Why do African multinationals invest outside their home region? Should they?

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This study draws on preliminary case evidence to explore the motivations and advisability of engagement by African multinational enterprises (MNEs) in outward foreign direct investment (FDI) activities outside their home region. It complements recent research on MNEs from emerging markets, focused on the BRICS (Brazil, the Russian Federation, India, China, and South Africa) economies, with virtually no attention to potentially important players from rising Africa. The MNEs explored in this study are active in the energy, manufacturing, construction, chemicals, agribusiness, extractive/mining, and financial services sectors, and they have investment footprints both in countries in the North and the South. Their investment decisions are motivated by the search for market opportunities, strategic assets/resources and performance-boosting relationships, though more advanced economies appear to attract more strategic asset-seeking FDI from African MNEs. The paper argues that intra-regional investments by African MNEs should continue to be prioritized, but selective and strategic extra-regional FDI, undertaken with an eye on furthering global competitiveness, also requires appropriate policy support. This seems even more sensible given that the acceleration of borderless digital internationalization and the increasingly blurred nationality of MNE affiliates are lessening the relevance of regional distinctions.

Key words: Foreign Direct Investment, Africa, Multinational Enterprises, Extra-regional FDI Footprints.

1. Introduction

Outward foreign direct investment (FDI) from the developing "South", or by emerging market multinational enterprises (MNEs), have witnessed significant growth over the past few decades. The latest UNCTAD statistics put FDI from developing economies at $383 billion, approximately a quarter of the total global flows of $1.75 trillion (UNCTAD, 2017a). These flows are buoyed by the significant outward investment by

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This paper is part of a larger, ongoing project on African multinationals, aspects of which were published in: The Changing Dynamics of International Business in Africa, Adeleye, I., Ibeh, K., Kinoti, A., White, L. (Eds.), Palgrave Macmillan, 2015.

MNEs from the BRICS, particularly China. The latter's extensive footprint across Africa is well publicized, as is the considerable outlay of Asian MNEs in Latin America and the Caribbean and the rising intra-regional FDI flows in transition economies, West Asia and Africa (UNCTAD, 2012, 2017a). Increasingly, the understandable quest for strategic assets, markets and other catch-up levers has attracted these multinationals, including State-owned enterprises (SOE), to invest, particularly through mergers and acquisitions (M&A) in more advanced economies (Mathews, 2006; Kumar, 2009; Ramamurti and Singh, 2009; Birkinshaw et al., 2010; Madhok and Keyhani, 2012; Peng, 2012; Sarathy, 2013; Marchand, 2015; Rao-Nicholson et al., 2016).

African MNEs also contribute to these South-South and South-North flows, albeit to a markedly lesser extent than the BRICS economies (BCG, 2010; Ibeh, 2013, 2015). Their contribution is reflected in the surge in the continent's overall FDI stock – from $38.9 billion in 2000 to $268.7 billion in 2016 – and its growing army of over 500 services multinationals (UNCTAD, 2015). Notably, intra-African FDI accounted for 76 per cent of the continent's outflows that went to greenfield projects (UNCTAD, 2015), while cross-border intra-regional M&A grew almost twentyfold, from $130 million in 2013 to $2.4 billion in 2014 (UNCTAD, 2015). Not surprisingly, South African MNEs are dominant players in the African FDI stakes (Verhoef, 2016), but MNEs from especially Nigeria, Togo, Morocco and Egypt, are also gaining confidence and increasingly investing outside familiar, regional, territory.

African MNEs' intra-regional investment activities, like those of their developing "South" counterparts (Aykut and Ratha, 2003), can be explained from an evolutionary, learning-by-doing or institutional proximity perspective (Buckley et al., 2007; Ibeh, 2009). These forays may also be prompted by infrastructure developments in the region and the emergence of more integrated African markets, particularly as these serve as viable learning platforms and enablers for African companies seeking to upgrade their capabilities and skillsets to expand into more challenging advanced markets (Ibeh, 2009). The case for African MNEs' South-North FDI is, however, more contentious, particularly given concerns in the literature about integration failures and sub-optimal value-creation arising, *inter alia*, from absorptive capacity limitations and institutional dissimilarities (Rugman and Li, 2007; Peng, 2012; Rao-Nicholson et al., 2016).

The aim of the present research is to explore the motivations and advisability of African MNEs' engagement in FDI activity outside their home region. It seeks to improve understanding about the nature of extra-regional FDI, the reasons for so doing, and the policy implications from these findings. The study contributes to the continuing scholarly and policy debate about the preferred FDI destinations and growth directions of developing country MNEs (Rugman and Li, 2007; Ibeh and Makhmadshoev, 2018). This paper reflects on how relevant institutions, development partners and policy makers might better support African MNEs strategic investment decision-making in order to improve their impact on their home and regional economies. The paper is organized as follows. Section two presents a brief review of the literature pertaining to the issues raised and outlines relevant research questions. An explanation of the case study approach adopted is provided in section three. This is followed by the presentation, analysis and discussion of case material. The final section summarizes the findings and discusses the public policy, economic development and future research implications. It should be noted that for the purposes of this study, FDI by North African MNEs within the Middle East and North African (MENA) region are not considered extra-regional, given these MNEs' connectedness to both Africa and the Middle East.

2. Literature review and research questions

The classic explanations for MNEs' choice of investment destination are fourfold: market-seeking (to access potentially lucrative foreign market opportunities); resource-seeking (to access potentially advantageous resources located abroad); efficiency-seeking (to exploit favourable cost structures, efficiencies or scale economies abroad); and strategic asset-seeking (to access assets that will enable the firm to compete in a particular market, and which can include knowledge/technology- and relationship-seeking motivations) (Dunning, 1993; Mirza, 2000; Ibeh et al., 2004).

The more traditional of these motives, market-, resource- and efficiency-seeking, can be traced to the asset exploitation logic of early international business scholars (Hymer 1960; Caves, 1971) – echoed by the resource-based view (Penrose, 1959; Barney, 1991) – which explains FDI as a means of optimizing quasi-monopolistic advantages possessed by MNEs over indigenous competitors. Such advantages, subsequently reframed as ownership, location and internalization advantages (OLI) (Dunning, 1977) or firm-specific assets (FSA) (Rugman, 1980), are thought to underpin MNEs' search for market opportunities, resources and efficiencies via FDI. Later research, mainly on developing country MNEs, broadened the spectrum of advantages to encompass relationship and network advantages (Dunning, 1993), country-specific advantages, institutions (Dunning and Lundan, 2008) and government support (Kalotay and Sulstarova, 2008). Significantly, this later research stream posits asset exploitation and "O1" advantages as more relevant to explaining FDI by traditional MNEs than that of their emerging market counterparts. The latter, the argument goes, tend to be more focused on augmenting or seeking strategic assets, including knowledge, technology, intellectual property, brands, reputation or prestige, and critical relationships/networks (Mathews, 2002, 2006; Aulakh 2007; Luo and Tung, 2007; Amighini et al., 2010; Chen et al., 2012; Gaffney et al., 2014), particularly as they move up the value chain into more complex and higher value-added activities. The Linkage-Leverage-Learning (LLL) framework postulated by Mathews (2002, 2006) aptly reflects this asset-augmentation perspective.

