

The development of a growth-strategy support model to enable cross-border expansion stratagems

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I want to dedicate this thesis to my children; ***you will continually earn success through self-belief and hard work.***

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To whom it may concern,

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This letter serves as proof that the following document was submitted for language editing in August 2021:

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I applied all reasonable effort to identify errors and made recommendations about spelling, grammar, style and punctuation.

I attempted to be consistent regarding language usage and presentation.

The bibliography was also checked and corrections were made where necessary.

I confirmed the content as far as possible, but cannot be held responsible for this as all facts could not be confirmed. This remains the responsibility of the author.

Thank you very much.

Kind regards.

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ABSTRACT

As a result of globalisation, many of the world's developing economies experienced periods of good economic growth. The southern African country of Mozambique is a prime example of such positive experiences. Foreign investors' appetite to capitalise hereon has nevertheless been dampened due to associated levels of uncertainty, market and regional instability, lack of market intelligence, and many other unknown variables. Again, Mozambique is a prime example of such negative realities.

This research focuses on a case study organisation's uncertainties in its growth ambitions into Africa, specifically Mozambique. The **primary objective** of this research was to develop an elaborated Action Design Research (eADR) inspired a growth-strategy support model that is able to deliver the necessary consistency and accuracy that will support organisational growth strategies in targeted territories. Unfortunately, the level of uncertainty within developing economies requires an unconventional approach to strategy development (perhaps more of a *stratagem* approach) when collecting, analysing, and monitoring market intelligence for investment purposes.

The research design included a literature phase and a (validated) empirical phase. The research contribution was the delivery of a theory-ingrained, pragmatic decision support model. The resultant *growth-strategy support model* can be used to mitigate and reduce risk exposure when embarking on investment or expansion strategies. The empirical research was conducted in an interpretive paradigm using a qualitative research methodology. Due to the complexities inherent to the Mozambican business environment, the study was executed in a realism framework taking cognisance of stakeholder and stewardship theories.

In reaching the primary research objective, three supportive sub-objectives were identified: (1) the development of a holistic **decision-support framework** that serves as a guiding framework in formulating the envisaged decision-support model, (2) development and validation of an *Alpha*-design **growth-strategy support model**, and (3) delivering a *Beta*-design **growth-strategy support model** through the refinement of the *Alpha*-design model.

- **Sub-objective 1:** SWOT and PESTLE analytical techniques were utilised to analyse the uncertain Mozambican business environment. The primary data were collected during semi-structured interviews with selected industry participants operating in relevant industry sectors across Mozambique. The resultant decision-support framework was developed from identified key factors – analysed and ranked according to their potential severity.
- **Sub-objective 2:** The *Alpha*-design model was developed as a proof-of-concept version of the growth-strategy support model from the contributions of the industry participants, guided by the principles of the eADR approach. The different elements of the PESTLE categories were assigned weighted ratings, which enabled the comparison and analysis thereof in context of the organisation's discretionary weightings (given by the researcher). This allowed for the evaluation of the expansion strategy's suitability in the context of the predetermined risk appetite and risk tolerance levels.
- **Sub-objective 3:** While developing a *Beta-design* model, a researcher-practitioner team with first-hand industry knowledge revisited the findings of the earlier eADR iterations. The industry participants were employed in strategic decision-making roles identified, and the group debated the advantages and disadvantages of the *Alpha*-design model as part of the refinement process. They analysed the data collection process and the development stages of the *Alpha*-design artefact. They communicated their opinions on the discretionary weightings applied before making suggestions for further investigation.

The refined growth-strategy support model developed in this study can assist companies in highlighting potential macroeconomic risks related to a targeted investment territory. Doing so may empower them to alleviate the levels of uncertainty before finalising their investment or growth strategies in solving this *real-world* problem. As developing countries continuously evolve, the growth-strategy support model and the initial decision-support framework need to be treated as living artefacts and amended as macro and micro environments change.

ABSTRAK

Weens globalisering is daar wêreldwyd baie ontwikkelende ekonomieë wat tydperke van goeie ekonomiese groei beleef het. Mosambiek, as Suider-Afrikaanse land, is 'n treffende voorbeeld van sulke positiewe belewenisse. Buitelandse beleggers se aptyt om hierop te kapitaliseer is egter gedemp weens geassosieerde vlakke van onsekerheid, mark- en streeksonstabiliteit, 'n gebrek aan markintelligensie en vele ander onbekende veranderlikes. Mosambiek is weereens 'n treffende voorbeeld van hierdie negatiewe werklikhede.

Hierdie navorsing fokus op die onsekerhede waarmee 'n gevallestudie-organisasie te doen kry tydens sy ontwikkelingsambisies in Afrika, en spesifiek Mosambiek. Die **primêre doelwit** van hierdie navorsing om 'n elaborated Action Design Research (eADR) geïnspireerde groeistrategie ondersteuningsmodel te ontwikkel, wat die nodige konsekwentheid en akkuraatheid sal lewer as ondersteuning tydens die formulering van 'n organisasie se groei strategies in geoormerkte streke.

Ongelukkig vereis die vlak van onsekerheid binne ontwikkelende ekonomieë 'n meer natuurlike benadering rakende strategiese ontwikkeling (dalk meer van 'n slim plan-benadering) wanneer markintelligensie vir beleggingsdoeleindes ingesamel, ontleed en gemonitor word.

Die navorsingsontwerp het 'n literatuurfase en 'n (gevalideerde) empiriese fase ingesluit. Die navorsingsbydrae was die daarstelling van 'n teorie-begronde, eiewyse besluitnemingsmodel. Die gevolglike groeistrategie ondersteuningsmodel kan gebruik word om die blootstelling aan risiko te verlig en te verminder wanneer beleggings- of uitbreidingsstrategieë onderneem word. Die empiriese navorsing is binne 'n vertolkingsparadigma uitgevoer terwyl 'n kwalitatiewe navorsingsmetodologie gebruik is. Weens die inherente komplekse Mosambiekse besigheidsomgewing is die studie binne 'n realiteitsraamwerk uitgevoer, terwyl kennis geneem is van belanghebbers- en rentmeesterskapteorieë.

Gedurende die bereiking van die primêre doelwit, is daar drie ondersteunende subdoelwitte geïdentifiseer: (1) die ontwikkeling van 'n omvattende **besluitnemings-ondersteuningsraamwerk** wat as 'n rigtinggewende raamwerk dien in die formulering

van die voorgenome besluitnemings-ondersteuningsmodel, (2) die ontwikkeling en geldigheidsbepaling van 'n *Alfa*-ontwerp ***groeistrategie ondersteuningsmodel*** en (3) die lewering van 'n *Beta*-ontwerp ***groeistrategie ondersteuningsmodel*** deur middel van die verfyning van die Alfa-ontwerp model.

- **Subdoelwit 1:** SWOT en PESTLE ontledingstegnieke is gebruik om die wisselvallige Mosambiekse besigheidsomgewing te ontleed. Primêre data is tydens semi-gestruktureerde onderhoude met gekose deelnemers vanuit die industrie, wat binne die betrokke industriesektore regoor Mosambiek funksioneer, ingesamel. Die gevolglike besluitnemings-ondersteuningsraamwerk is vanuit geïdentifiseerde sleutelfaktore ontwikkel – ontleed en rangskik volgens potensiële graad van erns.
- **Subdoelwit 2:** Die *Alfa*-ontwerp model is as 'n bewys-van-konsep weergawe ontwikkel oor die groeistrategie ondersteuningsmodel vanuit die bydraes van industriedeelnemers, gelei deur die riglyne van die eADR-benadering. Daar is 'n gewig aan elke verskillende element van die PESTLE-kategorieë toegeken, wat die vergelyking en ontleding daarvan moontlik gemaak het in konteks met die maatskappy se vrye skattings (deur die navorser verskaf). Dit het plek gemaak vir die evaluering van die gepastheid van die uitbreidingsstrategie in die konteks van die voorafvasgestelde risikoptyt en -toleransie vlakke.
- **Subdoelwit 3:** Terwyl 'n *Beta-ontwerp* model ontwikkel is, het 'n navorser-praktisynspan met eerstehandse industriekennis weer na die bevindinge van die vroeëre eADR-iterasies gekyk. Die industriedeelnemers is werksaam in strategiese besluitnemingsrolle wat geïdentifiseer is en die groep het gedebatteer oor die voordele en nadele van die *Alfa*-ontwerp model as deel van die verfyningsproses. Hulle het die proses van data-insameling ontleed asook die ontwikkelingsfases van die *Alfa*-ontwerp artefak. Opinies oor die vrye gewigstoekennings wat toegepas is, is gekommunikeer voordat voorstelle vir verdere ondersoek gemaak is.

Die verfynde groeistrategie ondersteuningsmodel wat in hierdie studie ontwerp is, kan maatskappye help om potensiële makroekonomiese risiko's wat aan 'n geteikende beleggingsgebied verwant is uit te lig, en om hulle te bemagtig om die vlakke van onsekerheid te verlig voordat die belegging- of groeistrategieë gefinaliseer word om hierdie wesenlike wêreldwye probleem op te los. Omdat die ontwikkelende lande voortdurend groei, moet die groeistrategie ondersteuningsmodel en die voorafgaande besluitnemings-ondersteuningsraamwerk behandel word asof dit 'n lewende artefakte is en moet dit aangepas word soos wat veranderinge in die makro- en mikro-omgewings plaasvind.

MOKWALO WA PEGELO YA KAKANYOTHEO

Ka ntlha ya go dira dilo ka mokgwa o o tshwanang le wa lefatshe lotlhe, diikonomi di le dintsi tse di tlhabologang tsa lefatshe di nnile le kgolo e e molemo ya ikonomi. Naga e e ka fa Borwa jwa Aforika ya Mozambique ke sekai se segolo go di gaisa tsotlhe sa maitemogelo a a ntseng jalo a a molemo. Le fa go ntse jalo, keletso ya babeeletsamadi ba dinaga di sele ya go sola sebaka seno molemo e ne ya fokotsega ka ntlha ya maemo a re sa tlhomamisegeng ka one, go sa iketlang ga maemo mo mmarakeng le mo kgaolong, go sa direng sentle ga mmaraka, le maemo a mangwe a mantsi a a sa itsiweng. Gape, Mozambique ke sekai se se molemo go di gaisa tsotlhe sa maemo a a ntseng jalo a a seng monate.

Patlisiso ena e tsepamisitse maikutlo holim'a ho se kholisehe ha mokhatlo oa boithuto litabeng tsa litabatabelong ea ona ea ho hola Afrika, haholo Mozambique. Sepheo se seholo sa phuputso ena e ne e le ho hlahisa elaborated Action Design Research (eADR) e khothalelitseng mohlala oa ts'ehetso ea leano la kholo e khonang ho fana ka botsitso bo hlokaahalang le ho nepahala ho tla tšehetsa maano a kholo ea mokhatlo libakeng tse lebisitsoeng. Ka bomalimabe, boemo ba ho hloka botsitso ka har'a linaha tse ntseng li tsoela pele moruong bo hloka mokhoa o sa tloaelehang oa nts'etsopele ea maano (mohlomong ho feta mokhoa oa leano) ha ho bokelloa, ho hlahlobisisoa le ho beha leihlo bohlale ba 'maraka molemong oa matsete.

Tsela e patlisiso e rulagantsweng ka yone e ne e akaretsa kgato ya go kwala padi ka yone le kgato ka maitemogelo (a go nang le bonnete jwa one). Patlisiso e e neng ya dirwa e ne e le ya mokgwa wa go tshegetsa tshwetso e e mosola e e dirilweng go ya ka kgopolo e e fitlheletsweng. *Mokgwa o go neng ga tliwa ka one wa go tshegetsa leano la kgolo* o ka dirisediwa go okobatsa le go fokotsa kotsi e e ka nnang gone fa go dirwa dipeeletsomadi kgotsa fa go atolosiwa maano a go dira jalo. Go ne ga dirwa patlisiso ka maitemogelo a a nnileng gone ka go tlhalosa dikarolo tsa patlisiso go dirisiwa mokgwa wa patlisiso ka tsa boleng. Ka ntlha ya marara a kgwebo ya kwa Mozambique e nang le one, go ne ga dirwa patlisiso ka tlhamalalo mo gare ga maemo a a thata go akantswe ka dikgopolo tsa bana-le-seabe mo kgwebong le batlhokomedi ba yone.

Go ne ga tlhaolwa mekgele-potlana e le meraro ya tshegetso gore go fitlhelelwe mokgele wa patlisiso eno, e leng (1) go tlhama ***leano la go tshegetsatshegetso*** ka botlalo le le dirang jaaka kaelo ya go tlhama mokgwa o o lebeleletsweng go dirisiwa wa go tshegetsatshegetso, (2) go tlhama le go netefatsa ***mokgwa wa go tshegetsatshegetso leano la kgolo*** wa sebopego sa *Alpha*, le (3) go tsenya tirisong ***mokgwa wa go tshegetsatshegetso leano la kgolo*** wa sebopego sa *Beta* ka go tlabolola mokgwa wa sebopego sa *Alpha*.

- **Mokgele-potlana 1:** Go ne ga dirisiwa maano a tshekatsheko a SWOT le PESTLE go sekaseka maemo a a sa tlhomamisegeng a kgwebo kwa Mozambique. Go ne ga kokoanngwa tshedimosetso ya konokono ka nako ya dipotsolotso tse di sa kwalelwang ruri tse go tlhophilweng batsayakarolo bangwe ba ba dirang mo ditheong tse di maleba tsa intaseteri mo Mozambique yotlhe. Leano le go neng ga tliwa ka lone la go tshegetsatshegetso le ne la tlhamiwa ka mabaka a a botlhokwa a a neng a tlhaolwa, a sekasekwa, le go newa maduo go ya ka kgonego ya bomasisi jwa one.
- **Mokgele-potlana 2:** Mokgwa wa sebopego sa *Alpha* o ne wa tlhamiwa jaaka mofuta wa bosupi jwa kgopolo ya mokgwa wa go tshegetsatshegetso leano la kgolo go ya ka thuso ya batsayakarolo mo intasetering, ka kaelo ya melaometheo ya tiriso ya mokgwa wa eADR. Dikarolo tse di farologaneng tsa ditlhopho tsa PESTLE di ne tsa newa palogare ya maduo a a neng a thusa setlamo go bapisa le go sekaseka maduo ka tsela e setlamo se bonang ka yone (a a neilweng ke mmatlisisi). Seno se ne sa dira gore go sekasekwe gore a leano la katoloso le a tshwanelega ka boikemisetso jwa go amogela kotsi e e ka nnang ya nna teng le go ikemisetso go amogela selekanyo sa tatlhegelo e e ka nnang ya nna teng.
- **Mokgele-potlana 3:** Fa setlhopho sa badiredi ba patlisiso ba ba nang le kitso ka intaseteri se ne se bopa mokgwa wa ***sebopego sa Beta***, se ne sa leba gape diphitlhelelo tsa go boelediwa ga ditsamaiso tsa eADR. Batsayakarolo ba intaseteri ba ne ba newa tiro e e logetsweng maano ya go nna le seabe sa go dira tshwetso, mme setlhopho se ne sa tlotla ka mesola le masula a mokgwa wa sebopego sa *Alpha* o e leng karolo ya thulaganyo ya tlabololo. Ba ne ba sekaseka thulaganyo ya go kokoanya tshedimosetso le dikgato tsa tlabololo tsa kgopolo ya ***sebopego sa Alpha***. Ba ne ba tlagisa maikutlo a bone ka maduo a ba neng ba bona go tlhokega one pele ba dira ditshitshinyo go ya pele ka patlisiso ya bone.

Mokgwa wa go tshegetsa leano la kgolo o o thabolotsweng mo patlisisong eno o ka thusa ditlamo go tlhomolola dikotsi tse di ka nnang gone mo kgwebong tse di amanang le dikumo tse boikaelelo e leng go beeletsa madi mo go tsone le go di nonotosha go fedisa maemo ao go sa tlhomamisegweng ka one pele ba dira tshwetso ya bofelo ka dipeeletsomadi tsa bone kgotsa ka maano a bone a kgolo a go rarabolola bothata *jo tota bo leng teng*. Jaaka fa dinaga tse di tlabologang di tswelela pele go fetoga, leano la go tshegetsa tshwetso le tshwanetse go dirisiwa jaaka thulaganyo e e latelwang e e fetolwang go ya ka phetogo ya maemo a kgwebo.

ABBREVIATIONS

3G	-	Third Generation
ADR	-	Action Design Research
AR	-	Action Research
BIE	-	Building, Intervention and Evaluation
CIA	-	Central Intelligence Agency
CIMA	-	Chartered Institute of Management Accountants
COVID-19	-	Corona Virus Disease of 2019
CPI	-	Consumer Price Index
DS	-	Design science
DSR	-	Design Science Research
DTM	-	Displacement Tracking Matrix
eADR	-	elaborated Action Design Research
FDI	-	Foreign Direct Investment
FRELIMO	-	Frente de Libertacao de Mozambique
GDP	-	Gross domestic product
IMF	-	International Monetary Fund
IOM	-	International Organization for Migration
IS	-	Islamic State
LNG	-	Liquefied Natural Gas

NWU	-	North-West University
PESTLE	-	Political, Economic, Sociocultural, Technology, Legal and Environmental
PPP	-	Public Private Partnership
RENAMO	-	The Mozambican National Resistance
ROI	-	Return On Investment
SWOT	-	Strengths, Weaknesses, Opportunities and Threats
TBL	-	Triple bottom line
US	-	United States
USD	-	United States Dollar
Wi-Fi	-	Wireless fidelity

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REMARKS

The reader should take note of the following:

- This thesis is presented in an article format and complies with the North-West University's policies as set out in the North-West University's (NWU) General Academic Rules. These rules do not require publishing any article but rather the submission of at least an article to an accredited peer-review journal.
- The relevant A-rules are as follows:
 - **Section 5.10.3:** "... a doctoral study must comply with the technical requirements provided for in the Manual for Master's and Doctoral Studies and in faculty rules."
 - **Section 5.10.4:** "...that a research article must be submitted to an accredited journal as part of the requirements for the degree, the candidate must provide evidence of such submission."
 - Article 1 (refer to Chapter 3 and Annexure 4) has been published in an accredited, Scopus-indexed journal.
 - Article 2 (refer to Chapter 4 and Annexure 5) has been submitted to an accredited, Scopus-indexed journal.
 - **Section 5.10.5:** "...such research product must be presented for examination purposes as an integrated unit, supplemented with a problem statement, an introduction and a synoptic conclusion as prescribed by faculty rules..."
- Each of the individual articles complies with the writing style requirements (i.e., the specific abstract, spelling, grammar, and referencing requirements) of the particular journal in which the relevant article was published or to which the particular article was submitted.

CHAPTER 1: INTRODUCTION

1.1. Background

Osano (2019) argues that the globalisation of the business environment has made it crucial for organisations to look at foreign markets. Technological advances and declining trade barriers, to mention two examples, resulted in the world economy becoming more integrated. Osano (2019) highlights that solid local capabilities are required to succeed in this integrated international business environment. This sentiment is echoed by Kotler and Armstrong (2014) when they say that it becomes important to expand into new markets or develop current markets further to attain growth and sustainability. Coulibaly (2017) surmises that Africa consists of small domestic markets, limited economic diversification, and poor connectivity with neighboring countries. The lack of proximity between economic agents within Africa, and between Africa and the rest of the world, is compounded by frequent regional genocides, pandemics, and religious conflicts. A different stratagem is required to succeed in Africa, which suffers permanently from the triple disadvantages of low economic density, long distances to markets, and deep divisions.

Identifying and dealing with these ever-changing macro and micro environmental variable challenges provides the foundational aspect under consideration in this study: organisational *growth strategies* into unchartered, cross-border environments. It can be argued that organisational growth strategies are all subject to some level of risk, each with its associated cost implications. To proactively identify these risks, organisations should conduct thorough research of their targeted markets and familiarise themselves with the associated risk levels (Absanto & Nnko, 2013; Doole & Lowe, 2008). If the necessary research into the business environment was not done properly, the possibility of failure would increase. This will potentially negatively impact the organisation's overall performance, its brand image, and the stakeholders. It is crucial to keep in mind that no organisation has unlimited resources available and that entry into new markets is often accompanied by a lack of knowledge of the particular market environment. Hence, the importance of careful planning before attempting such an entry should not be underestimated. Nevertheless, according to McKaskill (2010), a product with a competitive advantage that solves a compelling need and has

a well-defined target customer should be more readily accepted in most relevant markets. Furthermore, even if an organisation cannot set up its operations in these new markets, it may be able to find an existing distribution channel with the requisite capacity and knowledge to do so.

Notwithstanding the route to market, to thrive, organisations must commit to acting responsibly with a long-term perspective, investing in corporate stewardship, sustainability and governance to build resilience and drive systemic socio-economic transformation (Forbes, 2020). In an international context, organisations and society complement each other. They must cooperate, given that the organisations are in contact with many different stakeholders due to operating in numerous countries and regions (Guerrero-Villegas, 2019). Guerrero-Villegas stresses that the internal and external changes which have taken place in the business world oblige managers to consider how they perceive the organisation and the multiple relations with the different groups of stakeholders.

1.2. Perspectives on growth strategies

When organisations reach maturity in their current markets, they often attempt to find new markets for their products (Hussain *et al.*, 2013). When growth is set as the primary organisational objective it will have to develop a strategy (or multiple strategies) to attain such growth. According to Abdulwase *et al.* (2020), business strategies are used to strengthen and improve the organisation by creating competitive advantages. Furthermore, the realisation of sustainable commercial growth when considering existing barriers and resources, people, money, power, and materials must be consistent with the organisation's initiative's vision, mission, and overall goals. It thus manifests an organisation's ambitions and organises its resources to create a competitive advantage and meet business and stakeholder expectations in the market. The level of uncertainty found in the external environment where an organisation plans to invest or expand its operations, is a significant driver of change. These factors need to be identified and addressed in the development of its growth strategy.

The Ansoff product-market development model portrays the interaction between the organisation's products and the markets it operates (or wishes to operate) in. Within

this matrix, managers are presented with a choice of four possible growth strategies along the two dimensions of 1) whether the **product** under consideration is new or existing, and 2) whether the **market** under consideration is new or existing, as illustrated in Figure 1.1.

		<u>Market</u>	
		Existing	New
<u>Product</u>	Existing	Market penetration	Market development
	New	Product development	Diversification Related Unrelated

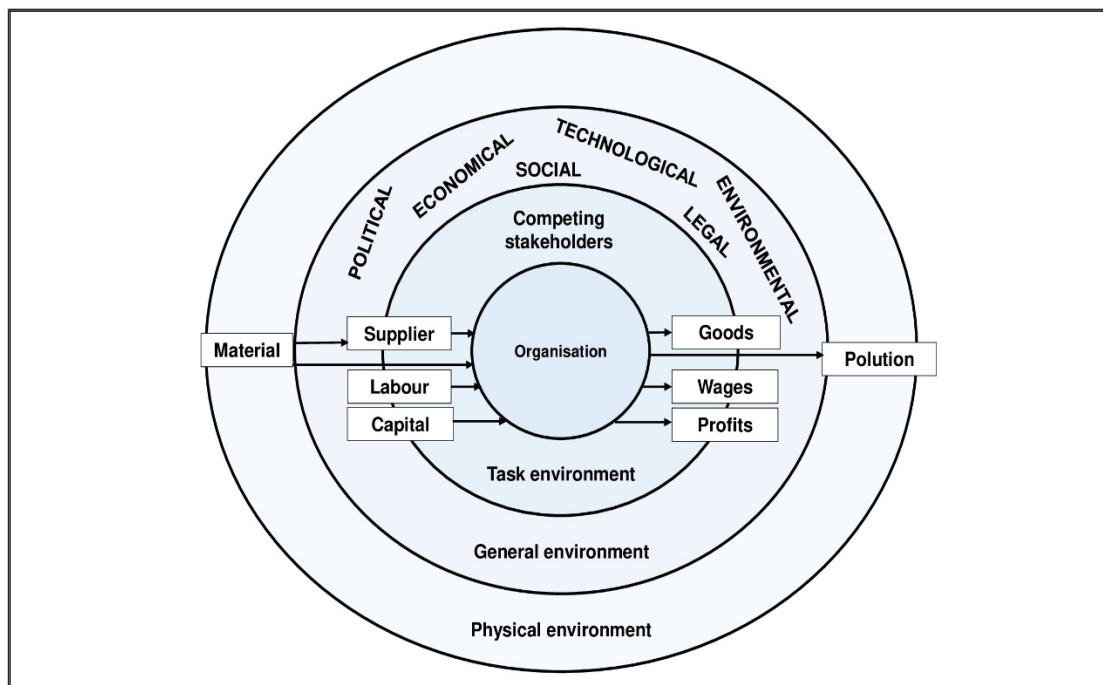
Source: Oakley (2014)

Figure 1.1: Ansoff's product-market development matrix

As per the Ansoff product-market development (or growth strategy) matrix, a growth strategy could be developed to focus on 1) market penetration, 2) market development, 3) product development or 4) diversification of current propositions. In the research undertaken in this study, in which an organisation's growth ambitions into Mozambique take centre stage, the focus will be on developing a growth-strategy support model that can assist with their **market development** strategies.

In the 2006 revised version of his 1983 paper titled *A perspective on entrepreneurship*, Howard H Stevenson declares that more risk needs to be accepted if the goal is to maximise value creation. Therefore, it is often argued that risks will have to be taken if a business wants to grow and survive. However, a successful growth strategy will have a balanced risk profile, whereby the risk level is considered acceptable and the anticipated reward is satisfactory. Other than in the internal (task-orientated)

environment where the organisation can potentially influence outcomes, such influence is not typically the case in the external (general or physical) environments (refer Figure 1.2).



Source: Adapted from CIMA (2015)

Figure 1.2: The organisational environment

While the organisation may not be able to influence these environments, its foremost duty is to formulate its growth strategies in such a manner that it either reduces, transfers, or eliminates potential risks as far as possible. According to CIMA (2015), an important aspect in developing a strategy is to analyse an organisation's position in relation to its external environment. CIMA elaborates that the environment within which the organisation operates, influences not only what they do but also its sustainability prospects. Therefore, strategic decision-makers and planners must consider potential environmental impacts to produce realistic and achievable strategic plans, as illustrated in Figure 1.2.

CIMA (2015) even goes further and states that when an organisation undertakes cross-border operations, it becomes imperative to understand that there may be

significant differences between the business environments of the various regions. Expanding on the aforementioned, the strategy of an organisation is not only affected by environmental forces and strategic capabilities, but also by the *values and expectations* of those who have *power* in and around the organisation. Whether the organisation's strategy is focussed on expansion, or whether it is more concerned with consolidation, might be an indication of the values and attitudes of those stakeholders which again could influence such strategy (Johnson *et al.*, 2005). This requires an understanding of both the *power* and the *interest* that different stakeholders may have.

An organisational growth strategy can thus only be considered as successful if the relevant stakeholders view the outcome thereof as efficacious. These opinions of success or disappointment are influenced mainly by the relationships with stakeholder communities and the effective and transparent communication of planned growth strategies, particularly those in decision-making and influential roles.

1.3. SWOT and PESTLE analysis

Before an organisation can commit to any sagacious investment or expansion strategies in foreign countries, a comprehensive study of the internal and external factors that could impact the success of such a project should be undertaken. A SWOT and PESTLE analysis affords the strategy makers a better awareness and understanding of variable factors that may impact the success of their planned project. It is a systematic and thorough evaluation of a business unit or proposition (SWOT) and the market potential and situation (PESTLE), revealing a market's attractiveness, potential business opportunities, and suitability of access through growth and decline indicators.

1.3.1. SWOT analysis

SWOT is an acronym used to describe the particular strengths, weaknesses, opportunities, and threats that are strategic factors for a specific organisation and can be defined as an analytical approach used to identify the internal and external factors that can impact an organisation's business performances (Benzaghta *et al.*, 2021; Bratco *et al.*, 2021). This business tool allows decision-makers to take stock of an organisation's strengths and weaknesses – internal characteristics – and use it to gain

a competitive advantage when formulating an investment or growth strategy. The opportunities and threats identified – external environment – similarly assists decision-makers in assessing environmental conditions that favour or threaten the formulated strategy. The purpose of a SWOT analysis is to build on strengths, minimise weaknesses, seize opportunities and mitigate threats.

- **Strengths:** An organisation that can identify and further develops strengths like cost advantages from proprietary know-how, an advantageous location, scarce competency, and exclusive access to high-level resources creates a competitive advantage in its market. Katsioloudes (2006) defines strengths as constructive characteristics or skills unique to an organisation that one way or another improves the organisation's proficiency in reaching its planned goals.
- **Weaknesses:** Thompson and Martin (2010) define a weakness as something that an organisation lacks or does inadequately or a condition that places it at a disadvantage in the marketplace. These weaknesses can include a low or short supply of resources and competencies compared to its competitors. Risks to operations, reputation, brand, suppliers, products, and services or employees should be highlighted, and steps are taken to minimise its impact on the organisation's success when executing its growth strategy.
- **Opportunities:** An opportunity is everything that creates the chance for functional changes in the analysed (market) object (Bratco *et al.*, 2021). That places an organisation in a superior position to its competitors. With the globalisation of the world economy and advances in technology, trade barriers are fast decreasing, which opens up new opportunities across sub-Saharan Africa, resulting in investment and expansion in the region.
- **Threats:** On the other hand, threats are aspects of the organisation's external environment that are barriers or potential barriers to reaching its goals (Benzaghta *et al.*, 2021). These external threats can be beyond the organisation's control and place its business activities and strategies at risk if it does not act proactively and has contingency plans. Some threats like a new competitor moving into the area are tangible, but others may only result from guesswork. An organisation's agility will determine its ability to deal with a potential threat that materialises and implements mitigating actions to protect its business activities and strategy successes. Scenario planning that

anticipates potential threats will help an organisation develop contingency plans for every identified threat.

1.3.2. PESTLE analysis

The PESTLE analysis business tool assists an organisation to see the big picture of its external environment (Mihailova, 2020; Perera, 2017), often focussed on foreign markets. PESTLE is an acronym for the political, economic, sociocultural, technological, environmental, and legal contexts an organisation operates.

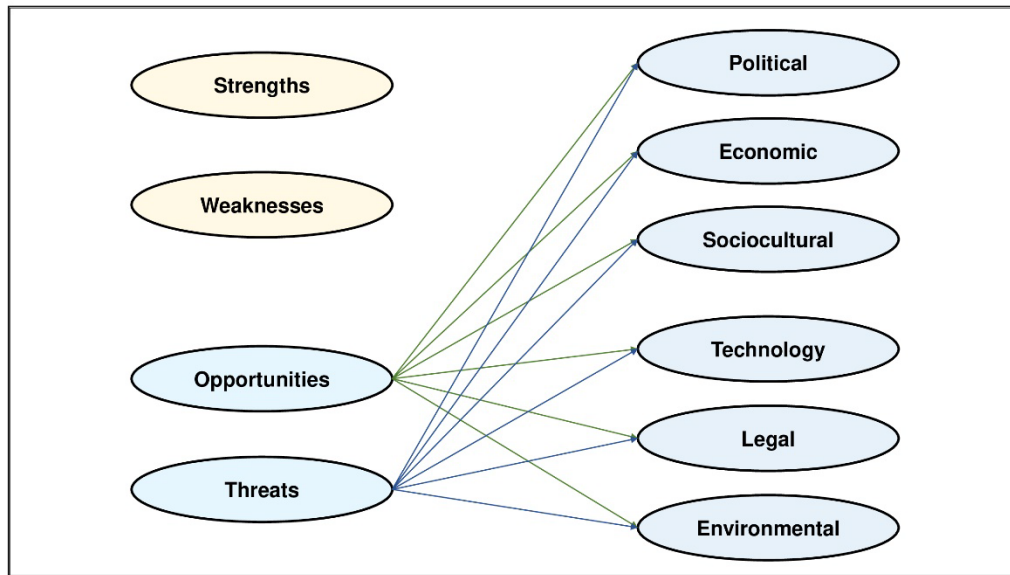
- **Political context:** The political environment is determined through government, public opinion, and consumer advocacy groups (Phan, 2021). This environment is a lot more complicated and diverse in definition than what a manager might think. A PESTLE analysis empowers an organisation's decision-makers with deeper insight into the understanding and sensitivity of the significant political influences when formulating their investment or expansion strategy.
- **Economic context:** Economic factors include *inter alia* an analysis of the general state of the country's economy (inflation, gross domestic product, interest rates, exchange rate, unemployment, etc.) and the ratio between small, medium, and large businesses, between private and state property, the intensity and the type of competition (Mihailova, 2020). The success and profitability of investment and expansion strategies into foreign countries will directly depend on the economic environment where it will be executed as it affects the demand for the products and services offered and the availability and cost of capital. Growing economies result in higher demand for products and services while declining economies negatively affect sales.
- **Sociocultural context:** The business environment is linked with the country's cultural and traditional values. Thus, adapting to these cultural values is essential for better performance, higher productivity, and achievement of growth targets (Perera, 2017). Aspects such as traditions and norms, religious values and beliefs, and attitudes towards the business and the industry, in general, should be considered here.

- **Technology context:** Technology is utilised to create a competitive advantage. The lack of support or infrastructure to achieve this could have detrimental consequences on the success of the strategy execution. Technological factors can be divided into key areas such as automation, cost-saving, outsourcing, growth of networking capabilities, the evasive side of the evolution of technology (Sarwar *et al.*, 2016).
- **Legal context:** A country's legislation can be a powerful tool to attract foreign investment, but an over-regulated environment can have an adverse effect. These factors consider all internal and external legal issues in activity areas that affect project implementation, such as employment, taxation, resources, the environment, imports, and exports, etc. (Vintila *et al.*, 2017).
- **Environmental:** With significant climate changes occurring due to global warming and with greater environmental awareness, this external factor is becoming an important issue for firms to consider. Customers consider organisations responsible for their environmental actions and prefer brands that buy their products sustainably and are continually looking for a carbon footprint reduction (Shamout & Elayan, 2020).

