on state roads, as permission would have to be sought from the respective authorities.
In addition to the federal and the state government, another arm of government is the legislature, the National Assembly. The National Assembly comprise the members of the two houses of parliament, the Senate and the House of Representatives, whose duties are to make laws and appropriate funds for the executive arm of government to execute government’s projects. In addition, they have been empowered by the constitution to ensure that projects budgeted in the governments’ annual budget are judiciously executed. Hence, one of their major functions is an oversight function over the executives, thus providing checks and balances in government. Given this important function performed by the members of the National Assembly, they can influence the telecommunication sector, as there are committees in the National Assembly that is committees of telecommunication and communication that performs an oversight functions on the ministry of communication. Thus, this thesis expects that the political systems and structures in Nigeria comprising the federal, state, and the National Assembly members, who may be involved in a form of struggle for dominance or relevance within the sector can constitute to influencing the post-entry of international telecommunication firms. The following proposition is therefore formulated.

Proposition 1a: political establishments influence the international telecommunication firms’ post-entry expansion in Nigeria.

Another issue within the context of the Nigerian political environment that can influence the post-entry expansion of the telecommunication firms is the increasing and unabated political instability due to insurgencies in the country. These include the activities of the Boko Haram in the North-east and the militants in the South-south of the country. Reports suggest that the actions of the Boko Haram terrorist group, which involves the bombing of the telecommunication masts
and towers, have resulted in loss of lives and properties belonging to the telecommunication firms (Onuoha, 2013). The militant's activities in the South-south is nothing new as there have been many cases of oil companies’ activities being disrupted in the oil-producing areas of the country because of allegations of oil spillage by the multinational oil companies, leading to the kidnapping of foreign workers. These militants can extend their demands to the telecommunication firms, who may be perceived as another foreign multinational that has entered their region to exploit the local people of the area. The following proposition is formulated.

Proposition 1b: political instability influences the international telecommunication firms’ post-entry expansion in Nigeria.

Figure 3.1 also shows the ability of the regulatory factor to have influence at post-entry. Studies that have applied the institutional theory in various sectors have seen agencies of government established to make rules and monitor compliance as regulatory institutions (Järvenpää, 2009; Delmas and Montes-Sancho, 2011). This is in tandem with institutional theorists’ position who suggest that the regulative pillar of institution consists of rule-enforcing mechanisms (North, 1990; Scott, 1995, 3008, 2013). The role of the regulatory institution is well researched within the field of international business and it has been considered as a factor that determines host country investment attractiveness (Globerman and Shapiro, 2002; Bevan et al., 2004). A host country that has excessive regulatory burden has been found to deter investment from international firms (Kaufmann et al., 1999; Daude and Stein, 2007). Therefore, the quality of the regulatory environment should matter to a country that must attract investment (Kaditi, 2013). However, recent studies have suggested that in some contexts, particularly in emerging market, the regulatory institution is not significant with regard to
investment attractiveness from international firms (Akpan, Isihak and Asongu, 2014; Farla, Crombrugghe and Verspagen, 2016). These studies suggested that market size is the major determinant for investment (Farla, Crombrugghe and Verspagen, 2016).

In contrast to studies that suggest that regulatory institution does not matter, studies that have researched the internationalisation of telecommunication firms have provided empirical evidence to suggest that the regulatory factor is an important consideration for international telecommunication firms (Levy and Spiller; 1994; Gutierrez and Berg, 2000; Clifton et al., 2011). This, therefore, indicates that a favourable regulatory atmosphere is a prerequisite to attracting investment (Clifton et al., 2011; Paleologos and Polemis, 2013).

The issue of sound regulatory environment has been a major preoccupation of scholars of telecommunication development and investment in Africa in the last two decades (Berg and Hamilton, 2001; Minges et al., 2008; Djiofack-Zebaze and Keck, 2009; Sutherland, 2014; Albiman and Sulong, 2016). Their major argument is that quality regulatory institutions are required to promote the development of telecommunication infrastructure within Africa, which will inevitably lead to access to telecommunication services for consumers (Djiofack-Zebaze and Keck, 2009). The Nigerian context, therefore, provides an opportunity to underscore the impact of the regulatory institutions at post-entry because considering the nature of the Nigerian telecommunication sector (see Chapter 2 and figure 3.1), the regulatory environment can be more complex at post-entry due to conflict between the different telecommunication regulatory agencies in the sector. Chapter 2 of this thesis highlighted the fact that the NCC and NESREA have conflicting guidelines as to the setback required for the mounting of the telecommunication masts and
towers. This thesis, therefore, expects this to be a source of concern for the international telecommunication firms currently operating in the sector. The following proposition is established.

*Proposition 2: regulatory factors influences the international telecommunication firms’ post-entry expansion in Nigeria.*

Another factor in figure 3.1 is the cultural factor, located within the cultural cognitive element as it has been found to be an important subject of discussion by institutional theorists, international management scholars as well as experts on Africa (Kamoche and Harvey, 2006; Newenham-Kahindi, 2009; Michalopoulos and Papaioannou, 2015). The institutional theorists have underlined the importance of the cultural-cognitive institutions (North, 1990; Scott 1995, 2013). The cultural-cognitive institutions comprising religion, tribes and ethnicity have been seen as the foundation on which the political and regulative institutions rest because they are the non-visible elements of the institution (North, 1990; Helmke and Levitsky, 2004; Grymala-Busse, 2010).

Research has started to draw the attention of institutional and international management scholars to the influence of the informal or cognitive-cultural institutions (Kogut and Singh, 1988; Kamoche and Harvey, 2006). Research conducted within the field of international business has paid particular attention to the cultural-cognitive elements of the institution at the entry stage (Brouthers and Brouthers, 2001; Trevino *et al.*, 2008). However, empirical research in Africa suggests that they may work against the formal institution to undermine government and firms’ activities (De la Torre-Castro and Lindström, 2010; Michaloupoulos and Papaioannou, 2015). Michaloupoulos and Papaioannou (2015) suggest that the cultural-cognitive institution works against the formal institution because of the
lack of attention to the pre-colonial traditional African settings that persist. Therefore, when attention is given to the role of the cultural cognitive element in the African setting, firms tend to reap the benefit (Newenham-Kahindi, 2009; Newenham-kahindi and Stevens, 2017).

Elements of culture including language, religion and ethnic tribes are found to be relevant in Africa (Holmes et al., 2013 Michaloupolus and Papaiosnnou, 2015; Newenham-kahindi and Stevens, 2017). Within the African setting, these elements of cultural-cognitive institutions can either co-exist with the formal institution or take the form of an independent status that can influence the performance and survival of international firms (Zoogah, Peng and Woldu, 2015). Additional insight is still required to understand how the dual nature of the African institution influences the activities of international firms, particularly in the face of widespread precolonial cultural elements (Michaloupolus and Papaiosnnou, 2015).

The case of Nigeria, where the cultural-cognitive institutions are quite pervasive, is particularly worthy of note and can help to expand understanding of how the knowledge or the awareness of the cultural-cognitive institution can influence the international telecommunication firms. For instance, the cultural-cognitive institutions comprise the three main religions (Christianity, Islam and traditional worship), two hundred and fifty languages, ethnic tribes and chiefdoms from the major tribes of the Hausa, Yoruba and the Igbo to the numerous minority tribes such as Igala and the Nupe. Such a complex set of cultural-cognitive institutions are surely important determinant of international telecommunication firms’ post-entry expansion. Therefore, the following proposition is framed.
Proposition 3: Cultural factors influence the international telecommunication firms’ post-entry expansion in Nigeria

Another influence highlighted in figure 3.1, shows the influence of market factor. The market factor is well documented in international business research and the telecommunication firms’ internationalisation (Sarkar, Cavusgil and Aulakh, 1999; Sethi et al., 2003; Brouthers et al., 2008; Jadhav, 2012). One of the major market factors is the market size of the host country because studies in international business suggest that a country that has huge market size can attract international investment even if there are adverse institutional factors such as corruption (Brouthers et al., 2008; Jadhav, 2012). In support, other studies in the internationalisation of telecommunication firms have revealed that international telecommunication firms followed multinational clients to host countries to provide them with telecommunication services (Sarkar et al., 1999). Further studies revealed that it is the liberalisation in the host countries’ telecommunication market that serves as a driving force for foreign expansion (Stienstra et al., 2004). These insights on the role of market opportunities drawn from other studies may explain the vast amount of investment that the Nigerian telecommunication sector has experienced in the last sixteen years.

As indicated in Chapter 2 of this thesis, the Nigerian telecommunication sector has seen increasing investment in the sector with a total amount of US$2.4 billion between 2003 and 2014, and revenue of US$9.3 billion in 2014 since entry into the country in early 2000 (Nigerian Communications Commission, 2015; Euromonitor International, 2016). Additionally, the mobile subscription rate has increased from 400,000 telephone line in 2000 to 160 million in 2016 (Nigerian Communications Commission, 2016). The market factor as shown in figure 3.1 is
categorised under the regulative and the normative institution. It is regulative because the government makes rules as it concern market liberalisation, and it is normative regarding the availability of consumers and their perception of the right quality of the telecommunication firms’ products and services offered (Sarkar, Cavusgil and Aulakh, 1999; Chan-Olmsted and Jamison, 2001). Since market potential in terms of size and quality of consumer in the Nigerian telecommunication sector can determine international telecommunication firms’ post-entry expansion, the following proposition is formulated.

*Proposition 4: market factors influence the international telecommunication firms’ post-entry expansion in Nigeria.*

Figure 3.1 highlighted the importance of corruption in the process of firms’ internationalisation. Empirical studies that have adopted institutional theory to explain cases of corruption have linked corruption to either a weak or strong institutional environment in host or home countries (Rose-Ackerman, 1999; Collins and Uhlenbruck, 2004; Spencer and Gomez, 2011). The home countries have set up a mechanism to penalise act of corruption in the home and host countries through structures such as the US Foreign Corrupt Practices Act of 1997 and the OECD 1997 Convention on Combatting Bribery of foreign officials (Spencer and Gomez, 2011; Hauser and Hogenacker, 2014). However, studies have shown that host countries, particularly in some developing countries perceive corruption to be a norm and taking of bribes from foreign companies as accepted practice in their society (Collins and Uhlenbruck, 2004; Hauser and Hogenacker, 2014). Therefore, the issue of corruption in international business is based on the home and host countries, that is, if a firm internationalises from a corrupt home country to a corrupt host country, evidence shows that the firm will engage in bribery if the institutions
in that country are weak (Spencer and Gomez, 2011). However, the reverse is the case if the company internationalises to or from a home or host country that prohibits corrupt practices (Keig et al., 2015; Godinez and Liu, 2015).

Studies that have investigated the corruption activities of international telecommunications firms have also arrived at similar findings to those of previous studies (e.g. Godinez and Liu, 2015; Keig et al., 2015). Executives of international telecommunications firms have been penalised in developing countries due to their engagement in bribery (Sutherland, 2007; Sutherland, 2011). Although there have been successful prosecutions for corruption with partners of the developed country, in the context of Nigeria as seen in Chapter 2, there has not been any charges or investigation into cases of alleged corruption within the telecommunication sector. This thesis expects that since all the international telecommunication firms are from the emerging markets, they may engage in the bribery of government officials at post-entry. Hence the following proposition.

Proposition 5: corruption through bribery influences the international telecommunications firms’ post-entry expansion in Nigeria.

Finally, the firm-level factor located outside of the institutional environment shown in figure 3.1 comprises tangible and intangible resources including technological innovation and the international experience of firms that can contribute to enhancing firms post-entry (Marcello 2005; Fuentelsa, Garrido and Maicas, 2015; Ghezi et al., 2015). Early research in the telecommunication sector demonstrated that advancement in technology contributed to the globalisation of telecommunications (Dowling et al., 1994; Chan-Olmsted and Jamison, 2001). The entrance of international companies into the domestic market saw an increasing
technological advancement because the foreign firms brought with them technological expertise (Sarkar et al., 1999; Chan-Olmsted and Jamison, 2001). Technology is the requirement that determines the fitness of the telecommunication firms to internationalise (Sarkar et al., 1999; Chan-Olmsted and Jamison, 2001). Recent studies, however, suggest that although a telecommunication firm might possess the technical knowledge and international management experience, there are external institutional factors that can influence firm level resources (Fuentelsa, Garrido and Maicas, 2015; Giachetti and Marchi, 2016).

In Nigeria, there has been growing internationalisation of telecommunication firms in the country. These firms can take advantage of the increasing adoption of innovative technology such as social media where the use of internet is used for communication. A recent report suggests that young adults between the ages of 18 to 30 are the main adopters of this technology (Pew Research Centre, 2018). With Nigerian youths comprising sixty percent of its population, the uptake of the new social media platform that requires more use of the internet technology can boost the expansion of the network telecommunication providers (Mbachu and Alake, 2016). In addition, the international telecommunication firms have wider experience in the use of this technology in other countries as well as managerial experience, both of which they can tap into to enhance operations in Nigeria’s complex environment. Therefore, this thesis expects that firm resources regarding technology and international experience has a role to play in the post-entry expansion of the firms. The following proposition has been formulated.

Proposition 6: firm level resources regarding technology and international experience influence the international telecommunication firms’ post-entry expansion in Nigeria.
Overall, this thesis expects that the factors within the institutional environment identified in figure 3.1 will influence the international post-entry expansion of telecommunication firms. In addition, the findings of this research may lead to a response (if any) from the international telecommunication firms and therefore, a form of interaction (the dotted arrows) between the international telecommunication firms and the host country institutional actors. Moreover, the responses to the institutional demand can be region dependent due to the strong and influential informal institutions (the cognitive elements of language, tribes and religion), which exist in the various regions in Nigeria. Having reviewed previous conceptual and empirical literature, the author of this thesis believes that influence of the informal institutions in the context of Nigeria, as presented in table 3.1, can contribute in a unique way to understanding how the institution influences firms at post-entry. In addition, given the peculiar nature of the Nigerian institutional environment due to the prevalence of informal institutions, this thesis further argues that although these informal institutions are unwritten rules they can influence how firms survive, respond and exit the Nigerian telecommunication market.
Table 3. 3 Linking the Nigerian context with empirical studies and the propositions

<table>
<thead>
<tr>
<th>Influencing factors</th>
<th>Authors</th>
<th>Main argument</th>
<th>Method</th>
<th>Gaps</th>
<th>Context of Nigeria</th>
<th>Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political factors</td>
<td>Kaufmann <em>et al.</em> (1999, 2009), Guler and Guillén (2010), Aguiar <em>et al.</em> (2012), Busse and Hefeker (2007) and Doh <em>et al.</em>, (2017)</td>
<td>Political institutions influence foreign firms’ investment decisions in host countries.</td>
<td>Panel data and metadata from world bank investment report.</td>
<td>What is not yet clear is the influence of the political institutions in the post-entry expansion of the international firms in the host country</td>
<td>The Nigerian context can bring in nuances because of the presence of various institutional actors.</td>
<td>Proposition 1a: political establishments influence the international telecommunication firms’ post-entry expansion in Nigeria. Proposition 1b: political instability influences the international telecommunication firms’ post-entry expansion in Nigeria.</td>
</tr>
<tr>
<td>Regulatory factors</td>
<td>Globerman and Shapiro (2002), Daude and Stein (2007), Akpan, Isihak and Asongu (2014); Farla, Crombrugghe and</td>
<td>Regulatory institutions in host countries are important considerations for internationalising firms. However, evidence has been mixed. For this reason, host</td>
<td>Panel data and metadata from world bank investment report.</td>
<td>What is less clear is the extent to which regulatory institution influence firms’ internationalisation at post-entry. Further research is required to be conducted to verify</td>
<td>The context of Nigeria presents a unique setting, because there are conflicting guidelines from the two regulatory bodies. It is difficult for firms</td>
<td>Proposition 2: regulatory factors influence the international telecommunication firms’ post-entry expansion in Nigeria.</td>
</tr>
<tr>
<td>Market factors</td>
<td>Sarkar, Cavusgil and Aulakh (1999), Sethi et al. (2003), Brouthers et al. (2008), Jadhav (2012)</td>
<td>The primary focus was the availability of consumers for firms’ products and services in host countries.</td>
<td>Panel data and metadata from world bank investment report.</td>
<td>There is a lack of understanding on whether market size motivates the internationalisation of firms despite the institutional factors such as corruption or political instability.</td>
<td>The context of Nigeria provides the opportunity to investigate whether market size has contributed to firms’ expansion in the country, given the political and regulatory challenges.</td>
<td>Proposition 3: market factors influence the international telecommunication firms’ post-entry expansion in Nigeria.</td>
</tr>
<tr>
<td>Socio-cultural factor</td>
<td>Scott 1995, 2013, Brouthers and Brouthers (2001), Newenham-Kahindi, 2009; Newenham-kahindi and Stevens, 2017</td>
<td>Cultural factors of language, tribes considered as an important element at entry and also found to undermine firm’s internationalisation process after entry</td>
<td>Quantitative survey data</td>
<td>The context of Africa can provide a unique contribution to a firm’s expansion process</td>
<td>The Nigerian context has shown that the influence of cultural factors can contribute to our understanding of the influence of cultural influence on foreign firms’ expansion</td>
<td>Proposition 4: cultural factors influence the international telecommunication firms’ post-entry expansion in Nigeria</td>
</tr>
<tr>
<td>Corruption</td>
<td>Spencer and Gomez</td>
<td>The issue of perception of</td>
<td>Mixed methodology</td>
<td>There has been little evidence on</td>
<td>In the case of Nigeria, there has</td>
<td>Proposition 5: corruption through</td>
</tr>
<tr>
<td>Firm level factor</td>
<td>Source</td>
<td>Description</td>
<td>Methodology</td>
<td>Results/Conclusion</td>
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<td></td>
<td>(2011), Hauser and Hogenacker (2014), Collins and Uhlenbruck, 2004</td>
<td>Corruption in international business is based on the home and host countries perception towards corruption</td>
<td></td>
<td>Corruption within the telecommunication sectors to say how this influence post-entry of telecom firms</td>
<td>Not been any record of charges of corruption. This thesis provides an opportunity to investigate corruption at post-entry.</td>
<td></td>
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<tr>
<td></td>
<td>(Marcelle, 2005; Fuentelsa, Garrido and Maicas, 2015; Ghezi et al., 2015)</td>
<td>Technology is considered as a firm level resource that contributed to the internationalisation of firms.</td>
<td>Panel data</td>
<td>There is little understanding of the influence of institution on the firm level resources that firms can adapt to survive at post-entry.</td>
<td>The adoption of the internet technology by young adult below the age of 30 in Nigeria can contribute to the expansion of the telecommunication firms in Nigeria.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Proposition 6: firm level resources regarding technology and international experience influence the international telecommunication firms’ post-entry expansion in Nigeria.</td>
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</tbody>
</table>
3.6 Summary of literature review and gaps from previous literature

Existing research on firms’ internationalisation and in particular the internationalisation of telecommunication firms has found institutional factors to be influential in firms’ behaviours and activities when entering the international market. However, previous research has not provided sufficient evidence on the influence of the political, regulatory, cultural, corruption, market and firm level factors on the international telecommunication firms’ at post-entry. This is important as the factors that were considered at the entry stage may or may not contribute to survival at post-entry. Hence, this research seeks to address this by investigating the post-entry expansion of the international telecommunication firms in the host country, Nigeria.

In addition, the review conducted on past literature has shown that previous studies that have adopted the institutional factors have drawn their findings primarily from panel data across different countries. Therefore, this thesis contributes to the extant literature by using a case study qualitative data to investigate the institutional factors that influence at post-entry. Table 3.2 summarises the key studies and their main arguments as well as gaps from previous literature. The next section will now present the methodology adopted for this thesis.
Table 3.3 Empirical studies that have adopted institutional factors to explicate the internationalisation of firms

<table>
<thead>
<tr>
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<th>Main argument</th>
<th>Method</th>
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</tr>
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<tbody>
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<td>Kaufmann <em>et al.</em> (1999, 2009), Guler and Guillén (2010), Aguiar <em>et al.</em> (2012), Busse and Hefeker (2007) and Doh <em>et al.</em>, (2017)</td>
<td>Political institutions influence foreign firms’ decision to investment in host countries.</td>
<td>Panel data and metadata from world bank investment report.</td>
<td>What is not yet clear is the influence of the political institutions in the post-entry expansion of the international firms in the host country, as the political institutions that grant legitimacy at entry may be different from those at post-entry.</td>
</tr>
<tr>
<td>Regulatory factors</td>
<td>Globerman and Shapiro (2002), Dau de and Stein (2007), Akpan, Isihak and Asongu (2014); Farla, Crombrugge and Verspagen (2016), Panayides, Parola and Lam (2015)</td>
<td>Regulatory institutions in host countries are important considerations for internationalising firms. However, evidence has been mixed. For this reason, host countries that must attract investment may want to enhance and develop their regulatory process.</td>
<td>Panel data and metadata from world bank investment report.</td>
<td>What is less clear is the extent to which regulatory institution influence firms’ internationalisation at post-entry. Further research is required to be conducted to verify the role of the strong regulatory institution on international firms’ investment in host countries.</td>
</tr>
<tr>
<td>Market factors</td>
<td>Sarkar, Cavusgil and Aulakh (1999), Sethi et al. (2003), Brouthers et al. (2008), Jadhav (2012)</td>
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<td>Quantitative survey data</td>
<td>The context of Africa studied qualitatively can provide a unique contribution to a firm’s expansion process</td>
</tr>
<tr>
<td>Corruption</td>
<td>Spencer and Gomez (2011), Hauser and Hogenacker (2014), Collins and Uhlenbruck, 2004</td>
<td>The issue of corruption in international business is based on the home and host countries’ perception towards corruption</td>
<td>Mixed methodology</td>
<td>There has been too little evidence on corruption within the telecommunication sectors to say whether this is an influence at post-entry.</td>
</tr>
<tr>
<td>Firm-level factor</td>
<td>(Marcelle, 2005; Fuentelsa, Garrido and Maicas, 2015; Ghezi et al., 2015)</td>
<td>Technology is considered as a firm level resource that contributed to the internationalisation of firms.</td>
<td>Panel data</td>
<td>There is little understanding on the influence of institution on the firm level resources that firms can adopt to survive at post-entry.</td>
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</table>
Chapter 4 Methodology

4.1 Introduction

This Chapter will explain the methodology adopted in investigating the institutional factors that influence the post-entry expansion of emerging market telecommunication firms in Nigeria. The methodology chapter is sub-divided in the following sections. Section 4.2 will show the philosophical position of the researcher. Section 4.3 will discuss the methodological approach adopted in this research. Section 4.4 will focus on the research design. Section 4.5 will present the method of data collection. Section 4.6 will present the method of data analysis. Section 4.7 will address the data quality issues, and in conclusion, section 4.8 will present the ethical considerations of the thesis.

4.2 Research philosophy

Research philosophy is a “system of beliefs and assumptions about the development of knowledge” (Saunders, Lewis and Thornhill 2016, p. 124). It “underlies any particular research approach that describes any theory of research” (Maylor, Blackmon and Heumann 2017, p. 104). Research philosophy is based on ontological, epistemological and methodological assumptions (Easterby-Smith et al., 2008; Guba and Lincoln, 1994). Ontology is concerned with the nature of reality and its existence (Saunders et al., 2016; Maylor et al., 2017). It refers to “what is out there to know, that is, the nature of reality and in particular whether it exists independent of the observer” (Maylor et al., 2017, p. 104). It helps in shaping how research is conducted in the different fields. For example in business and management it focuses on how firms, management and individuals are studied.
Thus, it determines what a researcher can study, that is, the ontological view shapes the way research questions and objectives are formed.

Epistemology is concerned with what is or should be regarded as an acceptable knowledge of a discipline (Collis and Hussey, 2014; Creswell, 2014; Bryman and Bell, 2015; Saunders et al., 2016). It focuses on “how can we know what we know” (Saunders et al., 2016, p. 124). While ontology focuses on the nature of reality, epistemology emphasises how we can create a knowledge of reality (Bryman and Bell, 2007, 2015; Maylor et al., 2017). The main reason for undertaking a piece of research is to contribute to the existing academic knowledge. To be precise, the form of data that is collected relies on the assumptions about knowledge, and how it is generated (Bryman and Bell, 2007, 2015; Maylor et al., 2017).

The ontological and epistemology assumptions are viewed from the objectivist and subjectivist perspective. Objectivism, on the one hand, refers to the existence of reality that is external and independent of the firm or the industry under investigation (Easterby-Smith et al., 2008; Bryman and Bell, 2015; Bryman, 2012). Objectivists view realities as physical entities of the natural world because they exist independently of how we think of them and our awareness of them. Therefore, social realities like firms and job roles ought to be studied in the same way a natural scientist would study the existence of nature (Bryman and Bell, 2015; Saunders et al., 2016; Maylor et al., 2017). For example, in order to discover the truth in the social world, the realities would have to be studied via “observable, measurable facts, where a law like generalisation can be drawn about the universal social reality” (Saunders, et al., 2016, p. 128). This, therefore, suggests that evidence is usually collected through observation and measurement. For example, in this thesis, the
institutional factors can be studied and measured objectively and independently of the perspectives of the managers of the international firms that exist within the environment. It is only based on these measurement, according to the objectivist, that the findings of this thesis can be deemed credible because there is no interference from the observable elements, which are, in this case the telecommunication firms’ managers.

On the other hand, subjectivism deals with the creation of social phenomena through perception and interactions between the organisations and the social environment. In this study, the interaction of the international telecommunication firms and their host country institutional environment. Subjectivists assert that the social reality in which firms exist are constructed by the perceptions and consequent actions of actors that live within this reality (Creswell, 2014; Bryman and Bell, 2015; Saunders et al., 2016). Subjectivist assumes that researchers and other social actors with concepts and perceptions create the social phenomena we studied (Colliss and Husey, 2014; Saunders et al., 2016). Unlike the objectivist that tends to discover the universal facts and laws governing social behaviour, the subjectivist is interested in diverse opinions and narratives advanced by different social actors in various realities (Saunders et al., 2016; Maylor et al., 2017).

This research adopts the perspectives of subjectivism over objectivism for the following reasons. The institutional factors such as the regulations, political and cultural factors will not be subjected to any form of statistical measurement, but are investigated with the aim to seek for meaning and understanding from the perspective of the international telecommunication firms’ managers regarding their existence and influence in the institutional environment. In other words, the international telecommunication firms and the external environmental factors (e.g.
regulation, community, political and cultural factors) are in what Bryman and Bell (2015) describe as a continuous state of interaction and reconstruction of the social environment. For instance, as will be shown in the findings of this research, via constant engagement with the regulatory agencies, the international telecommunication firms have been able to influence the decisions of both the NCC and NESREA.

Objectivist realities adopt the features of positivist epistemology, while those who are subjectivist take the strand of interpretivist epistemological assumption (Saunders et al., 2012; Creswell, 2014). Positivist and interpretivist epistemologies within the social sciences are presented as two opposing and extreme views of existence. These contrasting views have long attracted debate as to which of the two a social science researcher should adopt. First, the views of the positivist will be presented followed by the views of the interpretivist. Finally, a position is adopted by the researcher and reasons given as to why the interpretivist approach has been selected as the philosophical underpinning to this research.

4.2.1 Positivist

Positivism can be traced to the work of David Hume, an 18th century philosopher, who believed in the object of nature as a determinant of human existence. Other subsequent studies, such as those of Carson et al. (2001) and Hudson and Ozanne (1988), further support David Hume (1739) and argue that reality is independent of the researcher and the researched object. Therefore, the researcher will aim to theorise based on observation and experiment (Collis and Hussey, 2014; Creswell, 2014; Saunders et al., 2016). The positivist view further maintained “that the social world exists externally and its properties should be measured through objective methods” instead of arriving at a conclusion based on feelings, intuition or sensation.
(Eastherby-Smith, 2008, p. 57). Hence, business research according to the positivist should be conducted according to the natural scientific procedures, adopting a deductive approach (Quinlan et al., 2011; Colliss and Husey, 2014).

A deductive research approach has a conceptual and theoretical structure where a researcher commences research from a theoretical background, then collects data to either test, confirm, refute or extend the theory (Bryman and Alan, 2012; Creswell, 2014). Deduction is about drawing an inference from possible causes, which means there must be a cause before an effect can occur. However, the limitation of deduction is that it does not tell us anything new about reality beyond what is already in the premises proposed (Danemark et al., 2002).

4.2.2 Interpretivist

Interpretivist approach was developed in reaction to the positivist approach by Immanuel Kant (1755) and other philosophers of his school who assert that human actions are the determinants of reality. Lincoln and Guba (1985) argue that the approach of natural science cannot be applied to the study and understanding of the social world because people and organisations are different from the objects of natural sciences. The interpretivist stance, therefore, was proposed that social sciences required a different research philosophy to support the social reality (Eastherby-Smith, 2008; Colliss and Husey, 2014; Bryman and Bell, 2015; Saunders et al., 2016). The study of reality would be required to show how different humans are from the natural object because its goal is to understand human actions (Bryman and Bell, 2015). In other words, interpretivism focuses on the empathetic understanding of human actions rather than the forces that act on it. This reality
includes how people subjectively construct the social world, so reality is determined by people rather than an object (Blumberg et al., 2008; Eastherby-Smith, 2008).

Interpretivists believe that it is difficult to isolate what exists in the social world from what is in the mind of the observer (Collis and Hussy, 2014). Interpretivism focuses on exploring the complexity of social phenomena with a view to gaining interpretive understanding of how people as social actors create and attach meaning to the world around them, rather than attempt to determine causes of the reality around them (Saunders et al., 2012; Collis and Hussy, 2014).

Research that adopts the interpretivist view often starts inductively. In the inductive approach, rather than seeking a conclusion to be predicted based on an earlier set of assumptions or propositions as argued in the positivist/deductive approach, additional knowledge can be introduced beyond the initial premise. To be precise, the proposition does not necessarily have to be confirmed, because generalisation is drawn on the observable data (Danermark et al., 2002). This can be a risk in research as it is possible to draw a wrong conclusion even though the proposition set earlier may have been correct (Danermark et al., 2002). In addition, within inductive research, the aim is to develop a theory rather than to test a theory (Denzen and Lincoln, 1994). Thus, the inductive approach focuses on theory development from the observation of empirical reality, hence data-driven (Stake 1995; Glaser and Strauss, 1967).

Although the inductive research is associated with qualitative research and the deductive approach traditionally is associated with a quantitative research approach, Yin (1993, 2009, 2014) argued that it is possible to start qualitative research deductively, where a researcher can commence with a theory. Similarly,
Parke (1993) showed that the deductive approach could be adopted in qualitative research, as there is no pure inductive research. Bryman and Allan (2015, p. 25) conclude that an “inductive strategy is not only associated with qualitative research: not only does qualitative research not generate theory, but also theory is often used as a background to the qualitative investigation”. Hence, a combination of both the deductive and inductive approach, known as abduction, is permissible within research (Suddaby, 2006; Dubois and Gadde, 2002). In abduction, the conclusion in research provides new insight into an outcome of an investigation (Suddaby 2006; Dubois and Gadde, 2002). Suddaby (2006) argued that abduction is to move from conceptualisation to a more developed or deeper understanding of something. This happens by looking at the ideas differently, interpreting them according to different phenomena or a new set of ideas. Therefore, abduction is re-describing and re-contextualising reality in the face of new data, while still applying previous concepts or theories (Suddaby, 2006).

The interpretivist philosophy is adopted in this thesis as against the positivist philosophy because the researcher’s aim is to enter the social world of the researched subject to understand a phenomenon from their point of view, thus deriving a contextual meaning. This is pertinent to the situation of telecommunication firms who are in constant interaction with the external realities: the institutional actors. Another reason for the adoption of interpretivist and subjectivist perspective is that it is best suited to answer the research questions of this thesis, because the aim of the thesis is to understand the institutional factors that influence the post-entry expansion of the international telecommunication firms in Nigeria from the viewpoint of the senior managers of the case companies. The aim was achieved through face to face interviews conducted. Moreover, in
order to achieve the aim of this study, there is need to draw on the perspectives of the managers through a face to face interviews within their social context, Nigeria, which is their reality.

The interpretivist philosophy has been advocated for studies that can contribute to the development of the institutional theory, so it seemed apt to apply it to this study. Suddaby (2010) suggested that institutional theory has failed to adopt a philosophical and methodological approach that focuses on understanding meaning in occurrence of an event. There is a need for institutional theory scholars to move “away from strictly positivist research and incorporate interpretivist methods that pay serious attention to the subjective ways in which actors experience institutions”. In light of this new ideas, studies have adopted the interpretivist epistemology within the institutional theory literature (Kim and Kim, 2009; Baptista, 2009; Kim et al., 2013). For instance, to understand the adoption of the e-government system to fight corruption in South Korea, Kim and Kim (2009) draw on the perspective of the civil servants through interviews to arrive at a conclusion on the use of the technology. To be precise, how civil servants perceive the uptake of the technology from the regulatory, normative and cultural-cognitive institutional perspective. Baptista (2009) shows that the delay in the implementation of the UK healthcare record management system is because of the resistance the policy encountered from professional clinicians, normative institutional actors. Kim et al. (2013) through interaction with managers of manufacturing firms in South Korea found that multiple institutions are influencing the process of adopting CSR. It would appear, therefore, that the interpretivist philosophy is necessary in research that can contribute to the development of the institutional theory, such as in this thesis.
Increasingly, interpretivist epistemology has been adopted by diverse research approaches including the qualitative case study approach. The following sections, 4.3 and 4.4 will discuss this approach and the case study research design adopted in this thesis. Additionally, evidence will be provided on previous studies that have used interpretivist epistemology in both qualitative and case study research.

4.3 Qualitative study research

Business research is underpinned by either a quantitative or a qualitative approach (Saunders et al. 1997; Patton 1990). On the one hand, a quantitative approach is usually associated with positivism, where the major focus is measuring relationships among variables numerically and the use of statistical and graphical techniques to analyse data. On the other hand, a qualitative research approach is often associated with interpretive philosophy, where “researchers are expected to make sense of the subjective and socially constructed meanings expressed about the phenomenon being studied” (Saunders et al., 2016, p. 168). A researcher can adopt either of the two approaches. Both approaches have been criticised. The quantitative approach has attracted criticism from the proponents of the qualitative approach on the basis that it fails to differentiate people and the social world, which include separating organisations and individuals who work in them from the natural world (Lincoln and Guba, 1994; Creswell, 2014; Collis and Hussy, 2014; Bryman and Bell, 2015). The qualitative approach has also been criticised by the proponents of the quantitative approach on the basis that the scope of the findings of the qualitative research is restricted (Bryman and Bell, 2015). This suggests, in the sense that the findings of a small number of individuals or organisations cannot be generalised to other settings or contexts. However, this criticism is based on the idea that
qualitative research is conducted for the purpose of analytical generalisation (Yin, 2014). This is further explained in section 5.4.2 on case selection.

Other methodology researchers have advocated a combination of the two approaches to conduct research (Tashakkori and Teddlie, 1998; Johnson and Onwuegbuzie, 2004; Creswell, 2014). The reason for a mixed approach in research is that since both methods have areas of strengths and weaknesses, combining of the two would neutralise the weaknesses of both (Creswell, 2014). However, there are drawbacks to the adoption of mixed methods. Bryman and Bell (2015) suggest that due to ontological and epistemological commitments, the adoption of both approaches may not be viable. For instance, the data collected in this thesis is aimed at understanding and explaining how the institutional factors influence the post-entry expansion of the international telecommunication firms from the senior managers’ perspective. As such, it fits best within the qualitative approach, which is inclined towards the interpretivist/subjectivist philosophy, as against the quantitative study inclined towards the positivist/objectivist philosophy that would tend to measure such influence. The following paragraphs highlight further reasons for the adoption of qualitative research in this thesis.

Research within the international business field has also argued for a qualitative approach to be adopted in research, as it contributes to theory building and refinement, which is one of the significant contributions of interpretivist philosophy (Marschan-Piekkari and Welch, 2004; Doz, 2011). As a result, empirical research has been conducted within the international business using the qualitative approach (Kontinen and Ojala, 2012; Newenham-Kahindi and Stevens, 2017; Kriz and Welch, 2018). For example, Newenham-Kahindi and Stevens (2017) adopted a qualitative approach to investigate the activities of international firms in
the mining sector in Sub-Saharan Africa. Similarly, Kriz and Welch (2018) adopted this qualitative approach to investigate internationalisation of new to the world technologies that is firms that seek to internationalise technologies that are still in the process of development.

Moreover, qualitative studies provide convincing evidence to explain theories (Bloomberg et al., 2008). Doz (2011) argues that theory building and extension is one of the major contributions of a qualitative study as it provides the opportunity to compare theoretical predictions about a phenomenon, the validity of the theory or to establish its applicability. Qualitative research allows the researcher to assume a dynamic and negotiated reality by examining and investigating the experiences of interviewees as described by them (Miles and Huberman, 1994; Collis and Hussey, 2014; Denzin and Lincoln, 2005). In this way, the researcher is given a subjective experience of the interviewees, unlike quantitative research that assumes a fixed and measurable reality and is concerned with discovering facts about social phenomena (Collis and Hussey, 2014).

To achieve the aim of this study and ultimately answer the research questions outlined at the outset of this thesis, a qualitative research strategy is adopted, because “qualitative research focuses on ordinary events in natural settings, this is in order to have a strong hold on what real life is like” (Miles and Huberman 1994, p. 10). It is argued that qualitative research is needed at the beginning of research when research involves areas that were not studied before (Miles and Huberman, 1984). However, they can also provide new perspectives on existing topics or researched areas (Eisenhardt, 1989; Yin 1993, 2014; Saunders et al., 2012).
Furthermore, qualitative studies are usually preferable when the research aim is to explain a complex social phenomenon in a particular context, and how humans behave within an organisational context (Miles and Huberman, 1994; Welch et al., 2011; Yin 1993, 2012, 2014). As this research is focused on explaining and understanding how the institutional factors influence the post-entry expansion of telecommunication firms in Nigeria, an explanatory study is adopted. Explanatory case studies such as this adopt abductive logic to test propositions and revise existing theories (Welch et al., 2011; Duboise and Gadde, 2002). Collis and Hussey (2014) observed that a researcher that adopts explanatory research goes beyond description and focuses on analysing and explaining how a particular phenomenon occurred. Consequently, an explanatory case study helps where existing theory is used to explain what is happening (Saunders et al., 2016).

Indeed, Miles and Huberman (1994) demonstrated some of the significance of a qualitative study. Firstly, the local roundedness, which refers to the proximity of research to a specific situation where the specificity of the investigated case company is located within the context, that is to say, the opportunity to have full knowledge of non-obvious issues is strong. For instance, such non-obvious issues within the discipline of international business are the impact of sub-regional tribal traditional culture (Newenham-Kahindi, 2009), which is pervasive within the Nigerian context. A further advantage of qualitative study is that it has a depth and richness with the potential of revealing truth hidden in a complex situation. Additionally, the emphasis of a qualitative study on peoples’ experiences illustrates the basis why a researcher locates the meaning a participant places on a particular event (Yin 1993, 2012, 2014). Yin (2014) suggested that a case study research
methodology can help a researcher to explain events within a context. The next section will focus on discussing the case study methodology.