The foregoing should not be interpreted as implying that emerging country MNEs only seek access to strategic assets through their FDI activities. On the contrary, classic FDI motivations, specifically the quest for markets, resources and efficiencies, are also relevant (Amighini et al., 2010; Yeganeh, 2016). The literature, to be sure, offers countless examples of market-seeking FDI by emerging country MNEs, for example

Chinese firms' push into Japan and Southeast Asia (Frost, 2004), the expansion into Eastern Europe by firms of the Russian Federation (Vahtra and Liuhto, 2004) and South African MNEs' expansion into other African markets (Klein and Wocke, 2007; Vorheof, 2016). These MNEs – even those with sizeable and rapidly-growing domestic markets – are known to explore new foreign markets to gain the competitive edge over domestic rivals, get closer to customers and obtain knowledge about foreign markets. Resource-seeking motivations, including the search for raw materials and labour (De Beule and Duanmu, 2012), are also amply illustrated by Chinese and, to a lesser extent, Indian FDI in Africa, Latin America and elsewhere (Casanova, 2004; Goldstein, 2006; Buckley et al., 2007). Although efficiency-seeking factors seemed to be of less interest to emerging market MNEs –which traditionally faced lower costs thanks to access to cheap labour, abundant natural resources, and government support – rising competition in domestic and international markets appears to be changing this situation. There is evidence, for example, of emerging market MNEs outsourcing certain functions to cut production costs (Sim and Pandian, 2003) or expanding to advanced countries in pursuit of scale economies (e.g. Tata Group's acquisition of Anglo-Dutch steel group, Corus - Goldstein, 2008). Enhanced national prestige, or the desire to project their corporate identity onto the world stage, have also been identified as motivational factors among emerging MNEs, particularly those supported by their national governments (Gaffney et al., 2014).

The investment location theory for developing economy MNEs – specifically from the perspective of the evolutionary, learning-by-doing, demand similarity, psychic distance (Johanson and Vahlne, 1977) and institutional proximity (Rugman and Li, 2007) factors – essentially recommends priority attention to intra-regional and other Southern economies given their better fit with the institutional characteristics and resource profiles familiar to developing economy MNEs. Arita (2013), for example, attributed the higher presence of developing economy-derived FDI in the Global South to such broadly proximate institutional factors across developing markets.[1] The literature, indeed, suggests that developing country MNEs with market-seeking motivations tend to gravitate towards difficult institutional environments, where they have an advantage over their developed country peers, because they are more familiar with such institutional conditions (Cuervo-Cazurra and Genc, 2008; De Beule and Duanmu, 2012). On the other hand, those that seek strategic assets appear to favour more advanced economies (Citigroup, 2005; UNCTAD, 2005; Goldstein, 2006; Amighini et al., 2010).[2] This means in their germane search for both catch-up strategic assets and market opportunities, some developing country MNEs concurrently invest in advanced and developing economies (Yeganeh, 2016).

From the perspective of the home country, the existing research shows a mixed impact from outward-oriented internationalization, including outsourcing and FDI, on home economies: direct positive (e.g. overseas profits); direct negative (e.g. loss of jobs and

[1] For examples of Chinese and Indian MNEs in Africa, see De Beule and Duanmu (2012).

[2] See, for example, Pietrobelli et al. (2010) finding about China's Haier acquisition of a well-known brand and manufacturing and R&D facilities in Italy.

tax income); and indirect positive (e.g. cost savings resulting from optimal allocative efficiency or the so-called "batting average" effect associated with a lower cost location [Blomstrom and Kokko, 1998; Bitzer and Gorg, 2005]). Outward FDI has been found to make a positive contribution to domestic total factor productivity, through spillover effects from accessing foreign R&D, capital stock, local knowledge, public infrastructure and leveraging agglomerative effects in target countries (Hejazi and Pauly, 2003), and through technological and skill upgrading at home. Research also suggests that the impact of outward investment may vary according to the type of industry or technological intensity (Bitzer and Gorg, 2005), the underlying motivation for the investment (Driffield and Love, 2007), and the location of the investment (Bitzer and Gorg, 2005) among other factors. Evidence, for example, suggests that outward FDI in certain high technology sectors tends to lead to effective technology transfer and productivity gains at home. As noted earlier, such strategic asset-seeking FDI or "home-base augmenting" FDI (Chung and Yeaple, 2004; Driffield and Love, 2007) are increasingly common, but their outcomes may depend on factors, including the location of the investment activity, the investing firm's absorptive capacity, and the extent of institutional similarity/divergence between the investing firm and host economy.

The foregoing review of the literature raises the following questions, which are explored in the present study:

What do we know about African MNEs' investment activities outside their home region? Where are these activities located?

What are the motivations for these extra-regional investment forays?

How advisable is African MNEs' engagement in extra-regional FDI?

3. Research context and methodology

The foregoing research questions are addressed using a case study approach (Miles and Hubermann, 1994; Yin, 2003), which is motivated by the distinctly limited extant knowledge on the FDI behaviour of African companies, South Africa excluded. It also responds to repeated calls for more qualitative approaches in international business research (Ghauri, 2004; Welch and Piekkari, 2017), and has been successfully employed in studying emerging market MNEs from other regions (e.g. Sim and Pandian, 2003; Del Sol and Kogan, 2004). To ensure proper case research protocols and minimize weaknesses, the following steps were pursued.

First, the study scope includes all Africa[3], but excludes South Africa, one of the BRICS economies with several well-established global players (Klein and Wocke, 2007; Verhoef,

[3] According to IMF (2015), the region's growth averaged 5 per cent between 2001 and 2014 and 3.6 per cent in 2015.

2016). This delimitation also serves to draw attention to the significant level of outward FDI activity from the rest of the continent. The increased investment outflows originate partly from a new generation of innovative and ambitious African champions (KPMG 2013) and pan-African groups, notably from Nigeria, Togo, and Morocco (IMF, 2015). A recent report to the World Bank identifies nascent African MNEs as originating from Algeria, Angola, Botswana, Côte d'Ivoire, Egypt, Gabon, Kenya, Mauritius, Morocco, Nigeria, Togo and Uganda, and mainly operative in the financial services, extractive, construction and manufacturing sectors (Ibeh, 2013, 2015). Kenyan investors are also strongly active in the East African region (Ngugi, 2016). In addition to increasing levels of intra-African investment (UNCTAD, 2015), investment outflows from Africa are also directed further afield to other Southern economies and more advanced economies, mainly in Europe and North America (Ibeh, 2013, 2015).

Second, drawing upon relevant best practice, the study population was defined to encompass African MNEs that have undertaken FDI and own or control value-adding activities in at least two countries outside Africa. Nine companies – not an exhaustive list – were selected for investigation, to ensure that the findings are not idiosyncratic (Miles and Hubermann, 1994).

Third, secondary data from multiple sources, including electronic databases, national and supranational organizations, company websites and reports and business press, were examined for relevant insights on the firms under survey. The present study's scope is limited and therefore precludes theory testing or generalizability. However, it allows for the exploration of theory (Yin, 2003) and the generation of insight into African MNEs, by drawing on the aforementioned data sources. Extensive desk-based research enabled the development of case narratives, chronological timelines and information about the study firms' major FDI activities. The integration of multiple sources produced a patchwork of evidence, in the best tradition of case study research (Yin, 2003). The foregoing aligns with earlier calls in the literature for a greater integration of secondary data sources in international business research (Mol and Birkinshaw, 2014; Puolis et al., 2013), particularly as they "… provide empirical depth into a case-study project" (Puolis et al., 2013, p. 331).