1.3.3. Interaction between SWOT and PESTLE

The SWOT analysis is a strategic management tool that helps an organisation understand its *internal* characteristics, i.e., its strengths and weaknesses (Carpenter *et al.*, 2011). Based on that understanding, developing strategies that build on its strengths while minimising risks evolving from any weaknesses, it might have. This will subsequently assist in assessing the *external* environment for opportunities and threats that may potentially contribute to or detract from the organisational business strategies.

Building hereon, Carpenter *et al.* (2011) demonstrate that when an organisation considers entry into new markets, a PESTLE analysis will provide insight into the status of key market-flatteners, both in terms of its present state and future trends. Gillespie (2014) advises that organisations need to consider which PESTLE factors are most likely to impact their businesses, should a change in such a factor occur, and proactively look for crucial identifiers as early warning signs.



Source: Adapted from Nishada (2012)

Figure 1.3: The interactions between SWOT and PESTLE analyses

Figure 1.3 depicts how this interaction between the SWOT and PESTLE analyses could present itself. It is never enough to have the results of a SWOT and PESTLE analysis on hand. More important is how the decision-makers use this information to formulate their growth strategies to achieve increased market share, higher profits, and positive business expansion. The anticipated analyses should derive a theoretical framework that conceptualises the underlying structure of investment and growth strategies within the ever-changing macro environment of a foreign country or region.

1.4. The business case considerations

1.4.1. The case for Mozambique

Across Africa, demographic shifts are creating meaningful business opportunities as well as daunting challenges (Douglas, 2012). Mozambique is no exception to this. According to the CIA World Factbook (Central Intelligence Agency, 2017), the land surface of Mozambique is slightly less than twice the area of the US State of California. It has a larger landmass than Pakistan, a longer coastline than Egypt, and a bigger population than Australia. During the 2013 pre-elections held in Mozambique, both

Angola and Mozambique were ranked at the top of world economic growth for the preceding decade. However, where Angola's growth was fuelled by its oil sector, Mozambique's growth was the result of a more diverse economic base (Macauhub, 2012). This is confirmed by Olivenca (2013), who stated that Mozambique, after almost two decades of civil war, is rapidly emerging as one of the fastest-growing economies in Africa, with expected economic growth of around 8% per annum, inflation slowing down to 6% and its *Current Account* deficits declining to approximately 4,8% of the GDP by 2016. During this time, FRELIMO was the ruling political party, and, as was widely expected, they were re-elected to parliament and the presidency in 2014, albeit under some controversy (Fletcher & Mucari, 2014). Under its leadership, the country made significant steps towards economic stability with an increased focus on critical sectors such as resources, infrastructure, and agriculture, together with the promulgation of supportive regulations in areas such as the development of Public Private Partnership (PPP) frameworks and mining concessions.

Then, within two years, the African Development Bank Group (2018) reported that the economic growth prospects were reduced to 3,8% due to various macro- and microeconomic, political, social, and environmental factors. These factors included a combination of declining prices for traditional export commodities, persistent drought effects, internal military confrontations, and large decreases in Foreign Direct Investment (FDI), compounded by the 2016 governance crisis. The latter became public knowledge in April 2016, when it came to light that the government did not disclose USD1,4 billion in commercial debt, apparently intended to fund projects associated with the development of the offshore natural gas industry. In addition, a further USD850 million had been borrowed, ostensibly to finance a tuna fishing fleet. It later appeared that much of this USD850 million had been used for naval equipment, including military hardware. There remains a substantial lack of clarity on what this total debt was spent on (Van Dalsen, 2017). Furthermore, the private sector is strangled by high interest rates and depressed private consumption. The result hereof is an already contracting real economy – with some exceptions in the services industry. Also, despite the positive developments of the permanent ceasefire between opposition elements and the government, recent attacks by newly arrived terrorist

groups in the gas-rich northern province of Cabo Delgado cast further shadows on the investment environment.

Therefore, although the Mozambican economy shows signs of recovery (Mahdi *et al.*, 2017), the economic conditions remain challenging. Furthermore, more robust exchange rates, easing inflation rates, and lower credit levels suggest that the monetary policy cycle could begin to loosen as the economy adjusts to its current realities (Mahdi *et al.*, 2017). The Economic Outlook Report compiled by Deloitte (2016) further highlights that the agriculture, aquaculture, coal, Liquefied Natural Gas (LNG), manufacturing, tourism, real estate, financial services, and renewable energy sectors were poised to underpin Mozambique's growth momentum. The report also stated that in line with its new stance of fiscal tightening, the government had approved legislation intended to reform public enterprises with the hopes of improving transparency, reducing fiscal risks, and promoting good business practices. Nevertheless, according to Export.gov (2017), the country's good, stable macroeconomic policies are masked by a bureaucracy that is largely unresponsive to the needs of the private sector. A further aspect to be cognisant of is that Mozambique still has poor basic infrastructure, ranging from poor road infrastructure to a lack of reliable power supply and inefficient communication networks (Export.gov, 2017).

In conclusion, therefore, although significant improvements have been made, the business environment in Mozambique remains a paradox of conflict between the positive and the negative, which makes for a good field research scenario to develop a growth-strategy support model for potential investment into the region.

1.4.2. Research justification and motivation

The case study organisation is a global organisation with a presence in multiple countries and territories across the globe. It designs, manufactures, distributes and services power generators, engines and related technologies, and serves its customers through a global network of organisation-owned and independent distributor facilities as well as multiple dealer locations. It has been active in a basic aftermarket support network in Mozambique since 2010 through a dealer-channel model.

The researcher worked with the organisation for several years as special projects leader and territory manager. His responsibilities included channel design and business development in the area. The researcher had trouble expanding into the African continent due to the lack of market intelligence and unstable market conditions in many of these countries. These conditions are influenced by factors such as political policy, ethnic and religious violence, unpredictable weather conditions, a lack of suitable infrastructure, fluctuating skill levels, dangerous diseases and terrorism.

The organisation wants to increase its footprint on the African continent, including Mozambique, through its existing range of products and services from a growth perspective. Their growth strategy aims to get representation in the mining, agricultural, rail, filtration, marine, lubrication, power generation, construction, and automotive sectors. However, since the organisation's resources are limited and subject to normal financial performance indicators, a channel-to-market that represents both *organisation-owned* and *dealership agreements* will have to be considered. This will require the organisation to take a strategic view on its shorter-term investment priorities in Mozambique to generate sustainable growth and representations in the longer term. Therefore, the overall objective of this research project is to develop an analytical model that can assist management in their strategic growth endeavours, and then especially 1) in determining a baseline from where to start this growth and investment cycle and 2) how to further grow and evolve from there. The envisaged *growth-strategy support model* will have to be cognisant of all relevant stakeholders and not purely be driven by financial performance objectives.

1.5. Problem statement and research objective

It may be argued that *global inequalities* started to become more prominent with the *First Industrial Revolution*, when some countries experienced better economic growth than others, which may have given them an advantage even into the current *globalisation* era. However, it would seem as if a *catching up* phenomenon is currently at play, with some of the poorest countries having emerged and turned into *global engines of growth*. These arguments seem to be supported by Devictor (2014) when stating that inequality between countries has been declining since the late 1990s. Mozambique is regarded as one of these economies, with its GDP growth of nearly

600% from 1995 to 2015 (The World Bank, 2018), thus creating an opportunity that the case-study organisation wishes to exploit. A major challenge when expanding into a new territory, however, is the uncertainty pertaining to the new operating environment. To become knowledgeable with such an environment, inclusive of the task, general and physical environments (as referred to earlier) need to be well researched, identifying and mitigating possible business risks before committing resources to any expansion plans. Key challenges will also be to 1) determine if such potential risks are unique to a smaller region within the territory, or whether it is applicable to a wider region, 2) determine its potential impact on business success, 3) rank it in order of importance and 4) identify suitable channels on how to minimise the organisation's exposure to each.

It can be argued that, in order to achieve optimum sustainability and resilience as a foundation for long-term growth, an organisation should consider all relevant stakeholders when analysing and prioritising investment opportunities. The problem facing the organisation is that there is currently no guidance model or framework to support potential growth strategies available where such risks can be captured, analysed and ranked. This research project aims to develop a design-science inspired artefact that will assist organisations (and individuals) to proactively identify controllable and uncontrollable risks before establishing a new business and/or implementing expansion decisions and then implement their growth strategies accordingly.

Based on this lack of the requisite model, the research problem is approached as a follow-on study on prior research conducted by Du Plooy (2016), in which a broad-based channel strategy has been formulated during an exploratory research project. The current research focuses on further developing and evaluating a growth-strategy support model (as the *artefact*), utilising an *elaborated Action Design Research* (eADR) approach to direct the development and evaluation. As elaborated on later, the research will be conducted per Gregor and Hevner's (2013) research theories.

Hence, the primary research objective can be defined as follows:

- To utilise an eADR-based research method to develop a growth-strategy support model that can provide the requisite rigor, support, and guidance in developing an organisational growth strategy for a targeted territory.

To reach the above primary research objective, important secondary, supportive objectives need to be researched and achieved, as presented in the different iterative eADR¹ phases as noted below:

- **Sub-objective 1:** To develop a holistic decision-support framework that can serve as a guiding framework in formulating the envisaged growth-strategy support model.
- **Sub-objective 2:** To develop and validate (based on the aforementioned decision-support framework and additionally acquired intelligence), an *Alpha*-design (proof-of-concept) growth-strategy support model.
- **Sub-objective 3:** To refine (based on the aforementioned proof-of-concept model and additionally acquired intelligence), a *Beta*-design version of the envisaged growth-strategy support model.

The purpose of the study is to fulfil the abovementioned research objectives, utilising the eADR method. Although this study focusses on the organisation's desired expansion into Mozambique, the ultimate goal is to develop a flexible artefact in such a manner that it can also be utilised in the organisation's expansion intentions into other parts of the African continent and beyond.

1.6. Research design overview

The research design will encompass both literature and empirical research phases, as highlighted below.

¹ It is thus expected that the overall project will entail three artefact versions, inclusive of 1) a *development* artefact (i.e. the decision-support framework) per the eADR diagnosis phase 2), together with an *Alpha*-version (concept artefact) and a *Beta*-version (pilot artefact) of the growth-strategy support model per the eADR design stages (as explained in Chapter 2).

1.6.1. Literature review

Hart (2009) states that a review of the literature is essential in that it forms the foundational knowledge of the research problem and topic under consideration. This includes understanding research already completed, how similar issues have been researched, the key issues, and what knowledge has already been generated. For purposes of this study, pertinent and supportive literature reviews will be conducted by means of relevant scientific journals, articles, books, published databases, and research documents. The intention is also to demonstrate the underlying assumptions of the study, indicate how potential literature gaps can be filled, and support all aspects required for the empirical phase of the study.

The aim of the literature study about this study is to build a solid literature foundation of the key micro- and macro-environmental analysis techniques, research and artefact design methodologies, and a better understanding of the potential challenges (and opportunities) Mozambique can present to business managers. Relevant portions of the literature study will be incorporated in the applicable sections and chapters throughout the study.

1.6.2. Empirical research

The knowledge acquired from the literature study will be used as the foundation upon which the empirical research will be based.

- **Approach:** It is often recognised that academics (focussed on their research) and practitioners (focussed on practical realities) have dissimilar intentions and disparate communication systems. Irrespective of such differences, there are ways to try and promote co-operation between academics and practitioners. The research approach of this study is founded in the design sciences, which encompasses a scientific approach to solve actual industry problems, while also endeavouring to learn from the process and giving back to academia.
- **Design:** In terms of the research design, the methodological paradigm of this project will fall in an interpretivist realm, while the theoretical grounding is to be based on stakeholder and stewardship theories. In a fast-changing business environment related stakeholders will differ from project to project and be ranked

differently. Stakeholder theory is cognisant of the internal and external stakeholder requirements, and stewardship theory is cognisant of corporate governance. The empirical study will be executed utilising the eADR approach, focussing on the external and internal business environment in which the case-study organisation operates, and will be recorded as an exploratory research project.

- **Method:** The organisation has representation in many African countries and the Middle Eastern territories, allowing it to access a vast pool of knowledge gained in each area. Collecting the external and internal environmental information will be done and will include SWOT and PESTLE analyses in identifying factors potentially influencing growth strategies. The focus will be to use public sources to develop data on competition, competitors, and the market environment.
- **Data collection:** The data-collecting process will focus on the Mozambican territories. The researcher-practitioner team concept will be used throughout the empirical research. In terms of the industry participants, the following are noted:
 - The industry participants were identified and selected based on their expertise in related industries (pertinent to the case study organisation scenario) and the Mozambican business environment.
 - In total 15 businesses operating in Mozambique, representing 10 different business sectors, were selected through purposive sampling to provide data in each of the iterative processes covered in this study.
 - Note that each iteration had a somewhat different participant (respondent) make-up, which is high-lighted within the relevant sections.
 - The choice of participants were largely centred on their shareholder, senior management or expat status, the markets they are operating in and their dependence on a stable economic environment. The decision on the size of the sample was based on the criteria for non-probability sampling and therefore kept relatively small.
 - A guiding questionnaire was completed during semi structured interviews with selected participants who consisted of senior managers, directors and owners of businesses.
 - All participants partook out of their own choice because they wanted to increase the available market intelligence.

- Only generic, opinion-based data were collected – no personal data were gathered from any of the participants.
- No individual participant's responses were shared with any other party, and where requested, only the collated findings were shared.
- All data and information are controlled by the primary researcher and stored in a password-protected environment.
- Semi-structured interviews were conducted with:
 - Decision-support framework and *Alpha*-design artefact:
 - Past participants surveyed in the prior research project conducted by Du Plooy (2016).
 - Additionally identified industry role players.
 - *Beta*-design artefact:
 - Different industry participants, similarly-qualified due to the senior positions they hold in their companies, their experience in growing business operations in new territories and their hands-on experience operating in Mozambique.
- The structured interview guidelines are available in Annexure 1.
- The obtained empirical information will be used in the design of the various diagnosis and design iterations, utilising an eADR approach, aiming to address important unsolved problems in unique or innovative ways or solve problems in more effective or efficient ways per Hevner *et al.* (2004).

As per Mullarkey (2018), for a design-science generated artefact to be successful it needs to be able to solve a *wicked* business problem in a new or existing challenging problem domain with one or more innovative solutions being inspired, motivated and informed by practice, using a research-engrained approach that will generate new knowledge and practical information. The leadership of an organisation needs to question whether they have the necessary means in place and access to the required market intelligence that will enable them to determine how their stakeholders feel about them and highlight potential areas of improvement.

- **Validation:** Against the above contexts, and in approaching this project, two important aspects must be validated throughout, namely 1) there must be a sound

theoretical background upon which the research will be founded, and 2) it must address a real *business* conundrum. In the attempt to develop the envisaged model this research will evaluate the wicked business problem using the eADR approach. Historically, the focus of validation practice has been on the statistical properties of a test or other measurement instrument, and this has been adopted as the basis of validity testing for individual and population assessments in the field of health (Hawkins *et al.*, 2019). They draw attention to the fact that advancements in the validity testing theory hold that validity lies in the justification of a proposed interpretation of test scores for an intended purpose, the evidence for which includes but is not limited to the test's statistical properties. Therefore, they conclude that *to validate* means *to investigate*, through a range of methods, the extent to which a proposed interpretation and use of test scores are justified.

The framework established from the above-mentioned eADR activities will be evaluated to verify the wicked problem and validate the developed framework before continuing to the design phases. During the *Alpha*-design phase the responses received from participants will be validated throughout the semi-structured interviews, and the design process will then be repeated in the *Beta*-design phase to warrant that the feedback received during the validation activities are incorporated in the improved artefact.

1.7. Anticipated research contribution

The anticipated contribution from this study will be the delivery of a practical artefact that can be used to mitigate, reduce or eliminate risk exposure during investment and expansion strategy decisions. The artefact is inspired by a practical problem experienced when deciding whether to invest or expand into unknown territory with limited market intelligence available. This growth-strategy support model (as the artefact) will be a theory-engrained tool created in the eADR methodology.

- This research will provide a process-inspired basic framework that decision-makers can follow during their investment and expansion strategy-formulation process, should they believe that the targeted territory is uncertain and related

market intelligence is limited. Through the iterative eADR process, the anticipated contributions that will be made are:

- The development of PESTLE and SWOT-inspired criteria that can determine the role of macro and micro elements in the organisation's targeted environment.
- The development of a PESTLE and SWOT-inspired growth-strategy support model with weightings as per the organisation's predetermined risk appetite and risk tolerance levels.
- The development of a growth-strategy support model that will highlight preset criteria elements that do not adhere to the organisation's risk appetite and tolerance levels for further analysis before finalising their investment or expansion strategies in the targeted territory.
- Before deciding to internationalise, the organisation must consider and analyse aspects such as the situation of the organisation itself, the products that it wants to commercialise, the resources available, the proximity and knowledge of the market it is aiming at, and the risks of carrying out this process (Guerrero-Villegas, 2019). The growth-strategy support model will be aligned with Guerrero-Villegas' reasons for investment and expansion into new territories, including lengthening the product and technology life cycles, reducing business costs, gaining access to new resources, improving brand image and growth outside of a saturated market.
- A growth-strategy support model highlighting the perceived importance of the variable factors that directly impact the stakeholders (internal and external) and the stewardship function (corporate governance) will empower decision-makers to address these factors in the strategy development process.

1.8. Ethical considerations

Any researcher will do well to be guided by the words *primum non nocere*, translated as *first, do no harm*, as found in the Hippocratic oath (Shmerling, 2020). The reliability and validity of the utilised interview guide was tested during multiple practical sessions, including a structured pilot study. It is vital that a covering letter, setting out the nature of the research, what the research is hoping to achieve, addressing any ethical issues, and stating benefits of participating in the study, accompanies such a guide (Wilson,

2014). Sutton and Austin (2015) explain that, however, the data are being collected, a primary responsibility of the researcher is to safeguard participants and their data. Mechanisms for such safeguarding must be clearly articulated to participants and approved by a relevant research ethics review board before the research begins (Sutton & Austin, 2015).

The researcher, therefore, submitted the research proposal and interview guidelines to the NWU research ethics committee to review and give their approval (refer Annexure 2 such ethical clearance).

1.9. Layout of the study

The study will be based on the research objectives as set out above and will be divided into the following chapters.

Chapter 1: Introduction

An introduction, background and scope of the study was provided in this chapter. The problem statement, primary and secondary research questions and objectives were drawn attention to. Reference to the research design and approach was shared and the chapter concluded with a structure of the study.

Chapter 2: Integration of research design

The focus of the chapter is to clarify how the research is to be conducted and has a dual rationale. Firstly, to describe how the literature review data were obtained, secondly where the data for the empirical study originated from, and how it will be used.

Chapter 3: Developing a channel-strategy decision-support framework

The key objective of this chapter is to develop a holistic decision-support framework that can serve as a guiding framework in formulating the envisaged growth-strategy support model. In doing so, a supportive literature study on SWOT and PESTLE analyses techniques, as the theoretical building blocks of strategic planning, will be conducted. Building hereon, competitive environmental analysis information will be

used to develop a holistic framework that is able to guide channel strategy formulation into the Mozambican market.

Chapter 4: Developing a growth-strategy support model: *Alpha*-design

The key objective of this chapter is to develop, based on the aforementioned decision-support framework and further-developed intelligence, an *Alpha*-design version of a concept growth-strategy support model. In doing so, a supportive literature study on growth-strategy theories, as the underlying building blocks of strategic planning and stratagem development, will be conducted.

Chapter 5: Developing a growth-strategy support model: *Beta*-design

The key objective of this chapter is to refine, based on the aforementioned *Alpha*-design model, together with newly developed intelligence, an enhanced *Beta*-design version of the envisaged growth-strategy support model. In doing so, a supportive literature study on strategy development, as the underlying building block of stratagem visions, will be conducted.

Chapter 6: Research summary and conclusion

The key aim of this chapter was to reflect on the overall research, and as such it will summarise the study, expand on conclusions and recommendations coming from the different phases thereof. To conclude, the space for further research, as well as limitations of the study, will be addressed.

1.10. Chapter summary

This chapter provided an overview of how and why the study was undertaken, including its justification, research problem and objectives, research approach, and layout.

The next chapter will focus in more detail how the research design and methodology were conducted with reference to the chosen research process, the literature accessed, the empirical research approach that was used, and the steps followed by

the researcher to ensure that rigour and ethical principles were used when collecting data from the research participants.

CHAPTER 2: INTEGRATION OF RESEARCH DESIGN

2.1. Chapter introduction

An introduction to this study was provided in Chapter 1, which highlighted the topic actuality, including the research justification, the problem statement, the research objectives and a layout of the overall research process. It also briefly touched on the anticipated research methodology. This chapter will go into more detail regarding the research approach followed, as illustrated in Figure 2.1.

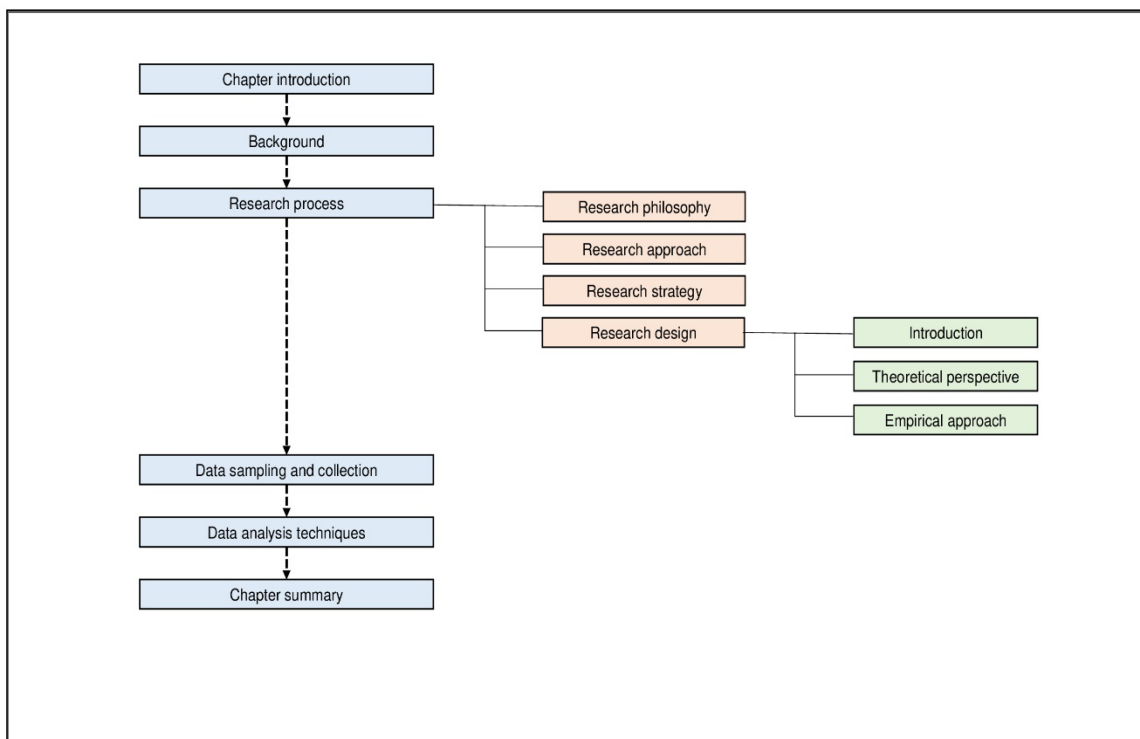


Figure 2.1: Chapter roadmap

The primary purpose of this chapter is to provide insight into the *why* and *how* of the research approach followed. In doing so the research process, including the philosophy, approach, strategy and design aspects are explained. The latter part of the chapter highlights aspects around data sampling and analysis before concluding with a chapter summary.

2.2. Background

As was stated earlier, organisations will be exposed to added internal and external uncertainty as they expand into new markets and territories. The potential risks may mirror potential rewards when expanding from a developed economy base into territories in developing economy markets. As a result, the organisation's current strategies and operating structures will need to adapt to the new operating environment and its complexities. According to Boylan and Turner (2017), traditional responses frequently fail in an environment where cause and effect is often indiscernible. Such scenarios require decision-makers to find new ways of thinking when solving problems and developing an organisation's ability to adapt to these changing environments for it to secure success.

The primary objective of this research project is to utilise an eADR approach in developing a growth-strategy support model that is able to provide the requisite rigor and support for organisational growth strategies in a targeted territory. It may be argued that such a support model could help to mitigate uncertainties in the targeted territory and result in more effective growth strategies. In this context, the focus of this study will be on finding solution realms that are both *theory engrained* and *practice inspired*. This should lead to the design of an innovative and viable artefact that promises the enablement of risk mitigation when embarking on a business venture in uncertain business environments.

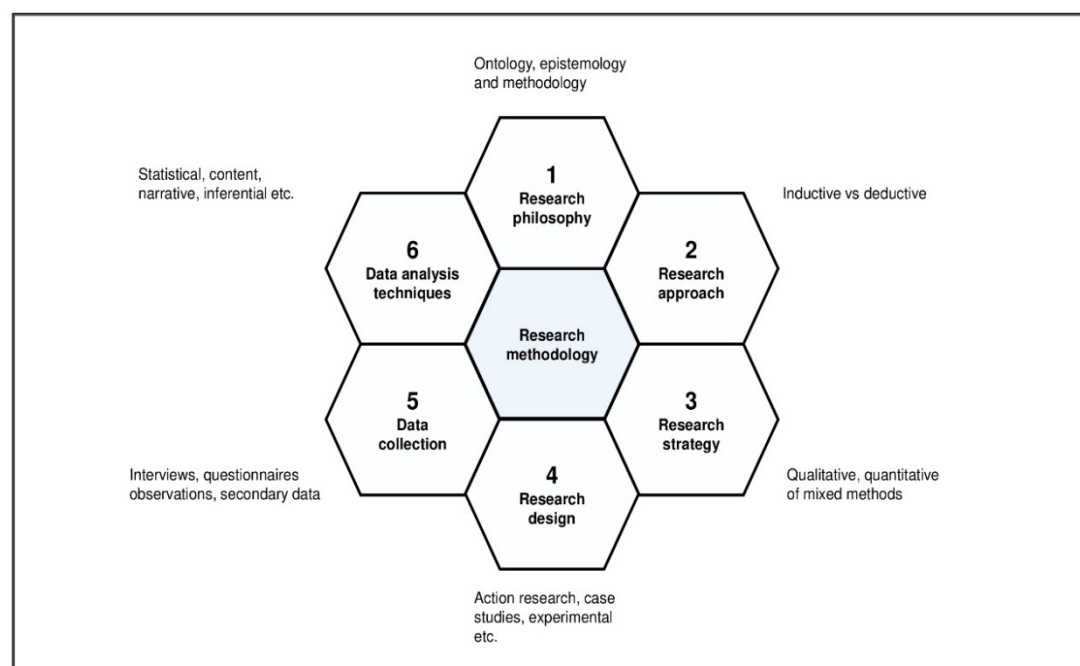
2.3. Research process

Wilson (2014) argues that although research should benefit both academia and industry, there is no clear consensus on how such benefit should be defined. As per Wilson (2014), the concept of research can be defined as a step-by-step process involving collecting, recording, analysing, and interpreting information. In light hereof, it may be deduced that the concept of *business research* is the systematic and objective process of collecting, recording, analysing and interpretation of information to aid the solving of *managerial problems*. This particular research project is a follow-on study from Du Plooy's (2016) study completing the Diagnosis stage requirement of the eADR method and gaining a proper understanding of the broader domain area.

This problem diagnosing stage found that due to the micro- and macro-environmental uncertainties, a *wicked problem* was facing organisations wanting to establish or grow operations in Mozambique. Mullarkey (2018) defines a wicked problem as:

- Unstable requirements and constraints.
- Complex interactions between the subcomponents of the problem.
- Complex interactions between the subcomponents of the solution.
- Inherent flexibility to change artefacts and processes.
- Dependent on human cognitive abilities.
- Dependent on human social abilities.

In navigating such a wicked problem, the study's research methodology is based on the elements of Wilson's (2014) *Honeycomb research methodology* view, as presented in Figure 2.2.



Source: Adapted from Wilson (2014)

Figure 2.2: The Honeycomb research methodology

The Honeycomb view not only shows a typical research methodology structure by including numbered segments, but also recognises the fact that the thought processes

may not necessarily be linear – this is presented by the six outer elements encircling the centre segment, as opposed to a series of stages or layers.

This chapter will highlight the elements of the Honeycomb view as pertaining to this study, including the 1) the research philosophy, 2) the research approach, 3) the research strategy, 4) the research design, 5) data collection and 6) the data analysis techniques. Finally, some ethical considerations and a summary will also be provided at the end of the chapter.

2.3.1. Research philosophy

The research philosophy deals with the source, nature and development of knowledge. In simple terms, a research philosophy is a belief about the ways in which data about a phenomenon should be collected, analysed and used (Dudovskiy, 2018). In light of addressing the wicked problem under consideration, it is important to consider the concepts of ontology, epistemology and methodology.

As per Drigo (2017) *ontology* refers to “what we believe exist”, *epistemology* to “how we know what we claim to know” and *methodology* to “how to discover and validate” knowledge. Hicks (2010) explains that the word epistemology stems from the Greek terms of *episteme* meaning “knowledge” and “logos” meaning “to give an account of”. He describes it as the follow-up questions to “how do you know that?” every time that a knowledge claim is made. This infers that epistemology is the philosophy of how knowledge is acquired. Henning *et al.* (2004) describe methodology as more practical in nature and encompass the techniques and methods followed in the practice of acquiring the relevant knowledge. It can therefore be reasoned that ontology, epistemology and methodology are interconnected in the quest of knowledge acquisition.

In the context of this study therefore, we note that knowledge creation will be as a result of the conclusions based of the analysis of the primary and secondary data collected, the interpretation of the generated information together with the potential recommendations.

2.3.2. Research approach

The research approach utilised in this study can be classified as basic (or fundamental) research. Industry participants hereto, representing a diverse sample of related organisations with business activities across Mozambique, were identified to share, via a preset questionnaire, their experiences and opinions pertinent to the project. The researcher was able to establish a network of contributors (participants) by attending business seminars and trade delegation conferences in Mozambique and through extensive travelling and personal interaction with managers, directors and organisation owners operating in Mozambique. The original data that was received from participants in the initial case study as per Du Plooy (2016), was revisited, and where possible the original participants were requested to partake in the new, expansion research project. The reason for doing this had the dual purpose of 1) getting an updated analysis of the trading conditions and constraints in the country and 2) also to identify the biggest movers since the initial research.

Additional participants were identified and selected based on them being senior leaders employed by blue chip international organisations. The key roles and responsibilities of these participants during the time of the interviews included 1) setting the strategic direction of their Mozambican operations, and/or 2) overseeing the day-to-day management of the operations in the country.

With reference to the research approach of this study, a deductive approach was pursued, which, according to Woiceshyn and Daellenbach (2018), entails moving from the general to the particular. In this study, it was achieved by first identifying generic growth strategies and then using a structured interview process to identify the potential elements from the macro- and micro-environments that could impact strategic plans and the implementation thereof. A comparison was done between the elements that were initially identified from the Du Plooy (2016) study to determine changes in the operational environment. New elements that were identified were analysed to determine the likely risk it could possess and the potential exposure for the organisation. Using the eADR approach, steps were identified for implementation in an attempt to mitigate and/or eliminate these potential risk elements before a growth strategy would be designed for implementation. The proposed strategy was then

presented to selected participants for their feedback before their comments and suggestions were included in a revised version thereof.

2.3.3. Research strategy

According to Blumberg *et al.* (2008) a quantitative approach is imbedded in the positivistic philosophy and requires that the researcher emphasises quantification in the collection and analysis of data. Qualitative research includes various interpretive techniques seeking to describe, decode and translate in order to gain an understanding of the phenomenon (Cooper & Schindler, 2008). According to Flick (2009), although qualitative methods are often developed in the context of a critique of quantitative methods and research strategies, there are examples of good and bad research to be found within both research domains. He further argues that both qualitative and quantitative research is independent of each other.

This study primarily adopted a qualitative approach as the basis of its research strategy, especially in terms of the empirical data gathering and analysis.

2.3.4. Research design

Introduction

Sekaran and Bougie (2010) refer to research design as the blue print for the collection, measurement and analysis of data based on the study's research objective. Collis and Hussey (2009) further elaborate and state that the research design is derived from the research paradigm, which in turn can be described as the framework that guides research. Research can be conducted in different theoretical paradigm frameworks. Grant and Giddings (2002) identify four theoretical paradigms, namely the positivist, interpretivist, radical and post-structuralist paradigms, while Blumberg *et al.* (2011) identify a positivist framework, a post-positivist framework (which can be further divided into interpretivism and critical theory frameworks), and a realism framework (which serves as a *go-between* for positivism and post-positivism). The paradigm concept briefly elucidated to below, is based on Blumberg's perspective:

- **Positivist framework:** Aliyu *et al.* (2014) maintain that positivism is rooted in the ontological principle and doctrine that truth and reality is free and independent from the observer. Druckman (2005) considers positivists as researchers who prefer to use tools and techniques of science to discover new knowledge. Such scholars have an independent and objective analysis of the universe, seeking convergence, if not consensus, among investigators on observations made and interpretations offered.
- **Post-positivist framework:** Within this framework we firstly find interpretivism, which according to Thanh and Thanh (2015) as well as Blumberg *et al.* (2011) allows researchers to view the world through the perceptions and experiences of the participants. In seeking the answers for the research questions, the investigator who follows an interpretive paradigm, uses those experiences to construct and interpret his/her understanding from gathered data. Secondly there is the so-called critical theory, which according to How (2003) has a concern with how things had come to be the way they are and what they might be in future, while Blumberg *et al.* (2011) maintain that by reasoning about research problems, critical thinking can be stimulated and this in turn will result into reality being challenged and societies becoming receptive to accepting new versions of reality.
- **Realism framework:** According to Blumberg *et al.* (2011) realism is based in a philosophy that embraces aspects of both positivism and of post-positivism. It thus holds that realists see all aspects of society as synergistic with a holistic approach to research.