4.4 Case study research design
The use of case study research design is a well-established approach in many fields including international business due to its significant contribution to qualitative research. In the international business field, literature has adopted the case study research design to investigate firms’ internationalisation process in the host market (Newenham-Kahindi and Stevens, 2017; Kriz and Welch, 2018). Case study research is important in research as it has the ability to explore a single phenomenon in a natural setting, where different methods are used to gain in-depth knowledge (Denzin and Lincoln, 2005; Collis and Hussey, 2014; Yin, 2014). Another reason for using this approach is its suitability for investigating a contemporary event as Yin (2014, p. 16) defined a case study as “an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident”. A case study is therefore adopted in this research to have an understanding of the interactions between the emerging market telecommunication firms and its contextual background, Nigeria. Moreover, the use of case study is best adopted in “how” research questions (Yin 2014, 2009; Bloomberg et al., 2008), such as this research. Case study research has been divided into four main approaches that can help researchers to conclude an investigation (Welch et al., 2011). These approaches are presented in the following section.
4.4.1 Approaches to case study research design

The four main approaches are case study as inductive theory-building (Eisenhardt, 1989; Eisenhardt and Graebner, 2007), case study as a natural experiment (Yin 2009, 2014), case study as interpretive sense-making (Stake, 1995) and case study as a contextualised explanation (Welch et al. 2011). These four main approaches are presented in this section and justification provided as to why contextualised explanation is adopted in this research.

Advocates of the inductive theory-building case study (e.g. Eisenhardt, 1989; Eisenhardt and Graebner, 2007) argued that a case study is conducted as a precursor to further research. This means that a case study is primarily undertaken to discover new theories from empirical data that can be further tested. Thus, a case study is positioned as an exploratory form of research. Eisenhardt’s (1989) and Eisenhardt and Graebner’s (2007) approaches to a case study research, however, provided fewer explanations or reasons why an occurrence happened. Instead, they argued that a case study provides the link that exists between variables or constructs.

In contrast, in the case study as a natural experiment, Yin (1993, 2009, 2014) argues that a case study need not be confined to the early form of research as contended by Eisenhardt (1989), but suggests that it can be adopted to revise existing theories. Accordingly, a case study can be adopted to verify theory and not just to discover new theory as advocated by Eisenhardt (1989). In this perspective, context is lost as the aim of the case study as a natural experiment is to confirm a theory, which is akin to a positivist/objectivist epistemology, so findings are necessarily not linked to the context of the research (Yin, 2014). Yin (2014) went further to argue that a case study can establish causal relationships among constructs or factors contrary to Eiesenhardt’s (1989) submission that it can focus
only on understanding the relationships. Thus, Yin (2014) strongly argued for explanation building in research that adopts a case study as a methodology as, the primary essence is to determine cause and effect.

Contrary to the position of Eisenhardt (1989) and Yin (1993), in case study as an interpretive sense-making, advocates such as Stake (1995) argued that the experience of participants cannot be subjected to an experimental model as advanced by previous studies but should be interpreted through the eyes of the participants (Eisenhardt, 1989; Yin, 1993). The main argument of the proponents of interpretive sensemaking is that there is a need to differentiate between a case study that seeks to identify the cause and effect relationships among constructs and one that makes an attempt to emphasise the understanding of the human experience (Feagin et al., 1991; Stake, 1995; Yin 1993, 2009). In this regard, Lincoln and Guba (1994), Geertz (1973) and Denzin (2001) argued that a case study that focuses on understanding the human experience could provide the rich description embedded within a context. What this means is that particularisation is the goal of case studies, that is, the ability to understand how unique a case is from the participants’ perspective. Stake (1995) further asserts that rather than establishing in case study research the cause and effect relationship (Yin 2009), case researchers should pursue the art of thick description, that is, the way context can bring about meaning located in human actions.

The fourth form of a case study, which is a case study as a contextualised explanation, was developed by Welch et al. (2011) for international business researchers. It builds on the explanatory qualitative research addressed in section 4.3. Contextualised explanation focuses on explaining why and how an outcome of an event within a particular context is produced. Instead of focusing only on
explanation in the typology, as advocated by Yin (2009), or context, as advocated by Stake (1995), contextualised explanation according to Welch et al. (2011) can “generate explanations that preserve rather than eradicate richness”. This means that while it is important for a case study researcher to describe the understanding of an occurrence from the participants’ perspective, it is also important to explain the reason behind a particular event or occurrence by delving more deeply into the research data (see appendix V for list of approaches in case study research).

Welch et al. (2011) argued that there is a need for a departure by case researchers from the simply rich description (Stake, 1995) and the cause and effect relationship to contextualised explanation. Indeed, Patton (2002, p 478) argued that “most qualitative data are presented for the purpose of understanding rather than going further to explain why”. Following Welch et al. (2011), considerable research has been conducted within the international business with a focus on context (e.g. Regnér and Edman, 2014; Vissak and Francioni, 2013; Kontinen and Ojala, 2012). For example, Kontinen and Ojala (2012) investigated the pathways eight Swedish family-owned firms adopted to internationalise. The study shows that the internal structure of the company explains internalisation pathways.

Other studies such as those of Vissak and Francioni (2013), investigated the nonlinear internationalisation process of the Italian machinery producers and found reasons firms internationalises within the context of Italy. Regnér and Edman (2014) examined the response of US and Swedish multinationals to host countries’ institutional constraints. The study found that the subsidiaries developed four strategic tools to respond to the institutional demands. In recent research, Newenham-kahindi and Stevens (2017) adopted the contextualised explanation approach to investigate the mining sector in East Africa. The study found that local
employees served as intermediaries to foreign firms to overcome institutional challenges within the context of Tanzania. Therefore, following these extant studies (e.g. Newenham-kahindi and Stevens 2017; Regnér and Edman 2014; Vissak and Francioni 2013) that have adopted the contextualised explanation approach, this thesis will provide an in-depth description of the influence of the institution within the context of Nigeria on international telecommunication firms’ post-entry expansion and provide explanation on how the factors influence post-entry, which is linked to the first and second research question of this thesis.

Theory development or extension is highly desirable in case study research and is important for the social researcher, as it provides the rationale for the research being conducted with reference to how the context of the research is explained (Welch et al., 2011; Yin, 2014). Additionally, it provides the framework within which social phenomena can be understood, and the research findings can be interpreted (Patton, 1990; Quinlan, 2011; Yin, 2014). Furthermore, “the use of theory and theoretical propositions in doing case studies is an immense aid in defining the appropriate research design and data to be collected” (Yin 2014, p. 38).

The advantage of starting this research from a theoretical perspective is that it links into an existing body of knowledge on the institutional theory and how it has been adopted in other sectors. It assists the researcher in starting and developing an initial framework in which the theoretical propositions represent key issues on the institutional factors that influence the internationalisation process of telecommunication firms. In essence, the review of the theory (Chapter 3) and how it has been applied in other sectors and other countries help in identifying gaps. The study on the Nigerian telecommunication sector can help to cover these gaps and answer the research question put forward in Chapter 1 of this research.
The theoretical propositions play a role in helping to generalise the lessons learned from the case study, which is an analytical generalisation as against a statistical one (Yin, 2014). In statistical generalisation, inferences are made concerning a population based on empirical data collected from a sample of the population. However, analytical generalisation is based on “corroborating, modifying, rejecting or otherwise advancing theoretical concepts that were earlier used in designing the case study and also the new concepts that came up after the completion of the case study” (Yin, 2014, p. 57). Accordingly, the proposed conceptual framework developed in this research was used to design the case study protocol (see Appendix XII for the case study protocol). Within this protocol, the elements in the framework have been applied to the interview questions used in collecting data at the data collection stage.

Certain research strategies are not suitable for investigating the institutional environment of telecommunication firms in Nigeria. For instance, while an experiment separates the phenomenon from the context, that is, a phenomenon is isolated from its natural context by using a laboratory setting, a case study focuses on the embeddedness of a certain phenomenon within a real-life context. Research strategies such as surveys sometimes account for context, but their ability to do so is minimal due to a limited number of variables (Quinlan, 2011). Yin (2003; 2014) also argues that the use of the survey method may be limited in the contextual study of an event. Historical and archival studies broadly focus on context, but case studies emphasise contemporary phenomena (Bloomberg, et al., 2008; Quinlan, 2011; Saunders et al., 2012).

Case studies, however, have been criticised on various grounds. For instance, it has been said that they do not contribute to theory building and theory testing as
a result of biases (Bloomberg et al., 2008; Saunders et al., 2012). In a reply to this criticism, proponent of case study argued that starting with a previously developed theory, a researcher can compare the results of the case study with the theory, similar to a scientist designing an experiment with the objective of testing some theoretical predictions (Yin, 2014; Bloomberg et al. 2008; Eisenhardt and Graebner, 2007). Precisely in the same way as one experiment is not enough to either support or reject a particular theory, one case study may not be enough to test or contribute to theory. For this reason, this research has adopted the use of several case studies, which allows for examination and the development or extension of a theory (Bloomberg et al., 2008). The next section illustrates the sampling technique adopted in selecting the four case companies investigated in this research.

4.4.2 Case selection

The companies were selected through theoretical sampling, which involves theoretical replication rather than sampling logic because investigating the case companies will contribute to theoretical extension (Eisenhardt and Graebner, 2007; Patton, 1990, 2002). In theoretical sampling, cases are chosen for theoretical reasons and not statistical reasons (Eisenhardt and Graebner, 2007; Patton, 1990; Eisenhardt, 1989). Patton (2002) indicated that theoretical sampling means that cases are selected because they are particularly suitable for illuminating and extending relationships and logic among constructs. Hence, cases are chosen for their revelatory insights.

In this thesis, case companies were selected to contribute to the institutional theory from the context of Nigeria (Welch et al., 2011). Therefore, the following
sampling criteria were adopted. Firstly, the four case companies had to be from the emerging markets, defined as members of the BRICS (Brazil, Russia, India, China and South Africa) countries (Gammeltoft, 2008) or classified as secondary emerging markets or frontier markets (The Economist, 2010). Secondly, they had to be international telecommunication firms from these emerging markets, comprising mobile operators, telecommunication equipment manufacturers and mobile phone producers. Finally, they had to have been operating in Nigeria for more than five years as this would provide rich data from the interviewees. The next section will present an overview of the individual case companies.

4.4.3 Overview of individual cases

This subsection presents an overview of each of the case companies, which are Case A, B C and D. They are given these pseudonyms to ensure the anonymity of the firms. The overview will include company history, size and internationalisation strategies.

4.4.3.1 Case A

Case company A is headquartered in India. It was established in 1995 and commenced operations in India in 1996. It has an employee size of 25,000 worldwide (Annual Report, 2016). Regarding its internationalisation history, it has used acquisition of the telecommunication spectrum by means of a licence from the host government as its main internationalisation strategy. For example, it first internationalised to Sri Lanka in 2007 through a licence to provide telecom services. In the same year, it won a facility based operator license in Singapore. In 2010, the
company also entered Bangladesh and seventeen African countries through spectrum licence offered by the government to provide mobile services. Case A currently has a presence in the following African countries: Burkina Faso, Chad, Congo Brazzaville, The Democratic Republic of Congo (DRC), Gabon, Ghana, Kenya, Madagascar, Malawi, Niger, Nigeria, Rwanda, Seychelles, Sierra Leone, Tanzania, Uganda and Zambia. The firm also has a presence in South Asia, which include India, Bangladesh and Sri Lanka.

The company classifies its operations into two segments: Asia and Africa, where in the 2016 financial year Asia accounted for 74.2% of the company’s total revenue and Africa 25.85%. The companies offer 2G, 3G and 4G technologies using mobile, voice and data solutions (Market Line, 2015). Its customer base worldwide in 2016 was 357.4 million in 20 countries (Market Line, 2015; Annual Report, 2016). In Africa, by March 2017, the company had 80.1 million subscribers, compared to 74.7 million customers the previous year. This is an increase of 7.2%. Product and services offered by the firm in this region include voice and data telecommunication services to its customers (Market Line, 2015; Annual Report, 2016).

4.4.3.2 Case B

Case B is an international telecommunication firm operating in Nigeria as a subsidiary of the parent firm headquartered in the United Aram Emirate (UAE). It was founded in 1976 in UAE. Case B adopts acquisition as its main internationalisation strategy. For example, it began its first internationalisation in Saudi Arabia through an alliance with an indigenous company in 2004. In the same
year, it embarked on the second phase of international expansion, where it acquired a stake in a telecommunication company in Sudan. In order to increase its international subscriber base, it continued further expansion to Nigeria through acquisition in 2007. In addition, it went on to internationalise to India in 2008 through acquisition.

Case B has an international presence in fourteen countries, including the Middle East, Asia and Africa. In the last ten years, it has grown to become the 15th largest mobile network operator in the world with a total subscriber base of 135 million (Market Line, 2015). Since its expansion in the last two decades into Africa and Asia, it has grown to 63 million subscribers in Africa and Asia (Annual Report, 2015). It has a presence in the following countries: Afghanistan, Benin, Burkina Faso, Cote Voire, Sri Lanka, Central African Republic, Egypt, Gabon, India, Mali, Morocco, Mauritania, Niger, Pakistan, and Togo.

4.4.3.3 Case C

Case C was founded in 1987 in China. It has a presence in 170 countries and regions including Europe, Africa, the Middle East, Asia and the Americas. It has a company size of 180,000 employees globally. The firm offers information and communication technology solutions and services to telecommunication operators (Market Line, 2015). Its mode of entry involves greenfield investment and acquisition. The firm is engaged in the development and manufacture of equipment and products in telecommunication and information technology (Annual Report, 2015).
Case C has three business segments including carrier, consumer and enterprise businesses. The carrier network business manufactures a range of wireless and fixed networks for telecommunication operators. The consumer business segment develops smartphones, mobile broadband devices and applications. The enterprise segment develops integrated information, communication and technology (ICT) solutions and products including enterprise network infrastructure and enterprise information securities (Annual Report, 2015; Market Line, 2015).

4.4.3.4 Case D

Case D was founded in 1994 in South Africa. The company has an employee size of 19,913 across twenty-two countries. The company offers a range of communication, entertainment and content services in addition to voice calls and messaging services; its services are offered to over 232.5 million people in 22 countries across Africa and the Middle East (Annual Report, 2016; Market Line, 2015). The company mostly internationalise to foreign markets through the acquisition of the telecommunication spectrum licensed by host countries. Case D has a presence in the following countries: Afghanistan, Benin, Cameroon, Republic of Congo, Cyprus, Ghana, Guinea Bissau, Iran, Ivory Coast, Liberia, Nigeria, Rwanda, South Africa, Sudan, South Sudan, Swaziland, Syria, Uganda, Yemen and Zambia.
4.5 Methods of data collection

The previous sections of this chapter have highlighted and discussed the research philosophy, approach and design adopted in this research. In this section, the method of data collection will be presented. This involve two stages. Firstly, section 4.5.1 will discuss the pilot study, and secondly, section 4.5.2 will discuss the main data collection stage.

4.5.1 The pilot study stage
Four pilot study interviews were conducted via Skype. A pilot study has been advocated in a qualitative study to bring in a new perspective into the research process (Saunders et al., 2016; Yin, 2014). The pilot study was conducted with four senior executives. These interviewees include Area Business Manager, Case A; Head Government Affairs, Case B; Regional Manager, Case D; Senior Manager, NCC. There were two reasons for the pilot study. One was to see if an adjustment to the proposed conceptual framework was required. In fact, the conceptual framework was redesigned to include insights generated from the pilot study. In particular, the researcher incorporated into the conceptual framework the factor relating to infrastructure, which, according to interviewees, this is a significant factor influencing expansion in Nigeria. This has not been covered in-depth in the existing literature and is one of the key contributions that the current study makes to prior work (Sarkar et al., 1999; Clifton, et al., 2011; Paleologos and Polemis, 2013).

The second reason was to test the case study protocol, that is, the interview questions and make any necessary adjustment. The interview questions were, in fact, redesigned as a result of the pilot study. Following a suggestion by the
interviewees the researcher incorporated interview questions relevant to infrastructural factors, specifically how the lack of electricity influences expansion. Other important insights focused on factors such as liberalisation, where interviewees indicated their influence at the entry stage rather than the post-entry stage. For instance, interviewees mentioned that liberalisation opens up the sector for foreign investment. Thus, both the conceptual framework and the interview guide were adjusted on the basis of the pilot study to incorporate relevant information and fresh insights.

4.5.2 The main data collection stage
The researcher proceeded to data collection, which took place from September to November 2016 in Nigeria. A total of forty-seven interviewees were successfully interviewed through an in-depth face to face interview (including the four pilot study interviewees because they were re-interviewed while the researcher was in the field). The states visited in Nigeria are Lagos, Rivers, Kano and the Federal Capital Territory, Abuja. These states represent four of the six geopolitical zones of South-west, South-south, North-west and North-central Nigeria. The remaining two zones of the North-east and South-east were not covered due to security challenges including Boko Haram terrorist insurgents in the North-east and widespread kidnapping in the South-east. The data collection stage involves two processes. These include how the researcher recruited the interviewees and the experience of the researcher collecting the data in the field. These are discussed in the following subsections 4.5.2.1 and 4.5.2.2.

4.5.2.1 The interviewee recruitment process
The interviewees were recruited through two major channels: personal contacts and LinkedIn (Saunders et al., 2012). Personal contacts is a method commonly adopted in emerging markets (Kamoche and Sierbers, 2015), facilitated by the fact that the researcher is a native of Nigeria and had worked with three of the interviewees in one of the case companies. Other interviewees including those in the pilot study were contacted via LinkedIn, a professional networking site. This method of recruiting interviewees is usually advised when adopting a qualitative research approach (Patton, 2002; Yin, 2014; Saunders et al., 2016). The LinkedIn site displays the positions of the interviewees and the number of years they have worked in a company, which helps the researcher to determine interviewees’ suitability for the study. Eighty-five percent of the managers had worked in the industry for over ten years, of these some had more than five years’ work experience in one or more of the case companies. This information emerged in the course of the interviews as they referred to their years at either Case A, B, C or D. This is significant as it helps to show interviewees’ broader knowledge of the sector and the internal activities of the companies.

The researcher sent 78-telecommunication practitioners a connection request on LinkedIn, including those working at the case companies and for the government. Once they accepted the connection request, their acceptance was acknowledged. The project was introduced to them, and they were invited to participate. The researcher also requested the email addresses of the interviewees. 24 replied by sending their addresses, which indicated their willingness to be part of the project. These 24 introduced me to other interviewees when I arrived in Nigeria (see Appendix VI for correspondence with some interviewees. Names of interviewees are blocked for reasons of confidentiality).
The interviewees were told the object of the research by providing them with consent and participant information sheets detailing the purpose of the research and the interviewee’s right to withdraw from the project at any point (see Appendix VII for interviewee information sheet). The consent and participant information sheet established an atmosphere of trust. The interviewees held positions such as regional operations director, senior Manager (responsible for government and community relations), senior regional manager, and senior strategic manager. Also, mid-level managers were also interviewed, as they are responsible for infrastructure deployment and expansion across the country. It is important to highlight here that senior managers with similar responsibilities were interviewed across the four case companies, with the aim of enhancing data validity (Yin, 2014) (see appendix VIII). This was also repeated within the case companies, where managers with the same responsibilities across regions were interviewed. An average of a one-hour interview was conducted, and the interviews were recorded. This is to ensure a more detailed understanding of the key events within the sector and in the case companies.

4.5.2.2 The experience of the researcher in the field

Although the researcher is a Nigerian, visiting Nigeria after some years of absence resulted in some unexpected encounters. These include the religious and social activities in the country and the behaviour of those interviewed, which interfered with the data collection process. The social and religious activities were the first obstacle the researcher encountered. On arriving Nigeria, the Government had declared the day scheduled for the interview with some interviewees as a national
holiday because it was the period of the Muslim Eid Fitr (the breaking of the fast festival for Muslim faithful around the world). This cultural festival brings in an element of culture to my data collection as religion, an aspect of culture delayed the start of my data collection. In Nigeria, because the people are religious, the government usually declares 2- or 3-days’ public holiday (similar to bank holidays in the UK) on the occasion of any religious celebration. As a result, everyone in Nigeria was on holiday. Therefore, there was no chance of initiating the interviews.

The public holiday slowed the data collection process as some of the interviewees in government and some case companies had travelled some distance for the celebration. This was an error on the part of the researcher as inquiries should have been made before booking the departure flight from the UK. However, there was a positive aspect to this setback as two of the interviewees from Case D that were contacted via telephone (because the researcher had requested their telephone numbers via email before leaving the UK) invited the researcher to their homes. Consequently, interviewees were conducted in the living rooms of the interviewees. This did have some drawbacks, however, as although the interviewees were relaxed, which was conducive to a productive interview, the interviewee’s children disrupted the process. Other interviewees, one from Case C and one from Case D were interviewed at a restaurant. Although the interviewees were relaxed and willing to express themselves and answer the questions, there was background noise, which not only disrupted the interview process, but was also picked up by the audio and affected the quality of the recording. Fortunately, express scribe, which is a software that helps the qualitative researcher to either fast-forward or reduce the speed of the audio has a noise reduction tool that helps in minimising the background noise and so the recording was adjusted.
Once work resumed, further interviews were conducted at the offices of the interviewees. However, some problems were also encountered here which explains the actions of the interviewees. One such was that because they were high-ranking executives and directors, they were often invited to impromptu meetings disregarding the interviewer who has to wait for several minutes for the interviewee to return. As a result, appointments with other interviewees had to be cancelled or postponed. Another was intermittent phone calls to the interviewees which caused a huge distraction. These phone calls interfered significantly with the interview process as the interviewees had to answer the phone calls, thereby causing lost of focus. To ensure the data accuracy (Dencombe, 2014), the researcher had to remind them of what they were saying. At other times, interviewees would have to start from the beginning. This was very time-consuming. What I have learnt from conducting interviews within the Nigerian context is that, next time, I would allow enough time between scheduled interviews to accommodate impromptu exigencies.

Although forty-seven interviews were collected, only forty-two interviews were recorded as the device used malfunctioned when interviewing three interviewees, and two of the interviewees declined to be recorded. However, detailed interview notes were taken, and these were among the first set of interviews to be fully drafted, while insights received were still fresh in the researcher’s mind.

The researcher asked the interviewees to provide information on the general factors that influence firms in Nigeria. The interviewees were asked probing questions particular to each firm, including inviting them to explain the political factors that influence the post-entry expansion of telecommunication firms in Nigeria and how they manage and respond to these factors. They were asked why they think these factors are influencing their expansion. They were invited to give
their opinions on the regulatory elements that influence telecommunication firms in Nigeria, how they respond to these factors and why they think the regulatory element is influencing their expansion. Other probing questions involved issues regarding socio-cultural factors that influence the expansion of firms in the sector (see Appendix XII for details of the interview questions in the case study protocol).

The researcher collected secondary sources such as newspaper publications, NCC and NESREA telecommunication regulations, telecommunication firms’ annual reports and minutes of meetings. These secondary sources are necessary as they serve to collaborate or otherwise the findings from the information provided by the interviews. These chains of evidence permitted a within-method triangulation of interviews and documents (Saunders et al., 2012; Yin, 2014; Bryman and Bell, 2007, 2015), which ensured the accuracy of information and the concepts studied (Yin, 2014; Saunders et al., 2016; Flick et al., 2004). The collected data were subsequently analysed as described in the following section.

4.6 Methods of data analysis

The method of data analysis adopted in this research is thematic analysis. The thematic analysis was conducted on the data set using the five stages as proposed by Braun and Clerke (2006). This is a common method of analysis within the field of international business (Welch and Piekkari, 2006; Ahi et al., 2017). This method was adopted to answer the specific research questions. This section discusses this method and how other studies within the field have adopted it and the outcome of their analysis.
The thematic method is a process through which a researcher connects ideas, makes sense of important issues and then arrives at a conclusion (Miles and Humberman, 1994). Braun and Clarke (2006) argued in favour of thematic analysis and its importance in terms of providing rigour in qualitative research. They demonstrated that thematic analysis is used to identify, analyse and report patterns (themes) within data such as interview transcripts and documents. Thematic analysis can be adopted in any form of research data regardless of the ontological and epistemological position of the researcher (Boyatzis, 1998; Braun and Clarke, 2006). In interpretivist research such as this, the reason for adopting a thematic analysis method is that it permits the researcher to interpret what meaning interviewees within the Nigerian telecommunication sector make of their experiences and, in turn, the ways the institutional environment within the country that constitutes a broader society influences those experiences. What this implies is that thematic analysis helps to reflect the reality that participants found themselves.

The result of the thematic analysis is a “theme”, which Denzen and Lincoln (2000) refer to as an abstract construct created by researchers out of data set in the period before or after data collection. Patton (2002) defines a theme as a topic or category identified in the data. The importance of a theme in this research is that it captures something important about the overall research objectives (Braun and Clarke, 2006). There are two primary ways in which themes are identified in the qualitative research. Firstly, through induction, where themes are linked to the data (Patton, 1992; Boyatzis, 1998) and therefore not driven by theoretical interest because they are generated out of a data set. The second way is through a deductive process or theoretical thematic analysis (Boyatzis, 1998; Braun and Clarke, 2006) where the analysis is driven by the researcher’s analytical or conceptual framework.
(Boyatzis, 1998). For example, using the second approach, the institutional factors influencing the telecommunication firms’ internationalisation were identified from existing literature, and it was proposed that these factors could have an impact on the post-entry stage. Thus, a list of six propositions was formulated, and a proposed conceptual framework was developed.

Some studies (e.g. Braun and Clarke, 2006; Miles and Humberman, 1994) have suggested the benefit of adopting thematic analysis in research. Miles and Humberman (1994) indicated that one of these is that provisional themes can be established before fieldwork as this would help to connect research questions to data. In support of this position, Braun and Clarke (2006) contend that one of the benefits of thematic analysis is that it allows data to be coded, targeting the specific research questions that the researcher has set from the beginning of the research. However, Strauss and Corbin (1990) argued that themes should be developed from the examining data as pre-existing themes may not be suitable for some research, particularly those that focus on theory development. Fureday and Muir-Cochrane (2006) took a middle position and argued that thematic analysis could be conducted in a hybrid form, where both theoretical and data-driven thematic analysis are adopted, thereby providing the researcher with the opportunity to explore the benefit of both. This research adopts a hybrid form because it indicates that although a researcher can have a predetermined theme from a conceptual framework, it is the data that can help to determine what is important and what is not.

Similar research within the domain of international business has advocated the use of the thematic analysis method (e.g.; Welch and Piek kari, 2006; Ahi, et al., 2017). Welch and Piek kari (2006) adopted this method to analyse the use of foreign languages in qualitative interviewing and found that it assisted the researcher to
identify the most prominent themes regarding the impact of language in foreign market research. Griffith, Cavusgil and Xu (2008) used thematic analysis to identify emerging themes that have driven research in international business. Jones et al. (2011) adopted a thematic analysis to generate new themes that are worthy of future research within the domain of international entrepreneurship. Ahi et al. (2017) used thematic analysis as advised by Braun and Clarke (2006) to analyse data collected in the investigation of the decision making process of internationalised businesses at their post-entry phase. The themes generated in their study show the approaches to the decision-making process of international small and medium enterprises (SMEs) at post-entry. Similar to these studies, this thesis adopted thematic analysis to help unpack the institutional factors that can influence international telecommunication firms at post-entry, as well as the response of the international telecommunication firms to these factors in the post-entry phase. Other fields such as psychology have also adopted the use of thematic analysis. Braun and Wilkinson (2003) adopted a thematic analysis to generate five themes to analyse women’s talk about the vagina. Fereday and Muir-Cochrane (2006) adopted the hybrid approach of thematic analysis to analyse the performance feedback of self-assessment in nursing practice. Overall the use of thematic analysis can help social researchers to delineate themes that can answer research questions.

Other methods of analysis, such as content analysis may not be suitable for answering the research questions in this research. Although it has been found to assist researchers in understanding concepts that were predominant in the data set by counting the frequency of concepts in the data, it is argued that content analysis removes meaning embedded in the context (Leech and Onwuegbuzie, 2011; Morgan, 1993; Braun and Clarke, 2006). Thus, the use of thematic analysis in this
research, which is context specific, serves to address this flaw (Vaismoradi et al., 2013; Vaismoradi et al., 2016; Leech and Onwuegbuzie, 2011).

Braun and Clarke (2006) proposed six stages of thematic analysis. These stages include familiarising oneself with data, generating initial codes, searching for themes, reviewing themes, defining and naming themes and writing up the findings. Table 4.5 describes these six stages of thematic analysis, and the process within the analytical software (Nvivo) adopted by the researcher to aid the analysis
Table 4.5 Stages of thematic analysis

<table>
<thead>
<tr>
<th>Stages</th>
<th>Description of the stages</th>
<th>In Nvivo software</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Familiarising yourself with data</td>
<td>Transcribing data, reading and re-reading the data and noting down initial ideas on the factors that influence the post-entry expansion of telecommunication firms. Important points were highlighted in the reflective notes kept since the research started.</td>
<td>Uploading the transcribed data into the Nvivo software and conducting further reading.</td>
</tr>
<tr>
<td>2 Generating initial codes</td>
<td>Noting down codes relating to each of the propositions that have been set. Rereading the text and engaging in an open coding, highlighting sentences. From the sentences and phrases that were highlighted, an initial themes related to the concepts generated in the literature review was allocated to the coded data next to each sentence or phrases in the bracket.</td>
<td>Themes and subthemes were created in the Nvivo nodes. Data extracts related to the themes were copied and pasted in the themes.</td>
</tr>
<tr>
<td>3 Searching for themes</td>
<td>Sorting the initial codes generated from the data into themes and sub-themes.</td>
<td>Themes and subthemes were created in the Nvivo nodes. Data extracts related to the themes were copied and pasted in the themes.</td>
</tr>
<tr>
<td>4 Reviewing themes</td>
<td>Each theme was examined to check that the data set reflected the themes.</td>
<td>The dataset that was coded was examined to reflect the categorised themes, thereby ensuring accurate representation.</td>
</tr>
<tr>
<td>5 Defining and naming themes</td>
<td>The themes were further refined by identifying the true essence of the data. Furthermore, precise definition and names were generated for each theme. The themes were organised into an overarching category of themes and sub-themes generated. These were the themes that were presented for analysis.</td>
<td>The themes were organised into an overarching category of themes and sub-themes generated. These were the themes that were presented for analysis.</td>
</tr>
<tr>
<td>6 Writing up the findings</td>
<td>Data extracts related to each theme were selected for analysis.</td>
<td>The data extracts were presented in the findings chapter and references were made to the themes in the discussion chapter and how they related to previous studies.</td>
</tr>
</tbody>
</table>
Following Braun and Clarke (2006) and other similar research within the field of international business (e.g. Ahi et al., 2017) the six stages of thematic analysis as shown in table 4.5 were adopted in this thesis. These stages are presented in the following paragraphs because they demonstrate a systematic and rigorous process of developing a theme for analytical purpose in this thesis. References will also be made to the specific research question that was answered using the analytical method.

In the first stage of the thematic analysis process, the researcher familiarised himself with the data by transcribing the data and immersing himself in the data. The transcription process started when the interviews were conducted. The interview transcripts were structured following the interview questions in the case study protocol. Express Scribe software free for educational purposes was downloaded from the internet to aid the process of transcription. However, even though Ghauri (2004) advises commencing data analysis during data collection, the researcher was unable to maintain the schedule of interviewing, transcribing and analysing at the same time due to the large number of planned interviews.

The schedule involved travelling to different cities and conducting five interviews per day, which the researcher found tiring in the extreme, resulting in the researcher’s exhaustion. Additionally, frequent power cuts meant charging the researcher’s laptop was often a problem. Consequently, the researcher was compelled to leave large portions of the interview transcriptions until his return to the UK. However, this has some advantages as it is common practice in qualitative research to leave some data for transcription to a later date when there is a clearer picture of the phenomenon being investigated (Chamberlain, Camic and Yardly,
Each transcribed document was sent for member checking (Dencombe, 2014).

After the transcription phase, the researcher immersed himself in the data in order to understand the content (Patton, 2002). Immersion involves reading the data repeatedly in an active way to search for meaning and patterns (Braun and Clarke, 2006). This is also called open coding. “Open coding involves going through the interview data systematically, listening to the recording and rereading the transcript to become thoroughly familiar with it and assigning labels or codes to sections of the text” (Chamberlain, Camic and Yardly 2004, p. 75). Phrases and sentences that relate to the factors identified in the conceptual framework as to influencing the post-entry of the international telecommunication firms were highlighted or underlined. Subsequently, in the second stage, the initial coding was conducted on the data.

Initial coding was done in two stages. Firstly, the transcribed data were uploaded into the Nvivo 11 software and saved within a sources folder named “interview transcript”. A word search query was also conducted on the complete dataset to identify the most important words in the data set (see appendix IX). Secondly, in the node section of the software, a list of themes using the conceptual framework as a guide was created. The data extract, or coded text, the phrases and the sentences relating to the concepts, were highlighted and dragged into the nodes (see table 4.6 and 4.7 for the data extract).

At the stage of coding data extract into the themes, the researcher had the first research question and the propositions in mind, that is, the specific data set that will answer the first research question and confirm the propositions. For example,
“political factor” was the overarching category in line with the conceptual framework and the coded text, which was captured to explain this category. However, the coded text was further re-coded, which resulted in a theme called “influence of politicians in government” in the post-entry phase of the international telecommunication firms in Nigeria. This new theme emerged after re-coding, and it amounts to a higher level of abstraction, as noted by Vaismoradi et al. (2016), which permits the researcher to adopt this theme as a basis to commence analysis.

Other themes identified at the second stage are “taxations in the federal, state and local government councils”. “Political instability” was also identified as a theme. This systematic approach was applied to all the themes and sub-themes as highlighted in tables 4.6 and 4.7. The themes were then linked to the specific propositions to which the theme seeks to confirm or disconfirm.
Table 4. 6 Aligning datasets with themes

<table>
<thead>
<tr>
<th>Propositions</th>
<th>Case A</th>
<th>Case B</th>
<th>Case C</th>
<th>Case D</th>
<th>Overarching category</th>
<th>Specific themes for analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Propositions 1a</td>
<td>“When we can confidently say that a certain individual doesn’t influence government decision” (Senior Manager Licensing and Compliance).</td>
<td>“Because that big man is there and he goes home, and there is no network, he has a way of influencing the telecom companies to go and build” (Head M &amp; S Team).</td>
<td>“Although they are supposed to be independent, but of course you know how politics can be sometimes” (Area Service Manager).</td>
<td>“But people could use political power, political connection to get at eh to get at the businesses or use it to buy the influence of the businesses” (Senior Manager Government and Community Relations).</td>
<td>Political factor</td>
<td>The influence of politicians in government.</td>
</tr>
<tr>
<td>Proposition 1b</td>
<td>“The only thing that may hinder expansion might just be the political influence in terms of Boko Haram and the militants” (Area Service Manager)</td>
<td>“You know Boko Haram was holding sway in this country, a lot of telecom infrastructure were bombed” (Manager M &amp; S Team).</td>
<td>“Boko Haram damage lots of infrastructure in the North East” (Procurement Manager)</td>
<td>“If you look at the insurgency in the North, it got to a point our engineers could not go to service our station” (Regional Manager).</td>
<td>Political instability</td>
<td>Boko Haram insurgency and the impact of militants on expansion</td>
</tr>
<tr>
<td>Proposition 2</td>
<td>“NESREA would tell you about”</td>
<td>“Apart from NCC we have”</td>
<td>“Other agencies such as NESREA started”</td>
<td>“NCC is the main regulator, in”</td>
<td>Regulations</td>
<td>Multiple regulations</td>
</tr>
<tr>
<td>Proposition</td>
<td>Statement</td>
<td></td>
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<tr>
<td>Proposition 3</td>
<td>“Build products along with the lines of cultural differences across Nigeria” (Radio Access Network Manager).</td>
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<tr>
<td>Prop. 3</td>
<td>“It’s just like in the North; people expected that you have ring tone in Hausa” (Manager Technical Project Delivery).</td>
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<tr>
<td>Prop. 3</td>
<td>“In Yoruba land, that is Southwest Nigeria, telecommunication firms will put lots of Yoruba songs, so people from the Southwest would like to subscribe” (Senior Account Manager).</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Prop. 3</td>
<td>“Some people are subscribing to caller tunes in different languages” (Regional Sales Manager).</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Proposition 4</td>
<td>“The major market factor driving expansion is the need and requirement for broadband and also the population” (Senior Manager D. V &amp; E).</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Prop. 4</td>
<td>“This is a huge market. We are on level one of telecoms” (Regional Operations Director).</td>
<td></td>
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</tr>
<tr>
<td>Prop. 4</td>
<td>“Once any network is launched in an area it is congested immediately” (Senior Account Manager).</td>
<td></td>
<td></td>
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<tr>
<td>Prop. 4</td>
<td>“If the demand for the usage are not there you are not motivated to expand” (Project Manager).</td>
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<tr>
<td>Proposition 5</td>
<td>“Systemic corruption is there, if you want to be very ethical, the corruption level in Nigeria is really”</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Prop. 5</td>
<td>“Now corruption, one of the issues”</td>
<td>“Corruption”</td>
<td>“Corruption”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposition 6</td>
<td>“Growth in technology became necessary for telecom firms” (Area Service Manager)</td>
<td>“With time people started on 3G” (Manager M and S Team)</td>
<td>“People migrated from 3G to 4G, very soon you will see 5G” (Senior Account Manager)</td>
<td>“So, as customer’s taste and expectations grow, so also does our company meet those expectations to remain relevant” (Regional Service Manager)</td>
<td>Technology</td>
<td>Technological demand</td>
</tr>
</tbody>
</table>
Table 4. 7 Aligning datasets with emerging themes

<table>
<thead>
<tr>
<th>Emerging findings</th>
<th>Case A</th>
<th>Case B</th>
<th>Case C</th>
<th>Case D</th>
<th>Overarching category</th>
<th>Specific themes for analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging findings 1</td>
<td>“We still have challenges with power, that is, the cost of expansion regarding power” (Area Service Manager)</td>
<td>“Things like power (electricity), it is critical that for every site that the operator is putting up” (Manager Technical Project Delivery)</td>
<td>“Most of our passive infrastructure in Nigeria runs on power, electricity supply in Nigeria is at its lowest ebb” (Principal Head Legal)</td>
<td>“Looking at the cost of running, especially on power” (Regional Service Manager).</td>
<td>Infrastructural challenge</td>
<td>Lack of electricity</td>
</tr>
<tr>
<td></td>
<td>“You have incidences of diesel and generator theft” (Manager Licensing and Compliance).</td>
<td>“Diesel theft is very rampant in the Southeast and the South-South” (Manager Compliance and Regulations, Case B)</td>
<td>“For me they are critical assets, and they should not be tampered with” (Senior Customer &amp; Project Manager)</td>
<td>“On daily bases, our sites are vandalised” (Regional Manager Enterprise)</td>
<td>Infrastructural challenge</td>
<td>Theft and vandalism</td>
</tr>
<tr>
<td>Emerging findings 2</td>
<td>“You have a community that comes up with their different levies” (Senior Manager)</td>
<td>“You have built a tower, and the community comes to say look, this place use to be shrine”</td>
<td>“In the Niger Delta, the community can be extremely demanding” (Procurement Manager).</td>
<td>“You need to have insight into the community issues and demand” (Regional Service Manager).</td>
<td>Community demands</td>
<td>Community challenge</td>
</tr>
<tr>
<td>Emerging findings 3</td>
<td>&quot;But the states insist on taxing our infrastructure&quot; (Manager, RAN Architecture).</td>
<td>&quot;Government needs to check and manage matters of multiple taxation&quot; (Head Government and Community Relations).</td>
<td>&quot;So all level of governments wants to come take a chunk of it&quot; (Principal Head Legal).</td>
<td>&quot;So you see multiple taxations, where you pay the same tax at all levels of government&quot; (Senior Manager Government and Community Relations)</td>
<td>Taxation</td>
<td>Arbitrary tax system</td>
</tr>
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<td>---------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Emerging findings 4</td>
<td>&quot;African market remained rather subdued, following sharp currency devaluations&quot; (Annual Report, 2016)</td>
<td>&quot;One major factor this year, at the beginning of this year is forex&quot; (Manager Technical Project Delivery).</td>
<td>&quot;Recently because of the fluctuating nature of the foreign currency&quot; (Senior Customer Project Manager).</td>
<td>&quot;Excluding the impact of the Nigerian…foreign currency challenges relating to US dollar-denominated expenses&quot; (Annual Report, 2016)</td>
<td>Economic recession.</td>
<td>Foreign exchange challenges.</td>
</tr>
</tbody>
</table>
In tables 4.6 and 4.7, the overarching themes and specific themes form part of the presentation in the findings and the discussion chapter. The textual representation in the form of tables (see table 4.6 and 4.7) and thematic map (see Appendix X) were suggested by Braun and Clarke (2006) and Attride-Strling (2001) to help in structuring the findings. For example, the theme of political factors was broken down into political influences of government officers at the National Assembly and the states, and also the part played by political instability due to the insurgency of the Boko Haram terrorist group and militants at the South-south. These are a subdivision of themes.

