Towards a Pragmatic Approach to the Colonial Heritage in Firm Internationalization Strategy

The case of French and Portuguese firms in Francophone and Lusophone Africa

Master's thesis

BLC - Business, Language and Culture, BADS

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1. Introduction

It is a well-known fact that doing business in a foreign environment is often difficult because of diversity in the corporate and national culture, rules and norms. Being successful as a firm in a foreign environment requires a whole range of skills: on the company level one requires a sound and adapted internationalization strategy whereas on a managerial level it is necessary to be able to identify the roots of unexpected or uncommon problems, to exhibit effective communication skills and a thorough understanding of the local business, legal and cultural context (Jacob, 2003). For this reason, a higher degree of perceived vicinity can be a welcome relief to some of these issues inherent in entering a foreign market. Speaking the same language or having knowledge of each other's cultural values has the potential to reduce the perceived difference between actors from different nationalities and therefore smoothen cooperation (Johansson & Vahlne, 1977). Enter the cooperation between France and Portugal on the one hand, and their African former colonies on the other. The colonial regimes of these two countries in particular were based on linguistically and culturally assimilating the colonized into the greater French and Portuguese national entities, which still resonates in these states today (Njoh, 2000). Much is written about the destructive impact of colonialism on Africa, but in light of encouraging a new and pragmatic discourse about Africa, it is worthwhile to examine whether and how this colonial regime has influenced the countries' ability to conduct business in a more streamlined fashion. Of course, the authors of this thesis recognize that instead of a natural vicinity between Africa and Europe, the cultural values were forced upon the colonized nations and still bear a significant negative connotation of exploitation and racism – even nowadays both France and Portugal are often criticized for their neo-colonialist policies in Africa (a detailed account of the repercussions of the colonial regimes is given in chapter 2).

However, considering just the facts for a moment, it is true that France and Portugal maintain strong economic, political and institutional ties with their former colonies in Africa (Brysk, Parsons and Sandholtz, 2002). In a closer look, one finds that economically, Portugal has retained its position as the leading trade partner of Angola, Cape Verde, Guinea-Bissau and São Tomé and Principe, accounting for 18%, 48.3%, 30.8% and 56.4% (2009) of imports, respectively (see case section). It is also the 5th supplier of Mozambique with 3.5% of the imports (2009) (EIU, 2010). Although the Francophone

African countries exhibit much interregional trade and a steady rise Asian trade partners (CIA World Factbook, 2009), France, like Portugal, retains a solid trade relationship with these countries. In most of the eight countries in the West African Economic and Monetary Union (UEMOA), France is one of the largest import partners – often after China or an African neighbor country[1]. In the Maghreb, France is still the largest trade partner, supplying Morocco, Tunisia and Algeria with 16.95% (2009), 20.1% and 19.7% of their respective imports (CIA The World Factbook, 2010).

The pattern in development aid also shows a tie between European nations and their former colonies. In general, the percentage of national foreign aid programs targeted to the respective ex-colonies exceeds the OECD average to those destinations. (Brysk, Parsons, & Sandholtz, 2002) In the case of France, although the French Development Agency (AFD) is the second largest aid industry in the world after USAID, it still spends 49% of its funds in former colonies (AFD, 2009). The case of Portugal is even more telling, as in 2009 the fiver former colonies in Africa plus East Timor absorbed 66% of the total bilateral aid disbursed by the Portuguese Institute for Development Support (IPAD).

Politically, Portugal and France remain tied to their former colonies in Africa through intergovernmental organizations, most notably through the *Organisation Internationale de la Francophonie* (OIF) and the *Comunidade dos Países de Língua Portuguesa* (CPLP). In international affairs as well, France and Portugal remain the key advocates for their former colonies in Africa (EIU, 2009).

Immigration data also helps to portray the strength of the post-colonial ties on a more civil level. In France, 12% of all immigrants come from Sub-Saharan Africa, of which two out of three come from former French colonies, which is the equivalent of one out of every 30 citizens of these countries. These figures are much higher for the Maghreb, with 31% of all French immigrants originally hailing from Morocco, Tunisia and Algeria (INSEE, 2006). In Portugal, the former colonies in Africa represent more than 22% of the total immigrants (SEF, 2009). Although the immigration numbers are quite large for all the former colonies, Cape Verde is a case worth highlighting: in 2009, there were

[1] Ranking and percentage of imports from France of the francophone UEMOA countries (all except Guinea Bissau): Senegal #1 (19,6%), Niger #2 (15.95%), Ivory Coast #2 (14.19%), Mali #2 (11.59%), Togo #2 (8.64%) Benin #3 (7.38%), Burkina Faso #10 (3.2%) (CIA World Factbook, 2009).

48.845 Cape Verdeans residing in Portugal, roughly the equivalent to 9.6% of the small African country's population[2].

Statistically, it is clear that there exists a form of skewness in trade, aid and immigration data that represents the repercussions of the French and Portuguese colonial past, but the *explanations* for this form of "favoritism" are more complicated and diverse. A variety of scholars offer different explanations for the unique economic relationship seen between former colonial empires and their respective colonies in Africa (Brysk, Parsons and Sandholtz, 2002; Karmarkar, 2004; see section 3.1). However, although these studies address a certain psychological as opposed to purely rational economic aspect of this unique relationship, the personal level repercussions in the context of internationalization motivations of firms are largely left untouched.

1.1. Research Question

Although the statistics show that the French and Portuguese colonial past still resonates in Africa, and some studies provide a broadly defined explanation for the ongoing ties between countries that share a colonial past, they do not adequately address pragmatic benefits that could be achieved from these ties. Referring to the aforementioned benefits of lower perceived distance between business partners, one could argue that despite the negative colonial connotations, the close relations between these countries, linguistic similarities and knowledge of each other's culture, rules and norms could have the power to leverage business cooperation. As a preliminary step to establish what these benefits might consist of for French and Portuguese companies, it is necessary to look into how these perceptions of vicinity manifest themselves on a micro-level. It must be investigated whether the benefits for a Portuguese and French individual who does business in Africa are primarily based on economic rationale or whether factors such as perceived similarities such as common identity and shared language play a role in determining cooperation opportunities. It is for this reason this thesis preliminarily answers the following research question:

How do Portuguese and French managers justify entry in the former colonies in Africa?

[2] The total population of Cape Verde is 508.659 (July 2010 est.) (CIA World Factbook, 2010)

To tackle this research question, we have selected two French and two Portuguese case companies, from which we interview managers that have to varying degrees been involved in making such decisions. Their justifications are subsequently analyzed to find mention of the benefits of common language, culture or identity, and efforts are then made to aid in the recognition of concrete competitive advantages of being present in the former colonies. This thesis therefore relies on an incremental process of analysis, where the main research question, i.e. looking for foreign market entry (FME) justifications, serves to reach the overarching goal of *defining concrete benefits of operating in former colonies for French and Portuguese managers.* For the research question to serve this goal, the managers' justifications must therefore exhibit at least an awareness of the colonial regime – which is why the ubiquity of the colonial context as it resonates today is given much attention in this thesis. Also, given that the colonial context is relevant throughout and after market entry, we can intentionally blur its application to both investment decision and the subsequent presence of companies in the market. As is shown in this thesis, because of the recurrence of the colonial context, analysis of justifications for entry can be used to aid in the recognition of competitive advantages of being present in the former colony. Recognizing the benefits of operating in the former colonies is a potentially valuable, but as the literature review will prove, theoretically underdeveloped dimension of conducting business in the African colonial context. Increased knowledge of this dimension can have many practical applications – a supposition that has motivated the authors significantly.

1.2. Motivation

After having observed various vague statements in publications and through personal experience concerning the benefit of linguistic and cultural similarity between France and Portugal on the one hand, and their former colonies on the other, we became interested in mapping the factuality of these claims. We sought to discover whether and if so, how this post-colonial similarity was communicated. The main reason we propose this increased understanding could be useful is that it has the potential to aid both the French and Portuguese managers and the local African partners in leveraging cultural and linguistic similarities across countries. Additionally, considering the controversy around the rise of China and other Asian business partners in Africa, it is worthwhile to consider the potential benefits of leveraging cooperation between countries that at least claim to have a higher mutual understanding of each others' culture, and perhaps therefore an increased understanding of each others' needs. Examples of the materialization of this improved understanding for the French and Portuguese companies could include more adaptive and effective cultural training programs, the creation of innovative ways to sell products in former colonies or increased ease of communication towards external stakeholders and the media. The benefits for the African partners could include viewing French and Portuguese companies as more trusted business partners with whom issues such as harmful extractive practices, employee needs and wants, price and sales negotiations and in general cooperation issues might be more comfortably addressed.

1.3. Outline

To answer the research question at hand, and more broadly to investigate managers' FME decisions in the former colonial context, a highly diverse theoretical background must precede an in-depth analysis of the research findings. The thesis therefore sets out in Chapter 2 by presenting the historical background and roots of the French and Portuguese colonial regime to illustrate the repercussions of colonization to this very day. More concretely, it shows that it is more than likely that a French or Portuguese manager deciding to enter former colonies is aware of this heritage. In chapter 3, an extensive account is given on what is known about the explanations for the unique and recurring relationship between former colonizers and former colonies. Because these theories prove inadequate for our topic of interest, the chapter then reviews the internationalization literature to posit the colonial case into broader theoretical focus. Finally, it identifies gaps in the literature. Chapter 4 outlines the methodological considerations in the establishment of the research and thesis in general. After an explanation of our critical realist and objectivist interpretations of the concepts necessary to realize the research objective (justifications, perception, causal relationships), this chapter outlines the approach and methods used to conduct the case research for this thesis. In Chapter 5, the two French cases (Accor and Savoye), and two Portuguese cases (Sovena and EFACEC) used for our research are introduced. A profile of the companies and the interviewees is given followed by some excerpts from the interviews. Chapter 6 presents the analysis of the interview material and draws conclusions based on the interviewees' proclivity towards colonially motivated justifications. Chapter 7 proceeds to highlight some important limitations and subsequently recommends further research. Finally, Chapter 8 concludes with the most important findings of the thesis, both theoretically and concerning the (preliminary) answer to the overall research problem.

2. Historical background

2.1. The French and Portuguese former colonial contexts

To fully understand the context in which French and Portuguese managers operate, it is necessary to understand the lasting impact and historical roots of the colonial heritage on the mentalities of both the colonizer and colonized. This mentality resonates not only in the political sphere of the Northern and Southern countries' elites, but has also influenced the perceptions of these countries' inhabitants about the communality created by a shared linguistic – and as is explained below, even a cultural platform. Thus, when French and Portuguese managers are confronted with a foreign market entry situation, these perceptions arguably influence their decisions on either a conscious or subconscious level. Below, a historical account is therefore given of the various colonial aspects that still play a role in the current relationship of France and Portugal on the one hand, and their former colonies on the other. First, an elaboration is given about the classic academic discourse about colonialism. Then, this chapter explains the French and Portuguese colonial regimes and strategies, the roots of a perceived shared identity, the current discourse about the importance of maintaining this identity and some relevant economic indicators of the post-colonial relationship.

2.1.1. Thorny ground: classic discourse on colonialism

The literature that analyzes the impact of colonialism usually exhibits a clear normative perspective. A classic account of the impact on colonialism is the *"Discourse on Colonialism"* by Aimé Césaire (1955), in which he gives a personal account of the impact of the European presence on the mentality and identity of the African peoples. In the book *"The colonizer and the colonized"* by Albert Memmi (1974) the reader finds an intricate and disturbing portrait of the colonizer and the colonized. The author starts with the two different types of colonizers: the one who refuses colonization, portrayed in the book as a superior man, and the one who accepts colonialism (the colonialist) which chose a more logical role, the natural vocation of a colonizer; however he "decays" because he seeks to legitimize colonialism through falsifying history, rewriting laws, extinguishing memories, a paternalistic attitude, patriotism and superiority of the mother country and a rejection of the identity of the colonized and colony. The colonialist was additionally marked as being an oppressor: the entire administrative and political machinery of a colony has no other goal than to benefit a few; exploitation, inequality and contempt, guaranteed by police authoritarianism. Finally, the regime was clearly based on racism – in fact, this sums up and symbolizes the fundamental relation between the colonizer and the colonized. It is built of the schism between cultures, the exploitation of the differences to the benefit of the colonialist and the use of the supposed differences as standards of absolute fact. “The colonialist stresses those things which keep him separate, rather that emphasizing that which might contribute to the foundation of a joint community” (Memmi, 1974). This can be said to adequately summarize the legacy that the European powers left on the mentalities of the colonized. Whereas the impact on the minds of the colonized is almost universally seen as negative, the impact on the former colonies’ economies is subject to diverging views. Below, the leading theories in this regard are briefly outlined.