In the context of the above, this study embraces a realism framework because the researcher made use of known scientific tools (positivism) in the identification (SWOT and PESTLE techniques), analyses (ranking) and artefact creation (per eADR) process whilst accessing and using the opinions and personal experiences of selected participants (post-positivism) during the research data gathering process and the interpretation of it. To provide some contextual justification, the foundational theoretical departure points are highlighted below.

Theoretical perspective

Due to the complex economic environment in Mozambique, it was decided to execute the research in the context of two fundamental management theories: *stakeholder* and *stewardship* theories.

- **Stakeholder theory:** To thrive, businesses must commit to acting responsibly with a long-term perspective, investing in corporate stewardship, sustainability and governance to build resilience and drive systemic socio-economic transformation (Forbes, 2020). Kessler (2013) states that organisations and their managers are responsible to the shareholders and a larger group of stakeholders. CIMA (2015) concurs and argues that the extent of the organisational impact on society is so significant that they need to be accountable to more than just the shareholders and inclusive of all legitimate stakeholders. The following are key components in the stakeholder theory:
 - **Stakeholders:** Kessler (2013) as well as Tillema and Ter Boght (2016) refer to legitimate stakeholders as having a vested interest in the business activities, and on whom the organisation itself relies. CIMA (2015) concurs and identifies various categories such as indicated in Table 2.1.

Table 2.1: Stakeholders and their interests

Internal stakeholders	Interests to defend	External stakeholders	Interests to defend
Managers and employees	Jobs / careers	Government and regulatory agencies	Jobs, training, tax
	Remuneration		Investment, infrastructure
	Career development		Aggregate demand
	Benefits		National competitiveness, protect emerging industries
	Job satisfaction		Compliance with legislation
		Interest/pressure groups	Protecting the environment
Connected stakeholders	Interests to defend		Human rights
Shareholders	Shareholder wealth		Other
	Risk	Industry associations	Member rights
Bankers	Security of loans	NGOs	Human rights
	Adherence to agreements		
Suppliers	Profitable sales		
	Payment of goods		
	Long-term relationship		
Customers	Goods as promised		
	Future benefits		

Source: Adapted from (CIMA, 2015).

As indicated, the three main stakeholder classes are 1) the internal stakeholders, i.e. those typically employed by the organisation, 2) the external stakeholders, i.e. those that have important roles, responsibilities and influences on the organisation, even though they are not typically directly impacted by the organisation, and 3) the connected stakeholders, i.e. external stakeholders with more direct and influential roles on the organisation.

- **Business ethics:** As per De Cremer (2010) most definitions of business ethics focus on evaluating the moral acceptability of the actions of management, organisational leaders and their employees. As the morals and actions of the representatives of the business world seem to be deteriorating at an alarming rate, it becomes increasingly necessary to not only evaluate, but also understand how and why unethical behaviour and questionable decision-making can emerge so easily, despite the presence of multiple control and monitoring systems (De Cremer, 2010; Tenbrunsel & Smith-Crowe, 2008). The

primary aim of theories of moral reasoning maturity is to facilitate scholars' understanding of the ways in which people form moral judgments in regard to issues involving ethical complexities (Kessler, 2013). He further elaborates that the treatment of stakeholders is central to the concept of *stakeholder theory* and that the actions of an organisation, with regard to its stakeholders, is judged by core rules based on socially accepted norms of behaviour.

- **Value creation:** Organisations need to use their resources and capabilities to develop a sustainable competitive advantage, and its ability to create and sustain this competitive advantage over its rivals is likely to be critical to its own long-term success (CIMA, 2015). Value creation in a monetary context is an idea that has long been recognised in business, where profit is the revenues earned from customers minus the applicable costs incurred. However, businesses have rarely approached societal issues from a value perspective, but have treated it as peripheral matters. This has obscured the connections between economic and social concerns (Porter & Kramer, 2011). The essential features of the agency problem are that the interests of the principal and the agent diverge, and that the principal has imperfect information about the agent's contribution. These features define the problem, and the problem results in costs and inefficiencies ultimately borne by society, one principal at a time (Bosse & Phillips, 2014).

In a recent article Beattie (2019) states that corporations are under pressure to show how they plan to commit and deliver their goods and services in a sustainable manner. Such objectives can be attained by following the guidelines set by the pillars of sustainability, i.e. the economic, environmental and social aspects, colloquially referred to as people, planet and profit, or the triple bottom line (TBL), and made popular by Elkington (1999). Beattie (2019) defines the state of sustainability as meeting the needs of the present without compromising the ability of future generations to meet theirs.

When considering that operating licenses in Mozambique are not granted on an everlasting base but need to be periodically renewed by the authorities, it is important for investors to demonstrate a conscientious commitment to these sustainability pillars in their day-to-day business activities. Failure to

demonstrate this could lead to the delay in granting, renewing or even the suspension of operating licenses. In the context of this study therefore it is important not only to be cognisant of the 3 pillars of sustainability when operating in Mozambique, but also in executing the research project.

- **Stewardship theory:** Kessler (2013) defines stewardship as a caring and loyal devotion to an organisation, institution or social group. He further explains that from a managerial perspective, it can explain settings where organisational leaders serve the organisation's objectives, its greater good and its shareholders. Stewardship can thus be seen as being inclusive of non-economic interests, and as such it encourages organisations to pursue broader co-operative behaviour (Tillema & Ter Boght, 2016). Stewardship theory suggests that goals can be attained through collaboration, and not necessarily through control and rules. As such, stewardship theory proposes that the ethical and governance mechanisms attempting to guide the agent-principal centric relationship be expanded to be inclusive of all stakeholders with a *vested interest* in the organisation.

A stewardship based business approach, provides the leadership will and intent to act in the protection of others' long-term welfare, and is embodied as a leadership process and management mindset that proactively informs strategic and operational decisions made throughout an organisation's value chain (Forbes, 2020). In the context of this study, therefore, it is of strategic importance that the mindset of the investor is long-term focussed (stewardship theory), rather than on short-term gains (agency theory). Hernandez (2008) defines stewardship as the attitudes and behaviours that place the long-term best interests of a group ahead of personal goals that serve an individual's self-interests. He explains the importance of organisational actors taking personal responsibility for the issue of balance as a key component in working towards communal welfare, balancing their obligations to stakeholders inside and outside the organisation while upholding a broader commitment to societal and universal moral norms. Investors in developing economies are often at risk that historically lenient legislation become more stringent later on and organisations could face penalties for current and past practises. Approaching investment in Mozambique with the mindset of a steward could therefore mitigate this risk.

Empirical approach

Artefacts are the *vehicles* for the dissemination of knowledge (Mullarkey, 2018). Sein *et al.* (2011) explain that while the researcher may guide the initial design, the ensemble artefact emerges through the interaction between design and use. This means that the artefact must eventually reflect the intended as well as unintended organisational consequences. Hevner *et al.* (2004) concur and explain that the artefact is produced from a sequence of expert activities and that the evaluation of the artefact provides feedback information and a better understanding of the problem in order to improve both the quality of the product and the design process. The development of a workable artefact that can be implemented and maintained in the uncertain business environment of Mozambique is significant to the resolution of the primary research objective.

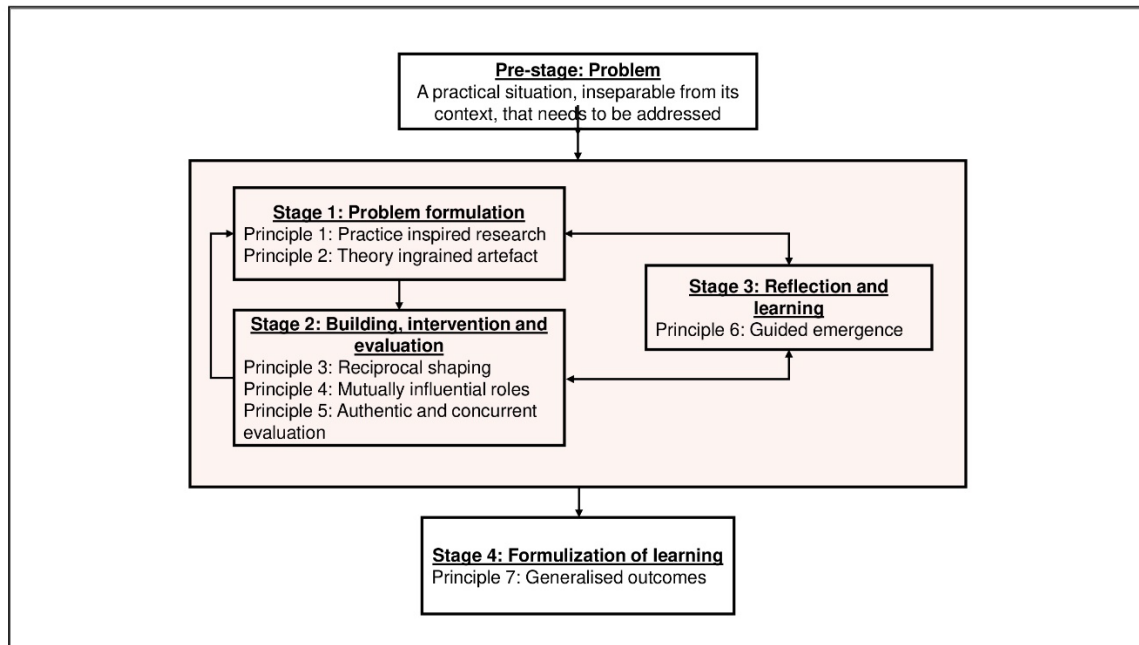
It may lead to confusion as the abstract knowledge contributions that are created in a design science paradigm, can also be treated as a type of artefact. The term *artefact* used in this paper will refer to a thing that has, or can be transformed into, a material existence as an artificially made object, i.e. the decision-support framework (per Chapter 3) and the different versions of the growth-strategy support model (per Chapters 4 and 5). The approach in this study is practical in nature and the aim is to create a pragmatic management tool that could be implemented in a real-world context.

Two aspects of importance to take note of are 1) that it is conducted in a ***case study*** format and 2) that the research followed an ***elaborated action design research*** approach (evolving from the concepts of action research and design science as explained below).

- **Action research:** Action research (AR) has a dual goal of contributing to practice and academia simultaneously (Ebersön *et al.*, 2021). Furthermore, according to livari and Venable (2009), it is context-dependent while attempting to address the specific client's concerns. Sein *et al.* (2011) aims to link theory with practice via iterative processes based on a working hypotheses refined over repeated cycles of inquiry. AR is considered a holistic approach to problem solving rather than a single method for collecting and analysing data (Kessler, 2013).

- **Design science:** Design science (DS) seeks to extend the boundaries of human and organisational capabilities by creating new and innovative artefacts (Hevner *et al.*, 2004). They also state that in a DS paradigm, knowledge and understanding of a problem domain and its solution are achieved in the building and application of the designed artefact. Kessler (2013) defines the purpose of DS as the development of effective means of action, based on tested and grounded rules that enable managers and other practitioners to successfully address problems that are regularly being encountered in their unique settings. In the context of this study, the practitioners (i.e. the industry participants) are collaborating with academia (i.e. the researcher), to identify concerns and conduct real-time experiments with various types of action that address these concerns. In the same manner, academia is working with the practitioners to compare the effectiveness of the various practices and to determine the underlying reasons that particular practices are more or less effective.
- **Action design research:** Action design research (ADR) is arguably an attempt to combine key aspects of AR and DS. According to Mullarkey and Hevner (2015) it developed in response to a need for a research method that explicitly recognises artefacts as ensembles emerging from design, use and ongoing refinement in the organisation's context. As per Sein *et al.* (2011) ADR should be viewed as a research method for generating prescriptive design knowledge through building and evaluating ensemble artefacts in an organisational setting while dealing with two seemingly disparate challenges of:
 - Addressing a problem situation encountered in a specific organisational setting by intervening and evaluating.
 - Constructing and evaluating an artefact that addresses the class of problems typified by the encountered situation.

ADR strives to solve a real-life business problem for a specific problem case while simultaneously contributing to academic learning and knowledge. Sein *et al.* (2011) imply four stages in the ADR methodology, namely 1) problem formulation, 2) building, intervention and evaluation, 3) reflection and learning, and 4) formulisation of learning, as illustrated in Figure 2.3.



Source: Adapted from *Petersson and Lundberg (2016)*.

Figure 2.3: ADR method: stages and principles

As indicated above, there are a total of seven principles embedded within each of the ADR stages. These include:

- Principle 1: Practice-inspired research
- Principle 2: Theory-ingrained artefact
- Principle 3: Reciprocal shaping
- Principle 4: Mutually influential roles
- Principle 5: Authentic and concurrent evaluation
- Principle 6: Guided emergence
- Principle 7: Generalised outcomes

During this study these principles were linked to different phases within the ADR approach and an additional Principle 8 – representing *abstraction* as consideration during the project's stage of activity and goals – was formulated. Table 2.2 explains how these principles were applied during the diagnosis and design phases of the ADR process, with the added 8th principle.

Table 2.2: ADR principles clarified

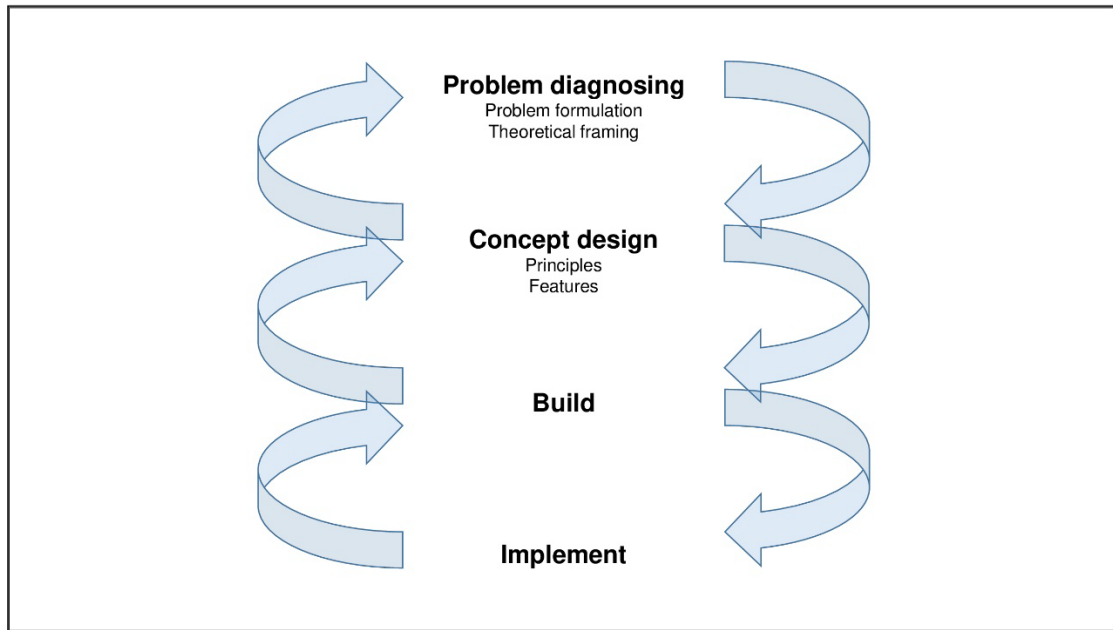
Principle 1: Practice-inspired research	Research should be motivated and inspired by real-world problems (McCurdy <i>et al.</i> , 2016; Sein <i>et al.</i> , 2011), and must accentuate the viewing of field problems as knowledge-creation opportunities (Papp, 2017), thus creating a practice-inspired, functionally innovative artefact that provides new knowledge for the design of artefacts.
Principle 2: Theory-ingrained artefact	Highlights the importance of understanding the problem and solution space, emphasising that researchers must learn the space of visualisation possibilities in order to design effectively (McCurdy <i>et al.</i> , 2016).
Principle 3: Reciprocal shaping	Sein <i>et al.</i> , (2011) simplify that this principle emphasises the inseparable influences mutually exerted by the domains of the artefact and the organisational context whilst the ADR team may engage in recursive cycles of decisions at finer levels of detail in each domain.
Principle 4: Mutually influential roles	Mutually influential roles emphasise the different types of knowledge which the project participants bring with them as well as the mutual learning among the different participants (Petersson & Lundberg, 2016).
Principle 5: Authentic and concurrent evaluation	Alexa (2016) emphasises that authentic and concurrent evaluation is not a separate stage of the research process that follows building, but rather a continuous process. Papp (2017) and Petersson and Lundberg (2016) state that evaluation is not a separate stage of the research process that follows building, but should be ongoing and interwoven with the activities throughout the BIE stages.
Principle 6: Guided emergence	Emphasises that the ensemble artefact will not only reflect on the preliminary design (Principle 2) created by the researchers, but also its ongoing shaping by organisational use, perspectives and participants (Principle 3 and 4) and by outcomes of authentic, concurrent evaluation (Principle 5) (Sein <i>et al.</i> , 2011).
Principle 7: Generalised outcomes	While recognising the unique and specialised outcomes of the design process, Principle 7 also emphasises the importance of generalising and abstracting research findings (McCurdy <i>et al.</i> , 2016). Both the problem and solution can be generalised (McCurdy <i>et al.</i> , 2016; Sein <i>et al.</i> , 2011).
Principle 8: Abstraction	Every ADR intervention cycle will introduce an artefact at the appropriate level of abstraction for the stage of project activity and goals (Mullarkey & Hevner, 2018).

Source: Own compilation

The principles of ADR are shown in column 1 of Table 2.2 followed by a brief explanation of it as found in the literature. Principles 1 and 2 assist with stage one

of the ADR methodology, *defining the problem* at hand. These 2 stages emphasise the importance of having practice-inspired research of real-world problems combined with prevailing theories during the design and testing of the artefact. Principles 3, 4, 5 and 6 – reciprocal shaping, mutually influential roles, evaluation and generalised outcomes – refer to the second and third stages of the ADR methodology that addresses the building, intervention, evaluation and reflection, and learning stages of the research. While Principle 7 recognises the distinct and specific results of the design process, it also accentuates the significance of generalising and abstracting research findings.

- **Elaborated action design research:** eADR was borne from the research conducted by Mullarkey and Hevner (2015) when they realised that before any artefact could be built and implemented, the principles and features of the artefact had to be properly identified, defined and evaluated. They found that the ADR approach could be improved upon by expanding the *problem formulation* stage into a *problem-diagnosing* and a *concept-design* stage, as illustrated in Figure 2.4:



Source: Adapted from Mullarkey and Hevner (2015).

Figure 2.4: Elaborated action design research method

Mullarkey and Hevner (2015) contend that ADR had to demonstrate a rigorous problem-diagnosis stage (informed by theory with an expressed practical need) before embarking on the concept design. They argue that this is essential in ensuring a fully elaborated artefact design. In recognising this, Mullarkey and Hevner (2018) suggest four basic stages in their eADR process:

- Diagnosis stage – encompassing cycles that aim to gain a proper understanding of the broader domain area, and then specifically how it relates to the business problem.
- Design stage – encompassing cycles that may require multiple iterations of design principles, features, models and even implementation approaches.
- Implementation stage – encompassing cycles to fine-tune the actual build and evaluation of the artefact.
- Evolution stage – which focus is on the continuous fine-tuning of the artefact in actuality, to ensure that as new business realities materialise, the artefact is updated to ensure optimum operation.

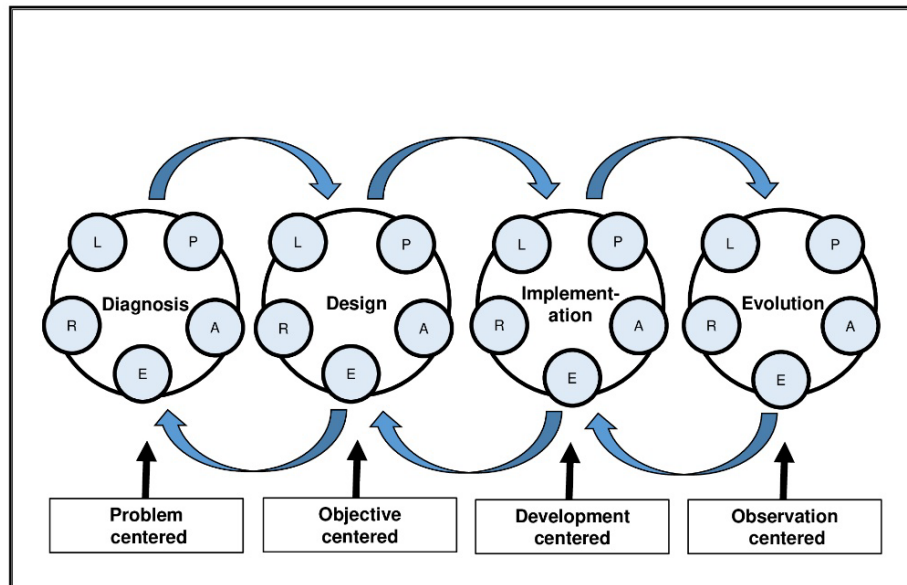


Figure 2.5 The ADR model with research entry points

Note that each (iterative) stage consists of problem definition (P), artefact creation (A), evaluation (E), reflection (R) and learning (L) activities. A further observation to make is that the eADR process could be accessed at multiple entry points, i.e. either in the diagnosis, design, implementation and/or evolution stages, depending on the reality of the case.

As indicated earlier, this research project will utilise the eADR approach, and then specifically focus on 1) the problem-centric diagnosis stage and 2) the objective-centred design stage. The last two stages (i.e. the implementation and evolution stages) do not form part of this project.

2.4. Data sampling and collection

Maree and Pietersen (2021) and Palinkas *et al.* (2015) reason that purposeful sampling is a technique widely used in qualitative research for the identification and selection of information-rich cases for the most effective use of resources and that this involves selecting participants that are knowledgeable about, or experienced with, a

phenomenon of interest. In addition to such requisite knowledge and experience, they also note the importance of a willingness to participate, and the ability to communicate experiences and opinions in an articulated, expressive and reflective manner. Palinkas *et al.* (2015) further argue that in contrast, probabilistic (or random sampling) is used to ensure the generalisability of findings by minimising the potential for bias in selection and to control the potential influence of known and unknown confounders. Cooper and Schindler (2008) profess that the single general sampling guide for qualitative research is to keep the sample just big enough for new knowledge and insight to emerge and therefore the sample size in qualitative research is generally small.

In light of the above, purposive sampling was used in this study, which Etikan *et al.* (2016) define as the deliberate choice of a participant due to the qualities of such participant. Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Etikan *et al.*, 2016). As mentioned earlier, this research project is a follow-up from the *channels-to-market* research conducted by Du Plooy (2016) during which time semi-structured interviews were held with selected participants, ranging from senior managers, directors and owners of businesses that had local and/or international shareholding. Members from the participating businesses were selected based on their seniority and experience gained whilst operating their business in Mozambique. Aligned with the case-study design in qualitative research, eight business sectors represented by ten managers and from seven different business sectors in Mozambique were selected to participate in the research questionnaire. If the four managers who represented two businesses and chose not to take part in the survey is included, an overall response rate of 71% was achieved in this data collection phase. Data were collected by making use of a guiding questionnaire that was completed during semi-structured, in-depth interviews with the selected participants.

2.5. Data analysis techniques

An important part of data analysis and management is to be true to the participants. It is their *voices* that the researcher is trying to hear, so to speak, and these voices need to be interpreted and reported on for others to learn from (Sutton & Austin, 2015). Data collected by interviews are not quantifiable and need to be analysed through human

coding, but some sub-categories may emerge from the initial investigation of the transcriptions (Cooper & Schindler, 2008). For the analysis of data gathered during interviews in the course of this project, the researcher used framework coding, based on the combined analytical framework from the literature review to identify initial categories. " Coding is the process of analyzing qualitative text data by taking them apart to see what they yield before putting the data back together in a meaningful way" (Creswell, 2015, p. 156). The results of the data collected during the interviews were converted into useable information through the calculation of the arithmetic mean and rating score percentages, analysed and later compared to the information obtained from the literature review.

Qualitative research methodology typically involves interviewing or observing people who are central to the research topic (Nieuwenhuis, 2021). The data produced are typically in the form of text; reporting what interviewees said and did. The data are then analysed, often by the person who interviewed or observed, leading to the likelihood of subjectivity and bias. Therefore, qualitative studies have often been criticised for lacking rigour, transparency, justification of data collection and analysis methods being used, and hence the integrity of findings (Hadi & Closs, 2016). Hadi and Closs (2016), however, also argue that as with any other research methodology, demonstrating rigour in qualitative studies is essential so that the research findings have the integrity to make an impact on practice, policy or both. For purposes of this project, the researcher made use of a combination of current and perhaps not-so-current resources, with most of the resources from the past decade. He also included an accurate audit trail by providing appendixes. Due to the iterative nature of the eADR approach, the research was peer-examined through detailed discussions with colleagues in the same field providing some validity thereto. Credibility was also improved through the authority of the researcher on account of his experience in the field of business development in countries outside the borders of South Africa and the amount of time spent on Mozambique travelling, interacting and gathering data to support research.

2.6. Chapter summary

In this chapter the researcher presented his strategy and method in order to achieve the research goals. The process presented a deductive approach in the form of an initial literature review. Empirical research was prepared from an interpretivism paradigm using a qualitative research methodology to collect primary data using a case-study design.

The next chapter will focus on the development of the channel strategy decision-support framework as the pre-cursor developmental artefact in the context of problem-centric diagnosis stage.

CHAPTER 3: DEVELOPING A CHANNEL STRATEGY DECISION-SUPPORT FRAMEWORK

Foreword: The reader is requested to take note of the following:

- This chapter includes a research article that **has been published** in the following Scopus indexed, peer-reviewed academic journal:
 - Du Plooy, H. & Buys, P. (2020). Developing a channel strategy decision-support framework for a diesel engine supplier in Mozambique. *Innovative Marketing*, 16(1), 19-28. doi:10.21511/im.16(1).2020.03
- The published version of the research paper is included in Annexure 4.
- In order to present a holistically coherent chapter, the research paper's text is incorporated in this chapter's text.
- The article was researched and written by the first author as the PhD candidate and primary author, while the second author fulfilled a review function as the promotor of the PhD research project.

HduPlooy

H. du Plooy
Ph.D. Candidate

Pieter W Buys

P. Buys
Promotor

3.1. Chapter introduction

The previous chapter provided the details on the research methodology utilised in this study. In line with the explained method, this chapter describes the first stage of the envisaged growth-strategy support model, and specifically focusses on the diagnosis stage of the eADR research approach as described in the previous chapter. The layout of this chapter is presented in the figure below.

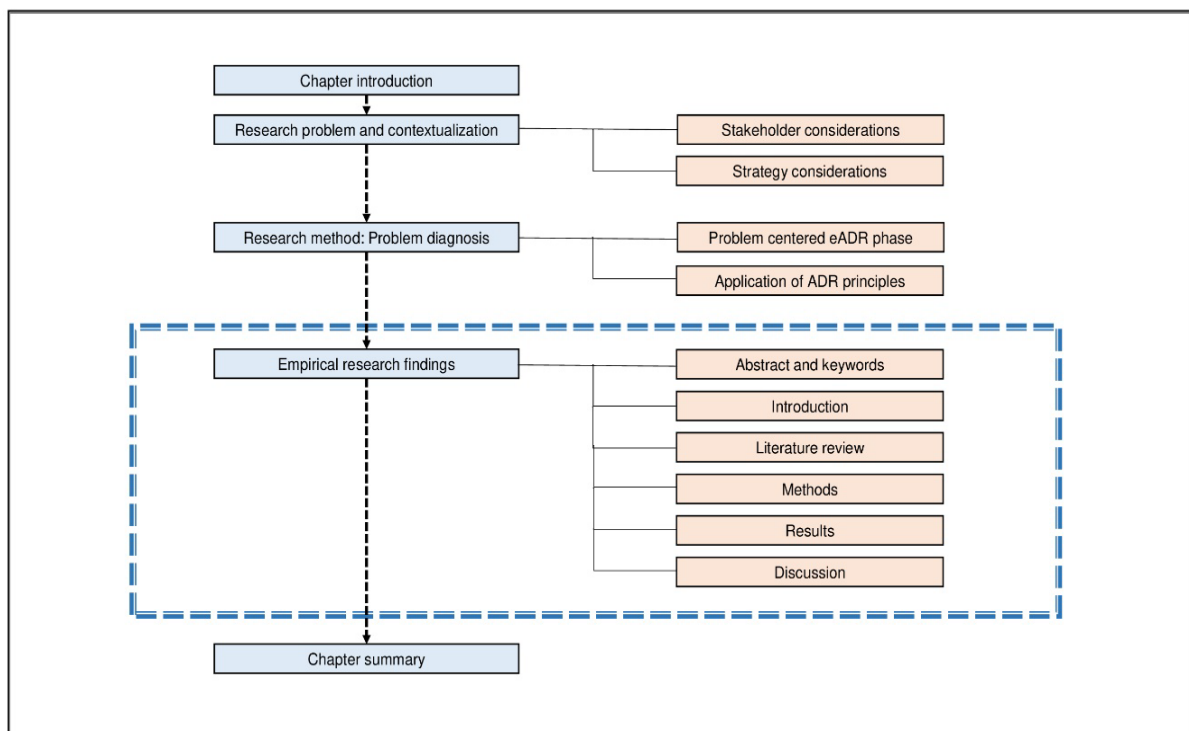


Figure 3.1. Chapter roadmap

Chronologically the next sections contextualise the chapter-specific research problem and objectives, which are followed by the employed research methodology, highlighting the pertinent eADR phase and the application of the ADR principles therein. The empirical research and findings are presented in an article format,

embedded herein². Finally, the chapter summary includes some reflection on aspects learned throughout this iteration.

3.2. Research problem and contextualisation

3.2.1. Stakeholder considerations

As an African country with a tremendous potential role in the global arena, Mozambique provides investors with good opportunities. However, it is also plagued with high levels of risk and political uncertainty. Le Pira *et al.* (2017) declared that it is convincingly argued that better decisions are implemented with less conflict and more success when they are stakeholder-driven. This highlights the importance of obtaining the views and opinions of stakeholders in the Mozambican business environment for this research, and the developmental and validation phases of the envisaged growth-strategy support model. According to Bourne (2009), stakeholders are individuals or groups who will be impacted by, or who can influence the success or failure of the organisation's business activities. Bourne (2009) also defines a stakeholder as a group or individual(s) who have a stake in such activities. Such stakeholders may include:

- An interest in the outcome, or be affected by the work or the outcome, whether direct or indirect.
- Rights (legal or moral).
- Ownership, such as intellectual property rights, or real property rights.
- Contribution in the form of knowledge (expertise or experience) or support (in the form of funds, human resources, or advocacy).

Organisations who are able to act based on a clearly defined stewardship mindset will have greater capacity to seamlessly build resilience through accounting and mitigating sustainability risks, governance gaps and future impacts on their stakeholders into their recovery roadmap (Forbes, 2020).

² This section of the chapter is the research paper that was published, as mentioned in the foreword.

3.2.2. Strategy considerations

Many reasons can be put forward as to why markets are changing, including 1) the discovery of new mineral resources, 2) infrastructure development, connecting demand and supply markets, 3) evolving customer needs, 4) new market entrants, 5) technological developments, and even 6) new policies and legislation being introduced (Analoui & Karami, 2003; Cecchetti, 2008). Global organisations often have limited understanding of the effect of individual countries' economies on their own current and future business strategies (Ireland *et al.*, 2009). Due to the diversity experienced in the Mozambican economy and its operating surroundings, as alluded to earlier, SWOT and PESTLE analysis techniques were used to investigate the business and competitive environments facing organisations in Mozambique. This research project, however, not only applied these analysis techniques to better understand the business environment, it also demonstrated how these tools could play a key role in the formulation of an organisation's investment and/or expansion strategies into the territory.

Nishada (2012) argues that due to the advantages and the disadvantages associated with both the SWOT and PESTLE analyses, it is advisable to combine the two in order to attain the best possible analysis before crafting the anticipated strategy.

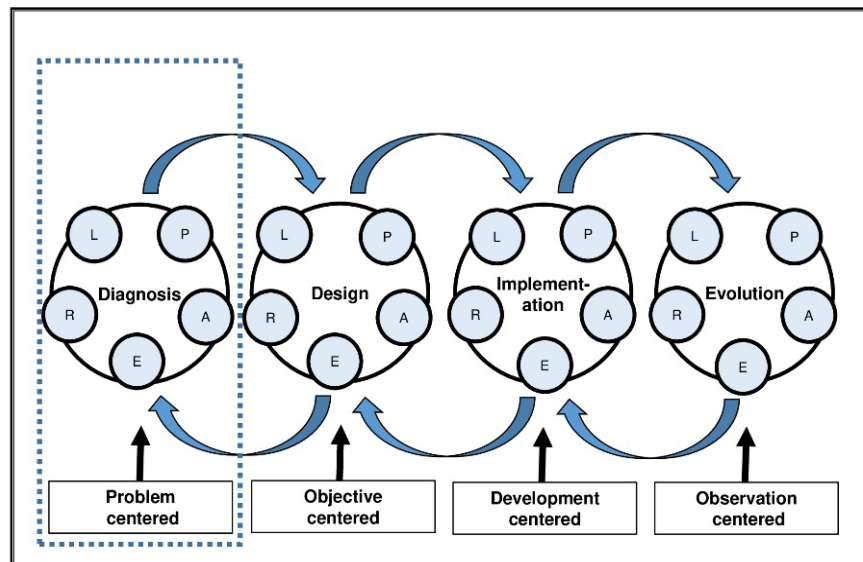
3.3. Research method: Problem diagnosis

The objective of this chapter is focussed on the first sub-objective (refer to Section 1.5) in support of the research project overall objective of developing a growth-strategy support model. As such it highlights the research and development of the decision-support framework (as developmental artefact), which will play a key role in identifying the key environmental influencers to be cognisant of developing organisations' growth strategies.

3.3.1. Problem-centred eADR phase

As per Chapter 2, the research methodology is based on the DSR paradigm, with the approach specifically utilising aspects of eADR per Mullarkey and Hevner (2018). Figure 3.2 indicates the eADR approach's four phases, namely diagnosis, design,

implementation and evolution, each of which consists of five activity cycles, namely problem formulation and planning (P), artefact creation (A), evaluation (E), reflection (R) and learning (L).