The third stage of the analysis focuses on searching for relevant themes in the data extract. This is done inductively to identify emerging new themes as outlined in table 4.7, which shows the data extract and emerging themes. These emerging new themes contribute to previous studies. At this stage, careful consideration was made to ensure that the theme was accurate representation of the data extract.

The fourth stage of the thematic analysis entails two level of analysis. The first is to ensure that all the data extracts are reviewed in-depth and to determine whether they form a coherent pattern. The second level involves ensuring that there is a cohesive pattern across the entire data set. For example, the data set that was coded in stage two and three was examined to reflect the categorised themes and to ensure that the thematic map in stage three was an accurate reflection of the data set.

The fifth stage involves defining and refining the themes to show what they mean. This stage ensures that a clear storyline is demonstrated in each of the
overarching categories and the specific themes and sub-themes. The identification of the themes and sub-themes provides a structure for the analysis and the presentation of the findings in Chapter 5 of this thesis. For example, one of the themes that was identified across the entire data set was an infrastructural challenge. Within this theme, sub-themes including issues of power, theft and vandalism were identified. Thus, as described in the findings chapter, lack of electricity (power) increases the cost of doing business in Nigeria. This is particularly true of the telecommunication sector as the telecommunication firms are obliged to purchase generators to power their base stations. They also face the challenge of theft and vandalism because the equipment at the base stations maybe stolen or damaged by criminals. Finally, the sixth stage of the analysis involves writing up the findings of the analysis conducted on the data. In case study research, data analysis strategy usually relies on propositions that led to the case study (Yin, 2009, 2014).

In this research, the propositions developed shaped the data collection process in line with the research questions and therefore are given priority in the analysis. In addition, the findings are presented on a cross-case analysis approach rather than a case by case approach, because it provides the opportunity to have an understanding of different participants’ view on an important issue. This follows Patton’s (2002) view on presenting findings in qualitative research. Patton (2002) suggest that “beginning with a cross-case analysis means grouping together answers from different people to common questions, or analysing different perspective on central issues”. However, a case study report which addresses findings on each of the case companies is presented in appendix XII to provide a detailed picture of the case companies (Yin, 2014). This is in addition to section 4.4.3, which presented an overview of the history, size and the internationalisation strategies of each of the
case companies. The findings are presented in the next chapter of this thesis, Chapter 5.

4.7 Data quality issues

The method of testing the rigour and the data accuracy in a multi-case study such as this involved four approaches proposed by Lincoln and Guba (1985). These include credibility, dependability, confirmability and transferability. These approaches have been suggested to determine rigour of research in qualitative studies in international business (Plakoyiannaki et al., 2017; Stoltz and Strøm, 2017). The following sections discuss these four approaches.

4.7.1 Credibility

Credibility refers to the extent the outcome of the research is believed by the reader or targeted audience (Lincoln and Guba, 1985). Credibility was achieved in this research in three ways. Firstly, through prolonged engagement, which involves the researcher spending sufficient time in the field (Houghton et al., 2012; Lincoln and Guba, 1985). In addition, as an indigene of Nigeria, the researcher is familiar with the environment in which the telecommunication firms operate. Secondly, through triangulation (Yin 2014; Collis and Hussey 2014), which involves the use of multiple sources of evidence, including the adoption of different methods of data collection where the primary sources of evidence are combined with secondary materials; thus ensuring data triangulation. For example, in this thesis, the data that were collected from different sources including interviews and documents were compared to determine consistency with information gathered. Additionally,
interviewees both at the case companies and the government were asked similar questions on the factors that influenced the expansion of telecommunication firms in Nigeria.

Documents including minutes of meetings, annual reports, and newspaper publications were thoroughly searched to see if there were any factors that militate against or enhanced the ease of doing business in Nigeria for the international telecommunication firms. For example, Case Company A’s annual report (2016) suggested that the government of host countries perceives a levy on telecommunication firms as an opportunity to fund their yearly budget. Similar concerns were raised by interviewees when asked about the same issue. Thus, this chain of evidence increased the credibility of the findings. Finally, as highlighted earlier, member checking was conducted following transcription so that interviewees could cross-check that the information provided had been recorded accurately. Some interviewees corrected the transcripts and added more points. Others said that they were satisfied and appreciated the researcher for contacting them.

4.7.2 Dependability, Confirmability and Transferability
Dependability, confirmability and transferability were considered in this thesis. Dependability refers to whether the data collection techniques and the analytical procedures adopted in a research can be used by another researcher (Lincoln and Guba 1985; Guba and Lincoln 1994; Saunders et al., 2012). It also involves keeping a complete record that is an audit trail of the entire research process. The audit trail in this thesis entails how the interviewees were selected, a record of interview
transcripts and data analysis procedure. An example of a procedure that can be replicated by another researcher is the use of LinkedIn to identify senior managers working with different telecommunication firms.

Regarding interview transcripts and analysis of the data, Houghton et al. (2013) suggest that the use of Nvivo software can help to increase rigour in qualitative research because it can provide a comprehensive trail. This is achieved by providing a step by step process (see table 4.5) adopted by the researcher to analyse the data collected. The use of word search query and text search query on the interview transcripts and documents uploaded to Nvivo assisted the researcher in identifying the most relevant words and concepts in the data set. For example, Appendix IX highlights the outcome of the word search query run on the transcripts of the interviews at all the case companies. The search shows the most important factors influencing the post-entry expansion of the international telecommunication firms.

Confirmability involves the extent the researcher has described the entire research process in-depth, to ensure findings emanate from the data rather than as a result of the researcher’s bias or values (Bryman and Bell 2016; Collis and Hussy 2014). An example of how confirmability was achieved in this research is the research design adopted in which research questions were established from the outset after a literature review had been conducted. Subsequently, a proposition and a proposed conceptual framework were drawn up. This proposition and the concepts identified from the literature review guided the data collection in the form of a case study protocol where an in-depth interview was conducted with interviewees at the case companies and the government informants. The outcome
of the fieldwork, which was a rich data set, was analysed systematically using the thematic method of analysis.

Transferability has to do with the extent to which the findings can be replicated in another context while still retaining the outcome of the investigation (Leininger, 1994). To do this, Lincoln and Guba (1994), Stake (1995) and Geertz (2008) suggested that a researcher can engage in thick description. What this means is that an account of the context in a particular culture and the description of research methods adopted are presented for the reader to be able to make a final judgement as to whether it can apply to another context or not. In this research, the researcher presented in great detail the context in chapter two (see section 2.3) of this thesis the type of context in which the international telecommunication firms are operating. Following this, the findings further demonstrate the heterogeneous informal setting in Nigeria and to a more considerable extent, Africa. The context of Nigeria is unique, but has many things in common with other countries in Africa, so future research could emerge with similar findings.

4.8 Ethical considerations

The researcher had to consider the ethical implications of this thesis in several ways. Firstly, since this thesis in part is primary research (the other part is the secondary materials used), where information is not in the public domain and had to be collected from individuals in organisations, ethical approval had to be sought from the Nottingham Trent University (see Appendix XI). This is to assure interviewees that their interests and those of their organisations are protected in any publication that might arise out of this thesis. The interest of the researcher was also taken into
consideration as seeking for ethical approval ensured that data would not be collected from areas of conflict in Nigeria, such as the North-east region where the Boko Haram insurgent group has been attacking people and properties. Secondly, consideration was also given to how the data will be stored during and after the research. Throughout this research, the data that were collected were stored on the university online OneDrive and password protected.

4.9 Summary of methodology chapter

In summary, this Chapter has presented the philosophical position of the researcher. Specifically, the philosophy of interpretivism is adopted as an underpinning philosophy as the realities in the telecommunication sector in Nigeria can be explained from the perspective of the senior managers of the international telecommunication firms. In addition, using qualitative case study research design, an in-depth interview of forty-seven interviewees was conducted with senior managers of the four chosen telecommunication firms. Four case companies were purposefully selected for their theoretical contribution. Generalisation is made to theory and not to a statistical one concerning the institutional factors that influence international telecommunication firms at post-entry. A thematic method of analysis was adopted to analyse the data collected. The next chapter presents the findings of the investigation.
Chapter 5 Findings

5.1 Introduction

In this chapter, the findings from the analysis conducted in section 4.6 of the data on the post-entry expansion of the four international telecommunication firms are presented in the following sections. Section 5.2 presents the results of the analysis conducted on the data under each of the propositions formulated in Chapter 4. Section 5.3 will present the emerging findings from the analysis. Finally, a summary of the discussions on the findings are presented in section 5.4.

5.2 The presentation of findings based on the proposition

Findings on the post-entry expansion of the case companies are presented in the following subsections, addressing each of the propositions framed in Chapter 3 of this thesis.

5.2.1 Proposition 1

Proposition 1 comprises proposition 1a and 1b. Proposition 1a proposed that the political institutions comprising the federal, state and local government can influence the post-entry expansion of telecommunication firms. Proposition 1b proposed that the political instability due to the influence of Boko Haram and militants can influence the post-entry expansion of the telecommunication firms. The following addressed these propositions.

Proposition 1a: political institutions influence the international telecommunication firms’ post-entry expansion in Nigeria.
Political factors have been found to be an important factor in influencing the post-entry expansion of the international telecommunication firms in Nigeria. These factors are the influence of the politicians in government at the federal level and the governors at the state level.

5.2.1.1 The influence of politicians
Interviewees expressed concerns regarding the issue of political influence in the sector with specific reference to the interests of politicians. As highlighted in Chapter 2, Nigeria operates a presidential system of government that comprises the federal, state and local government. The federal consist of the executive, the legislature and the judiciary. The executive is headed by the president who is elected for a term of four years and the legislature, which is known as the National Assembly, is divided into two chambers: the Senate and the House of Representatives. These two chambers consist of elected officials from the 36 states of the federation who are also elected for a term of four years. The state government has a similar structure but is headed by an elected governor. These political structures comprise individuals that have a personal interest in the telecommunication sector. This interest includes persuading the telecommunication firms to build telecommunication masts/towers in their villages and constituencies in order to increase their popularity and consequent share of the vote at election time. This is by far one of the most important institutional factors influencing the post-entry expansion of the telecommunication firms in Nigeria. These politicians at various level of government are powerful individuals and therefore are institutional forces that coerce the telecommunication firms to abide by a series of rules or laws within the Nigerian telecommunication sector. One interviewee at
Case A confirmed this perspective by linking the influence of politicians to influences within the political institutional environment in which the company operates. The interviewee said:

“You have powerful governors who want a base station mounted in their village. There are quite a number of things that come from the political environment that affects us” (Regional Operations Director, Case A)

This comments alluded to the fact that governors in different states of the country usually ask telecommunication firms to build telecommunication mast in their villages. Another interviewee in Case B reported:

“Some big politician coming from one village, and even if the company does not have that village in its immediate plan, because that big man is there and he goes home, and there is no network, he has a way of influencing the telecom companies to go and build there. So to make the big man happy they can go there because he can pull weight when they want something in the future. Sometimes it has political undertone in the sense that during campaigns it’s easy for them to say we brought this network here” (Manager Monitoring and Supervisory team, Case B)

The above comments suggest that politicians insist on the telecommunication firms building a telecommunication mast in certain villages. This impact on the company as it may mean their adjusting their future plans regarding where to locate their masts and hence where and to what extent they are expanding. Thus, the politicians are influencing the post-entry strategic plan of the firm. Other comments suggest that politicians use their influences in government to impact on the firms in other ways. For instance, an interviewee at Case D commented:

“But people could use political power, political connection to get at the businesses or use it to buy the influence of the businesses, you know what I mean. They can use political power to impact on what the business is doing
or what they want to do. People can do that, we have seen a little bit of that”
(Senior Manager Government and Community Relations, Case D)

This interviewee suggests that individuals in the position of power can use their influence to impact on firms’ activities. For instance, they can influence what the companies intend to do or punish the business if they refuse to comply with their demands. Therefore, overall, these findings suggest that the politicians have an impact on the company’s post-entry strategic plans because their influence maybe contrary to the company’s internal plans towards network expansion.

The telecommunication sector has a regulatory body, the NCC, which regulates the affairs of the sector to prevent interference such as that of the politicians. However, interviewees suggest that the regulatory body is not totally independent as stated in the Act establishing it. The Nigeria Communication Act establishing the regulator stated in section 1, subsection (b) that “effective, impartial and independent regulatory authority” is to be established to regulate the sector. However, the sector has seen interference from politicians, and this is possible because of the powers they possess. For instance, there are politicians at the federal level who are members of the National Assembly (the parliament) and so have legislative powers that give them some control over the NCC, who regulate the telecommunication industry. Within the National Assembly, there are committees responsible for different sectors, including telecommunication sector. On occasions they ask the NCC and the telecommunication firms to report their activities, it is easy for members to use their positions to apply pressure to the firms regarding the placing of masts in certain parts of the country. An interviewee at Case A provided comments in support by saying:
“Severally, the National Assembly several times would summon us. There are lots of political interference, they have a Senate committee on telecoms, they have oversight over even the NCC, so their opinion counts” (Regional Director, Case A).

The comments by this interviewee show that politicians at the national level tend to use their constitutional powers, which should be restricted to lawmaking and oversight functions to further their own interest. One interviewee at Case C expressed it this way:

“Politics undermine businesses in Nigeria greatly; it’s really sad. The political influence has really affected a lot of growth and development in Nigeria based on the fact that we have interested stakeholders for their personal gains and that has limited their main primary purpose” (Head Legal, Case C).

This comment suggests that due to the personal interest of government officials, particularly politicians, the primary goal of effective regulation within the sector has been made impossible. This is because one of the responsibilities of the regulator as stated in the 2003 telecommunication Act is to oversee the expansion of the telecommunication network through the Universal Service Provision Fund (USF). The USPF is a fund set aside by the government in the form of subsidies, monitored through the NCC to help the expansion of the telecommunication network throughout the country, particularly in the underserved rural areas.

Therefore, the actions of the politicians, demanding that telecommunication firms build a telecommunication mast in their village, defeat the purpose of establishing the USPF and therefore, undermine the activities of the telecommunication firms. Overall, the findings demonstrate that political influence has slowed down development within the sector.
Although interviewees at the case companies have suggested that there is interference from politicians in their activities in Nigeria, Case D provided additional insight on how political interference occurred because of the unusually large fine imposed on them by the NCC. The interference can be noted in two ways. Firstly, how the fine was issued and secondly, how the fine was later reduced. In the first instance, the fine was issued because Case D violated the regulations guiding the issuance of SIM cards in Nigeria. The rule directs mobile operators to have a database of all subscribers and SIM cards registered to a particular user. Failure to adhere to the directive attracts a fine of N200, 000 per network user. Hence, the fine of N1.2 trillion ($5bn) was imposed on Case D who failed to register almost 5 million subscribers. Although the law was violated, based on the comments of the interviewees, it was alleged that there was a motive behind the fine, and that in previous cases there had been possibilities for negotiating with the regulatory body. Interviewees suggested that politicians saw an opportunity to impress the new government and were politically motivated to impose the fine. One interviewee at NCC said:

“For instance in the case of Case D, we might not have fined them so much because we know they are into debt. However, because of political interference, the fine just has to happen. So, you see political influence is really huge. Political office holders tend to cash in on operators” (Principal Manager, NCC).

This comment by an interviewee at NCC suggests that even though they had wanted to fine the company, their intention was not to impose such a large sum, but they had been under pressure from high-ranking officials in the government who had interest in the sector and wanted to benefit from the telecommunication firms. Apart from the heavy fines, another way the government and also individual in
government seeks to benefit financially from the telecommunication firms is by forcing them to be listed on the Nigerian Stock Exchange in order to buy shares in the company.

The way in which the situation of the fine was resolved corroborates the interviewee’s claim. The issue was settled out of court. Reports in Thisday newspaper (Konji, 2016) in March 2016 confirm comments of interviewees at the NCC by indicating that different departments in government wanted to be involved in settling the issue with Case D. These departments include the Office of National Security Adviser to the President and the Attorney General of the Federation. The newspaper report further implied that the President of the Association of Telecommunication Companies of Nigeria, Lanre Ajayi, had commented that it was wrong for the Presidency, through the Office of National Security Adviser, to open up negotiations with Case D without the involvement of the main regulatory body, the NCC, who had not been involved in the negotiation process. An interviewee at the NCC said:

“From time to time we do get interference. Take for instance when we slam the fine on one of them, the Ministry of Justice and Attorney General of the federation had to intervene to take over and negotiate the downward review. That’s like an intervention because we issued the fine, we should be the one presiding over the issue” (Assistant Director NCC).

The comments by interviewees at NCC show the extent to which different political offices were involved. Interviewees suggest that rather than have NCC review the fine imposed on the company, it was taken over by the Ministry of Justice. A report in the Thisday newspaper (Konji, 2016) in April 2016 supported the comments of the interviewee where it quoted the Minister of Communications, Mr Adbayo Shittu. He attributed the delay in the negotiations to interested politicians in the
House of Representatives (lower parliament). Mr Shittu claimed that politicians stalled the discussion between the NCC and the Case D deliberately by commencing an investigation while negotiations were in progress, knowing that negotiations are halted during an investigation. The report states that:

“If you are talking about the fine, I was at the National Assembly recently, and the real process to my mind is the fact that the National Assembly particularly, the House of Representative is investigating the matter. Those of us expected to make comments decided to withhold our comments because we know that whatever we do will invariably be subject to the outcome of this investigation by the lawmakers. So for me, this is the reason why we have not made greater progress” (Konji, 2016, p. 6).

This finding shows that the Minister of Communication was prevented from intervening in the matter because of the interest of the lawmakers in the House of Representatives. In June 2016, the Attorney General of the Federation resolved the issue ignoring the decision of the lawmakers and quoting section 174 of the constitution of Nigeria empowering him as the chief law officer of the country to take over the negotiations.

Given the level of interference from the political institutional actors, the international telecommunication firms respond by complying with their requests knowing that noncompliance will attract a punishment, which might be in the form of obstructing or disrupting their operations. Another reason for compliance, as suggested by an interviewee in Case B is that they may need their help in the future, so best they comply. Interviewees at Case D suggested that since their priority is profit, they tend to make compromises. In the case of the N1.2trillion ($5bn) fine, eventually Case D engaged the help of its home country’s government to intervene in a case of political interferences in their business. One interviewee said:
“Well you know it’s just like the recent issue that happens recently, it became a government tussle. The government of Nigeria and government of South Africa, they were engaged because of the government fine of almost $5 billion. So, it was between operator and regulator, and then it became an issue between the two government” (Senior Manager Government and Community Relations, Case D).

The comment shows that at first, the negotiation was ongoing between the company and the regulator. However, when Case D had requested the home country government to intervene it became a subject of diplomatic debate between the government of Nigeria and the South African counterpart. As a result of the intervention, the company went into a discussion with the Nigerian government on ways the issues could be resolved. The outcome of the discussion was a reduction of the fine.

In summary, the findings as reported by the interviewees at the case companies and the government informants, show that the political institutions in Nigeria do, in fact, influence the post-entry expansion of the international telecommunication firms. These political institutions consist of political actors in the form of the politicians comprising the president, the members of the National Assembly, and the state governors at the state level. Overall, this finding as reported by interviewees suggests that political interference is common in the sector and this has contributed to the slow expansion of the international telecommunication firms in Nigeria. This thesis will therefore propose:

**Proposition 1:**

*The increasing interest of politicians in the sector will lead to a greater influence at the post-entry expansion phase of the international telecommunication firms due to their political power.*
5.2.1.2 Political instability

Proposition 1b: political instability influences the international telecommunication firms’ post-entry expansion in Nigeria.

Political instability is another major problem that interviewees reported having an impact on the expansion of the telecommunication firms. There is instability in the North-east and the South-south including the activities of the Boko Haram insurgent group and the militants. The Boko Haram insurgent group is prominent in the Bornu State, northeastern Nigeria where they have been disrupting the activities of businesses and individuals since 2009 as they seek to establish an Islamic caliphate in the Northern part of Nigeria. The federal government decided to resolve the insecurity posed by the terrorist group by collaborating with the telecommunication firms to trace the calls made by the terrorist members. The terrorists became aware of the collaboration between the government and the telecommunication firms through a press briefing granted by the head of the Nigerian Security Service where the telecommunication firms were acknowledged for their support. This led to an increase in the bombing and burning down of telecommunication facilities and in consequence increasing operational costs for the telecommunication firms as they attempted to rebuild the infrastructures.

In all the cases (see table 4.6), interviewees suggested that attacks on the telecommunication infrastructure including bombings of base transceiver stations prevented expansion as the region is insecure for both the staff and the telecommunication infrastructure. One interviewee at Case A said:

“Insecurity is another major problem, in some parts of the country, you have some infrastructure that you cannot maintain in the Boko Haram
troubled areas, we have our stations bombed. We have a list called bombed site; it’s in our database, I work on them” (Manager, Radio Access Network, Case A).

The above comments by an interviewee at Case A show the extent of the impact of Boko Haram insurgency on the firm’s post-entry expansion. Base stations and telecommunication infrastructures are bombed continuously, which has meant disproportionate risk to the properties of the firms and, of course, the lives of employees. As indicated in the comment, the post-entry expansion of the telecommunication firm is hampered by the activities of the terrorist group. An interviewee at Case C supports this view. The Interviewees commented:

“The insurgence blow up base stations because they fear that the government could use telecommunication masts as a communication tool to track their movement” (Senior Account Manager, Case C).

This view from an interviewee at Case C confirms previous comments that the insurgents bomb the stations as they regard telecommunication firms’ base stations as a communication tool for the security agencies. To further support the comments reported by the interviewees, Case C’s 2016 annual report was consulted. The annual report shows that the expansion of the company in host countries such as Nigeria is subject to political stability. It was reported that:

“These risks include civil unrest, economic and political instability...in particular, tensions between regions, civil wars, sanctions or local unrest could greatly hinder our business operations and development” (Case C Annual Report, 2016, p. 97).

These quotes from Case C’s annual report (2016) highlighted the different forms of instability in host countries that could hamper post-entry expansion. In particular, the report mentioned that local unrest such as the type orchestrated by the Boko Haram group could impede the company’s operation in Nigeria. Therefore, findings
from the interviewees and the company’s annual report suggest that the activities of Boko Haram in the North-east of Nigeria negatively influence the expansion of Case C.

There is similar unrest in the South-south of Nigeria in the form of militants. The South-south region of Nigeria generates the most substantial revenue for the country due to the presence of natural oil reserves. The indigenes of the area have formed a militant group to agitate against multinationals, specifically the oil multinationals, as their activities have resulted in spillages that have damaged the environment. This perspective has been extended to the telecommunication firms as they see them as another multinational that has come to exploit the people. Commenting on this, one interviewee at Case A said:

“The only thing that may hinder expansion might be the militant, which may cause political or economic unrest. In those areas that they operate you cannot really expand” (Area Service Manager, Case A).

The above view by an interviewee at Case A shows that the militant's belief has caused them to participate in actions that prevent their expansion. Such belief includes the pollution of their land and rivers, depriving them of a clean environment. The telecommunication firms despite not polluting are also viewed from a negative perspective as purely exploitative, which has resulted in the kidnapping of telecommunication workers and the demand for ransoms. Speaking on this issue, one interviewee at Case B said:

“But in the Niger Delta, it is a question of them knowing that you are a staff with an operator and you will be kidnapped and ransomed will be requested from the operator. So it is a challenge” (Manager Compliance and Regulations, Case B).
This interviewee suggested that the post-entry expansion of telecommunication firms are hindered by the insecurity in the South-south of Nigeria. Other interviewees from the government acknowledged the effects of political unrest:

“The North, Boko Haram insurgencies have gone beyond vandalisation, its pure civil unrest, so nothing is spared, communication properties and human life are not spared. So the installation you made today, when you go there tomorrow it has been destroyed” (Assistant Director, National Assembly).

In summary, findings from the interviewees at the case companies and government informants suggest that post-entry expansion of international telecommunication firms is hampered due to insecurity. However, the international telecommunication firms have responded to this challenge. The findings of the analysis conducted on the data set show that there is a commonality in the responses of the telecommunication firms to the instability caused by the Boko Haram insurgents in the North-east and the militants in the South-south of the country. When asked on how they responded to issues of instability, interviewees in all the case companies agreed that the telecommunication firms responded to the challenge of the bombing of base stations by Boko Haram by completely abandoning them until the area was safe. However, in the South-south region of Nigeria, interviewees said instead of leaving the area, they responded by either paying the militants or by providing security for their workers and properties by recruiting indigenes to guard the telecommunication facility. Thus, aligning with the norms and values of the people in terms of providing them with jobs. Interviewees at Case B said:

“In the South-south you now employ the core indigenes to watch over the site and constant security tips so that you don’t run into trouble” (Manager Compliance and Regulations, Case B).
This comment indicates that the locals within the host communities are recruited to safeguard the telecommunication infrastructure. Similarly, another interviewee commented that due to the security issues, telecommunication firms are hiring specialised agencies to provide security for their infrastructure. Interviewees at Case C and D reported:

“We get the police to identify those people who are involved. And then we might employ those people, to watch over the BTS” (Senior Manager Customer & Project Manager, Case C)

“Wherever we are practising or wherever our businesses is in Nigeria, we would have to manage the security of the place. We would have to pay some certain security agencies to protect you. What they were meant to do originally” (Head Government and Community Relations, Case D).

These findings illustrate that there is distinction between the situation in the North and South and the responses to them by the firm. While they abandoned the North due to the violence, in the South, the findings show that the telecommunication firms incur additional costs to protect the lives of staff and property at post-entry as they request the services of the police and the indigenes in the local area to protect base stations. The findings illustrate that although there is variation regarding the instability in the North and South and the type of strategies employed to respond to the instability, it is evident that political instability does have an influence on the post-entry expansion of the international telecommunication firms in Nigeria. This thesis will therefore revise the proposition and propose:

Proposition 1b:

The greater the exposure of international telecommunications in a politically unstable region, the greater the influence of groups such as the Boko Haram insurgents on their post-entry expansion.
5.2.2 Proposition 2

*Regulatory factors influence the international telecommunication firms’ post-entry expansion in Nigeria.*

Interviewees reported the issue of multiple regulations in the sector, where different agencies impose their rules and regulations on the telecommunication firms. Duplication of regulatory procedures by the different government agencies including the NCC and NESREA influences the post-entry expansion of the telecommunication firms. The NCC was established under the Nigerian Communication Act to function as the sole regulatory body in the sector. Among its function is to establish regulations to ensure that the environment is protected, so a five-meter setback was enforced to guide the building of masts around residential houses. Setback refers to the distance between a residential building and a telecommunication mast. However, as highlighted in section 2.3.6.2 in 2007 NESREA was established to perform the function of assessing the environmental impact of the equipment of telecommunication firms such as generators and masts at base transceiver stations (BTS). They argue that the diesel and the generators used by the telecommunication firms pollute the environment. Therefore, a different rule of a ten-meter setback was enforced regarding the building of masts around residential houses, which is different from that of the NCC.

These agencies, the NCC and NESREA are formal regulatory institutions with conflicting rules on the setback, so it is difficult for the telecommunication firms to know who or which to comply with. Interviewees in all the case companies commented (see table 4.6) that the NCC and NESREA have impacted on the expansion of telecommunication firms because of this conflict. The interviewees
reported that there is confusion as to which of the regulatory agencies to comply with as an attempt to comply with the NCC will attract sanctions from NESREA, which includes locking up and sealing off the base transceiver stations (BTS). Since NESREA was established in 2007 the telecommunication firms had already built some of their telecommunication masts/towers, so they were told to dismantle and rebuild to conform to the regulatory standard of the agency. For example, one interviewee at Case D said:

“NCC is the main regulator, in charge of the industry, giving you approval, a go-ahead to build. After building the site, then NESREA comes and shut it down. NESREA is also part of a government agency, and you are now looking at NESREA and NCC who am I listening to. We have in the southern part of the country, over tens of sites shut down, some of them as old as two years. So the challenge is enormous” (Regional Service manager, Case D).

This comment shows that NESREA forces the shutdown of the base stations belonging to the international telecommunication firms if they refuse to comply with a set rule regarding the distance between telecommunication masts and residential building. Further perspectives on this issue of multiple regulations as reported in the comment above were sought from other interviewees to gain an alternative insight into this issue. Other interviewees suggested that the industry was not over-regulated compared to other countries, in fact, some suggested the opposite that there were insufficient controls. One interviewee explained that regulators used to not have any technical knowledge of the industry but recently had begun to recruit people with experience that had worked with the operators. Thus expanding the regulator's knowledge of how the industry should work. The interviewee said:
“For me, it is even under-regulated, compare to what you see in other countries, it’s under-regulated, a lot of works has to be done” (Senior Manager Design and Value Engineering, Case B [Former Employee])

However, this perspective is not supported in the data collected on Case B regarding the influence of multiple regulations in the post-entry expansion of the firm. What the insights from the analysis conducted on the data from Case B do show is that the company finds it challenging to comply with the conflicting rules from the two agencies some of which appears to have been introduced randomly since the company entered the market. The annual report (2016) of the company further supported what interviewees said about the regulatory challenges facing the telecommunication firms. According to the annual report:

“As we operate in various and developing markets, we are faced with ongoing regulatory and legal challenges. Governments and regulatory agencies can alter existing policies or implement new policies which can significantly impact upon our operations and financial performance” (Case B Annual Report, 2016 p73).

As suggested in the annual report, altering existing policies introduced by both the federal government and the regulatory bodies can adversely influence the firms’ operations at post-entry. An example of such is the introduction of regulations by NESREA regarding the setback of telecommunication masts which conflict with the NCC’s existing regulations on the setback. These findings show that Case B experienced multiple regulatory challenges at post-entry in Nigeria due to different agencies enforcing rules on the company.

Analysis of the data collected on Case A and B produces similar findings. Comments from interviewees at Case A and B suggest that NESREA shuts down generators at the base transceiver stations because they claim that the generators pollute the atmosphere. The interviewee said:
“NESREA would tell you environmental pollution. They have their laws; they can go and try and shut you down and tell you that your diesel, your generator is polluting. Meanwhile, every house here has a generator, so the question is, are you shutting down peoples’ residences on account of that too? ” (Senior Manager Licensing and Compliance, Case A).

“Apart from NCC, we have NESREA, they came up with their own regulations to govern the telecom companies, they peg their own regulations and said everyone must observe a 10 meters rule” (Manager Monitoring and Supervisory Team, Case B).

The first comment above refer to the argument put forward by Case A against NESREA where they argue that the generating set used by telecommunication firms are similar to those used by residential houses. Yet, they say, NESREA is not penalising them. Overall, the findings indicate that there is evidence of multiple regulatory agencies in the sector. The agencies are regulatory institutions that legitimise the operations of the international telecommunication firms because they are established by law and therefore monitors their activities. In the light of these findings, one can conclude that the agencies of government regulating the telecommunication sector have conflicting guidelines particularly regarding setback of the telecommunication mast proximity to residential buildings.

Given the impact of the multiple regulatory guidelines, the telecommunication firms started to respond. In their accounts of the events surrounding the issues of multiple regulations, interviewees in the four case companies recounted that they responded by engaging with the main regulatory body, the NCC. For instance, the theme of engagement came up in the discussion of how Case A responded to problems of multiple regulations with authorities. Interviewees from Case A explained that they have employees, comprising experts including lawyers and consultants in charge of departments and units who talk to
government agencies on the company’s behalf. It is suggested that the regulators, operators and the consumer body have consistently held meetings to discuss issues affecting the sector. Interviewees reported:

“Every operator in Nigeria has a regulatory department, as a matter of fact, in this sector we can hardly operate without a regulatory department. The purpose of this team is to ensure that government is engaged” (Senior Manager Licensing and Compliance, Case A)

Another interviewee in Case A provided supporting comments:

“As a company that operates in Nigeria, we are able to create a unit, whose responsibility is to identify key stakeholders and know what their expectations are and then formulate processes and policies” (Regional Manager Case A).

The comments above suggest that the telecommunication firm has established a regulatory unit or department specifically to deal with issues that might arise between them and the regulatory body, the NCC, and any other issues within the Nigerian telecommunication sector. This perspective was supported by the company’s annual report (2016), which noted that there had been consultations with the government and other stakeholders on resolving industry issues. In the report, it was stated:

“As an industry participant the company has been at the forefront of industry cooperation” (Annual Report 2016, p. 101 Case A).

“As a responsible corporate citizen, we engage proactively with key stakeholders in the countries in which we operate (Annual Report 2015-16, p. 98 Case A).

This extract from the annual report shows that the company seeks constant engagement with stakeholders in the telecommunication sector and the regulatory body, the NCC, on issues that can affect the development of the sector.
Overall, the findings from the interviewees and the company’s annual report indicate that Case A responded to the problems of multiple regulations through regular engagement with the regulator, the NCC. Similar findings were arrived at when the analysis was conducted on the data set on Case B. The company has recruited consultants that engage in discussion with the regulators. One interviewee said:

“One of the ways operators respond is to probably get consultants who will be able to step in to find common ground to find a solution” (Manager Technical Project Delivery, Case B)

Additional comments from another interviewee in the telecommunication firm confirm links with consultants, which they refer to as liaison officers. The interviewee said:

“There are liaison officers and representatives for every zone that go to negotiate on behalf of the company; they are negotiators from small registered companies” (Senior Manager, Design and value Engineer, Case B)

This suggests that the job of the consultants or liaison officer is to try to negotiate with the regulators and arrive at an amicable solution that will benefit the company. A section in the annual report further confirms the views of the interviewees that establishing regulatory departments within the companies help in managing any regulatory challenges within the sector. The report states:

“These challenges are managed by the respective OpCo’s (operational company) Regulatory Departments along with support from the Group Regulatory teams” (Case B, Annual Report 2016, p. 73).

The findings from this report illustrate that Case B has responded to the regulatory influences by establishing departments and consultants that legitimate the activities
of the company. By negotiating with the regulatory bodies, a common agreement is reached on the regulatory issues.

Interviewee’s at Case C confirm that their company follow the same practices as Case A and B as regards negotiating with the regulators on some of the rules. Interviewees at Case C reported that they engage in constant negotiation with the regulatory body as well as directly with the agencies as compliance does not always work to their advantage. One interviewee suggested that Case C negotiate rules and laws that they consider detrimental to their business.

“Well in this company, the tendency to negotiate some of the laws that you consider as stringent are normal in every clime, you could ask for waivers, you could ask for a reprieve on laws that you consider as a little bit stringent for your businesses. For me, I don’t see that as a way of compromising on the existing laws. If you want to compromise, then you wouldn’t even go to try to negotiate” (Senior Project Manager, Case C).

This observation seems to indicate that even if the laws are strict, the telecommunication firms usually find a way to negotiate these rules. Furthermore, as regards engaging with the regulator, interviewees underlined the importance of being an active stakeholder where the company makes suggestions to the regulators in what ways the sector can develop and move forward. Therefore, the findings indicate that Case C does not only comply to maintain legitimacy but that they have to negotiate with the regulatory body on issues that damage or harm their operations.

The case of Case D provided ample evidence on how they were able to use the instrument of engagement to resolve the issue of the fine imposed on them by the regulatory body, the NCC. There was engagement between the company and the regulator, then engagement between the home country government of the company and the Nigerian government. This was followed by further negotiation
between the company and the regulator due to the intervention of the home country government. Speaking on the engagement, one interviewee said:

“When issues come up, they sit down together and see how they can sort it out. They are negotiation and sharing of ideas” (Senior Fraud System Analyst, Case D).

The comments indicate that the regulator is open to engagement and negotiation whenever there are issues that affect the industry. Supporting these findings, the company’s annual report (2016), stated that they adopted an “extensive negotiation” strategy to resolve the issue of the fine imposed on the company by the regulatory commission. The report further stated:

“On 10 June 2016, the company resolved the matter relating to the previously imposed regulatory fine with the Federal Government of Nigeria (FGN) after the completion of an extensive negotiation process. Regarding the settlement agreement reached on 10 June 2016, we agreed to pay a total cash amount of Naira 330 billion over three years” (Annual Report 2016, Case D).

These findings suggest that Case D rather than comply with regulatory directives has adopted the strategy of engagement to repair legitimacy in the Nigerian market.

This approach of engagement with the regulatory body has yielded further results through the pressure put on the NCC by the case companies, negotiations have been initiated between the two agencies: the NCC and the NESREA. Interviewees at the NESREA stated that both the Ministry of Communication and the Environment had a discussion in which an amicable consensus of 7.5 metres setback was agreed. The interviewee said:

“The two ministers have been able to reconcile their differences, which is Minister of Environment and that of Communication met and dialogued. So
10 meters terminates at the fence or if they can't get that 7.5 having considers all” (Director, NESREA).

This would indicate that the two agencies came to a consensus on a setback of 10 meters for telecommunication masts that is located within residential areas and 7.5 meters for areas that are not located within the residential settlement. Interviewees at NCC confirmed that the two agencies had reached a consensus on the setback. The comments below illustrate the opinion of one interviewee at NCC:

“NESREA had earlier quarrelled with operators for erecting masts less than 10 meters close to residential houses while NCC directives stipulate 5 meters. A compromise of 7 meters has been reached by both regulators as the appropriate meters” (Principal Manager, NCC).

These findings show that there is an increasing collaboration between the agencies in solving issues within the sector. In fact, in an article in Thisday newspaper, the Executive Vice Chairman of the NCC, Professor Umar Garba Danbatta confirmed that the NCC was involved in discussions with relevant stakeholders to reduce the issue of multiple regulations.