4. Analysis and findings

4.1 Brief Profiles and Indicative FDI Footprints of the Focal MNEs[4]

The African MNEs explored in the present study respectively originate from Algeria, Egypt, Morocco, Nigeria, and Togo, and mainly active in the energy, manufacturing, construction, chemicals, agribusiness, extractive, and financial services sectors. They are Sonatrach Group (of Algeria); Sonangol (of Angola); the Elsewedy Group and Orascom Construction Industries (of Egypt); Office Chérifien des Phosphates, Attijariwafa Bank, and Groupe Banque Centrale Populaire (of Morocco); First Bank Holding (Nigeria); and Ecobank Transnational Incorporated of Togo. The below provides a brief profile with the salient features of each firm.

Elsewedy Electric, founded in 1984, is a Cairo-based industrial conglomerate engaged in the manufacture and management of power cables, transformers, power generation units and other electrical products. It commenced outward international activities in 2000, has 30 factories in 14 countries, exports to 110 countries, and generates most of its revenue internationally. The company has grown significantly both organically and through acquisitions and joint ventures in the Middle East, sub-Saharan Africa, Europe and other countries. See table 1 for more profile information, including indicative FDI milestones and footprint.

Orascom Construction Industries (OCI), founded in 1950 and controlled by the Sawiris family, is one of Egypt's largest corporations, employing 12,000 (core) staff in 18 countries across the Middle East and Africa, Europe, North America, and Asia. It specializes in large industrial construction and infrastructure and fertilizer businesses and operates through major subsidiaries, including the OCI Construction Group, which provides international engineering and construction services for public and private clients, primarily on infrastructure, industrial and high-end commercial projects in the MENA region and Europe. The OCI Fertilizer Group, based in the Netherlands, ranks among the world's top fertilizer producers. It owns and operates nitrogen fertilizer plants in Egypt, Algeria, the Netherlands, the United States, and an international distribution platform spanning from the Americas to Asia. Latest available figures (2016) suggest annual revenues of $4bn, before-tax profit of $145 million. OCI generates most of its revenue outside Egypt and this is likely to continue based on the Group's intensifying international investments, including acquisitions and joint ventures (JVs). Table 2 offers more profile information on OCI, including sample FDI milestones and footprint.

[4] All figures for employment and performance in Tables 1 to 9 are based on the most recent publicly available data (relating to financial year 2016, unless otherwise indicated) and are based on company documents and financial reporting and/or secondary data sources such as Reuters and Financial Times, when not all data could be obtained from primary sources. However, even with consultation of secondary sources, not all figures could be obtained for some firms.

Table 1. Elsewedy Electric's Profile and FDI Activities

Industry	**Diversified Manufacturing - electrical, renewable energy, telecoms**
Established	1984
Employees	12,000
Ownership	Elsewedy family (64%); Free float (34%); Private investors (2%)
Home Country	Egypt
Physical Network (International Locations)	Algeria, Angola, Cameroon, Ethiopia, Gambia, Ghana, Guinea, Nigeria, Niger, Liberia, Libya, Malawi, Mozambique, Rwanda, Sudan, Uganda, Zambia, Zimbabwe, Bahrain, Iraq, Kuwait, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen; Czech Republic, Hong Kong (China), India, Kazakhstan, Malaysia, Pakistan, the Russian Federation, Slovakia, Slovenia; Spain, Netherlands.
Performance Indicators/ Metrics	Revenue US$1.3 billion Profit before tax US$319 million
Indicative FDI Activities	*Subsidiaries* Elsewedy Cables (Syria); Sudanese Egyptian Electric (Sudan); PSP (Turnkey power plant, Saudi Arabia); Electric Transformer plant (Zambia); Electric Cables plant (US$50m, Algeria); Power Generation plants (3) (US$484.5m) (Angola); Solera, Solar projects (Liberia & Sudan); *JVs* Power cables plant (US$42m) (70%, with Hassan & Massoud) (Yemen); Power plant -build and operate (US$169m with Arab Contractors) (Iraq); Electric Transformer plant (95.7%, with Lagos State Govt (Nigeria); Sewedy Wind Energy Group (30%, with German's SIAG; acquired the wind division of M. Torres Olvega for US$56m) (2008); Electricity Grid works (US$1 billion contracts, part of a consortium) (Libya). *Distribution network* Europe; *Representative offices* Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Kuwait.
Accolades (selected)	Best African Company of the Year Award, 2017 (Africa CEO Forum); Largest Cables producer in the MENA region.

Source: Case Data.

Table 2. Orascom Construction Industries' Profile and FDI Activities

Industry	**Construction, Fertilizer and Chemicals**
Established	1950
Employees	12,000
Ownership	Sawiri's Family (controlling stake)
Home Country	Egypt
Physical Network (International Locations)	Algeria, Morocco, Nigeria, Tunisia, Bahrain, Iraq, Qatar, Saudi Arabia, United Arab Emirates; Afghanistan, Brazil, India; Belgium, Cyprus, Netherlands, Switzerland, United States.
Performance Indicators/ Metrics	Revenue US$4.0 billion Profit before tax US$145.1 million
Indicative FDI Activities	*Wholly Owned Subsidiaries* Weitz Co, Iowa; Contrack International (Virginia, United States) (e.g. the US$1 billion SIDRA Medical and Research Centre in Doha); Orascom Saudi Limited (e.g. US$450 million Infrastructure work); Petrochemical Complex in Oran (Algeria); Gas Turbine power plant (US$363 million Iraq); OCI International Cyprus; *JVs* Sorfert Algérie (US$1.9bn) (with Sonatrach) (Algéria); Nuclear Power projects (with Arab Contractors) Middle East; Shams Abu Dhabi Gate District Towers project (US$150m) (with Arabian Sea Foundation, Hydra Commercial, Sorouh Real Estate and Capital Investment); Civil Works and Facilities, Ruwais (US$146m, with Tecnimont SpA/Samsung (Abu Dhabi); El Merk Central Processing Facility, Berkine Basin (US$280m, with Bentini of Italy and Petrofac International (Algeria); BISEX Group, Belgium (50%, with Al-Muhaidib Contracting) (e.g. US$400 million Al Safooh Transit System Dubai, with Alstom; US$673 million Wastewater Treatment plants Abu Dhabi & Al Ain, with Veolia Water; €380 million King Abdullah Sports City near Jeddah; US$675 million Doha Convention Center & Tower, phase IIB; US$1.3 billion Cleveland Clinic, Abu Dhabi, 60:40 JV with Samsung).

Source: Case Data.

Group Office Chérifien des Phosphates (OCP), owned 94 per cent by the Government of Morocco, is reputedly the world's leading exporter of phosphates and derivatives, with investments in several countries. It became a public company in 2008, and employed over 20,000 staff and generated $4.1 billion of revenue in 2016. Among its international investments is a 50 per cent interest in Prayon, which owns two production sites in Belgium and Pakistan; Maroc Phosphore SA, a joint venture between the OCP and Fauji Fertilizer Bin Qasim Limited of Pakistan; and Black Sea fertilizer trading company, a JV with Turkish Toros Agri-industry Company, aimed at extending OCP's presence to Central Asia and the Balkans. OCP also recently established a JV with India's Krishak Bharati for the development of a greenfield NPK fertilizer plant in Andhra Pradesh, India.