Source: Adapted from Mullarkey and Hevner (2018)

Figure 3.2: Phases of the eADR approach

Per the research objectives highlighted earlier, this chapter focusses on the diagnostic, problem-centred phase as indicated in the figure above. In executing the research, the researcher relied on a *true-to-life* approach that included interviews, observations and an analysis of selected contributors to the Mozambican economy. The following are pertinent in justifying the validity of the diagnostic phase:

- The sampling design criteria used in selecting the participants were based on 1) their expat status, 2) the markets they are functioning in, and 3) their reliance on a steady economic environment. All the participants were external stakeholders in the broader value chain context of the case study organisation. A total of ten organisations with operations across Mozambique participated, resulting in data saturation with similar trends and responses being found.
- A structured interview approach was followed to come to an understanding of participants' views and perceptions, and to provide them with an opportunity to air

their opinions pertaining to the developments in Mozambique. As such it enabled follow-up questions where clarity was required. Refer to Annexure 2 for the interview guide.

- Framework coding techniques were employed for data analysis, based on analytical framework (per the literature review). Additional categories did however emerge from the analysis of the transcripts. The data from the transcriptions were analysed according to the categories as identified.

3.3.2. Application of ADR principles: Diagnosis phase

Table 3.1 shows the application of the key ADR principles (refer to Table 2.2 in Chapter 2) as applied within the context of the problem-centred diagnosis phase of the project.

Table 3.1: Problem-diagnosis phase: Application of ADR principles

Principle	Application
Principle 1: Practice-inspired research	Designing a framework that is capable of identifying potential risks and obstacles as inputs into the organisational strategies.
Principle 2: Theory-ingrained artefact	The design of the framework conducted in the inclusive context of stakeholder and stewardship theories, with the analysis of operating environments using PESTLE and SWOT analysis principles.
Principle 3: Reciprocal shaping	Through the inclusion and constant discussion of hindrances encountered with industry participants, the researcher was able to understand the intricate nature of the problem in formulating the framework.
Principle 4: Mutually influential roles	By attending business seminars and trade delegation conferences in Mozambique, and through extensive travelling and personal interaction with industry participants operating in Mozambique, the researcher was able to establish a network of contributors giving their experiences and inputs in diagnosing the business problem.
Principle 5: Authentic and concurrent evaluation	Similar to Principle 4 above.
Principle 6: Guided emergence	Based within the theoretical framework, the business problem is addressed in a practical solution. As such the framework should be relevant, usable and therefore be implementable in the organisation.
Principle 7: Generalised outcomes	The business problem identified can be generalised across the global business stage, meaning that all organisations wanting to expand or invest in new territories will experience similar challenges. As such the framework should be applicable in a broader context.
Principle 8: Abstraction	The framework was developed using data collected in the pertinent macro- and micro-environments from industry participants – the diagnosis process culminated in the framework as presented in Table 3.2.

Source: Own research

As indicated, the first principle emphasises the importance of practice-inspired research when dealing with a real-world problem. Potential obstacles in implementing such an artefact (that should be considered in the later design phases) were identified and reported. The theoretical background of the problem formulation and how the problem was identified based on the stakeholder theory are described. The second

principle revolves around the analysis of data that were collected during the PESTLE and SWOT analysis activities, assisted to determine the most likely macro-environmental concerns that needed to be considered before the organisation invests in, or expands into, the targeted territory.

Through ongoing interaction with all stakeholders, the principles of reciprocal shaping, mutually influential roles, evaluation and generalised outcomes were applied to ensure the problem formulated (Principles 3, 4, 5 and 6), could be applied to an organisation seeking to invest or expand into the territory (Principle 7), with everything culminating in the abstraction of the framework (Principle 8).

3.4. Empirical research findings

3.4.1. Abstract

The global economic competitiveness has forced many organisations to consider the emerging and developing markets for future growth opportunities. The southern African country of Mozambique was identified as such an opportunity. However, although the country has experienced more sustained historic economic growth than its neighbouring countries, it is also riddled with corruption and bureaucracy. Due to the complex and challenging Mozambican business environment, this research project utilised SWOT and PESTLE analytical techniques to develop a decision-support framework to support the organisational growth strategies in Mozambique. The approach allowed for both internal- and external-focussed data collection and evaluation. The qualitative data were collected during structured interviews with selected captains-of-industry in the Mozambican context. In the development of the decision-support framework, key factors were identified, evaluated and ranked in order of severity. Key internal factors found centred on human resources, including management style, skilled labour availability and retention, while external factors centred potential growth in the mining and gas industry, government interventions and stability, and the lack of skilled labour availability. Taking cognisance of these factors enables a systematic framework to guide the strategy development in the Mozambican marketplace. It is recommended that this framework should be a living framework, continuously evolving as new strategic information becomes available.

Keywords: Business intelligence, emerging markets, PESTLE analysis, strategic management, SWOT analysis

JEL Classification: M13, M16

3.4.2. Introduction

The highly competitive and dynamic global economic environment seems to be forcing more and more organisations into considering the developing economies, including those in Africa, as key to their future opportunities. Due to its good global economic performance of the past decade or so, Mozambique has been identified as such an investment possibility. Earlier research in the Mozambican business environment conducted by Du Plooy (2016) found that, although the country experienced remarkable growth in a region where its neighbours sometimes battled to achieve only a third of the growth that Mozambique did, its rating on the global Ease-of-Doing-Business (Trading economics, 2019) and corruption (Transparency International, 2012) indices portrays Mozambique as a very hostile environment loaded with risk for foreign organisations. Taking the above into consideration, the concern is raised about the sustainability of the growth experienced in Mozambique due to, among others, its dependence on China.

Notwithstanding the aforementioned, the holistic business climate remains very unclear. Olivenca (2013) concludes that although Mozambique holds a wealth of opportunities for foreign investors, developers and contractors, there is undoubtedly still some residual risk involved in investing in developing economies such as Mozambique. Despite its low ranking on the Ease-of-Doing-Business and the corruption indices referred to earlier, reports and articles by Douglas (2012), KPMG (2013), Macauhub (2014) and Olivenca (2013) portray Mozambique as a resource-rich and diverse economy whose development will not only benefit its own economy, but also that of the landlocked countries surrounding it. Done (2012), however, cautions against 12 global trends, many of which already feature as prominent threats by the Office of the Director National Intelligence and the National Intelligence Council of the United States of America, which need to be considered as potential hurdles when considering investing in global economies. These threats include geopolitical

power shifts, war, terrorism and social unrest, climate change, water and food security, education, energy, health and natural disasters among others.

As indicated above, Du Plooy (2016) conducted an exploratory study on the Mozambican economic development potential and the sustainability of the growth it was experiencing at the time, thereby possibly providing foreign investors with a glimpse into the realities about the Mozambican business environment, the markets, as well as potential competitors and clients. That study also noted that the type of economic growth Mozambique experienced in recent times not only benefited the country and its residents in itself, but the upgrading and expansion of roads, ports, and rail infrastructure also led to positive developments for its neighbouring countries.

In light of the above, the primary research objective of this paper revolves around the development of a high-level decision-support framework for potential channel development strategies in the Mozambican marketplace, and then specifically for the case-study organisation. In reaching a satisfactory outcome to this objective, the following three secondary objectives were identified, namely:

- analysis and interpretation of the information (about the Mozambican business environment) obtained during the initial empirical research in order to come to a fundamental understanding of the said business environment, i.e., the business problem diagnosis and formulation aspects;
- using the aforementioned acquired knowledge to develop a potential decision-support framework, i.e., the artefact creation aspect; and
- reflection on the resultant decision-support framework, specifically to develop and embed a future growth-strategy support model, i.e., the reflection and learning aspects.

In achieving the objectives, the paper included a literature study aimed at underpinning the research motivation, field of study and the fundamentals of strategy development, which is then followed by 1) the explanations of the employed research methodology and 2) the empirical research phases, i.e., the problem diagnosis, the artefact creation, and the reflection aspects. The paper is then finally rounded off with a concluding discussion.

3.4.3. Literature review

Many reasons can be put forward as to why markets are changing, including 1) the discovery of new mineral resources, 2) infrastructure development connecting demand and supply markets, 3) evolving customer needs, 4) new market entrants, 5) technological developments, and even 6) new policies and legislation being introduced (Analoui & Karami, 2003; Cecchetti, 2008). Furthermore, global organisations often have a limited understanding of the effect of individual country economies on their current and future business strategies (Ireland *et al.*, 2009). It may be argued that the economic growth experienced by Mozambique is powered by diesel-powered generators and heavy-duty machinery (Du Plooy, 2016). As a global player in the manufacturing and aftermarket support of diesel-powered engines, Organisation A understands that it has to take advantage of this growth opportunity. It planned to accomplish this through a channel-to-market model that guarantees the availability of its products to the Mozambican market and to provide after-sales support to its products. The organisation employs a four-pillar operating system, focusing on 1) power generation, 2) engines, 3) distribution, and 4) components in selling its engines to original equipment manufacturers (OEMs) as first-time fitments through a network of distributors by way of joint ventures and direct to end-user customers for repower opportunities.

Although differentiation from its competitors has always been key, it is acknowledged that a well-established global brand does not automatically translate into being able to bring excellent service and support to customers. Because of this, the organisation also acknowledges that it will have to further its aftermarket sales and support capabilities in line with their customers' expanding global footprint. However, among the constraints being experienced is the uncertainty attached to the macro- and micro-business/economic environments of the countries and territories on their radar. Due to the diversity experienced in the Mozambican economy and operating surroundings, we utilised a two-pronged analysis approach, inclusive of internal and external perspectives. Firstly, we employed competitive organisational analysis, being cognisant of the internal strengths and weaknesses, as well as the external opportunities and threats (SWOT). Secondly, we deepened our research into the external environment, using a business environmental analysis, cognisant of the

political, economic, sociocultural, technological, legal and environmental aspects (PESTLE). This research project, however, not only applied these analysis techniques to understand the business environment better, but it also demonstrates how these tools can play a key role in the formulation of an organisation's business expansion strategy.

In terms of the SWOT analysis, Carpenter *et al.* (2011) believe that it is a strategic management tool that helps an organisation in understanding its internal characteristics (i.e., its strengths and weaknesses) and based on that understanding, developing the strategies that build on its strengths while minimising risks evolving from any weaknesses it might have. This will subsequently assist in the assessment of the external environment for opportunities and threats that may potentially contribute and/or detract from the organisational strategies. Building hereon, Carpenter and Dunung (2011) also demonstrate that when an organisation is considering an entry into new markets, a PESTLE analysis will provide insight into the status of key market-flatteners, both in terms of its present state and future trends. Gillespie (2014) advises that organisations need to consider which PESTLE factors are most likely to impact their business, should a change in such a factor take place, and then to proactively look for key identifiers as early warning signs. Nishada (2012) argues that due to the advantages and the disadvantages associated with both the SWOT and PESTLE analyses, it is advisable to combine the two to attain the best possible analysis before crafting the anticipated strategy, as indicated below. This approach is followed in this paper.

3.4.4. Methods

The research methodology is based on the design sciences research (DSR) paradigm, and then specifically utilising aspects of the elaborated action design research (eADR) approach per Mullarkey and Hevner (2018). This approach was developed as the response to a need for a research method that explicitly recognises the artefacts as ensembles emerging from design, use and ongoing refinement within the organisational context (Sein *et al.*, 2011), which should generate design knowledge by creating an artefact that addresses an organisational need for intervention (Mullarkey & Hevner, 2018). This requires both the identification of the requisite underlying academic theories and the verification thereof in business reality.

The eADR process has four phases, namely 1) diagnosis, 2) design, 3) implementation, and 4) evolution. These stages each consists of five activity cycles, namely problem formulation and planning, artefact creation, evaluation, reflection, and learning (Mullarkey & Hevner, 2018). According to Mullarkey (2018), researchers can enter the research continuum at multiple points, depending on the specific requirements of the project. As for the research objectives highlighted earlier, this paper revolves around the first diagnostic, problem-centred phase, mentioned above. In executing the research, the researcher relied on a true-to-life approach that included interviews, observations, and analysis of selected contributors to the Mozambican economy. A qualitative research approach was chosen, as such an approach fits exploratory studies best when the extent of the business problem is not known. The following are pertinent to this paper:

- the sampling design criteria used in selecting the participants were based on 1) their expat status, 2) the markets they are functioning in, and 3) their reliance on a steady economic environment. All the participants were dependent on diesel-powered engines, such as those supplied by Organisation A. A total of ten organisations with operations across Mozambique participated, resulting in data saturation with similar trends and responses being found;
- a structured interview approach was followed to come to an understanding of participants' views and perceptions and to provide them with an opportunity to air their opinions about the developments in Mozambique. As such, it enabled follow-up questions where clarity was required. To ensure that no important information was missed, the answers were recorded; and
- framework coding techniques were employed for data analysis based on analytical framework (the literature review). Additional categories did, however, emerge from the analysis of the transcripts. The data from the transcriptions were analysed according to the categories as identified.

3.4.5. Results

Briefly, in terms of demographics, the majority of participants were older than 40 years, and 70% of them were on expat assignments. The sectors covered included engineering (35%), construction (19%), retail (15%), mining (12%), agriculture (12%),

and automotive (8%). The most common channel-to-market (66%) was that of organisation-owned brick-and-mortar, and only about a third of participants utilised a channel combining representatives/dealers and organisation-owned resources. 62.5% of the participants who provided feedback during this Diagnosis phase were shareholders or partners in their organisation with 12.5% being directors and a further 25% representing senior managers. Responses from three of the economic hubs namely, Maputo, Beira and Tete were represented and six of the main business sectors. These sectors included agriculture, construction, financial services, information technology and freight and logistics. 50% of the participants had between five and ten years' management experience in Mozambique, with 25% between ten and fifteen years, 12.5% with more than fifteen years and only 12.5% having less than five years' experience. Organisations with Mozambican origins represented 50% of the participating whilst 37.5% had other southern African countries as their holding organisations and 12.5% were represented by European holding interests.

The following information was gained from the SWOT analysis phase of the empirical study (refer to Table 3.2):

- **Strengths:** when asked to rank the strengths that the participants considered their organisation should have to be successful in Mozambique, most selected the leadership team as most important. The order of importance for the remainder of requirements was relevant critical skills, market share, supplier relations, organisational footprint, sales and marketing activities, and global size of the organisation. A common theme throughout all the interviews was the acknowledgment of the lack of available skilled labour in Mozambique, and that skilled labour not only resulted in enhanced product quality, but also the revenue potential. Some participants noted that succession planning and overall organisation contingency relied on the ability of the existing skilled labour to transfer skills and knowledge gained to new appointees. Although the market share and global size of the organisation gave comfort to the local operations, it did not matter much to the local customers. Some of the participants cited that Mozambican suppliers are treated as valuable partners and that having good relationships with reliable suppliers is key to growth prospects. From the feedback received, it was evident that conventional

marketing was very effective, primarily due to the vast areas to be covered and limited availability of advertising media.

- **Weaknesses:** from the responses received when asked to rank the weaknesses the organisation should guard against, the participants again rated the availability of skilled labour as their primary concern (or weakness). Retaining the services of expats and skilled labour because of the lack of basic infrastructure resulting in them not being able to bring their families to join them was listed as the second biggest concern. Their ability to effectively advertise and market their products across Mozambique due to the factors mentioned above was rated the third most worrying factor, and the ability to speak the local languages was mentioned as the fourth biggest concern. Funding from abroad and supplier relations were noted as no concern due to the ease of transferring funds to Mozambique and the practice of treating suppliers as reliable partners in their organisations.
- **Opportunities:** the literature research has presented Mozambique as a country with diverse and abundant opportunities for the right business partner. Participants voiced the same opinion, especially in light of the proven gas resources in the north-eastern parts of Mozambique and the potential developments associated with it. The increasing exploration and mining activities across Mozambique was rated as the second largest opportunity. The success of these two opportunities could also be credited for the third largest, namely the government's spending on infrastructure and the growth in construction projects. Other mentionable opportunities were the growth in agriculture, infrastructure developments, marine and rail sector growth and developments and access to and from neighbouring countries due to these rail and marine expansions.
- **Threats:** it was no surprise that the lack of local skilled labour was ranked as the main threat to conducting successful business in Mozambique. While the average response placed political stability as the second most concerning factor, it should be said that most of the participants who registered this as their major concern had operations in the regions where RENAMO (an opposition political party) was influential. The process that must be followed and the conditions that must be adhered to before foreign employees' working permits

could be renewed was ranked at number three. From the interviews, it seemed like consistency in applying the law between regions was the main issue of concern. Furthermore, as it is a trend in the southern African region to force organisations to have a portion of local ownership in their organisations, this was also a common threat mentioned by all participants. Other issues that were presented as threats included Mozambique's foreign exchange regulation, the increase of competitors due to the growing organisation opportunities, the health and safety of employees due to the lack of infrastructure, and the impact of seasonal and environmental changes. Regarding the former, it was mentioned that transport and access to rail and roads during the rainy season in central Mozambique often come to a standstill for weeks at the end.

The following information was gained from the PESTLE analysis aspect of the study (refer to Table 3.2):

- **Political environment:** most participants believed that government policies and legislation directly impacted their organisation and that this impact would be negative in the foreseeable future. In terms of the political factors that may have an impact, political activities were considered the main obstacle. In light of only 20% of the participants having had local shareholding, one can appreciate that the issue of local ownership was a concern. It was also agreed that it would be difficult to oust the ruling FRELIMO party – hence, political instability was a minor concern.
- **Economic environment:** all the participants agreed that they do not expect the Mozambican economy to worsen from its current state. The participants were somewhat divided on what to expect from the currency and inflation performances in the next few years. They did, however, agree that unemployment would impact negatively on the economy. Even though most participants believe that unemployment levels would negatively affect the economy, no convincing evidence to that perception could be found, especially in light of the low base level from which the economy comes. It was agreed that given the low levels of crime, crime as such should not deter foreign investment.
- **Socio-economic environment:** most participants agreed that the government did not do enough to improve the social environment. Most participating

organisations had a diverse workforce, and almost all of them had community improvement plans in action and therefore believed that their organisation was doing enough in this regard. This was not unexpected since the government expects community improvement actions from all foreign organisations. In follow-up discussions, the participants alluded to the fact that although socio-economic development is the responsibility of the government, they are willing to work together in this arena.

- **Technology environment:** information received from the technology questions had most of the participants indicating that they used fixed-line, mobile, 3G, and/or Wi-Fi networks as methods of communication. Although they indicated that they had sufficient access to Wi-Fi and the internet and that fixed-line connections were stable and reliable, the mobile networks were very much unreliable with technological support practically non-existent. Participants replied in a follow-up conversation that the latter was one of the biggest technology concerns.
- **Legal environment:** although legislation can provide powerful incentives in encouraging foreign investors, an over-regulated environment can have the opposite result. It was clear that even though organisations prefer to use local legal representatives, they did not fully trust the local justice system. Expatriating funds back to holding organisations was sometimes considered a difficulty. When asked to rank the most difficult legislation and laws to understand and apply, the import and export regulations, labour law and applying for or renewing work permits ranked as the most difficult.
- **Environmental factors:** governments often place levies on polluting organisations, while rewarding those having a positive environmental effect. Participants agreed that they felt the government did not do enough to improve national healthcare, the supply of clean water, establishing reliable electricity networks with broad coverage across Mozambique, quality housing, schools, and constructing more accessible roads. The lack of available skilled labour in Mozambique was raised as a major concern by all participants. The greater part of the participants felt that seasonal climate changes, although severe at times, did not have that big influence on their organisational activity. When asked to rank environmental factors in the order that it could impact their organisational

activity the most, they mentioned healthcare, lack of local skilled labour, sound transport infrastructure, and electricity networks and supply. The fact that foreign organisations are required to offset every foreign worker with ten local workers further burdens its ability to do business in Mozambique. All participants acknowledged the lack of sufficient housing and schools as further reasons for not being able to attract skilled labour from other countries.

Merely having the results of a SWOT and PESTLE project available is hardly adequate for effective management. What is of paramount importance is how the results can be developed into relevant information that is of strategic use. The modern-day business environment is characterised by ever-increasing economic uncertainty that may negatively impact global populations' livelihood and living conditions. This research draws attention to some of the industry-specific and other generic issues that a diesel engine supplier may face when considering expansion into Mozambique. The benefit only becomes tangible when analysed holistically within context. By grouping the information and identifying the trends it becomes possible to formulate effective strategies. During the interviews, it was obvious that there was a lack of market intelligence available and that the participants were all interested in the findings of the study. In light of the intelligence gained from the participants as provided above, the envisaged decision-support framework is developed to systematically guide the formulation of a growth strategy, as presented in Table 3.2.

Table 3.2: Decision-support framework for strategic investment in Mozambique

Organisational competitive analysis			Business environmental analysis	
Internal analysis	S	Leadership/management style	P	Actions of political parties
		Skilled labour		Local ownership content
		Market share		Change in political leadership
		Customer / supplier relationships		Political stability of neighbours
		Footprint in country	E	Economic growth forecast
		Marketing and advertising		Inflation forecast
	W	Availability of skilled labour		Impact of unemployment
		Retention of skilled staff	S	Impact of crime
		Language barriers		Government impact on social environment
		Available management		Diversity of workforce
		Organisation funding		Organisation's community improvement plans
		Supplier relationships		Organisation's impact on social environment
External analysis	O	Growth in mining and gas industry	T	Telecommunication usage
		Government spending		Stability of fixed line and mobile networks
		Infrastructure development		Internet and Wi-Fi coverage and access
		Foreign donor funding		Local technology support
		Mergers with local entities	L	Comprehension of local legislation
		Routes to neighbouring countries		Labour legislation
	T	Lack of suitable skilled labour		Foreign exchange regulations
		Political instability in Mozambique	E	Operating license requirements
		Work permits for foreign employees		Healthcare and sanitation
		Local ownership in organisations		Reliable electricity coverage
		Health and safety of employees		Road and transport infrastructure
		Foreign exchange regulation		Housing and schooling

Source: Own research

Based on the knowledge obtained from the study, it also becomes possible to develop both internally-focussed and externally-focussed intelligence in support of the above framework.

In terms of internal intelligence, firstly, it is obvious that a resilient leadership team, together with a skilled labour force, is of crucial importance for any hope of success in Mozambique. There seems to be agreement that expats offer a genuine opportunity to bring the required skills into the fray, and then also to impart such knowledge into the local labour force. Nevertheless, the government's strict employment quota requirement makes it very challenging to even (temporarily) bring such skills into the country. To make matters even worse, the comparatively low educational levels in certain areas, together with language barriers, may also contribute to less than ideal knowledge transfer. However, on a positive note, the country does offer many opportunities in many sectors due to the diverse nature of its economy. Growth potential for investors is therefore not limited to one or two industry segments.

Building on the aforementioned, in the context of external intelligence, research has indicated that the Mozambican economic environment is multifaceted and very dynamic. In general, it would seem that the challenges outweigh the benefits when considering the investment in the country. While it is clear that although Mozambique has much potential, it remains largely reliant on foreign donor investments, and much of the recent economic developments have not yet trickled down to the regular populace. While the industrial sector seems to agree with bullish economic development trends, expectations of the currency and inflation performances are more bearish. Crime levels seem to have little impact on organisational activities. The availability and reliability of basic infrastructures, such as clean water, schools, healthcare, stable mobile network, electricity supply and technology support as well as road infrastructure, are very limited. On a political note, the data indicated there is a risk in the form of questionable actions from the politicians. Due to potential volatility in the political arena, the prediction of the actions and reactions of political parties is difficult. Casting a further cloud hereon is the fact that the country is also ranked as one of the more corrupt nations on the African continent. Furthermore, the government is somewhat under pressure to address the issue of local content in foreign organisations, which seems to be a deterrent for investment. Finally, the issue that participants considered to be the most important drawback is the lack of skilled labour. The information gathered from this study persuaded the diesel engine supplier to pursue a dealer channel to market rather than investing in a brick-and-mortar strategy.

3.4.6. Discussion

From the data obtained during the interviews, it was evident that both the SWOT and PESTLE analyses may be subjective. Participants sometimes had varied responses on certain issues, perhaps due to them being from different sectors in the Mozambican economy. The user of business intelligence generated via SWOT and PESTLE analyses must always be cognisant of the fact that such generated intelligence will only be relevant if the responses and data that were received are free from undue influence, and that such intelligence should be used keeping possible bias in mind.

Like many other organisations, Organisation A is becoming more reliant on emerging economies for growth opportunities. According to Du Plooy (2016), the drivers behind such investment imperatives are often justified by the demographic and economic statistics, such as the GDP growth trends. Khanna *et al.* (2005) state that the top management teams of large corporations acknowledge that globalisation is a critical challenge. One can argue that this statement is still valid today. Khanna *et al.* (2005) were also keenly aware that it became tougher to formulate effective internationalisation strategies and to identify potential countries in their internationalising efforts. Irrespective of this, many organisations seem to keep on following their “historic” strategic approaches, often to their detriment.

Considering contemporary global economic uncertainty, it is accepted that much research and planning are essential before attempting to formulate effective organisational strategies. It is important to focus on acquiring data and intelligence, and not to be side-tracked by the mere profit potential. It is argued that thorough investigations into the organisation and the operating conditions greatly improve the relevance and effectiveness of organisational strategies. A probable new market entrant needs to understand the significance of emerging market operation on its core operations. It also has to decide on the extent of their (long-term) commitment in trying to achieve successful market entry. Although the organisation considers Mozambique as having much potential, it also recognised that even if its investment in this market is strategically sound, it may still be slow to show profitable results.

To ensure that an organisation considers as many variables as possible in the organisational strategy development, the results from the PESTLE analysis were

considered within the context of the opportunities and threats of the SWOT analysis. Although it is relatively easy to list strengths, weaknesses, opportunities, and threats, it is often also quite easy to miss important external factors. Merely coming up with the results of each factor is not enough. In order for the SWOT to be truly successful, it is essential to carry out further analyses of all the possible threats and disadvantages to make sure that they have been planned for in advance (Du Plooy, 2016). From the results of the research, it was evident that forces outside the control of the organisation may have a major influence on the strategies and operations within the organisation. The PESTLE analysis highlighted important factors that had to be considered during the formulation of their strategy for Mozambique. Du Plooy (2016) found that the data collected often demonstrate that organisations react differently to the external environment because of management perceptions and the quality of information. It was concluded, therefore, that organisations must plan effectively and should have comprehensive information-gathering techniques that will enable them to make better and more accurate decisions. From the responses, it was clear that managers only needed to consider which factors were most likely to change and which ones would have the greatest impact on them, i.e., each organisation should identify the key factors in their environment and how variances in those will impact their organisational operations. For example, from the replies received during the interviews, it was clear that managers had to consider the comparative significance of multiple factors, which could be ranked or scored based on the likelihood of a change or the potential impact. The higher the likelihood of a change or the greater the impact thereof, the more crucial the specific factor is to the planning initiatives.

3.4.7. Conclusion

It was an objective of this research, in developing a decision-support framework, to identify and analyse the important factors that may impact on the competitive environment of an organisation aiming to invest and expand into Mozambique. It was argued that if such factors are properly identified, it could assist the organisation in proactively planning and implementing the strategies to address these factors, and in doing so, increase the chances of success in the developing economy of Mozambique. In developing the framework per the primary objective, the identified factors are taken into consideration and are ranked in order of severity, based on the feedback from the

participants. By utilising this framework, a systematic analysis process in collecting the data and generating the intelligence is enabled. By planning accordingly, the organisation may also recognise the differentiating factors in Mozambique and realise potential reasons as to why a previously successful strategy used somewhere else in the world might not work in Mozambique.

In light of the above, and due to the current developments in the Mozambican economy, it is recommended that the organisation should not only utilise the framework, but also monitor it regularly and analyse new data that may become evident. As such, the SWOT and PESTLE tools could ensure that the organisation keeps in touch with its competitive environment

3.5. Chapter summary

This chapter focussed on diagnosing and defining the business problem under consideration with the aim of developing a decision-support framework. With the aim of benefitting from the relationship with its stakeholders, an organisation should distinguish them appropriately and perceive their needs through individual analysis of each. This framework serves as the foundational (developmental) artefact for the subsequent design stages on route to the envisaged growth-strategy support model. In reaching a satisfactory outcome to the effectiveness of the planned growth-strategy support model, three secondary objectives needed to be attained in this phase of the research, namely:

- The analysis and interpretation of the information (pertaining to the Mozambican business environment) obtained during the initial empirical research in order to come to a fundamental understanding of the said business environment, i.e. the business *problem diagnosis and formulation* aspects.
- Using the aforementioned acquired knowledge to develop a potential decision-support framework, i.e. the *artefact creation* aspect.
- A reflection on the resultant decision-support framework, specifically with the objective of developing and embedding a future growth-strategy support model, i.e. the *reflection and learning* aspects.

The next chapter will build on the knowledge obtained in this chapter and will present the first iteration of the growth-strategy support model.

CHAPTER 4: DEVELOPING A GROWTH-STRATEGY SUPPORT MODEL: *ALPHA-DESIGN*

Foreword: The reader is requested to take note of the following:

- This chapter includes a research paper that has been **submitted** to the following Scopus indexed, peer-reviewed academic journal as follows:
 - Du Plooy, H. & Buys, P. Developing a growth-strategy support model for a diesel engine supplier in Mozambique. *Innovative Marketing*.
- Proof of submission hereof is included in Annexure 5.
- In order to present a holistically coherent chapter, the research paper's text is incorporated in the chapter's text.
- The article was researched and written by the first author as the PhD candidate and primary author, while the second author fulfilled a reviewer function thereto as the promotor of the PhD research project.

HduPlooy

H. du Plooy
Ph.D. Candidate

Pieter W Buys

P. Buys
Promotor

4.1 Chapter introduction

Per the research objectives as set out in Chapter 1 (refer to Section 1.4), the primary aim of this project is to develop a growth-strategy support model to support growth and expansion decisions into Mozambique. The preceding chapter focussed on a decision-support framework as the developmental artefact to the envisaged model. The actual design of the model was split into an *Alpha*-design phase and a *Beta*-design phase. This chapter will focus on the *Alpha*-design, and it will follow a gradual approach to elucidate the application of the eADR activities (see Figure 4.1).

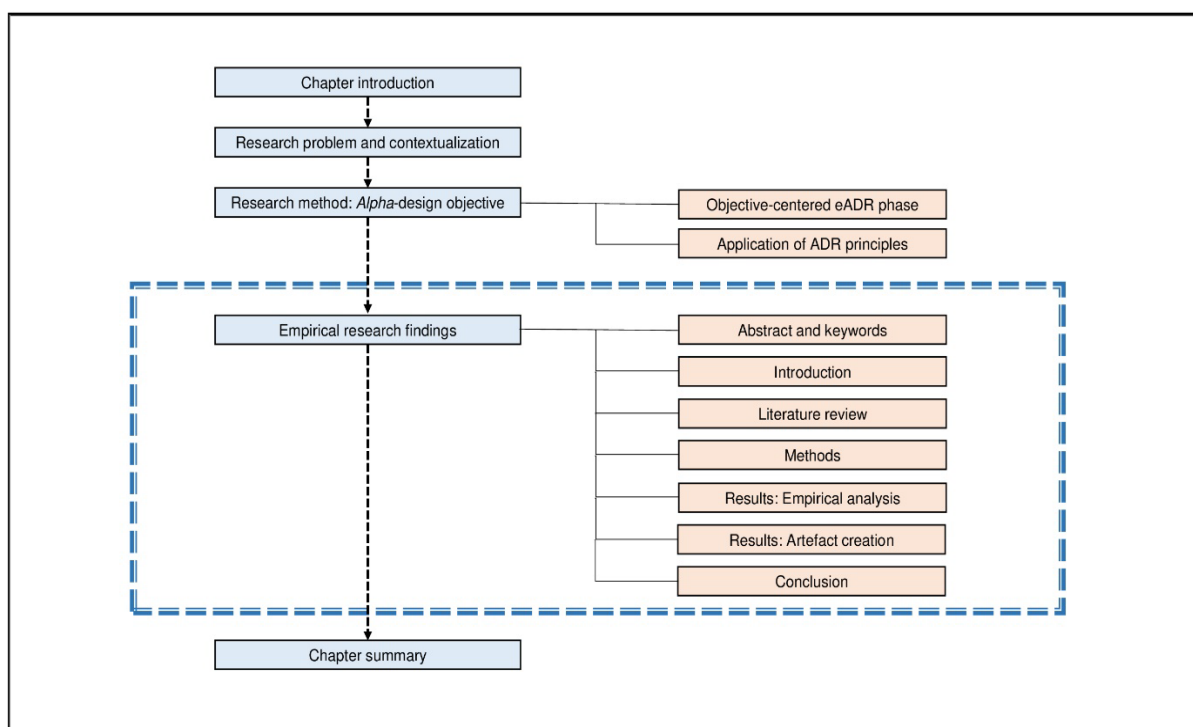


Figure 4.1: Chapter roadmap

The following sections of the chapter contextualises the chapter's specific research problem, objectives and key methodological aspects. This is followed by the empirical research findings, presented in an article format³.

³ This section of the chapter is the submitted research paper as mentioned in the foreword.

4.2 Research problem and contextualisation

In order to meet the real-life requirements aspect as set out for this project, the envisaged model should be able to highlight potential macro-environmental issues that could impact on the success of investment and/or expansion strategies into a targeted territory. Complementary hereto are the objectives of assisting in the identification of potential risk exposures that investors and channel development managers may experience, and also how it may relate to their risk appetite, while still contributing to academic and theoretical knowledge. As the developed economies of the world are becoming more saturated, businesses are turning their attention to the developing economies of the world for new opportunities. Unfortunately, developing economies are often riddled with their own unique challenges and risks. With limited market information available at grassroots level, a decision to expand operations into a new territory can become a costly experience. Furthermore, these risks and its potential impact severity are constantly changing.