2.1.2. Drain of wealth thesis

“According to the ‘drain of wealth’ thesis, most of the colonial surplus was extracted by the metropolitan countries (in the form of interest payments on loans, repatriated profits, salaries and pensions) and this, by reducing the indigenous capital accumulation process, had a negative effect on the colonies’ growth prospects. Direct exploitation also included taxes, tariffs, restrictions on trade and foreign investment, forced labor, and even enslavement of the indigenous population. These distortions furtherly hampered the colonies’ growth potential. The impact of the latter two practices, combined with distorting educational policies, may also have created disincentives to human capital accumulation, therefore affecting growth also through this indirect channel. Finally, colonial domination may be responsible for generating societies with dysfunctional institutions, rent-seeking elites and ethnic conflict, features which characterize much of Africa’s recent history.” (Bertocchia & Canova, 2002:1853)

2.1.3. Modernization thesis

“An alternative point of view emphasizes the positive development impulses that came from the metropolises. According the “modernization” thesis, colonial rule was legitimized by the fact that it promoted the integration of the colonies into the world economic system, channeled foreign capital and fostered a modernization process in the colonies. Hence, supporters of this hypothesis stress that colonialism was beneficial for growth." (Bertocchia & Canova, 2002:1853)

2.2. French and Portuguese "direct rule"

The choice of the French and Portuguese colonial empires as the focus of this thesis is as much a methodological decision as it is of personal interest to the authors of this thesis. Because of the high impact of the colonial strategy used by these two countries, the foreign market entry decisions and subconscious awareness of managers from these countries are likely to be influenced by the "direct rule" instigated by the former European rulers during the colonization period. To explain why this assumption can be made, the particularities of the direct rule strategy are given below.

When the European powers conquered their new African territories they had few long-range plans for economic, social or political change. (Curtin et al., 1995) However, all the European powers meant to "set up administrations that could control the African populations, either directly through their appointed officials or indirectly through the existing African authorities." (Curtin et al., 1995:423) Furthermore, in order to achieve the goals in Africa, European brought a heritage of ideas about overseas empires. "This body of ideas took into account such considerations as the best kind of relationship between the colony and the metropolis, and between colonizers and colonized, as well as a wealth of ideas about how to accomplish many specific purposes." (Curtin et al., 1995:424) It makes sense that the administrative culture of the European empires[3] would then be reflected in the way colonies were to be administratively run.

In studies of European colonial strategies (Njoh, 2000; Khapoya, 1998; Davidson, 1989; Mazrui, 1983; Hailey, 1957), the French are associated with the "direct rule strategy", which favoured centralization, particularly the concentration of all colonial decision making in Paris. (Njoh 2000:161). Similarly, the Portuguese colonial policies, especial-

[3] One and distinctive cultural aspect of France and Portugal, related to the aspect being discussed, is visible in the renowned study of Geert Hofstede (2004). In particular the Power Distance Index (PDI), which measures "the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally" (Hofstede, 2004), is fairly higher in France and Portugal than, for example, in Britain or the Netherlands. The scores are (from lower to higher PDI): UK: 31, Netherlands: 34, Portugal: 59 and France: 64.

ly under Salazar[4], were based on a “narrow political and economic nationalism and a reluctance to contemplate self-governance in the colonies” (Chabal et al., 2002:31), and showed “striking resemblances to French “direct rule” and Belgian “paternalism” especially as far as administrative centralization was concerned.” (Fowale, 2009) On the contrary, the British, for example, “are best known for promoting decentralization through the so-called "indirect rule strategy", which employed indigenous African institutions in the administration of British colonial policy”. (Njoh 2000:161)

In the British example, the indirect rule “involved the use of indigenous African power structures, including local institutions, kings, chiefs, eldermen and so on, as conduits for the implementation of British colonial policies. As part of the British administrative system, the kings, chiefs and eldermen were required to, amongst other things, enforce colonial government ordinances, maintain law and order, collect taxes, and provide the cheap labour necessary for colonial governance.” (Njoh 2000:163)

The direct rule strategy as employed by the French and to a certain extent by the Portuguese, “was in effect a highly centralized system of administration, which was designed to overlay all indigenous African politico-administrative structures” (Njoh, 2000:164). Under direct rule, “the chain of command ran through echelons of European officials as far as possible.” (Curtin et al., 1995:425) This passage shows how serious the project of a greater France was for the French (Njoh, 2000:165)

> “The French proclivity towards centralization was conspicuously manifested at the turn of the century with the unification of all its sub-Saharan African colonies under two gigantic federations, namely French West Africa and French Equatorial Africa. All of the laws that governed the two federations originated in Paris, while most of the personnel on the ground were of French origin. The French saw their African colonies as an extension of France and had indeed harboured the view that eventually the colonies were to become integral parts of France. In fact, French colonies, unlike others, were given the right to vote representatives to the French national assembly.” (Njoh, 2000:165)

In Portugal, as late as the in 1950s, the African colonies were still “deemed to be, and forever remain, overseas ‘provinces’, integral parts of the motherland.” It was not before “a decade of colonial wars, the collapse of the dictatorship and the return to democracy in Lisbon, before Portuguese Africa was set free.” (Chabal et al., 2002:31)

[4] António de Oliveira Salazar was Portugal’s dictator from 1932 to 1968

Because the pre-colonial European administrative tradition influenced the colonial strategies, it is reasonable to postulate that those same strategies influence the modern business relationships of interest to this thesis. According to Chabal et al. (2002), some modern features of Portugal's former five colonies in Africa can be traced to the roots of Portugal modern colonial rule. For instance, "on the one hand, the postcolonial states inherited from their colonial masters a strongly authoritarian form of government. On the other hand, they took over a particularly inefficient bureaucratic administration." (Chabal et al., 2002:42) To analyze how these colonial structures influenced modern day Africa, it is therefore necessary to follow the history and repercussions of the French and Portuguese presence in Africa beyond the time of independence and up to the current stance of this issue in political and business spheres. In the next sections, it will become clear that the colonial influence indeed extends beyond mere institutional forms and negative memories, but also resonates in the cultural, linguistic and economic relationships still held today. First, an account of the ties between France and Francophone Africa is given, followed by the ties between Portugal and Lusophone Africa.

2.3. France and its former colonies

2.3.1. History of the socio-linguistic identities of the French former colonial regime

As described above, both the French and Portuguese colonial regimes were characterized by the direct rule method, which implied among others the imposition of their respective cultural values and norms. The colonial relation was maintained by emphasizing the superiority of the colonizers' culture, and the ruling elite was therefore educated to embrace these new values and neglect their own African heritage (Memmi, 1974). As for France, although a large number of these members of the francophone African elite remained loyal to France even after independence, a movement that aimed to harmonize the French cultural values with their inherited African ones also emerged. In the 1920s and 1930s, a group of African students in Paris started the "Négritude" movement. Most notably the Senegalese president to be Léopold Senghor and the Martinican poet Aimé Césaire envisaged this movement as promoting solidarity in black identity as a rejection of French colonial racism. They did not, however, reject their French connections; instead they strived for Blacks under French rule to take a "seat at the [French] table as equals" (Césaire, 1972). The French initially rejected this open and fraternal discourse with its colonies and was more willing to give the colonies independence and continue discourse through indirect channels. Indeed, after independence, the West African nations were still very much influenced and supported by French politics. A decennium later, France nonetheless started to support a more intense and identity-related cooperation between francophone countries and reinstated an idea used by Senghor in the Négritude movement, i.e. the “Francophonie”, to institutionally recognize a shared identity between French speaking nations (OIF, 2010). In 1970, the International Organization of the Francophonie (OIF, French*: Organisation internationale de la francophonie*) was created. It currently encompasses 56 member states, 3 associate members and 16 observers – amounting roughly to one billion people or one seventh of the world’s population (OIF, 2010). Apart from the primary objective of promoting the French language worldwide, the organization emphasizes the “humanistic cultural values derived from the French heritage” and has an active and financially supported role in the fields of culture, science, economy, justice, and peace (OIF, 2010).

2.3.2. Public discourse on the role and importance of the Francophonie

Since its conception, the OIF has successfully strengthened the North-South ties and cooperation on several levels, but because much of this discourse has taken place between leaders of the associated countries, critics have argued that the organization is a mere guise for the continuation of neo-colonialist policies from Paris (Torou, 2008; Bourgi, 2010). Especially during François Mitterrand’s presidency in the 1980s, the numerous military, economic, monetary and financial interventions of France through various bilateral institutions in Francophone Africa have added to the distrust of the OIF by the general public. Another criticism that was often directed at France was its insistence on the maintenance of bilateral relationships as opposed to supporting regional cooperation between African countries. Despite many pledges of the West-African nations to “wean” the French influence in favor of a more open and regionally oriented policy, their economic interests have usually kept them politically close to France (Amuwo, 1999). The knowledge that many African leaders met in private in Masonic lodges with their French counterparts did not aid in this regard, and many thought that “the language, the culture and the French nationality are merely efficient measures to attract and tie the peoples of the former colonies to the “Mother Country” (Torou, 2008, own translation).

In recent years, and especially since Nicolas Sarkozy became the president of France in 2007, the policy of Paris towards Africa has changed substantially. Sarkozy’s harsh and tightened immigration policies as Interior and Planning minister before his presidency were well known to African leaders because of the high numbers of immigrants from the Maghreb and West Africa (see section 2.3.4 on immigration). His plans for a new relationship between African and France were clearly voiced in a speech he delivered as minister of the Interior and Planning in 2006 to Beninese politicians. In it, he called for a more transparent relationship between France and Africa instead of the "unofficial networks" which used to exist. About the Franco-African ties he further stated:

"We have to build a new relationship, cleaner, free of complexes, balanced, clear of the dregs of the past and of obsolescent ideas that remain on both sides of the Mediterranean," (BBC, 2006)

On a similar note, in a speech he gave in South Africa in 2008, he said that in there exists a sort of “African exception” in public opinion: “what is considered normal discourse with other regions of the world is viewed with distrust regarding the intentions of the French government when it concerns Africa” (Sarkozy, 2008; own translation). This open and levelheaded rhetoric can be argued not to reflect a noble intention, but simply the diminishing interest of French companies in the (Francophone) African continent (Hoh & Vignaux, 2006). Indeed, economic indicators show that despite stably high levels of imports from France to its former colonial regime, the influx of FDI to especially West Africa has declined significantly (EIU, 2010). For instance, the influx of FDI to Senegal in 2000 came for 90% from French companies as opposed to a mere 50% in 2009 (Beauté, 2010). However, according to Mamadou Makhtar Diagne, the private sector depute of the Senegalese financial ministry, this is not because of a diminishing French presence, but because of increased interest and competition from e.g. India and China (Beauté, 2010). Additionally, two of the largest French companies, i.e. France Telecom and Air France report increasing revenues from Francophone Africa (Etroubéka, 2010), although this does not seem to imply a trend for other large French industries. Regardless of the reasons for a declined French presence in Africa, when Sarkozy expressed his “confidence in a bright future for the Franco-African relations” (Sarkozy, 2008; own translation), this was contrary to the current state of affairs in the business world.

The OIF in the meantime has not retreated from its African countries of interest – on the contrary. The cooperation dimensions and the goals that it has envisioned express that it has in fact modernized to address the continent's most pressing economic and ecological problems. Apart from the primary goal of 1) promoting the French language, cultural and linguistic diversity, it has in 2008 set four other goals that strive to 2) promote peace, democracy and human rights, 3) strengthen education and research, 4) to facilitate sustainable development and solidarity and 5) to use its experience and knowledge to strengthen the future of the Francophone region. The OIF has increased means of achieving these goals through increased financial commitments from the French government and the AFD in particular (Yannic, 2010). An interesting pragmatic development concerning the aforementioned goal 3 is the creation of an institute that aims to facilitate knowledge transfer among the (Francophone) countries with lower social and cultural barriers: the Francophone Platform for Research, Development and Innovation (French: *Espace Francophone pour la Recherche, le Développement et l'Innovation*).

However, contrary to the CPLP (as elaborated on in section 2.4.1), the OIF does not have similar pragmatic incentive programs concretely in the business sphere. French companies entering the African market can instead rely on the assistance of the Counsel of Investors in Sub-Saharan Africa[5] (CIAN, French: *Conseil des Investisseurs en Afrique Noir*). Created as a private association, CIAN aids companies by giving them a common voice in Africa, and by providing a public relations, lobbying and networking platform. A combined industrial and service workforce of 80.000 individuals in large companies and SMEs (around 50%) is represented by CIAN that provide over 40 billion Euros in business value in 49 African countries – or 75% of French business activity in Africa. Like the OIF, it has developed to incorporate a more social perspective by emphasizing sustainable development and corruption prevention in its statutes (CIAN, 2010).

In conclusion, the environment in which a French company operates in francophone Africa is one of at least an awareness of the special institutions created for French companies and their efforts, and most likely includes a form of political or business cooperation with the OIF and the CIAN in particular. The authors therefore assume that the French colonial history and its repercussions are most likely present in the managers'

[5] "Afrique Noir" (lit. "Black Africa") is a term used in French to describe either the former French West-African colonies or Sub-Saharan Africa in general. However, the CIAN also provides assistance to French companies operating in Northern Africa.

minds on at least a subconscious level. In the following sections, some economic indicators are given, as these visible types of colonial preferentiality further illustrate the point of "managerial colonial awareness".