In conclusion the findings from interviewees, annual reports and government informants all indicate that consistent engagement with the regulator has changed the institutional dynamics and meant that telecommunication firms can influence decisions made in the sector. Thus, legitimating their operations. This thesis will therefore propose:

Propositions 2: the presence of multiple regulatory agencies will lead to conflicting rules that can determine international telecommunication firms’ survival at post-entry
5.2.3 Proposition 3

*Socio-cultural factors influence the international telecommunication firms’ post-entry expansion in Nigeria.*

From the analysis conducted on the dataset for this thesis by the researcher cultural factors have been found to influence the post-entry expansion of the telecommunication firms in Nigeria. These factors include language and religion with variations in the North and South of the country. As highlighted in section 2.3 of this thesis, Nigeria comprises 250 ethnic tribes that speak different languages. The northern part is a mostly conservative Hausa speaking and Muslim dominated region, while the population in the southern part of the country speak several languages amongst them, which are the Yoruba and the Igbo languages. The religion in the southern region is a mixture of both Muslim and Christian. Interviewees reported that elements of language and religion had been adopted innovatively to develop products and services across the country targeted at consumers, in the form of ringback tunes and religious messages. An interviewee at Case A described this approach:

> "Like I said, depending on where your business is anchored in the country, you build product along with the lines of cultural differences across Nigeria. It gives you lots of latitude as per opportunities with respects to products and services that you can deliver niche products” (Radio Access Network Manager, Case A).

This finding indicates a considerable amount of attention is paid to differences in sub-national culture when the company develops their products and services. Similar, though more specific, comments regarding companies’ range of products and services were made by interviewees at Case B, who highlighted the fact that
ringback tones are developed targeting a particular region of the country. An interviewee said:

“It’s just like in the North; people expected that you have ring tone in Hausa. So if you don’t follow that and you have ringtones in English, who is going to buy, so cultural factors influence” (Manager Technical Project Delivery, Case B).

The comments above indicate that as people of the North are predominantly Hausa speakers, products are developed to satisfy their needs. Similarly, the same products are developed for people in South-west Nigeria that speak predominately Yoruba. Features like religious messages have also been developed to suit Muslim and Christian customers’ religious tendencies. One interviewee at Case D indicated that:

“Some people are subscribing to caller tunes in different languages, different things, you will find people subscribe to religious messages, some subscribe to maybe content in their local dialect” (Regional Sales Manager, Case D).

This interviewee at Case D demonstrated that the company is sensitive to local languages because what is trending regarding products and services in the North will be different to what is trending in the South. In addition to developing products according to languages, attention is paid to the respective religions in the North and South, that is, the Muslim dominated northern region and the Christian dominated south.

Interviews conducted with other participants across the case companies suggest that this approach is not used by all the telecommunication firms. For instance, opinions were sought from other interviewees at Case B whose comments suggest that religion, ethnicity and tribal origin do not matter when it comes to telecommunication services as people from different backgrounds use the services
the telecommunication firms provide. For this reason, to one interviewee, rather than ethnicity or tribal origin, Case B focuses on the demography of the customers and how they behave. However, this opinion was not widespread across the data set. Interviewees at Case D also suggested that family plays an important role in the firm’s expansion because of the nature of the Nigerian society, which gives importance to the extended family. One interviewee reported that people own telephones to keep in contact with their family members, calling their grandmother, to inquire about their health. Therefore, this pattern of the way of life drives expansion for the telecommunication firms. However, this perspective was not widespread across the data set.

Overall, the findings that language and religion influence the expansion were dominant in the data set. These factors determine the post-entry expansion of telecommunication firms in Nigeria, and they compel the company to respond by designing products appropriate to the different regions, trying to avoid a strategy that undermines the beliefs of the people. Given these findings, proposition 3 which states that cultural factors such as language and religion influence the post-entry expansion of telecommunication firms in Nigeria is revised and accepted. This thesis will therefore propose:

Proposition 3: socio-cultural factor of language, religion and ethnic origin will influence product and service development of international telecommunication firms at post-entry.

5.2.4 Proposition 4

Proposition 4: Market factors influence the international telecommunication firms’ post-entry expansion in Nigeria.
Analysis conducted on the data collected suggest that market factors in terms of demand for the telecommunication services have contributed to the expansion of the international telecommunication firms in Nigeria. This demand has to do with the size of the market as Nigeria has a population of 180 million out of which sixty percent are youths. In a recent report, Pew Research Centre (2018) stated that a large number of people using the internet across the world are young adults in the age range 18 to 30 years old. This would account for the high demand for telecommunication services in Nigeria. According to the NCC, the number of the mobile subscriber stood at 162 million in June 2018. In addition, the number of internet users stood at 103 million in June 2018. Interviewees of the case companies attributed expansion to the market potential in Nigeria. One interviewee said:

“The major market factor driving expansion is the need and requirement for broadband and also the population. Young people require a new phone, requiring good service. As many more people are coming into your network, you expand, as many more companies are requiring your services, such as mail services, you expand” (Senior Manager Design Value and Engineering, Case B)

This suggests that increased demand for broadband particularly from young people contributed to expansion, because the more subscribers the firm accepts, the more they expand within the country. One interviewee from Case A suggests that, in fact, the full potential of the market has not been tapped. The interviewee said:

“This is a huge market. We are on level one of telecoms; we are just talking, 80% of the revenue is still on voice, how many people can send text, how many smartphones do you have? There is the internet of things coming; there are telemedia, telemedicine, there is e-commerce, m-commerce, so many things that are still going to come” (Regional Operations Director Case A)
This suggests that the large proportion of the market is yet to be reached because the majority of subscribers are still just using voice services and they have not yet begun to mine the internet market which is vast, varied and with numerous opportunities. One interviewees reiterate this perspective of market opportunity at Case C who suggested:

“Once any network is launched in an area it is congested immediately. This has been forcing the network operators to keep on expanding on a daily and monthly bases. This has led to increasing numbers of subscribers. Within a short time, Nigeria has become the number one in Africa in terms of subscriber base” (Senior Account Manager Case C).

This comment illustrates that the launch of a telecommunication network in any area is soon congested due to high demand from consumers, which means the continuing expansion of the telecommunication firms.

Taken together, the findings, therefore, suggest that market demand has continued to contribute to the post-entry expansion of the telecommunication firms. Therefore, the proposition that market factors in terms of size can contribute to market expansion is revised.

Proposition 4: Large market size and the increasing demand of telecommunication services will lead to greater chances of survival at post-entry.

5.2.5 Proposition 5

Proposition 5: corruption through bribery influences the international telecommunication firms’ post-entry expansion in Nigeria.
The expansion of international telecommunication firms in Nigeria involves building infrastructures across Nigeria, in particular, the telecommunication base stations that comprise the telecommunication masts to transmit the telecommunication network to subscribers. In doing so, they are required to seek permission to build these infrastructures from state government, local government councils and community officials. In the process of seeking permission, these officials engage in the act of corruption. Two levels of corruption were identified in the analysis of the data set collected. Firstly, corruption as normal and accepted behaviour and secondly, corruption as an incentive. In the case of corruption as normal and accepted behaviour, due to years of lack of strong policies and mechanism from the government to fight corruption both in public and private sectors, it has become an accepted norm in the Nigerian society for people to see corruption as a normal thing to engage in. Regarding corruption as part of Nigeria, one interviewee at Case D said:

“Now corruption, one of the issues that are hindering expansion. Corruption is in our system, and it is driven by a certain belief. And then here come the telecom firms who they think have money. So people are making demand believing that you would just pay” (Senior Manager Government and Community Relations, Case D).

The comment shows that there is a widely held belief that companies must pay a bribe any time demands are made because it is expected of them. Another interviewee in Case A confirmed the position of the interviewee in Case D suggested that although there is systemic corruption, it is not prevalent in the private sector. The interviewee said:

“In terms of systemic corruption, I would say in the private sector, you typically don’t have systemic corruption, but from the government
perspective, Nigeria is a champion in that field. Systemic corruption is there, and the way it affects us is that people are unable to give a fair judgement because of personal interest, so that’s it” (Regional Operations Director Case A).

This suggests that corrupt government officials or people in authority cannot be relied on to give an objective decision as they are driven by self interest and personal gain. Another interviewee in Case C alluded to the fact that the nature of corruption in Nigeria is such that families not only expect but encourage their members to engage in corrupt activities to augment their salary by accepting bribes. The interviewee commented:

“The corruption level in Nigeria is really bad, it has eaten deep into the family, for instance, I am the president, the family will say, you have to eat your own now” (Senior Sales Manager Sales and Marketing, Case C).

The quotes suggest that family members of a public official expect him or her to take the opportunity of occupying that office to embezzle public funds. These findings, therefore, suggest that there is a high level of a widely accepted notion within the Nigerian society that corruption is a normal act to engage in.

The other aspect of corruption is the willingness of the international telecommunication firms to pay bribes to influence their operations in Nigeria, hence corruption as an incentive. Interviewees reported that although they recognise that bribery is wrong, they do not have any option but to engage in it if they wish to operate in the sector without too many difficulties and make a profit. One interviewee at Case A commented:

“If you go to Kebbi State where you have a site at the border, and someone decides to lock it up, it becomes an issue of common sense, do you want to score a point that you are right, or you just want your site back up. The site brings N4 million ($10,000) a month, will I lose all that money while I am
arguing with an illiterate? So you just find out how to settle it” (Regional Operations Director Case A).

This suggests that rather than using legal channels to resolve practical issues such as the locking of a telecommunication site, the company “settle”, which is a term that relates to the giving of a bribe in Nigeria. Another interviewee in Case B supported this by saying:

“Sometimes you settle even though you know is an illegal charge, you pay just to get them off your back” (Manager Compliance and Regulations, Case B)

This comment demonstrates that the company is aware that these demands to pay money is wrong, but they settle in the hope that they will leave them alone and not come back to demand more. The term “settle” has also been used in section 5.3.2 when the international telecommunication firms respond to the issues of community challenge. This term has become popular in the act of bribery in the context of Nigeria. Others include “kick back”, “cookie” “seen” and “play balls”. These terms are described in the following comments from interviewees.

“Corruption prevents expansion, more businesses would not want to come to Nigeria, because, they believe Nigeria is a corrupt country and probably because most companies would not want to give kick back” (Principal Head Legal, Case A).

“Companies generally find a way around it, either they play balls or say no completely, some companies play 100% by the rules, some companies may not play by the rules” Principal Head Legal, Case C).

“Ideally, you know, on yearly bases these guys (regulators) are supposed to be visited and seen, but from a corporate point of view, we don’t do that” (Regional Manager, Case D).
The findings from interviewees suggest that there are varieties of language used to describe bribery in Nigeria, and when such demands are not met and the language of bribery not understood, international telecommunication firms may find doing business in such an environment difficult because this is a normal and widely accepted in business transactions. One interviewee said:

“If you want to be very ethical, you will have problems here” (Senior Manager RAN Architecture Case D).

This suggests that refusal to engage in the unethical act of bribery will make it difficult to operate in the country. Another participant in Case B provided a further explanation by saying:

“You can easily put in your application forward and get to the sources it is supposed to be treated and get things done faster. You tend to get things done faster, although there is an awareness campaign to change that, it does not disqualify that point, you can get things done easier” (Senior Sales Manager, Case B).

What these comments demonstrate is that by engaging in an unethical act of bribery, applications submitted to the government for approval are given immediate attention, thereby helping the company to achieve objectives more quickly. These findings from the comments of interviewees in the four case companies show that the fundamental issue is that although there is the perception that corruption is normal in the Nigerian system, this is indeed aided by the unethical actions and practice of the telecommunication firms that want to make a profit. This is consistent with literature that have investigated the home country of the case companies, which found that corruption and issues of bribery is perceived as a normal practice given the fact that the telecommunication sector in Nigeria is at developing stage. The following proposition is formulated.
Proposition 4: The belief that bribery is a normal practice within the Nigerian business environment will increasingly lead to a situation where both institutional actors and the international telecommunication firm will participate in the act of corruption.

5.2.6 Proposition 6

Proposition 5: firm level resources in terms of technology and international experience influence the international telecommunication firms’ post-entry expansion in Nigeria.

From the analysis conducted on the dataset, firm level factors have been found to influence the post-entry expansion of international telecommunication firms. These include the influence of technology and the internal resources of the firm in terms of experience and other managerial expertise. The following sections discuss these firm level factors.

5.2.6.1 Technological factors

At the outset of the telecommunication industry in Nigeria, telecommunications firms were only able to provide 2G telecommunication services, which only enable customers to communicate through voice services and text messaging services. However, interviewees in all the case companies (see table 4.6) commented that with the advent of the internet and the introduction of smart telephones which can only function on 3G and 4G networks, consumers in Nigeria began to demand internet technology. Therefore, drawing from the findings on the influence of market factors in the previous section, the major underpinning reason for the
demand is the consumers’ desire to use newer technology. Thus, the approach of telecommunication firms regarding service changed because the market dynamics started to be based on the provision of innovative services. One interviewee in Case A commented:

“Growth in technology became necessary for telecom firms because when telecom started, I think it started with 2G, then you have 2.5G than 3G, then 3.5G and now you have 4G” (Area Service Manager, Case A).

This comment shows that the gradual progress regarding technology uptake in the sector determined the survival of the telecommunication firm because competitive advantage started to be based on which of the companies offered the consumers a better service. However, in contrast to the comments of this interviewee, some expressed different views suggesting that the demand for telecommunication services is only on the 2G network because since Nigerians do not use the internet, operators cannot sustain the 3G network. The following comments illustrate the views of an interviewee:

“There is technology ecosystem which we are always lagging behind, for example, right now the World is in 4G, and 5G, but the majority of revenue of telecom firms in Nigeria is from 2G because 75% of the people are voice related. None of the 3G can pay for itself; the 2G subsidises the 3G” (Manager Radio Access Network, Case A).

What this interviewee claimed was that the cost of 3G is high to maintain and the telecommunication firm uses the revenue from the 2G to maintain the 3G infrastructure. This, suggests that the telecommunication firms lack the infrastructure required for the widespread development of 3G and 4G in the country. However, the majority of the interviewees that were further interviewed on the uptake of internet technology suggest that the adoption of 3G is a gradual thing and
there is a vast opportunity for expansion in the Nigerian market. This claim is similar to those of an interviewee in Case B who suggested that when a company offers any service based on 2G, consumers tend to reject it. The interviewee said:

“With time people started on 3G. You can now do your emails; you can have voice and data. Skype, people are willing to do that. So anything you bring that is obsolete people are not willing to do that” (Manager Monitoring and Supervisory Team, Case B).

This finding shows that the introduction of internet technology with the provision of data has led to an increased number of consumers using services such as emails and Skype. It is important to note that before the introduction of smart mobile phones that enable internet surfing, people went to commercial internet centres to use the internet. Some people browsed all through the night at these internet centres, as it was cheaper. However, since the coming of information technology, people have been able to browse in the comfort of their home.

Interviewees echoed this view on the increasing adoption of technology at Case D, where it was highlighted that the demand for newer technology, including 3G and 4G, had aided expansion. One interviewee said:

“So, as customer’s taste and expectations grow, so also does companies also want to meet those expectations to remain relevant” (Regional Service Manager, South-South, Case D).

This finding, suggest that consumers’ increasing uptake of technology tends to determine the actions telecommunication firms take to survive in the market. In support of the comments made by the interviewees at the case companies, the NCC also alluded to the fact that the uptake and the evolution of technology contributed to the expansion of the telecommunication firms in Nigeria. Similarly, a statement
on the Twitter handle of the NCC confirms the trend of technology in the industry. It stated that:

“Nigeria’s major mobile operators have undergone a technological evolution moving from 2G, 2.5G to 3G technologies and are currently making investments for migration to Long-Term Evolution (LTE) technology” (Nigerian Communication Commission Twitter Handle, 2017)

This statement, therefore, confirms the trajectory of the technology advancement within the Nigerian telecommunication sector and shows that, indeed, technology has become an important determinant in the post-entry expansion of the international telecommunication firms.

Proposition 6a: the greater the demand for technology, the greater the opportunity for the international telecommunication firms to expand at post-entry.

5.2.6.2 Other internal firm resources

Interviewees alluded to the fact that internal firm resources other than technology have also contributed to their expansion in Nigeria. For instance, interviewees at Case A commented that in addition to operating in Nigeria, the firm has branches in nineteen other countries where seventeen are in African countries and the remaining in India, Bangladesh and Sri Lanka. Operating in different countries provides Case A with the financial resources to navigate the Nigerian business environment. Interviewees suggested that companies that do not have branches in other countries cannot survive the challenges in the Nigerian market and are forced to exit. One interviewee commented:

“That’s why you see the surviving companies here are companies that have huge international footprints where Nigeria is just part of their market. For
“those other company where Nigeria was their only market, the market forces in Nigeria combined to kill them because they could not grow due to financial constraint and huge burden” (Regional Operational Director, Case A).

This view by the interviewee illustrates that the expansion of the firm is dependent on the number of resources they can bring to Nigeria from other countries where they have operations. These resources can be financial capital, human and technological, which they use to apply leverage on the market and give them a competitive advantage in Nigeria. Companies that do not have these firm-specific resources face the possibility of failing in the market. Companies who have branches in other emerging countries are better equipped to deal with the issues they face in Nigeria and there is evidence of this in the way they respond to political interference and bribery. How a company responds can, in fact, be seen as a way to determine the survival of the company at post-entry in Nigeria.

In Case B, interviewees suggested that firm-level factors influencing the post-entry expansion of the firm in Nigeria are the efficient management systems in place at the company. These include management’s global strategic decision making processes involving the expansion plan, which according to interviewees will guarantee a competitive advantage. As the telecommunication sector in Nigeria is still at its developmental stage, where most areas of Nigeria are yet to be covered regarding network infrastructure, it lies with the company’s management team to make the strategic decisions on investments that can yield returns. Interviewees commented that the management does not spare any resources on capital expenditure (CAPEX) including power and base transceiver stations, which can help to increase the customers’ satisfaction. These ensure that they maintain a market lead ahead of other competition in the sector. However, interviewees further
commented that these decisions are subservient to the wider external factors within the environment. One interview commented:

“Now, we want to stay ahead of the competition. You understand, and that’s why we have long-term strategies and short-term strategies. So you have to realign your strategy to make sure you can accommodate the shortfall as a result of external issues” (Manager technical Project Delivery Case B).

The finding from this interviewee, which is a similar comment to others interviewed, suggests that the company develops short and long-term strategies to be able to compete. However, institutional factors within the environment influence the internal strategy of the company. This is similar to other research conducted on the influence of macro factors on a firm’s specific resources that found that institutional factors have an influence on companies’ strategies. Overall, these findings suggest that Case B’s post-entry expansion depends on the ability of the company’s management team to make strategic plans that will ensure the survival of the company.

At Case C, interviewees expressed opinions on the firm level factors influencing the company’s expansion. These include market knowledge and local staff capacity. The market knowledge according to interviewees involves information gathered on the host market through market research, which enables them to stay ahead of the competition. Certainly, the fact of having been in the African market for some years means the firms have acquired a good knowledge of the market and the factors that can influence firms’ expansion. Thus, knowledge of the market grants firms legitimacy within the Nigerian market. Speaking on this, one interviewee said:
“They have been in the Nigerian and African market for a while, so they understand the dynamics within the market. They also understand the volatility of the market, and I think to a reasonable extent they have been able to adopt a lot of shock absorbers, because of the market intelligence that they have built over the years” (Senior Customer & Project Manager, Case C)

This comment suggests that the firm understands the Nigerian and in no small extent, the African market. As a result, the dynamics of the market is not new to the company. In summary, the findings show that the understanding of the Nigerian market is due in part, to their experience of working in other African markets, which has helped their post-entry phase.

Regarding local staff capacity, interviewees talked about how their company localises business operations as the locals can negotiate on behalf of the company effectively. They further gave an account of how the company prefers sending the local employees to meet government officials as they understand how the environment works, rather than Chinese employees who might not know how to deal with them. Hence, the advantage of being a local is explained by interviewee:

“I have more advantage because I am a local, and the government official is local. He will say you are my personal and ask you what you want. You as the local know what the Oga (government officials) wants; you tell him no problem that you understand. So it takes somebody who knows their onions to get things done” (Senior Account Manager, Sales & Marketing, Case C).

These findings suggest that due to local employees’ knowledge of the market and through local practices, the firm can develop products and services that match consumer demand. The comment by the interviewee explains how the company survives in the Nigerian market because they have realised that government
officials engage better with a local employee of the company than a foreigner. Therefore, local employees help the company to achieve acceptability in the institutional environment.

Regarding Case D, the firm has adopted a firm-level strategy to deal with the challenges facing the company, including equipping staff with management and technical knowledge. The technical knowledge involves yearly overseas staff training organised by the firm. This approach, which is still in operation today, has enabled the staff to develop the skills to keep up with technological innovation. One interviewee said:

“When our company started almost all the staff were sent on international training in other branches abroad. You have three international training or more in a year, so there were lots of these training from inception and even now” (Senior Fraud System Analyst, Case D).

This finding indicates that the company has recognised the importance of staff development in enhancing the firm competitiveness in the fast-moving telecommunication field.

In addition to the technical knowledge, Case D has been able to develop a useful internal management structure including processes and procedure that are clear to all employees. They also have a low power distance organisational setting where the senior executives are easily approachable without any form of bureaucracy as all employees are on the same office floor.

“Why our company has done so well compared to others is that right from inception our foundation is solid and how are we solid? There were rules regarding policies and procedures that guide the business which others didn’t have. For everything we do here, there is the guiding rule, which others don’t have” (Senior Manager Government and Community Relations, Nationwide, Case D)
As highlighted by this comment, Case D adheres strictly to the rules and procedures enshrined within the organisation. Considerable effort has been made by the company to ensure that all employees comply. These results suggest that the firm can survive at post-entry in Nigeria through effective and efficient internal processes and procedures.

Overall, the findings presented by the case companies demonstrate that there are firm-level resources specific to the international telecommunication firms that influence the post-entry expansion of the firm. In turn, these firm level resources can respond to the demands placed on the firms by the institutional environment. This thesis will propose that:

Proposition 6b: International telecommunication firms that have firm level resources such as international experience, market and tacit knowledge will survive at post-entry when compared to those that do not have such requisite resources.

5.2.7 Summary of findings based on the propositions

In this section, the propositions outlined in Chapter 4 of this thesis were used to present the outcome of the analysis conducted on data collected from managers at the international telecommunication firms and the government informants. Significant factors were identified that influenced the post-entry expansion of the telecommunication firms. These factors include politicians in federal, state and local government, the multiple regulators in the Nigerian telecommunication sector, issues of corruption and the problems of instability. Thus, answering the first research question of this thesis on the factors that influence the post-entry expansion of the international telecommunication firms.
The ways adopted by these institutional factors to influence the post-entry expansion of the telecommunication firms are twofold. One is linked to formal ways, which include the political establishment such as the National Assembly, the Presidency, also the state governors and their local representatives coerce the telecommunication firms to abide by rules through sanctions and monitoring mechanisms. However, it has been found from the analysis that some of the sanctions are for the private gain of the politicians. In terms of the formal regulatory agencies, the conflicting regulatory guidelines of the NCC and the NESREA over setback led to work being disrupted as their base stations were shut down. Thus, answering the second research question of how the identified factors influence the post-entry expansion of the international telecommunication firms.

The findings of this thesis revealed that the same institutional factors influence telecommunication firms with variations regarding how they respond to each of the factors. Regarding the influence of the politicians, interviewees reported that they complied with their demands. In addition to complying to the demands of the politicians, the case of Case D shows that the intervention by the home country’s government proved effective. This would suggest that a company can repair legitimacy by asking for help from their home country government. This evidence provided an opportunity to theorise that when a telecommunication firm violates a regulatory guideline as seen in the case of Case D, they repair but when an institutional actor or a constituent makes demands, the companies respond.

Regarding regulatory influences, the four case companies responded by engaging the agencies through in-house departments set up solely to engage the regulators or through consultants. The findings contribute to the previous literature on the institutions that has identified regulative pillars of institutions that influence
organisational behaviour. This section also identifies that the telecommunication firms respond to the demands of the institutional environment.

The reasons for the influence of politicians and the increased regulations were also revealed. The influence of politicians on the post-entry expansion of the international telecommunication firms was because the officials in government wanted to benefit from the profits the telecommunication firms were making. The analysis on Case D provided a valuable insight into why the fine was imposed, which was to have shares in the company. The multiple regulations were found to be a struggle for supremacy between the different agencies of government.

5.3 Emerging findings

In the previous section findings of the analysis conducted on the data collected were presented in line with the propositions developed in Chapter 3 of this thesis. In this section, the emerging findings, which are the outcome of the inductive analysis conducted on the data, are presented. This is based on the careful examination of data and the explanation of contextual issues within the institutional environment in Nigeria. These emerging findings include infrastructural challenges and the community issues because these are emerging issues, which have been found to be important influences on the post-entry expansion of the international telecommunication firms. Other emerging factors that influence post-entry expansion are the impact of arbitrary taxation and economic recession, and the lack of access to foreign exchange.
5.3.1 The infrastructural challenges

Infrastructure has been found to be a significant factor influencing the post-entry expansion of international telecommunication firms in Nigeria. Issues discussed by interviewees on infrastructure are lack of electricity and the frequent theft and vandalism of the telecommunication infrastructure. These issues are facing all the case companies and they are analysed in the following subsections.

5.3.1.1 Lack of electricity

The lack of electricity, which interviewees referred to as power, was widely reported by interviewees as a significant factor influencing post-entry expansion. The electricity supply in Nigeria is not evenly distributed across the country due to lack of infrastructure to support transmission. This has affected the activities of the telecommunication firms as they have had to look for an alternative means to supply electricity to their base transceiver stations (BTS), which without adequate electricity would not be able to transmit the network from one BTS to another. Accordingly, interviewees commented that the telecommunication firms had invested the money meant for upgrades on capital expenditure (CAPEX) including the purchase of generators and energy inverters to ensure a constant supply of electricity at the BTS. This process of generating their electricity (power) has resulted in increased operational costs for the company, including the purchase of diesel to fuel the generators. Additionally, interviewees illustrated that the cost of providing electricity in their base station is one of the most significant expenses incurred since the commencement of operations in Nigeria. For instance, the following quotes represent what interviewees from each of the case companies said
concerning the issue of power. Interpretation of the comments by interviewees is provided to explain their points further. An interviewee at Case A noted:

“We still have challenges with power that is the cost of expansion regarding power. There is no light (electricity), and we use generators, and you have to buy diesel and stuff like that, OPEX is usually high and will impact on expansion” (Area Service Manager, Case A).

This comment explains the costs attributed to managing base stations because the purchase of generators by Case A to power their base stations amount to increased operational costs. As a result, impacting on the post-entry expansion of the company. Comments by interviewees at Case B supported this view by saying:

“The other major challenge in Nigeria is lack of infrastructure by the government. Things like power, it is critical that for every site that the operator is putting up if there is power in place, that’s really going to help their operational costs” (Manager Technical Project Delivery, Case B).

This perspective by an interviewee at Case B associated the non-availability of power with the lack of infrastructure in the country. The interviewee pointed out that if power were made available to the telecommunication firms, the costs incurred in conducting business in Nigeria would be reduced. Interviewees at Case C and D further echoed this view. They suggested that:

“Most of our passive infrastructure in Nigeria runs on power, electricity supply in Nigeria is at its lowest ebb, without power, you cannot run a site, if you cannot run a site you cannot make a profit” (Principal Head Legal, Case C).

“Looking at the cost of running, especially on power, 90% of this site, our company has over 13 thousand sites. 90% of those sites run on generators 24/7” (Regional Service Manager, Case D).
These findings show that successful operation by the telecommunication firms is dependent on efficient power (electricity) infrastructure. Comments by the interviewee at Case D above highlights that the company has thirteen thousand sites, ninety percent of which depend on generators to function effectively. Overall, these findings suggest that lack of power infrastructure influences the expansion of international telecommunication firms in Nigeria, to the extent that a company that does not have adequate resources to invest in this infrastructure will go out of business. In this regard, access to a reliable power (electricity) supply is a source of legitimacy that ensures a company’s survival. Other responses to the issue of power include comments from the interviewees in government, who confirm the comments made by interviewees at the case companies. One interviewee observed:

“The issue of power, no constant power supply, very epileptic. So telecom companies have been complaining that the money that would have been used for optimisation diverted to buying diesel and generator, so these are a major problem (Assistant Director, National Assembly)”

In this comment, the interviewee described the issue of electricity in Nigeria as “epileptic” which means that the electricity supply is intermittent. This finding confirms that lack of electricity infrastructure adversely affects the post-entry performance of telecommunication firms. Another comment from an employee in the NCC echoed this view. For instance, Tony Ojobo, the Director of Public Affairs at the Nigerian Communication Commission in a recent tweet acknowledges the impact of power in the Nigerian telecommunication sector. The tweet reads:

“An increase in the deployment of telecom infrastructure and adequate and steady power supply will have a direct positive impact on the quality of telecom services” (Ojobo, 2018).
According to this tweet, the availability of power will contribute to improving the quality of services delivered by the telecommunication firms in the process of expansion in the country. Overall, findings from the data suggest that the issue of power is another major factor influencing the expansion of international telecommunication firms. However, telecommunication firms through the support of the NCC have developed a strategy to solve the problem of power, thereby minimising the costs incurred in purchasing generators to power base stations.

The international telecommunication firms, mainly the mobile operators, have started to respond to the issue of lack of electricity (power). The response involves selling off their assets, such as telecommunication infrastructure, like the BST, to infrastructure management companies such as Huawei, IHS, American Towers and Ericson. In this way, the cost of managing the BTS and network transmission is transferred to these infrastructure companies. In turn, the mobile operators such as Case A, D and B lease the equipment for use. This is a form of outsourcing the management responsibility of the BTS to the infrastructure management companies. Referring to this process of out-sourcing, Case A states in their annual report (2016):

“During the year, sale and leaseback of 8740 towers in seven countries (Ghana, Uganda, Kenya, Burkina Faso, Zambia, Nigeria and Congo B) were completed for a total consideration of USD 1.8 Bn.” (Case A, Annual Report, 2016, p. 50).

The quote above refers to the number of telecommunication towers and masts that the company has leased or sold to the infrastructure management companies in the different countries of operation including Nigeria, Uganda, Burkina Faso and
Zambia. Speaking on these issues of collaboration with the infrastructure management companies, interviewees at Case D said:

“Over 70% of our network operations have now been outsourced. Our facility department has been outsourced” (Regional Sales Manager, North, Case D).

From this statement, it is has become clear that the infrastructure management companies control the majority of the telecommunication infrastructure in Nigeria. As regards outsourcing in the sector, one interviewee commented that previously there were no companies responsible for managing telecommunication infrastructures. However, the regulator has now licensed companies to manage telecommunication infrastructures to reduce the cost of building new base stations by the telecommunication firms. An interviewee in the government said:

“When the regulators saw that there was a need for the independent third party to come in and establish BTS, the commission licensed some companies to do it, and they are doing it. They are buying those sites from operators” (Senior Manager, NCC).

The comment, therefore, suggests that the government granted the licence required for the infrastructure companies to enter the country. In turn, the infrastructure management companies provide services in the form of making the infrastructure available for the companies to lease. One interviewee at Case B commented on the practice of co-location, which is another way of reducing costs.

“Another factor is to co-locate, they call it active network sharing. The practice of network sharing that is taking place now is when one service provider builds an antenna, put up a generator, put up every amenities there, for you the network service provider to come and hang your antenna and hit the ground running” (Manager, Compliance and Regulation, Case B).
These comments suggest that Case A, C and D share the infrastructure services provided by Huawei, IHS and Ericson by “co-locating” their telecommunication antenna or radio on the telecommunication infrastructure. “Co-locate” refers to the process of locating the antenna on the telecommunication mast that belongs to the infrastructure management provider. In summary, the outsourcing of telecommunication infrastructures has reduced the increasing cost of building new ones. Thus, outsourcing is an instrument used to respond to increasing costs in the sector.

Proposition 7a: Lack of electricity will lead to higher operational cost at post-entry for international telecommunication firms because they are required to purchase generating set that have the capacity to power their base transceiver stations.

5.3.1.2 Theft and vandalism

Another reported issue across the case companies was the problem of theft and vandalism in the sector. Interviewees in all the case companies highlighted these as major challenges at post-entry as telecommunication infrastructures including generators, fibre cables, batteries and diesel are regularly stolen from the base stations. In the previous section, it was found that due to lack of power in the sector, the international telecommunication firms had to purchase generators to supply electricity to base stations. However, this attracted another level of challenge for the telecommunication firms as these generators and other telecommunication equipment are regularly stolen. One interviewee at Case A said:

“You have incidences of diesel and generator theft. Diesel theft is very rampant in the Southeast and the South-south of Nigeria, diesel theft and
As reported by this interviewee at Case A, the activities of criminals involving the theft of generators can be viewed as an informal influence on the post-entry expansion of Case A in Nigeria. This finding has been supported by comments from interviewees in the other case companies as shown in table 4.7 (see section 4.7). The government informants that participated in the interview also raised similar concerns by saying:

“The sector is facing the huge infrastructural challenge. There have been cases of stealing of generators at the Base Transceiver Stations, vandalising of telecommunication equipment” (Principal Manager, NCC).

This interviewee stressed that the issue of theft and vandalism is a monumental challenge in the sector and that they have been a problem for many years. Similarly, the official twitter account of the NCC (Nigerian Communication Commission, 2016) reported that the issue persists. The account stated that:

“Vandalisation and theft of telecom infrastructure affects the quality of service” (Nigerian Communication Commission Twitter Handle 2016).

As shown in the comments above, in the process of stealing the equipment at the base station, the criminals damage the fibre cables, which result in poor output affecting network transmission and service delivery. Another interesting finding related to this issue of the theft of generators is that the theft is more widespread in the southern part of the country than in the Northern part. One interviewee complained:

“Diesel theft is very rampant in the Southeast and the South-south of Nigeria” (Manager Compliance and Regulations, Case B).
Interviewees from Case C and D made similar observation. The following comments are credited to the interviewees:

“In the Southeast, you have a high incidence of theft of generating set. You have theft of the Deep circle (DC) batteries” (Senior Customer, Project Manager, Case C).

“People just walk in and carry your generating set, you replace it, one week it’s gone, or they pour your diesel. So it’s huge, it happens every day in the south” (Regional Service Manager, Case D).

These findings show that the international telecommunication firms encounter significant challenges of theft and vandalism to its telecommunication infrastructure mainly in the South-south of Nigeria. This suggests that the factors that influence expansion in the South vary from those in the North. This contributes to the literature on sub-national influence on the internationalisation process of firms within the host countries. However, in the case of Nigeria, these factors are significant sources of legitimacy. Overall, the issue of vandalism and theft of telecommunication infrastructure disrupts the post-entry expansion of telecommunication firms. Telecommunication firms have begun to respond to these issues of theft as indicated in the following section.

International telecommunication firms have started to respond to the issue of theft and vandalism by engaging with the regulatory agencies and the National Assembly. Recounting the events surrounding the problems of theft and vandalism in the telecommunication infrastructures, the interviewees in all the four case companies suggest that it is a good idea to declare telecommunication infrastructures national assets by the government. Some interviewees gave the following advice:
“Government should declare telecom infrastructure as critical assets, because it takes a whole lot to build a base stations” (Procurement Manager, Case C)

“Government needs to declare telecom assets as critical assets so that unnecessary vandalisation, hindrance to access will stop” (Head Government and Community Relations, Case D).

What this means is that state resources including government security such as police would be allocated to protect telecommunication infrastructures. This demand from the telecommunication firms channelled through the NCC is currently being presented to the National Assembly (parliament) with the hope that it is passed into law. Other interviewees in government have supported this idea of declaring telecommunication firms a critical asset, commenting that penalties handed out to whoever tampers with the telecommunication infrastructure would prove a deterrent and prevent the destruction of assets belonging to telecommunication firms. Interviewees at the NCC and the National Assembly commented:

“Efforts are being made to ensure that telecommunication infrastructures are declared critical assets. Therefore, penalties meted to anyone that tries to tamper with telecom infrastructures. Declaring of telecom infrastructure as critical assets would go a long way in preventing the destruction of telecom equipment and infrastructures (Principal Manager, NCC)

“Telecomm infrastructure should be declared critical national infrastructure because of the incidence of vandalism and the incidence of multiple taxations and all the immediate and remote interferences and impacting on the growth of the sector” (Assistant Director National Assembly).

These findings suggest that by making a case for the declaration of telecommunication infrastructure as national assets, telecommunication firms are
in a subtle way changing the institutional environment. The following proposition is framed.

**Proposition 7b: Increase in vandalism and the theft of telecommunication equipment will lead to interruption of quality of network transmission.**

5.3.2 The community challenge

Another reported issue is the challenges the international telecommunication firms face with the host communities in the southern and northern regions of Nigeria. As highlighted in Chapter 2 of this thesis, Nigeria is divided into six geopolitical regions. These regions were living independently of one another before colonialism. As such, they had form their own religious and political systems. Most of the regions have conservative and religious perspective dating back to the eighteenth century. In the southern part, the form of religion is the worship of a deities, including that of the sun, moon and land. Even though the contact with the Europeans in the mid eighteenth century contributed to converting the people to Christianity, there are a number of people who still engage in such practices. Therefore, interfering with this way of existence can attract sanctions from constituent members.

Interviewees suggested that operating in such regions require the company to either buy or lease land from the community chiefs or landowners before building the telecommunication mast or tower. However, after the payment is agreed by the community and the telecommunication company, the community comes back to demand more money from the company. For instance, interviewees reported that this habit of extorting money is widely practised in the southern part of Nigeria where members of the community such as area boys (local gangs within
the community) and residents provide a variety of reasons why the telecommunication company must give them money. For example, they claim that since the commencement of the telecommunication activity within their community many people have died because the gods of the land that they worship are angry that the telecommunication masts have been built on a sacred site, which has been designated for their shrine. They demand money to make a sacrifice to the gods for cleansing the land. One interviewee at Case B gave a vivid illustration, saying:

“We have places probably you have built a tower, and the community comes to say look, this place used to be a shrine and you have built there and caused a problem for us now. The gods are angry; we have a calamity, Mr A has died, Mr B has died. In these instances, they look forward to extorting money from you” (Manager Monitoring and Supervisory Team, Case B).

From this comment, it is evident that members of the local community are creative in their justifications for demanding money and will find ways of punishing the company if demands are not met. For example, the interviewee went further on to suggest that when a landowner dies, the family will demand the company make a contribution towards the burial and if this is refused, the company’s base station is locked. Interviewees from other case companies give similar accounts. For instance, an interviewee at Case C said:

In the Niger Delta (south-south), the community can be extremely demanding” (Procurement Manager, Case C).

Turning to the northern part of the country, which is predominantly Muslim and a highly conservative society because of their links to the Arabs and religious beliefs, which require the women to be indoors and avoid contact or communication with other people. Interviewees commented that this is a serious issue as they are prevented from mounting telecommunication masts as the indigenes of this
community are concerned about the personnel seeing their wives. Talking about this issue, one interviewee said:

“In the North, it is about the practice of men not allowed to see women, which is also a challenge. So if you want to reach a base station of that area, two things happen, so its either you pay them off and they pack and leave, or you must not build or either construct toilets that are close so that when their women are in the toilet, you will not see them.” (Manager Compliance and Regulations, Case B).