An effective way of analysing operational environments is through the use of PESTLE and SWOT analyses. These tools are supported by the literature and was defined in the context of this research project primarily in Chapter 1 but also in aspects of Chapter 3. The potential relevance and detailed importance thereof are expanded upon in this chapter. There are some indicators picked up in the literature of how the design phase for the envisaged model can be approached in the context of this chapter, summarised in Table 4.1.

Table 4.1: Guidance on artefact development: The design phase

	Literature review	Role in solution creation
1.	Using PESTLE and SWOT to analyse the operating environment.	Identify relevant activities per element of the analysis tools.
2.	Compile comprehensive questionnaire.	Identify and detail activities that will address relevance and impact of the elements in the selected analysis tools.
3.	Purposeful sampling	Participant selection and identification based on their expat status, the markets they are functioning in, and their reliance on a steady economic environment.
4.	Guiding questionnaire	Data were collected by making use of a guiding questionnaire that was completed during semi-structured, in-depth interviews with the selected participants.
5.	Benefit of information produced from the data-collection process.	Supporting the principles of the theoretical framework, project contributors are stakeholders and the benefits from the information (value) creation should be shared as a mutual benefit.

Source: Own research

As was mentioned in chapters 2 and 3, the data collected during the semi-structured interviews represented ten organisations and was supplied by 18 selected participants. The data relevance received from 10 participants surveyed in the prior research project conducted by Du Plooy (2016) was confirmed by another eight participants that completed the same questionnaire that was used in Du Plooy (2016) during this study to determine alignment and consistency with findings of Du Plooy (2016). During the semi-structured interview process, it was clear that the industry participants' (stakeholders) needs were not so much for the *information* that could be produced from the collected data but rather for the *model* that could be developed from it. These stakeholders are operating in an ever-changing environment, and the lacking availability (and reliability) of market intelligence creates an uncertain environment when they want to commit resources for investment and expansion into a targeted territory. In other words, they require a theory-ingrained artefact borne from

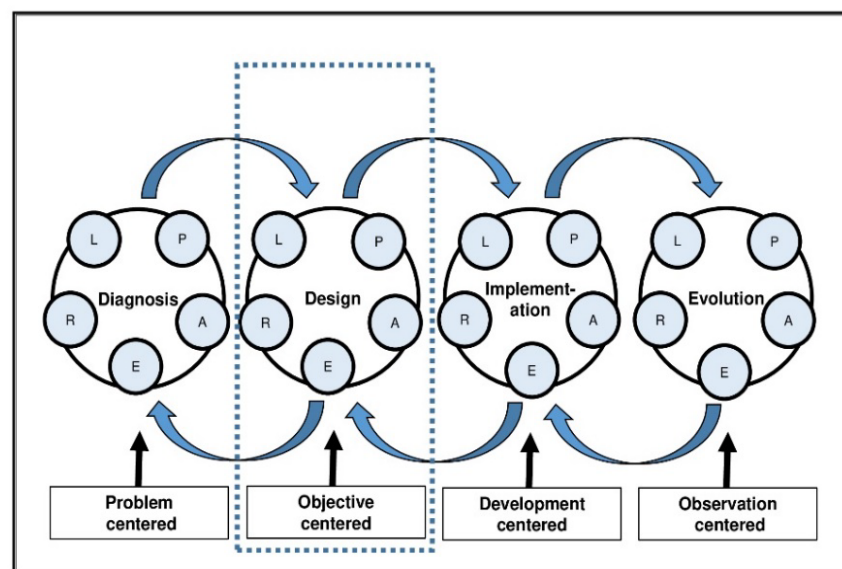
practice-inspired contributions that can mitigate or eliminate much of the uncertainty and risks associated with making such investment and expansion decisions.

4.3 Research method: *Alpha*-design

The objective of this chapter is focussed on the second sub-objective (refer to Section 1.5) through the development and validation of the proof of concept (*Alpha*-design) growth-strategy support model from the responses received during the semi-structured interviews.

4.3.1. Objective-centred eADR phase

Within the eADR cycles, the design phase is the second phase and is considered as the objective-centred phase within the overall eADR approach (refer to Figure 4.2).



Source: Adapted from Mullarkey and Hevner (2018)

Figure 4.2: Phases of the eADR approach

Similar to the other phases, the design phase also consists of five activities, i.e. problem formulation and planning (P), artefact creation (A), evaluation (E), reflection (R) and learning (L). New interventions based on the results from the diagnosis phase

and related iterations are designed as the cycle progresses through these five activities and are evaluated and validated in real time while influencing subsequent cycles. Mullarkey and Hevner (2018) comment that a key contribution of the design phase is the close integration of artefact build and evaluation in context.

The following need to be kept in mind in ensuring a valid *Alpha*-design phase. As explained in Chapters 1 and 2, structured interview processes were followed with key industry participants, while allowing for continuous open communication channels with the participants as the project progressed. The data analysis was done using framework coding techniques, allowing for the identification and refinement of themes throughout.

According to Sein *et al.* (2011), practitioners with first-hand experience of the project have opportunities to influence the design. Sein *et al.* (2011) also affirm that initial artefact versions can serve as *light-weight* interventions in a limited organisational context. It is important to note that Peffers *et al.* (2007) concur that a developmental (proof-of-concept) artefact may not necessarily address all aspects of the identified problem, as the design process is often one of partial and incremental solutions and improvements. The emerging artefact however, as well as the theories ingrained therein, are continuously instantiated and repeatedly tested and validated through organisational intervention and subjected to participating members' assumptions, expectations and knowledge. Peffers *et al.* (2007) also declare that this highly participatory process builds organisational commitment and guides the eventual design of the ensemble artefact.

4.3.2. Application of ADR principles: *Alpha*-design phase

It has been indicated earlier that ADR's aim is to generate prescriptive design knowledge through the building and evaluation of an artefact in real-life settings. In Chapter 2 the guiding principles of ADR were identified, with the application thereof in the diagnosis phase, highlighted in Chapter 3. Building hereon, the application of these principles in the context of the *Alpha*-design version of the model are briefly highlighted in Table 4.2.

Table 4.2: Objective centred *Alpha*-design phase: Application of ADR principles

Principle	Application
Principle 1: Practice-inspired research	In Chapter 3 the “wicked” problem was defined so that we can now continue to focus on the development of the <i>Alpha</i> -design. As this is a “real-world” problem, the artefact has to take into account the obstacles that are faced when planning to operate in a territory where market intelligence is difficult to come by and mostly outdated.
Principle 2: Theory-ingrained artefact	The foundation of the design phase is founded in the presented theory – as discussed in Chapter 3 – that an artefact produced during the design phase will provide the requisite required rigor, support and guidance in the development of growth strategies to organisations planning to invest or expand into uncertain territories.
Principle 3: Reciprocal shaping	The design activity will utilise the reiterative, cyclic approach to ensure that the final artefact will have adhered to the ADR’s two-phased approach in the creation of an artefact.
Principle 4: Mutually influential roles	The researcher established a network of contributors whilst attending business seminars and trade delegation conferences in Mozambique, as well as personal interaction with managers, directors and organisation owners operating in Mozambique who were able to contribute during the <i>Alpha</i> -design phase.
Principle 5: Authentic and concurrent evaluation	The artefact was developed for Organisation A and the researcher populated the module to generate the required result.
Principle 6: Guided emergence	Per Principle 5, the knowledge gained from the diagnosis framework, formed the foundation to the <i>Alpha</i> -design iteration.
Principle 7: Generalised outcomes	Although the research problem was particular to the country of Mozambique, the researcher is of the opinion that it could be utilised in other countries with similar constraints and uncertainty.
Principle 8: Abstraction	The <i>Alpha</i> -design version of the required artefact was an Excel-based model with statistical calculations in the workings portion of it.

In the first column of Table 4.2 the application of the ADR principles is demonstrated, with the second column providing accounts of the applications followed during the *Alpha*-design phase.

In Principle 1 the focus of solving the “real-world” problem previously identified with practice-inspired research was highlighted and potential obstacles that could impact on the successful development of such an artefact were emphasised. Principle 2

centred on the theoretical background of the problem formulation and how the problem was identified based on the stakeholder theory described in Chapter 2. Continuing from Chapter 3 and what was realised throughout the eADR problem-centred phase, the *Alpha*-design will give organisation managers and strategic decision makers more direction and areas to focus on before implementing or deciding to continue with planned investments and/or territory expansions. This design phase carried on from the data collected and the conclusions reached during Chapter 3, that to develop an effective growth-strategy support model the developed artefact will have to consider the PESTLE influences in the targeted territory. During Principles 3, 4, 5 and 6, through ongoing interaction with the pre-selected stakeholders, information and experienced opinions were gathered in semi-structured interviews, in questionnaires, and as feedback received during business networking opportunities. These were all applied in the *Alpha*-design phase to ensure the artefact designed could be applied within the uncertain business environment of Mozambique (Principle 7), with all the aforementioned culminating in the abstraction of the model.

4.4 Empirical research findings

4.4.1. Abstract

Due to the lack of up-to-date and accurate market intelligence in developing countries, the need for a theory-engrained and practice-inspired model – which supports strategic growth decisions – is evident. This paper deals with utilising the responses from selected participants, managers, and business leaders operating in Mozambique during semi-structured interviews founded on SWOT and PESTLE analytical techniques. The aim and objective of the study are to develop a proof-of-concept version of an investment model, guided by the principles of an elaborated Action Design Research (eADR) approach.

The study analysed weighted ratings allocated to the different PESTLE categories and their respective elements, enabling the researcher to calculate a resulting score out of 100 percentage points. The actual scores were compared against discretionary weightings as allocated by the researcher for a case-study scenario. Based on the actual calculations for each element in the different categories, we achieved a final result of 64%, being the cumulative result of P (19%), E (23%), S (9%), T (4%), L (6%)

and E (3%). This resulted in the conclusion that the planned project has a moderate risk rating based on the predetermined risk appetite and risk tolerance levels. The practical value of this study is in the design of a model that can assist strategy developers in highlighting risks related to a targeted investment territory before taking mitigating actions that will align these risks with the organisation's risk appetite and risk tolerance levels.

Keywords: PESTLE analysis; risk analysis; risk appetite; risk tolerance; SWOT analysis; Mozambique.

JEL classification: M13, M16

4.4.2. Introduction

In the early 2000s, Mozambique was an investment darling as its growth rates were among the best in the world (Macauhub, 2012). Economic growth was expected to average around 8%, and inflation was expected to slow down from a high of 17,4% in 2010 to an average rate of 4,14% in 2013 – a rate at which economists predicted it would remain for the next 10 years (Oliveira, 2013). Since then, the African success story has become a borderline failed state due to its democracy (arguably) being in shambles. According to Jett (2020), there are high levels of governmental corruption, a lack of countervailing forces such as an independent legislature and judiciary, a free media, and a robust civil society sector. Jett (2020) also affirms that Mozambique is not unique and serves as an example of how developed countries often endeavour to improve people's lives in poorer countries, but through their failure to insist on better governance, inadvertently end up ensuring that poverty levels and uncertain economic prospects endure.

From the aforementioned, it can be argued that investment and growth decisions concerning Mozambique would be different in 2021 than those taken in 2010. It is therefore not presumptuous to assume that a lack of credible market intelligence would contribute to higher levels of uncertainty, which, in turn, would impact the quality of decision making. Therefore, organisations face the problem of having no guidance model available to support potential growth strategies where such risks can be captured, analysed and ranked in an uncertain business environment.

When considering investments in new territories, Brooks (2019) summarises it well when emphasising the need to spend time in such an area, including engaging with local businesses and considering all possible scenarios before committing any resources to the move. Within this context, this paper highlights the development of a model that is cognisant of the contributions received from organisations with business operations in Mozambique and is designed to allow for potential changes in an uncertain operating environment.

This paper is based on a supportive literature study, followed by the research method, the empirical aspects, and the research findings to achieve the mentioned objective. The latter then also provides the fundamental building blocks of the model. The paper is concluded with a summative discussion.

4.4.3. Literature review

Samsami *et al.* (2015) refer to business uncertainty as a phenomenon deeply rooted in daily business activities and affects the choices and decisions being made – ranging from the small, everyday decisions to strategic decisions. They also stress that the lack of understanding and facing uncertainty in organisational decision making often result in wasteful costs stemming from unforeseen consequences, negative (operating) effects, or lost opportunities. Supplementary hereto, Sniazhko (2019) explains that uncertainty is a crucial contextual factor that affects decision making on many levels. The inability of a decision maker to eliminate uncertainty, constrains the effectiveness of decision making and requires adopting approaches that help reduce the effects of uncertainty.

The uncertain external factors that influence an organisation are incorporated in the concept of macro-environmental factors and tend to have a direct long-term impact on the operating environment of an organisation. PESTLE analysis can be used as a structured approach to conduct a comprehensive analysis of the uncertain external environment in which organisations conduct business and assists in the formulation of possible business strategies. Thus, the PESTLE analysis deals with the environment by analysing political, economic, social, technological, ecological and legal/legislative factors (Kolios & Read, 2013), and is often used for strategic planning, marketing planning, new product/service development, and research (Vasileva, 2018). As per

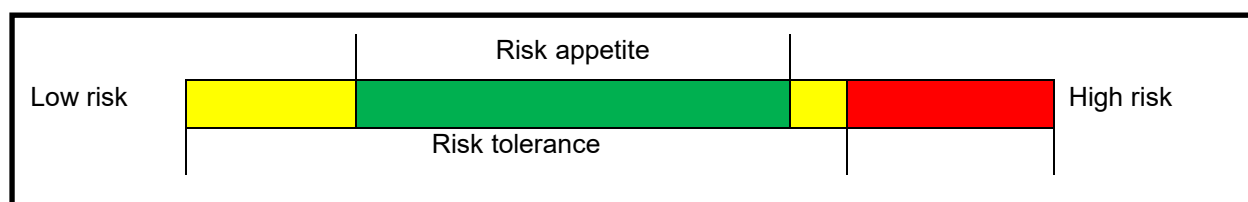
Matovic (2020), a PESTLE analysis is of particular importance when establishing a new start-up organisation, for starting a business, and when multiple or new markets are analysed and their potential compared.

The SWOT acronym describes the strengths, weaknesses, opportunities and threats of a particular organisation's strategic factors. It embodies an organisation's core competencies while recognising opportunities to capitalise. As per Teoli *et al.* (2020), internal and external considerations are built into the tool. They explain that "strengths" and "weaknesses" are internally related, with the former representing facets of an organisation that lends it an advantage over the competition and the latter being characteristics that may lead to a relative disadvantage when compared with the competition. They further classify "opportunities" and "weaknesses" as externally related. The former are realities in the greater environment that can be exploited to benefit the organisation and the latter as realities in the greater environment, leading to problems for the greater environment entity.

Applying the SWOT and PESTLE analyses in collaboration with each other, a systematic and complete assessment of a potential investment and expansion project can be achieved. It creates a greater awareness of the possible changes in its operating environment and allows mitigating steps to ensure maximising stakeholder value proactively. Against this background, PWC (2017) acknowledges that known uncertainties can be planned for. Organisations can improve their preparation for unknown delays by simulating hypothetical events and assessing their effects on the balance sheet and the day-to-day operations. The aim of designing an effective model to support growth and investment strategies will therefore align with the views of PWC. Such a model should enable decision makers to populate the pertinent variables and produce information to assist with the mitigation and elimination of uncertainties that could impact the quality of decisions regarding investment and expansion into a given territory.

In accordance with this study's primary objective, the envisaged model should be designed so that it could be populated and weighted according to the organisation's own specific risk appetite and tolerance levels. Marks (2018) defines 1) risk appetite as a broad-based description of the desired level of risk that an entity will take in pursuit of its mission and 2) risk tolerance as reflecting the acceptable variation in outcomes

related to specific performance measures linked to the objectives the entity seeks to achieve (refer to Figure 4.3).



Source: Adapted from Marks (2018)

Figure 4.3: Risk appetite and risk tolerance

Figure 4.3 illustrates that the risk appetite is represented by a range within the risk tolerance boundaries. These boundaries represent the amount of variation in the parameters used to measure the risk appetite (Young, 2020). If the level of risk occurs within the said range, the performance is considered optimal. Should the risk levels exceed the predetermined tolerance levels, it becomes critical to take some form of mitigating action, resulting in unwanted costs and lost opportunities.

Since no organisation has access to unlimited resources, the challenge will be to find the optimal level where risk and return on investment (ROI) are in balance. This level should ideally be within the risk appetite range, but the tolerance levels will indicate the organisation's acceptable variance from such appetite levels due to uncertainties in the market.

4.4.4. Research aim

In anticipation of supporting potential investment strategies into Mozambique, Du Plooy and Buys (2020) developed a decision-support framework (referred to as the “framework” hereafter), based on a SWOT and PESTLE analyses of the region. The primary objective of the current paper is to refine the said framework in developing a proof-of-concept growth-strategy support model (referred to as the “model” hereafter) to assist in Mozambican investment and expansion strategies.

4.4.5. Methods

The research approach is framed within a design science research (DSR) paradigm, which Baskerville *et al.* (2018) describe as having great potential to address the research relevance versus the research rigour gap, and as having two dominant types of contributions, i.e., the design artefacts and the design theories. Walsham (2012) argues that the goal of DSR is to invent new artefacts (models) where none exist and improve existing artefacts' productivity, efficiency and effectiveness, thus creating a better world.

Within the DSR paradigm, this paper utilised specific aspects of the elaborated Action Design Research (eADR) method which, according to Mullarkey and Hevner (2018), includes four phases, namely 1) diagnosis, 2) design, 3) implementation and 4) evolution. As mentioned above, this paper expands on the framework developed by Du Plooy and Buys (2020) during the (first) diagnosis phase, and as such, focuses on the (second) design phase. The following are pertinent to this paper:

- A “true-to-life” approach was followed in executing the research, including interviews, observations and analysis of participants' responses.
 - The original participants were included in the base sample, who were selected based primarily on their role and relevance in this specific marketplace – Mozambique.
 - The reason for doing this was the dual purpose of getting an updated analysis of the country's actual trading conditions and constraints and identifying the most prominent influencers since the initial research.
 - A final count of eight organisations active in Mozambique participated, resulting in data saturation.
- Structured interviews enabled an in-depth understanding of participants' opinions while providing an opportunity for possible clarification of comments and opinions.
- The interviews were recorded and analysed using framework coding techniques.

During the development of the earlier framework, essential factors that can impact investment or expansion decisions into Mozambique were identified. Based on the

said framework, designing the proposed model should increase investment success in the developing (risky) Mozambican economy. By utilising the said framework, a systematic analysis process in collecting the data and generating the intelligence was enabled and set the scene for this model design phase.

4.4.6. Results: Empirical analysis

Externally-focussed analysis

The PESTLE analysis framework studies, monitors and analyses the macro-environmental factors that play a pivotal role in an organisation's overall performance (Guru, 2020), i.e., its focus is external to the organisation. Table 4.3 summarises the results from the semi-structured interviews about each of the PESTLE elements.

Table 4.3: PESTLE elements identified in response analysis

P	E	S	T	L	E
Political stability	Economic outlook	Crime under control	Fixed line stability	Trust in justice system	Strict environmental requirements
Actions of political parties	Metical strength outlook	Housing	Mobile network stability	Ease of repatriating funds	
FRELIMO ousted as ruling party	Inflation outlook	Reliable transport routes and operators	Internet/Wi-Fi coverage	Accounting requirements	
Political instability in neighbouring countries	Access to business/personal financing	Healthcare available	Regional IT support	Imports and exports	
Government legislation	Corruption	Local skilled workers		Operating licenses	
Operation license requirements	Ease of doing business	Electricity network		Working permits	
Employment quotas	Skilled labour shortage	Terrorism and violence		Labour law	
Repatriating foreign funds	Lack of reliable infrastructure	Availability of short-term finance		Environmental requirements	
Local ownership content	Terrorism	Sufficient clean water		Foreign exchange regulation	
	Lack of FDI	Quality of schooling available			
	Global commodity demand				

Source: Own research

As indicated above, the following summative aspects came to light:

- The political elements centred on factors about government policies and regulations that can impact the economy. In addition to this, considering that the country is still rebuilding after 20 years of civil war, there were concerns regarding regional and political instability and areas such instability may impact.
- The economic elements focussed on the factors that could impact the country's financial performance and investment attractiveness. The topics covered could influence an organisation's decision to invest (or not) in the country based on the risk-and-reward model. Answers received on the issues provided a better understanding of the local expectations relating to the country's current and future economic prospects.
- The social elements relate to the potential wellness of the organisation, its employees, and a society that could be very much removed from where they originated. Expats will require social assurances that basic living, health, education and safety concerns are addressed before deciding to join the organisation in its decisions to invest or expand into targeted territories.
- The technology elements refer to the availability and stability of enablers that could have a constructive or adverse impact on the organisation's operating environment, markets and industry. With modern technological innovations, any lacking enablers could be provided but will be subject to a cost versus benefit exercise.
- While the legal elements are part of society as a whole, the focus here is on the operating environment in which the organisation finds itself. As Mozambique is a foreign country, the local legislation and the level of "ownerism" have to be determined and understood.
- The inclusion of the environmental elements is not always applicable to all the industries in Mozambique and may have a higher impact on some sectors than on others. All the participants referred to Mozambique's climate as a seasonally-driven cycle with more risk of flooding in the country's central regions. It would also seem as if local environmental legislation is lacking.

Each of the above elements plays a role in potential investment or expansion decisions. A high-level overview of the critical factors that could complement or terminate possible business activities in the foreign territory can be attained by leveraging a detailed and comprehensive PESTLE analysis.

Since each potential investor has a unique set of objectives and risk appetite, the model should allow for such, and therefore the ability to assign bespoke weightings (or levels of importance) to the various factors. Thus, the weightings given to the PESTLE analysis are discretionary, and variable inputs into the model may change as the targeted country, territory and even organisation change.

Table 4.4: PESTLE category weightings

P	30%
E	35%
S	15%
T	5%
L	10%
E	5%
	100%

Source: Own research

For illustrative purposes, Table 4.4 indicates that the biggest influencers in the Mozambican macro-environment will be driven by the decisions impacting the political (30%) and economic (35%) elements. These (uncontrollable) elements represent 65% of the total identified potential risk, and as such, these two areas would require in-depth scenario planning and risk-mitigating strategies.

Guru (2020) states that the PESTLE analysis is an excellent tool for monitoring and analysing market situations when targeting a foreign market and notes that organisations should combine it with a SWOT analysis to get a thorough picture of the specific business and market scenario.

Internally-focussed analysis

Whereas the PESTLE analysis typically focuses on external factors over which the organisation has minimal influence, the SWOT analysis focuses somewhat more on internal aspects over which the organisation may have more control (Phadermrod *et al.*, 2016). While strengths and weaknesses are specific internal business elements

that either support or obstruct organisations from achieving their objectives, opportunities and threats could result from the PESTLE analysis results' conclusions (Phadermrod *et al.*, 2016). Therefore, an organisation should align its business operations and strategic decisions to its strengths and proactively identify and mitigate its weaknesses before they result in negative consequences.

During the semi-structured interviews, participants ranked seven possible strengths and weaknesses in order of importance to their business success in Mozambique. The summative results are indicated in Table 4.5.

Table 4.5: Pertinent strengths and weaknesses

	Strengths required	Weakness to guard against
1.	Leadership team and management style	Availability of required skills
2.	Critical skills relevant to industry	Retention of expats and skilled staff
3.	Market share	Advertising and brand awareness
4.	Key relationships with major suppliers	Language barriers
5.	Footprint in Mozambique	Management style
6.	Advertising and marketing	Organisation funding
7.	Global size of the organisation	Supplier relationships

Source: Own research

In terms of strengths, leadership was highlighted as the most vital requirement to have to be successful in Mozambique. Considering that most experienced leaders were expatriates, it puts additional responsibility on them to transfer their skills to local talent and deliver positive business performance results. Due to the limited pool of skills available (see also the weaknesses below), critical skills relevant to the industry were also highlighted as an essential strength. As mentioned above, the ability of existing skilled labour to transfer knowledge and skills to new employees was essential for contingency and succession planning. On the other side of the spectrum, it was found that the organisation's good marketing and global size were not considered as essential strengths within this context. It was more important to have key relationships with suppliers and identify the most reliant suppliers to ensure you never run out of products.

In terms of weaknesses, feedback ranked the unavailability of skilled labour and the retention of skilled staff as the most concerning – supporting feedback received in terms of strengths as above. Sub-standard housing, health and educational infrastructure that resulted in most expatriates not bringing their families to Mozambique (which resulted in many returning home prematurely, thereby leaving the organisations exposed) was also listed as a weakness. This resulted (among others) that the transfer of skills and knowledge to local employees halted.

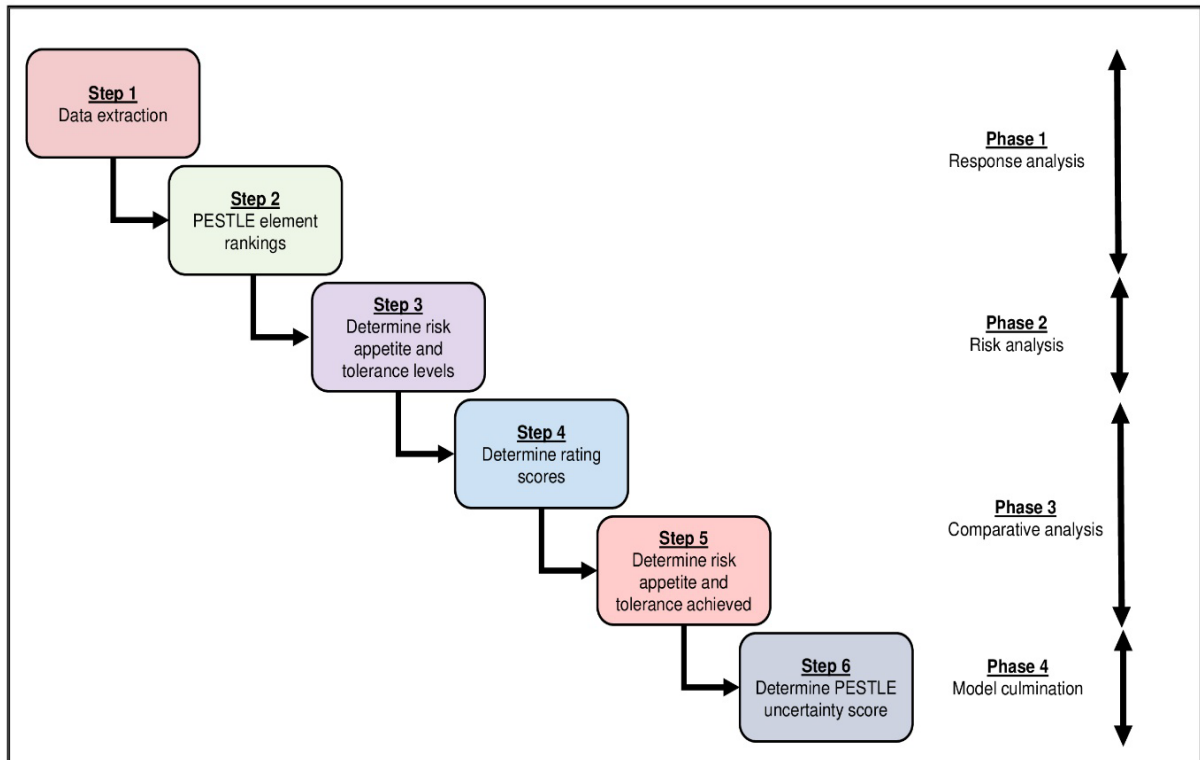
4.4.7. Results: Artefact creation

Introduction

The model development followed a practice-inspired and a theory-engrained approach. This integrative approach allowed for a mutually acceptable model representing both perspectives, which was integral to the validation of the model throughout. Petersson and Lundberg (2016) call attention to the fact that the principle of reciprocal shaping implies that increased understanding of the organisational context influences the artefact's design, which in turn also influences the practices within the organisational context. Furthermore, human cognitive and social skills are applied to contribute to both the problem environment and the knowledge base of the field (Hevner *et al.*, 2004; Mullarkey & Hevner, 2018).

Model design process

Mullarkey and Hevner (2018) acknowledge that the artefact in eADR's design phase might be a model, method or set of design principles. The artefact designed herein focuses on the development of a proof-of-concept model. Figure 4.4 indicates the key phases, including the detailed steps followed in the model design activity.



Source: Own research

Figure 4.4: Key model design steps

For purposes of this paper, the PESTLE analysis' political category is used to illustrate the design of the model. Nevertheless, the paper will also provide the overall model outcome.

Phase 1: Response analysis

There are two parts to the analysis of the *political* category pertinent to this study per the participants' responses, namely 1) the political stability and 2) the potential political obstacles. Based on the responses from the industry participants, Tables 4.6 and 4.7 illustrate the following:

- Step 1: Extraction of data from the interview results and calculating the arithmetic means of the rating scores for each element.
- Step 2: Based on the arithmetic means, the various elements are ranked in order of potential (perceived) risk.

Table 4.6: Political stability: Mean calculation and relative ranking

		Industry participant's rankings								Answer scores	Arithmetic mean
		A	B	C	D	E	F	G	H		
Political stability	Positive (3,5)		3,5				3,5			7,00	
	Negative (1,5)			1,5	1,5	1,5			1,5	6,00	
	No impact (2,5)	2,5						2,5		5,00	
										18,00	2,25

Source: Own research

Table 4.7: Political obstacles: Mean calculation and relative ranking

		Industry participants' rankings								Arithmetic mean	Relative ranking
		A	B	C	D	E	F ⁴	G	H		
Political elements	Actions of political parties	2	6	1	7	5	0	7	8	5,14	3
	FRELIMO ousted as ruling party	1	8	2	8	6	0	6	8	5,57	5
	Political instability in neighbouring countries	8	4	5	5	4	1	8	8	6,00	7
	Government legislation	3	8	3	6	1	0	5	1	3,86	1
	Different operation licenses required	5	7	8	6	2	0	1	1	4,29	2
	Employment quotas	6	7	7	7	3	0	2	8	5,71	6
	Repatriating foreign funds	7	6	4	8	7	0	3	1	5,14	3
	Local ownership content in all entities	4	6	6	6	8	0	4	8	6,00	7

Source: Own research

Tables 4.6 and 4.7 above illustrate how the responses from the participants were populated into the template, representing the specific elements of PESTLE's political category. From these response rankings, the arithmetic means for each element was calculated (per step 1), which in turn was ranked based on the relative (influential) importance, i.e., a lower relative ranking means a greater potential impact (per step 2).

⁴ In cases where a participant preferred not to provide a rating, or the rating was considered ambiguous, the specific participant was excluded from the calculations. This occurred twice out of the 44 questions used in the model design, representing a 95,5% participation of questions used.

Phase 2: Risk analysis

Based on internal reflection, the risk analysis in Table 4.8 entails the following:

- Step 3: Defining the organisation's (internally acceptable) risk appetite and tolerance levels, including the threshold limits thereof for the various elements.

Table 4.8: Risk appetite and risk tolerance: Political category

		Relative category weighting	Relative element weightings
Political category		30%	100%
Political elements	Political stability		25%
	Actions of political parties		15%
	FRELIMO ousted as ruling party		5%
	Political instability in neighbouring countries		3%
	Government legislation		7%
	Different operation licenses required		5%
	Employment quotas		15%
	Repatriating foreign funds		15%
	Local ownership content in all entities		10%

Source: Own research

For purposes of this illustration, the *political* category has been assigned a relative weighting of 30% within the PESTLE element importance (refer Table 4.4). The detailed political elements are then also assigned discretionary weightings, reflecting the organisation's risk appetite and risk tolerance, based on its strengths and weaknesses. In other words, the relative element weightings are the result of internal processes and inputs from relevant stakeholders.

Phase 3: Comparative analysis

The comparative analysis aims to identify and distinguish the lower risk elements and categories that may typically require a lower ROI, from the higher risk elements and categories that typically may require a higher ROI. Table 4.9 illustrates these (colour-coded) categories.

Table 4.9: Colour coding of risk weightings

Rating score percentage: Acceptability of risk		
< 60%	60% to 85%	> 85%
Unacceptable risk	Moderate risk	Acceptable risk
> 45%	10% to 45%	< 10%
Required return on investment		

Source: Own research

Per the above, a rating score above 85% represents acceptable risk (green) levels. Even though rating scores between 60% and 85% are considered moderate (yellow) risk levels, the proper matching of risks against countering organisational strengths (and weaknesses), may still result in these risk levels as being acceptable. Rating scores below 60% represent unacceptable risk (red) levels exceeding the organisation's predetermined risk appetite and risk tolerance. Such elements would require intensive investigation, evaluation and understanding before committing to a strategic expansion strategy, if at all.

Following on from the risk level definitions, the culmination of the comparative analysis results in bringing the model together, and as such entails the following steps:

- Step 4: Determination of each element's rating score, expressed as the arithmetic mean's percentage of the maximum (or optimum) rating for each, as illustrated in Table 4.10.

Table 4.10: Comparative analysis or rating scores

		Answered score (Table 5)	Maximum rating score	Rating score percentage
Political category				
Political elements	Political stability	18,00	28	64%
	Actions of political parties	5,14	8	64%
	FRELIMO ousted as ruling party	5,57	8	70%
	Political instability in neighbours	6,00	8	75%
	Government legislation	3,86	8	48%
	Different operation licenses required	4,29	8	54%
	Employment quotas	5,71	8	71%
	Repatriating foreign funds	5,14	8	64%
	Local ownership content in all entities	6,00	8	52%

Source: Own research

In addition to the rating score percentages (Answered score ÷ Maximum rating score), Table 4.10 also indicates each political element's colour-coded risk weighting. It is, therefore, possible to classify the elements within each category based on the organisation's risk appetite and tolerance.

- Step 5: Determination of each element's relative risk weighting taking cognisance of relative element weighting, expressed as a percentage of the rating score (per Table 4.10) – illustrated in Table 4.11.