2.3.3. Trade and Foreign Direct Investment (FDI)

To illustrate France's trade relationship with its former colonies, some general trade statistics are examined in this section as an expansion of the figures given in the introduction to this thesis. As described above, it is important to show these ties because it gives an idea of the context with which a company that decides to enter these markets has to deal. A skewness of trade between France (and Portugal) and its former colonies indicates that a new entrant most likely is aware of other companies already present in the market and therefore is aware of a certain demonstration effect provided by these companies – whether they are active in the same industry or not. As described before, the Francophonie strengthens the close bonds between the upper echelons of the former French colonies' elite and France, not only on a political and military level, but also on an – albeit diminishing – business level. For French companies, this implies that they can appeal to the preferential treatment implied by the Francophonie and CIAN to overcome bureaucratic obstacles of entry otherwise imposed by the public sector in these markets (Bourgi, 2010).

Exports from and FDI into the former colonies by France show a definite favorable position for French companies. This is especially true in the Maghreb and Morocco in particular, where FDI from France and Spain (albeit erratically) makes up between 40% and 90% of yearly FDI influx (see figure 1). In West Africa, however, in accordance with the diminishing French interest in Africa, the number of larger enterprises with a significant presence in West Africa is no more than two dozen (Hoh & Vignaux, 2006). But whereas exports in the Maghreb are often directed to Europe, India and Brazil (EIU, 2010), Sub-Saharan Francophone Africa exhibits a much higher share of regionally oriented export partners. Partly strengthened by the West African Economic and Monetary Union (UEMOA), partly due to increasing local demand, this trend seems to be expanding. Other notable export partners of West Africa include China, India, Brazil and South Africa (CIA World Factbook, 2009)

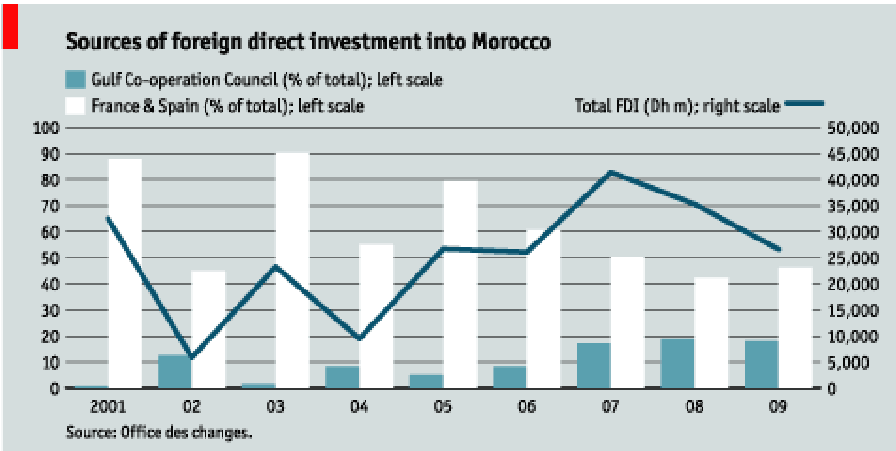


Figure 1: Sources of FDI into Morocco. Source: Office des Changes (in EIU, 2010)

However, as evoked in the introduction to this thesis, the most striking example of skewness of trade relationships is found in the import levels of former French and Portuguese colonies. Due to lasting colonial ties that have evolved into preferential business relationships, French capital goods, semi-finished goods, energy products and consumer products still enjoy a high level of preference throughout the former colonial regime (EIU, 2010). Import statistics of a sample of former French colonies in Africa are given below.

Morocco

	2009
France	*17.1*
Spain	14.8
China	7.2
Italy	6.8

Algeria

	2009
France	*18.1*
China	11.1
Italy	9.4
USA	4.1

Senegal

	2009
France	*19.5*
UK	9.6
China	4.7
Netherlands	4.0

Ivory Coast

	2009
Nigeria	20.8
France	*14.2*
China	7.2
Thailand	5.1

Cameroon

	2009
France	*21.1*
China	10.4
Belgium	6.7
USA	4.3

Republic of Congo

	2009
France	*20.6*
China	14.5
Italy	9.6
Índia	5.6

Table 1: Imports of Selected Former French Colonies by origin (as % of total)
Source: CIA World Factbook, 2010

Additionally, most francophone countries in the UEMOA, i.e. Senegal, Niger, Ivory Coast, Mali, Togo and Benin still rely on France significantly for their imports, mostly after China or a regional trade partner. As explained above, this relationship with France is not without contestation, but Sarkozy's change of tone towards Africa (i.e. speaking of openness and less presence) will not only influence politics, but arguably the relative trade shares of France as well. A recent publication by the bell-ringer organization Wikileaks (2010), shows that Paris is willing to cede investment opportunities for instance to the United States. In the past, other countries were obstructed by French lobbying efforts on the governments of the African countries, but as international relationships continue to develop, there seems to be room for newcomers from elsewhere as well (Africa Bulletin, 2010).

2.3.4. Immigration

As previously mentioned, the post-colonial pattern is not only visible in trade relationships, but also in immigration patterns. Despite a high number of inter-European immigration, in number terms the most immigrants into France come from Africa (most notably from the Maghreb), and the influx from these countries continues to rise (INSEE, 2007). The percentages and number of immigrants from the most present respective countries of origin are given below.

	n	***%***
Algeria	*702.324*	*13,6*
Morocco	*645.246*	*12,5*
Portugal	575.745	11,2
Italy	323.305	6,3
Spain	262.512	5,1
Turkey	230.821	4,6
Tunisia	*230.821*	*4.5*
Other African Countries[6]	631.654	12.3

Table 2: Foreign residents in France by country of origin 2007
Source: Insee (2007)

[6] These other African countries represent almost exclusively former French colonies; most notably Senegal, Congo-Brazzaville, Democratic Republic of Congo, Mali, Ivory Coast, Cameroun and Madagascar.

2.3.5. Official Development Aid

Another crucial example of the Francophone African ties with France is the pattern of France's official development aid. The French Development Agency (French: *Agence Française de Développement*) or AFD is the world's second largest aid agency (after USAID of the United States) with a total aid expenditure of USD 12.43 billion in 2009 (OECD, 2010). Although the AFD is present in a wide variety of francophone and non-francophone countries, historically their quantitative preference towards francophone countries has long been visible in terms of aid volume, and especially so in Africa. A recent publication by AFD in light of Africa's celebration of fifty years of independence highlights fifty of the most important achievements of the aid agency on the continent. These vary from infrastructure and telecommunication projects, port constructions and other economic leveraging to the support and revitalization of agricultural industries. Not surprisingly, given the prevalence and close cooperation of the Francophone world that will be elaborated on below, *every one* of these projects took place in former colonies (AFD, 2010). In recent years, however, the AFD has shifted some weight away towards some non-francophone African countries; most notably to Kenya, Tanzania and South Africa. Also on other continents, the preferential treatment of the former colonies seems to be waning. Whereas in 1980 85% of the AFD's developmental funds were aimed at former colonies (AFD, 2010), today's picture looks less "francocentrist", as presented in the table below.

	2008	2009
Francophone Africa*	1272,4	1869,1
Départements d'Outre-Mer**	1041,1	973,3
Indochina***	171,8	141
Haiti	26,2	28,4
The Levant****	7,9	47,4
Total	2519,4	3059,2
Total ODA	4191,6	6128,8
% of ODA directed at former colonies	60.1	49.9

Table 3: AFD Official Development Aid 2008 – 2009 by destination (in million €)
Source: AFD 2009 Annual Report

* defined as all African AFD recipient countries except Tanzania, South Africa, Sao Tomé and Principe, Guinea, Guinea Bissau, Namibia, Ghana, Cape Verde, Ethiopia, Zambia, Nigeria and Kenya, but including Egypt and Sudan (because of the strong former colonial ties)
** Overseas territorial possessions of France

*** Former colonial regime of French Indochina, consisting of Vietnam, Laos and Cambodia
**** Lebanon and Syria

2.4. Portugal and its former colonies

2.4.1. History of the socio-linguistic identities of the Portuguese former colonial regimes

Although the Portuguese former colonies did not consolidate their identity ties with Portugal as concretely as the French colonies did, the Portuguese had throughout the centuries encouraged marriage between the Portuguese settlers and the local population. By 1700, in Angola, Luso-African[7] communities had become more and more influential at the expense of the metropolitan Portuguese and were in control of most administrative and economic positions in the colony. (Curtin et al., 1995) In the years leading up to independence, a sizeable population of so called "assimilados", Africans who had learned Portuguese, accepted Christianity, and signed the declaration of loyalty were granted all the privileges and liabilities of Portuguese citizenship. However, in contrast to the francophone nations, the search of a lusophone African identity was not actively promoted and theorized. In the island nations of Cape Verde and São Tomé & Príncipe homogeneous Creole communities existed, and as such there was little need to be concerned about their self-contained 'national' entities (Chabal et al., 2002:52). In Guinea-Bissau, Angola and Mozambique, the search for national identity was more demanding, but for reasons more attributable to a lack of identity than to competing identities (Chabal et al., 2002). Perhaps because of this lack of an early search for a Portuguese identity, the Portuguese equivalent of the Francophonie, the CPLP, was established only in 1996 and rather than building on an existing strong feeling of communality, it actively strived to create it. Despite their many differences, the lusophone countries share linguistic and cultural features that can be leveraged to give the Lusophone world more global presence (CPLP, 2010) While still in development, the CPLP has committed itself to increased cooperation in the areas of education, health, science and technology, defense, agriculture, public administration, communication, justice, culture, sports and social communication (CPLP, 2010).

[7] The label Luso-African applies to persons who perceived themselves as permanent inhabitants of Angola and who had mixed Portuguese and African elements in their way of life.

2.4.2. Public discourse on the role and importance of the PALOP

The public discourse on the role and strategic importance of the former colonies in Africa for Portugal is dynamic and shaped by many opinions and events. The media and politicians play an important role and the importance of these countries to the country's political, institutional and private spheres is obvious.

AICEP Business Development Agency (Portuguese: *aicep Portugal Global, Agência para o Investimento e Comércio Externo de Portugal*) is a Portuguese public business entity with the main objectives of attracting foreign investment to Portugal and supporting the internationalization of Portuguese companies. This rather sizeable agency is the major, prominent internationalization promoter in Portugal. Basílio Horta, the president of the agency is the author of the statement "Portugal and Angola are obliged to a natural partnership" (said in an interview to one of the biggest Portuguese newspapers, *Diário de Notícias*). But how far is this view portrayed by the agency? Indeed, a lot. AICEP publishes a monthly business magazine (Global Portugal – *Portugal Global*) whose contributions are mostly sourced from the agency's global network of offices and representations. For the major part, the contents of the magazine are short market analyses (SWOT), interviews with leaders of business associations or leaders of successful internationalized Portuguese firms. After surveying one and a half years of the magazine, we found a handful of articles on the former colonies in Africa. One of the articles includes a SWOT analysis of the Mozambican market from a Portuguese point of view. The strengths of Portuguese investment in Mozambique are in that article: a common language and cultural ties, as well as a network of contacts and relationships, the prominence of and preference for some of the Portuguese products by the Mozambican consumers, and the flexibility of Portuguese businesses. These "strengths" are simply stated, left unexplained. A similar line of argumentation was used, for example, by the president of the Portuguese Enterprise Association (Portuguese: *Associação Empresarial de Portugal – AEP*), José Barros, who said in an interview to the same organization, for the same magazine: "Clearly, the way to follow is that of diversification, especially towards the markets where it is easier for Portuguese firms to enter due to the historical ties, language, cultural or geographical proximity, that give us a comparative advantage in relation to our competitors. Particularly, I am talking of markets such as the PALOP [the Portuguese-speaking African countries], Brazil, South Africa, the Arab countries and Iran." (AICEP Portugal Global 2009:19). As we can see, the discourse is similar.

Besides publishing the 'Global Portugal' magazine, AICEP offers many support services provided by a global overseas network of 50 offices in 44 countries (AICEP Portugal Global, 2010). These offices produce and disseminate to AICEP's members many information reports with business information, sector information, legal conditions of market access, economic information, among others. The authors of this thesis have surveyed the information available for a number of African markets and the results, sorted below by number of reports available, were remarkable:

- **Angola: 102 reports**
- **Mozambique: 59 reports**
- **Cape Verde: 57 reports**
- South Africa: 18 reports
- Algeria: 16 reports
- **São Tomé and Príncipe: 14 reports**
- Libya: 13 reports
- **Guinea Bissau: 10 reports**
- Senegal: 4 reports
- Nigeria: 3 reports
- Zimbabwe: 3 reports
- Namibia: 1 report

The number of available reports with information about the five Portuguese former colonies in Africa, marked in bold, show a clear preference given the relative size, market attractiveness and business environment of these economies. Perhaps that makes sense given that, from the 5240 exporting companies registered at AICEP, 1735 (33%) express interest in the Portuguese speaking Africa.

In Portugal it is natural that economic institutions show a preference for the Portuguese speaking Africa. Another example is the recently created SOFID Society for Development Financing (Portuguese: *Sociedade para o Financiamento do Desenvolvimento*). SOFID integrates the European Development Finance Institutions Association, a group of 15 bilateral institutions[8] providing long-term finance for private sector enterprises in developing and reforming economies. SOFID stated mission is "to contribute to (1) the

[8] Among its members there is the Danish IFU-IØ, the Industrialization Fund for Developing Countries – The Investment Fund for Central and Eastern Europe

sustainable development of the business sector in developing countries, (2) to support Portuguese companies, alone or in partnerships with local investors in projects, businesses and investments in developing countries that will contribute to the sustainable development of these countries, especially the ones that are beneficiary of the Portuguese Official Public Assistance (ODA).” The beneficiaries of most of the Portuguese ODA are former colonies in Africa (IPAD, 2010).