This finding suggests that most of the rural areas do not have indoor bathroom facilities, so their concern is that when the telecommunication staff mount the towers, there is the possibility of seeing their wives or daughters in the shower. This poses a challenge as it prevents operators from erecting telecommunication masts.

Other interviewees commenting on the harsh treatment from the community indicated that the community reaction was not like this at its inception as communities were excited when the telecommunication firms first entered the villages. However, things have changed over the years as the community believe that since the telecommunication firms are making huge sums of money, they have the right to demand a share of the profit. This finding supports previous studies conducted on the sources of legitimacy that highlighted that constituents within an institutional environment are not static but are always in a state of fluidity and that the constituent you agree with today you might disagree with tomorrow. One interviewee at Case B noted:

“The telecom firms enjoyed a lot of acceptability, wide acceptability because people look forward to having them in their communities. Communities were willing to give away their lands free. Communities invited them, just come, we don’t want you to pay any money, we want to have your presence. That was 2004/05 when I join the telecom sector that
was what I found on the ground” (Manager Monitoring & Supervisory Team, E Case B).

This interviewee indicated that as of the time she joined in 2004, the communities were giving their lands out to the telecommunication companies without demanding any form of payment. Supporting this finding, another interviewee in Case D reported that villagers provided food and drinks to the telecommunication firms and celebrated with dancing during the launch of networks in the villages. The interviewee said:

“Everybody wanted network in their town and villages, it was just an exciting thing, and our company tapped into it. I was in charge of the rollout, we keep rolling out, and it helped because when we go to bring up the site in the village, everybody is gathering and they are bringing you food and drinks, bringing chicken. For some as soon as the network comes on air, they are there with their phones clapping, singing, dancing (Project Manager, Case D [former employee])

This comment from this interviewee demonstrated the mood of the community when the telecommunication infrastructure was first established. It appears there was celebration and jubilation because they could have access to the network. This important insight shows that the international telecommunication firms did not struggle to either gain or maintain legitimacy in the early period of entering the Nigerian market as the community were not hostile. However, it is also clear that the institution does change with time regarding how they evaluate the actions of international telecommunication firms.

From these illustrations as reported by interviewees, it is evident that the communities are informal institutions that have come to have a significant role in the expansion of telecommunication firms. The activities of the communities determine how the telecommunication firms maintain legitimacy in Nigeria.
Existing literature has not considered this way of assessing organisational legitimacy in society.

As a result of the influence of the various communities in different regions of Nigeria, the telecommunication firms have begun to respond to community demands. Interviewees in all the case companies gave similar responses to the issues of community influence on expansion. It was observed that the increasing pressure from the community prevents telecommunication firms from achieving their operational plans. However, different approaches are adopted by the case companies in response to the community demands. For instance, in Case A, the company is unethical by engaging in bribery. Interviewees at the company suggested that although they want to act ethically, the circumstances in which they find themselves do not permit. They claim that conducting business in Nigeria involves unethical practice as it is the only way organisational goals are achieved.

One interviewee reported:

“The communities make life difficult. And you want to run a transparent business, in your books where do you put you bribed an area boy or the community. This is costly and the difficulty of covering it up, as an engineer, how do you claim you bribed someone without a receipt” (Manager Radio Access Network, Architecture, Case A).

“In the South East they lay claim this is my land. The road you pass to access the site is their land, so you must settle. Similarly, in the South-west too, they can be very aggressive, they set up turf and say this is my land” (Area Service Manager, Case A)

As reported by these interviewees, to maintain legitimacy within Nigeria at post-entry, they have to respond unethically and informally to informal institutions, usually through bribing (settling) the elements of the community that are sources of
legitimacy. In the community, the company will have to bribe (settle) elements of the community including area boys (street gangs) before they can mount or service their telecommunication equipment. This finding is significant as it will make an important contribution to the extant literature on legitimacy by indicating the informal sources of legitimacy and the corresponding response of the telecommunication firms.

In Case B, the company responded to the demands from the community members by recruiting liaison officers and engaging in bribery. Regarding liaison officers, the company realised that to stop the agitation of the community they had to develop a sustainable approach as the revenue stream of the company largely depends on the functioning of the telecommunication masts/towers. Consequently, what they have done is to engage in negotiation with the community members through a liaison officer who is also a widely respected member of the community. This is different from consultants the company used to respond to demands from the government. One interviewee commented that:

“There are liaison officers and representatives for every zone who negotiate on behalf of the operators. In addition to this, there are also negotiators who are registered as small companies, and they are from that community. It's just like you sending me to go and negotiate in my small community in Anambra state, I know what to do and how to handle them, and I get a result in a very cost-efficient way” (Senior Manager Design and Value Engineering, Case B).

This comment illustrates that individuals are recruited from the community to serve as an intermediary between the company and the community. This approach has been found to be cost efficient as the agreement is reached without blocking the base transmission sites. In support of the views of this interviewee, the company’s
annual report (2016) further confirms the process of engagement where it was highlighted that involvement in active engagement with the community tends to yield a result.


These findings indicate that although the issue of community is critical to influencing the post-entry expansion of the company, the company can obtain legitimacy by responding to the demands of the community through community liaison officers who engage with the community.

Another way Case B responds to the demands of the community is to bribe them. Commenting on the communities’ demands, one interviewee recounted that the company have a separate fund with a budget for bribing the community any moment a demand occurs. Such a fund is termed the “community purse”. However, the company will not keep records of this payment as they are illegal. Other interviewees claim that due to the communities laying claims to land, they usually settle with money. The following comments are attributed to the interviewees.

“For example, you can decide because of the menace of community issues; operators created a fund called community purse, where if the community becomes somewhat stubborn, you can now apply the community purse. Sometimes, you know what they are asking for is illegal. Sometimes you pay them off records and give them money. So it becomes somewhat so that you cannot do away with this. So almost all the telecommunication firms have what they call community purse” (Manager Compliance and Regulations, Case B).

“In the south west there is what they call the omonile, which means we are the owners of the land. If you are not from Lagos state and you what to build a house the omonile will come and you have to settle them after you have
obtained permit from the government. So, it is the same with telecom” (Area Business Manager, Case B)

In summary, these findings show that Case B is responding to the demands of their institutional environment through both legal and illegal channels, as these enable the company to gain and maintain legitimacy. This is an important contribution to the extant literature on legitimacy because previous research has not taken into consideration how firms may maintain legitimacy in an unstable environment.

In Case C, the company adopts a similar strategy to that of Case B, which is the creation of liaison officers. In addition, they also engage in corporate social responsibility. One interviewee reported that they responded to community demands by engaging with the communities via liaison officers who negotiate with them on the company’s behalf usually involving money.

“In the Niger Delta, the community can be extremely demanding, so what they did, they devise some community liaison strategies, they will have to spend a little more money though to manage that kind of situations” (Procurement Manager, Case C).

“When the landlord in the community where you put your BTS says he needs to increase his rent, if you don’t settle, area boys will come and demolish your facility (Commercial Senior Strategic Manager, Case C)

Therefore, the legitimacy of Case C is gained and maintained by the creation of a liaison department that has officers explicitly dedicated to responding to communities’ demands. However, the actions of these liaison officers are illegal as they respond, gaining and maintaining legitimacy, through bribery (settling). Nevertheless, the company also react legally through the process of corporate social responsibility.
Regarding engagement in corporate social responsibility (CSR), interviewees at Case C commented that the company had adopted CSR as a strategy, as this reduces the demands of the community. This social responsibility includes creating jobs for the community by employing them to watch over the base stations. As one interviewee commented:

“We have gone into what is called the CSR, corporate social responsibility scheme. That again has minimised this incidence in certain areas” (Senior Manager Customer & Project Manager, Case C)

This interviewee highlighted the fact that the establishment of CSR scheme reduces the demand from the community and this helps to develop a kind of affinity between the company and the community. Supporting the comments by the interviewees on the company’s involvement in social responsibility, the chairwoman of the board of Case C further stated that they support local traditional events and provide support for the communities by helping to improve the living standard of the members of the communities.

“Supporting ICT innovation and local education, helping cultivate local ICT talent, engaging in green initiatives and traditional cultural events, helping improve living standards in local communities, and providing support to local communities and providing support to local charitable organisations and underprivileged groups” (Case C Annual Report, 2016 p. 10)

The report demonstrates that in addition to the provision of CSR the company also enhances the cultural values of the community by supporting and promoting cultural festivals. This is a way of creating a positive perception of the company. In summary, the findings from the interviewees and the company’s annual report suggest that Case C has developed strategies in response to the demands of the
communities. These strategies include the creation of liaison officers, who, however, act illegally through bribery. In addition, another strategy is engagement through CSR endeavours for the community. These strategies help to gain and maintain legitimacy within the communities.

In Case D, the company has developed two strategies in response to the challenges posed by the increasing demands of the community members. These are the creation of a community department and engaging in corporate social responsibility. The company has created community departments solely responsible for managing any agitation and complaints from community members. One interviewee talking on the issue of community explained that although it is not easy, they have developed the strategy of discussing issues with the powerful chiefs in the different communities through these departments. One participant said:

“"We create a unit, whose responsibility is to identify key stakeholders. As I said it’s a challenging environment to operate in, regarding management, it’s also difficult. As I said, we are involved in stakeholder management which is very key. We identify chiefs, high chiefs, the influential ones among them, really influential ones and we engage them in discussion and talking to them” (Regional Manager, Case D).

This finding suggests that the firm has created departments responsible for negotiating on its behalf to maintain legitimacy amongst the communities which host the base stations of Case D. It is important to engage and talk with the chiefs of the community through the departments as the environment is challenging to manage due to differing demand from the various sections of the community.

Regarding corporate social responsibility (CSR) and support for social events, interviewees suggested that one of the ways of reducing confrontation with communities is to develop an affinity with them by establishing hospitals, schools
and supporting local festivals. An interviewee at Case D reported that the company dedicates one percent of its revenue to fund a foundation that caters for social development in the six geographical locations in the country.

*Now our company has a foundation that is where we drive our CRS, our company dedicate 1% of its profit each year for CSR and it is implemented through the foundation. A lot of activities in the six geopolitical zones are being driven through our foundation. 1% is huge so by the end of the day; if you do a census of our activities in the year, you will find out that no any other telco firm has done that* (Regional Manager Sales, Case D)

Moreover, interviewees remarked that on a yearly basis they support local festivals such as fishing festivals in the North and yam festivals in the South East as this enables relationship building with the community. In support of this finding, another interviewee talked about how Case D supported the coronation of traditional local chiefs in communities and local festivals as well as supporting sporting activities. Overall, the findings indicate that Case D has various ways of maintaining legitimacy within the communities.

In summary, the findings have shown that the case companies have devised different ways of responding to the demands of the community. Although Case A and B responded to the demands of the community through bribery, Case B combined bribery with the recruitment of respected members of the community whose role was to liaise with the community on behalf of the company. However, Case C and D have developed a special community liaison department and CSR scheme to enhance their legitimacy in the community.

Proposition 8: the continue demand from community members will lead to higher operational cost for the international telecommunication firms at post-entry.
5.3.3 The impact of arbitrary taxation

Interviewees raised concerns on the issue of taxation. It has to do with the taxing system within the sector where the state and the local government impose arbitrarily a form of informal tax on the operations of the international telecommunication firms. For instance, the Schedules to the Taxes and Levies Act (2015) published by the Federal Government of Nigeria official gazette (2015), empowers the federal, the state and the local government to impose taxes. Each of these departments has powers and therefore, creates confusion. For instance, the federal government is responsible for imposing taxes such as companies’ income tax, petroleum profit tax, value added tax and education tax. The state government is to collect taxes such as personal income tax with regards to Pay-As-You-Earn, capital gains tax (individual only), stamp duties on instruments executed by individuals, pools betting and lotteries, gaming and casino taxes, road taxes, development levy (individuals only), land use charge, environmental tax, infrastructure maintenance charge or levy and property tax. The local government is to collect tax with regards to areas such as shops and kiosks rates, tenement rates, liquor licence fees, slaughter slab fees, marriage, birth and death registration fees, market fees and wrong parking fees.

From these enumerated lists of the types of taxes, interviewees suggested that apart from the companies’ income tax imposed by the federal government the basis upon which they are taxed by the state and local governments is not clearly explained. In addition, under the 1999 constitution, the three levels of government were allocated powers over different sectors. These are stated in either the exclusive or the concurrent list as discussed in Chapter 2 of this thesis. However, because the expansion of the telecommunication infrastructure network involves building BTS from one state to another, it attracts arbitrary levies from the state and local
government. The state and the local government consider it their responsibility to tax the telecommunication firms operating within their jurisdiction even though the Schedules to the Taxes and Levies Act (2015) and the exclusive list did not clearly assign such responsibilities. Interviewees at Case A, commenting on this issue agreed that this is a significant issue hampering expansion. One interviewee said:

“You get tax at the federal level, at the state that you operate, you get tax as well. At the local government level, people come along, and they bring up all manner of taxes and levies. So, it’s a lot of pain and lots of challenge” (Radio Access Manager, Case A).

The comments from the interviewee stressed that the tax at the federal, state and the local government level had become an enormous challenge in the sector. This quote reflects the opinions of others in Case A on the problem of arbitrary taxations in the sector. Furthermore, the annual report (2016) of Case A corroborates the statements from the interviewees. It suggests that due to the economic challenges that the host country’s government is facing, most of the government department view telecommunication firms as a “cash cow” that is a revenue generating channel to satisfy their needs, hence the tax. The report noted:

“Regulatory developments in Africa can pose several challenges to the telecom sector because of multiple levies. In some countries which are undergoing economic challenges, the telecom sector is seen as a cash cow” (Case A, Annual Report 2016, p. 101).

The comment above illustrates how in the face of the development witnessed in the sector, there are increasing challenges including the issues of increasing taxation in host countries. Interviewees at Case B made similar comments, which illustrated that there is increasing attention on the international telecommunication firms from all levels of government. The interviewee said:
“Currently, what is happening in the industry is this range of tax. The federal government and state government introduces their tax. The local government tend to introduce a tax as well because everybody tends to want a portion of the big apple, so multiple taxations on the various level of government” (Senior Manager Design and Value Engineering, Case B)

This view by the interviewee suggests that all levels government wish to benefit from the company’s profits. However, this interviewee indicated that these demands placed on the telecommunication firms were not there from the period of entry in the Nigerian telecommunication market as earlier pointed out in section 5.2.1, where the government provided incentives rather than imposing levies. An interviewee at Case D gave a vivid account of an incident in Kano State, North-west Nigeria to illustrate this point on taxation. The interviewee said:

“The illegal taxes I’m talking about is, let me give you an example of what is happening right now in Kano state. We are going to lay fibre plants on the federal roads; the federal road is own by the federal government. When you get to Kano, the Kano state government say no, you cannot pass the fibre through, Why? Because you must pay the Kano state government” (Senior Manager Government and Community, Case D).

From the extract above, the interviewee makes it clear that both levels of governments are demanding payment for the same project, which is laying telecommunication fibre cable. Overall, this finding illustrates the impact of taxation from federal, state and local government impacting on the post-entry expansion of the telecommunication firms in Nigeria. Corroborating these findings, interviewees from the NCC and the National Assembly commented that taxation has impeded the expansion of telecommunication firms in Nigeria. For example, one interviewee at NCC said:

“All the three tiers of government will request some tax. There should only be a single taxation regime to allow the operator to deploy everywhere, but
This time around, local government will ask for something, state government and federal government” (Senior Manager, Technical Standard NCC).

This comment suggests the need for a single tax regime where one form of tax is levied on the companies; this, however, appears to be impossible due to the multiple demands from federal, state and local government. Overall, these findings suggest that the issue of multiple taxation is pervasive in the sector, thus, impeding telecommunication expansion in the sector.

The arbitrary tax regime in the Nigerian telecommunication sector has resulted in the response from the international telecommunications firms. Interviewees of each of the case companies have outlined how they respond to the arbitrary taxes imposed on them by the different levels of government. The following are some of the comments attributed to some of the interviewees from each of the case companies.

“Like a particular state, asked us to pay N500, 000 000 (£1million), for a tax that is illegal...so, eventually, you may give them N500K to get them off your back. It’s just extortion” (Regional Operations Director, Case A).

“One of the ways operators react is to get consultants who will be able to step in to find common ground and to find a solution” (Manager Technical Project Delivery, Case B).

So, sometimes what we consider is that for how long will I continue to lose money for as long as this matter is in court. We need to balance the suit in court and the company’s operations. So we have to find a common ground” (Senior Project Customer Manager, Case C).

“Discussions have been going on for years; we see some of the government of the state are stepping down on some of these levies they charge” (Analytic Based Commercial Senior Strategic Manager, Case D).
These comments demonstrate the responses from each of the case companies, showing how they respond to the demand for tax in diverse ways. Case A and C engage in bribery to reduce the amount of time wasted in negotiating with state government officials, whereas Case B engages the services of consultants to lobby the state government on the company’s behalf, while also talking to the regulator, the NCC, to intervene. However, this lobbying requires bribery at some point because some of the people that talk to the government officials demand a bribe. Case D engages directly with the state government regarding the impact of taxation to attempting to educate them on the negative impact of disrupting network deployment.

Moreover, all the interviewees from the four case companies suggested a form of negotiation and engagement with the stakeholders. Findings from interviewees in government further corroborated the views of the interviewees in the case companies. Interviewees at the NCC suggested that having discussions with state governors through the governors’ forum (association of state governors) was the best way of curbing the arbitrary taxation. One interviewee said:

“On the issue of multiple taxations we started by approaching the governor's forum and telling them that instead of each local government taxing this person, why don’t you have one body where everyone goes to if it has to do with Mast. We encourage a one-stop shop where everyone goes and don’t tax for the sake of taxing. Because it goes back to the consumer, who will suffer for it. We at this end always talk to the state government that multiple taxations are not good for business. So some governors try to do something about it” (Assistant Director, NCC).

This finding shows that the NCC is suggesting to the state government the need to have one department in the state that handles all issues of multiple taxations. What this indicates is that the NCC is rather weak when it comes to stopping in its entirety
the issues of taxations. In support of this finding, the Executive Vice Chairman of the NCC, Professor Umar Garba Danbatta commented in a newspaper article (Thisday, November 2015), that the NCC is involved in discussion with relevant stakeholders to reduce the issue of multiple taxations. The report states that:

“So we have decided to engage all stakeholders especially other arms of government in order to cushion the pains operators go through, as a result of multiple taxes” (Thisday November 2015)

The findings from the case companies and the government illustrate that the operators engage with the regulators and the regulators, in turn, engage with the government either at the federal level or through the governors at the state level. Consequently, different forms of institutional actors are identified as being responsible for conferring legitimacy on the operations of the international telecommunication firms.

*Proposition 9: The unstructured taxing system, which provides different levels of government department powers to tax led to an arbitrary implementation of tax on the international telecommunication firms.*

5.3.4 The impact of the economic recession and lack of access to foreign exchange

The Nigerian economy is a mono-economy where eighty percent of its production is largely dependent on the crude oil production. Between 2015 and 2016, there was a fall in the global oil production. This led to the country falling into economic recession in 2016. The World Bank Investment Report (2017, p.45) shows that oil output from Nigeria “declined to a historic low in 2016, and the country fell into recession for the first time since 1991”. This impacted on the level of foreign exchange the country earned for exporting oil. A report by the Financial Times on the shortage of foreign currency in Nigeria shows that the government of Nigeria
was grappling with a severe foreign currency shortage (crisis)” (Fick, 2016). As a result, the value of the naira plummeted leading to a weak naira against the dollar.

Another report in the Financial Times indicated that:

“Restrictions on imports and the tight control of the foreign exchange market including its artificially pegged foreign exchange rate led to worst economic crisis Nigeria has experienced in generations” (Fick 2016, p. 1)

This suggests the policies by the Central Bank of Nigeria contributed to worsening the economic recession. Interviewees were of the opinion that lack of access to foreign exchange affected their expansion in Nigeria because they earn in nairas and import most of their infrastructure using dollars. Therefore, as the currency was devalued more naira were required to acquire the same amount of dollars to pay their foreign partners. Interviewees at Case B commented:

“One major factor this year, at the beginning of this year is forex. Forex is playing a huge role. Regarding our CAPEX, equipment must be imported. We are earning this money in Naira, so because of the crash of naira against the dollar. It is a serious setback for the operators because you have a situation whereby the operators are spending millions of dollars on their offshore contract to bring in equipment and all that. Now they need billions to be able to continue with the same level of expansion they have been doing, they only thing is the crash of naira. So forex is a huge factor right now” (Manager Technical Project Delivery Case B).

This comment shows that one of the major challenges facing the company in the year 2016 was the issue of access to foreign exchange, as this is required for the purchase of infrastructure and equipment used in building the telecommunication masts, which is a requirement for expansion. Another interviewee at Case C supported the comments of the interviewee in Case B by saying:
“Recently because of the fluctuating nature of the foreign currency, that inflow has to a large extent have been affected so what we now see is the problem of inappropriate pricing of the project” (Senior Customer Project Manager Case C).

This suggests that the impact of an unstable foreign exchange led to fluctuations in the pricing of telecommunication infrastructure for the telecommunication firms, where prices of equipment are no longer stable, but fluctuate due to the unstable Nigerian economy. Comments by officials of the NCC also reiterated comments from the interviewees at the case companies by saying:

“The one that is trending now is the issue of lack of foreign exchange because most of this equipment are imported from abroad. Nigeria is in economic recession; forex foreign currency is very scarce. The exchange is high, you cannot optimise and upgrade your facility as at when due because of foreign exchange, and this will affect the quality of service” (Assistant Direct, NASS)

This comment demonstrates that the international telecommunication firms rely on imported telecommunication equipment, but because of the scarcity of foreign exchange they are unable to upgrade telecommunication facility to deliver the quality of service to their customers. The comments by the interviewees were further supported by the World Bank Investment report (2016) that shows that the Nigerian economy is “weighed down by lower commodity prices and flattering local currency”. Similarly, a report in the Financial Times suggested that Nigeria has experienced “significantly reduced foreign reserves and a concomitantly weaker currency” (Fick 2017, p. 3). This, therefore, suggests that the lack of foreign exchange by the country led to a scarcity of US dollars in Nigeria’s foreign exchange market, which made it impossible for telecommunication firms to access foreign currency that would have enabled them to import equipment. These findings
as reported by the interviewees and the report provided by the World Bank and the
Financial Times, therefore, demonstrate that the lack of access to foreign exchange
due to the economic recession impacted on the international telecommunication
firms’ ability to expand their network facility in Nigeria.

Proposition 10: the lack of access to foreign exchange due to government
policy will greatly influence importation of telecommunication equipment
at post-entry.

5.4 Summary of findings
In this chapter, the findings based on proposition developed in Chapter 3 and the
emerging findings from the analysis conducted on the dataset were presented. The
emerging findings are the infrastructural challenge, community challenge, the
impact of taxation, and the lack of access to foreign exchange due to the economic
recession. The factor of infrastructural and community challenges are considered
informal institutional factors due to the way they influence the activities of the
international telecommunication firms. For instance, the infrastructure is damaged
due to a criminal act of individuals in the society, which is significant in illustrating
the cultural values of the people, regarding what they consider wrong or right in the
society. The informal institution of community has become important because of
their influences. The influence of these communities differs along a regional
dimension in Nigeria. For example, the demands of the people in the North are
different from the South. While the North prohibits men from seeing their wives
and daughters, the South demand payment for violating the shrines where they
worship their deities.
It was found that although the same community influences the telecommunication firms (see table 5.2), how they respond differ. For example, Case A and B adopted bribery as a way of gaining legitimacy with regards to the demands of the community. Literature emerging from the home country of Case A and B suggest that corruption is perceived as a normal practice and therefore tolerated. This might be the reason managers in host country of Nigeria are disposed to giving bribe. However, in the case of Case C and D, interviewees suggested that they have chosen corporate social responsibility as a strategy to develop an affinity with the community, thereby maintaining legitimacy. The reasons for the influence of the community members were also revealed, which was to benefit from the profit of the telecommunication firms. Indeed, the financial demands increased in proportion to the apparent success of the telecommunication firms.

The influence of the impact of taxation and foreign exchange are considered as formal institutional factors. The taxes are imposed by the formal institution, which is an arm of the government. Although the state government has the right to impose taxes, the interviewees complain that these taxes are not coordinated because the different levels of government impose taxes as they deem fit. In addition, the taxes are imposed arbitrarily, thereby providing the opportunity for the telecommunication firms to bribe officials rather than pay the actual amount. This bribery is one of the ways firms respond to the issues of the taxes. Other ways include engaging with the state governors to educate them on the need to reduce the taxes. The lack of foreign exchange due to the economic recession as a result of a crash in the oil prices made it impossible for the telecommunication firms to procure telecommunication equipment. As a result, the telecommunication firms needed to put a hold on capital expenditure and wait for the economy to improve before they
continued on their expansion. Figure 5.1 provides a summary of the factors that influence the post-entry expansion of firms and the responses from the telecommunication firms.

Figure 5.1 Findings on the factors influencing the post-entry of international telecommunication firms

Source: Developed by the author for this thesis.

Figure 5.1 shows the summary of the institutional factors that influence the post-entry expansion of international telecommunication firms in Nigeria. These factors as highlighted in Table 5.1 show that the international telecommunication firms are all influenced by the prevailing factors within the institutional environment in which the firms operate. The figure also shows that the influence of these factors has attracted responses from the firms. As highlighted in table 5.2, the firms adopt different ways to respond to the influence of the institutional factors.

Table 5.1 Similar factors influencing international telecommunication firms’ post-entry expansion
In table 5.2 case companies that adopt similar ways of responding to the demands of the institutional actors are highlighted with the symbol “✓” and those that do not adopt similar ways are highlighted with the symbol “X”. The table shows that Case A and B adopt bribery to respond to demands of the companies, whereas Case C and D claimed they do not, but liaise with the communities even providing CSR schemes for them. The four case companies adopt engagement strategy because interviewees alluded to the fact that they have established regulatory units to engage with the government officials. In addition, all the case companies adopt the process of lobbying, which is a form of engagement rather than compliance over issues they believe they can negotiate with the government. Overall, these factors and the corresponding response from firms identified in this thesis show the importance of post-entry for international firms and in particular the international telecommunication firms in the Nigerian market.
Table 5.2 Different responses to institutional factors

<table>
<thead>
<tr>
<th>Firms Factors</th>
<th>Case A</th>
<th>Case B</th>
<th>Case C</th>
<th>Case D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bribe given to communities</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Engagement with government</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>(Consultants, liaison</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>officers and regulatory units)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outsourcing</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Home country government</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Lobbying</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Complying</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>CSR</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Bribes given to government</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>officials</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liaison departments for</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>community demands</td>
<td></td>
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</tbody>
</table>
Chapter 6 Discussion chapter

6.1 Introduction

In this chapter, the findings are further discussed with the research questions of this thesis in mind. These are the research questions.

1) What are the institutional factors that influence the post-entry expansion of emerging market telecommunication firms in Nigeria?

2) How do the identified factors influence the international telecommunication firms and how do firms respond to these factors?

3) How do the identified factors contribute to the process of firm’s internationalisation in an institutional setting of an emerging African country?

The following sections will present a discussion of the findings, where section 6.2 will locate the findings within previous conceptual and empirical literature. Section 6.3 will present the conceptual framework of the thesis and section 6.4 will then summarise the chapter.

6.2 Discussions of findings and links to previous literature

This section will discuss the findings in relation to previous conceptual and empirical literature presented in Chapter 3 of this thesis. Thus, locating the findings within theories and established concepts. The discussion is organised using the pillars of institutions, which includes regulatory, normative and cultural-cognitive institutions (Scott 1995, 2013). Firstly, section 6.2.1 will present the regulatory pillars found in this thesis. Secondly, section 6.2.2 will present the normative
institutions. Finally, section 6.2.3 will present the cultural-cognitive institutions. The discussion will also involve the approaches the international telecommunication firms have adopted to respond to the demands of the institutional actors to enhance their legitimacy.

6.2.1 Regulatory institutions

This section explains the influence of the regulatory pillars of institutions. These are the political influence, the impact of arbitrary taxation, the political instability, multiple regulations, the impact of economic recession and foreign exchange policies of the Central Bank of Nigeria (CBN). These factors are organised under the heading regulatory institutions because they have the power to monitor and sanction the activities of the telecommunication firm (Scott, 2014). Therefore, influencing the post-entry activities of the international telecommunication firms.

6.2.1.1 Political influence

The analysis of the findings on the influence of political factor on the international telecommunication firms’ expansion at post-entry provides evidence that contributes to the extant literature on the role of a political factor on firms’ internationalisation. Political factors have been found to be an important consideration when international firms seek investment in the foreign market (Guler and Guillén, 2010; Aguiar et al., 2012). In fact, a major preoccupation of previous studies has been on the stability of the political system determined by the availability of strong democratic norms and tenets (Mudambi and Navarra, 2002; Busse and Hefeker, 2007; Jensen, 2008). The presence of such democratic ideals in
host countries are determinants for the level of investment that the host country can attract (Asiedu, 2006; Cleeve, 2012). In line with previous studies, the case of Nigeria provides additional important insights. For example, although the country has successfully sustained a democratic system since 1999, which has contributed to the liberalisation of the sector and paved the way for the entrance of the international telecommunication firms, the findings in this thesis show that politicians in the government influence in a negative way how the international telecommunication firms expand in the country.

The findings of this thesis are also consistent with those of Levy and Spiller (1994) and Henisz and Zelner (2001) who found that the development of telecommunication infrastructure in host countries relies on the ability of that country to curb the interfering behaviour of government officials. The politicians are the political office holders who constitute multiple institutional forces within the formal political system in Nigeria (Scott, 2014). The politicians include those in the presidency and the members of the National Assembly at the federal level. Others include state governors and local government council chairpersons at the state level.

The politicians in these government departments have been found to influence the expansion of telecommunication firms by demanding that base stations comprising telecommunication masts be built in their villages with total disregard for the actual expansion plans of the telecommunication firms (Suchman, 1995; Scott, 2014). The findings support the assertion of Scott (2014) and Deephouse et al. (2017) that there could be several audiences that challenge the legitimacy of an organisation and require their demands to be met. In addition, the activities of these individual actors constitute what Lawrence and Suddaby’s (2006,
2011) refers to as institutional works, which focuses on the ability of actors/individuals to impact on the institutional environment. Hence, the demands from these politicians constitute a challenge to the smooth operations of the international telecommunication firms, because each places a different demand on the firms.

The actions of the politicians constitute a negative impact on the network expansion in Nigeria as it prevents uniform expansion of telecommunication infrastructure in the country. Therefore defeating the purpose of setting up the Universal Service Provision Fund (UPSF), which principally caters to the expansion of the telecommunication infrastructures to poorer rural areas. The findings in this thesis are contrary to findings by Andonova (2009) who found that the telecommunication firms at entry are not affected by political institutions because only a minimal amount of firm’s resources are required by telecommunication firms to enter a foreign market. The findings in this thesis demonstrate that in addition to the huge amount of money required to purchase spectrum licences in Nigeria, the international telecommunication firms are also involved in building base stations comprising telecommunication masts/towers in the process of expansion in the country, which are undermined by the interest of the political establishment (Levy and Spiller, 1994; Henisz and Zelner, 2001). Therefore, what the findings further suggest is that even if there is stable political environment as advocated by past studies, the actions of politicians in the host country can undermine the expansion of the international telecommunication firms in that country (Gutiérrez and Berg, 2000; Mudambi and Navarra, 2002; Guler and Guillén, 2010).
The influence of the politicians was also prominent in the sanction imposed on Case D, which although lawfully enforced under the NCC regulatory Act was revealed to have been motivated by personal gain on the part of certain politicians (Scott, 2014). One of the reasons, in fact, for imposing the sanction was the refusal of Case D to be listed on the stock exchange, a move which would have proved very lucrative for the members of the government as they can buy shares in the company. The refusal of Case D to be listed caused the people in government to instigate the regulators to impose sanctions on the company (Scott, 2014). Indeed, the pressure by the political class on the regulatory body has influenced the way they regulate the sector. Current reports in the media as presented in the preceding chapter have shown that steps are currently being taken by Case D to be listed on the Nigerian Stock Exchange to appease the politicians. Case D, satisfying the demands of the politicians is a form of “role performance” according to Ashforth and Gibbs (1990), who suggested that firms can target some constituent members to fulfil their expectations because their survival is dependent on the approval of these constituent members.

Consistent with the studies of Suchman, (1995) and Deephouse et al. (2017), the international telecommunication firms have started to develop strategies to maintain and repair legitimacy in the face of demands from the politicians in the Nigerian government. At post-entry, the international telecommunication firms have devised diverse strategies to enhance legitimacy at the federal level. In the federal level, the international telecommunication firms maintain and repair legitimacy through complying with the demands of the politicians as non-compliance attracts penalties (Suchman 1995; Scott 2013; Deephouse et al., 2017). Sometimes these responses include the act of bribery, which is consistent with the
strategy of “perceive change” of Suchman (1995, p. 594) who suggests that firms can develop a form of relationship with constituent members to avert future challenges. Therefore, the act of bribing the politicians can prevent them from receiving further demands, thereby maintaining legitimacy.

The evidence on Case D shows how the company draws on the support of its home country institution to repair legitimacy (Suchman, 1995). The company has developed the strategy of seeking help from their home country’s political establishment to enhance their dominance in the host country. In the case of reducing the fine by the regulatory body, Case D had to call on their home government to put pressure on the government of Nigeria to intervene. As a result, the fine was reduced to N300 billion ($2 billion) from N1.1 Trillion ($5 billion), and payment was allowed to be made in instalments over a period of one to three years. It is important to note that this process of the company calling on the home country government to intervene in their operations in Nigeria to repair legitimacy in the host country contributes to previous literature on legitimacy (Kostova and Zaheer 1999; Kostova and Roth, 2008; Deephouse et al., 2017). Though there is little written on it, recent empirical work within the legitimacy theory has begun to draw attention to the relevance of the home country in subsidiaries’ behaviour (e.g. Balogun et al., 2017).

Balogun et al. (2017) argued that rather than focus on the external institutions in host countries and how they determine a firm’s legitimacy, the internal legitimacy of the firm including those at the head quarters should be given priority as well. However, the findings of Balogun et al. (2017) was limited to home country headquarters’ internal structure. The findings of this thesis extend their work demonstrating that home countries’ institutions such as government should be
given importance as they can help to repair the legitimacy challenge faced by international subsidiaries as evidenced in Case D.

6.2.1.2 The impact of arbitrary taxation

Similar to the actions of the politicians at the federal level, the governors and local government council chairs at the state level demand taxes and levies. This again is a contentious issue within the Nigerian telecommunication sector, because the state headed by the governors have the constitutional right to tax businesses within its jurisdiction. However, it was reported that since the telecommunication is under the exclusive list, where taxes are paid to the federal government, they are not suppose to pay taxes to the state government as well. This shows that there is a lack of coordination regarding the tax system within the Nigerian telecommunication sector. Consistent with studies on institutional theory, since both the federal and the state government are policy-making bodies and constituted authorities empowered by the law, they have powers to compel the telecommunication firms to comply with their demands (DiMaggio and Powell 1983; North, 1990; Scott, 2014).

Further search for deeper understanding into the actions of the state governors reveals the main reasons why these taxes have been imposed. It was reported that the state government were demanding the tax based on the assumption that the telecommunication firms were making a huge profit and that they were therefore entitled to a share of this profit (Suchman, 1995; Deephouse et al., 2017). What this means is that the international telecommunication firms are seen as sources of revenue to fund state projects.

Consistent with the literature on legitimacy the international telecommunication firms have started to develop strategies to maintain and repair
legitimacy in the face of demands from the state government (Suchman, 1995; Deephouse et al., 2017). There was significant evidence to demonstrate that the four case companies have developed different means to respond to the demands of the state governors. This is done in two informal ways. One way involves bribery, and the other involves engagement. For instance, Case A and C bribe the governors, whereas Case B and D employ the services of consultants to urge the governors to stop interfering in the operations of the international telecommunication firms. As reported in the findings, interviewees both at the government and at the case companies suggested that whenever there is an issue, all the parties involved engage in resolving it. These informal ways of maintaining legitimacy are consistent with previous literature that suggest strategic ways of gaining legitimacy (Suchman, 1995; North, 1991; Scott, 2005; Deephouse et al., 2017).

The findings further corroborate the idea of role performance to maintain legitimacy (Ashforth and Gibbs, 1990). Role performance by international telecommunication firms consists of meeting the demands of actors such as the state governors who they rely on for expansion within the state. This finding reflects those of Goodstein and Velamuri (2009) who found that political institutions are an important element in maintaining telecommunication firms’ legitimacy. Indeed the findings in this study support the claim of Sarkar et al. (1999) who suggested that since the nation-state political institution grants access and determines how the telecommunication firms may behave in post-entry, it is necessary to develop strategies to manage the political process that comes after entry.
6.2.1.3 Political instability

There is evidence of political instability disrupting the post-entry expansion of the telecommunication firms emanating from the northern and the southern part of the country. The evidence from the North and the South regarding the subnational influence of political instability is consistent with those of Ma et al. (2013) and Chidlow et al. (2015) who suggested that the sub-national environment is a key instrument in determining subsidiaries’ survival in host countries.

In the Northern part of the country, the Boko Haram insurgent group destroys telecommunication firms’ transceiver base stations (TBS). The impact of this terrorist activity is far-reaching, as most opportunities for growth are not in major cities like Abuja or Lagos but areas like the North-west and the North-east of Nigeria. However, these are the regions engulfed in terrorist activity. The reason of the continued attacks on the telecommunication infrastructure is the collaboration between the government security agents and the telecommunication firms who trace and monitor the movement of the terrorist groups, hence the destruction of base stations belonging to the telecommunication firms.

As recently as the 15th of December 2017, as the discussion chapter in this research is being drafted, the government of Nigeria approved an additional $1 billion for the military to fight the insurgency from the North. This indicates that the instability in the northeastern part of the country persists and with no foreseeable end to the insurgency; thus precluding any possibility of a stable or safe environment for the telecommunication firms to invest in or continue expansion (Asiedu, 2006; Aguiar et al., 2012).

The southern part of the country is a prosperous region due to the significant crude oil reserves. However, the region is unstable due to the presence of militants,
who bomb the oil pipelines. The militants argue that the government and the oil multinationals have neglected the region and ignored the damage done to their farmland and rivers because of oil spillages. The militants view the telecommunication firms as equally exploitative as the oil multinationals, so telecommunication staff are kidnapped, and ransoms demanded before they are released.

These findings both from the North and from the South contribute to previous studies which found that political factors hamper FDI (Levy and Spiller, 1994; Henisz, 2001; Dai et al., 2013; Osabutey and Okoro, 2015; Dai et al., 2017). The findings in this study show that the impact of political instability is not only at the point of the decision to invest but even after the telecommunication firms have commenced operations (Asiedu, 2006; Aguiar et al., 2012). The use of violence by the Boko Haram and the militants supports the findings of Grymala-Busse (2010) who has demonstrated that informal institutions such as these do not have legal recognition and so enforce their demands through violence.