Table 4.11: Determination of relative risk weighting

		Relative category weighting	Relative element weightings	Rating score percentage	Relative risk weighting
Political category		30%	100%		63%
Political elements	Political stability		25%	64%	16%
	Actions of political parties		15%	64%	10%
	FRELIMO ousted as ruling party		5%	70%	3%
	Political instability in neighbouring countries		3%	75%	2%
	Government legislation		7%	48%	3%
	Different operation licenses required		5%	54%	3%
	Employment quotas		15%	71%	11%
	Repatriating foreign funds		15%	64%	10%
	Local ownership content in all entities		10%	52%	5%

Source: Own research

From the table above, it is evident from the information supplied on the political category that even though three of the nine elements scored below 60% as individual elements, the overall relative weighting of the political category amounted to 63% (being the total of the various elements' relative weightings). This means that the overall risk associated with the political category was rated as moderate (60-85%). This can be interpreted that, considering the organisation's distinctive strengths as factors of mitigation in the "unacceptable (red)" elements, the associated risks would be considered as "acceptable (yellow)".

Phase 4: Model culmination

Finally, all the preceding steps are concluded by determining the PESTLE uncertainty scores, which will allocate a ranking to the planned project indicating whether the uncertainty score achieves the levels of risk appetite and tolerance defined before generating the final results.

- Step 6: Determination of a PESTLE uncertainty score based on the relative category weighting (per Table 4.4) and the relative risk weighting (per Table 4.11) – as presented in Table 4.12.

Table 4.12: PESTLE category uncertainty score

	Relative category weighting	Relative risk weighting	PESTLE uncertainty score
Political category	30%	63%	19%

Source: Own research

As indicated, the uncertainty score was calculated by applying the percentage political category's relative weighting of 30% to the political category's relative risk weighting of 63%, resulting in an uncertainty score of 19% for the political category.

Within the proof-of-concept model, the above phases, the requisite steps, would then be completed for all the PESTLE categories. For purposes of model completeness, the PESTLE category uncertainty score (per Table 4.12) is expanded to illustrate the final result, indicated in Table 4.13.

Table 4.13: PESTLE uncertainty score

	PESTLE weightings	Relative risk weightings	PESTLE uncertainty score
Cross-sectional weight	100%		64%
Political	30%	63%	19%
Economics	35%	65%	23%
Socio	15%	60%	9%
Technology	5%	87%	4%
Legislative	10%	63%	6%
Environmental	5%	60%	3%

Source: Own research

From the information supplied in Table 4.13, the overall score relating to uncertainty in the macro-operating environment for the organisation was 64%, again placing it in the moderate category and within the organisation's risk appetite and tolerance levels.

4.4.8. Discussion

From the scores determined above, it can be seen that all the PESTLE elements resulted in at least "moderate risk" levels or better. This can be interpreted that none of the elements posed risks so severe that it is not mitigatable. Within the overall picture, the PESTLE uncertainty score rating resulted in a score of 64%, which can be interpreted that overall, investments in the territory are considered moderately risky and could potentially be further investigated. The two major categories, the political category and the economic category, with relative uncertainty scores of 63% and 65%, respectively, contributed 42% (19% plus 23%) of the overall 64% score. By their sheer relative size and weighting, these two categories represent the areas where any sudden political or economic developments could influence the project's rating the most.

Interestingly, even though technology infrastructure in the territory is not very well developed, the risk posed thereby was considered acceptable. This can be interpreted that even though the technology infrastructure is relatively weak, there are good ways to mitigate its risk.

Although all categories resulted in “moderate” and “acceptable” risk levels, it is advisable to use the model as a guide and to drill down into the details of all the elements within each category. This is especially important when reviewing the elements that did not reach the minimum score of 60% to determine if the organisation’s strengths can mitigate it.

4.4.9. Conclusion

This paper describes the development process of a growth-strategy support model aimed at supporting investment strategy decisions into Mozambique. Due to the nature of the Mozambican economic and business environment, there is a definite need for reliable, relevant and current market intelligence.

The followed process included data collection and analysis, conversion of the data into useable, quantitative intelligence, as well as a model-creation process. By summarising the points scored by each of the weighted elements, a final result of 64% was attained, indicating an overall moderate risk level. This, in turn, can be interpreted that the potential project to invest in was within the organisation’s acceptable risk appetite and risk tolerance levels and should be further investigated.

4.5. Chapter summary

This chapter described the process of creating a proof-of-concept growth-strategy support model in the context of an *Alpha*-design artefact. In contributing to attaining the primary research objective, the model was primarily based on a PESTLE analysis, complemented by a SWOT analysis. Stakeholder theory is especially relevant for organisations operating internationally, given that they are in contact with a multitude of different stakeholders in various countries and regions. Such managers should be aware of the need to collect information and knowledge about the new and more complex demands of stakeholders in such a context. The model development followed a four-phased approach, consisting of six steps. Mozambique seems to be a viable investment destination based on the case study organisation’s risk appetite and tolerance levels. The next chapter will focus on further eADR iterations and refining a *Beta*-design version of the model.

CHAPTER 5: DEVELOPING A STRATEGIC-GROWTH SUPPORT MODEL: *BETA-DESIGN*

Foreword: The reader is requested to take note of the following:

- This chapter includes a research paper that **has not been submitted** to any journal at this stage.
- The details of the eventual submission will be as follows:
 - Du Plooy, H. & Buys, P. An iterative evaluation of a proof-of-concept growth-strategy support model to support Mozambican channel growth investment decisions.
- In order to present a holistically coherent chapter, the research paper's text is incorporated in the chapter's text.
- The article was researched and written by the first author as the PhD candidate and primary author, while the second author fulfilled a reviewer function thereto as the promotor of the PhD research project.

HduPlooy

H. du Plooy
Ph.D. Candidate

Pieter W Buys

P. Buys
Promotor

5.1. Chapter introduction

The preceding two chapters provided details on earlier iterations of the envisaged growth-strategy support model, with Chapter 3 focussing on the diagnosis phase, and Chapter 4 on the first iteration, *Alpha*-design phase. This chapter will focus on the second iteration, *Beta*-design phase of the said model, with a key objective to share the proof-of-concept *Alpha*-design version with selected industry participants to possibly enhance the model. The flow of the chapter is shown in Figure 5.1.

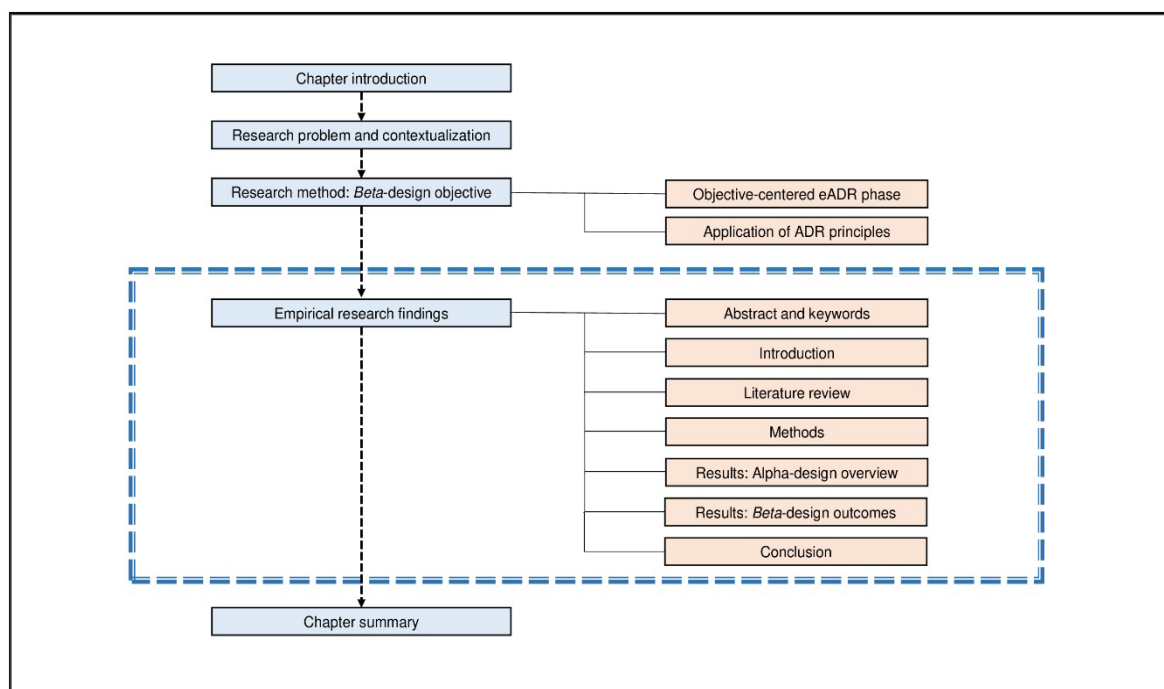


Figure 5.1: Chapter roadmap

As illustrated, the chapter will describe the *Beta*-design phase, including the contextualisation of the chapter objective(s), research method applied, the empirical aspects⁵ and the chapter summary.

⁵ The empirical findings are (again) presented in a research paper format, embedded within the chapter.

5.2. Research problem and contextualisation

Per Chapter 1, this project set out to develop a model able to support growth-strategy decisions into Mozambique. PESTLE and SWOT analyses were used to 1) develop a decision-support framework and 2) an *Alpha*-design version of the envisaged model. In this chapter the potential relevance of the initial PESTLE and SWOT analyses are expanded upon from a *Beta*-design perspective. The indicators nominated from the literature applicable to the *Alpha*-design phase (per Table 4.1), is set against the *Beta*-design phase, presented in Table 5.1.

Table 5.1: Guidance on artefact building in the design phase

	Role in <i>Alpha</i>-design phase	Role in <i>Beta</i>-design phase
1.	Identify relevant activities per element of the analysis tools.	As per <i>Alpha</i> -design phase
2.	Identify and detail activities that will address the relevance and impact of the elements in the selected analysis tools.	As per <i>Alpha</i> -design phase
3.	Participant selection and identification based on their expat status, the markets they are functioning in, and their reliance on a steady economic environment.	Participant selection and identification based on the new selected group of Mozambique strategic decision-making status, the sectors they are functioning in, and their reliance on a steady economic environment.
4.	Data were collected by making use of a guiding questionnaire that was completed during semi-structured, in-depth interviews with the selected participants.	Model information and findings were reviewed by making use of the master data collection file where the average scores and findings from the original guided questionnaires and semi-structured interviews were secured. No access to any confidential information relating to participants, their gender, age and/or place of work was disclosed. Additional to this the <i>Alpha</i> -design was also analysed.
5.	Supporting the principles of the theoretical framework, project contributors are stakeholders and the benefits from the information (value) creation should be shared as a mutual benefit theory. (Kessler, 2013; Tillema & Ter Boght, 2016).	Creating content and keeping it interesting is an ongoing iterative process, which needs constant reviewing (Poutenan, 2019). As the world and the pace (especially in developing economies) are changing, the nature of iteration suggests a constant review and rethinking of how it was done and how it should be done to ensure whatever version of the artefact is used will be the most effective for that application.

Source: Own compilation

Tesch (2019) explained that an important design goal includes the theoretical contribution to the design phases and by validating the “how” and the “to what extent” the artefact can be used for scenario planning. In particular, the aim is to determine whether the systematic use of scenario-planning methodologies, in attempts to

innovate concepts (such as the growth-strategy support model), have an impact on decision quality. Tesch (2019) also affirms that the resulting model should provide transparency for decision makers in order to evaluate the viability of the said model. Tesch's methodology builds upon an evaluation artefact by following a design science approach applying guidelines by Gregor and Hevner (2013), Hevner *et al.* (2004) and Peffers *et al.* (2007).

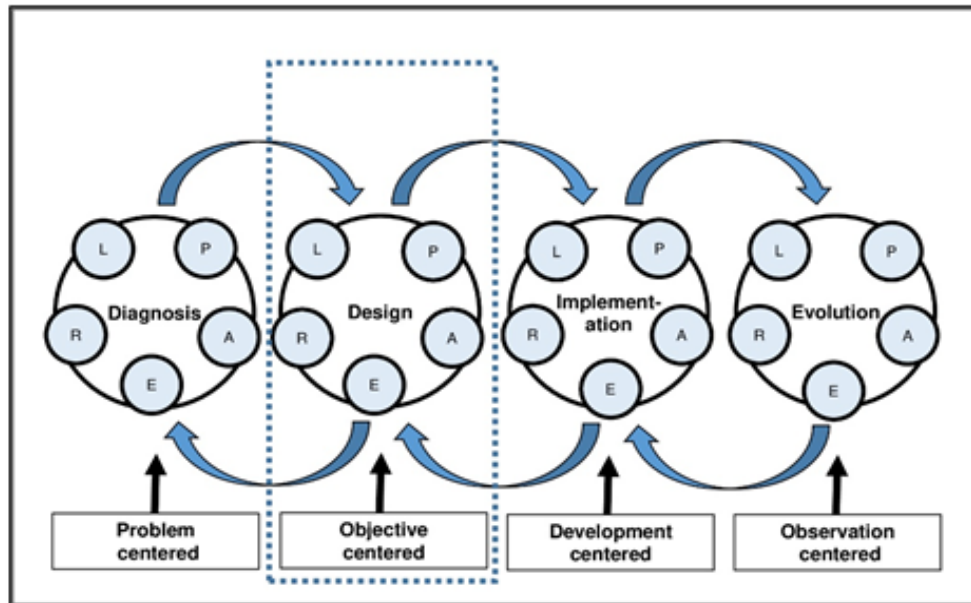
As mentioned, the *Beta*-design is the second iteration of the earlier developed growth-strategy support model, which was based on the work highlighted in the diagnosis phase (per Chapter 3) and the first iteration *Alpha*-design phase (per Chapter 4). This phase will also make use of the researcher-practitioner concept in refining the envisaged model. Mullarkey and Hevner (2015) emphasise the need for a *cycle* of researcher-practitioner artefact evaluations to occur in situ. When designed in adherence with the eADR approach, the final model should be constructed as a function of researcher-practitioner interventions in the problem space and should thus be relevant to the problem at hand.

5.3. Research method: *Beta*-design

The objective of this chapter is focussed on the third sub-objective (refer to Section 1.5) by way of delivering a *Beta*-design version of the envisaged growth-strategy support model through the refinement of the model developed during the *Alpha*-design phase.

5.3.1. Objective-centred eADR phase

Similar to the *Alpha*-design, the *Beta*-design will also primarily focus on the eADR approach's (objective-centred) design phase (Figure 5.2).



Source: Adapted from Mullarkey and Hevner (2018)

Figure 5.2: Phases of the eADR approach

The objective of this iteration is the enhancement of the *Alpha*-design version of the envisaged growth-strategy support model. Possibly with the exception of using a new team of industry participants, which resulted in updating and enhancing the model, the application of the eADR approach in this iteration's context is very similar to that of the *Alpha*-design phase.

5.3.2. Application of ADR principles

In the context of this iteration, Table 5.2 tweaks the key ADR principles (see Table 2.2.) applicable on the *Beta*-design version of the model.

Table 5.2: Objective centred *Beta*-design phase: Application of ADR principles

Principle	Application
Principle 1: Practice-inspired research	In Chapter 4 the first iteration <i>Alpha</i> -design model was developed. The problem under consideration remains a “real-world” problem in terms of the targeted territory.
Principle 2: Theory-ingrained artefact	Similar to the <i>Alpha</i> -design.
Principle 3: Reciprocal shaping	Similar to the <i>Alpha</i> -design – with the exception of using new (different) industry participants.
Principle 4: Mutually influential roles	Similar to the <i>Alpha</i> -design.
Principle 5: Authentic and concurrent evaluation	The findings, results and workings were evaluated by a “captains of industry” selected group as part of the <i>Beta</i> -design phase.
Principle 6: Guided emergence	The knowledge gained from the <i>Alpha</i> -design phase allowed the researcher to do a reiterative review of the total development process during the <i>Beta</i> -design phase.
Principle 7: Generalised outcomes	Similar to the <i>Alpha</i> -design – but with updated assumptions.
Principle 8: Abstraction	The <i>Beta</i> -design version will essentially retain its form of an Excel-based model with statistical calculations in the working portion of it. As the model’s implementation and roll-out progresses, it’s assumptions may be updated.

Source: Own research

Two aspects to be cognisant of in this iteration are the following:

- The importance of a researcher-practitioner approach during the *Beta*-design phase, which is emphasised by McCurdy *et al.* (2016) when stating that the 3rd ADR principle of reciprocal shaping and the 4th principle of mutually influential roles of the collaborative, human-centred nature of the *build-intervention-evaluation* stages, are key in solving the problem under consideration. Furthermore, aligned herewith is the 5th principle of authentic and concurrent evaluation of the *Alpha*-design artefact, which should contribute to determining the effectiveness and validity of the internal workings of the model, and possibly suggesting improvements therein.

- The researcher-practitioner team included three different industry practitioners than those of the earlier diagnosis and design phases. These (new) participants also have direct experience, either by managing business operations or projects in Mozambique across three business sectors and on behalf of five different organisations in the past 20 years.

During the semi-structured interview process, there was an expectation that the developments in Mozambique may have rendered some outdated input data. As per Rogerson and Scott (2014) it is uncommon that a design-based intervention will turn out as planned at the first attempt. This is especially true when diverse territories (most of them with their own unique challenges and interpretations of legislative issues), such as Mozambique in this case, are concerned. Similar to the original researcher-practitioner team, the current team concurred that the value of the holistic model outweighs the individual element information that could be generated from it.

5.4. Empirical research findings

5.4.1. Abstract

Due to the uncertain macroeconomic landscape of Mozambique, finding ways of mitigating risk when considering investing and/or expanding into this territory becomes important. This paper focuses on the second iteration of the design process, i.e. evaluating a proof-of-concept growth-strategy support model, to assist herein.

An *Alpha*-design first iteration version of the envisaged model, based on SWOT and PESTLE analyses knowledge gained from semi-structured interviews, was developed. In this paper, the *Beta*-design second iteration was conducted utilising a researcher-practitioner team. The team's industry-participants' selection was based on their strategic decision-making roles (in their current organisations), as well as their hands-on operational experience in Mozambique.

The *Beta*-design team identified and debated several advantages and disadvantages in the *Alpha*-design version, leading to a refined model, together with some suggestions for further investigation and refinement possibilities.

Keywords: Developing economy, mitigating risk, PESTLE analysis, risk appetite, risk tolerance, strategic decision-making, SWOT analysis

JEL Classification: M13, M16

5.4.2. Introduction

Popov and Chowdhury (2019) proclaim that sustained high economic growth is necessary to reduce poverty. The World Bank (2005) noted the following:

“In dealing with growth processes, economists have no formula. They have broad principles and tools – in the same way that principles and tools can be used to build an airplane. If those are not appropriately put to use, the airplane may not fly, or may not weather storms well. The manner and sequence in which economic principles and tools are used will determine whether specific growth country strategies will succeed or not.”

Popov and Chowdhury (2019) further elaborate and refer to the adoption of the 2030 Agenda for Sustainable Development, as a recognition by countries to emphasise the need for development-oriented macroeconomic policies to support sustainable structural transformation and inclusive growth. An aspect to be cognisant of is that if these factors are constantly changing, questions could be asked about the macroeconomic impact thereof on organisations’ micro-environments. Auspiciously, any variation in macroeconomic factors could nullify current strengths and weaknesses, but then also create new strengths and opportunities for the organisation.

The recent Mozambican history illustrated widely contrasting developments in the country as an economic investment destination. Around two decades ago, it was seen as a great investment destination with high growth potential (Macauhub, 2012), only to be brought down by major governmental scandals a few years later (Jett, 2020). Nevertheless, Mozambique remains a resource-rich country with good, albeit risky, investment growth potential. The research objective of this paper is centred on a case study concerning an organisation’s desire to commit to strategic investment in growing its business operations into Mozambique. In support hereof, earlier research by Du

Plooy and Buys (2020) embarked on a process to develop a channel strategy decision-support framework, which was followed by a proof-of-concept *Alpha*-design decision support model. The intention being to ultimately design a growth-strategy support model (referred to as “the model” hereafter), aimed at supporting growth and/or investment decisions into Mozambique. However, since data analysis and knowledge development for purposes of earlier research, Mozambique experienced two *life-altering* occurrences, namely the advent of the global COVID-19 pandemic and the Jihadi insurgency in the northern parts of the country.

In light of events such as these, the concept of business agility becomes important. De Smet and Aghina (2015) define *agility* as the ability of an organisation to renew itself, adapt, change quickly and succeed in a rapidly changing, ambiguous, turbulent environment. In these turbulent contemporary times, it becomes critical to be agile and be able to quickly respond to change, and in order to be agile, the organisation needs access to supportive and relevant information. It is herein that the research problem is framed, i.e. whether the envisaged model would be able to embrace an agile mindset and support such management decision making.

To clarify, should the final model indicate that a proposed investment or expansion project falls within acceptable risk appetite and risk tolerance levels, i.e. with some good and some questionable PESTLE elements, the issue is whether the questionable elements can be offset by something else. For example, if there is limited water or housing available, these limiting elements can be addressed by storing water in bulk containers, building pipelines, or building temporary housing. However, should such limiting elements be linked to safety, possibly as a result of a potential Jihadist insurgence, finding offsetting alternatives becomes more difficult.

5.4.3. Literature review

Mozambican socio-economic developments

The recent COVID-19 pandemic greatly impacted global economies and societies, including that of Mozambique. In a recent assessment on the impact of COVID-19 in Mozambique, conducted by the IOM DTM (International Organization for Migration’s Displacement Tracking Matrix, 2020) the Mozambican Government declared its first

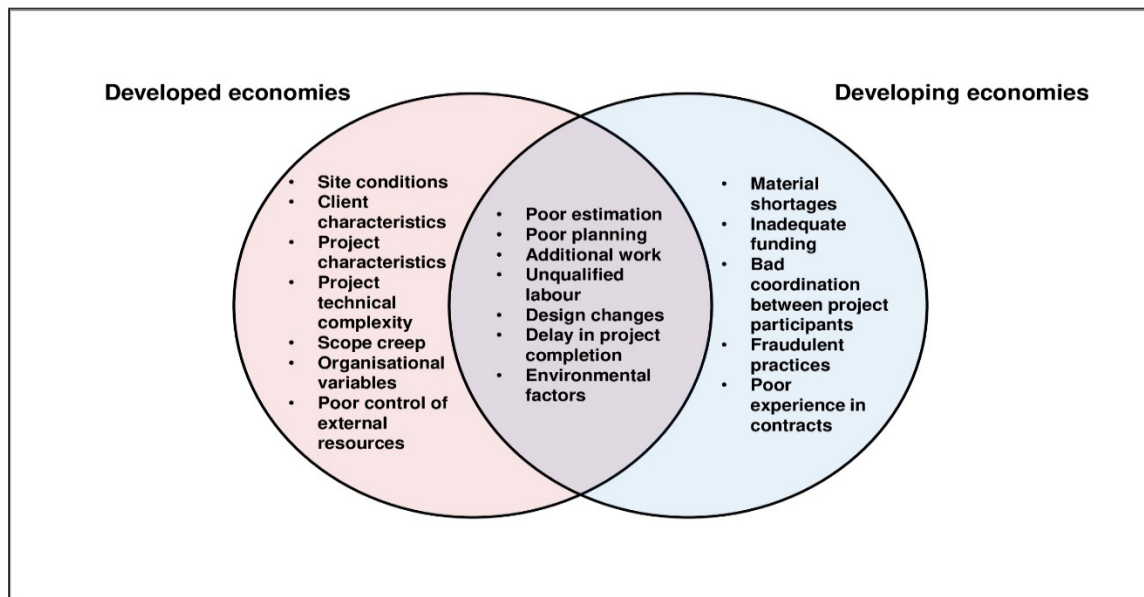
positive COVID-19 case and raised his concern about the spread of COVID-19. This was in March 2020, when over 14 000 Mozambican migrants returned from South Africa due to the South African COVID-19 lockdown. It further states that as of 12 January 2021, Mozambique reported 21 361 positive COVID-19 cases, and that findings from this assessment helped develop a comprehensive picture on the status of all sectors (e.g. healthcare services, public awareness levels, access to services and movement restrictions). As was the case in many parts of the world, Mozambique came to a virtual standstill, which, for a country eager to recover from the results of macro-fiscal instability, was a major setback.

Secondly, the Jihadi insurgency experienced in the northern province of Cabo Delgado may be attributed to multidimensional causes, including social and economic factors, influences of radical preachers and endogenous processes of extremism advancement in the province (Conceição & Faria, 2021). While the insurgents aspire to establish a political order of Sharia rule, the Mozambican forces seem to be powerless to root them out. Even though there does not seem to be consensus as to the root cause of the insurgency, its foundation could be the desire to establish a Sharia-ruled territory. However, the real reason behind it all might be very well the *ancient source of all evil*, namely greed. Mukpo (2021) claims that, to date, the militants have not made specific political demands, which has fostered speculation and conspiracy theories in Mozambique. In light of this, Mukpo (2021) “speculates” that the blame for the insurgency could be assigned to 1) various rival politicians in the ruling FRELIMO party, 2) organisations operating in the area, and even 3) shadowy outside forces and foreign influences, all looking for a bigger share of the area’s gas revenues.

Developing economy vs developed economy: Mozambican context

As with any new technology, the pace at which the environment changes will often also determine its effectiveness. The reality is that the majority of sub-Saharan African countries, as ranked by the IMF (International Monetary Fund, 2019), are still rated as developing economies. As such, Mozambique is classified as a *developing economy* and therefore the base from where it is developing is arguably lower than that of a *developed economy*. Figure 5.3 illustrates the difference between these two types of economies (including the availability and quality of reliable market intelligence) and

the potential difficulty to access and source basic resources that are taken for granted in the developed economies.



Source: Adapted from Abdel-Hafeez *et al.* (2016)

Figure 5.3: A comparison between developed and developing economies

The above comparison between developed and developing economies demonstrates certain key challenges and disparities often facing investment decisions into developing economies. Key hereto is the very dynamic and constantly changing nature of the PESTLE elements so often experienced in such developing environments. The lack of accurate and regular market information being available to decision makers, and considering that potential risks and its potential severity are constantly changing, often makes for difficult growth investment decisions into such territories.

5.4.4. Methods

ADR stages and principles

The ADR approach is based on seven principles applied in four stages. As per McCurdey *et al.* (2016), ADR's seven guiding principles express the core values of the methodology and serve as a system of reminders to help ensure that research

conducted by the researcher-practitioner team is reliable throughout. Figure 5.4 provides an overview of these principles and stages specifically aimed at elucidating the specific *Beta*-design aspects.

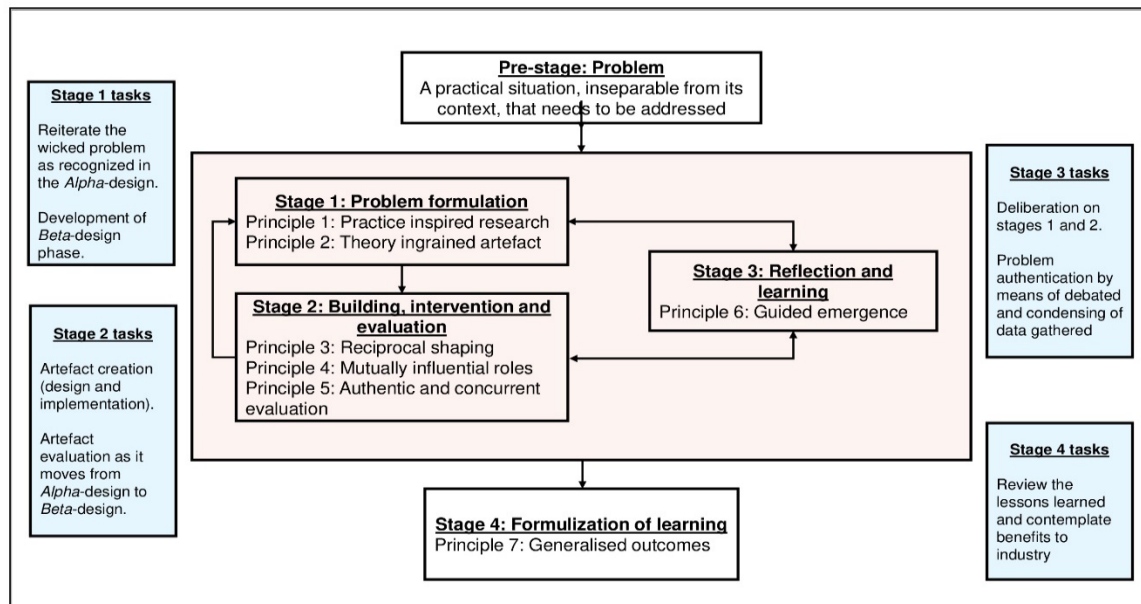


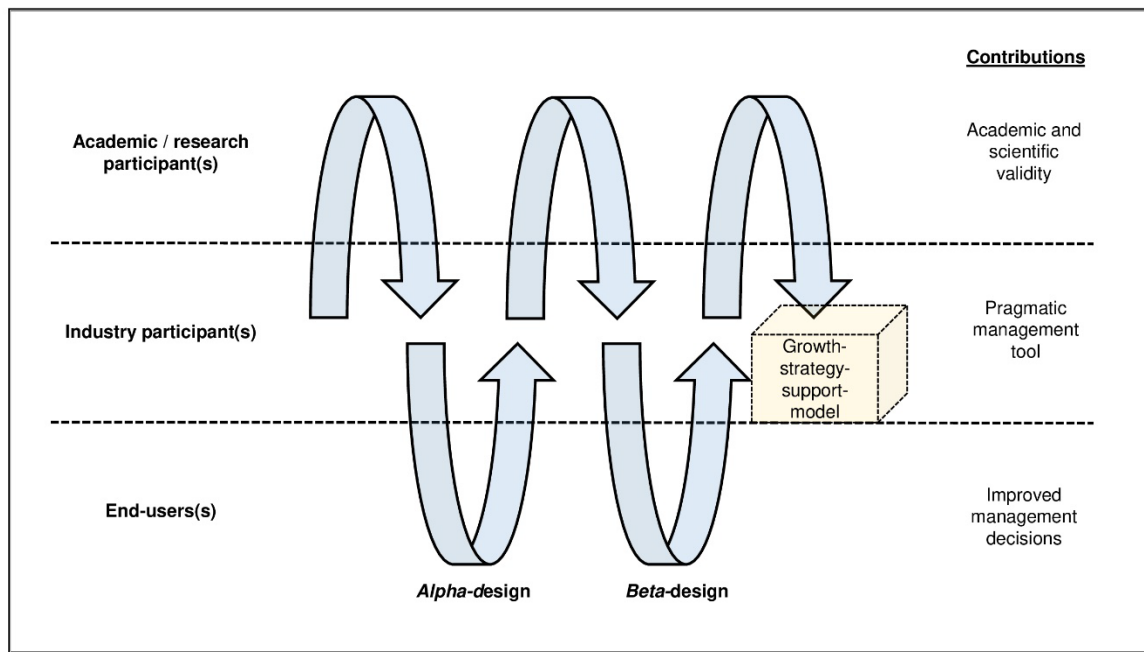
Figure 5.4: Stages and principles in the *Beta*-design phase

During the first stage illustrated above, the tasks associated with the formulation of the “wicked” problem include a review of the known problem. During the second stage, focus will be more on the validated design (and potential implementation) of the model during the *Beta*-design stage. Post these review steps, the *Beta*-design artefact will then be ready to determine how the associated risks align with their own predetermined risk appetite and risk tolerance levels. Within context, the third and fourth stages deal with the *reflection and learning* and *formulisation of learning* aspects. Even though some of these aspects are addressed indirectly in this paper, it does fall outside the scope of this paper.

The iterative application of ADR concepts

Petersson and Lundberg (2016) proclaim that a key purpose of ADR is to generate prescriptive design knowledge through learning from the *build-intervention-evaluation* cycles in an organisational setting. Tesch (2019) also emphasises that artefact

validation is crucial to ensure the quality of the theoretical contribution to knowledge. Additional guidance by the work of Gregor and Hevner (2013) secures knowledge contribution to the (artefact) design phase. Figure 5.5 illustrates the evolution of the model development through the *Alpha*-design to the *Beta*-design phases.



Source: Adapted from Sein *et al.* (2011)

Figure 5.5: Design, development and evaluation of the artefact

Building on these initial interactions, the researcher-practitioner team endeavours to develop a more mature artefact, applicable in a wider organisational setting.

Beta-design researcher-practitioner team

The selected *Beta*-design team's industry participants included senior managers and executives with first-hand operational experience in Mozambique. Although their earlier roles included managing their organisation's operations in Mozambique, their current responsibilities have a more strategic focus for this territory. The researcher is of the opinion that the final model will best suite this level of management as they are the primary strategy and scenario developers of any investment or expansion decisions to be taken.

5.4.5. Results: *Alpha*-design overview

Background

After the completion of the *Alpha*-design, the primary objective of developing a relevant growth-strategy support model remained unchanged. What is required is the review and validation of the model (briefly highlighted below) and its assumptions. Some of the key *Alpha*-design characteristics and assumptions (to provide context for the *Beta*-design discussion) are as follows:

- 1) The model is primarily based on (discretionary) weights allocated to the PESTLE analysis categories (Table 5.3).

Table 5.3: PESTLE category weightings

P	30%
E	35%
S	15%
T	5%
L	10%
E	5%
	100%

Source: Own research

- 2) A risk appetite and risk tolerance level analysis (together with weightings) for the case-study organisation was done. This analysis trickles down to each PESTLE category, within which multiple PESTLE elements are identified. Each of the elements and the summative categories are then classified within colour-coded categories (Table 5.4).

Table 5.4: Colour coding of risk weightings

Rating score percentage: Acceptability of risk		
< 60%	60% to 85%	> 85%
Unacceptable risk	Moderate risk	Acceptable risk
> 45%	10% to 45%	< 10%
Required return on investment		

Source: Du Plooy and Buys (2020)

- 3) Based on the responses received, the elements are ranked in levels of relative importance (against an *ideal* ranking). Table 5.5 illustrates the case of the *political elements* within the *political category*.