Yet another organization which sounds neutral but it turns out not to be is ELO, the Portuguese Association for Economic Development and Cooperation. ELO states that their “activity aims to promote and develop economic, social, scientific and cultural interchange between Portugal and developing countries, as well as to reinforce the economic and entrepreneurial bounds to those countries, particularly with the member states of the Community of the Portuguese Speaking Countries…”

Even though the former colonies are generally perceived as strategic for Portuguese firms, the argumentation for such usually pertains to vague factors related to the colonial heritage, as we have seen with in AICEP’s business magazine ‘Global Portugal’. The list of conveyors of this rhetoric is long. Besides the presidents of significant business promoting organizations, public and private, namely AICEP and AEP, many high profile politicians, namely the country’s President, the Prime Minister, the Minister for Foreign Affairs and the Minister for Economy are part of that list. To this list one can also add think tanks, economists and the general public opinion.

The President of Portugal, Cavaco Silva, have defended a “true strategic partnership with Angola” (Jornal de Notícias, 2010) based on a special, “mature” relationship. The Prime Minister, José Sócrates, has recently blocked a shareholders resolution to alienate of a Portuguese asset in a Brazilian telecom to a Spanish firm; as a comment to the political decision, Financial Times wrote “the colonial stupidity is not dead”. (Agência Lusa, 2010). The large rate of shareholders that favored the sale meant the price offered by the Spanish telecom was far higher than the asset’s real value. However, the PM reassured “the [Portuguese] state will use all the instruments at its disposal to defend what it believes to be the best interests of Portugal Telecom and the country.”

Using a similar rhetoric, the former Portuguese minister for economy, Carlos Tavares, urged the Portuguese businessmen to invest in the Portuguese-speaking countries in order to take advantage of the common historical heritage built throughout the last 500 years…” (Público, 2003)

The essay “Portugal and Angola – A relationship with future” by Mario de Jesus, Portuguese economist and co-founder of a society and economics think-tank[9], an increased economic relationship between Portugal and Angola is advocated; in this essay one finds arguments such as: “businessmen from both countries share an experience brought by history”, and “Portuguese businessmen show a singular adaptation capacity to the Angolan work environment, behavior and life style.” The “historical, linguistic and cultural ties” are also mentioned. Furthermore, according to the author, “Angola allows Portugal to diversify its investments and expand its businesses, relocate activities and obtain important synergies due to common social and cultural frameworks.”

An exhaustive historically-oriented study of the relationship between Portugal and the Portuguese speaking countries in Africa was the carried out by Manuel Ferreira (1994). In the article he approaches the issue dealt with in this case: “The cultural ties and the consumption habits created throughout decades cannot disappear or change rapidly. However, and although it may seem valid that such ties can favor trade and investment, they are in no case the necessary condition for its establishment and even less a sufficient condition to guarantee a dominant position (of Portugal) comparatively to other competitor countries.” (Ferreira, 1994:54; own translation)

Central to this case is fact that the public rhetoric seen in Portugal does not precede a more precise analysis of the strategic importance of the former colonies in Africa for the country’s business sector, nor does it precede a more concrete and practical examination of how factors pertaining to the colonial heritage can be converted into successful business strategies by the country’s companies. The discourse is thus not one of economic pragmatism.

There is a multitude of colonially-minded institutions in Portugal. However, no picture is complete without mentioning the most visible institutional representation of the post-colonial relations between Portugal and its former colonies in Africa: the Community of Portuguese Language Countries (Portuguese: *Comunidade dos Países de Língua Oficial Portuguesa – CPLP*), founded in 1996, whose members are Portugal, Brazil, East Timor and the five former colonies in Africa. The CPLP is comparable to the French *Organisation Internationale de la Francophonie* and to the British Commonwealth. Generally speaking, these organizations are all part of a group of intergovernmental organizations with similar objectives and membership criteria essentially based on a shared

[9] FRES – Fórum de Reflexão Económica e Social

cultural and linguistic heritage. The regrouping of countries according to the colonial past is a visible pattern in any of these organizations, which sometimes are called “neo-colonial organizations” (Souare, 2005).

The following sections will show the relationship between Portugal and the former colonies in Africa at different levels using statistical data.

2.4.3. *Trade and Foreign Direct Investment (FDI)*

The following tables show the imports up to 2009 for each of the five Portuguese speaking African countries, commonly designated PALOP (Portuguese: *Países Africanos de Língua Oficial Portuguesa*), where we can see the share of Portugal. The overall pattern visible from the tables, with the single exception of Mozambique, is that Portugal is the main source of imported goods for each of the five countries. Another visible pattern is that Portugal’s position is overwhelming in the three smaller countries (Cape Verde, Guinea Bissau and São Tomé and Príncipe).

	2004	2005*	2006*	2007*	2008*	2009**
Africa[a]	*9.1*	*8.7*	*7.5*	-	-	-
South Africa	*7.5*	*7.4*	*6.4*	*4.8*	*4.6*	-
EU[b]	*31.6*	*33.8*	*35.7*	*46.8*	-	-
Portugal	13.1	13.4	14.3	12.8	17.1	18.0
USA	*9.3*	*12.5*	*14.6*	*10.9*	*11.0*	*8.2*
China	*3.3*	*4.5*	*9.3*	*10.6*	*15.2*	*16.8*
Brazil	-	-	-	-	-	*11.0*

Table 4: Imports of Angola 2004 – 2009 by origin (in % of total imports)
Source: National Bank of Angola, IMF and Bank of Portugal
*Estimated by the Bank of Portugal
**Source: Economist Intelligence Unit
[a]Including South Africa
[b]Including Portugal

	2004	2005	2006	2007	2008	2009
Germany	*1.0*	*0.7*	*1.1*	*1.4*	*1.6*	*2.3*
Brazil	*5.1*	*8.0*	*6.4*	*6.2*	*5.7*	*4.5*
Spain	*4.3*	*7.6*	*5.6*	*4.4*	*7.3*	*9.8*
USA	*2.8*	*2.7*	*1.4*	*1.2*	*0.9*	*1.0*
Netherlands	*17.6*	*15.7*	*11.2*	*16.2*	*17.0*	*16.7*
Portugal	47.6	45.6	50.2	45.0	50.3	48.3

Table 5: Imports of Cape Verde 2004 – 2009 by origin (in % of total imports)
Source: Bank of Cape Verde, IMF and Bank of Portugal

	2004	2005	2006	2007	2008	2009
China	*13.0*	*2.5*	*1.6*	*0.2*	*0.4*	*4.4*
Spain	*2.5*	*1.2*	*0.9*	*1.9*	*1.1*	*4.5*
France	*2.3*	*4.9*	*2.6*	*0.5*	*2.2*	*4.9*
Gambia	*2.6*	*1.5*	*7.4*	*1.4*	*2.0*	*1.5*
Netherlands	*7.4*	*8.6*	*6.3*	*5.6*	*4.5*	*8.3*
India	*0.5*	*0.9*	*0.3*	*2.4*	*1.0*	*0.5*
Japan	*5.0*	*0.8*	*0.7*	*0.2*	*1.5*	*2.1*
Portugal	19.4	22.7	16.1	19.7	22.4	30.8
Senegal	*16.5*	*51.6*	*44.5*	*44.2*	*29.0*	*13.3*

Table 6: Imports of Guinea Bissau 2004 – 2009 by origin (in % of total imports)
Source: BCEAO branch in Guinea Bissau, IMF and Bank of Portugal

	2004	2005	2006	2007	2008	2009
South Africa	*41.4*	*42.9*	*36.3*	*32.4*	*29.1*	*33.5*
Australia	*0.1*	*0.7*	*0.1*	*0.3*	*0.1*	*0.5*
China	*2.0*	*2.5*	*2.6*	*3.5*	*3.9*	*4.2*
USA	*2.4*	*2.6*	*2.2*	*2.7*	*4.0*	*3.3*
France	*1.7*	*0.9*	*0.8*	*0.8*	*0.6*	*0.7*
Netherlands	*11.0*	*11.5*	*15.6*	*14.5*	*17.4*	*8.4*
India	*3.1*	*3.6*	*3.2*	*4.4*	*3.6*	*5.9*
Japan	*0.8*	*0.8*	*0.6*	*3.1*	*3.2*	*3.3*
Portugal	3.3	3.6	3.3	3.5	2.9	3.5

Table 7: Imports of Mozambique 2004 – 2009 by origin (in % of total imports)
Source: Bank of Mozambique, IMF and Bank of Portugal

	2004	2005	2006	2007	2008	2009
Angola	*16.0*	*20.3*	*18.3*	*20.1*	*22.9*	*14.8*
Belgium	*8.8*	*6.1*	*4.6*	*2.3*	*1.7*	*1.9*
China	*0.1*	*0.2*	*0.3*	*1.7*	*0.9*	*1.4*
France	*0.5*	*0.3*	*1.1*	*0.3*	*0.2*	*0.7*
Gabon	*1.4*	*0.6*	*3.5*	*2.2*	*3.0*	*2.7*
Netherlands	*1.0*	*0.3*	*0.8*	*1.4*	*0.1*	*0.4*
Japan	*6.0*	*7.4*	*0.7*	*0.2*	*0.8*	*4.4*
Portugal	60.4	57.1	63.6	66.2	61.3	56.4

Table 8: Imports of São Tomé & Príncipe 2004 – 2009 by origin (in % of total imports)
Source: Central Bank of STP, IMF and Bank of Portugal

As we can see from table 9, in 2009 the PALOP had a relatively important position in the outward FDI pattern of Portugal. Furthermore, that position grew 15.7% from the value in 2008, while Spain, the main destination of Portuguese FDI experienced a strong decrease in 2009 (and had already decreased in 2008).

	% Total	Var. 09/08
Spain	*15.9*	*-16.2*
PALOP	8.7	15.7
Brazil	*5.2*	*-61.1*
Germany	*3.9*	*220.3*
USA	*2.2*	*13.3*

Table 9: Portuguese Outward FDI per destination 2009
Source: Magazine 'Global Portugal' February – March 2010

2.4.4. Official Development Aid

The Portuguese Official Development Aid (ODA) is managed by IPAD - The Portuguese Institute for Development Support (Portuguese: *Instituto Português de Apoio ao Desenvolvimento*). Since January 2003, the institute is responsible for the coordination, supervision and direction of the Portuguese official development assistance to developing countries. The institute focuses on the PALOP and East Timor. In 2009 these countries absorbed approximately 66% of the bilateral aid disbursed by IPAD.

	2006	2007	2008	2009
PALOP and East Timor	123	121	125	131
Rest of the World	41	78	132	69

Table 10: Portuguese Bilateral Official Development Aid 2006 – 2009 by destination (in million Euros)
Source: IPAD

2.4.5. Immigration

The immigrants from the Cape Verde, Angola and Guinea Bissau, which represent the third, fifth and sixth larger immigrant communities, respectively, are 22% of the total immigrants in Portugal.

	n	*%*
Brazil	116.220	25
Ukraine	52.293	12
Cape Verde	*48.845*	*11*
Romania	32.457	7
Angola	*26.557*	*6*
Guinea Bissau	*22.945*	*5*

Table 11: Foreign residents in Portugal by country of origin 2009
Source: SEF

The information about the extent and perseverance of the colonial impact on the former colonies of France and Portugal mentioned above have demonstrated the relevance of the colonial context to anyone from these countries involved in the former colonies, including managers. When managers are confronted with this context, it is reasonable to assume that the colonial repercussions somehow interact with otherwise simply straightforward foreign market entry decisions. With the colonial backdrop and its importance to the context of this thesis in mind, the next chapter delves deeply into the theoretical foundations and existing literature on the internationalization process of firms.