Sonatrach, founded in 1963, is a State-owned Algerian group, which is the first integrated petroleum company in Africa and the twelfth largest in the world. It has over 154 subsidiaries within and outside Algeria (49 internationally) and generated $27.5 billion of revenue, employing 48,000 employees in 2016. It is also a leading global gas exporter, with a pipeline network of around 16,200km, and has, as part of its diversification strategy, invested in power generation, new and renewable energies, water desalination, and mining exploration and exploitation. Sonatrach International Holding has over 30 subsidiaries, including wholly-owned trading units in London, Singapore (since 1994), and Amsterdam (Sonatrading). Table 4 offers more profile information on Sonatrach, including indicative FDI milestones.

Sociedade Nacional de Combustiveis de Angola (Sonangol), incorporated in 1976, is a State-owned oil and gas group that operates primarily in the upstream and downstream

Table 3. Office Chérifien des Phosphates' (OCP) Profile and FDI Activities

Industry	**Mining**
Established	1920
Employees	20,980
Ownership	Moroccan's government (controlling stake)
Home Country	Morocco
Physical Network (International Locations)	Gabon, Iran; Argentina, Brazil, India, Pakistan, Turkey; Belgium, United States.
Performance Indicators/ Metrics	Revenue US$4.1 billion Net income US$562.1 million
Indicative FDI Activities	*JV* Greenfield NPK Fertiliser plant, with Krishak Bharati (Andhra Pradesh, India) (2016); Fertiliser plant (with the government of Gabon (2014).

Source: Case Data.

Table 4. Sonatrach's Profile and FDI Activities

Industry	**Extractive**
Established	1963
Employees	47,596
Ownership	Algerian government (controlling stake)
Home Country	Algeria
Physical Network (International Locations)	Angola, Chad, Egypt, Libya, Mali, Mauritania, Niger, Nigeria, Tunisia, Iraq, Saudi Arabia, United Arab Emirates, Yemen; Bolivia, Brazil, China, Peru, Singapore, Slovenia, Republic of Korea, Turkey; Belgium, France, Germany, Greece, Italy, Portugal, Spain, Netherlands, United Kingdom, United States.
Performance Indicators/ Metrics	Revenue US$27.5 billion Profit before tax US$ 2.7 billion
Indicative FDI Activities	*Wholly-Owned Subsidiaries* (finance, investment and portfolio management) Sonatrach Petroleum Investment Corp (Netherlands); International Petroleum Investment Partnership (Netherlands); *Gas Plant JVs* Propanchem, with BASF (Spain); Propane dehydrogenation plant, with Bayegan & Rönesans (Turkey); Camisea gas project (10%, Peru); with Anadarko (Houston, United States); *Exploration and Production (E&P) JVs* With Oil India Ltd, National Oil, Algeria and Indian Oil (Libya); With Agip (Yemen); With India's ONGC and Reliance Industries (Iraq); Others: Syria, Chad, Niger, Angola, the Gulf of Mexico; *Refining Operations* (Mauritania, Tunisia, Sudan, Brazil, Bolivia, and Canada – stake in Diamond Shamrock); *Independent Power Plant JVs* (in Turkey and Other markets); *Pipeline JVs* Galsi 900km Enrico Matei with Eni affiliate (to Italy); The NIGAL, with Nigeria's NNPC and the government of Niger (Trans-Saharan gas pipeline); Medgaz (42%, Pedro Duran Farrel with Spain's Cepsa Gas).

Source: Case Data.

sectors of the petroleum industry, with additional interests in telecommunications, insurance and financial services and the training of oil industry professionals. It is a highly diversified conglomerate with more than 30 units and JV activities across Africa, South East Asia, Europe and North America. It generated $10 billion in revenue and $436 million in pre-tax profit, with 8,000 staff in 2016. Seemingly driven to become a significant international competitor, particularly in the African context, Sonangol has undertaken strategic investments both domestically and internationally. The latter include China

Sonangol International Holding, a 30:70 JV with Beiya International that has assets in Nigeria, Indonesia, and Argentina and handles crude flows between Angola and China. More profile information, including indicative FDI milestones and footprint, can be seen in Table 5.

Attijariwafa Bank, part of the Moroccan Royal family-controlled Group ONA, is one of Africa's largest in terms of assets. A product of a merger between Banque Commerciale du Maroc and Wafabank, it generated $3.3 billion revenue with just under 20,000 staff across 3,040 branches. Its investment footprint extends to over 20 countries, including MENA, West and Central Africa, China and Europe (where its 60 branches facilitate the remittances of millions of Moroccan diaspora) (Euromoney, 2013). The first

Table 5. Sonangol's Profile and FDI Activities

Industry	**Extractive**
Established	1976
Employees	8,000
Ownership	Angolan government (controlling stake)
Home Country	Angola
Physical Network (International Locations)	Cabo Verde, Congo, Nigeria, Sao Tome and Principe, Zaire, Iraq; Cuba, Hong Kong (China), Indonesia, Singapore; Portugal, Switzerland, United Kingdom, United States.
Performance Indicators/ Metrics	Revenue US$10 billion Profit before tax US$436 million
Indicative FDI Activities	*Exploration and Production JVs* Sonangol E&P International Ltd (25%, with Cobalt International Energy, Gulf of Mexico); With Tullow, Ireland & Addax, Switzerland (10%, Gabon); Amorim Energia (45%, with Galp Energia, Portugal); Others: Iraq and Syria; *Marketing JVs* Enco Sarl (40%, Sao Tome and Principe); Enacol (32.5%, Cabo Verde); Sopor Portugal (49%, Portugal); Sonangol Congo (60%, DR Congo); China Sonangol Intl. Holding (70%, with Beiya Intl.) (China); *Refining Subsidiaries* LNG plant (Northern Zaire); *Other JVs* Banco Africano de Investimentos (BAI), Portugal; Banco do Comercio e Industria (BCI), Portugal; Millennium BCP, Portugal; Overseas Offices - Congo, China, United States, United Kingdom, Singapore; *Other Assets* - Nigeria, Indonesia, and Argentina.

Source: Case Data.

phase of its intra-regional expansion focused mainly on neighbouring countries and francophone West Africa, while the second phase of African expansion, heralded by the acquisition of Barclays Egypt, prioritized such selection criteria as size of the national economy, population and growth prospects. Table 6 presents more profile information on Attijariwafa Bank, including indicative FDI milestones and footprint.

Banque Centrale Populaire (BCP), established in 1961, is owned by the State of Morocco (45.4 per cent) and 11 regional cooperative banks (22 per cent). A further 25 per cent is held through publicly-issued shares and the Government Pension Fund vehicle, CDG (5 per cent). Listed on the Casablanca Stock Exchange in 2004, the group reportedly employed some 12,000 employees across 1250 branches in 2016. Revenues in the year were $2.1 billion. It also has 4.5 million customers and a presence in 11 African countries as well in Europe, the Middle East and North America. BCP's subsidiary,

Table 6. Attijariwafa Bank's Profile and FDI Activities

Industry	**Financial Services**
Employees	19,754
Ownership	Moroccan Royal Family (controlling stake)
Home Country	Morocco
Physical Network (International Locations)	Burkina Faso, Cameroon, Congo, Côte d'Ivoire, Gabon, Guinea Bissau, Libya, Mali, Mauritania, Senegal, Tunisia, Egypt, Saudi Arabia, United Arab Emirates; China; Belgium, France, Germany, Italy, Netherlands, Spain, United Kingdom.
Performance Indicators/ Metrics	Cabo Verde, Congo, Nigeria, Sao Tome and Principe, Zaire, Iraq; Cuba, Hong Kong (China), Indonesia, Singapore; Portugal, Switzerland, United Kingdom, United States.
Indicative FDI Activities	Revenue US$3.3 billion Net income US$675 million Total assets US$29.3 billion
Accolades (selected)	*Subsidiaries* Banque du Sud (35.5% from the Tunisian government); Tunisia (with Banque Sénégalo-Tunisienne); CBAO, Senegal's second ranked bank (79.15%); BIM, Malian lender (51%); Former Credit Agricole businesses in the Congo, Ivory Coast, Cameroon, Gabon and Senegal (2008); Barclays Egypt (2017); Burkina Faso, Mauritania, Mali; Guinea-Bissau; Attijariwafa Europe – Belgium, France, Germany, Italy, Spain, Netherlands, United Kingdom; *Branches* - Libya, Saudi Arabia, United Arab Emirates; *Representative Office* China.