In order to survive in the face of the attacks from the Boko Haram and the militants, the telecommunication firms have responded to the political instability in the North and the South in different ways (Ma et al., 2013; Chidlow et al., 2015). In the northern region, due to violent attacks on property and staff by the Boko Haram, the international telecommunication firms have abandoned the sites and region. This is consistent with emerging literature on conflict zones (Dai et al., 2013; Dai et al., 2017). Dai et al. (2013) and most recently Dai et al. (2017) found that in order to cope with external threats, it is best for multinationals that operates in conflict zones to exit the region with less consideration to their valuable resources because these resources can become liabilities. However, in the southern part of the
country, due to the agitation by the militants resulting from years of neglect by both the oil multinationals and the government, the companies respond by recruiting security guards or the indigenes of the area to protect the base stations, which are attacked frequently. This finding from the southern part of the country, therefore, provides evidence to support the strategy of “protecting achievement” as suggested by Suchman (1995, p. 595) whereby organisations can increase their legitimacy by putting up a mechanism to ensure that the legitimacy already obtained is secured.

6.2.1.4 Multiple regulations

This thesis found evidence to suggest that regulatory factors influence the post-entry expansion of the international telecommunication firms. These findings extend previous studies on firms’ internationalisation that suggest that regulatory factors are an important determinant in the internationalisation of firms and the international expansion of telecommunication firms at entry (Kaufmann et al., 1999; Daude and Stein, 2007; Clifton, Comin and Diaz-Fuentes, 2011). Daude and Stein (2007) found that policies that are unpredictable and a regulatory burden discourage investment. Kaditi (2013) built on the studies of Daude and Stein (2007) to argue that although regulatory policies in host countries ought to be predictable, there is also a need to consider the quality of such regulatory policies.

This thesis demonstrates that, indeed, regulatory factors have an impact on international telecommunication firms both at post-entry (Levy and Spiller, 1994; Globerman and Shapiro, 2002; Bevan et al. 2004; Gutierrez, 2003; Comin and Diaz-Fuentes, 2011; Kaditi, 2013). For instance, the multiple regulatory agencies in the Nigerian telecommunication sector were not prominent at the entry stage but became an important factor influencing the international telecommunication firms
after seven years in the sector. As highlighted by the interviewees, the functions of both the NCC and the NESREA, who both possess enforcing mechanisms that monitor and sanction non-compliance to directives, conflicts with one another, thereby making it difficult for the international telecommunication firms to determine whose regulatory guidelines to adopt (Scott, 2014). This multiple regulatory environment constitutes an unpredictable regulatory burden not envisaged by the international telecommunication firms (Daude and Stein, 2007; Panayides et al., 2015; Deephouse et al., 2017).

The findings of this thesis demonstrate that there are conflicting demands that emanate from within one institutional pillar, the regulative pillar. In particular, the findings show that there are conflicting directives from the two regulatory agencies, the NCC and NESREA. Thus, showing that within an institution, there could be contradicting elements that may undermine the survival of international telecommunication firms in an institutional environment. This finding contributes to literature on intra-institutional complexity from the context of the Nigerian telecommunication sector (Meyer and Höllerer, 2014; Meyer and Höllerer, 2016). Meyer and Höllerer (2016) found in their investigation of shareholder value and corporate social responsibility among listed corporations in Austra that firms can experience intra-institutional complexity, which is when conflicting institutional demands exist within the same institutional actor. Their study focuses on delineating the complexity within the different models of the market economy practiced in Austra. The findings in this thesis contributes to the findings of Meyer and Höllerer (2016) by drawing attention to complexity within a government regulatory establishment and suggesting that this is even more important given the current drive for a transparent regulatory environment in the emerging economies.
In addition to their contribution on institutional complexity, Meyer and Höllerer (2016) argue that firms can respond to intra-institutional complexities by declaring commitment to demands from each actor. However, the findings in this thesis shed more light on how firms can respond as declaring commitment to both agencies within the regulative pillar may not be enough. In the context of Nigeria, because of the confusion on whose directive to abide with, the firms respond by constant engagement with the main regulatory body, which involves lobbying them to make a compromise with the rival agency, the NESREA.

The findings of this thesis found evidence contrary to previous studies that suggest that regulatory institutions are not enough to explicate the international expansion of firms (Akpan, Isihak and Asongu, 2014; Farla, Crombrugghe and Verspagen, 2016). Farla, et al. (2016) found that there has not been sufficient evidence to show that institutional regulatory factors matter to international firms, because these firms have links to government officials that lessen the burden that come with the process of regulation. However, the findings of this thesis support literature on the internationalisation of firms that has found evidence to show that lack of attention to the regulatory institution in the host country can discourage investment (Levy and Spiller, 1994; Globerman and Shapiro, 2002; Gutierrez, 2003; Daude and Stein, 2007; Kaditi, 2013).

The findings in this thesis support the position of Suchman (1995), Kostova and Roth (2008) and Deephouse et al., (2017), who suggested that firms could select a particular audience that is an institutional actor to satisfy their demands. In the case of Nigeria, it has been found that there are benefits in choosing strategical ways to interact with a regulator as the two regulators are equally powerful and there are constant battles for supremacy over who is to control the sector. Therefore, the
international telecommunication firms develop the strategy of conformity and compromise to maintain legitimacy within the institutional environment. This is in accordance with previous literature that suggests that firms can respond to the demands of an audience through conformity, which refers to the adoption of arrangements required by the constituent members (Oliver, 1991; Suchman, 1995). The international telecommunication firms conform to the demands of NESREA, who legitimise their operations. However, they lobby the NCC to engage in discussion with NESREA on their behalf, which is consistent with the strategy of manipulation, a deliberate and tactical avoidance of institutions, as suggested by Oliver (1991) and Suchman (1995). According to interviewees at the NCC (see section 5.2.3), this may be because regulations are “collaborative” rather than being forced upon the firms. In this way, the different stakeholders make compromises, which is a negotiation between two conflicting authorities within the sectors as seen in the findings where the NCC and NESREA came to an understanding regarding the setback of telecommunication masts (see section 5.2.2).

Through the process of lobbying and engaging with the regulator, the international telecommunication firms are beginning to influence the decision making process in the sector. This shows that the international telecommunication firms have become an important actor that contributes towards the development of the sector. This finding is an important one, in that it shows that through engagement the international telecommunication firms have changed the institutional environment. This is consistent with the strategy of “institutionally innovating” which suggests that organisations can proactively respond to the demands of actors to change the institutional environment (Deephouse et al. 2017, p. 24). Deephouse et al. (2017) had indicated that “institutionally innovating” is
only possible within a stable environment. The findings of this thesis demonstrate that international telecommunication firms can be institutionally innovative even in an unstable environment. Although the institution might influence the activities of the international telecommunication firms, they have managed to change the views of the audience within the formal institutional environment. As a result, the international telecommunication firms have become instrumental to their legitimacy within the sector.

6.2.1.5 The impact of the economic recession and lack of access to foreign exchange

The 2016 economic recession in Nigeria and the inability to access foreign exchange within the same period were a major challenge for the international telecommunication firms. The 2016 economic recession was largely due to the fall in global oil prices, which impacted on the expansion plans of the international telecommunication firms. The World Bank (2016) report indicated that because Nigeria is a commodity, in particular crude oil, exporting nation, the fall in global oil production has adversely impacted on the country’s foreign exchange earnings. Therefore leading to the depreciation in the value of the naira against the dollar (World Investment Report, 2016, 2017). The weakening of the naira resulted in the higher demand of dollar which was the main currency used by the international telecommunication firms to import telecommunication equipment (Fick, 2016).

Secondly, a report in the Financial Times indicated that the policies of the apex bank, the Central Bank of Nigeria, contributed greatly to worsening the foreign exchange rate challenge (Fick, 2016). It was reported that it became difficult for their company to access the dollar in the foreign exchange market as the Central
Bank increased their lending rate for the importation of products into the country. This point was supported by a report in the Financial Times (Fick, 2016) that the tight control of the foreign exchange market had pushed the Nigerian economy to crisis. It was further reported that most of the telecommunication infrastructures required for building base stations were adversely affected by the lack of access to foreign currency. Therefore, this their inability to import telecommunication equipment inevitably impacted on their strategic network plans to expand to high valued targeted areas with an increased number of subscribers. The foreign exchange and its control within the Nigerian financial system is consistent with the literature on institutional theory, where the regulative authority such as the Central Bank of Nigeria has the powers to make policies that can adversely impact on the performance of firms (North, 1990; Scott, 2010, 2013). In response to these foreign exchange challenges, the international telecommunication firms decided to put a hold on further expansion pending improvement in the policies of the Central Bank of Nigeria.

6.2.2 Normative institutions

The influence of normative institutions comprising market factors and firm level factors contributed to influencing the post-entry expansion of the international telecommunication firms in Nigeria. These are discussed in the following sections 6.2.2.1 and 6.2.2.2 respectively.
6.2.2.1 Market factors

The market factor, demand has been found in this thesis to influence the post-entry expansion of the international telecommunication firms in Nigeria. These findings are in line with previous findings from the literature on firms’ internationalisation and those of international telecommunication firms that highlight the importance of market size to international firms (Brouthers et al., 2008; Jadhav, 2012; He et al., 2015). Jadhav (2012), after analysing panel data from Latin America, observed that market potential in the host market is an important determinant for international firms that seek investment in host countries. However, other studies suggest that it is important that international firms link the market potential in the host market to policies of the government in that specific sector or industry. He et al. (2015) and Ozturk et al. (2015) maintained that in addition to seeking opportunities in the host market, international firms might want to align their objectives with potentials in a specific sector and the regulatory policies around the sector. The findings of this thesis contribute to extant literature by showing that the demand within the Nigerian market and the regulatory policies within the market constitute post-entry institutional factors that influence the international telecommunication firms (Sarkar et al., 1999; Chan-Olmsted and Jamison, 2001; Ozturk, et al., 2015).

The findings in this thesis are also consistent with those of internationalising telecommunication firms that found that one of the major reasons for telecommunication firms’ internationalisation is the need to satisfy international customers’ demand for telecommunication services (Lovelock and Yip, 1996; Sarkar et al., 1999; Stienstra et al., 2004). Sarkar et al. (1999) observed that the international telecommunication firms seek to satisfy international multinationals in host countries and therefore the desire to internationalise. In addition, the opening
of the international market due to the government policies on liberalisation of the market provided the opportunity and the avenue to expand (Stienstra et al., 2004). Thus, the opening of the market and increasing demand were a motivating factor for expansion. In the case of Nigeria, market demand from the large population, which primarily was the craving for advanced technology such as the internet and the use of social media to integrate with other parts of the world as well as to communicating with families and friends, contributed to the expansion in Nigeria.

6.2.2.2 Firm level factors

The findings of this thesis corroborate those of previous literature that highlight the importance of both the tangible and intangible resources of firms (Fuentela et al., 2015; Giachetti and Marchi, 2016). The tangible resources are principally the 3G and 4G technologies as well as the technological infrastructure and equipment at the BTS. The intangible resources are the managerial experiences of the firm. These are presented in the following subsections.

❖ Technological factors

The findings on the influence of technology in this thesis support previous studies which found that technological changes influence the increasing demand in the service sector (Dowling et al., 1994; Chan-Olmsted and Jamison, 2001). In the case of Nigeria, the current technology is 3G and 4G. This has evolved from 2G and 2.5G where only voice and SMS were possible. Today, due to innovation in global technological advancement and lower prices on telecommunication products like
smartphones and internet broadband services consumers can communicate through both voice and data (Stienstra et al., 2004; Chan-Olmsted and Jamison, 2001; Castello et al., 2016). The findings of this thesis regarding the influence of technology at post-entry is consistent with the findings of Chan-Olmsted and Jamison (2001) who concluded that innovation in telecommunication led to cheaper services and products for consumers. Similarly, the findings in this research support those of Stienstra et al. (2004) who observed that the demand for wireless communication made the wireline technology redundant, echoing the situation within the Nigerian telecommunication sector where a transformation has taken place, and consumers who were not able to access the analogue or wireline telephones are now using smartphones.

Technology in the Nigerian telecommunication sector confers legitimacy on firms that can demonstrate their capability in this field because the telecommunication firms that do not upgrade their technological capability might start to lose customers (Suchman, 1995; Deephouse et al. 2017). These findings are consistent with those of Castello et al. (2016) who investigated the support provided by the social media, in particular Twitter. The study demonstrates how corporations cope with complex and heterogeneous demands from their constituent members over the social media platform. Therefore, to maintain legitimacy in the Nigerian telecommunication sector, continuous investment in technology is an important requirement at post-entry.

❖ Managerial experience
The findings from this thesis corroborate those of previous literature on intangible resources such as the managerial experience possessed by international telecommunication firm who have a background in international operations that foster internationalisation (Marcello, 2005; Ghesi et al., 2015). In support of this argument, to safeguard tangible resources and continue to maintain legitimacy, the findings in this thesis showed that the international telecommunication firms have to deploy their intangible resources. These intangible resources are the consultants and liaison officers recruited from the communities because of their local knowledge to manage the relationship between the firm and the community members (Newenham-Kahindi, 2009; Newenham-Kahindi and Stevens, 2017). These findings confirm those of Kamoche and Harvey (2006) and those of Newenham-Kahindi (2009) who maintained that for international firms operating in Africa to be successful, they should tap into the knowledge base within the host institutional environment.

The process of harnessing knowledge from the local context in host countries can be referred to as organisational integration (Marcello, 2005). In the study of technological knowledge of telecommunication companies, Marcello (2005) observed that organisational integration has to do with managers of telecommunication firms integrating both tangible and intangible resources. This is consistent with the findings of this thesis that international telecommunication firms used the local language and religion of the people to develop telecommunication products that satisfy consumers’ demands. The findings in this thesis support studies on Africa that indicate that using local institutions can be key to a firm’s survival in Africa (Newenham-Kahindi, 2009; Newenham-Kahindi and Stevens, 2017). The use of the people’s religion and language is consistent with the findings
of Ghesi et al. (2015) who concluded that international telecommunication firms have to select a business opportunity within the industry and use its internal resources to gain leverage. It is evident then that factors embedded within the institutional environment tend to determine how firm strategise to survive in an institutional environment like Nigeria. This agrees with the findings of Barasa et al. (2017) who found that human capital and managerial experience of telecommunication firms are hugely reliant on external environmental factors like the language and the religion found in this thesis.

6.2.3 Cultural-cognitive institutions

Cultural-cognitive institutions comprise socio-cultural factors of language and religion, the influence of community members, corruption and infrastructural challenges, all of which were found to influence the post-entry expansion of the international telecommunication firms. These are presented in the following sections.

6.2.3.1 Socio-cultural factors

An interesting finding is the influence of socio-cultural factors such as language and religion on the post-entry expansion of firms (Michaloupolus and Papaioannou, 2015). Language plays a key role in various aspects of the firm’s operations from customer services and product design to marketing strategy. As a result, telecommunication firms have developed regional products and services that are appropriate for a particular community or region. Religion is another sub-socio-cultural factor that influences telecommunication firms in Nigeria. Nigeria has three
official religions: Christianity, Islam and traditional worship. With the aid of technology, telecommunication firms have developed content platforms that help customers to express their religious beliefs and affiliations through their tribal languages. Accordingly, customers subscribe to network operators that offer those products that give them an opportunity to practise their religion. This is consistent with the findings of Buckley (2002, 2014) on the need for firms to pay attention to the realities within the sub-national environment in which they are established.

The findings of religion and language confirm the studies of Ma et al. (2013) that found that sub-national regions determine the performances of foreign subsidiaries in the host market. The findings also confirm those of Chidlow et al. (2015) that the expansion of subsidiaries in the host market is tied to the location-specific advantages, which in this study are language and religion used by the telecommunication firms to gain competitive advantage. Moreover, the other studies which support this findings are those of Kamoche and Harvey (2006), Newenham-Kahindi (2009) and Michaloupoulos and Papaiosnnou (2015) that have been conducted in an African context on the importance of international firms paying attention to local institutional settings. Michaloupoulos and Papaiosnnou (2015) demonstrated in their study of a traditional African system that there is a dual institutional structure within Africa. The study explains the importance of this dual institutional structure where an informal institution exists alongside a formal one to influence it. The findings in this research support their assertion as they demonstrate how the informal institutions of language, religion and family values influence international telecommunication firms’ strategy in post-entry.
6.2.3.2 The community challenge

One of the most exciting findings in this research is the demand from the communities hosting the telecommunication masts. This finding is an important determinant of the survival of the international telecommunication firms at post-entry because communities determine the legitimacy of these firms. The findings on the influence of community are agreement with previous studies conducted in Africa (Kamoche and Harvey, 2006; Newenham-Kahindi, 2009; Zoogah, Peng and Woldu, 2015). These studies have demonstrated that the African institutional environment in present-day society is steeped in precolonial heritage (Michaloupolus and Papaioannou, 2015). The international firms that operate in the African market are advantaged or disadvantaged according to their degree of understanding of the institutional environment (Newenham-Kahindi, 2009; De La Torre-Castro and Lindström, 2010). Newenham-Kahindi, (2009) found that the understanding of the Ubuntu and Indaba cultural heritage in Southern Africa helps in the successful internationalisation of firms in Tanzania. Consistent with the findings of Newenham-Kahindi, (2009), Newenham-kahindi and Stevens (2017) found that international firms used local knowledge to their advantage in Tanzania, Burundi and Rwanda. Studies also found that the lack of understanding of the informal institutional environment can also undermine formal institutions (De La Torre-Castro and Lindström, 2010). Therefore, an understanding of the informal institutional environment, such as the influence of the community, is critical to the survival of the international telecommunication firms at post-entry.

The findings on the influence of the community make an important contribution to management literature. Studies conducted on the role of the informal institution in Africa have drawn attention to the importance of the African
context in management research (Nkomo et al., 2015). Nkomo et al. (2015) suggest that the understanding of the institutional environment in Africa can contribute to a theoretical extension in the institutional theory literature and management literature at large. Therefore, the findings of this thesis contribute to literature in management studies from the perspective of Nigeria by demonstrating that an informal factor such as the community challenge is a key consideration for international firms operating in an emerging market context.

The literature on the cultural-cognitive pillar of the institution or informal institution has argued that the formal institution, which comprises the regulative institutions such as the politics and regulations are dependent on the informal institutions because the informal institution is the foundation on which the formal institution rests (North 1990, Peng 2008, Scott 2013). Scott (2013) suggests that the three pillars of institutions can work together to ensure stability. The findings of this thesis, however, suggest the contrary. They show that the informal institutions such as the communities within the institutional environment in which the telecommunication firms operate undermine the activities of the firms. Hence, the need to understand how to manage their demands. For example, as seen in the background chapter of this thesis, Nigeria is strictly delineated into North and South geographical regions. Within the northern region, which is predominantly a Muslim and Hausa-speaking community, they forbid outsiders from seeing their wives and daughters, so those who own residential buildings prevent telecommunication staff from entering their property or prevent the telecommunication firm from building the telecommunication masts close to their property. In this way, a community with such norms and values hampers the expansion of the telecommunication firms.
In the southern part of the country, particularly in the southeast, members of the communities will demand money from telecommunication firms to appease the gods of the land. It was highlighted in this thesis (see section 2.3) that before the arrival of the colonial powers this region of the country used to practise the traditional religion, which involves worshipping idols (Michaloupolus and Papaioannou, 2015). Despite conversion to Christianity, there are still pockets of traditional worshippers within the community. In fact, some of the interviewees reported that members of the community that are still traditional worshippers had accused the telecommunication firms of killing their people, claiming that the building of masts angers the gods so much they punish the community by taking their lives. Consequently, money is demanded to make sacrifices to appease the gods.

The findings of this thesis built on the works of Buckley (2002), Ma et al. (2013) and Chidlow et al. (2015), who found that local institutions contribute to the development or establishment of foreign firms’ subsidiaries in host countries of emerging markets. In particular, Chidlow et al. (2015) showed that local institutions are locational specific advantages. In the case of Nigeria, the development of subsidiaries in the host countries is associated with locational specific disadvantages, as factors such as the northern and southern belief systems hamper expansion. The findings, therefore, contradict the literature on informal institution that has seen it as a positive tool that supports the development of the formal institution (Holmes et al., 2013; Waylen, 2014).

The findings, however, are consistent with previous studies by Grzymala-Busse (2010) and Willimas and Vorley (2015) which also found that informal institutions undermined the development of the formal institutions. Therefore, the
findings of this thesis provide additional support for these extant studies by showing that the communities hosting the telecommunication masts constitute a huge challenge to the post-entry expansion of the international telecommunication firms, by demanding unlawful amount of money and obstructing their plans on building telecommunication masts. It could be argued that this is largely due to the negligence of the telecommunication firms. Had they taken note of the experience of the oil companies with communities, they could have developed a proactive response and possibly avoided this situation.

More in-depth analysis of the data suggests there is an underpinning mechanism that has caused a change in the attitude of the community members. In the past, this same community were hospitable, celebrating the launch of the telecommunication network in their villages. The celebration and the act of hospitality were due to access to telephone technology as the members of the communities were happy that they could communicate with friends and families in other cities and in urban areas. Another reason is that this was the period mobile telecommunication technology was being introduced in the country, so everyone wanted to be among the first to own a mobile phone. The legitimacy gain at this time was lost when the community members discovered that the telecommunication firms generate revenue from the telecommunication mast. Thus, in the last ten years, they have started to demand money. This attitudinal change is similar to that of the political office holders, in that the communities believe that the telecommunication firms are making money from the community by locating their mast there. This suggests that the communities’ recourse to religion is merely an excuse. To describe the way the community sees the telecommunication firms some interviewees used the term “cash cow”. This finding supports the studies of Deehouse et al. (2017)
which states that timing is significant in conferring legitimacy on the organisation. The audience that confers legitimacy today might decide to change tomorrow, which is the case of the communities hosting the telecommunication mast (Deephouse et al., 2017).

The international telecommunication firms are responding to the community demands to gain and maintain legitimacy within this community. The findings in this research illustrate that the telecommunication firms respond to the demands of the community in different ways. These include the creation of departments within the firm whose primary responsibilities are to liaise with the community members in order to cater to the needs of the community through bribery and adopting an ethos of CSR. CSR involves building hospitals, roads and community centres in order to develop an affinity with the community. Interviewees pointed out that this has helped in reducing the community demands. The adoption of CSR is a form of “perceiving change” strategy which has to do with the ability of the international telecommunication firms to develop ways to prevent future occurrence by developing ways to connect with the environment (Suchman 1995, p. 595). By engaging in these social acts, an affinity is developed between the companies and the communities. Therefore, through these endeavours, international firms’ legitimacy is enhanced.

These findings show that the international telecommunication firms have both legal and illegal ways of maintaining legitimacy. The illicit use of bribery to maintain legitimacy is contrary to other findings that have suggested the importance of creating a department within an organisation to maintain legitimacy (Trevino et al., 2014). In the study conducted by Trevino et al. (2014), it was found that it is important to create a department of ethics and compliance to manage corporate
scandals and respond to pressure from a normative institution. However, in the case of the Nigerian telecommunication sector, the international telecommunication firms have created a department with the sole responsibility of liaising with the community leaders to bribe them (see section 5.3.2 the case of Case B and C). This is in line with the strategy of protecting legitimacy as this will ensure that the already gained legitimacy is sustained (Ashforth and Gibbs, 1990; Suchman, 1995).

Interviewees also reported that the department designated for the purpose of bribery is allocated a special fund called the “community purse” for the companies to maintain legitimacy within the community. The use of liaison officers who are members of the community by the departments within the case companies is consistent with the findings of Kamoche and Harvey (2006) who suggested the need for international firms to adopt local knowledge to enhance performance. Additionally, the findings in this research are consistent with other recent studies in Africa, which have drawn attention to the uniqueness of the African institutional environment (Zoogah et al., 2015 and Nkomo et al., 2015). Zoogah et al. (2015) and Nkomo et al. (2015) concluded that the distinct African environment could contribute to how effectively a firm operates. The findings regarding liaising with community leaders also reflect those of Michalopoulos and Papioannou (2015) who found that recognising ethnic authorities and traditional chiefs in an African setting is a prerequisite to gaining support from the local people. Indeed, studies (e.g. Meyer et al., 2011; Buckley, 2002) on multinationals’ foreign activities have stressed the importance of embedding local realities within the host country into organisational practice. Therefore, the findings from the perspective of Nigeria broaden our understanding of firms’ foreign expansion in an African setting and emerging markets at large.
6.2.3.3 Corruption

Corruption has been found in this thesis to be a major influence on international telecommunication firms in Nigeria at post-entry. Existing studies in international business and telecommunication firms’ internationalisation have documented evidence linking firms’ internationalisation process and corruption at entry (Collins and Uhlenbruck, 2004; Spencer and Gomez, 2011; Hauser and Hogenacker, 2014; Uhlenbruck et al., 2006; Sutherland, 2007, 2011). The findings in this thesis contribute to previous studies by emphasising the corruption at the post-entry phase of the international telecommunication firms.

Although previous studies have demonstrated that corruption is widespread in developing countries and international firms with strong anti-corruption laws in home countries may not engage in corrupt activities in host countries, studies have also demonstrated that the international firms may use local partners to participate in corrupt acts (Spencer and Gomez, 2011; Yi et al., 2018). Spencer and Gomez (2011) observed that rather than contact international firms directly, host countries’ government officials usually demand a bribe from their local partners. Thus, subsidiaries use local partners to avoid direct links with the company. These findings are supported by Yi et al. (2018) who found that for reasons of personal gain managers of subsidiaries tend to take advantage of lax laws in host countries to engage in corruption. The findings of this thesis show support for the findings of Spencer and Gomez (2011) and Yi et al. (2018) in that there is wide spread use of local employees and people that have an understanding of how the institutional environment works to perpetuate acts of corruption within the post-entry in Nigeria. These findings would suggest that despite arguments that international firms do not
engage in corruption due to home countries laws such as Foreign Corrupt Practices Act or the OECD convention on combating crime, indirectly, through the use of partners that understand the environment, they do in fact commit acts of corruption (Rose-Ackerman, 1999; Kieg et al., 2015).

In international telecommunication literature, existing studies have identified high profile cases of corruption linked to the international expansion of telecommunication firms to foreign markets at entry (Uhlenbruck et al., 2006; Sutherland, 2007; Sutherland, 2011). International telecommunication firms such as Alcatel and Siemens have been linked to cases of corruption in developing countries including India, Nigeria and Costa Rica when they are seeking a contract in these countries (Sidhu, 2009; Sutherland, 2011). The findings in this thesis show that there are reported cases of corruption at post-entry as the international telecommunication firms seek to expand within the host country, Nigeria. For instance, politicians use their positions to coerce the telecommunication firms to build telecommunication masts in their villages for their political gains (see section 5.2.1). Another example is members of the communities demanding money from the telecommunication firms before work can be carried out on base stations.

The findings of this thesis are in line with those of Egger and Winner (2005), Kieg et al. (2015) who show that international firms from developing countries are easily found to engage in corruption in host countries. It was reported that due to the normative and cultural-cognitive perception within the Nigerian society, it is usual to demand bribes from international firms. Since the emerging market telecommunication multinationals are from similar institutional environments like Nigeria, where the institutions are weak, they may be disposed to giving bribes (Collins and Uhlenbruck, 2004; Hauser and Hogenacker, 2014). The interviewees
perceive bribery to be an unethical activity. However, they suggested that it was necessary to engage in them, as it ensures the smooth operation of the business in the context of Nigeria. Literature has suggested that payment made to foreign officials, known as grease money, can help to facilitate operations in foreign markets (Cuervo-Cazurra, 2016). Therefore, in order for the international telecommunication firms to operate efficiently in Nigeria, it would appear that payment to officials in the Nigerian telecommunication sector is a requirement.

6.2.3.4 Infrastructural challenge

The findings on the lack of power (electricity), theft and vandalism indicate these are significant elements influencing the post-entry of international telecommunication firms in Nigeria. These are discussed in the following subsections.

❖ Power infrastructure

One important finding is the influence of electricity, which is referred to as power on the expansion of the telecommunication firms. The erratic supply of electricity (power) within the country has resulted in the telecommunication firms generating their own electricity. This is done by the installation of generators to power their base stations, involving an enormous capital cost to the telecommunication firms. In addition, for the generators to work efficiently, they are required to be fuelled by diesel, which leads to additional operational costs.

In response to this challenge, the international telecommunication firms took a strategic step with the help of the government to outsource the management
of the base stations to infrastructure management companies. This finding is consistent with previous studies on the response of firms to institutional demand, where by for firms to maintain legitimacy they have to comply with the regulative institutional authority (Oliver, 1991; Scott, 2014). This is what the international telecommunication firms have done by complying with the regulators on the need to outsource to infrastructure management companies. Consequently, reducing the cost of managing the base stations.

❖ Theft and vandalism
Other important finding regards theft and vandalism, which appear to have an impact on the post-entry expansion of the international telecommunication firms, particularly in the southern part of the country. These findings contribute to the literature on moral legitimacy that focuses on the perception of the audiences within the society regarding what is right and wrong about the actions of the organisations (Suchman, 1995). What this implies is that the international telecommunication firms are to behave in accordance with some accepted standard. However, in the case of the context of Nigeria the society is not meeting this standard. For instance, the theft of generators, diesel and fibre optic cables, and the vandalising of telecommunication equipment at the base stations constitute criminal acts by members of the society. These criminal act are categorised as an informal institution as it deals with the way of life of the people. Previous studies conducted on institutions referred to norms and values as the way of life of a people since they determine what is ethical and acceptable within the society (Scott 1995, 2005).

The findings in this thesis supports those of Grymala-Busse (2010) who suggested that informal institutions could impose their demand forcefully through
violence against an organisation. In this way, the actions of the members of the communities in the form of vandalism and destruction of telecommunication infrastructure are acts that disrupt the expansion of the international telecommunication firms. Consequently, these acts of violence determine how viable are the operations of international telecommunication firms in the Nigeria market. What this means is that consumers that are not aware of the disruption may question the efficiency of the firms any time network is lost on their phones. It was reported (see section 5.3.1) that the impact of theft and vandalism on the telecommunication infrastructure is immense, as the equipment stolen has to be regularly replaced to ensure availability of network, which amounts to huge capital expenditure. Consumers that are not aware of the disruption may question the efficiency of the firms any time the network is lost on their phones.

The international telecommunication firms are responding to the issue of theft and vandalism with very little support from the government. The government has not done enough according to the interviewees to ensure that the international telecommunication infrastructure is protected. Consistent with the previous literature on the strategies adopted by organisations to ensure legitimacy, the findings in this research show that the international telecommunication firms adopt both “perceived change” and “protecting accomplishment” as suggested by Suchman (1995, p. 595). They adopt the “perceived change” strategy by advocating government declaration of these infrastructures as national assets, which would entitle them to state protection. Regarding the “protecting accomplishment” strategy, the international telecommunication firms thought that their legitimacy could be maintained by employing security personnel from among the community
to protect the base stations. The next section presents the conceptual framework for this thesis.

6.3 Thesis conceptual framework

The previous section presents the discussion of findings using previous literature reviewed in Chapter 3 of this thesis. As a result of the findings and the discussion presented, figure 6.1 in this section, presents the conceptual framework of this thesis. Figure 6.1 shows the institutional factors influencing the post-entry expansion of the international telecommunication firms in the Nigerian telecommunication sector. Firstly, the influence of politicians, issues of taxes, multiple regulators and the denial of access to foreign exchange are categorised under the formal regulative institutions due to their ability to monitor and sanction the international telecommunication firms (DiMaggio and Powell 1983; Scott, 2014).

The politicians in government, precisely the presidency, governors and the National Assembly influence the post-entry of firms by demanding that they build telecommunication masts in their constituencies. The pressure has frequently caused the telecommunication firms to focus on building telecommunication masts in areas that are not of high value in terms of profit making, thereby influencing strategic expansion plans. In addition, the uncoordinated tax processes within the sector, where the governors impose an arbitrary tax, impact on the post-entry of the international telecommunication firms. Additionally, the unabated activities of the Boko Haram sect in the northern part of the country and the militants in the southern part of the country have also made the environment unstable for the international telecommunication firms. These ways of influencing international telecommunication firms in Nigeria extend previous literature on the
internationalisation of telecommunication firms that focuses only on the entry stage (Sarker et al., 1999; Henisz and Zelner, 2001).

The multiple regulators and the policies on foreign exchange as shown in figure 6.1, are due to the influence of the agencies of government. These include the NCC and the NESREA that regulate the telecommunication sectors with specific regard to the regulations and guidelines on the building of telecommunication masts. In addition to these regulators there is the Nigerian Central Bank (CBN) that regulate the foreign exchange market. These multiple regulatory agencies that duplicate functions (e.g. the NCC and NESREA) and influence through sanctions and monitoring create an unfavourable regulatory climate within which it is difficult to operate (DiMaggio and Powell 1983; Daude and Stein, 2007; Scott, 2014). The activities of the regulator can lead to a form of regulatory burden that can discourage further investment in the Nigerian telecommunication sector, which has been found to influence at the entry stage of firms’ internationalisation process (Daude and Stein, 2007).

Findings in this research have shown that the normative institutions influence the activities of the international telecommunication firms at post-entry (Scott, 2014). As shown in figure 6.1, these include the market factors and technology, which have also been found in previous literature to contribute to firms’ international expansion (Stienstra et al., 2004; He et al., 2015; Ozturk et al., 2015).
Figure 6.1 The framework of factors influencing international telecommunication firms at post-entry in Nigeria

Source: Developed by the author
The market factors involve the increasing demand from the consumers within the Nigerian market. Literature has suggested that demand for telecommunication services has increased international expansion (Lovelock and Yip, 1996; Sarkar et al., 1999; Stienstra et al., 2004). The technological factors involve the most recent innovative technology possessed by the firm to offer consumers innovative products such as the use of languages and religion on their content platforms and services including ringback tunes and personalise messages while dialling a number.

Finally, at the level of the cultural-cognitive or informal pillars of institution (Scott, 2014), are community challenges in the shape of demands by chiefs and the members of the community; the question of corruption through bribery; and the issue of language and religion, which makes a demand on telecommunication firms to differentiate their product and services. In addition, there are the infrastructural challenges due to theft and vandalism, which impact on the post-entry of the telecommunication firms. These findings are consistent with literature on Africa that suggest the dynamic nature of the settings within the continent where cultural-cognitive elements are present (Nkomo et al., 2015; Zoogah et al., 2015; Michaloupoulos and Papaioannou, 2015). The studies would suggest that international firms should pay particular attention to these factors, which can have an impact on their operations, even undermining the formal institutions as shown in this thesis (Michaloupoulos and Papaioannou, 2015).

Figure 6.1 shows that the international telecommunication firms respond to the demands of the institutional actors through engagement, bribery and CSR (Suchman 1995; Deephouse et al., 2017). The engagement with these institutions, particularly the politicians and the regulatory agencies is through constant
negotiation and discussion. In addition to engagement, they lobby and in the main comply with the demands of the institutions. They also adopt informal means, which is through bribery of politicians and community members, to avoid wasting time. However, they also embark on CSR projects by building schools, hospitals and roads. As a result, they maintain legitimacy within the community.

6.4 Summary of discussion chapter

This chapter has presented the discussion of the findings of this thesis, where the findings were juxtaposed with the key literature reviewed in Chapter 3 of this thesis. The findings of this thesis contribute to previous empirical literature on firms’ internationalisation and international telecommunication firms’ expansion that has investigated the factors that influence firms’ internationalisation at entry (Henisz and Zelner, 2001; Kaufmann et al., 1999; Daude and Stein, 2007; Newenham-Kahindi, 2009; Spencer and Gomez, 2011; Zoogah, Peng and Woldu, 2015; Chidlow et al., 2015; Newenham-Kahindi and Stevens, 2017). This thesis provides a useful contribution to extant literature by the development of a conceptual framework that focuses on how institutional factors influence the post-entry expansion of firms. The findings of this thesis show that within the context of Nigeria, there are varied institutional factors that influence the expansion of the international telecommunication firms at post-entry. The major factors influencing the post-entry expansion of the international telecommunication firms are the politicians at the different levels of government, the level of political instability in the business environment, multiple regulators, the impact of taxation and the impact of the economic recession, the role played by community members, issues of corruption and infrastructural challenge. The next chapter provides concluding comments to the thesis.
Chapter 7 Conclusion

This thesis aimed to investigate the institutional factors that influence the post-entry expansion of the emerging market telecommunication firms in Nigeria. The investigation of the institutional factors that influence international telecommunication firms in Nigeria was necessary because while previous studies on the firms’ internationalisation and in particular the international telecommunication firms’ expansion to foreign markets have broadened our understanding of the entry stage, the post-entry phase requires more attention. This is because the post-entry is an important stage of firms’ internationalisation process, in which international telecommunication firms embark on network infrastructure and subscription expansion. With over one hundred and fifty million subscribers and almost one hundred thousand telecommunication masts and telecommunication base stations (TBS) built over the last sixteen years, the Nigerian telecommunication sector provides a useful context to contribute to extending previous research on telecommunication firms’ foreign expansion. In addition, the country is the largest telecommunication sector in Africa and has experienced a considerable amount of growth since liberalisation in the year 2000. Therefore, it provides a valuable ground to investigate the factors that influence the international telecommunication firms and how they have survived in the last sixteen years.

This thesis has undertaken a critical review of the literature of firms’ internationalisation and the expansion of the international telecommunication firms using the institutional theory as a lens. In particular, the theoretical framework of Scott (1995, 2013), which comprises the three institutional elements of regulative, normative and cultural-cognitive elements. This permits the discussion of the existing theoretical understanding of the institutional factors that influence the
internationalisation of firms and in particular the internationalisation of telecommunication firms.

The focus of the review of the previous literature was to identify gaps in the previous literature where studies have only paid attention to the institutional factors that influence international firms at entry. The key literature was synthesised, the research gaps were identified, and then research questions were formulated. In addition, a proposed conceptual framework was drawn, which led to the formulation of the proposition that was tested in the empirical investigation. The proposed conceptual framework and the proposition guided the data collection and the subsequent analysis of the data. The data was collected using a total of forty-seven interviewees, who were successfully interviewed through in-depth face to face interview sessions in five states in Nigeria, namely Lagos, Kaduna, Port Harcourt, Enugu and the Federal Capital Territory, Abuja. Secondary documents including annual reports, minutes of meetings and government gazettes were used to triangulate data gathered from interviews.

The thesis, using a qualitative case study investigated the institutional factors that influence the international telecommunication firms at their post-entry. The analysis of the data collected on these firms followed the thematic analytical approach by Braun and Clerke (2006) of familiarising oneself with data, generating initial codes, searching for themes, reviewing themes, defining and naming themes and writing up the findings. Data were coded using themes related to the concepts and propositions highlighted in Chapter 3 of this thesis. The analytical software, Nvivo, helped in the coding process. The findings from the analysis were presented using the propositions in cross case analysis. A case study report on each of the case companies is attached to this thesis in appendix XII, highlighting the findings in
each of the case companies. Following the analysis of the data, a rich description of the data was presented on the factors that influence the post-entry expansion of the international telecommunication firms in Nigeria. In doing this, references were made to the context of the research before the interpretation of the data in the form of quotes.