3. Literature review

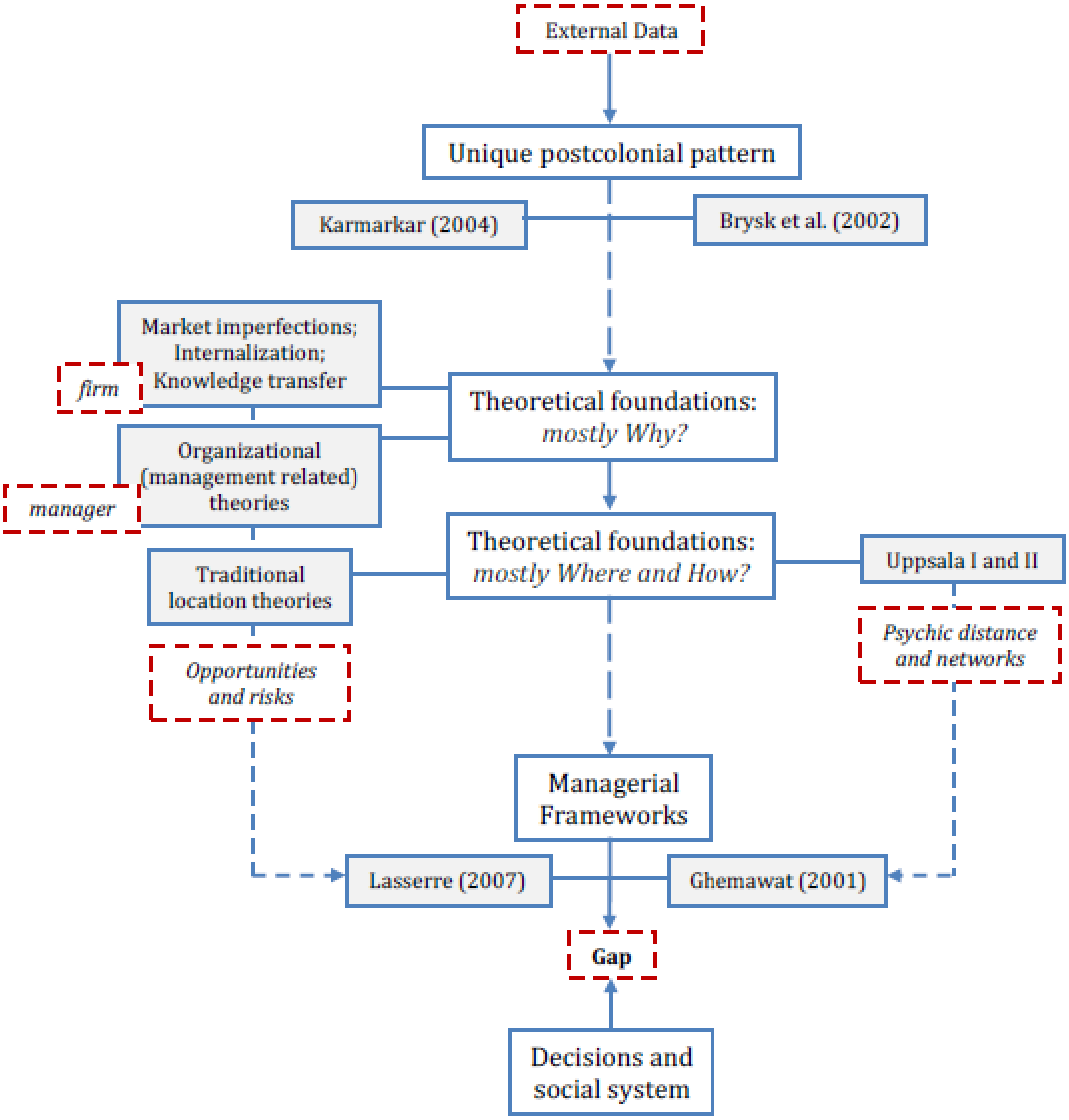


Figure a. Structure of the literature review. Source: Own creation

In the previous section we have presented empirical data that clearly shows the strong cultural, linguistic and economic links that still bind on the one hand Portugal and France and on the other hand their former colonies in Africa. Several researchers have devoted their research to this unique international business pattern, whose findings are given below.

3.1. Existing Explanations for the unique post-colonial relationships

Karmarkar (2004) is one of those researchers who tried to explain the colonial pattern in current business relations. He has also showed how the colonial past might hold some answers to the future developments in international business, coming close to explaining the reasons behind the decisions of former colonizers to invest in their former colonies. His interesting perspective is focused on outsourcing patterns, noting that the migration of information-intensive service jobs is not following the pattern of manufacturing trade. Instead, he points out, it is following the older paths of colonialism. As Karmarkar (2004:4) explains, “the information trade will occur primarily between countries with linguistic and cultural similarities”. The case of China, which is the main destination of FDI from all parts of the world, has showed that language and cultural similarities did not represent a barrier to the offshoring of manufacturing activities. But “in information industry sectors, language barriers may well remain hard to cross for many years, especially in consumer services.” (Karmarkar, 2004). Karmarkar (2004) also tells us that “the greatest opportunities will be in linguistic groups whose wealth distribution is highly bimodal”. Such is the case of the English-speaking world, where one can find some of the most developed economies (the United States, the UK and Australia) along with some of the poorest (India and Pakistan). Another case is the one of Spanish-speaking countries, where the income distribution is less extreme, being the majority of countries relatively poor. That means fewer companies, in Spain primarily, are looking to outsource services offshore despite the fact that the supply of poor countries able to provide the services is plentiful. However, this study pertains to information industry sectors only while persistent relations between Portugal or France and the former colonies in Africa are by no means limited to the information industry sectors. Additionally, he reduces the meaning of colonial heritage to linguistic similarities. It is in fact much more than that.

Brysk, Parsons, & Sandholtz (2002) argue that only *identity* explains why Europeans sustain special economic, political and institutional relationships with their former colonies. The authors point to the normative nature of the relationships and emphasize the lack of rationale given the “ordinary (even unappealing)” nature of the partners, and the decade-long meager and declining material returns to European policies. It is an argument we have to challenge given the fast growth some of the African economies are experiencing and the immediate sense that makes for international business. Furthermore, the analytical approach taken by the authors attempts to “interpret foreign policy... to construct a generalizable, middle-range explanation based on the construction of identity rooted in specific patterns of history, ideology and family relations” (Brysk, Parsons & Sandholtz 2002:297) and therefore does not let us draw conclusion for our own research interest: the justification of investment decisions. Nevertheless, useful ideas can be drawn from their study to the interpretation of our empirical data. After all, Brysk et al. “do not argue that material incentives are entirely absent, but rather that they are perceived through the lenses of specific, post-imperial ideas and identities.” (Brysk, Parsons & Sandholtz, 2002:268). This particular idea is important as it helps to understand the vagueness of investment justifications, one of the aspects that motivated us to do this thesis.

At this point it must be concluded that the literature that specifically addresses concrete post-colonial cases does not provide a complete answer to the research question of how managers justify entry decisions in former colonies. Despite touching upon the unique colonial relationship and the reasons for enduring relationships, the findings mostly pertain to a more macro-level than is required in this thesis. The explanatory deficiencies of this literature are concretely represented by differences in research focus, in the colonial cases used (overwhelmingly British and French cases), and how the concept of “colonial heritage” is interpreted. In short, the insufficiencies in the literature reviewed thus far prevent the researchers from answering the particular research question of this thesis. This has led to a broadening of the scope of the literature review, embedding the research issue within a more general problem of which it is a special case. In applied terms, this means that the following sections delve into the theoretical foundations of firm internationalization to better grasp the firm-level decision making considerations.

3.2. Theoretical foundations of firm internationalization

This section describes and relates two influential strands of literature on firm internationalization. The first addresses the very existence and development of multinationals[10]. The second looks into the process of internationalization and places the focus on how

[10] The internalization approach (Buckley and Casson, 1976; 2009), the transaction cost perspective (Hennart 1982; 1991) and the resource and knowledge based perspectives (Grant, 2000).

firms internationalize[11]. Both strands of literature are here presented with several references to Dunning's general framework, or *eclectic paradigm*, as it is usually known.

3.2.1. Stephan Hymer and the internalization economists

The first attempt to systematically explain the activities of firms outside their national boundaries is often attributed to Stephen Hymer (Dunning, The key literature on IB activities: 1960 - 2000, 2001). Hymer sought to explain foreign direct investment (fdi) using an approach centered in static ownership advantages[12], specifically those initiated or protected by entry barriers. The idea of 'market imperfections', which later became a central idea in the work of the internalization economists, was then put forth by Hymer (1960, published in 1976) (and Kindleberger (1969) and Caves (1971)), as the entry barriers they had in mind are 'structural' market imperfections of the monopolistic type. (Hennart, 1991) What the internalization economists developed later was a theory based on the idea that markets also experience 'natural imperfections', i.e. "imperfections that are due to the fact that the implicit neoclassical assumptions of perfect knowledge and perfect enforcement are not realized." (Teece, 1981; Dunning and Rugman, 1985; cited in Hennart, 1991:83) In practice, this means markets are never fully efficient, and market transaction costs (the sum of information, enforcement and bargaining costs) are positive. (Hennart, 1991) How did this explain the existence of MNEs? By internalizing interactions that cannot be organized by the markets, MNEs eliminate transaction costs (Hennart, 1991) thus bypassing those market imperfections.

3.2.2. Resource-based perspective

There are other kinds of ownership advantages. The **resource-based perspective** sees the MNE as a knowledge network. MNCs arise not out of the failure of markets for the buying and selling of knowledge, but out of its superior efficiency as an organizational

[11] The Uppsala model (Johanson and Vahlne 1977; 2009) and the 'born global' model (Madsen and Servais, 1997).

[12] Terminology used in Dunning's eclectic paradigm (2000). In general, static ownership advantages are "based on the possession or privileged access to a specific asset." (Dunning, 2000: 171) In Hymer's specific case, the static ownership advantages are those "initiated, or protected, by entry and/or mobility barriers to product markets. These include patent protection, and marketing, production and financial scale economies." (Dunning, 2000:170)

vehicle by which to transfer this knowledge across borders. (Kogut & Zander, 2003) This perspective pays less attention to tradition entry barriers, and more to such variables as specificity, rareness and non-imitability of resources, and the capabilities of firms to create and utilize them. (Dunning, 2001) The more complex, the less codifiable, and the less teachable the knowledge embodied in an innovation, the more likely that the firm would choose direct investment over licensing to exploit that innovation overseas (Grant, Almeida, & Song, 2000).

3.2.3. Strategic Management, Firm level and organizational theories

Within the domain of ownership advantages as an explanation for the existence of MNEs, the theories of Prahalad & Doz (1987) and Bartlett and Ghoshal (1989; 1993) among others, dubbed the organizational theories are more interesting to the case at hands as they tend to be management, rather than firm, specific. In fact, the empirical data collected for this thesis derives from Portuguese and French managers, and mostly reflects the managers own views rather than their firm's views[13]. These 'dynamic' ownership advantages relate to "the competencies of the managers to identify, evaluate and harness resources and capabilities from throughout the world, and to coordinate these with existing resources and capabilities under their jurisdiction in a way which best advances the long term interest of the firm." (Dunning, 2001:169) This includes minimizing the transaction costs and maximizing the benefits of innovation, learning and accumulated knowledge. (Dunning, 2001) More recent research from Bartlett and Ghoshal (1997; 2002) continues to contribute to the body of knowledge on the role of managers in firms. In the article "Building competitive advantage through people" (Bartlett & Ghoshal, Building competitive advantage through people, 2002) the authors argue that senior CEOs need to be updated due to the rapidity of change during the past two decades. Hierarchy has to be replaced by networks, bureaucratic systems transformed into flexible processes, and control-based management roles must evolve into relationships featuring empowerment and coaching. They continue, "Today's managers are trying to implement third-generation strategies through second-generation organizations with first-generation management." (Bartlett and Ghoshal, 2002) This research suggests that

[13] The case of Sovena, for instance, will show how José Ramalho, the interviewee, was not aware and disagreed with a statement placed on Sovena's website.

the answer to the stickiness of Portuguese and French businesses to the former colonies may reside in the former's organizational structures and senior management.

Another important contribution to the influences behind internationalization decisions at the manager level is that of Ellis (2000); he claims that awareness of market opportunities is the critical antecedent of the FME decision. But how do investors come to know about market opportunities? Ellis (2000:462) research supports the proposition that awareness of market opportunities abroad is commonly acquired via existing social ties, an argument "consistent with the broader claim of social network theorists". The following figure helps visualizing the sources of market opportunities as found by Ellis (2000). According to the author, awareness of market opportunities can also be acquired via ad hoc search and formal search. As he defines them, ad hoc search strategies are those based on trade fair participation or responses to advertisements and formal search activities are those based on objective data collected by professional or government agencies.

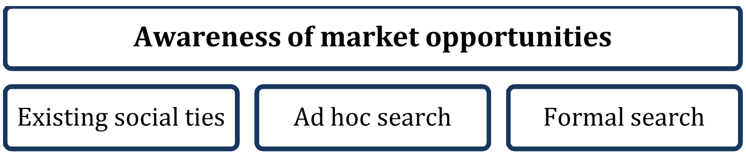


Figure 2: Sources of market opportunity awareness. Source: Based on Ellis (2000)

It seems rather apparent to us, given the context of our own study, that Ellis' (2000) study neglects important sources of awareness of market opportunities, namely managers' tacit knowledge and search activities based on data collected by the firms, not only by professional or government agencies.

(Bilkey, 1978) offers a somewhat different approach. "Analysts concerned with the initiation of the export process have tended to focus on the effects of change-agents, both external and internal." (Bilkey, 1978:33) External change agents include chambers of commerce, industrial associations, banks, government agencies, and other firms. The important internal change-agent tends to be a member of the firm's top management who is interested in and enthusiastic about exporting (Pinney, 1970 cited in Bilkey, 1978). According to the same study, the determinants of whether or not management takes the initiative in exporting appears to be related to one of the following: management's diffuse impression of the attractiveness of exporting as an abstract ideal (Simpson, 1973 cited in Bilkey, 1978), the degree of the firm's international orientation (Wiedersheim-Paul, Welch, and Olson, 1975 cited in Bilkey, 1978), manager's ages, and manager's confidence in the firm's competitive advantages (Tesar, 1975; Snavely, et al., 1964 cited in Bilkey, 1978) including the manager's perception of whether or not the firm possesses exclusive information about a foreign market or customer. Lastly, manager's initiative could be related to adverse home market conditions. (Pavord and Bogart, 1975 cited in Bilkey, 1978)

The theories discussed so far aid in the understanding of *why* firms internationalize, which is important source of knowledge as to finding what reasons support internationalization decisions. However, the research interest of this thesis is from the outset related to the location aspect of investment decisions. We want to find out how French and Portuguese managers justify the choice of former colonies in Africa for their international investments, but we have not yet addressed how firms choose *where* to internationalize. After discussing Dunning's ownership sub-paradigm, we will now address the question of location - the second of Dunning's sub-paradigms.