Source: Case Data.

Chaabi Bank, set up in 1972 in France, has a presence in several other European countries, including Belgium, Spain, Italy, Germany, the Netherlands, and the United Kingdom. This expansive international network mainly targets the Moroccan diaspora and accounts for BCP's leading position in remittance banking. BCP's African footprint was facilitated via the acquisition of Ivorian lender, Group Banque Atlantique (currently 75 per cent), which is active in Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, and Togo. BCP also recently undertook FDI activity in the United States (representative office in Washington DC) – see Table 7.

Ecobank Transnational Incorporated, established in 1985 by private and institutional investors from several African countries, reputedly has the broadest reach of any African bank. It employed almost 16,000 staff, across 1250 branches across 33 African and four non-African countries, and generated revenue of $1.8 billion and profits before tax of $182 million in 2017. Ranked number one by asset in seven African markets, among the top three in fourteen others, and listed on three West African Stock Exchanges, Ecobank commenced FDI activity in 1989 and has expanded largely through the acquisition of existing banks in various countries.

Table 7. BCP Profile and FDI Activities

Industry	**Financial Services**
Established	1961
Employees	11,878
Ownership	Moroccan's government (controlling stake)
Home Country	Morocco
Physical Network (International Locations)	Benin, Burkina Faso, Central Afr. Rep., Côte d'Ivoire, Guinea, Mali, Niger, Senegal, Togo, UAE; China; Belgium, Canada, France, Germany, Gibraltar, Italy, Netherlands, Spain, Switzerland, United Kingdom, United States.
Performance Indicators/ Metrics	Revenue US$2.1 billion Net income US$198 million Total Assets US$20 billion
Indicative FDI Activities	*Subsidiaries* Chaabi Bank, France (1972) - Belgium, Spain, Italy, Germany, Netherlands; British Arab Commercial Bank (United Kingdom); Union des Banques Arabes et Françaises (France); Banca UBAE (Italy); Group Banque Atlantique (2011) - Ivory Coast, Benin, Burkina Faso, Mali, Niger, Senegal, and Togo; *Representative Office* Washington DC, United States (2017).
Accolade (selected)	African Banker of the Year, 2015

Source: Case Data.

Table 8. Ecobank's Profile and FDI Activities

Industry	**Financial Services**
Established	1985
Employees	15,390 (2017)
Ownership	Public
Home Country	Togo
Physical Network (International Locations)	Angola, Benin, Burkina Faso, Burundi, Cameroon, Cabo Verde, Central African Rep., Chad, Congo, Democratic Republic of the Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Malawi, Mali, Niger, Nigeria, Rwanda, Sao Tome & Principe, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, Zambia, Zimbabwe; China, United Arab Emirates; France, United Kingdom.
Performance Indicators/ Metrics	Revenue US$1.8 billion (2017); Profit before tax US$182 million (2017) Total assets US$20.5 billion
Indicative FDI Activities	*Subsidiaries* Togo, Nigeria, Côte d'Ivoire, Ghana, Benin (1988-1990); Burkina Faso, Guinea, Liberia, Mali, Niger, Senegal, Cameroon (1998-2001); Sierra Leone, Chad, Central African Republic, Sao Tome and Principe, Congo, Democratic Republic of the Congo, Malawi, Rwanda, Guinea Bissau, Burundi, Cabo Verde, Gambia, Kenya, Gabon, Uganda, Tanzania, Zambia (2006-2009); South Africa, Angola, Zimbabwe, Equatorial Guinea, Ethiopia, South Sudan, Mozambique (2009-2014); *Representative Offices* Paris (EBI SA), Johannesburg, Dubai, London (2009-2014).
Accolade (selected)	Best Digital Bank in Africa 2017 (Euromoney); Retail Bank of the Year 2015 (Global Retail Banking Awards).

Source: Case Data.

First Bank Holding, which was founded in 1894, has interests in commercial and investment banking, asset management, insurance and other financial services. In 2016, it employed some 9,000 staff in 862 business locations across 12 countries, including eight African and four non-African markets. Its profit before tax was $63.6 million. First Bank Holding is listed on the Nigerian Stock Exchange and London Stock Exchange. Its acquisition of Anglo-African Bank in 1912 was reportedly the first ever M&A recorded in this region (FBN Holdings, 2014), and this was followed by entry into the United Kingdom in 1982 and later FDI activities in a number of African countries, France, China, and the United Arab Emirates.

From the above it is evident that the case subjects are significant multinational actors. The analysis now turns to the focal questions raised in the present research, as outlined at the end of the literature review section.

Table 9. First Bank's Profile and FDI Activities

Industry	**Financial Services**
Established	1894
Employees	9,099
Ownership	Public
Home Country	Nigeria
Physical Network (International Locations)	Dem. Rep. of Congo, Gambia, Ghana, Guinea, Senegal, Sierra Leone, South Africa; China, United Arab Emirates; France, United Kingdom.
Performance Indicators/ Metrics	Profit before tax US$63.6 million Total assets US$13.1 billion
Indicative FDI Activities	*Branches* Set up a branch in the United Kingdom (1982); Established Paris branch of FBN United Kingdom (2008); *Subsidiaries* Established FBN United Kingdom (2002); Democratic Republic of the Congo (2011); Guinea, Gambia, Sierra Leone, Ghana, Senegal (2014); *Representative Offices* South Africa (2004); Beijing, China (2009).
Accolade (selected)	Best Bank brand, 2012-2015 (Banker Magazine)

Source: Case Data.

4.2 African MNEs' Extra-regional FDI: Where? Why?

The above overview shows that African MNEs' outward FDI activities have mainly been intra-regionally focused. That said, there is also considerable evidence of outward FDI to other Southern economies and advanced economies in the North. This concurs with a report, which puts rising Africa's outward FDI to Southern and advanced economies at 17 and 15 per cent respectively (Ibeh, 2013). The analysis below focuses on these two types of extra-regional FDI.

In absence of a commonly agreed definition and classification system of which countries belong to the "global North" and the "global South" or "economies of the South" and "economies of the North", the following operationalization was employed. Based on UNCTAD's classification of developed, developing and transition countries (UNCTAD, 2017b) and in line with UN ESCAP (2009) understanding of the "South" and the "North", developing and transition countries in this study are denoted as "economies of the South" and developed countries as "economies of the North".