The remainder of this chapter is divided into three sections. Section 7.1 summarises the key findings in line with the research questions set in Chapter 1 of this thesis. Section 7.2 will highlight the theoretical contributions. Section 7.3 will present the practical implications for managers and policymakers within the Nigerian telecommunication sector. Finally, section 7.4 will show the limitations of the thesis as well as suggesting future research agenda.

7.1 Summary of key findings

This section summarises the key findings. Firstly, section 7.1.1 will present the institutional factors that influence the post-entry expansion of emerging market telecommunication firms in Nigeria. Then, section 7.1.2 will address how the identified factors influence post-entry of international firms and the responses from these firms. Finally, section 7.1.3 will present the contribution of the thesis to firms’ internationalisation from the perspective of Africa.

7.1.1 Institutional factors that influence the post-entry expansion of emerging market telecommunication firms in Nigeria

This thesis found evidence to suggest that institutional factors influence the emerging market telecommunication firms’ post-entry in Nigeria. Important factors
that have been found include the influence of politicians in government, multiple regulations by the agencies of government such as the NCC and the NESREA, the impact of taxation and the economic recession, the challenges of infrastructure and the communities hosting the telecommunication masts, the issue of corruption and the instability due to Boko Haram insurgency in the northern part and Niger Delta militants in the southern part of Nigeria. Technology, market factors and sociocultural factors of language and religion were also found to influence the post-entry expansion of the international telecommunication firms. The identification of these key factors contributes to our understanding of diverse institutions that influence and grant legitimacy to the international telecommunication firms, thereby answering the first research question of this thesis.

7.1.2 The influence of the identified factors on the international telecommunication firms and the responses from the firms

This thesis presents evidence on how each of the institutional factors influences the post-entry expansion of the international telecommunication firms. For example, the way in which politicians influence the operations of the international telecommunication firms is through the use of the instrument of coercion to force the international telecommunication firms to build base stations that comprise the telecommunication masts/towers in their villages for their political gain. It has been suggested that to ensure compliance with a directive, institutions devise various mechanisms to ensure conformity (Scott, 2014). In some instances, it can be through coercion (DiMaggio and Powell, 1983; Scott, 2014). Failure to comply with the demands of the politicians resulted in blocking applications from the telecommunication firms for approval by the authorities. The actions of these
politicians, who are in effect formal institutional actors, constitute an illegal action as it is not supported by any legal provisions. The behaviour of the politicians led to a legitimacy challenge for the firms. This is because they determine how the international telecommunication firms expand their telecommunication network, which will determine their legitimacy in the Nigerian telecommunication market. However, the firms adopt strategies such as complying and bribery to respond to the demands of the politicians. In this way, they can continue to gain and maintain legitimacy.

Multiple regulators influence the activities of the international telecommunication firms through conflicting guidelines. The activities of the multiple regulators, which comprise the activities of the NCC and the NESREA involve the conflicting guidelines on the issues of setback, which is the distance between a telecommunication mast and private residences. The non-compliance to one attracts a penalty from another in the form of shutting down the base stations from transmitting the network to subscribers, thereby leading to a legitimacy challenge. This has resulted in a fight for supremacy between the two regulatory bodies over who is to regulate the sector, thus, there is a form of regulatory burden on the activities of the telecommunication firms. In order to maintain legitimacy, they conform to the demands of NESREA, while lobbying the NCC to engage with NESREA to settle their differences.

The community members constitute a hindrance to the international telecommunication firms by accusing the firms of polluting their sacred lands. In particular, the communities in the southern part of Nigeria alleged that the activities of the international telecommunication firms had angered their gods, thereby preventing the personnel of the firms from working on the base station site. At other
times they shut down base stations belonging to the international telecommunication firms. Similarly, in the northern part of Nigeria, the religious and cultural belief system of the people prevent the international telecommunication firms from carrying out repairs on the base stations in proximity to their residences as they do not allow men to see their wives. These actions of the members of the community constitute an informal action that undermines the activities of the telecommunication firms and raises a legitimacy challenge for the firms. To gain and maintain legitimacy they bribe the communities, and at other times they establish corporate social responsibility schemes in the form of hospitals and schools. Suchman (1995) suggests that to gain and maintain legitimacy, firms would have to devise a way of protecting their achievement. Therefore, the establishment of the CSR scheme, although, retroactive is a way of protecting their investment in these communities.

Other important factors such as the issue of infrastructural challenge, the issue with Boko Haram insurgency and militants influence the post-entry expansion of firms is through the increasing running cost in maintaining the telecommunication base stations. For example, the lack of electricity and the increasing vandalisation of infrastructure mean the telecommunication firms are constantly replacing the diesel for the generators or replace the generators because the criminals often steal it. This action by the criminals constitutes a lack of respect for the norm and values, which has to do with what is right or wrong in the society, which is the normative and cultural-cognitive dimension of the institution (North, 1990; Scott 1995, 2013). Additionally, after securing areas which were bombed by the Boko Haram insurgent by the Nigerian military, the telecommunication firms embarked on the rehabilitation of some of the sites, which incurred a high cost. In
addition, militant issues in the South-south region require the recruiting of security guards or indigenes to secure the telecommunication base stations.

The international telecommunication firms have devised several ways of solving the challenges of infrastructure, instability and vandalism. For the infrastructure challenge, they have outsourced the management of the base stations to infrastructure management companies, thus transferring the cost of maintaining the base stations to these companies. Regarding the insurgents in the North-east, the obvious way of responding is to leave the areas. In the Niger Delta, they recruited security personnel to guard the base stations. Regarding the theft and vandalism of telecommunication infrastructure, the firms are engaging the government in discussion to declare telecommunication infrastructure critical assets, thereby having the protection of the police.

The nature of the institutional environment, where both the people and the telecommunication firms that conduct businesses perceive corruption as a normal way of behaviour has contributed to the firms acting unethically with regard to bribing the government officials and other constituent members such as the community even without their asking. This perception of corruption through bribery as a normal activity made it seem natural for them to set up a department to bribe the politicians or the community members to gain and continue to maintain legitimacy.

The economic recession and lack of access to foreign exchange have influenced the post-entry expansion of the international telecommunication firm in that they were unable to access foreign exchange to import the necessary telecommunication equipment for their expansion due to the Central Bank policy.
Therefore, new telecommunication equipment that works most efficiently on innovative technology such as 4G and Long Term Evolution (LTE) were not imported. The highlighted points show how the institutional factors have influenced the post-entry expansion of the international telecommunication firms in Nigeria. The only way to respond to the lack of foreign exchange is to wait and hope that the Nigerian Central Bank softens its policy with regards foreign exchange.

7.1.3 The contributions of the identified factors to the process of firm internationalisation in an institutional setting of an emerging African country

The findings of this thesis show how these factors have further enhanced our understanding of firms’ internationalisation from the perspective of Africa. This thesis demonstrates that the informal institution in Nigeria does not work in collaboration with the other pillars of the institution to ensure a stable social order (Scott, 2014; Grzymala-Busse, 2010; Michaloupoulos and Papaiosnnou, 2015). Studies from Africa have suggested that the institution in Africa works in parallel with the formal institutions, which means that there is a dual institutional structure in Africa (Michaloupoulos and Papaiosnnou, 2015). From the findings in this thesis the informal institution of communities, criminals and the belief systems as seen in the northern and southern Nigeria undermine the activities of the international telecommunication firms that have been licensed to operate.

Therefore, it is important for international firms in Africa to pay attention to the dynamics in this environment. Nkomo, Zoogah and Acquaah (2015) and Zoogah, Peng and Woldu (2015) reminded us that better understanding of the institution from the African perspective could expand the knowledge of
organisational effectiveness. Previous studies have shown that firms that tend to take advantage of the local knowledge have had a successful experience in Africa (Kamoche and Harvey, 2006; Newenham-Kahindi, 2009; Newenham-kahindi and Stevens, 2017). Therefore, the findings of this thesis contribute to literature in management studies from the perspective of Africa and Nigeria, in particular.

7.2 Theoretical contribution

This thesis makes important theoretical contributions. Firstly, what we know regarding firms’ internationalisation from previous literature is how international firms are required to consider the role of political, regulatory, market, corruption and cultural factors before they enter a foreign market (Sarkar et al., 1999; Guler and Guillén, 2010; Henisz and Zelner, 2001; Daude and Stein, 2007; Collins and Uhlenbruck, 2004; Fuentelsa et al., 2015; Farla et al., 2016; Curvo-Cazurra, 2016; Yi et al., 2018). This thesis builds on these extant studies by drawing attention to the relevance of these institutional factors at the post-entry of international firms within the context of an emerging market. The factors found include the influence of politicians, multiple regulations, informal ways of tax system and deliberate prevention of the international telecommunication firms by the Central Bank of Nigeria (CBN) from accessing foreign exchange to import telecommunication equipment. In addition, community and infrastructural challenges have also been found to influence the post-entry of international telecommunication firms.

Secondly, this thesis advances a more nuanced understanding of how institutional factors including political, regulatory, corruption, firm level and cultural factors influence the post-entry of an international telecommunication firm.
For example, this thesis contributes to extant studies that suggest that the political institution interferes in international firms’ activities (Sarkar et al., 1999; Henisz and Zelner, 2001; Guler and Guillén, 2010; Nielsen et al., 2017). Sarkar et al. (1999) and Henisz and Zelner (2001) suggest that government officials interfere in the activities of international firms when they make an attempt to enter a host country. This thesis contributes to these studies by showing that political institutions in the form of politicians influence the international telecommunication firms by coercing them to abide by directives. Attempt at refusal attract consequences, which include the shutting down of firms’ operations and sanctions, which usually do not follow the official channel of penalising erring companies. These actions by the institutional actors cause delays in the expansion plans of the telecommunication firms because the funds set aside for the expansion of the telecommunication network across Nigeria under the USPF may not be adequately used as a result of the actions of the politicians.

This thesis also contributes to previous studies on the regulatory institution (Kaufmann et al., 1999; Globerman and Shapiro, 2002; Daude and Stein, 2007; Clifton, Comin and Diaz-Puentes, 2011). Kaufmann et al. (1999, 2009) and Daude and Stein (2007) suggest that the regulatory environment can constitute a burden to international firms that consider internationalisation to the foreign market. This thesis extends the findings of these studies by showing that multiple regulations in the regulatory environment, where different agencies of government fight over supremacy of the sector constitute a hindrance to the activities of the international telecommunication firms in Nigeria, as the agencies tend to establish rules and regulations that duplicate the functions of one another.
The findings of this thesis contribute to previous literature on corruption (Spencer and Gomez, 2011; Hauser and Hogenacker, 2014; Collins and Uhlenbruck, 2004; Curvo-Cazurra, 2016; Yi et al., 2018). Spencer and Gomez (2011) suggest that international firms can engage in corrupt activities if they have local partners that understand the host environment. Keig et al. (2015) found that international firms from corrupt home country are quick to engage in the act of corruption in host countries. The findings of this thesis contribute to the works of Spencer and Gomez (2011) and Keig et al. (2015) by providing evidence of numerous instances of bribery by international firms from emerging markets. For instance, international firms have designated accounts and units for the purpose of bribery, and in addition liaise with local partners, who give bribes to government officials and community members on behalf of the company. This is in contrast to the annual report of the international firms where it is claimed that they do not pay bribes. These findings in this thesis contribute to the recent findings of Yi et al. (2018) who suggest that subsidiaries of international firms tend to engage in corrupt activities in order to boost performance and receive commendations from the head office. It can be concluded that the creation of units and specific accounts to fund acts of corruption as found in this thesis increase the performance of international telecommunication firms at post-entry.

This thesis further contributes to the institutional theory literature from an African perspective by demonstrating that the informal and formal institutions co-exist but have an influence independently of one another (Grzymala-Buse, 2010; Williams and Vorley, 2015; Michaloupoulos and Papisnnou, 2015). Studies on the institution (North, 1990; Scott, 2014; Holmes et al., 2013) suggest that informal institutions such as culture can strengthen formal institutions such as the political
and regulatory system. However, this thesis found that the informal institution influences the activities of the regulatory body and those of the international telecommunication firms because it does not support the formal institutions. For example, the challenge faced by the international telecommunication firms within the community, where the community members block the firms from constructing or servicing a base station undermines the policy of Universal Access (UA) by the regulator, which guarantees all Nigerians access to mobile telecommunication services. In addition to the community challenge is the infrastructural challenge in the form of theft and vandalism of telecommunication equipment. This finding, therefore, supports literature that found that the informal institution tends to undermine the formal institutions (Waylen, 2014 Grzymala-Buse, 2010; Williams and Vorley, 2015).

Finally, this thesis contributes to the body of management studies by providing evidence to address institutional challenges international firms face in the context of Africa and Nigeria in particular. These areas of studies require further enrichment. For example, Kamoche and Harvey (2006) and Newenham-Kahindi (2009) found in their analysis of the international firms in Africa that careful understanding of the African setting can offer benefits in terms of knowledge on how to manage their operations in the African market. This thesis contributes to these studies by showing that the international telecommunication firms’ managers have developed ways to manage the demands of institutional actors and that these ways are specific to each case company, thereby adding to firm level resources (Marcelle, 2005). These include bribery, corporate social responsibilities, technology, and engagement with the institutional actors in the form of dialogue at post-entry. In particular, Cases A and B adopt bribery to respond to demands of the
communities, whereas, Cases C and D claimed they do not, but rather liaise with communities and, additionally, provide CSR schemes for them. The four case companies use firm level resources in the form of technology to develop content platforms in different languages and oriented to different religions to satisfy the demands of their customers. The four case companies also adopt an engagement strategy because it was reported that they had established regulatory units to engage with government officials. In addition, all the case companies adopt the process of lobbying, which is a form of engagement rather than compliance, over issues they believe they can negotiate with the government. These strategic ways adopted at post-entry have not been investigated within the telecommunication firms’ internationalisation literature. Overall, these factors and the corresponding response from firms identified in this thesis show the importance of post-entry for international firms and in particular the international telecommunication firms in the Nigerian market.

7.3 Practical implications

This thesis provides practical implications for managers of the international telecommunication firms and policymakers in the Nigerian telecommunication sector. For the managers, first, they should be aware that institutions are not constant and are therefore subject to changes. For example, the change in the regulatory environment with the establishment of the NESREA to duplicate the operations of the NCC seven years after liberalising the sector. This change resulted in a complex regulatory climate for the international telecommunication firms. This shows that the institutional environment is not static but evolve (Scott, 2014). Second, managers of international telecommunication managers need to pay
attention to the influence of informal institutions such as the communities and infrastructural challenges that exist and tend to undermine their activities (Grzymala-Buse, 2010; Michalopoulos and Papiosnnou, 2015). Therefore, the recognition of the influence of both the formal and informal institutions by the international telecommunication firms is vital to the survival of their operations at post-entry in the host market.

Further, the ability to recognise that demands from actors within the institutional environment do change and therefore developing a suitable response strategy to each institutional demand can be the key to expansion at post-entry. The framework in this thesis provides tools, which are what the international telecommunication firms used in responding at post-entry to obtain legitimacy (Suchman, 1995; Deephouse et al., 2017). These include engagement, bribery, technology, CSR, lobbying as well as outsourcing and international managerial experience acquired from the home country or another international market where the international telecommunication firms have operations.

This thesis also provides empirical evidence relevant for policy makers to show that the 2003 telecommunication Act requires updating by the regulators to acknowledge the role the informal institutions play in the sector (North, 1990; Scott, 1995, 2013). Since the findings in this study demonstrate that the informal and formal institutions co-exist but influence independently of one another, it may be appropriate for the regulatory body, the NCC to revisit the 2003 Act. This is because the 2003 telecommunication Act was only designed to acknowledge the role of the formal institutions such as the regulators. This research would suggest, therefore, that the Act is revisited and a regulation formulated that clearly defines the role and legal limitations of stakeholders, such as politicians and members of the community.
and provides a suitable penalty for vandalism. In this way, the enormous sums of money spent on bribes and replacing vandalised telecommunication base stations would be saved.

7.4 Limitations and future research agenda

This thesis has some limitations and recommendations for future empirical research. Firstly, the theories that were adopted were only limited to the institutional theory and the legitimacy theory to explain the factors that influence the international telecommunication firm’s post-entry. Any future research would be advised to use a combination of institutional, stakeholder and CSR theories to investigate the emerging market telecommunication sector. Regarding stakeholders and CSR theories, it may be worthwhile adopting the stakeholder’s theory because multiple stakeholders within the emerging market context make a demand on the telecommunication firms. As far as CSR is concerned, the findings of this thesis suggest that international telecommunication firms have adopted the CSR strategy to respond to the demands of the community. Therefore, further research might look at how CSR strategies can assist international telecommunication firms to maintain legitimacy in other emerging markets, paying particular attention to ethical issues within the emerging market telecommunication sector.

Secondly, since this thesis was limited to identifying the factors that influence a firm’s post-entry, future research could investigate the relationship and the interaction among all the factors because this thesis has identified the need for the formal institutions to recognise the role played by the informal institutions. Data for this research were mainly collected from employees of the international
telecommunication firms and government informants, so further research could investigate the opinions of the community members hosting the telecommunication masts. Finally, further study can be conducted on how the interface between the international telecommunication firms, the government, and informal institutions such as the community affect consumer experience. Figure 7.2 presents a summary of this thesis.

Figure 7.2 Summary of thesis

Source: Developed by the author
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Appendices
Appendix I List of WTO member nations at the Uruguay trade rounds, 1997

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<td>EC &amp; its member states</td>
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Appendix II The six geographical regions and their states
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<th>North-east</th>
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<th>North-central</th>
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<td>1 Adamawa</td>
<td>12 Jigawa</td>
<td>26 Kogi</td>
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<td>2 Bauchi</td>
<td>13 Kaduna</td>
<td>27 Niger</td>
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<td>3 Bornu</td>
<td>14 Kano</td>
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<td>4 Taraba</td>
<td>16 Kastina</td>
<td>29 Nasarawa</td>
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<td>5 Yobe</td>
<td>17 Kebbi</td>
<td>30 Benue</td>
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<tr>
<td>6 Gombe</td>
<td>18 Sokoto</td>
<td>31 Federal</td>
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<td>19 Zamfara</td>
<td>Capital</td>
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<td>Abuja</td>
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<table>
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<tr>
<th>South-east</th>
<th>South-south</th>
<th>South-west</th>
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<tr>
<td>7 Abia</td>
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<td>32 Ekiti</td>
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<td>8 Anambra</td>
<td>21 Cross River</td>
<td>33 Lagos</td>
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<td>9 Ebonyi</td>
<td>22 Bayelsa</td>
<td>34 Ogun</td>
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<td>Yenagou</td>
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<td>10 Enugu</td>
<td>23 River</td>
<td>35 Ondo</td>
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<td>Port Harcourt</td>
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<td>11 Ibo</td>
<td>24 Delta</td>
<td>36 Osun</td>
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<td></td>
<td>25 Edo</td>
<td>37 Oyo</td>
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Appendix III The map of Nigeria showing the six geographical (political) zones

Source: licensed by CC
## Appendix IV Developments in the institutional theory

<table>
<thead>
<tr>
<th>SCHOLARS/STUDIES</th>
<th>SUMMARY OF STUDIES</th>
<th>TYPE OF PAPER/SECTOR</th>
<th>REMARK</th>
<th>RELEVANT TO MY STUDY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weber 1930, Parson, 1960</td>
<td>Foundational conceptualisation of the institutional theory</td>
<td>Conceptual analysis</td>
<td>According to these early studies, the society determines the behaviour of organisations</td>
<td>These studies serve as the foundation for all other studies.</td>
</tr>
<tr>
<td>Selznick, 1948</td>
<td>The concept of co-optation: the process where a formal authority has to adopt the idea of the external environment for it function</td>
<td>Conceptual</td>
<td>This is the foundation of institutional logics and pluralism that focuses on the individual interpretation of each element of a type of institution</td>
<td>This study points to the fact that a formal authority, e.g. telecommunications faces multiple demands within the Nigerian institutional environment</td>
</tr>
<tr>
<td>Meyer and Rolland 1977</td>
<td>The process of ceremonial conformity by organisations on institutions to find legitimacy</td>
<td>Conceptual</td>
<td>Decoupling of organisational structure: formal organisations are decoupled from technical activities</td>
<td>Decoupling may not work in the case of the Nigerian telecommunication sector because the regulatory body has mechanism to monitor the activities of the operators thus it would</td>
</tr>
</tbody>
</table>

Developments in the institutional theory
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Research Focus</th>
<th>Methodology</th>
<th>Key Findings</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>DiMaggio and Powell 1983, 1988, 1991</td>
<td>The reasons organisations behave the same within the organisational field</td>
<td>Conceptual/Empirical Focus on Hospitals in the US</td>
<td>3 main mechanisms for isomorphism: coercive, mimetic and normative</td>
<td>This may be possible within the Nigerian telecom sector as all the firms will behave in the same way; however regional variation will have to be accounted for.</td>
</tr>
<tr>
<td>Scott 1987; 1991; 1995, 2008;</td>
<td>Contributed to the work of Meyer and DiMaggio by emphasising more on culture</td>
<td>Conceptual/Empirical Focus on Educational sector in the US</td>
<td>Developed the three pillars of institutional theory. The role of regulatory, normative and cultural-cognitive that shape organisational behaviour</td>
<td>This study is quite significant to my study as it describes the relevant institutions that were subsequently adopted by the framework of Suchman, 1995 and Deephouse et al., 2017.</td>
</tr>
<tr>
<td>Oliver, 1991</td>
<td>Contributed to the work of DiMaggio 1988 on contingency theory by asserting that firms respond to institutional pressures</td>
<td>Conceptual</td>
<td>Developed the five framework on organisational response strategy including Conformity, compromise, deviance, and manipulation</td>
<td>The concept of conformity and compromise is relevant because for firms to find legitimacy they will have to conform to regulatory, normative and cultural demands from the constituent within the telecomm sector</td>
</tr>
<tr>
<td>Friedland and Alford 1991; Thornton, 2012</td>
<td>Introduced the concept of institutional logics to</td>
<td>Conceptual</td>
<td>Each institution has within it a certain prescription</td>
<td>Institutional logic will be too narrow in its</td>
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<tr>
<td>Study</td>
<td>Context and Conceptual Framework</td>
<td>Theoretical/Conceptual Focus</td>
<td>Application to the Nigerian Telecommunication Sector</td>
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<td></td>
</tr>
<tr>
<td>Kraatz and Block, 2008</td>
<td>Introduced the concept of institutional pluralism to the institutional theory lexicon</td>
<td>Conceptual</td>
<td>Most organisations operate in a plural environment, hence if the response of compartmentalisation is anything to go by, telecommunication firms would have to create departments targeting each demand from each institutional constituent which would increase cost in terms of firms’ resources.</td>
<td></td>
</tr>
<tr>
<td>Greenwood 2010, Lounsbury, 2007; Pache and Santos, 2010</td>
<td>Developed a conceptual framework on the incompatibility of institutional logics</td>
<td>Conceptual/Empirical</td>
<td>This is relevant to the Nigerian telecommunication sector because the telecom firms find themselves in a very complex and dynamic environment where different institutions make different demands, thus leading to incompatibility of logics.</td>
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</table>
Appendix V Approaches of case study research design

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Inductive theory building</th>
<th>Natural experiment</th>
<th>Interpretive sense-making</th>
<th>Contextualised explanation</th>
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<tr>
<td>Philosophical background</td>
<td>Positivist</td>
<td>Positivist</td>
<td>Interpretivist</td>
<td>Critical realist/Interpretivist</td>
</tr>
<tr>
<td>Purpose of research</td>
<td>Exploratory purpose</td>
<td>Objective search for causes</td>
<td>Subjective search for meaning</td>
<td>Subjective search for causes</td>
</tr>
<tr>
<td>The outcome of the case study research</td>
<td>The explanation that presents propositions for further testing</td>
<td>The explanation that shows a cause-effect relationship</td>
<td>Understanding of participants’ subjective-experiences</td>
<td>An explanation that shows causal mechanisms in event/occurrence</td>
</tr>
<tr>
<td>The strength of case study</td>
<td>Induction</td>
<td>Internal validity</td>
<td>Thick description</td>
<td>Causes and effects explanations</td>
</tr>
<tr>
<td>Role played by context</td>
<td>Contextual description is a first in this type of case study</td>
<td>Causal relationships are isolated from the context of the case</td>
<td>Contextual description necessary for understanding</td>
<td>Context integrated into an explanation</td>
</tr>
</tbody>
</table>

Source: Adapted from Welch et al. (2011)
Appendix VI Correspondence with interviewees prior to field visit
Evidence of correspondence with interviewees. Names and contact details are hidden for the purpose of anonymity.
Thank you for accepting my request. My name is Ugbede, a PhD researcher at Nottingham Business School, Nottingham Trent University. I am conducting a research on the Nigerian telecommunication sector and I will like to kindly invite you to share your experience working in the sector in an interview session. If you do accept to participate, I will send you a "participant and consent form" detailing more information on what the research entails and your right to participate in the research. Kind regards, Ugbede

Hello I am sorry for responding late, I have been quite busy, please bear with me. I am willing to participate, please do let me know what else I need to do, thanks

Thank you very much for your reply. Please can I have your email address? So I can send you the information sheet and consent form. Kind regards.
Thank you for accepting my request. My name is Ugbede, a PhD researcher at Nottingham Business School, Nottingham Trent University. I am conducting a research on the Nigerian telecommunication sector and I will like to kindly invite you to share your experiences working in the sector. In an interview session, if you do accept to participate, please send an email address so I could forward to you "consent form and information sheet" detailing more information on what the research entails and your right to participate in the research.

Kind regards,

Ugbede

9/3/2016

Good morning. I hope you are doing well. I understand you are busy and schedules are often tight. I am due back to Nigeria on the 10th of September for field work. I am wondering if you would be available the week commencing 12 or 19 of September for a brief discussion on my research?

Looking forward to your reply.

Kind regards

9:49 AM

Thank you very much for this. The participant and consent forms have been sent to your email.
Geria
8/15/2016

Good day, I hope you are doing well. I understand you are very busy and schedules are often tight. I am due back to Nigeria for field work on the 10th of September, 2016. I am wondering if you will be available the week commencing 12th or 19th September, 2016, for a short meeting regarding my research.

Looking forward to your reply.

Kind regards,

Ugbede

Bro

Congratulations.
For the 12th, I hope to be in Laos that period for a 3 day training programme.
But from the next week I will be in Abuja.
If it's about your work, then meeting you shouldn't be an issue.

Regards........

3:04 PM

Thank you very much for your reply. I would send you a message on Monday the 19th of September or if I can have your number, I can call you if you are available.
Good morning, I hope you are doing well. I understand you are busy and schedules are often tight. I am due back to Nigeria on the 10th of September for field work. I am wondering if you would be available the week commencing 12 or 19 of September for a brief discussion on my research?

Kind regards

Hello Ugbede,

Please send to ng.com

Thank you very much for this. The participant and consent forms have been sent to your email. Please let me know your availability for the weeks commencing 12, 19 and 26 of September as I am due back to the UK on the 3rd of October. Thank you very much again

Good evening, hope you're having a good weekend? I am now in Nigeria. Please would you...
Appendix VII Interviewee information sheet

Nottingham Business School
ID........
Nottingham Trent University
Burton Street
Nottingham, NG1 4BU

Participant information sheet and informed Consent Form

Introduction
My name is Ugbede Umoru and I am a PhD student at Nottingham Business School in the United Kingdom. The purpose of my research is to investigate how the institutional factors influence the post entry expansion of telecommunication firms in Nigeria.

I would like to invite you to participate in a semi-structured interview, lasting approximately 1 hour. The interview will consist of a number of questions about the various factors relating to your strategy in operating in Nigeria since you established your presence here.

Confidentiality and anonymity
This research will involve audio recording of our discussions. This is ONLY for purposes of accuracy of transcription by myself and members of my supervisory team (Directors of Studies and Second Supervisor) but only if you agree. This research recognises the commercial risk in terms of competitors and company versus state relations. Therefore, I will do my utmost to ensure the confidentiality and data security of audio recorded files. No issue as it relates to your business will be discussed that will harm the business. Data will be kept on a password-protected computer, and possibly encrypted, and also hard copies in secure storage. Additionally, no names of either the company or yourself will be used in either the PhD thesis or any publications arising from this research. Letters such as A, B, C and D, will be used to represent companies and participants involved in this research. Key findings will be summarised and provided to participants.

Voluntary participation
Please note that you do not have to answer any particular question and you can end the interview at any point without needing to explain why. Your input will only be identified by your participant ID; this is necessary should you want to withdraw your data.

Consent

I have read the information above and understand the purpose of the research and my part in it.

√
I have asked every question I had regarding the interview procedure or research and they have been answered to my satisfaction.

I understand that I have the right to withdraw my data at any point during the interview by contacting the principal researcher stating my participant ID.

I agree for the interview to be audio recorded.

I consent to participate in this study.

Participant ID ___________________________ Data ___________________________

Name of principal researcher ___________________________ Date ___________________________

Signature of researcher ___________________________

Thank you for your participation
## Appendix VIII Portfolios of Executives Interviewed and geographical region

<table>
<thead>
<tr>
<th>S/ N</th>
<th>Case A Interviewees</th>
<th>Site/Date</th>
<th>Case B Interviewees</th>
<th>Site/Date</th>
<th>Case C Interviewees</th>
<th>Site/Date</th>
<th>Case D Interviewees</th>
<th>Site/Date</th>
<th>NCC/NES REA/NASS/BPE</th>
<th>Site visited/D Date</th>
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<td>End Date</td>
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<td>15/10/2016</td>
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<td>Senior Manager, Design and Value Engineer, South East (Former Employee)</td>
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<td>Procurement Manager, South West</td>
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<td>30/09/2016</td>
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<td>Regional Service Manager, South-South</td>
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<td>RAN-Radio Manager, South West</td>
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<td>27/09/2016</td>
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<td>Manager, Economic and Technical relations, South West</td>
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<td>Lagos</td>
<td>3/10/2016</td>
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<td>Senior Account Manager (Sales &amp; Marketing), South West</td>
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<td>Radio Access Network Architecture Manager, North West</td>
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<td>Area Service Manager, South-west</td>
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Appendix IX Word search query in Nvivo
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Appendix X Thematic maps of factors influencing the telecommunication firms in Nigeria

1. Political factor and sub-themes
   I. Initial global thematic map of the influence of politicians in government.
II. Subsequent map containing themes for analysis
2. Regulator conflict between NCC and NESREA

III. Global thematic map of multiple regulation
IV. Subsequent map containing multiple regulation (MULT REG) themes for analysis
3. Infrastructural challenge
   Global thematic map of infrastructural challenges
V. Subsequent map containing themes for analysis

![Diagram showing themes related to lack of power and theft and vandals.]
Appendix XI Ethical approval

Dear Ugbede

Thank you for your recent re-submission (No. 2016/29) to the College Research Ethics Committee (CREC) on 19 February 2016 requesting ethical clearance for the project entitled: Institutional factors influencing the internationalisation of emerging telecommunications firms in Nigeria.

I am pleased to inform you that the CREC was happy to confirm that in its judgement there were no outstanding ethical concerns that required further discussion or exploration prior to data collection.

The committee would like to wish you well in the completion of your project.

Yours sincerely

Kay Wheat
Chair CREC
Appendix XII Individual case reports

This section provides a detailed report of the findings on Case A, B, C and D in this thesis. It presents the factors that influence the firm and how the firms manage the demands of the institutional actors. The presentation of the factors influencing the cases follows the format of the questions asked in the case protocol of this thesis. Yin (2014, p. 184) suggested that the individual case report can be “presented as a set of appendices” and additionally, cases can be reported using the questions in the case study protocol. The questions asked were designed for the purpose of replication (Yin, 2014), so similar questions were asked across the four cases.

Case A

Analysis conducted on the data provided by the interviewees and secondary documents identified the institutional factors that influenced the internationalisation of Case A. Interviews were conducted between September and November 2016. These interviews were conducted with senior managers (see appendix VII) in Lagos, Kaduna, Rivers, Enugu and Abuja. Questions asked during the interview are presented in the case study protocol.

Case study protocol

Institutional factors influencing the post-entry expansion of Case A in Nigeria

Level 1: questions asked of the specific firm:

I. Open questions: what are the factors that influence post entry expansion of your firm in Nigeria? How do these factors influence the firms’ expansion process in Nigeria?
II. Probing questions: how do political factors influence your company in its expansion process in Nigeria and why do you think it has; also, how does your company respond to this?

III. Probing questions: questions were asked on the influence of factors that were not mentioned in I and II. Factors such as:
   - Regulatory factors
   - Socio-cultural factors
   - Market factors
   - Firm level factors

IV. Probing questions: questions were asked on any other factors that can influence post-entry of the telecommunication firms that were not mentioned in I, II and III. Factors such as the following emerged:
   - Infrastructural challenge
   - Community challenges
   - The impact of arbitrary taxation
   - The impact of economic recession

Outline of the individual case report

❖ A brief background of the firm

❖ Institutional factors influencing the firm
   - Political factors
   - Political instability
   - Multiple regulations
   - Socio-cultural factors
   - Corruption
   - Infrastructural challenges
   - Community challenge
   - The impact of the arbitrary tax system
   - The impact of economic recession
   - Firm level factors

A brief background of the firm
A brief background of Case A, which comprises history, size and chronological internationalisation process is highlighted in section 4.4.3 of this thesis.

Institutional factors influencing Case A

The findings show the factors that influence the post-entry of international telecommunication firms in Nigeria. These include political, regulatory, community influence, the impact of economic recession, issues of corruption and infrastructural challenges. Other factors regard technology, market and socio-cultural. Explanations are presented on each of these factors.

❖ Political influence

Political uncertainties due to actions of political actors within the institutional environment are a major worry to Case A. Within the Nigerian political environment there are individuals with a key role who use their positions to power to further their own interests. Powerful politicians demand telecommunication base stations in their villages. Any refusal to agree to these demands of these politicians attracts interference on the company’s business. Therefore, to ensure survival, the firm usually respond by complying with the demands of the politicians to maintain legitimacy within the environment.

❖ Political instability

Political instability was reported in the investigation conducted on Case A to influence their expansion. The instability in the North-east and the South-south caused by the activities of the Boko Haram insurgent group and the militants hamper expansion. The Boko Haram insurgent group is prominent in Bornu State, North-eastern Nigeria where they have been disrupting the activities of businesses and individuals since 2009 as they seek to establish an Islamic caliphate in this part
of Nigeria. This led to an increase in the bombing and burning down of telecommunication facilities and in consequence increasing operational costs for the telecommunication firms as they attempt to rebuild the infrastructures. The company reacted to the attack by abandoning their base stations.

In the southern part of the Nigeria there is a similar problem of militants. The South-South region of Nigeria generates the largest revenue for the country due to the presence of natural oil reserves. The indigene of the area has formed a militant group to agitate against multinationals, specifically the oil multinationals whose activities have resulted in spillages that have damaged the environment. The telecommunication firms are viewed in the same light, as foreign firms exploiting the local people. Consequently, they have engaged in the kidnapping of telecommunication staff, demanding a ransom to be paid for their release. Overall, the report of the investigation shows that Case A is impeded due to the activities of the Boko Haram and the militants, thereby making the environment insecure and unsafe.

- **Multiple regulations**

The regulatory factors influencing the expansion of Case A include the issue of multiple regulation. The factor of multiple regulation is found to have an impact on the post-entry expansion of the firm, as it is subjected to numerous regulatory agencies that duplicate the functions of the major regulator, the NCC. Such regulator is the NESREA, who demand that Case A comply with their rules. One of their roles is to assess the environmental impact of the equipment of telecommunication firms such as generators and masts at base transceiver stations.
(BTS). They argue that the diesel and the generators used by the telecommunication firms pollute the environment. However, the firm has argued against the regulators’ position on the issue of masts, citing the situation of the majority of residential housing that has the same generators as the telecommunication firms. Since these generators are not regulated, there seems no justification for those belonging to the telecommunication firms to be regulated either.

Case A responded to the challenge posed by the multiple regulators through engagement. The engagement takes the form of creating departments and units who talk to government agencies on the company’s behalf. As a result, meetings are regularly held by the regulators, operators and the consumer body to discuss issues affecting the sector.
❖ Socio-cultural factors

Investigation of the socio-cultural factors influencing the activities of Case A revealed that language and religion are important factors that influence the firm at post-entry in Nigeria. Nigeria is divided into many ethnic groups that speak different languages. In addition, there are two major religions: Muslim and Christian. While the North is predominantly Muslim and speaks the Hausa language, the South is predominantly Christian speaking a range of languages including Igbo and Yoruba. The findings of the investigation indicate that operators use the religion and language of the local people to develop products and services targeting this markets, in the form of ring back tunes and religious messages.

Further investigation revealed that culture in terms of peoples’ way of life and moral values had become a challenge to expansion as Nigeria is divided along religious and ethnic lines. Advertising, for example, can be a sensitive area, as people in northern Nigeria with a Muslim religion would be offended by the image of a woman in bikini in an advert. Therefore, Case A has to design an advert that is appropriate to their beliefs. Overall, the findings that language and religion are factors that determine the post-entry expansion of Case A necessitated the company to respond by designing products that are accepted to the different regions, trying to avoid a marketing strategy that undermines the beliefs of the people.

❖ Corruption

The issue of corruption, particularly bribery, was identified in Case A. The firm has made a strong stand against corruption and any form of bribery or facilitation of payment. In fact, in 2016, the firm won an award from the transparency
international due to its internal policy on corruption. However, the findings of this thesis on the firms’ activities provide a different result. The findings revealed that the firm is engaged in acts of corruption in their activities in Nigeria. For instance, although the headquarters might have a policy in its code of ethics to prohibit any such activities, the subsidiaries are involved in bribery instead of following the official channel of resolving a dispute with institutional actors. This, therefore, shows that Case A take advantage of the lax laws regarding corruption in Nigeria, which is in line with previous literature on the role of subsidiaries in host countries (see section 6.2.3.3).

❖ **Infrastructural challenge**

Investigation of the activities of Case A in Nigeria revealed the infrastructural challenge facing the firm at post-entry. These infrastructural challenges are categorised into lack of power (electricity) and the theft and vandalism of the telecommunication infrastructure. As regards the lack of power, Nigeria has over the years faced an infrastructural challenge, in the form of unreliable supply of electricity. The theme of power, reoccurred while interviews were conducted on the firm. The short supply of electricity means that the firm has to generate its own electricity. This process has resulted in increasing operational costs for the company, including the purchase of generators and diesel. In addition, this thesis shows that the cost of providing electricity in the base station is one of the biggest costs Case A incurs.

In response to the costs of maintaining the base station including the cost of electricity (power), the company has outsourced the management of its base stations
to infrastructure management companies including American Towers and IHS. This process involved the sale and then leasing back of assets previously owned by the firm. In the company’s annual report (2016), it leased 8,740 of its towers in seven countries, including Nigeria, in order to reduce costs. Case A is engaged in collocation or infrastructure sharing as infrastructure management companies bear the cost of managing the BTS, thus reducing the cost to operators. These findings illustrate that by leasing or outsourcing they can focus on developing new marketing strategies or uptake on new technology for products and services to satisfy consumer demand. The figure below is a telecommunication mast outsourced to one of the infrastructure management companies.