Table 5.5: PESTLE elements uncertainty score

		Relative category weighting	Relative element weightings	Rating score percentage	Relative risk weighting
Political category		30%	100%		63%
Political elements	Political stability		25%	64%	16%
	Actions of political parties		15%	64%	10%
	FRELIMO ousted as ruling party		5%	70%	3%
	Political instability in neighbouring countries		3%	75%	2%
	Government legislation		7%	48%	3%
	Different operation licenses required		5%	54%	3%
	Employment quotas		15%	71%	11%
	Repatriating foreign funds		15%	64%	10%
	Local ownership content in all entities		10%	52%	5%

Source: Du Plooy and Buys (2020)

- 4) The final model workings culminate in the determination of relative risk weightings for the PESTLE categories (colour coded), which, in turn, determine the PESTLE uncertainty scores (in comparison to the PESTLE weightings), and then ultimately the overall PESTLE uncertainty score (Table 5.6).

Table 5.6: PESTLE uncertainty score for the different categories

	PESTLE weightings	Relative risk weightings	PESTLE uncertainty score
Cross-sectional weight	100%		64%
Political	30%	63%	19%
Economics	35%	65%	23%
Socio	15%	60%	9%
Technology	5%	87%	4%
Legislative	10%	63%	6%
Environmental	5%	60%	3%

Source: Own research

The latter score provides the initial guidance on the acceptability level for investment in the specific territory or project. For instance, the final score of the above scenario results in a moderately risky (64%), albeit potentially acceptable case.

The rationale behind the revisiting of the Alpha-design

The dynamic and contextual nature of design and an inability to exhaustively analyse all possible design issues, often result in definite cognitive, capture, retrieval and usage limitations (Horner & Atwood, 2006). It may be argued that “reviewers” who are working on different projects may identify important issues that they would not have considered otherwise. Horner and Atwood (2006) also highlight the fact that (artefact) *designers* must consider the holistic effects of external factors and that *reviewers* are interested in understanding information to help them with their (*Beta*-design) task at hand. This context provides the contextual purpose of the *Beta*-design research-practitioner team, i.e. a review (and validation) purpose.

Some advantages and disadvantages (assumptions) of the *Alpha*-design phase, as motivation for the *Beta*-design phase, are shown in Figure 5.6.

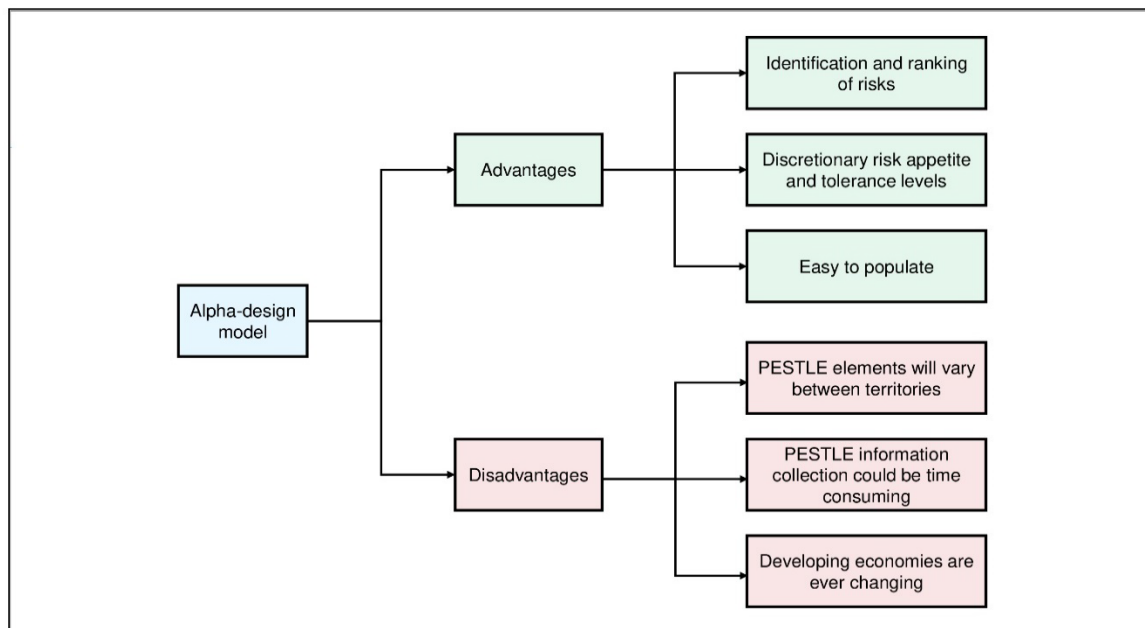


Figure 5.6: Advantages versus disadvantages: *Alpha*-design

As indicated, the *Alpha*-design artefact's advantages include the ease of identifying and ranking risks, setting the outcome of the model to be aligned within acceptable risk appetite and risk tolerance levels, and the ease of populating – once the internal and external information have been collected. In terms of disadvantages (potential limiting factors), an equal number of comments were made as follows:

- Firstly, the model is not generic, i.e. not directly usable in any territory, without changing the PESTLE weightings.
- Secondly, the PESTLE-based elements in the different territories will require the model to be repopulated when moving to a new territory, and the collection of new PESTLE information may be time consuming.
- Thirdly, the ever-changing macro-environment in sub-Saharan Africa will require the active involvement of the continent's population through democratic institutions and practices, as well as the commitment of governments, regional institutions, international organisations, educational institutions and the private sector.

Assessing of steering factors and significant uncertainties

In an effort to achieve a better understanding of the limiting factors mentioned, and how potential solutions could be formulated in the *Beta*-design, the points were debated with the industry participants, resulting in the re-scrutinising of the following:

- Weightings allocated to the PESTLE elements.
- Relevance of the interview topics in each PESTLE category.
- Impact of the SWOT analysis on the preset PESTLE weightings.
- Justification for risk appetite and risk tolerance levels.
- Relevance of PESTLE element weightings, should they fall outside the pre-determined acceptable risk levels.
- Generic application of the model.

The workings and results that were reviewed by the team were based on the answers, rankings and feedback obtained from the semi-structured interviews collected during the problem-centred diagnosis phase. The purpose was to identify and consider each of these elements as a means to influence strategic decision-making processes.

5.4.6. Results: *Beta*-design outcomes

Weightings allocated to the PESTLE categories

The *Beta*-design industry participants questioned the logic behind the weight allocation of each category and asked for more clarity. All allocated weightings are discretionary, and within a *real-life context* would be determined by the specific organisation and scenario. Within the *Alpha*-design context, the assumptions were as follows:

- **Economic:** There would typically be no non-economic reason to invest in, or expand into, a territory – therefore, the highest weighting of this element.
- **Political:** Similarly, but not quite equal, a stable political environment would enable a well-regulated and controlled business environment – therefore, the second-highest weight of this element.

- **Socio and technology:** The potential constraints specific hereto can often be mitigated through the allocation of organisation resources – therefore, the lower weightings.
- **Legal and environmental:** Even though the organisation is responsible for a larger group of stakeholders, for purposes of this stage of model development, it was assumed that limited influence could be exerted here – therefore, the lower weightings.

Relevance of interview topics in each PESTLE category

In terms of the comments about the relevance of the topics within the PESTLE analysis, the motivations for inclusion are based on previous experiences and discussions with accountants, auditors, lawyers, directors, business owners and managers of organisations with business operations in Mozambique, supplemented by knowledge gained from relevant business conferences and networking events, as well as reading available media on failed businesses in the territory. Table 5.7 provides an overview of the key elements for the PESTLE category analysis.

Table 5.7: Elements included in the different PESTLE categories

P	E	S	T	L	E
Political stability	Economic outlook	Crime control under	Fixed line stability	Trust in justice system	Strict environmental requirements
Actions of political parties	Metical strength outlook	Housing	Mobile network stability	Ease of repatriating funds	
FRELIMO ousted as ruling party	Inflation outlook	Reliable transport routes and operators	Internet/Wi-Fi coverage	Accounting requirements	
Political instability in neighbouring countries	Access to business/personal financing	Available healthcare	Regional IT support	Imports and exports	
Government legislation	Corruption	Local skilled workers		Operating licenses	
Operation license requirements	Ease of doing business	Electricity network		Working permits	
Employment quotas	Skilled labour shortage	Terrorism and violence		Labour law	
Repatriating foreign funds	Lack of reliable infrastructure	Availability of short-term finance		Environmental requirements	
Local ownership content	Terrorism	Sufficient clean water		Foreign exchange regulation	
	Lack of FDI	Quality of schooling available			
	Global commodity demand				

Source: Own compilation

These elements were selected due to their recurrences, and then also formed the basis for the mentioned decision-support framework.

Impact of the SWOT analysis on the preset PESTLE weightings

This comment revolves around the linking of the SWOT analysis findings to the PESTLE analysis findings. As mentioned, all the weighting allocations in the model are discretionary and based on the requirements per the specific scenario (as illustrated in terms of the political category).

Table 5.8: Risk appetite and risk tolerance: Political category

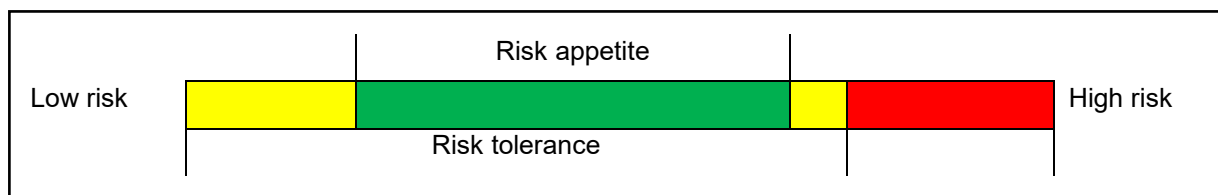
		Relative category weighting	Relative element weightings
Political category		30%	100%
Political elements	Political stability		25%
	Actions of political parties		15%
	FRELIMO ousted as ruling party		5%
	Political instability in neighbouring countries		3%
	Government legislation		7%
	Different operation licenses required		5%
	Employment quotas		15%
	Repatriating foreign funds		15%
	Local ownership content in all entities		10%

Source: Own compilation

Although SWOT analysis findings are not specifically integrated within the *Alpha*-design model, the analysis and understanding thereof in a specific scenario are very important, and could supplement certain (positive) PESTLE elements, while also potentially offsetting (negative) PESTLE elements. For instance, two key strengths identified in the *Alpha*-design were 1) strong leadership teams and management styles and 2) having relevant critical skills. Therefore, it may be argued that strong leadership (by virtue of what it is) has the potential to mitigate several risky elements. Similarly, having relevant critical skills relevant to the industry available to operate in the specific industry could further strengthen market position. The absence hereof could simply transform it into a weakness, with dire consequences.

Justification for risk appetite and risk tolerance levels

In consideration of the concepts of risk appetite versus risk tolerance, the former pertains to the organisation's level of risk that would still be acceptable, while the latter focuses on the acceptable deviation levels around risk objectives – considering potential rewards (see Figure 5.7).



Source: Own compilation

Figure 5.7: Risk appetite and risk tolerance

Within the context of this project, an important (sub-) objective of the model is the mitigation of risks when considering investments and/or expansion into (unknown) territories. Against this background, the allocation of risk appetite and risk tolerance levels to each project is arguably quite justified. Determining risk on hierarchical levels – i.e. 1) on the overall (highest) level, 2) per the PESTLE categories and 3) per the elements within the PESTLE categories – enables the decision maker to come to a thorough understanding of the overall risk picture.

Relevance of PESTLE element weightings, should it fall outside the predetermined acceptable risk levels

Arguably, such relevance could be seen against a similar background as corporate sustainability. Arslan and Kisacik (2017) refer to John Elkington, who attempted to measure sustainability with a framework entitled the triple bottom line (TBL), designed to cover environmental and social dimensions by going beyond the calculations of classical profit, investment income and shareholder value. Similarly, the envisaged model considers factors other than just financial performance measures as part of its workings.

To clarify, with a current ranking of 138 out of 190 countries (The World Bank, 2020), Mozambique does not provide a particularly friendly business environment. Combine that with rising tensions fuelled by Islamist militant insurgencies, high levels of poverty and disputes over access to land and jobs, local grievances and potential (possibly unforeseen) risks are abound. Within this context, none of the elements in the PESTLE categories should be ignored, and in order to be truly agile, the decision makers must be cognisant of all elements (positive or negative).

Generic application of the model

Referring to all the aforementioned, and in particular the comments on the fact that the PESTLE information will vary from territory to territory, the argument of diverse environments, even within a specific territory, will always require territory-specific analysis. After deliberation, the *Beta*-design team reached consensus that, although it may be good to have a generic model applicable to all territories, the diversity between territories remains an obstacle.

Even though the workings of the model are generic, the input data will be a combination of discretionary information driven by the specific risk appetite and risk tolerance levels, together with the PESTLE and SWOT analyses' input from the targeted territory. According to Popov and Chowdhury (2019), every investment destination has specific characteristics and historical experiences that must be reflected in its growth strategy and can therefore not be a “one-size-fits-all” growth strategy for all countries at all times. Whereas this may seem to imply a weakness, it is arguably a strength in that the model enables much flexibility and a wide range of scenario-planning capabilities.

5.4.7. Conclusion

Popov and Chowdhury (2019) explain that as some countries have adopted an outward-looking approach, are more open to, and integrated with, the world economy, it has allowed them to import ideas, technologies and expertise from the rest of the world, which are vital for sustained high growth. The availability of a growth-strategy support model may be categorised under these high growth tools.

In this paper, the iterative process of evaluating and deliberating the *Alpha*-design version of the growth-strategy support model to support growth and investment decisions into Mozambique was concluded. The potential obstacles and questionable activities labelled therein, together with the steering factors and significant uncertainties that were raised and deliberated on, were highlighted and considered before conclusions were reached on each. The workings, calculated with information from the *Alpha*-design artefact (available media based on Mozambique and its macro-

environment), shaped the foundation of the feedback and discussions surrounding the potential obstacles and any questionable activities.

The researcher-practitioner team worked through the process of data collection, the development stages of the *Alpha*-design artefact and shared reasoning on discretionary weightings used. From these discussions and the review of the *Alpha*-design phase of the model, it was clear that it had some opportunities that could be further investigated.

5.5. Chapter summary

This chapter primarily focussed on the validation (review and enhancement) of the *Alpha*-design version of the envisaged growth-strategy support model. In doing so, a researcher-practitioner team reviewed the workings and assumptions of the model. Various potential advantages and disadvantages (shortcomings) were identified, thus contributing to the model's betterment. The refinement process should be cognisant that stakeholders will differ from region to region, country to country, and even project to project. Even though they are different, all stakeholders expect organisations to translate stated purpose and values into long-term benefits while adhering to sound corporate governance. The political, social, and economic instability in the north of Mozambique is much higher than that of the south. The Islamic State (IS) linked al-Shabab militia group has contributed to destabilising this region, and their actions have prevented the development of rich off-shore natural gas fields found there with the help of aggrieved locals (Giles & Mwai, 2021).

Embryonic democracies have a tendency to undergo regular change to the macro environment as it evolves and when operating in these countries an organisation will have to conduct regular PESTLE and SWOT analysis of its business environment to ensure it is aware of the changes and how it could potentially impact the organisation and its investment and/ or growth strategies. The next chapter will provide the concluding sections of the research project.

CHAPTER 6: RESEARCH SUMMARY AND CONCLUSION

6.1. Introduction

This chapter deliberates on the real-world contribution of this research project, including addressing the primary and secondary objectives as stated in Chapter 1 (per Section 1.5). The chapter consists of a synopsis of the study, presenting the research problem and the study purpose, and expands on conclusions and recommendations from the different phases, as illustrated in the various earlier chapters. The chapter is wrapped up by reflecting on some research limitations and possible suggestions for future research.

The overall objective of this study was to create a growth-strategy support model that will address a real-world problem while having a theory-engrained research approach.

6.2. Research summary

The problem statement of this research project argued that even though there seems to be a catch-up happening in the current globalisation era between the inequalities that distinguished developing economies from developed economies, the macroeconomic environments of the developing economies remain uncertain. These uncertain environments are perceived as high-risk territories for organisations that want to invest in or expand their local activities. As a consequence, much-needed investments are redirected to other, more secure economies. Organisations face the challenge of having no supporting model or structured approach to assist them when deciding on suitable investment or growth-strategy projects in unknown business environments.

6.2.1. Objectives

This research project had as its primary objective the development of a growth-strategy support model based on the eADR research methodology principles. The required model had to provide strategic and investment decision-makers with an agile decision-making tool that involves the required accuracy, support, and guidance to identify uncertain business regions with an acceptable level of risk that motivates their

commitment to potential investments and projects. It was necessary to research significant secondary supportive objectives and present them in different iterations of the eADR research approach.

In reaching the primary research objective, sub-objective 1 developed a holistic decision-support framework that aids as a guiding framework. Sub-objective 2 developed, tested and validated an *Alpha*-design version as a proof-of-concept version of the said model. In sub-objective 3, a *Beta*-design (validated) version of the envisaged model was developed.

6.2.2. Sub-objective 1: Developing a channel strategy decision-support framework

The first sub-objective was executed in the eADR approach's problem-centric diagnosis phase. The research methodology utilised specific aspects of the elaborated action design research (eADR) approach, based on the design sciences research (DSR) paradigm. eADR's four phases and five activity cycles that give rise to the eADR process were explained.

An overview of Mozambique was provided, including potential opportunities and the difficulty of converting such prospects into benefits for the country's citizenry. A case-study scenario was introduced, and the benefits of expanding into Mozambique were clarified. As a result of the uncertain trading environment, SWOT and PESTLE analyses' value was explained and how it can benefit decision-makers by gathering macro-and microeconomic information. In summary, the SWOT and PESTLE analyses findings were mentioned in the conclusion of the decision-support framework for designing the growth-strategy support model.

It was deduced that empowering an organisation to make better decisions required thorough planning and comprehensive information gathering. By following this framework, the organisation will recognise the differentiating factors in Mozambique and identify distinguishing reasons why generic strategies implemented with success in other countries may not be successful in Mozambique.

6.2.3. Sub-objective 2: Developing a growth-strategy support model: *Alpha*-design

The second sub-objective was executed in the eADR approach's objective-centric design phase. It was explained that the design phase is framed within a DSR paradigm, leading to two influential styles of contributions, namely the design artefacts and the design theories. For this section, specific characteristics of the eADR method were employed that comprised four phases, i.e., 1) diagnosis, 2) design, 3) implementation, and 4) evolution. The research was conducted by following a true-to-life approach that included the analysis of the observations, responses, and interviews.

The subject matter in this section concentrated on the *Alpha*-design phase of the model. It could be argued that models such as this could reduce uncertainties linked to countries like Mozambique due to its levels of macroeconomic insecurity and the lack of reliable market intelligence. The decision-support framework aimed at dealing with such uncertainties, based their workings on a SWOT and PESTLE analyses of Mozambique. A key aim was to improve the framework (per sub-objective 1) by developing a proof-of-concept model to support the investors, as mentioned earlier, and expansion strategists. The research was constructed by using reassuring literature views ensued by the research method, the empirical features, and conclusively the verdicts of the study. Contextualising the relevance of known and unknown uncertainties and the different ways of planning for each, the significance for an organisation to decide on its risk appetite and its risk tolerance levels prior to strategy planning were explained.

At the outset of the empirical phase, the semi-structured interview results relating to the PESTLE categories and elements were summarised, followed by a concise definition of each. After that, a discretionary weighting, adding up to 100 percent, was allocated to each PESTLE element. In addition to the PESTLE categories and elements, it ranked the most important strengths and weaknesses. The PESTLE analysis evidence was used as primary input data into the model, while the SWOT analysis information was used as secondary support information. The creation of the proof-of-concept model was developed by following a four-phase and six-step approach. Each of the phases was presented and explained using an example from the information extracted from the model. In conclusion of this section, the total

PESTLE categories' uncertainty was scored and illustrated for model completeness. Based on preset risk appetite and risk tolerance levels, this *Alpha*-design rated the tender to expand or invest into Mozambique as a moderate risk and thus viable for further investigation.

6.2.4. Sub-objective 3: Developing a growth-strategy support model: *Beta*-design

As part of the validation of the growth-strategy support model, this section focused on the second iteration, *Beta*-design phase. The proof-of-concept *Alpha*-design was shared with selected industry participants to review and contribute potential enhancements in the design hereof. The participants in this researcher-practitioner collaboration were chosen because they have in-depth knowledge of the operating conditions in Mozambique and the challenges it presents.

The same set of indicators nominated from the literature and applied to the *Alpha*-design phase was also set against the *Beta*-design phase. The *Beta*-design team revisited the scorings as per the master data collected, reworked the findings and ratings, and analysed the *Alpha*-model's information and results. The researcher-practitioner team identified an equal number of advantages and disadvantages. The advantages of the *Alpha*-design referred to the effortless identifying and ranking of the risks, aligning the model's results to the organisation's predetermined risk appetite and risk tolerance levels, and populating it post the internal and external information collection stages. The disadvantages were more related to the uncontrollable environment, mainly because the model was not *generic*. In countering this concern, it is argued that data collection must be done for each new region because all countries are different and dependent on external stakeholders to collect the required information to populate the model.

The researcher-practitioner team deliberated these advantages and disadvantages. A suggestion was proposed to either include such in the *Beta*-design or treat it as topical for further research. It was decided not to have the proposed variable relationship between SWOT and PESTLE factors in the pilot design, as such changes are part of the ever-changing world; a world that the owners of the models will have to consider

when they populate and run the model to ensure alignment with the original results, or take remedial actions.

6.3. Concluding comments

6.3.1. Synopsis

The saturation of developed economies has turned many investors' attention towards the world's developing economies as the growth rates experienced there have generally been more favourable. However, even as globalisation and new developments like the *Fourth Industrial Revolution* are creating new opportunities, the levels of macro-uncertainty, business operating risks, and a lack of market intelligence in these targeted countries have dampened investors' appetite due to too many unknown variables.

Mozambique seems to be one of the countries where news about its growth potential and related benefits for its citizens is often followed by exposés of corruption, bureaucracy, terrorism, and an ever-declining business confidence rating. This research study used the PESTLE analysis information as primary input data into the model while using the SWOT analysis information as secondary support information. By collecting SWOT analysis information, an organisation will better understand its internal capabilities and potential and use it to evaluate its risk appetite and tolerance level, ultimately impacting the weightings given to the PESTLE elements. Through the SWOT and PESTLE analyses it was possible to identify some of the generic and industry-specific business issues that may confront an organisation when it decides to invest or expand into Mozambique. It may be argued that the value of the responses is not in the individual element analyses but rather when analysed holistically. Through the combination of all the information, trends can be identified and suitable strategies adopted in a timely fashion, irrespective of the industry type.

There is a growing consensus that stakeholders can be essential sources of information regarding change and uncertainty in a foreign market. By employing their market intelligence, the application of stakeholder theory can lead to a position of synergy for both the organisation and its stakeholders. Just as stakeholder theory should not be viewed as a vindication tool for an organisation's greediness in business,

just so should the stewardship theory not be considered to be a tool to cover wrongdoing towards the environment and affected parties. An organisation planning to invest or expand its activities in a foreign country or region cannot separate its social, business and ethical responsibilities towards stakeholders and should therefore pay equal attention towards its profit motive and obligation to serve society when formulating its growth strategies.

6.3.2. Reflections on stratagems

During the past 15 years, the researcher has travelled to and researched various southern African countries for business purposes. The researcher was tasked to identify potential countries in this region that offered good investment opportunities and suggested the most effective channel to market that would increase their chances of capitalising on these economic opportunities on offer. During the channel strategy development, it became clear that organisations should conduct thorough research of their targeted markets before considering investing. Developing economies not only present higher than expected growth opportunities but also similar high levels of uncertainty. To collect the required information proved to be a significant challenge as available and accurate market intelligence in these uncertain territories were very difficult, if not impossible, to find. During the research years, Mozambique fell victim to an enormous governance scandal and other macroeconomic factors that resulted in its future growth prospect dropping to less than half of what was predicted before this collapse.

Mozambique was selected not only because of the growth it had experienced but also because of its diverse resources that can still be developed. Its potential recovery from the civil war that ended in 1992 is mainly driven by coal, LNG, gold, diamonds, graphite, heavy sands, iron ore, titanium, apatite, marble, bentonite, bauxite, kaolin, copper, rubies, and tantalum. Regardless of all the mineral potential, Mozambique's resources remain largely untapped, and the expected growth and stability in the country, including its landlocked neighbouring countries, remains a mirage of hope. The researcher has travelled across Mozambique and interviewed multiple business leaders, politicians, audit and law firms' representatives, and potential investors. Taking into consideration the collected and analysed information presented herein, it

is the researcher's opinion that until the Mozambican government can maintain a stable macroeconomic environment, re-establish confidence in its economic governance and greatly improve on its international corruption ratings, the unstable and uncertain investment environment will continue to discourage potential investors.

Considering that two more variables have recently been added as macro-environment influencers, COVID-19 and Islamic insurgencies, the probability of a speedy recovery for Mozambique may be very slim. At the same time, the level of uncertainty continues to hinder regional economic development.

Therefore, the researcher believes that when an organisation is planning to invest or expand into a developing country and considers the high levels of uncertainty associated with it, it will be better for them to take the approach of a **stratagem** above that of a conventional **strategy**. While a strategy aims to achieve organisation goals through the intelligent allocation of resources, the researcher believes this approach will be best suited for a (stable) developed economy with sufficient market intelligence available to it. In a developing economy, the macroeconomic environment is constantly evolving, creating long-term uncertainty that impacts organisations' internal micro-environments and stakeholders. The researcher prefers a stratagem approach when countries with continually changing variables are concerned. A stratagem mindset will assist in formulating an unconventional growth plan by utilising an agile model to analyse the external variables and monitor any changes in the environment. Furthermore, it can help proactively develop and amending plans to outmanoeuvre the possible impact of potential changes and their effects on its business environment or stakeholders.

Formulating a successful market development stratagem as per the Ansoff matrix, entering a foreign market with existing product(s) will depend on the information generated by this eADR-based growth-strategy support model. The model can provide the requisite rigor, support, and guidance when developing the organisation's market development plan for the targeted territory and improve the chance of success over competitors and at the same time maximise stakeholders' value.

6.4. Chapter summary

This chapter highlighted completing the secondary objectives and how the primary aim of developing a growth-strategy support model was summarised based on the eADR stages of diagnosis and design. The chapter not only highlighted the primary and secondary objectives highlighted in Chapter 1 but also discussed and emphasised the conclusions, recommendations, and limitations of the study. This research can be used as the basis for a future development study of other developing countries in the southern African business environment founded on similar principles that applied to this study.

It is hoped that the growth-strategy support model developed in this study may assist organisations to proactively identify potential macroeconomic risks, enabling them to mitigate uncertainty before finalising investment and expansion strategy decisions into the targeted country or region.

6.5. Limitations and future research suggestions

The following shortcomings were identified during the research and should be kept in mind:

- Although the small sampling frame may be deemed a limitation, the study's objective was to design and validate a model, both practice-inspired and theory ingrained, that can potentially be used to guide various related strategic decisions.
- The industry participants' experience with applying SWOT and PESTLE analysis in the macroeconomic and microeconomic environments like Mozambique and its benefits and application possibilities may be open to doubt analysis.
- Due to the macro-environment being in a state of constant change, it is difficult to recognise all the variables that could impact the operations of new business entrants.

- As a result of the country's vast geographical area and the varying uncertainty from region to region, applying a generic model applicable to the whole country is a significant challenge.
- Even though the growth-strategy support model could give a proposed project a positive rating, some aspects in the PESTLE categories could still derail it, e.g., health and safety-related matters. This would require that all elements not meeting the predetermined risk appetite and tolerance scores, be further investigated and analysed.
- Due to the size of a country like Mozambique and the lack of reliable and accurate market intelligence, identifying potential sources of information and collecting the required input information for the model could take substantial time to complete.

Further to the above, the variable relationship between SWOT and PESTLE factors can serve as a topic for future research. The interrelationship between a SWOT and PESTLE analysis in the business environment makes it worthwhile to utilise the analyses techniques in tandem to yield the best possible analysis before formulating a growth strategy.

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ANNEXURE 1: STRUCTURED INTERVIEW GUIDE

Semi-structured survey questionnaire and answers to identify factors that impact on the stakeholder environments of a business operating in Mozambique

Instructions:

Please complete all the questions.

Make selection using a “X”

Some questions will give you an option to elaborate; please elaborate if you need to add additional information.

PART A: Individual information of owners and managers from companies participating in the study

1) What is your position in the company?

Shareholder / partner	
Director	
Senior manager	
Consultant	
Other	

2) How many years of experience do you have dealing with the Mozambique business environment?

0 - 3 year	
3 - 5 years	
5 - 10 years	
10 - 15 years	
15 and above	

3) In what business sector does your company operate in?

Agriculture	
Automotive	
Construction	
Engineering	
Information technology	
Retail	
Freight and logistics	
Mining	
Financial services	
Other	

4) How long has your company been operating in Mozambique?

Less than 3 years	
3 to 5 years	
5 to 10 years	
10 to 15 years	
15 years or more	

5) Please state the country representing the majority share in your holding company or main shareholder / partner.

USA	
Britian	
Europe	
Southern Africa	
India	
Brazilia	
China	
Japan	
Mozambique	
Other	

PART B: External environment of your company according to your knowledge (PESTLE)

General

6) To your knowledge, is your company doing an external environment analysis to gain insight into the competitive environment?

Yes	
No	
I don't know	

Political environment

7) Did the political environment in Mozambique have a negative or a positive impact on your company's past dealings?

<i>Positive</i>	
<i>Negative</i>	
<i>No impact</i>	
<i>Do not know</i>	

8) Do you think the political environment will have a negative or positive effect on the future operations of your company in the next five years?

Positive	
Negative	
No impact	

9) Elaborate on the previous question if needed:

--

10) Please rank the following possible obstacles that your company might face in the political environment (1 most likely to have an influence and 8 least likely to have an influence):

Actions of political parties (demonstrations, attacks, etc.)	
FRELIMO ousted as ruling party	
Political instability in neighbouring countries, e.g. Zimbabwe	
Government legislation	
Different operation licenses required	
Employment quotas (limited expats)	
Repatriating foreign funds	
Local ownership content in all entities	

11) Does government regulation affect your operations directly?

Yes	
No	

Economic environment

12) What do you expect will happen with Mozambique's economy in the next three years?

Strengthen	
Weaken	
No Change	

13) Elaborate on the previous question if needed:

--

14) What affect do you think the future economy will have on your company's operational profit?

Strengthen	
Weaken	
No Change	

15) Elaborate on the previous question if needed:

--

16) What do you expect the Mozambican metical to do over the next three years?

Strengthen	
Weaken	
No Change	
Too difficult to predict	

17) The inflation rate today is approximately 4.75%. What do you think will happen with the inflation rate over the next three years?

Strengthen	
Weaken	
No Change	

18) In your opinion what factors impacts the economy of Mozambique the most?

Access to business or personal financing	
Corruption	
Ease of doing business in Mozambique	
Skilled labour shortage	
Lack of reliable infrastructure, e.g. roads, electricity	
Terrorism	
Lack of FDI	
Global commodity demand	

19) Elaborate on the previous question if needed:

--

20) What territories in Mozambique are most affected by factors mentioned in point 18?

Northern region (Palma to Quelimane)	
Central region (Beira to Tete)	
Southern region (Inhambane to Maputo)	
All equally affected	

21) How will unemployment influence the future economy in Mozambique?

Strengthen	
Weaken	
No Change	

Social culture

22) Do you think government is doing enough to improve the social environment within Mozambique?

Yes	
No	

23) Do you think that the ethnic representation of your company's staff is very diverse?

Yes	
No	

24) Does your company have a community improvement programme?

Yes	
No	

25) Do you think that your company is doing enough to improve the social culture within the organisation?

Yes	
No	

26) If you answered no in the previous question, what should your company do to improve the social culture within the organisation?

--

27) How is your company's relations with your local community(ies)?

Good	
Not good	
No relationship	

Technology environment

28) Regarding voice calls does your company primarily make use of?

Fixed line telecommunication	
Mobile / 3G telecommunication	
Wi-Fi networks	
Combination of all	

29) Do you find the fixed line stable and reliable:

Yes	
No	
Other	

30) Do you find the mobile networks stable and reliable:

Yes	
No	
Other	

31) Do you have sufficient internet and Wi-Fi access in your operating area?

Yes	
No	

32) Elaborate on the previous question if needed:

--

33) Do you find there is sufficient local technology support in your business area?

Yes	
No	

34) Where do you source hardware and software components from?

Mozambique	
Other countries	

35) When it comes to technology troubleshooting and repairs how do you resolve?

Internal LOCAL company resources	
Internal INTERNATIONAL company resources	
External local resource	
External international resource	

36) Elaborate on the previous question if needed:

--

Statutory legislation

37) How do you gain your knowledge of local legislation?

Company legal team	
External LOCAL legal representation	
External INTERNATIONAL legal representation	
Membership with legal association	
Subscriptions to legal magazines	

38) Do you feel you have a good understanding of all legislation applicable to your operating and general environment:

Yes	
No	
Other	

39) What form of legislation do you find the most challenging to deal with? (1 being most challenging and 7 least challenging)

Accounting requirements	
Import and exports	
Operating licenses	
Working permits	
Labour law	
Environmental requirements	
Foreign Exchange regulation	

40) Do you have faith in the local justice system?

Yes	
No	
Other	

41) Elaborate on the previous question if needed:

--

42) As a company have you been exposed to corruption?

Yes	
No	

43) Do you have difficulty bringing in funds from abroad?

Yes	
No	

44) Do you have difficulty to transfer dividend / loan repayments or profits to bank accounts abroad?

Yes	
No	

Environmental considerations

45) How does your company move its service / products to the customers?

Company owned vehicles	
External freight companies	
Rail	
Marine	
Air	
Other	

46) If "Other" please state transport mode:

--

47) Do you feel the country have sufficient healthcare options?

Yes	
No	

48) Do you feel the country has sufficient clean water available to its citizens?

Yes	
No	

49) Do you feel the country has a reliable electricity network?

Yes	
No	

50) Do you feel the country's electricity coverage is sufficient for business purposes?

Yes	
No	

51) Do you feel the country have sufficient accessible roads for business purposes?