Table 10, above, offers a non-exhaustive list of other Southern economies targeted by African MNEs in their investment activities. These MNEs are, thus, contributing to South-South FDI flows with investment footprints in South America (Argentina, Brazil, Bolivia, Cuba, Peru); South Asia (e.g. China, Hong Kong (China), India, Indonesia, Malaysia, Pakistan, Singapore, the Republic of Korea, Turkey); Central Asia (Afghanistan, Kazakhstan); and transition economies (such as the Russian Federation).

With regard to the motivation for these South-South FDI activities, the case material summarized in Box 1 points to the particular relevance of market-seeking motivations. Examples abound, including:

- Sonatrach International Holding's 1994 establishment of a Singaporean subsidiary to market LPG, crude and other products in the Asia/Pacific market and an LNG marketing agreement with Russia's Gazprom, the world's largest exporter of natural gas;
- OCI's investment in a JV in Brazil (with FITCO International S.A, a Brazilian fertilizer trading company) in order to trade and distribute fertilizer products and import urea from its Fertilizer Group;
- OCP's investment in Black Sea Fertilizer trading company, a JV with Turkish Toros Agri-industry, seeking to extend its presence to Central Asia and the Balkans;

Table 10. Extra-regional FDI Footprints of African MNEs

MNE	Economies of the South	Economies of the North
Elsewedy (Egypt)	Hong Kong (China), India, Kazakhstan, Malaysia, Pakistan, Russia	Spain, Netherlands, Slovakia, Slovenia, Czech Republic
Orascom Construction Industries (OCI) (Egypt)	Afghanistan, Brazil, India	Belgium, Cyprus, Netherlands, Switzerland, United States
Office Chérifien des Phosphates (OCP) (Morocco)	Argentina, Brazil, India, Pakistan, Turkey	Belgium, United States
Sonatrach (Algeria)	Bolivia, Brazil, China, Peru, Singapore, Republic of Korea, Turkey	Belgium, France, Germany, Greece, Italy, Portugal, Slovenia Spain, Netherlands, United Kingdom, United States
Sonangol (Angola)	Iraq, Cuba, Hong Kong (China), Indonesia, Singapore;	Portugal, Switzerland, United Kingdom, United States
Attijariwafa (Morocco)	China	Belgium, France, Germany, Italy, Spain, the Netherlands, United Kingdom
Banque Centrale Populaire (BCP) (Morocco)	China	Belgium, France, Germany, Gibraltar, Italy, Netherlands, Spain, Switzerland, United Kingdom, United States
Ecobank (Togo)	China, United Arab Emirates	France, United Kingdom
First Bank (Nigeria)	China, United Arab Emirates	France, United Kingdom

Source: Case Data.

- Elsewedy's 50mw wind power plant in Pakistan and OCI's partnership with HCC Infrastructure Limited (HIL), a preeminent Indian infrastructure company, based in Mumbai, to pursue Public-Private Partnerships and Build Operate Transfer projects in India.

Additional indicators include Ecobank and First Bank's setting up of representative offices in China, apparently to facilitate trade links between China and Africa; the former's strategic partnerships with the Bank of China and India's ICICI Bank to extend services across their combined footprint in India and Africa; and Sonangol's overseas offices in South East Asia, notably Singapore.

There are also indications that resource-seeking motivations influenced some of the direct investments undertaken by African MNEs in other Southern economies (Box 2). This is illustrated by OCP and Sonatrach's respective investments in a Pakistani plant that produces phosphate fertilizers and phosphoric acid and Peru's Camisea upstream gas project; as well as Sonangol's investments in exploration rights in Iraq and Cuba.

Box 1. Motivations for African MNEs' South-South Investments: Market-seeking

- Sonatrach International Holding's subsidiaries, including SPC Singapore, were reportedly set up to market Algerian LPG, crude and other products in the Asia/Pacific market.
- Ecobank's representative offices in Beijing and Dubai were respectively positioned to facilitate the growing trade links between China and Africa, and develop market presence in an increasingly important regional hub and emerging financial centre.
- First Bank similarly has a representative office in China.
- OCP's JV with Turkish Toros Agri-industry, the Black Sea Fertilizer trading company reportedly aimed to extend the company's market presence to Central Asia and the Balkans;
- OCI's JV with Brazil's FITCO International was reportedly aimed at facilitating the trading and distribution of OCI Fertilizer Group's products. OCI's partnership with Indian infrastructure company, HCC Infrastructure Limited, was also focused on pursuing revenue generating PPP and Build-Operate-Transfer projects in India.
- Elsewedy's JVs with Arab Contractors and the Pakistani government in Iraq and Pakistan respectively were aimed at accessing market opportunities.
- Sonangol's Singapore subsidiary, SonAsia, was reportedly set up in 2004 to sell Angola's crudes to the Asian continent.

Source: Case Data.

Sonatrach's exploration and production agreement with Russia's Gazprom also reflects a resource-seeking focus.

Investments in economies of the North targeted opportunities in the following host countries: Belgium, Canada, Cyprus, Czech Republic, France, Germany, Gibraltar, Greece, Italy, Portugal, the Netherlands, Slovakia, Slovenia, Spain, Switzerland, the United Kingdom, and the United States. BCP, Attijariwafa, Sonatrach, Sonangol, Elsewedy and OCI have been particularly expansive, with each invested in five or more advanced economies. This level of exposure to more competitive and mature global markets underlines the international commitment of these African MNEs. The United Kingdom, France and Spain are among the most common advanced-economy destinations for African investments, which reflect the influence of historical and cultural ties on the investment location decisions of African MNEs. Nigerian financial service MNEs, e.g. First Bank, have invested in the United Kingdom, while Moroccan MNEs – BCP and Attijariwafa – have targeted Spain and France, and the United Kingdom to a lesser extent. The Netherlands and the United States are also frequently targeted.

A close look at the case material summarized in Boxes 3, 4 and 5 suggests the search for strategic assets/resources, new market opportunities and value-enhancing relationships to be the main motivations for these MNEs' foreign investment activities. The quest for strategic assets largely explains Elsewedy's acquisition of the Spanish wind energy firm, M Torres Olvega, principally to leverage the acquired entity's capabilities in manufacturing wind turbines and providing co-development, operation and maintenance services for wind farms as well as set the stage for the subsequent establishment of Sewedy Wind Energy Group (SWEG). Similar technology leveraging or asset exploitation also appears to explain Elsewedy's entry into a JV with German company SIAG, a producer of steel and tube towers. The towers are the main component required by Elsewedy for wind turbine installations in its home market. OCP's investments in phosphate fertilizer and phosphoric acid production plants in Belgium and France assists to diversify its supply chain and to secure access to critical sources; while Sonangol's acquisition of US-based Cobalt International Energy helps diversify and extend its offshore oil

Box 2. Motivations for African MNEs' South-South Investments: Resource-seeking

- Sonatrach's exploration and production agreement with Russia's Gazprom and propane hydrogenation JVs in Turkey were reportedly aimed at enhancing its access to critical resources and increasing overall production capacity. So was its JV in the upstream Camisea gas project in Peru.
- OCP's JVs in Pakistani and Indian plants that produce phosphate fertilizers and phosphoric acid were similarly focused on sustaining its access to critical resources and boosting overall capacity. The same goes for Sonangol's investments in exploration rights in Iraq and Cuba.

Source: Case Data.

and gas assets to the Gulf of Mexico. Sonatrach's 49:51 JV with Germany's BASF in Northern Spain (called Propanchem) apparently seeks to tap into BASF's capabilities in propane dehydrogenation technology. Although Uganda's Madhvani Group is not part of the present study, its 2005 and 2006 acquisitions of Rhodia Chemie's phosphates operations in Spain and Belgium, reportedly to facilitate the development of phosphate deposits in Uganda, similarly reflect a strategic asset-seeking orientation.