![Picture of a telecommunication mast outsourced to an infrastructure management firm](image)

*Source: Photo taken by the Author during the field work*

Regarding theft and vandalism, it was found in this thesis that there is a problem of the theft of telecommunication equipment at the base stations, as
criminals steal generators at the site. It was reported that the theft of generators and the syphoning of diesel had become common occurrences in the sector and especially pervasive in the Southern part of Nigeria. The activities of criminals involving the theft of generators can be viewed as an informal influence on the expansion of Case A in Nigeria as it impacts on post-entry expansion. Interviewees suggested that they are beginning to push for a bill through the regulator to the National Assembly suggesting the need to declare the telecommunication infrastructure a national asset. In this way, the infrastructure can be protected from vandals and thieves by security agencies.

❖ Community demands

The influence of communities hosting the telecommunication towers of Case A is another problem influencing the firms’ expansion. The communities prevent the telecommunication firm from building masts or gaining access to the existing towers. They comprise informal institutional factors including landlords, area boys (these are criminal gangs within the community) and community chiefs. The demands by the community chiefs, landlords and area boys are widespread in the southern part of Nigeria. Within the northern part, the way of life of the people in terms of beliefs and traditions hampers expansion. It is evident that the communities as an informal institution play a very important role in the expansion of telecommunication firms. The increasing demand from the community has resulted in the company acting unethically by engaging in bribery. In order to maintain legitimacy within Nigeria at post-entry, Case A has to respond unethical and in an
informal way to informal institutions, usually through bribing the elements of the community that determine the legitimacy of the company.

❖ **The impact of arbitrary taxation**

The impact of taxation on Case A has to do with different levels of government imposing taxes on the firm. The state has the constitutional powers to impose a tax on the businesses within its jurisdiction because the federal structure of the Nigerian political system. For example, the expansion of the telecommunication infrastructure network such as base transceiver stations (BTS) from one state to another attracts taxes. The annual report (2016) corroborates the findings from the interviewees. It suggests that due to the economic challenges that the host country’s government is facing, the telecommunication firm tend to be seen as a cash cow on which they can impose levies and taxes to fund their budget. Thus, the telecommunication firms are revenue generating channels. The findings on Case A on how they respond to issues of multiple taxations using bribery means, so that their base stations are not closed down and they do not incur the resultant loss of revenue. In this way, legitimacy is maintained through the informal channel, and the already gained legitimacy is protected.

❖ **The impact of economic recession**

The impact of economic recession has caused a major difficulty to Case A’s expansion at post-entry. In 2016, the Nigeria economy went into recession for the first time in ten years due to the fall in the global oil price. This resulted in a foreign currency challenge where the naira depreciated against the dollar, the currency used by Case A for the importation of the telecommunication infrastructure. These findings, therefore, suggest that the lack of access to foreign currency for the
importation of the telecommunication infrastructure is a major hindrance to the firms’ expansion in Nigeria.

Case B

An investigation conducted on Case B revealed the institutional factors that influenced the internationalisation of Case B. Nine interviewees in five states in Nigeria were interviewed in September, October and November 2016. The states include Lagos, Kaduna, Enugu, Rivers and Abuja. Questions asked during the interview are presented in the case study protocol.

Case study protocol

Institutional factors influencing the post-entry expansion of Case B in Nigeria

Level 1: questions asked of a specific firm

V. Open questions: what are the factors that influence post entry expansion of your firm in Nigeria? How do these factors influence the firms’ expansion process in Nigeria?

VI. Probing questions: how do political factors influence your company in its expansion process in Nigeria and why do you think it has; also, how does your company respond to this?

VII. Probing questions: questions were asked on the influence of factors that were not mentioned in I and II. Factors such as:

- Regulatory factors
- Socio-cultural factors
- Market factors
- Firm level factors

VIII. Probing questions: questions were asked on any other factors that can influence post-entry of the telecommunication firms that were not mentioned in I, II and III. Factors such as the following emerged:
• Infrastructural challenges
• Community challenges
• The impact of arbitrary taxation
• The impact of economic recession

Outline of the individual case report

❖ A brief background of the firm
❖ Institutional factors influencing Case B
  o Political factors
  o Political instability
  o Multiple regulations
  o Socio-cultural factors
  o Corruption
  o Infrastructural challenges
  o Community challenge
  o The impact of arbitrary tax system
  o The impact of economic recession
  o Firm level factors

A brief background of the firm

A brief background of Case B, which comprises its history, size and chronological internationalisation process is highlighted in section 4.4.3 of this thesis.

Institutional factors influencing Case A

The investigation on Case B revealed the factors influencing the firm at post-entry. These are the political, regulatory, community influence, foreign exchange fluctuation, issues of corruption and infrastructural challenges. Other factors
include technology, market and socio-cultural. Explanations are presented on these factors.

❖ Political influence

The post-entry expansion of Case B has been found to be influenced by the politicians within the Nigerian political system. This political system consists of individuals that have powers to influence decisions regarding telecommunication mast distribution in the country. Findings on Case B revealed that politicians use their influence to force the telecommunication firm to build masts in their villages. By so doing, the politician can use the building of the telecommunication masts as an avenue to garner votes during an election period. This is at the expense of the telecommunication firms because the demand by the politicians interferes with the strategic plans of the firm for other profitable areas of expansion. In response to the demands of the politicians, the telecommunication firm responded by complying with demands because they realise that they might require their help in the future.

❖ Political instability

The issue of insecurity in Nigeria was reported in Case B to be a major problem. The insecurity involves the issues of the Boko Haram terrorist groups in the North-east and the Niger Delta militant avengers in the South-south of the country. Findings on Case B show that telecommunication infrastructures were bombed in the North-east of Nigeria, leading to the disruption of Case B’s activities such as network service interference. Similarly, in the South-south, the militants kidnapped telecommunication workers on the basis that telecommunication firms exploit the people. This is not particular to the telecommunication firms alone because before
the entry of telecommunication firms to this region there were issues between the militants and the oil multinationals in the Niger Delta region, which is the main oil producing region of Nigeria. The militants believed that the oil multinationals had contributed to the pollution of their land and rivers, depriving them of a clean environment. The telecommunication firms despite not polluting are also viewed from a negative perspective as purely exploitative, which resulted in the kidnapping of telecommunication workers and the demand for ransoms.

Case B has responded to these challenges in a variety of ways to maintain their presence. For instance, while in the South-south, Case B employ the indigene of the region to protect the telecommunication masts, in the North, telecommunication sites are abandoned because of the threat from the Boko Haram terrorist group. The findings suggest that the insecurity issues in the South-south and North-east of the country have influenced the post-entry expansion of Case B in Nigeria.

❖ Multiple regulations

The existence of multiple regulations is an influential factor at the post-entry expansion of Case B in Nigerian. The multiple regulations issues regarding NCC and NESREA have to do with the conflicting guidelines over setback, which is the distance between telecommunication masts and the residential buildings. While the NCC rules specify that the distance between telecommunication masts and residential houses must be five meters, NESREA indicates a ten meter rule distance. It was reported that there is confusion as to which of the regulatory agencies to comply with as an attempt to comply with the NCC will attract sanctions from NESREA, which includes locking up and sealing off the base transceiver stations.
(BTS). The major insights from the analysis conducted on the data show that Case B finds it challenging to comply with the rules from the two regulatory agencies, which are contradictorily and were introduced randomly after the company entered into the market.

According to the firms’ annual report (2016, p.73) “as we operate in various and developing markets, we are faced with ongoing regulatory and legal challenges. Governments and regulatory agencies can alter existing policies or implement new policies which can significantly impact upon our operations and financial performance”. This annual report shows the inconsistency in the policies introduced by both the federal government and the regulatory bodies can adversely influence the firms’ operations at the post-entry expansion. For instance, the NESREA rule was established in 2007, after the 2003 NCC Act. NESREA insisted that their guidelines should apply to existing telecommunication masts, which means the telecommunication masts should be dismantled and re-positioned to comply with their guidelines. These findings show that Case B experienced multiple regulatory challenges at post-entry in Nigeria due to different agencies enforcing their rules on the company.

Given the challenge posed by the regulators, the firm has began to respond to maintain legitimacy by setting up regulatory units and departments. Additionally, they have recruited the services of expert consultants who negotiate with the government on the company’s behalf.
The findings on Case B show that there are varieties of opinions on the influence of socio-cultural factors. In particular there were mixed opinions on the influence of religion and ethnicity on the operations of the company in Nigeria. Nigeria is divided along ethnic and religion lines as the North is a predominantly Muslim population which speak the Hausa language, whereas the South is predominantly Christian, though some people within this region do practise the traditional religion of worshipping deities. In the South, a variety of language are spoken, including Yoruba, Igbo, and Ijaw.

Further investigation on Case B revealed that religion, ethnicity and tribal origin do not seem to matter when it comes to telecommunication services as people
from different backgrounds use the services the telecommunication firm provides. Rather than ethnicity or tribal origin, Case B focuses on the demography of the customers and how they behave. In summary, for the majority of interviewees at Case B, culture does not grant legitimacy, but what contributes is how well the company can study the behaviour of the different demographic groups in the society. For instance, young and old users and educated and not so educated people in a particular location.

❖ Market factor

The interviewees also suggested that market demand for their products and services contributes to their expansion in Nigerian. This is because of the increasing demand from consumers in different parts of the country. The telecommunication technology has been widely accepted by the people, consequently, Case B took advantage of the need for their services and expanded within the country. Findings on Case B shows that the level of demand for the firms’ products contributes to the increasing expansion of Case B.

❖ Corruption

The interviewee suggested that they engage in bribery because of the environment they conduct their business. This is a major requirement for them to survive because everyone tends to demand for money or use their position to gain favours from the telecommunication firm. Findings on Case B show that bribery is required to reduce the number of demand that they receive from the officials. It was also shown that Case B had created a designated account from which they bribe the people. These
findings, therefore, suggest that there is an increasing demand for bribery and the telecommunication firm is willing to give in order to continue their expansion.

❖ Firm level factors

Firm level factors influencing the post-entry expansion of Case B in Nigeria are divided into two categories. Firstly, the firm level resources regarding the advanced technology possessed by the company. Case B attributed their expansion to the effective use of innovative technology. It was revealed that access to technology by the firm had increased their expansion and the quality of service they can provide. It seems natural that the telecommunication firm that provides a better quality usually attracts more customers, thereby leading to expansion.

Secondly, interviewees at Case B suggested that the efficient management systems in place at the company help expansion. These include management’s strategic decision making processes involving the expansion plan, which according to interviewees will guarantee a competitive advantage. As the telecommunication sector in Nigeria is still at its developmental stage, where most areas of Nigeria are yet to be covered regarding network infrastructure, it lies with the company’s management team to make the strategic decisions on investments that can yield returns. However, findings show that these decisions are subservient to the wider external factors. Overall, these findings suggest that Case B’s post-entry expansion depends on the ability of the company’s management team to make strategic plans that will ensure the survival of the company.
The infrastructural challenge

Infrastructure has been found to be an important factor influencing the post-entry expansion of Case B. Issues discussed by interviewees on infrastructure are lack of electricity (power) and the frequent theft and vandalism of the telecommunication infrastructure. The lack of electricity, which interviewees referred to as power, was widely reported by interviewees as a major factor influencing the post-entry expansion of Case B in Nigeria. The electricity supply in Nigeria is not evenly distributed across the country due to the lack of infrastructure to support transmission. This has affected the activities of Case B as the company had to look for an alternative means to supply power to its base transceiver stations (BTS) because without adequate electricity the BTS would not be able to transmit the network from one BTS to another. Accordingly, interviewees commented that the company had invested the money meant for upgrades on capital expenditure (CAPEX) in the purchase of generators and energy inverters to ensure a constant supply of electricity at the BTS. This finding as reported by the interviewees suggests that lack of power infrastructure influences the expansion of Case B in Nigeria, in that the company that does not have adequate resources to invest in the infrastructure will go out of business. Case B responded to the issue of power by outsourcing the management of its base transceiver station (BST) to infrastructure management companies such as Huawei, IHS, American Towers and Ericsson. In this way, the cost of managing the BTS and network transmission is transferred to these infrastructure companies.

Another major issue raised at Case B is the issue of theft of equipment and vandalism of base stations. As discussed in the previous section generators are
purchased to solve the issue of erratic power supply to the base stations. However, these generators and other materials that enable the base stations to function such as fibre cables are stolen frequently from the base station site. Additionally, interviewees indicated that communities regularly syphoned the diesel used in fuelling the generators. The issues of theft and vandalism are more prevalent in the southern part of Nigeria when compared with the northern part. Findings show that Case B encounter major challenges of theft and vandalism to its telecommunication infrastructure particularly in the South-South of Nigeria. This suggests that the factors that influence expansion in the South vary from those of the North.

Case B is responding to these issues of theft and vandalism by demanding government protection. A common view among interviewees at Case B is the need for the government to declare telecommunication infrastructure critical national assets as this will require the government to allocate state resources such as police to protect the infrastructure. According to the interviewees, they have been advocating this for a long time, but it has not yet been made into law. Overall, these findings suggest that at post-entry Case B is lobbying for their telecommunication infrastructure to be protected by law thus contributing to changing the institutional environment of the telecommunication sector.
Another reported issue is the challenges Case B face with the host communities in the southern and northern regions of Nigeria. It is required of the company to either buy or lease land from the community chiefs or landowners in the southern part of Nigeria before mounting the telecommunication mast or tower. Interviewees commented that in the North the communities refuse to have telecommunication masts as they are concerned about the personnel seeing their wives in inappropriate circumstances. Most of the rural areas do not have indoor bathroom facilities, so their concern is that when the telecommunication staff mount the towers, there is the possibility of seeing their women in the shower. This poses a serious challenge as it prevents operators from erecting telecommunication masts.

Case B has reacted to the demands of the community members in a variety of ways. These include the recruitment of liaison officers and engaging in bribery.
Regarding the recruitment of liaison officers, Case B has realised that to stop the agitation of the community they have to develop a sustainable approach as the revenue stream of the company largely depends on the functioning of the telecommunication masts. Consequently, what they have done is to engage in negotiation with the community members through a liaison officer who is also a widely respected member of the community. In support of the views of this interviewee, the company’s annual report (2016) further confirms the process of engagement where it was highlighted that involvement in active engagement with the community tends to yield a result.

Another way Case B responds to the demands of the community is to bribe them. Commenting on the communities’ demands, one interviewee recounted that the company have a separate fund with a budget for bribing the community when a demand occurs. Such a fund is termed the “community purse”. However, the company will not keep records of this payment as they are illegal. In summary, these findings show that Case B is responding to the demands of their institutional environment through both legal and illegal channels, as these enable the company to maintain legitimacy. This is an important contribution to the extant literature on legitimacy because previous literature has not considered how firms used an unorthodox method to gain legitimacy.

❖ The impact of taxation

Interviewees observed that in addition to the tax paid at the federal level, the state and the local government impose levies on the activities of Case B. The state and the local government are part of the tiers of government in addition to the federal
government. This interviewees suggest that there is a multiple taxation regime from the three tiers of government: federal, state and local government.

Case B have devised ways to respond to state governors’ tax demands at the state level through the lobbying and hiring of consultants that negotiate with the government officials. For instance, due to the impact of taxation by the state government on their operations, Case B complained to the NCC and the commission has started to lobby the state governors on behalf of Case B by stressing the importance and the contribution of the telecommunication sector to the Nigerian economy. The valuable insight from this interviewee at Case B is that the NCC visits the state government on behalf of the telecommunication companies to enlighten them on what will happen if they continue to impose an arbitrary tax on the companies. In addition to lobbying, Case B recruit consultants whose responsibility is to negotiate with state governors and politicians at the federal and state levels to find a middle ground on issues such as taxation. These findings indicate that experts that understand the environment or have an understanding of how the government works regarding links to people in government are invited to interface between the company and the governors. By these means, they maintain legitimacy.

❖ The impact of economic recession

Case B raised the increasing impact of the economic recession on their expansion plans in Nigeria. Many of them attributed this to the depreciation of the naira against the dollar, which is used to procure most of their telecommunication equipment. These comments from the interviewees and the annual report demonstrate that the issue of access to foreign exchange to aid them in the procurement of telecommunication equipment is an important factor militating against their expansion in Nigeria. In response to this challenge, interviewees suggested that
their firm no longer expand rapidly but calculate which areas would benefit them most regarding profit.

**Case C**

Eight interviewees in five states in Nigeria were interviewed in Case C. They were interviewed in September, October and November 2016. The states include Lagos, Kaduna, Enugu, Rivers and Abuja. Questions asked during the interview are presented in the case study protocol.

**Case study protocol**

Institutional factors influencing the post-entry expansion of Case C in Nigeria

**Level 1: questions asked of a specific firm:**

- **IX.** Open questions: what are the factors that influence post entry expansion of your firm in Nigeria? How do these factors influence the firms’ expansion process in Nigeria?
- **X.** Probing questions: how do political factors influence your company in its expansion process in Nigeria and why do you think it has; also, how does your company respond to this?
- **XI.** Probing questions: questions were asked on the influence of factors that were not mentioned in I and II. Factors such as:
  - Regulatory factors
  - Socio-cultural factors
  - Market factors
  - Firm level factors
- **XII.** Probing questions: questions were asked on any other factors that can influence post-entry of the telecommunication firms that were not mentioned in I, II and III. Factors such as the following emerged.
  - Infrastructural challenge
Outline of the individual case report

❖ A brief background of the firm
❖ Institutional factors influencing the firm
  o Political factors
  o Political instability
  o Multiple regulations
  o Socio-cultural factors
  o Corruption
  o Infrastructural challenges
  o Community challenges
  o The impact of arbitrary tax system
  o The impact of economic recession
  o Firm level factors

A brief background of the firm

A brief background of Case C, which comprises its history, size and chronological internationalisation process is presented in section 4.4.3 of this thesis.

❖ Institutional factors influencing the firm

The factors found to influence firms include political, regulatory, community challenge, foreign exchange fluctuation, issues of corruption and infrastructural challenges. There are also socio-cultural factors and challenges linked to
technology and the market. Explanation of these factors specific to Case C is therefore presented.

❖ **Political influence**

There were concerns reported in the investigation conducted on Case C regarding the influence of politicians on their activities in Nigeria. The concern was linked to their interest in the building of telecommunication masts across the country. It was revealed that politicians perceive the distribution of telecommunication masts as a means to advance their political agenda in the country, where they requested the telecommunication firms to build these masts in their constituencies. During electoral campaigns the politicians can use this as evidence of their good work in the community to persuade the people to vote them into public offices. Overall, findings suggest that the attitude of people in government or the politicians who have links to the government impact on the operations of Case C in Nigeria.

❖ **Political instability**

There were concerns over political instability which was widespread in the data set on Case C. An example of this instability is the activities of the Boko Haram in the North-east of Nigeria. Interviewees suggested that the activities of the terrorist group adversely affect the operations of the telecommunication firms. According to Case C’s annual report (2016), the expansion of the company in host countries such as Nigeria is subject to stability. The report states that “*these risks include civil unrest, economic and political instability...in particular, tensions between regions, civil wars, sanctions or local unrest could greatly hinder Case C’s business*
operations and development” (Annual Report 2016, p. 97). Findings on Case C suggest that the activities of Boko Haram in the North-east of Nigeria negatively influence the expansion of the firm. The firm responded to the instability by leaving the areas in Nigeria prone to violence.

❖ Multiple regulations

Investigation of the factors that influence Case C in Nigeria revealed that there were concerns over the regulatory environment in Nigeria. Findings on Case C show that there are two regulatory agencies within the sector such as the NESREA and the main regulatory body, the NCC. The negative impact of having multiple regulators is the repetition of functions as the agencies compete with one another in the process of regulating the sector. This conflict of interest between the two regulators, where it seems there is a battle of supremacy over who has constitutional powers, has resulted in the shutting down of Case C’s site. This is because when the firm complies with the guidelines of the NCC, NESREA shuts down their telecommunication base stations because it is infringing theirs. Case C has began to respond to demands of the multiple regulators in a variety of ways including compliance to rules and engagement with the regulators. According to the data, the engagement strategy is widespread, which shows that one of the issues Case C discusses with stakeholders is that of multiple regulators. Therefore, the findings suggest that Case C does not only comply to maintain legitimacy, but that they have to negotiate with the regulatory body on issues that hinder their operations.
The role of culture was recorded to influence the post-entry expansion of Case C. On one hand, there are findings that show that religion and language have influenced post-entry expansion because of the ringtones created in the as Igbo, Hausa, and Yoruba languages among others that have been developed to appeal to the consumers. Similarly, in response to the different religions in Nigeria, content with specific and distinct religious messages have been developed and made available for consumers to download. One interviewee suggested that in the South-
west of Nigeria, which is a predominantly Yoruba speaking region, Yoruba songs are preferred as ring tones. Findings also indicate that since Nigeria is a collectivist society, which prefers group activities, there is a sense of responsibility among consumers to keep in touch with close relatives and families. This would certainly explain the success of the telecommunication firm in Nigeria. On the other hand, it was reported that socio-cultural elements such as language and religion had no role in telecommunication expansion. In summary, the findings show that the firm uses technology to develop products and services that accommodate different languages and religions in Nigeria.

❖ Market factors

It was reported that the major market factor that has contributed to expansion is the demand for products and services. The evidence suggests Nigeria has made real progress in this field. In the past when the industry was still a monopoly in the 1980s and 1990s, people queued to use the telephone booths located at NITEL (defunct state-own telecommunication firm) offices across Nigeria. It was reported that due to increasing demand, the operators have continued to compete on price, lowering prices for the consumer on both voice and data. In addition, it was reported that the shift from 2G, 3G, and 4G Long Term Evolution (LTE) had changed consumers’ tastes. Overall, findings suggest that consumer demand contributed to the firm’s expansion in Nigeria.

❖ Corruption
Case C reported the influence of corruption in their operations in Nigeria. They alluded to the fact that corruption is a normal thing in Nigeria and all departments within the Nigerian government request a bribe before any action is taken. This suggests that the firm engages in acts of corruption because they understand how things are done in the country but rather than engaging in bribery directly use local staff to negotiate the terms. Therefore, companies do take advantage of the lax system to achieve their organisational goals.

The findings of the investigation provided support for the widespread corruption and the use of bribery by Case C in Nigeria. However, in contrast to the perspectives presented by the interviewees at Case C, the Annual Report (2016, p. 120) claimed that the firm “opposes corruption”. The annual report went further to insinuate that they “comply with all applicable national and regional laws and regulations, operate ethically and prohibit all forms of corruption and bribery” (Annual Report 2016, p. 121). These findings, therefore, show that the subsidiary in Nigeria engages in corruption contrary to the values the parent company claim to uphold.

❖ Firm level factor

There are two firm level factors influencing the post-entry expansion of Case C in Nigeria. Firstly, the firm level resources regarding the advanced technology possessed by the company. It was reported that the shift from 2G, 3G, and 4G Long Term Evolution (LTE) had changed customers’ tastes. Information provided in the company’s annual report (2016) shows that the company is making an effort to
constantly improve its technology to meet customers’ demands for innovative products.

Secondly, interviewees commented that market intelligence that has been conducted enables them to stay ahead of the competition. In addition, their presence in the African market for a number of years has given them a thorough grasp of the factors that can influence firms’ expansion. Thus, knowledge of the market grants firms legitimacy within the Nigerian market. To summarise, the findings show that Case C understand the Nigerian market due to their experience of working in other African markets, which has been invaluable help in their post-entry.

The findings of the investigation revealed that the company use local people in their business operations as the locals can negotiate on behalf of the company effectively. For example, the company prefers sending the local employees to meet government officials as they understand how the environment work rather than home country employees who might not know how to deal with government officials. The findings on Case C suggest that due to the knowledge of the market through local employees, the firm can develop products and services that are tailored to consumers’ needs. Therefore, local employees help Case C to maintain legitimacy.

❖ Infrastructural challenges

The infrastructural challenge has been identified as one of the significant factors influencing the post-entry expansion of Case C in Nigeria. Reported issues are the erratic electricity supply and the theft and vandalism of telecommunication infrastructure. Regarding the electricity supply, it was reported that this is one of
the major issues the company is facing. It is a problem which faces the whole country with both individuals and businesses complaining about the erratic supply of electricity to homes and businesses because of the lack of infrastructure for the adequate distribution of electricity.

Investigation on Case C revealed that due to the amount of money spent on power, this extra burden is passed on to the consumer in the form of extra charges and indicated that the company feels that government should provide adequate power infrastructure for the sector. However, Case C is responding to the issue of power by taking the responsibility of maintaining its stations. Hence, it has become an outsourced company within the sector, creating the opportunity for the operators to focus on the front end of the business, which is the selling of airtime (top up). Findings on Case C show that the firm is among the infrastructure management providers who are responsible for managing the base stations.

Regarding the issue of theft and vandalism, it was found in this thesis that due to lack of power in the sector, Case C had to purchase generators to supply electricity to base stations. However, this attracted another level of challenge for the company as these generators, as well as telecommunication equipment are regularly stolen. In fact, there is a serious problem of theft and vandalism of telecommunication infrastructure, particularly in the southern part of the country. Findings in this thesis suggest that Case C’s post-entry expansion is hampered by these recurrent thefts, which involve ever increasing cost for the company.

Case C has responded to the issues of theft and vandalism. For instance, in addition to recruiting members of the community to guard the base stations, the firm is advocating for telecommunication infrastructures to be declared as national
assets. What this means is that state resources would be allocated to provide security for the base stations and protect them from acts of theft and vandalism. Currently, Case C has to bear the cost of safeguarding its base stations. Findings indicate that the demand for a law regarding infrastructural assets suggests the influence of the company in changing the dynamics of the sector. Hence, the company is seen as a source of maintaining and conferring its legitimacy within the country.

![Telecommunication mast](image-url)

*Picture of a telecommunication mast outsourced to an infrastructure management firm and located close to an uncompleted building in Port Harcourt, South-south, Nigeria. Source: Photo taken by the Author during the field work*

- **Community demand**
Communities influence Case C’s post-entry expansion as they host the telecommunication masts and towers belonging to the company. Case C is required to mount base stations comprising mast, generators, diesel and batteries in different geographical areas to enable adequate network distribution. The demand for payment from the community is peculiar to the South-South, Niger Delta region of the country. The refusal to consent to the demands of the community will attract sanctions in the form of blocking the entrance to the base stations, thereby impacting on the operations of the firm. In summary, these findings provide important insights into the role of the community in conferring legitimacy on Case C in post-entry.

Case C has responded to the demands of the community through the creation of a liaison office and engagement in corporate social responsibility. Regarding the former, it was reported that they responded by engaging with the communities via liaison officers who negotiate with them on the company’s behalf, usually involving money. Therefore, the legitimacy of Case C is maintained by the creation of a liaison department that has officers dedicated specifically to responding to communities’ demands. It is the communities’ institutions that determine the survival of the telecommunication firms. However, the actions of these liaison officers are illegal as they respond by gaining legitimacy illegally. Nevertheless, the company also respond legally through the process of corporate social responsibility.

On the use of CSR, it was reported that the company had adopted CSR as a form of a strategy to reduce the demands from the community. This social responsibility includes creating jobs for the community by employing them to watch over the base stations.
❖ **Multiple taxation**

Interviewees at Case C reported that there are issues of multiple taxation. This is where the tax imposed on telecommunication firms at the federal level is further imposed on the company by the state and the local government before they can lay telecommunication fibre cables. The findings on Case C show that there is interference from the state government at post-entry.

Case C respond to the challenges of taxation using different tactics. The company is interested in making money, so it will compromise by bribing the government officials. In this way, they can continue to operate within the market. Interviewees suggested that an alternative is to approach the court. However, the long continued process of the court case will delay the company’s operations. Therefore, the company usually decides to settle out of court by paying the state government an agreed amount of money. Thus, permitting the company to continue work on their base stations. In summary, Case C respond to the demands of the government officials through bribery. Through this, they maintain legitimacy.

❖ **Impact of economic recession**

The issue of the depreciation of the naira due to the Nigerian economy in recession also affected the activities of Case C. Findings shows that the economic recession has led to delay in the importation of necessary telecommunication equipment that could aid their network expansion in the county. This suggested that uncertainty regarding the fluctuation of the Nigerian currency led to plans in terms of budgeting for the expenditure of telecommunication equipment. This is further supported by
the firm’s annual report (2016, p. 97), which says: “sharp exchange rate fluctuations and foreign exchange controls” have undermined their expansion in the volatile market, of which Nigeria is one.

Case D

Ten interviews were conducted in Case D in September, October and November 2016. These interviews were based in Lagos, Kaduna, Rivers, Enugu and Abuja. Additionally, secondary documents comprising annual reports, minutes of meetings, government gazettes were carefully analysed. Questions asked during the interview are presented in the case study protocol.

Case study protocol

Institutional factors influencing the post-entry expansion of Case D in Nigeria

Level 1: questions asked of a specific firm:

XIII. Open questions: what are the factors that influence post entry expansion of your firm in Nigeria? How do these factors influence the firms’ expansion process in Nigeria?

XIV. Probing questions: how do political factors influence your company in its expansion process in Nigeria and why do you think it has; also, how does your company respond to this?

XV. Probing questions: questions were asked on the influence of factors that were not mentioned in I and II. Factors such as:

- Regulatory factors
- Socio-cultural factors
- Market factors
- Firm level factors

XVI. Probing questions: questions were asked on any other factors that can influence post-entry of the telecommunication firms that were not mentioned in I, II and III. Factors such as the following emerged:

- Infrastructural challenges
• Community challenges
• The impact of arbitrary taxation
• The impact of economic recession

Outline of the individual case report

❖ A brief background of the firm
❖ Institutional factors influencing the firm
  o Political factors
  o Political instability
  o Multiple regulations
  o Socio-cultural factors
  o Corruption
  o Infrastructural challenges
  o Community challenge
  o The impact of arbitrary tax system
  o The impact of economic recession
  o Firm level factors

A brief background of the firm

A brief background of Case D, which comprises its history, size and chronological internationalisation process is presented in section 4.4.3 of this thesis.

Institutional factors influencing Case D in Nigeria

An investigation conducted on Case D revealed important factors influencing the firm. These factors are political, regulatory, community influence, foreign exchange fluctuation, issues of corruption and infrastructural challenges. Other factors include technology, market and socio-cultural. Explanation is provided on each of these factors specific to Case D.
❖ Political influence
Findings on Case D show that the firm is concerned over the influence of politicians. These politicians are people in government or those that have links in government that use their powers to influence the activities of the firm at post-entry for their benefit. Usually, the politicians demand favours, which can be in the form of shares in the firm or building a telecommunication mast in the name of the politician. When the firm refuses such favours, it then attracts negative attitude.

❖ Political instability
The political instability in the North-east of Nigeria has affected the post-entry expansion of Case D. This is due to the activities of the Boko Haram terrorist group that engages in the bombing of telecommunication infrastructures because they believed that the telecommunication firms were collaborating with the security agencies to trace their whereabouts. Consequently, Case D pulled its workers from the affected areas in the country.

Talking about this issue of insecurity it was reported that aside from the issue of militants, there is a cult group that pose security threats to the life of telecommunication workers in the South-south. Taken together, these findings suggest that political instability, including Boko Haram insurgent group in the North and the cult group in the southern part of Nigeria influence post-entry expansion of Case D in the country.

❖ Multiple regulations
The major regulatory factor that influences Case D’s expansion is the issue of multiple regulation. The issue of multiple regulation occurs when several
government agencies regulate the telecommunication sector. Such agencies include the NCC and the NESREA. The main function of the NESREA is to regulate the environment by conducting an Environmental Impact Assessment (EIA) on the base stations of Case D. However, the NCC also conducts an environmental impact assessment.

It was reported by Case D that the multiple regulatory system led to conflict between the NCC and NESREA, which has led to confusion for Case D as to which of the two directives to comply. The conflict between the two regulatory agencies has led to Case D’s base transceiver site being shut down for more than two years. Overall, the findings indicate that multiple regulation influences Case D’s post-entry expansion.

Case D has responded to the issues of multiple regulation by negotiating with the regulatory agencies through the process of constant engagement. Interviewees at Case D have suggested that both the regulators and the operators become involved in negotiation whenever there are issues. Company’s annual report (2016) stated that they adopted an “extensive negotiation” strategy to resolve the problem of the fine imposed on the company by the regulatory commission. Therefore, rather than comply with regulatory directives, the firm has adopted the strategy of engagement to maintain legitimacy in the Nigerian market.
Another finding influencing the post-entry expansion of Case D is the role of cultural factors. These factors include language, religion and people’s way of life. Since the country comprises 250 ethnic tribes that speak different languages and practised different religions, it was reported that these factors influence the expansion of Case D in Nigeria. Interviewees demonstrated that Case D is sensitive to the regional differences in the religions and languages because what is trending in terms of products and services in the North will be different to what is trending
in the South. The finding suggests that Case D develops products and services to accommodate a particular region of the country to gain legitimacy.

❖ **Corruption**

There have been reported cases of corruption through bribery that influence the activities of Case D. This thesis revealed that due to the level of corruption, which has been accepted as a normal practice in business operations in Nigeria, people in government expect bribes and the refusal of such would attract penalties. The findings on Case D show that corruption persists in the sector and that the firm that gives bribes to the government officials tends to be favoured.

❖ **Firm level factors**

Case D has adopted the firm level strategy that involves the use of innovative technology and international experience to deal with the increasing demand from consumers within Nigeria. Regarding technology, it was suggested that this has helped the firm to satisfy the consumers. These comments, therefore, suggest that technology was instrumental to the expansion of Case D in Nigeria. Regarding staff training, at the beginning of their operations in Nigeria, Case D decided to train its Nigerian staff overseas. This approach, which is still in operation today, has enabled the staff to develop the skills to keep up to date with technological innovation. The finding indicates that the company has an interest in staff development and, in turn, this has helped the firm to remain competitive in the market.
Infrastructural challenges

The infrastructural challenges that hamper the expansion of Case D include issues of electricity (power) and the theft and vandalism of telecommunication infrastructure. Concerning the lack of electricity, interviewees reported that the firm has over thirteen thousand sites and these sites require electricity to function. However, due to infrastructural challenge in the electricity sector in Nigeria, the supply of electricity to base stations is erratic. As a result, Case D incur costs to power base stations, but it demonstrates that access a steady power supply guarantees Case D’s legitimacy in the sector, as companies without power will suffer from low network service output. Another way in which Case D is responding to the issue of power is by outsourcing the management of its base stations to infrastructure management companies such as IHS and Huawei. Thus, reducing costs. Although the infrastructure issues persist, what Case D has done to reduce the operational and capital expenditure that comes with maintaining a telecommunication firm, is to outsource to infrastructure management companies.

Regarding the theft and vandalism, interviewees at Case D suggested that these are major concerns. Due to the lack of a constant power supply, its stations are powered by generators. However, criminals steal these generators on a regular basis. The firm is responding to this issue by advocating the introduction of a bill that protects the telecommunication infrastructure. Interviewees suggest that when the National Assembly (the parliament) passes this bill into law, the government will allocate state resources in the shape of police to protect telecommunication infrastructures. By so doing, Case D influences the decisions within the institutional environment.
Community challenges

Community issues in the dataset collected on Case D were widespread. Communities comprise traditional chiefs and landowners that provide the land that enables Case D to mount the telecommunication infrastructure such as masts and generators. However, some communities shut down base stations and demand money even though they have been paid for the usage of their land. They argue that because the base station is located in their environment, they ought to benefit from the profits of the telecommunication firms as well. The result of non-compliance by Case D would result in the shutting down of their base stations by the communities.

Talking on the same issue, one interviewee suggested that communities have claimed the right to tax: “communities try to drive taxes they have no right to” (Senior Manager Government and Community Relations, Case D). This finding shows that the community, although an informal institution, determines the survival of Case D at post-entry. However, Case D has developed two strategies in response to the challenges posed by the increasing demands of community members. These include creating community departments or units and engaging in CSR. With regards to the former, it was revealed that the community departments are solely responsible for managing any agitation or complaints from community members. The company has developed the strategy of discussing issues with the influential chiefs in the different communities through the departments. Thus, the company has created departments responsible for negotiating on its behalf to maintain legitimacy amongst the communities which host the base stations of Case D.
Regarding CSR, Case D has started engaging the communities through corporate social responsibility. Interviewees suggested that one of the ways of reducing confrontation with communities is to develop an affinity with them by establishing hospitals, schools and supporting local festivals. An interviewee at Case D suggested that the company dedicates one percent of its revenue to fund the Case D foundation that provides for social development in the six geographical locations in the country. In addition, it was found that on a yearly basis they support local festivals, such as fishing festivals in the North and yam festivals in the South-east as this enables relationship building with the community. Moreover, Case D supported the coronation of traditional local chiefs in communities and local festivals, as well as sporting activities. Overall, the findings indicate that Case D have various ways of maintaining legitimacy within the communities.

❖ **Impact of arbitrary taxation**

Case D raised concerns on the issue of taxation. It has to do with the process of taxation within the sector where the three tiers of government, the federal, state and local government demand, that Case D pay tax before laying telecommunication cables and building base stations. An interviewee gave a vivid account of an incident in Kano State, North-west Nigeria to illustrate this point. In this case, having paid the tax to the federal government to use the roads in Kano State, an attempt to lay telecommunication fibre cable was stopped by the state government until a further tax was paid. Overall, this finding illustrates political interference in the form of multiple taxation from federal, state and local government impacting on the post-entry expansion of Case D in Nigeria.
Case D has begun to respond to the concerns of multiple taxation by engaging the state government in the discussion. Negotiating with them and educating them on the importance of the telecommunication sector has resulted in a reduction in the amount of tax paid to the state government. This finding shows that the discussions between Case D and the state governors on multiple taxation have been productive and have led some state governors to jettison the idea of continuous taxes on the company.

❖ **Impact of economic recession**

The Nigerian economy going into recession has influenced the post-entry expansion of Case D because it affected the exchange rate and the value of the naira fell below that of the dollar. This naturally resulted in an increase in the price of imported telecommunication equipment. In addition, the central bank of Nigeria (CBN) put in place a policy that prevented the telecommunication firms from accessing foreign currency. The findings on Case D regarding the impact of the economic recession, therefore, illustrate the role the Nigerian government and its economy has on the expansion of the firm.

Appendix XIII Publications


## Appendix XIV Linking theory and findings

<table>
<thead>
<tr>
<th>Theory</th>
<th>Institutional factors identified as influencing international telecom firms at post-entry in the Nigerian telecommunication sector</th>
<th>Ways of responding to the institutions to gain, maintain and repair legitimacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulative (Suchman 1995; DiMaggion and Powell, 1983; Scott, 1995, 2008, 2013; Deephouse et al. 2017).</td>
<td>Politicians, the regulators, taxes, and economic recession.</td>
<td>International telecommunication firms adopt the formal instrument of engagement in response to demands from formal institutions, thereby maintaining legitimacy. In addition, in response to the informal institutions, they respond through bribery to maintain legitimacy within the state. Also, through the home country government to repair legitimacy with institutional actors in the host country.</td>
</tr>
<tr>
<td>Cultural-cognitive institutions (Suchman 1995; Scott 2001, 2013; Deephouse et al., 2017).</td>
<td>Corruption, Community members and infrastructural challenge</td>
<td>Maintain legitimacy informally through a bribe. Also, through recruiting indigenes to protect masts. Formally through corporate social responsibility. Additionally, they respond by lobbying to declare infrastructure critical.</td>
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</tbody>
</table>