3.2.4. Question of location

As is seen later in this chapter, traditional location theories influenced many prominent practical frameworks for firm internationalization such as Arnold & Quelch (1998), Meyer (2002), Cavusgil, Ghaury, & Agarwal (2002) and Lasserre (2007). A central aspect to traditional location theories is the focus on supply and demand related variables. Supply oriented variables include availability, quality and price of natural resources, transportation costs and artificial barriers to trade, as well as labor, land and infrastructure. Demand related variables are for example, the size, character and potential growth of local and adjacent markets (Dunning, 2001).

In accessing the location strategies of MNEs one has to take in consideration the changes in the world scenario for international business activity (Dunning, Location and the multinational enterprise: A neglected factor?, 2009), which have had a "profound effect on both the macro and micro geography of MNEs". Dunning (2009:6) identified three main factors behind this change: 1) "the emergence of intellectual capital as the key wealth creating asset in most industrial economies", 2) "the increasing globalization of economic activity, made possible, inter alia, by advances in transport and communications technologies and the reduction in trade and investment barriers throughout the world", and 3) "the emergence of 'alliance' capitalism (sometimes called relational, collective, stakeholder and collaborative capitalism – see Dunning, 1995)". Furthermore, two other factors underpin and reinforce each of the mentioned events, and those are "the advent, in the 1980s, of a new generation of technological advances which only in the late 1990s started fully bearing fruit, and the renaissance of the market economy, and the consequential changes in the macroeconomic policies and macro-organizational (micro-management) strategies of many national governments. (Dunning, 2009:7)

In the same article, Dunning identified a set of variables that have been influencing the location of value added activities by MNEs in the 1970s and 1990s. Concentrating in the most recent variables for market-seeking MNEs, those variables are: 1) mostly large and growing domestic markets, and adjacent regional markets (e.g., NAFTA, EU, etc.), 2) availability and price of skilled and professional labor, 3) presence and competitiveness of related firms, e.g., leading industrial suppliers, 4) quality of national and local infrastructure, and institutional competence, 5) less spatially related market distortions, but increased role of agglomerative spatial economies and local service support facilities, 6) macroeconomic and macro-organizational policies as pursued by host governments, 7) increased need for presence close to users in knowledge intensive sectors, and 8) growing importance of promotional activities by regional or local development agencies.

Dunning's comprehensive study has perhaps too little to offer to our research question. One of the sources of motivation for this thesis was the unique and "sticky" internationalization pattern of European nations towards their former colonies in Africa, which seemed to defy any global pattern of MNE location. In Dunning's article, a strong feature of the location strategies of MNEs is their changeability according to transformations in the global economy. In clear contrast, one of the striking aspects of former colonizer-colony relations is their resistance to change.

Still looking at theories explaining location specific advantages, but taking the hint from Brysk, Parsons, & Sandholtz (2002:268) that material benefits in the former colonies "are perceived through the lenses of specific, post-imperial ideas and identities", the following paragraphs, on the theories related to the process of internationalization, are expected to offer some answers to our problem. That is because these theories, in particular the contributions of Johanson & Vahlne (1977), put an emphasis on the role of *psychic distance* (Dunning, 2000:176).

3.2.5. Uppsala model (1977)

The Uppsala model of internationalization concentrated initially on the *actual* process by which firms internationalize. The basic assumptions of the model are that lack of knowledge about foreign markets and operations is an "important obstacle to the development of international operations and that the necessary knowledge can be acquired mainly through operations abroad." (Johanson and Vahlne, 1977:51) That is, via experience. The internationalization model of the Uppsala school portrayed that internationalization could be seen as a function of two dynamic change mechanisms[14]: learning from experience and commitment, establishing an important distinction from the existing normative models. Johanson and Vahlne, the creators of the Uppsala model, identified two patterns of internationalization. First, the increasing firm engagement according to a typical chain (the stages model): from export, to joint venture representation, to sales subsidiary, to resource development subsidiary. Second, the gradual entry in new markets that are further away in psychic distance terms. Psychic distance was defined by Johanson and Vahlne as "the sum of factors preventing the flow of information from and to the market. Examples are differences in language, education, business practices, culture, and industrial development" (1977:52). The concept of psychic distance makes immediate sense to the problem we are addressing in this thesis. It would explain the choice of former colonies as the destination of investments as those countries are perceived to have lower psychic distance in relation to their former colonizers. The authors believed that a "lack of knowledge due to differences between countries with regard to, for example, language and culture, is an important obstacle to decision making connected with the development of international operations." (Johanson and Vahlne, 1977:55) Linguistic and cultural similarities would then be a freeway to the establishment of international operations in the former colonies. What Johanson and Vahlne are telling us is that, instead of monopolistic advantages (Hymer), the elimination of market

[14] According to the authors, "experience builds a firm's knowledge of a market, and that body of knowledge influences decisions about the level of commitment and the activities that subsequently grow out of them: this leads to the next level of commitment, which engenders more learning still." (Johanson & Vahlne, 2009: 1412)

imperfections (the internalization economists) or a more efficient way of transferring knowledge (the resource based perspective), it is the differences pertaining to psychic distance that "constitute the main characteristic of international, as distinct from domestic, operations." (Johanson and Vahlne, 1977:57)

3.2.6. Psychic and cultural distance

Frankel and Rose (2000 cited in Ghemawat 2001) have tried to measure the impact of distance in international trade. In their study, distance is used as a number of different attributes. For instance, they show that a 1% increase in the income level (GDP per capita) of a country represents a 0.7% increase in international trade. Conversely, a 1% increase in physical distance represents a 1.1% decrease. Furthermore, the authors found that a common border increases international trade by 80%, a common language by 200% and a colony-colonizer relationship by 900%! Their findings show how important non-economic attributes such as cultural and administrative distance can be for international trade. In the international stage, firms must be prepared to face differences in language, consumer behavior, cultural standards, legal frameworks and purchasing power, as well as differences in education, business practices and industrial development. (Johanson and Vahlne, 1977) When the goal is to access these kinds of differences between countries, cultural distance and psychic distance are two of the most popular concepts (Sousa & Bradley, 2008). These concepts stand at the core of the behavioral perspectives. However, while Frankel and Rose (2000) make use of the concept of distance indiscriminately, there are important conceptual distinctions between cultural distance and psychic distance.

According to Sousa and Bradley (2008), 'psychic' refers to something in the mind of each individual; thus psychic distance depends on how an individual perceives the world and the differences between the home country and the foreign country. (Sousa and Bradley, 2008) At a different level of analysis comes the concept of cultural distance, which can be defined as the degree to which cultural values in one country are different from those in another country (Sousa and Bradley, 2008).

While the psychic distance concept should be applied at the individual level, the cultural distance concept should be applied at the national level. Nevertheless, both concepts are related. Psychic distance includes an element of cultural distance so the greater the cultural distance the higher will be the individual's psychic distance (Sousa and Bradley, 2008).

The work of Sousa and Bradley described above is useful given that a vast number of studies that have been using the concept indiscriminately since Beckerman (1956) coined it and particularly since the Uppsala school made it famous. Taking in consideration Sousa and Bradley's distinction, cultural distance would be a safer concept to be used in the evaluation of new markets; however it is individuals who most often drive and take internationalization decisions, and then again, psychic distance is closer to the individual decision-maker as it reflects how he perceives the world and the differences between the home country and the foreign country. That is why the concept of psychic distance still remains significant for the purpose of this thesis.

3.2.7. Limitations of psychic distance

However, there are important limitations to the concept of psychic distance. On the one hand it does not reflect the benefits of entering new markets, on the other it can pertain too much to perceptions and preconceptions that may deter decision makers from preparing adequately for the differences in the foreign markets, having a great potential to produce bad decisions. The first problem means that, for example, a Portuguese firm probing to invest in West Africa would be inclined to choose Guinea-Bissau or Cape because the psychic distance between Portugal and Guinea-Bissau or Cape Verde *is* lower than that of Portugal and any other of the West African countries. The problem of this approach is that it does not account for differences in the markets of West African countries. The markets of Guinea-Bissau and Cape Verde are marginal when compared to those of Nigeria or Senegal. Although the extent of the complexity faced by MNC decision-makers is very much associated with the degree of psychic distance (Hosseini, 2008), psychic distance measures market uncertainty and hence information acquisition costs. The overall pattern of internationalization, however, reflects both the perceived costs and the benefits of entering foreign markets (Ellis, 2000). That explains the varied origins of the investment in China or US, for example. The second problem is that, it is easily assumed that the psychic distance between Portugal and Guinea-Bissau or Cape Verde is lower than that of Portugal and any other West African country because of aspects such as the shared linguistic platform in particular or a shared colonial past in general. After all, the official language of Guinea-Bissau and Cape Verde is Portuguese. However, beyond this readily accessible information, one finds that only 12% of Bissau-Guineans and below 3%[15] of Cape Verdeans speak Portuguese (Lewis, 2009). Psychic distance is a difficult construct because it depends on how an individual perceives the world and the differences between the home country and the foreign country. (Sousa and Bradley, 2008) These perceptions are subject to a complex array of factors pertaining to the decision-maker. Furthermore, the transformation of communications systems, trade, politics, and other social exchanges mean changes in psychic distance (Johanson and Wiedersheim Paul 1975 cited in Chetty & Campbell-Hunt, 2004). How updated can managers be on the current state of affairs, given that several dimensions of psychic distance are complex and changeable? Perceived similarities in terms of psychic distance can cause decision makers to fail because they do not (adequately) prepare for the differences. This is what O'Grady & Lane (1996) called the *psychic distance paradox*. Hosseini (2008) carried out a study of ten Canadian retail firms operating in the United States and based on the high rate of failure concluded that “what appears on the surface to be psychically close may, in reality, be more distant than expected (…). These mental maps or preconceived ideas of the United States, and what it would be like to do business there, created barriers to learning about this new market.” (O'Grady & Lane, 1996:325). O’Grady and Lane (1996 cited in Hosseini, 2008) also argue that: “the failure lies in the managerial decision aspects of the internationalization process, to which researchers have not paid enough attention.”

3.2.8. New Uppsala model (2009): from psychic distance to networks

New developments in the economic and regulatory environments, changes in company behavior, advances in research and new concepts and insights, as well as the role of networks in the internationalization of firms spurred the development of a new Uppsala model (Johanson and Vahlne, 2009). This new model was developed around the notion that markets are networks of relationships, and that relationships offer potential for learning and for building trust and commitment, both of which are preconditions for internationalization (Johanson and Vahlne, 2009). According to the authors, “markets are networks of relationships in which firms are linked to each other in various, com-

[15] 14.800 of a total population of 507.000. However, 394.000 speak Kabuverdianu (Ethnologue), a Creole language based in Portuguese and easily understood by the Portuguese speakers.

plex and, to a considerable extent, invisible patterns." (Johanson and Vahlne, 2009:1411) Most importantly, this new model challenges the importance of psychic distance or "foreignness" to the firm's internationalization process. Outsidership, rather than foreignness, becomes the root of uncertainty; in other words, "a firm's problems and opportunities in international business are becoming less a matter of country-specificity and more one of relationship specificity and network-specificity." (Johanson and Vahlne, 2009) The concept of psychic distance was well positioned to explain the unique pattern of internationalization seen in companies from former European colonial empires. Even though the new Uppsala model seems to get close to entirely discarding the notion of psychic distance[16], it is hard, in the context of our thesis, not to link foreignness (psychic distance) to outsidership (relationships and networks). Only firms with pre-colonial links to the former colonies *(do they exist?)* are excluded from the thought that opportunities in those markets for the Portuguese and French firms are the result of a shorter psychic distance. Rauch (2001) shows how interlinked these two notions can be. In a study of the United States, he found that a "10-percent increase in immigrants to the United States will increase U.S. exports to the country of origin by 4.7 percent and U.S. imports from the country of origin by 8.3 percent." (Rauch, 2001:1185) Furthermore, "the integration of commercial interests that prevailed during the colonial periods should have established a common business language or lingua franca and a set of business contacts, facilitation the search by producers for the right distributors, by assemblers for the right suppliers, and so on." (Rauch, 2001:1188)

In the new model there is another idea worth pointing out. The authors claim that "existing business relationships, because they make it possible to identify and exploit opportunities, have a considerable impact on the particular geographical market a firm will decide to enter…" (Johanson & Vahlne, 2009) This aspect indicates firms may be subject to a path dependency to internationalization. This aspect is not new though. In the original Uppsala model, Johanson and Vahlne made the basic assumption that market knowledge and market commitment affect both commitment decisions and the way current decisions are performed, which, in turn, change market knowledge and commitment. The concept of market commitment is assumed to be composed of two factors:

[16] The only exception found relates to cross-country business coordination. As Johanson and Vahlne (2009) suggest "how hard this [coordination] will be to achieve may vary with the psychic distance between the actors."

the amount of resources committed and the degree of commitment. International activities require both general knowledge and market-specific knowledge. Market-specific knowledge is assumed to be gained mainly through experience in the market, whereas knowledge of the operations can be transferred from one country to another. A direct relation between market knowledge and market commitment is put forward. Consequently, the better the knowledge about a market, the more valuable are the resources and the stronger the commitment to the market. This is assumed to be especially true of experiential knowledge. (Andersen, 1993)

3.2.9. What distinguishes these different contributions? Note on rationality

In Bazerman's (2002) description of the bounded-rationality framework time and cost constraints limit the quantity and quality of available information; decision makers retain only a relatively small amount of information in their usable memory; and limitations of on intelligence and perceptions constrain the ability of decision makers to accurately "calculate" the optimal choice from the information that is available. Together, those limitations prevent decision makers from making the optimal choices assumed by rational models and lead them to seek satisfactory solutions, as opposed to maximizing solutions. This is based on the manager's perception of a complex environment (Cyert and March, 1963; March & Simon, 1958; Simon, 1947).