Market-seeking motivations also abound. Sonatrach International Holding's wholly-owned trading units in London and Amsterdam – respectively Sonatrach Petroleum Corporation and Sonatrading Amsterdam – were both set up to market piped gas and LNG to Europe and the American LNG market. Elsewedy's acquisition of ZPA Smart Energy, a Czech manufacturer with clients such as E.ON and CEZ was predominantly driven by market-orientated considerations. Another example is Sonatrach's wholly-owned finance and investment Dutch subsidiary, Sonatrach Petroleum Investment Corporation and its financial holding unit, International Petroleum Investment Partnership, which respectively focus on helping Sonatrach expand, consolidate and integrate its overseas operations and strategic subsidiaries, including through E&P ventures, associated logistics and services and the management of Sonatrach's portfolio. Ecobank subsidiaries in France and London, and First Bank's subsidiary in the

Box 3. Motivations for African MNEs' South-North Investments: Strategic assets/ resource-seeking

- Elsewedy's acquisition of the Spanish wind energy firm, M Torres Olvega, was reportedly aimed at leveraging the capabilities of a reputable manufacturer of wind turbines and service for wind farms in its subsequent establishment of Sewedy Wind Energy Group (SWEG). Such technology leveraging was also observed in Elsewedy's JV with German steel maker SIAG, which produces tube towers, the main component required by Elsewedy for wind turbine installations in its home market., and in Sonatrach's propane de-hydrogenation JV in Northern Spain with BASF of Germany.
- OCI's acquisition, via wholly-owned OCI Nitrogen (Netherlands), of an integrated ammonia-methanol plant in Beaumont, Texas, and of MICRO Chemie B.V., which own major assets in the Netherlands (including 30,000-ton ammonia storage tanks, a port terminal and Royal DSM"s Agro and Melamine businesses) were reportedly focused on procuring strategically important assets.
- Sonangol acquisition of America's Cobalt International Energy's oil blocks in the U.S. Gulf of Mexico, US, in exchange for 40% of two blocks offshore of Angola, was reportedly aimed at diversifying Sonangol's oil and gas supply base. So was OCP's investments in phosphate fertilizers and phosphoric acid production plants in Belgium and France.

Source: Case Data.

United Kingdom and a branch in Paris, appear motivated by the need to develop market presence in these key financial centres.

Relationship-seeking motivations evidently underlie African banks' expansion into Europe, North America and other major host countries of African immigrant communities. These financial service MNEs typically seek to develop relationships in these markets with the diaspora and organizations with links to Africa, or seek to initiate such links.

The case material above all point to market-, strategic resource- and relationship-seeking motives, or a combination of these motives, for African MNEs' investment decisions abroad. The MNEs pursued their market-seeking objectives by investing in revenue-generating platforms in both the emerging South and the advanced North. The MNEs, notably Elsewedy, OCI and the extractive industry giants, Sonatrach, Sonangol and OCP, also manifested their strategic-asset/resource-seeking orientation by augmenting assets in both developing and advanced economies. The present study, while limited in scope, suggests that African MNEs with primarily strategic asset- and relationship-seeking motivations largely favour upmarket, advanced economy destinations, while those whose motivations are predominantly market-seeking tend to prioritize intra-regional and Southern market opportunities. The tendency, however, may vary by industry. Oil and gas MNEs, for

Box 4. Motivations for African MNEs' South-North Investments: Market seeking

- Ecobank and First Bank's subsidiaries in Paris and London were reportedly aimed at developing market presence in these key global financial centres.
- BCP's representative office in Washington was reportedly positioned as a "link between non-Resident Moroccans and their country of origin as well as to contribute to strengthening business relationships between Morocco and the USA".
- Elsewedy's acquisition of Czech ZPA Smart Energy was reportedly influenced by the type of clients served by the latter, including major power companies, CEZ, PRE, & E. ON and CR
- Among Sonatrach International Holding's many subsidiaries are Sonatrach Petroleum Corporation and Sonatrading, both wholly-owned trading units respectively based in London and Amsterdam, with responsibility for marketing piped gas and LNG to Europe and America.
- OCI's acquisition of the Weitz Company, an Iowa-based US general contractor, and long-term off-take agreement with the Methanex Corporation for output from OCI's methanol plant in Beaumont, Texas are reportedly aimed securing and strengthening access to US market opportunities.

Source: Case Data.

Box 5. Motivations for African MNEs' South-North Investments: Relationship-seeking

- BCP, First Bank and Attijariwafa's subsidiaries, branches and representative offices in several key financial centres in Europe and North America are reportedly aimed at developing and strengthening relationships with companies and individuals who do business and maintain links with Africa, including Diaspora or non-resident Africans.

  - "What we did is to open branches in front of consulates…so that Moroccans could see our branch before they went in" (Attijariwafa CEO).

Source: Case Data.

example, are largely bound to pursue extra-regional markets given the inadequate level of demand for their main products intra-regionally. Not surprisingly, efficiency-seeking motivation appears not to be particularly salient in the extra-regional FDI activities of African MNEs. Elsewedy's investment in production facilities in Eastern Europe and the Middle East, however, offer the closest example.

4.3 How advisable is African MNEs' engagement in extra-regional FDI?

As might be expected, there are credible arguments in favour of, and against, African MNEs investing outside their home region. Some of the key considerations are presented below.

On the positive side, upmarket FDI can facilitate African MNEs' access to critical technologies, knowledge capabilities and related strategic assets thereby assisting them to augment, upgrade and catch up. This aligns with the LLL framework by Mathews (2002, 2006). Notably, Elsewedy's initial foothold in the increasingly important wind energy business and the development of the Sewedy Wind Energy Group would seem to have stemmed from its acquisition of a Spanish specialist provider of wind turbines and wind farms, M Torres Olvega. The JV with SIAG of Germany, a producer of steel and tube towers, similarly availed Elsewedy of critical capabilities for manufacturing tube towers required for wind turbine installation projects in its home market. This, interestingly, suggests some additionality from extra-regional FDI to augment Elsewedy's home market, echoing evidence from previous emerging economy MNE research, notably related to Chinese MNEs, about the leveraging of acquired entities to bolster operations at home (Yueh, 2012). Similarly, OCI's acquisition of the Iowa Fertilizer Company and subsequent contract for its Construction Group to build a greenfield nitrogen fertilizer plant in south-eastern Iowa reportedly availed OCI of access to the production process technologies of Kellogg Brown and Root, Stamicarbon BV (Maire Tecnimont Group) and ThyssenKrupp Uhde. Related arguments apply to OCP's investments in phosphate fertilizer and phosphoric acid production plants in Belgium and France; Sonangol's acquisition of gas assets in the United States from Cobalt International Energy; and Sonatrach's propane de-hydrogenation JV with BASF of Germany in Northern Spain.

A crucial complementary benefit of these extra-regional FDI moves is the opportunity they offer to African MNEs to enrich their portfolio of collaborative relationships with even more impactful, resource-laden international players. For example, Sonatrach's JV in Peru enabled it to enter into strategically advantageous collaboration with partners, including Tecgas NV, Pluspetrol (Argentina), Hunt Oil (United States), SK Corporation (Republic of Korea), GDF Suez-Tractebel SA (Franco-Belgian), and Grana y Montero SAA (Peru). These add to the earlier discussed benefits of developing and sustaining relationships with the African diaspora and pro-African organizations in Europe, North America and elsewhere, pursued by several financial services MNEs.