Yes	
No	

52) Do you feel that there is sufficient quality housing available for your employees at affordable prices?

Yes	
No	

53) Do you feel there are sufficient quality schools available in the country?

Yes	
-----	--

No	
----	--

54) When recruiting, do you feel the local skill levels are sufficient for what your business requires?

Yes	
No	

55) Do the seasonal changes have an impact on your business?

Yes	
No	

56) If "Yes" please state season and impact:

--

57) Does your company have an environmental action and reaction plan?

Yes	
No	

58) Do you feel crime is under control?

Yes	
No	

59) Please rank the following environmental aspects that impact on your business. (1 being highest impact and 9 no impact)

Suitable housing	
Efficient and reliable transport routes and operators	
Healthcare available	
Availability of local skilled workers	
Electricity network	
Terrorism and violence	
Availability of short term finance	
Environmental requirements	
Crime and corruption	

60) Please rank the following possible strengths that your company has in order of importance (1 being very important and 7 not important)

Global size of your company	
Key relationships with major suppliers	
Footprint in Mozambique that supplies services / product	
Industry-critical skills	
Dominant market share	
Leadership team and their management style	
Advertising and marketing	

Weaknesses of your company

61) Please rank the following possible weaknesses that your company has in order of importance (1 being very important and 7 not important)

Company funding for rapid expansion into Mozambique	
Availability of required skills	
Supplier relationships	
Language barriers	
Retention of expats and skilled staff	
Advertising and brand awareness	
Management	

Opportunities for your company

62) Please rank the following possible opportunities that your company should consider in order of importance (1 being very important and 10 not important)

Growth in the mining industry	
Growth in the gas industry	
Construction and government infrastructure spending	
Foreign donor funding for local projects	
Growth in Agricultural sector	
Growth in Marine and Rail sector	
Access routes to and from neighbouring countries due to new harbours	
Footprint expansion due to Infrastructure development (roads, electricity, rail, ports, etc.)	
Increased focus on growing customer base to improve service and product offerings	
Acquisitions and mergers with local entities	

Threats to your company

63) Please rank the following possible threats that your company should consider in order of importance (1 being very important and 10 not important)

Increase in competitors	
Political instability	
Legislation to force local ownership in companies	
Terrorism and violence	
Lacking infrastructure (e.g. roads, electricity, telecommunications, etc.)	
Foreign exchange regulation	
Applying and renewing working permits for foreign employees	
Lack of skilled labour	
Seasonal and environmental influences	
Crime and corruption	

ANNEXURE 2: ETHICAL CLEARANCE

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Economic and Management Sciences Research
Ethics Committee (EMS-REC)
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Email: Bennie.Linde@nwu.ac.za

05 June 2021

Prof P Buys
Per e-mail

Dear Prof Buys,

**FEEDBACK – ETHICS APPLICATION 21062019 – H du Plooy
(25042019)(NWU-00132-19-A4) PhD in Business Administration - Prof P
Buys**

Your ethics application on, *The development of a growth-strategy support model to enable cross-border expansion strategems*, that served on the EMS-REC meeting of 21 June 2019 refers.

Outcome:

Approved as a minimal risk study. A number, NWU-00132-19-A4, is given for one year of ethics clearance.

Please note that the ethics approval of this application is subject to the Covid-19 protocols

Kind regards,

Prof Mark Rathbone
Chairperson: Economic and Management Sciences Research Ethics Committee (EMS-REC)

ANNEXURE 3: GROWTH-STRATEGY SUPPORT MODEL WORKINGS

PESTLE categories & elements	Questionnaire result
Political	
<i>Political stability</i>	64%
<i>Actions of political parties (demonstrations, attacks, etc.)</i>	64%
<i>FRELIMO ousted as ruling party</i>	70%
<i>Political instability in neighbouring countries, e.g. Zimbabwe</i>	75%
<i>Government legislation</i>	48%
<i>Different operation licenses required</i>	54%
<i>Employment quotas (limited expats)</i>	71%
<i>Repatriating foreign funds</i>	64%
<i>Local ownership content in all entities</i>	52%
Economics	
<i>Economic outlook</i>	89%
<i>Metical strength outlook</i>	75%
<i>Inflation rate outlook</i>	68%
<i>Access to business or personal financing</i>	100%
<i>Corruption</i>	47%
<i>Ease of doing business in Mozambique</i>	40%
<i>Skilled labour shortage</i>	72%
<i>Lack of reliable infrastructure, e.g. roads, electricity</i>	80%
<i>Terrorism</i>	100%
<i>Lack of FDI</i>	100%
<i>Global commodity demand</i>	100%
Socio	
<i>Is crime under control</i>	50%
<i>Suitable housing</i>	71%
<i>Efficient and reliable transport routes and operators</i>	38%
<i>Healthcare available</i>	56%
<i>Availability of local skilled workers</i>	49%
<i>Electricity network</i>	62%
<i>Terrorism and violence</i>	78%
<i>Availability of short term finance</i>	75%
<i>Sufficient clean water</i>	60%
<i>Sufficient quality schooling available</i>	50%

Technology	
<i>Fixed line stability</i>	67%
<i>Mobile network stability</i>	89%
<i>Sufficient Internet/Wi-Fi coverage</i>	93%
<i>Sufficient regional IT support</i>	64%
Legislative	
<i>Faith in Justice system</i>	54%
<i>Ease of repatriating funds</i>	71%
<i>Accounting requirements</i>	74%
<i>Import and exports</i>	47%
<i>Operating licenses</i>	69%
<i>Working permits</i>	64%
<i>Labour law</i>	50%
<i>Environmental requirements</i>	69%
<i>Foreign Exchange regulation</i>	69%
Environmental	
Strict Environmental requirements	60%

Preset Category weightings	
P	30%
E	35%
S	15%
T	5%
L	10%
E	5%
	100%

Risk weighted ranking of PESTLE categories & elements			PESTLE ranked	AVG
Cross sectional weight	100%	Pre-set		64,32%
Political	30,0%	100%		18,9%
<i>Political stability</i>		25%	64%	16%
<i>Actions of political parties (demonstrations, attacks, etc.)</i>		15%	64%	10%
<i>FRELIMO ousted as ruling party</i>		5%	70%	3%
<i>Political instability in neighbouring countries, e.g. Zimbabwe</i>		3%	75%	2%
<i>Government legislation</i>		7%	48%	3%
<i>Different operation licenses required</i>		5%	54%	3%
<i>Employment quotas (limited expats)</i>		15%	71%	11%
<i>Repatriating foreign funds</i>		15%	64%	10%
<i>Local ownership content in all entities</i>		10%	52%	5%
Economics	35,0%	100%		23%
<i>Economic outlook</i>		15%	89%	13%
<i>Metical strength outlook</i>		2%	75%	2%
<i>Inflation rate outlook</i>		5%	68%	3%
<i>Access to business or personal financing</i>		5%	100%	5%
<i>Corruption</i>		25%	47%	12%
<i>Ease of doing business in Mozambique</i>		20%	40%	8%
<i>Skilled labour shortage</i>		20%	72%	14%
<i>Lack of reliable infrastructure, e.g. roads, electricity</i>		2%	80%	2%
<i>Terrorism</i>		2%	100%	2%
<i>Lack of FDI</i>		2%	100%	2%
<i>Global commodity demand</i>		2%	100%	2%
Socio	15,0%	100%		9%
<i>Is crime under control</i>		10%	50%	5%
<i>Suitable housing</i>		15%	71%	11%
<i>Efficient and reliable transport routes and operators</i>			38%	0%
<i>Healthcare available</i>		15%	56%	8%
<i>Availability of local skilled workers</i>		25%	49%	12%
<i>Electricity network</i>		5%	62%	3%
<i>Terrorism and violence</i>		10%	78%	8%
<i>Availability of short term finance</i>		5%	75%	4%
<i>Sufficient clean water</i>		10%	60%	6%
<i>Sufficient quality schooling available</i>		5%	50%	3%
Technology	5,0%	100%		4%
<i>Fixed line stability</i>		5%	67%	3%
<i>Mobile network stability</i>		40%	89%	36%
<i>Sufficient Internet/Wi-Fi coverage</i>		45%	93%	42%
<i>Sufficient regional IT support</i>		10%	64%	6%

Legislative	10,0%	100%		6%
<i>Faith in Justice system</i>		10%	54%	5%
<i>Ease of repatriating funds</i>		15%	71%	11%
<i>Accounting requirements</i>		5%	74%	4%
<i>Import and exports</i>		5%	47%	2%
<i>Operating licenses</i>		15%	69%	10%
<i>Working permits</i>		15%	64%	10%
<i>Labour law</i>		15%	50%	8%
<i>Environmental requirements</i>		5%	69%	3%
<i>Foreign Exchange regulation</i>		15%	69%	10%
Environmental	5,0%	100%		3,0%
Strict Environmental requirements		100%	60%	60%

Level of Risk associated with the project	Pre-set category weight	PESTLE uncertainty score	Category Uncertainty
Cross sectional weight	100,0%	64,3%	
<i>Political</i>	30,0%	18,9%	63,1%
<i>Economics</i>	35,0%	22,8%	65,0%
<i>Socio</i>	15,0%	8,9%	59,5%
<i>Technology</i>	5,0%	4,4%	87,3%
<i>Legislative</i>	10,0%	6,3%	63,4%
<i>Environmental</i>	5,0%	3,0%	60,3%

Score	Result
85 - 100%+	Acceptable risk and or uncertainty levels
60.1%-84.9%	Moderate risk and or uncertainty
0%-60%	Unacceptable risk that needs further investigation
Result	Case study scenario has a score of 64.3% that places it in the moderate risk and uncertainty category.

ANNEXURE 4: ARTICLE 1 AS PUBLISHED

“Developing a channel strategy decision support framework for a diesel engine supplier in Mozambique”

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Henco du Plooy (South Africa), Pieter Buys (South Africa)

DEVELOPING A CHANNEL STRATEGY DECISION SUPPORT FRAMEWORK FOR A DIESEL ENGINE SUPPLIER IN MOZAMBIQUE

Abstract

The global economic competitiveness has forced many organizations to consider the emerging and developing markets for future growth opportunities. The Southern African country Mozambique was identified as such an opportunity. However, although the country has experienced more sustained historic economic growth than its neighboring countries, it is also riddled with corruption and bureaucracy. Due to the complex and challenging Mozambique business environment, this research project utilized SWOT and PESTLE analytical techniques to develop a decision support framework to support the organizational growth strategies in Mozambique. The approach allowed for both internally and externally focused data collection and evaluation. The qualitative data were collected during structured interviews with selected captains-of-industry in the Mozambican context. In the development of the decision support framework, key factors were identified, evaluated, and ranked in order of severity. Key internal factors found centered on human resources, including management style, skilled labor availability and retention, while external factors centered potential growth in the mining and gas industry, government interventions and stability, and lack of skilled labor availability. Taking cognizance of these factors enables a systematic framework to guide the strategy development in the Mozambican marketplace. It is recommended that this framework should be a living framework, continuously evolving as new strategic information becomes available.

Keywords

business intelligence, emerging markets, PESTLE analysis, strategic management, SWOT analysis

JEL Classification

M13, M16

INTRODUCTION

The highly competitive and dynamic global economic environment seems to be forcing more and more companies into considering the developing economies, including those in Africa, as key to their future opportunities. Due to its good global economic performance of the past decade or so, Mozambique has been identified as such an investment possibility. Earlier research in the Mozambican business environment conducted by Du Plooy (2016) found that, although the country experienced remarkable growth in a region where its neighbors sometimes battled to achieve only a third of the growth that Mozambique achieved, its rating on the global Ease of doing business (Trading economics, 2019) and Corruption (Transparency International, 2012) indices portrayed Mozambique as a very hostile environment loaded with risk for foreign organizations. Taking the above into consideration, the concern is raised about the sustainability of the growth experienced in Mozambique due to, among others, its dependence on China.

The aforementioned notwithstanding, the holistic business climate remains very unclear. Olivenca (2013) concluded that although Mozambique holds a wealth of opportunities for foreign investors, developers, and contractors, there is undoubtedly still some residual risk involved in investing in developing economies such as Mozambique. Despite its low ranking on the Ease of doing business and the Corruption indices referred to earlier, reports and articles by Douglas (2012), KPMG (2013), Macauihub (2014), and Olivenca (2013) portray Mozambique as a resource-rich and diverse economy whose development will not only benefit own economy but also that of the landlocked countries surrounding it. Done (2012), however, cautions against 12 global trends, many of which already feature as prominent threats by the Office of the Director National Intelligence and the National Intelligence Council of the United States of America, which need to be considered as potential hurdles when considering investing in global economies. These threats include geopolitical power shifts, war, terrorism and social unrest, climate change, water and food security, education, energy, health and natural disasters, and others.

As indicated above, Du Plooy (2016) conducted an exploratory study on the Mozambican economic development potential and the sustainability of the growth it was experiencing at the time, thereby possibly providing foreign investors with a glimpse into the realities about the Mozambican business environment, the markets, as well as potential competitors and clients. That study also noted that the type of economic growth Mozambique experienced in recent times not only benefitted the country and its residents in itself, but the upgrading and expansion of roads, ports, and rail infrastructure also led to positive developments for its neighboring countries.

In light of the above, the primary research objective of this paper revolved around the development of a high-level decision support framework for potential channel development strategies in the Mozambican marketplace, and then specifically for the case study organization (Company A). In reaching a satisfactory outcome to this objective, the following three secondary objectives were identified, namely:

- analysis and interpretation of the information (about the Mozambican business environment) obtained during the initial empirical research in order to come to a fundamental understanding of the said business environment, i.e., the business problem diagnosis and formulation aspects;
- using the aforementioned acquired knowledge to develop a potential decision support framework, i.e., the artifact creation aspect;
- reflection on the resultant decision support framework, specifically to develop and embed a future growth strategy support model, i.e., the reflection and learning aspects.

In achieving the objectives, the paper included a literature study aimed at underpinning the research motivation, field of study and the fundamentals of strategy development, which is then followed by 1) the explanations of the employed research methodology and 2) the empirical research phases, i.e., the problem diagnosis, the artifact creation, and the reflection aspects. The paper is then finally rounded off with a concluding discussion.

1. LITERATURE REVIEW

Many reasons can be put forward as to why markets are changing, including 1) the discovery of new mineral resources, 2) infrastructure development connecting demand and supply markets, 3) evolving customer needs, 4) new market entrants, 5) technological developments, and even 6) new

polices and legislation being introduced (Analoui & Karami, 2003; Cecchetti, 2008). Furthermore, global organizations often have a limited understanding of the effect of individual country economies on their current and future business strategies (Ireland, Hoskisson, & Hitt, 2009, pp. 35-36). It may be argued that the economic growth experienced by Mozambique is powered by diesel-pow-

ered generators and heavy-duty machinery (Du Plooy, 2016). As a global player in the manufacturing and aftermarket support of diesel-powered engines, Company A understands that it has to take advantage of this growth opportunity. It planned to accomplish this through a channel-to-market model that guarantees the availability of its products to the Mozambican market and to provide after-sales support to its products. The company employs a four-pillar operating system, focusing on 1) power generation, 2) engines, 3) distribution, and 4) components in selling its engines to original equipment manufacturers (OEMs) as first-time fitments through a network of distributors by way of joint ventures and direct to end-user customers for re-power opportunities.

Although differentiation from its competitors has always been key, it is acknowledged that a well-established global brand does not automatically translate into being able to bring excellent service and support to customers. Because of this, the company also acknowledges that it will have to further its aftermarket sales and support capabilities in line with their customers' expanding global footprint. However, among the constraints being experienced is the uncertainty attached to the macro- and micro-business/economic environments of the countries and territories on their radar. Due to the diversity experienced in the Mozambican economy and operating surroundings, we utilized a two-pronged analysis approach, inclusive of internal and external perspectives. Firstly, we employed competitive organizational analysis, being cognizant of the internal strengths and weaknesses, as well as the external opportunities and threats (SWOT). Secondly, we deepened our research into the external environment, using a business environmental analysis, cognizant of the political, economic, sociocultural, technological, legal, and environmental aspects (PESTLE). This research project, however, not only applied these analysis techniques to understand the business environment better but it also demonstrates how these tools can play a key role in the formulation of an organization's business expansion strategy.

In terms of the SWOT analysis, Carpenter and Dunung (2011) believe that it is a strategic management tool that helps an organization in un-

derstanding its internal characteristics (i.e., its strengths and weaknesses) and based on that understanding, developing the strategies that build on its strengths while minimizing risks evolving from any weaknesses it might have. This will subsequently assist in the assessment of the external environment for opportunities and threats that may potentially contribute and/or detract from the organizational strategies. Building hereon, Carpenter and Dunung (2011) also demonstrated that when an organization is considering an entry into new markets, a PESTLE analysis will provide insight into the status of key market-flatteners, both in terms of its present state and future trends. Gillespie (2014) advises that organizations need to consider which PESTLE factors are most likely to impact their business, should a change in such a factor take place, and then to proactively look for key identifiers as early warning signs. Nishada (2012) argued that due to the advantages and the disadvantages associated with both the SWOT and PESTLE analyses, it is advisable to combine the two to attain the best possible analysis before crafting the anticipated strategy, as indicated below. This approach is followed in this paper.

2. METHODS

The research methodology is based on the design sciences research (DSR) paradigm, and then specifically utilizing aspects of the elaborated action design research (eADR) approach per Mullarkey and Hevner (2018). This approach was developed as the response to a need for a research method that explicitly recognizes the artifacts as ensembles emerging from design, use and ongoing refinement within the organizational context (Sein, Henfridsson, Purao, Rossi, & Lindgren, 2011), which should generate design knowledge by creating an artifact that addresses an organizational need for intervention (Mullarkey & Hevner, 2018). This requires both the identification of the requisite underlying academic theories and the verification thereof in business reality.

The eADR process has four phases, namely 1) diagnosis, 2) design, 3) implementation, and 4) evaluation. These stages again, each consists of five activity cycles, namely problem formulation and planning, artifact creation, evaluation, reflec-

tion, and learning (Mullarkey & Hevner, 2018). According to Mullarkey (2018), researchers can enter the research continuum at multiple points, depending on the specific requirements of the project. As for the research objectives highlighted earlier, this paper revolves around the first diagnostic, problem-centered phase, mentioned above. In executing the research, the researcher relied on a true-to-life approach that included interviews, observations, and analysis of selected contributors to the Mozambican economy. A qualitative research approach was chosen, as such an approach fits exploratory studies best when the extent of the business problem is not known. The following are pertinent to this paper:

- the sampling design criteria used in selecting the participants were based on 1) their ex-pat status, 2) the markets they are functioning in, and 3) their reliance on a steady economic environment. All the participants were dependent on diesel-powered engines, such as those supplied by Company A. A total of ten organizations with operations across Mozambique participated, resulting in data saturation with similar trends and responses being found;
- a structured interview approach was followed to come to an understanding of participants' views and perceptions and to provide them with an opportunity to air their opinions about the developments in Mozambique. As such, it enabled follow-up questions where clarity was required. To ensure that no important information was missed, the answers were recorded;
- framework coding techniques were employed for data analysis based on analytical framework (the literature review). Additional categories did, however, emerge from the analysis of the transcripts. The data from the transcriptions were analyzed according to the categories as identified.

3. RESULTS

Briefly, in terms of demographics, the majority of participants were older than 40 years, and 70% of them were on ex-pat assignments. The sectors

covered included engineering (35%), construction (19%), retail (15%), mining (12%), agriculture (12%), and automotive (8%). The most common channel-to-market (66%) was that of organization-owned brick-and-mortar, and only about a third of participants utilized a channel combining representatives/dealers and organization-owned resources.

The following information was gained from the SWOT analysis phase of the empirical study (refer Table 1):

- *strengths*: when asked to rank the strengths that the participants considered their organization had to have to be successful in Mozambique, most selected the leadership team as most important. The order of importance for the remainder of requirements was relevant critical skills, market share, supplier relations, organizational footprint, sales and marketing activities, and global size of the organization. A common theme throughout all the interviews was the acknowledgment of the lack of available skilled labor in Mozambique and that skilled labor not only resulted in enhanced product quality but also the revenue potential. Some participants noted that succession planning and overall organization contingency relied on the ability of the existing skilled labor to transfer skills and knowledge gained to new appointees. Although the market share and global size of the organization gave comfort to the local operations, it did not matter much to the local customers. Some of the participants cited that Mozambican suppliers are treated as valuable partners and that having good relationships with reliable suppliers is key to growth prospects. From the feedback received, it was evident that conventional marketing was very effective, primarily due to the vast areas to be covered and limited availability of advertising media;
- *weaknesses*: from the responses received when asked to rank the weaknesses the organization should guard against, the participants again rated the availability of skilled labor as their primary concern (or weakness). Retaining the services of ex-pats and skilled labor because of the lack of basic infrastructure resulting in

them not being able to bring their families to join then was listed as the second biggest concern. Their ability to effectively advertise and market their products across Mozambique due to the factors mentioned above was rated the third most worrying factor, and the ability to speak the local languages was mentioned as the fourth biggest concern. Funding from abroad and supplier relations were noted as no concern due to the ease of transferring funds to Mozambique and the practice of treating suppliers as reliable partners in their organizations;

- *opportunities*: the literature research has presented Mozambique as a country with diverse and abundant opportunities for the right business partner. Participants voiced the same opinion, especially in light of the proven gas resources in the north-eastern part of Mozambique and the potential developments associated with it. The increasing exploration and mining activities across Mozambique was rated as the second largest opportunity. The success of these two opportunities could also be credited for the third largest, namely the government's spending on infrastructure and the growth in construction projects. Other mentionable opportunities that were mentioned were the growth in agriculture, infrastructure developments, marine and rail sector growth and developments and access to and from neighboring countries due to these rail and marine expansions;
- *threats*: it was no surprise that the lack of local skilled labor was ranked as the main threat to conducting successful business in Mozambique. While the average response placed political stability as the second most concerning factor, it should be said that most of the participants who registered this as their major concern had operations in the regions where RENAMO (an opposition political party) was influential. The process that must be followed and the conditions that must be adhered to before foreign employees' working permits could be renewed was ranked at number three. From the interviews, it seemed like consistency in applying the law between regions was the main issue of concern. Furthermore, as it is a trend in

the Southern African region to force organizations to have a portion of local ownership in their companies, this was also a common threat mentioned by all participants. Other issues that were presented as threats included Mozambique's foreign exchange regulation, the increase of competitors due to the growing organization opportunities, the health and safety of employees due to the lack of infrastructure, and the impact of seasonal and environmental changes. Regarding the former, it was mentioned that transport and access to rail and roads during the rainy season in central Mozambique often come to a standstill for weeks at the end.

The following information was gained from the PESTLE analysis aspect of the study (refer Table 1):

- *political environment*: most participants believed that government policies and legislation directly impacted their organization and that this impact would be negative in the foreseeable future. In terms of the political factors that may have an impact, political activities were considered the main obstacle. In light of only 20% of the participants having had local shareholding, one can appreciate that the issue of local ownership was a concern. It was also agreed that it would be difficult to oust the ruling FRELIMO party – hence, political instability was a minor concern;
- *economic environment*: all the participants agreed that they do not expect the Mozambican economy to worsen from its current state. The participants were somewhat divided on what to expect from the currency and inflation performances in the next few years. They did, however, agree that unemployment would impact negatively on the economy. Even though most participants believe that unemployment levels would negatively affect the economy, no convincing evidence to that perception could be found, especially in light of the low base level from which the economy comes. It was agreed that given the low levels of crime, crime as such should not deter foreign investment;

- *socio-economic environment*: most participants agreed that the government did not do enough to improve the social environment. Most participating companies had a diverse workforce, and almost all of them had community improvement plans in action and therefore believed that their organization was doing enough in this regard. This was not unexpected since the government expects community improvement actions from all foreign companies. In follow-up discussions, the participants alluded to the fact that although socio-economic development is the responsibility of the government, they are willing to work together in this arena;
- *technology environment*: information received from the technology questions had most of the participants indicating that they used fixed-line, mobile, 3G, and/or Wi-Fi networks as methods of communication. Although they indicated that they had sufficient access to Wi-Fi and the internet and that fixed-line connections were stable and reliable, the mobile networks were very much unreliable with technological support practically non-existent. Participants replied in a follow-up conversation that the latter was one of the biggest technology concerns;
- *legal environment*: although legislation can provide powerful incentives in encouraging foreign investors, an over-regulated environment can have the opposite result. It was clear that even though companies prefer to use local legal representatives, they did not fully trust the local justice system. Expatriating funds back to holding companies was sometimes considered a difficulty. When asked to rank the most difficult legislation and laws to understand and apply, the import and export regulations, labor law and applying for or renewing work permits ranked as the most difficult;
- *environmental factors*: governments often place levies on polluting organizations, while rewarding those having a positive environmental effect. Participants agreed that

they felt the government did not do enough to improve national healthcare, the supply of clean water, establishing reliable electricity networks with broad coverage across Mozambique, quality housing, schools, and constructing more accessible roads. The lack of available skilled labor in Mozambique was raised as a major concern by all participants. The greater part of the participants felt that seasonal climate changes, although severe at times, did not have that big influence on their organizational activity. When asked to rank environmental factors in the order that it could impact their organizational activity the most, they mentioned healthcare, lack of local skilled labor, sound transport infrastructure, and electricity networks and supply. The fact that foreign companies are required to offset every foreign worker with ten local workers further burdens its ability to do business in Mozambique. All participants acknowledged the lack of sufficient housing and schools as further reasons for not being able to attract skilled labor from other countries.

Merely having the results of a SWOT and PESTLE project available is hardly adequate for effective management. What is of paramount importance is how the results can be developed into relevant information that is of strategic use. The modern-day business environment is characterized by ever-increasing economic uncertainty that may negatively impact global populations' livelihood and living conditions. This research enabled to identify some of the industry-specific and other generic issues that a diesel engine supplier may face when considering expansion into Mozambique. The benefit only becomes tangible when analyzed holistically within context. By grouping the information and identifying the trends it becomes possible to formulate effective strategies. During the interviews, it was obvious that there is a lack of market intelligence available and that the participants were all interested in the findings of the study. In light of the intelligence gained from the participants as provided above, the envisaged decision support framework is developed to systematically guide the formulation of a growth strategy, as presented in Table 1.

Table 1. Decision support framework for strategic investment in Mozambique

Organizational competitive analysis			Business environmental analysis	
Internal analysis	S	Leadership/management style	P	Actions of political parties
		Skilled labor		Local ownership content
		Market share		Change in political leadership
		Customer/supplier relationships		Political stability of neighbors
		Footprint in the country		Economic growth forecast
	W	Marketing and advertising	E	Inflation forecast
		Availability of skilled labor		Impact of unemployment
		Retention of skilled staff		Impact of crime
		Language barriers	S	Government impact on social environment
		Available management		Diversity of workforce
External analysis	O	Company funding	T	Company's community improvement plans
		Supplier relationships		Company's impact on the social environment
		Growth in the mining and gas industry		Telecommunication usage
		Government spending		Stability of fixed line and mobile networks
		Infrastructure development		Internet and Wi-Fi coverage and access
	T	Foreign donor funding	L	Local technology support
		Mergers with local entities		Comprehension of local legislation
		Routes to neighboring countries		Labor legislation
		Lack of suitable skilled labor	E	Foreign exchange regulations
		Political instability in Mozambique		Operating license requirements
		Work permits for foreign employees		Healthcare and sanitation
	T	Local ownership in companies	E	Reliable electricity coverage
		Health and safety of employees		Road and transport infrastructure
		Foreign exchange regulation		Housing and schooling

Based on the knowledge obtained from the study, it also becomes possible to develop both internally focused and externally focused intelligence in support of the above framework.

In terms of internal intelligence, firstly, it is obvious that a resilient leadership team, together with a skilled labor force, is of crucial importance for any hope of success in Mozambique. There seems to be agreement that ex-pats offer a genuine opportunity to bring the required skills into the fray, and then also to impart such knowledge into the local labor force. Nevertheless, the government's strict employment quota requirement makes it very challenging to even (temporarily) bring such skills into the country. To make matters even worse, the comparatively low educational levels in certain areas, together with language barriers, may also contribute to less than ideal knowledge transfer. However, on a positive note, the country does offer many opportunities in many sectors due the diverse nature of its economy. Growth potential for investors is, therefore, not limited to one or two industry segments.

Building on the aforementioned, in the context of external intelligence, research has indicated

that the Mozambican economic environment is multifaceted and very dynamic. In general, it would seem that the challenges outweigh the benefits when considering the investment in the country. While it is clear that although Mozambique has much potential, it remains largely reliant on foreign donor investments, and much of the recent economic developments have not yet trickled down to the regular populace. While the industrial sector seems to be inclined to agree with bullish trends of economic development, expectations of the currency and inflation performances are more bearish. Crime levels seem to have little impact on organizational activities. The availability and reliability of basic infrastructures, such as clean water, schools, healthcare, stable mobile network, electricity supply and technology support, as well as road infrastructure, is very limited. On a political note, the data indicated there is a risk in the form of questionable actions from the politicians. Due to potential volatility in the political arena, the prediction of the actions and reactions of political parties is difficult. Casting a further cloud hereon is the fact that the country is also ranked as one of the more corrupt nations on the African continent. Furthermore,

the government is somewhat under pressure to address the issue of local content in foreign organizations, which seems to be a deterrent for investment. Finally, the issue that participants considered to be the most important drawback is the lack of skilled labor. The information gathered from this study persuaded the diesel engine supplier to pursue a dealer channel to market rather than investing in a brick and mortar strategy.

4. DISCUSSION

From the data obtained during the interviews, it was evident that both the SWOT and PESTLE analyses may be subjective. Participants sometimes had varied responses on certain issues, perhaps due to them being from different sectors in the Mozambican economy. The user of business intelligence generated via SWOT and PESTLE analyses must always be cognizant of the fact that such generated intelligence will only be relevant if the responses and data that were received are free from undue influence, and that such intelligence should be used keeping possible bias in mind.

Like many other organizations, Company A is becoming more reliant on emerging economies for growth opportunities. According to du Plooy (2016), the drivers behind such investment imperatives are often justified by the demographic and economic statistics, such as the GDP growth trends. Khanna, Palepu, and Sinha (2005) stated that the top management teams of large corporations acknowledge that globalization is a critical challenge. One argued that this statement is still valid today. Khanna et al. (2005) were also keenly aware that it became tougher to formulate effective internationalization strategies and to identify potential countries in their internationalizing efforts. Irrespective of this, many companies seem to keep on following their 'historic' strategic approaches, often to their detriment.

Considering contemporary global economic uncertainty, it is accepted that much research and planning are essential before attempting to formulate effective organizational strategies. It is important to focus on acquiring data and intel-

ligence, and not to be side-tracked by the mere profit potential. It is argued that thorough investigations into the organization and the operating conditions greatly improve the relevance and effectiveness of organizational strategies. A probable new market entrant needs to understand the significance of emerging market operation on its core operations. It also has to decide on the extent of their (long-term) commitment in trying to achieve successful market entry. Although the company considers Mozambique as having much potential, it also recognized that even if its investment in this market is strategically sound, it may still be slow to show profitable results.

To ensure that an organization considers as many variables as possible in the organizational strategy development, the results from the PESTLE analysis were considered within the context of the opportunities and threats of the SWOT analysis. Although it is relatively easy to list strengths, weaknesses, opportunities, and threats, it is often also quite easy to miss important external factors. Merely coming up with the results of each factor is not enough. In order for the SWOT to be truly successful, it is essential to carry out further analyses of all the possible threats and disadvantages to make sure that they have been planned for in advance (Du Plooy, 2016). From the results of the research, it was evident that forces outside the control of the organization may have a major influence on the strategies and operations within the organization. The PESTLE analysis highlighted important factors that had to be considered during the formulation of their strategy for Mozambique. Du Plooy (2016) found that the data collected often demonstrate that organizations react differently to the external environment because of management perceptions and the quality of information. It was concluded, therefore, that organizations must plan effectively and should have comprehensive information-gathering techniques that will enable them to make better and more accurate decisions. From the responses, it was clear that managers only needed to consider which factors were most likely to change and which ones would have the greatest impact on them, i.e., each organization should identify the key factors in their environment

and how variances in those will impact their organizational operations. For example, from the replies received during the interviews, it was clear that managers had to consider the comparative significance of multiple factors, which

could be ranked or scored based on the likelihood of a change or the potential impact. The higher the likelihood of a change or the greater the impact thereof, the more crucial the specific factor is to the planning initiatives.

CONCLUSION

It was an objective of this research, in developing a decision support framework, to identify and analyze the important factors that may impact on the competitive environment of a company aiming to invest and expand into Mozambique. It was argued that if such factors are properly identified, it could assist the company in proactively planning and implementing the strategies to address these factors, and in doing so, increase the chances of success in the developing economy of Mozambique. In developing the framework per the primary objective, the identified factors are taken into consideration and are ranked in order of severity, based on the feedback from the participants. By utilizing this framework, a systematic analysis process in collecting the data and generating the intelligence is enabled. By planning accordingly, the company may also recognize the differentiating factors in Mozambique and realize potential reasons as to why a previously successful strategy used somewhere else in the world might not work in Mozambique.

In light of the above, and due to the current developments in the Mozambican economy, it is recommended that the company should not only utilize the framework but also monitor it regular by and analyze new data that may become evident. As such, the SWOT and PESTLE tools could ensure that the company keeps in touch with its competitive environment.

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ANNEXURE 5: ARTICLE 2 PROOF OF SUBMISSION

SUBMISSIONS

SUBMIT MANUSCRIPT

ID	TITLE	AUTHOR	JOURNAL	PHASE	STATUS	SUBMISSION DATE	LAST ACTION
 MA4227	Developing a growth- strategy-support-model to support investment decisions into Mozambique	Pieter Buys, ...	Innovative Marketing	Initial Review	In progress	21.06.2021	25.07.2021

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ANNEXURE 6: TURN-IT-IN SIMILARITY INDEX (SUMMATIVE)

The development of a growth-strategy support model to enable cross-border expansion stratagems

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Thesis submitted in fulfilment of the requirements for the degree **Doctor of Philosophy** in **Business Administration** at the North-West University

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