Traditional theories of internalization/transaction cost theory assume rationality. "Rationality signifies that the decision-maker can identify a set of options, and has an objective by which these options can be ranked, and an ability to identify the top-ranked option and select it." They continue "while rationality may be "bounded" in the sense that information is incomplete, behaviour is not irrational, in the sense that the information collected is a rational response to the information available." (Buckley and Casson 2009:1569)

The Uppsala model of internationalization in particular and the behavioral economics approach in general assume bounded rationality. Dan Ariely (e.g. 2008) and other behavioral economists (e.g. Bazerman, 2002), defy the assumptions made in conventional economics and argue that people are far less rational than standard economic theory assumes. Moreover, they argue, irrationality is systematic thus predictable. Behavioral economists use arguments almost no one can disagree with: “Individuals make mistakes. They suffer from imperfect information and imperfect rationality, and consequently might fail to make choices that maximize their preferences.” (Epstein & Bar-Gill, 2007:1) “The literature on cognitive biases is filled with accounts of the pitfalls of ordinary reasoning: anchoring, availability, representativeness, hindsight, optimism, hyperbolic discounting, and the like.” (Epstein, 2006:111) Decision-making in not only “constrained by cognitive ability of the decision maker” but is also “influenced by a wide range of factors, such as personal goals, evaluation criteria, and identity.” (Certo, Connelly, & Tihanyi, 2008)

It seems that the question of rationality/bounded rationality is the largest battlefield between traditional economic approaches and approaches founded in behavioral economics. The latter seek to extend the former to account for relevant features of human behavior (Diamond & Vartiainen, 2007), by providing it with more realistic psychological foundations (Zarri, 2009), hence incorporating more realistic assumptions about economic actors. That is why behavioral economics “has been investigating both real and experimental environments where some economic agents involved make choices that appear to substantially deviate from traditional economic predictions” (Zarri, 2009:562).

3.2.10. Literature gap

In this review of the literature we have described and discussed some of the major theoretical approaches to firm internationalization bringing into the discussion - when possible - aspects related to the location of foreign activities as well as aspects pertaining to the managerial level of internationalization. The theories and models covered offer different explanations for the presence of Portuguese and French firms in their former colonies. However, there are a number of limitations that prevent us from using these models to completely answer our research question.

According to the internalization/transaction cost approach, “MNEs use hierarchy as a way of eliminating market transaction costs” (Hennart, 1991:84) This makes sense given that generally foreign companies do not have “the same contacts and knowledge of local customs and business practices” (Hennart, 1991:84) However, Portuguese and French investment in the former colonies is expected to be justified on the basis of existing contacts and inherent knowledge - due to similarities – of local customs, business practices, etc. This means that the transaction costs that could be eliminated via internalization, in the special case of former colonizer-colony internationalization - would not there from the start.

The resource-based view argues “the more complex, the less codifiable, and the less teachable the knowledge embodied in an innovation, the more likely that the firm would choose direct investment over licensing to exploit that innovation overseas”. This explanation does not account for the Portuguese and French investments in the former colonies in non-complex industries, nor does it account for differences between overseas countries in terms of linguistic base and cultural affinities which, in the case of former colonizer-colony relations - can facilitate complex knowledge transfers.

The original Uppsala model does not explain the stickiness of Portuguese and French firms to the former colonies, i.e. the inexistent gradual entry into markets that are further away in psychic distance terms. That issue was addressed in the new Uppsala model, where the authors accept a “declining validity” of the establishment chain argument[17]. According to the new model, internationalization depends less on a firm’s psychic distance than on the firm’s relationships and networks. *However, how far apart are these two concepts (psychic distance and the existing relationships/networks?* In the case of former colonizer-colony relations, they seem to be closely related: the high levels of internationalization go along with a psychic proximity and the many existing business relationships/networks. Furthermore, by neglecting the role of an analysis of the opportunities/risks of internationalization (common in frameworks founded in rational choice economics), the model seeks to explain, not facilitate the process of decision-making in the context of internationalization.

All the theories present above contributed to the general understanding of our research problem. However, what all these theoretical approaches lack to answer derives from the fact that they are mostly interested in explaining global patterns on firm internationalization, while our problem is ‘a problem within the problem’, i.e. a special case within internationalization, thus needs to be addressed in a different, more detailed and workable manner: at the framework level.

Yet, the theoretical foundations presented in the previous section help us to understand the two groups of frameworks to be presented in the following section. Up to the dis-

[17] Argument that firms increase engagement according to a typical chain

cussion of the Uppsala model, the theories presented saw internationalization as a rational and objective response to conditions in the market and firm whereas the Uppsala internationalization model is based on a behavioral approach, regarding internationalization as a process (Andersen, 1993). Accordingly, under Dunning's location specific advantages (eclectic framework, 2000) one can find, on one side traditional location theories whose focus is on demand and supply related variables, and on the other theories related to the process of internationalization whose focus lies on the role of psychic distance (Dunning, 2000) and more recently, on the role of networks.

"In the normative literature found largely within the marketing discipline, foreign market entry (FME) decisions are framed as a rational response to conditions in the market and are seen to be made on the basis of objective information gathered systematically via market research." (Douglas and Craig 1983; Root 1977, 1994; Young et al. 1989 cited in Ellis 2000) According the behavioral economists, "there is a clear need to develop empirically-grounded explanations of FME as a prelude to theory-building (Mendenhall, Beaty, and Oddou 1993; Strandskov 1994 in Ellis 2000). The initial aim of the behavioral theory of internationalization was to "identify the variables that influence the managerial decision process in order to explain the process itself." (Aharoni, Tihanyi, & Connelly, 2010) While the perspectives based on rational choice see internationalization decisions mostly as a function of the opportunities/risks trade-off, the behavioral perspectives take into account factors that may influence the decision and the decision-maker such as cultural and psychic distance between home and foreign country, motivation and existing business networks.

3.3. Managerial frameworks for internationalization decision-making

The two managerial frameworks presented and discussed in this section exist to support concrete and practical decision-making applied to internationalization. Each of the frameworks was chosen based on their comprehensiveness to clearly represent one of the two theoretical foundations presented in the previous section, i.e. rational choice economics and behavioral economics (psychic distance and networks). The chosen frameworks were Lasserre's Country Attractiveness Assessment (2007), a rational approach to location choice, and Ghemawat's CAGE framework (2001), which is strongly attached to the notion of psychic distance. This level of detail is useful to our research problem given the inability of the reviewed theoretical approaches to provide a complete answer to our research question, in large part due to their broader interest in explaining global patterns of internationalization. Also, this level of detail was better suited to guide the empirical data collection in this thesis: because our research was based on discussions with managers, the framework level provided a more practical and workable point of departure.

Theoretical foundation	Author	Framework
Rational choice economics	Lasserre (2007)	Country Attractiveness Assessment
Behavioral economics (psychic distance and networks)	Ghemawat (2001)	CAGE distance framework

Table 12: Linkage between theory, author and framework Source: own creation

Lasserre (2007) developed a country attractiveness assessment framework which supports a location decision (‘entry’ decision) based on two broad categories: 1) market and industry opportunities and 2) the risks of operating in a specific country. The general investment framework implies that high market and competitive opportunities and lows risks are desirable, and the opposite undesirable.

According to Lasserre (2007:162) “a country will be attractive for a foreign investor if, in investing in that country, she/he gets a return that is equal to or higher than her/his *risk-adjusted weighted cost of capital*.” He continues, “In fact, the foreign investment decision is fundamentally the same as any investment decision.” The rational nature of the framework is clear from these statements.

The market and industry opportunities assessment measures the potential demand for the products or services of the firm. Managers are ought to acquire information along four dimensions: 1) Market: *How important is the demand in the country? What is the size and growth of the market? How is the quality of the customers?* 2) Resources: *Is the country a critical source of skilled personnel, raw materials, components, labour, technological innovation, learning? What is the quality of infrastructure supporting services?* 3) Competition: *What is the intensity of rivalry? What are the entry barriers? What is the bargaining power of suppliers-costumers? Is the business profitable in the short-term as well as in the long-term?* 4) Incentives: *Does the country have incentives to* *offer in terms of taxes, subsidies, infrastructures, government contracts? Does the presence in this country increase competitiveness?*

This framework and other frameworks alike are to be "fed" by classical tools of market forecasting as well as ratings such as The World Competitiveness Yearbook (a ranking of competitiveness and location attractiveness), the EIU Business ranking, the Euromonitor, among others (Lasserre, 2007).

On the other side of the scale, the risks measure the "probability that adverse circumstances owing to political, economic or social actions will negatively affect business performance" (Lasserre, 2007:177). The political risks encompass shareholders exposure in terms of riots, war, expropriation, etc, employees' exposure in terms of kidnapping, gangsterism, harassment, etc, and operational exposure such as market disruption, labour unrest, racketing or supply shortages. The economic risks include growth, inflation, cost of inputs, exchange rates, etc. The competitive risks include corruption, cartels and networks and lastly, the operational risks of countries are grouped in infrastructure risks, such as power, telecommunication and transport, etc, and regulatory risks, such as nationalistic preferences, constraints on local capital, local employment, taxes, etc.

In sum, Lasserre's country attractiveness assessment framework in particular and the normative literature in general portray the FME decision and the location choice as a function of the opportunities/risks trade-off.

However, behavioral economists claim that "there is ample evidence to suggest that the textbook-advocated systematic or traditional approach to market selection is rarely used in practice." (Axelsson and Johanson 1992; Johanson and Vahlne 1992; Liang and Parkhe 1997; Papadopoulos 1987, 1988 cited in Ellis 2000) Numerous empirical studies (Brown and Cook 1990; Ellis 1995; Lee and Brasch 1978; McDougall 1991 cited in Ellis 2000) indicate that "the limits of existing knowledge reveal that firms often shun market research and base their international market selection choices on non-systematic and ad-hoc procedures." (Papadopoulos 1988, cited in Ellis, 2000)

The second framework we chose to describe and discuss is clearly developed from a behavioral tradition, and rooted in the notion of psychic distance. Ghemawat's cultural, administrative, geographic, and economic (CAGE) distance framework attempts to help managers identify and assess the impact of distance on various industries (Ghemawat, Distance Still Matters: The Hard Reality of Global Expansion, 2001) and guide decision-making in relation to the location of foreign investments.

According the author, “companies routinely exaggerate the attractiveness of foreign markets”. That, he explains, is because the analytic tools based on rational choice economics used to assess the costs of doing business internationally, notably the country portfolio analysis (CPA), consistently underestimate the importance of mainly cultural distance and administrative distance. The cultural attributes identified by Ghemawat that create distance are different languages, different ethnicities or a lack of connective ethnic or social networks, different religions and different social norms. The administrative attributes that create distance are the absence of colonial ties, the absence of a shared monetary or political association, political hostility, government policies and institutional weaknesses. Distance impacts industries differently. While products that have a high linguistic content (such as consumer goods or media) are mostly affected by cultural distance, industries with high government involvement tend to be more affected by administrative distance, and products that have a low value-to-weight or bulk ration (such as cement or steel) are more likely to be affected by geographic distance. (Ghemawat 2001)

Ghemawat took the concept of psychic distance further and operationalized it, making this framework of great interest to our research question. According to Ghemawat, even though traditional economic factors still matter for trade levels, cultural and administrative distance produces even larger effects. “A company is likely to trade ten times as much with a country that is a former colony, for instance, than with a country to which it has no such ties.” (Ghemawat, 2001)

Ghemawat is aware of the criticism towards the reducing importance of distance due to information technologies, and in particular, global communications. Nevertheless, he persistently argues, in business distance still matters. One of the criticisms of the psychic distance construct can be extended to Ghemawat’s CAGE framework. The framework only measures the perceived costs of distance. The overall pattern of internationalization, however, reflects both the perceived costs and the benefits of entering foreign markets.