There is another important sense in which such extra-regional investments widen the strategic and market options available to African MNEs: this is by enabling them to seek diversified market opportunities further afield, in more lucrative, *albeit* competitive, advanced economies. Such market diversification arguably limits future revenue exposure to any one region or geographic market clusters. This tends to be particularly important when situations within their home region (e.g. the *Arab Spring*, civil conflicts, economic recession, etc.) narrow the range and size of opportunities available to these firms locally or regionally, or even present risk to their operations. OCI, for example, appeared to have mitigated some of the effects of the post-Arab Spring-related challenges in its home country by realigning its global structure and shifting organizational emphasis away from Egypt and toward international subsidiaries, notably in The Netherlands and the United States (Iowa and the Gulf of Mexico). Notably, its Construction Group reportedly secured a turnkey engineering, procurement and construction contract worth over $1 billion from an acquired entity, the Iowa Fertilizer Company, in 2012. The reported increase in revenue generated from Europe, North America and other regions (e.g. 78 per cent increase in the Asian segment) evidently mitigated the overall decline in OCI financial outcomes during the particularly challenging 2011–2013 period. OCI Fertilizer Holdings' reported disposal of its 16.8 per cent stake in the US-based Gavillion Group to the Japanese Marubeni Corporation for over $600 million, at a hefty premium on the $340 million purchasing price three years earlier, was similarly helpful.

Arguments against extra-regional FDI, however, also prevail. For instance, some contend that expansion to intra-regional markets tends to yield comparable or better market diversification benefits. The significant boost reportedly achieved by Elsewedy from the infrastructure boom and attendant demand for housing, power generation, cables and other electrical products in the neighbouring Gulf Cooperation Council countries could be cited for illustrative purposes. Elsewedy's intensified post-Arab Spring targeting of parts of the MENA region and the African continent, where rising demand for electricity was creating opportunities and boosting revenues in the medium term (e.g. through a share of a $1 billion deal to repair Libyan armed conflict-damaged electricity grid and infrastructure) similarly boosted operations. There is also suggestion in the literature (e.g. Selmiar and Newenham-Kahindi, 2017) that shared institutional, including cultural, background with host markets may enhance MNEs' effectiveness in managing relations with local communities.

Furthermore, extra-regional FDI is posited as out of sync with the increasingly observed divestments of traditional MNEs from their so-called non-core markets (e.g. European financial services MNEs, including Barclays, selling off African subsidiaries, while major African players like South Africa's Standard Bank are divesting from most of its extra-regional operations to focus on African markets [African Business, 2017]). Extra-regional FDI ambitions also tend to ignore the widely noted struggles of developing country MNEs to integrate acquired upmarket entities and capture value. The lowering of OCI Iowa subsidiary's revenue bonds, from BB-minus to B-plus, by Fitch Ratings, reportedly owing to escalating costs and *construction* delays is an example of such upmarket FDI snags, as is Attajariwafa CEO's bemoaning the higher associated costs and regulatory burden of operating a "fully French bank" (Euromoney, 2013).

From the above it is obvious that the advisability or otherwise of African MNEs' involvement in direct investment outside their home region is not an easily resolved matter. The next and final section of the paper seeks to draw some conclusions.

5. Summary, conclusions and implications

This paper has presented and discussed preliminary evidence on the extra-regional FDI activities of African MNEs, and explored the motivations for these investments. It captures the tentative steps of these MNEs in South-South and South-North investment contexts and contributes to the global discourse on the merits or otherwise of extra-regional FDI, including probable *additionality* for home economies. These MNEs' forays beyond their intra-regional markets in search of market opportunities, strategic assets/resources and value enhancing relationships are welcome, and concerted policy efforts are needed to support their sustainability. Although not always consistent, previous studies on the impact of FDI on home economies largely suggest favourable net effects on employment, technological and managerial knowledge transfer, among others (Hejazi and Pauly, 2003; Bitzer and Gorg, 2005; Buckley et al., 2007; Moran, 2007). Arguments against extra-regional FDI are not without merit, however, a more holistic and strategic view ought to factor in the positive concomitants of direct exposure to more advanced markets. These include learning/technology spillovers, access to "wealthier" markets, the opportunity to acquire strategic assets/resources, as well as the associated opportunity of engaging with and embedding global best practice (Ibeh et al., 2018). Intra-regional investments by African MNEs should continue to be favoured, but selective and strategic extra-regional FDI, undertaken with an eye to enhancing global competitiveness, also requires appropriate policy support. Indeed, the increasing importance of the digital economy, with its vastly enhanced facilities for borderless digital internationalization (UNCTAD, 2017a; Ibeh and Lloyd-Reason, 2017), and the proliferation of MNE affiliates with blurred national identities or “multiple passports” (UNCTAD, 2016) are making regional distinctions less relevant.

Policy makers should guide African MNEs to prioritize the acquisition of advantage-generating capabilities, including habitual upgrading, continuing innovation and continuous learning (Ibeh and Makhmadshoev, 2018). Such foregrounding and capability anchors on the home and regional fronts would help them, in time, to develop breakthrough brand reputation, or augment their brand equity to a level that neutralizes the effects of unfavourable country-of-origin perceptions. It could also attract value-seeking private equity firms to partner with them to effectively reach global markets. *White elephant*, prestige-seeking multinational expansion, driven mainly by ego and puff, with questionable firm-specific capability anchors, should rightly be discouraged. However, policy makers must not shy away from championing ambitious upstarts and global start-ups, including digital economy entrepreneurs with the vision and strategic intent to take on the world and occupy a global niche. To do otherwise is to deny the possibility that the next game changers might emerge from the developing world, including Africa. This is particularly important given the vast and increasing opportunities that the digital economy and digital internationalization present to firms of divergent demographics and geographies (UNCTAD, 2016; Ibeh and Lloyd-Reason, 2017).

Development promotion institutions, including multilateral global and regional development partners, African regional bodies, UN agencies (e.g. UNCTAD) and the World Bank Group, should steer and support African governments and policy makers towards embracing an appropriately nuanced outward-oriented development strategy. This ought to entail, *inter alia*, working with and assisting these actors to establish or upgrade their investment policy infrastructure, including in-house capacity for investment policy making, and redressing the mixed policy signals so often given on outward FDI. African governments that are yet to enter into appropriate bilateral and multilateral investment treaties should also be encouraged to take the necessary steps in that regard in order to obviate unfair treatment of their current and future MNEs and negotiate their access to as level a playing field as possible (Ibeh, 2013; UNCTAD, 2017b). African governments and policy makers should also be assisted to craft a template that can be used to evaluate and distinguish between African firms based on their readiness to undertake FDI – intra-regionally or extra-regionally. Such a template should guide the design and provision of appropriately tailored support to African firms ready to invest abroad. This is likely to advance the crucial task of prioritizing scarce support resources to African companies with better prospects of generating net positive benefits to their home economies.

Researchers and policy makers are challenged to continue efforts to understand the net impact of African MNEs’ outward investment on their home countries, regions and relevant parties, such as diaspora communities. Improved understanding of additionality and net effects could fruitfully advance scholarly discussions and managerial and policy decision making, whilst also informing the design and deployment of assistance programmes by stakeholders.

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