3.3.1. Gap in the frameworks

We acknowledge the potential economic benefits of traditional frameworks based on rationality such as Lasserre (2007), but we are also aware of their limitations. The actual pattern of internationalization of former colonizers seems very different from what those models would suggest. Alternatively, frameworks founded in the notion of psychic distance, such as Ghemawat (2001), although well positioned to explain the pattern, seem to go too far in stressing the importance of psychic distance without explaining what makes it so powerful. Simply showing that a colonizer-colony relationship increases trade by 900% does not support the decision to continue trading. However, in order to explain the unique pattern of internationalization seen between former colonizers and their respective colonies in Africa, we need to consider psychic distance and network factors. At the same time, a more quantifiable and economically justifiable assessment of those same psychic distance attributes is needed. Neither of the frameworks addresses this simultaneously, thus neither of the frameworks is sufficient to explain the case at hands.

Cross-cutting the review done so far, the next section will increase our understanding by placing together the elements that influence and the types of decisions that compose a typical internationalization decision process.

3.4. Decisions and social system in the process of internationalization

The process of internationalization can be described in terms of "the cumulative decisions made about foreign markets and entry modes." (Johanson and Wiedershiem-Paul 1975; Welch and Wiedershiem-Paul, 1980; cited in Ellis, 2000:443) However, the number and relative importance of each of the cumulative decisions referred to above (hereafter the 'foreign market entry (FME) decision') is open to question.

Golder (2002) offers a limited description of the FME decision consisting of a timing decision[18] and an entry mode decision[19]. Besides timing and mode, Lasserre (2007) and

[18] The timing decision concerns when to enter the new chosen markets; such decision may be critical, for instance, in terms of building sustainable competitive advantage as first-movers can capture initial advantages over competitors (Lasserre 2007).

[19] The entry decision comprises the choice of entry mode, i.e. what kind of operations to set up and under which legal form (e.g. wholly owned operations, joint ventures, licensing or franchising, etc).

others (e.g. Douglas and Craig 1992, cited in Ellis, 2000) acknowledged another rather important component of the entry decision: the location. The location decision is the choice of geographical locations where firms will set up their operational assets (Lasserre 2007). This decision is clearly important as it “commits a firm to operating on a given terrain and lays the foundation for its future international expansion” (Douglas and Craig 1992:302 cited in Ellis, 2000).

Although Mitra & Golder (2002) lacks a more complete definition of the entry decision itself, he added an important time perspective by analyzing also the antecedents that lead to the actual decision as well as the consequences that will follow the decision.

Another important component was added by The Foreign Investment Decision Process, published in (1966), which identified the social system as an element of the decision process. It seems perhaps inaccurate to discuss the social system as an antecedent of the FME decisions as its impact goes far beyond simple decision-making. Nevertheless, the social system was identified as an element of the decision process, and that is the focal point of the discussion. This element of the decision-making process places the spotlight on the decision-maker within a social system, bringing language, culture and social capital to the fore. This aspect is closely related to the ideas of institutional theorists. Whereas a considerable body of literature (e.g. among the supporters of the transaction cost economics and resource-based view) focus on the industry and firm level conditions as determinant to their internationalization pattern, there is also an institution-based view to account for differences in business strategy (Peng, 2002), and in particular internationalization strategy (Laurila and Ropponen, 2003). There is hardly any dispute that institutions matter since no firm can be immune from the institutional framework in which it is embedded. (Peng, 2002) By institutional we mean an approach considering organizational forms and practices as reflections of regulative, normative and cognitive elements of the context in which these firms operate (Laurila & Ropponen, 2003). We are especially interested on the social system(s) and institutional characteristics of Portugal and France and how they are reflected in the way that Portuguese and French firms expand their foreign operations.

All of these aspects are important if one is to tackle Ellis (2000:443) concern that “little is known about the actual process by which firms come to identify foreign markets.” The figure below places the elements discussed previously within the topic of internationalization of firms and is used as the organizing framework of our research

3.4.1. Organizing framework for research on internationalization

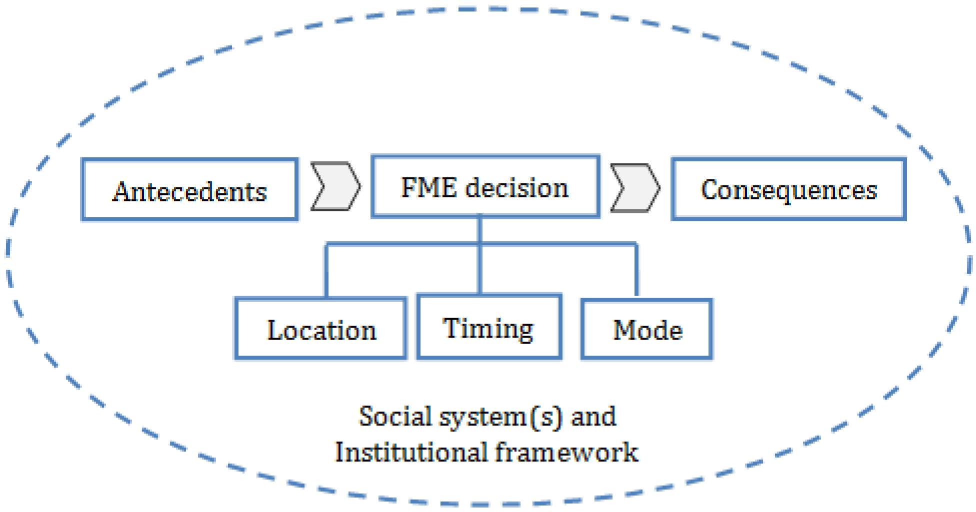


Figure 3: Internationalization Framework. Source: Ellis, 2000

Summarizing the literature according to this framework, in this chapter we have seen that the internationalization process entails a time perspective and several entry decisions. Even though the decisions presented are inter-related, the location decision is the one most directly related to the research question we proposed to answer. We have also seen that the process takes place within a social system, where language, culture and social capital matter and are embedded in a regulative, normative and cognitive institutional framework.

The time perspective entails the things that motivate and affect entry decisions (the antecedents) as well as the results (the consequences). The results of the FME decision are important as a means of evaluation. The antecedents of the FME decision, clearly more relevant to this thesis given the explanatory interest and historical context of the case at hand, are aspects identified throughout the literature review, that may influence the FME decision, such as structural market imperfections (Hymer), natural market imperfections (internalization economists), the superior efficiency as an organizational vehicle by which to transfer knowledge across borders (resource-based perspective), the supply and demand related variables (traditional location theories; Dunning, 2001), the competencies of the managers to identify, evaluate and harness resources and capabilities from throughout the world (organizational theories; Dunning, 2001), as well as their social ties (Ellis, 2000) and manager's initiative (Bilkey, 1978); but also psychic distance (Johanson and Vahlne, 1977), insidership to networks (Johanson and Vahlne, 2009) and finally, path dependency (Johanson and Vahlne, 2009) or the relation between market knowledge and market commitment.

3.5. Conclusions to the Literature Review

In this review of the literature we have gone through some of the major theoretical approaches to firm internationalization. The theories and models covered offer different explanations for the presence of French and Portuguese firms in the former colonies in Africa. However, we encountered a number of limitations that prevent us from concretely identify how managers assess those specific markets and justify entry.

The unique case of business relations between European nations and their former colonies in Africa puts a magnifying glass on an otherwise unnoticeable weakness of the IB literature on internationalization. That is understandable because few internationalization cases put so much importance on aspects related to psychic distance as the colonial cases presented in this thesis.

The CAGE framework (Ghemawat) although well positioned to explain the unique colonial pattern of internationalization by stressing the importance of psychic distance factors, went too far without explaining what (economically) makes it so powerful. A simultaneous quantifiable and economically justifiable assessment of those same psychic distance attributes is needed. Neither Ghemawat, nor Lasserre addressed this simultaneously, thus neither of the frameworks is sufficient to answer the case at hands.

The next chapter details how we carry on the research that will allow us to give an answer to the stated problem.

4. Methodology

As presented in the introduction and throughout the literature review, the aim of this thesis is to investigate and understand how managers from French and Portuguese companies assess and justify their decision to enter the market of their former colony. In the following sections, the underlying methodological foundations of our research are explained. After an elaboration on the ontological and epistemological concepts that guide this thesis, the value of qualitative over quantitative research for our thesis is defended, as well as the research approach used. This then sets the scene to explain the methods used themselves – thus the process of collecting, analyzing and reducing the obtained data respectively are explained.

4.1. Ontological and Epistemological Considerations

To guide and define the research in this thesis into the justification of investment decisions, and essentially to accurately define the outcome and implications of the research, the nature of justifications and managerial perceptions must be explained. These notions subsequently beg the underlying philosophical question of what the authors' views are on the nature of reality (ontology) and creation of knowledge (epistemology). Additionally, because the research at hand addresses justifications of investment decisions by means of interpreting and conceptualizing the nature of empirically observed justifications, an elaboration on the authors' stance on the formulation of concepts is vital. Finally, notes on the induction of possible (partial) causality are given. In concrete and applied terms, the authors interlink these concepts in the following way:

This thesis and its research is concerned with the managers' *justification* of their investment decision, which in turn is viewed as reliant on their *perception* of their business norms, the country in which they have invested, its cultural values, et cetera; in short, their understanding of the *operating realities* in their business environment. To "distill" the empirically observed findings – which the authors of this thesis consider to be *justifications and perceived knowledge* – distinct themes along which the managers justify their investment decisions are *conceptualized*. Also, according to premise of the thesis that colonial heritage is to a varying degree present and relevant in the mind of the FME decision maker, based on the observations and themes, a degree of *causality* as opposed to *constant conjunction* between the investment decision in the former colony and the colonial heritage itself is posited. The schools of thought and the interpretation of the concepts that were used in the formation of the research in this thesis (as marked in italics above) are illuminated in the following sections.

4.1.1. Objectivism and Critical Realism: Stances on Perception and Causal Relationships

Two similar schools of philosophy of science adequately encompass the viewpoints that have driven the formation of this thesis. Because we view the perceptions of the managers to concretely "feed into" the process leading up to the investment decision (and subsequently the justification thereof), these perceptions are seen as valid measures for inference. Our acceptance of perceptions as representation of reality presupposes an objectivist viewpoint, in that psychological phenomena – such as perceptions – are viewed to be real and to have definite properties and causes (Given, 2008). More broadly, objectivism holds that an "objective reality exists and can be increasingly known through the accumulation of more complete information". Its ontological stance is therefore defined by acknowledging an existing and real world, whereas its epistemological stance is that "knowledge can increasingly approximate the real nature, or quality, of its object – that is, knowledge can become increasingly objective" (Given, 2008); parentheses omitted). Another school of thought that posits that a real world exists which can be approximated by perceptions is critical realism. Both philosophies recognize this distinction between object (real, worldly things) and form (perceptions of these things), but *assume* that contrary to the Kantian and social constructionist stance that we are incapable of knowing the real object because of the "veil of perception", we are in fact capable of gradually increasing our knowledge of the nature of the object itself.

This word "assume" is important. Of course, as social constructivists or even positivists would contend, there is no way to definitively conclude whether a real world exists, but assuming this allows the researchers to accept and critically study the causal language used in the existing literature and in the case study's empirical observations about why investment decisions are made. This focus on the ability to use causal language to describe the world is in fact the central tenet of critical realism (Easton, 2010:119). Applying different psychological stances to the investment decision literature, the literature review has put forward two broadly defined schools that explain investment decisions:

one based on psychic distance and once based on rational economic motives. Generally speaking, the notion of psychic distance conforms to the social constructivist idea that social interaction forms the operating reality between managers or firms, and rational economics assumes that there are certain necessary and defined prerequisites for market entry and investment – as positivists would argue (Ghemawat, 2001; Lasserre, 2007; Easton, 2009:118-119). However, neither viewpoints *critically* examine the full implication of assessing cause and effect because it is either “allowed” or left in the middle whether decision patterns are actually caused by certain mechanisms or simply are constant conjunctions that independently from each other have been established in a similar fashion (Easton, 2009:118). The research conducted for this thesis accepts that people make use of causal language in everyday life to explain the world around them (regardless of the truthfulness of their claims) and aims to mirror this routine use of causal language but in a critical and conscientious way to test its viability (Easton, 2009:119).

Our critical realist and objectivist points of departure can be best summarized by explaining our stances on causal relationships and perceptions in the research conducted for this thesis: the researchers examine the justifications given by managers 1) critically because the causal relationship between the justifications and the investment decision will be thoroughly examined, and 2) objectively because the research refrains from any supposition about whether certain motives are or should be more prevalent, i.e. their perceptions are *assumed* to approximate reality.

4.1.2. On Justification

As stated above, it is important to consider the fact that when researching justifications of investment decisions, these justifications are based on the perception of the managers in question. Although these perceptions are assumed to approximate reality, the critical realist and objectivist schools admit that an element of human bias can be present that distorts the area between the perceived and real world (Given, 2008; Easton, 2009:119-120). Therefore, when a manager argues retrospectively in favor of the actions committed or approved by the manager in question (what will henceforth be referred to as investment *justification*) this dichotomy becomes especially important. If a justification reflects the real “worth” assigned to it by the person who justifies, the “justifier” or justifying argument can be said to be objective (Given, 2008). This relationship between justification and underlying worth can be explained as "(…) every principle of justification is closely linked to a principle of worth, with the latter understood as a criterion to define and measure worth" (Dequech, 2008:532). Here, however, the difference in perception of worth and the real worth can be present in the justification. As Dequech (2008:532) contends: "the establishment of a quality or a unit in terms of which worth can be defined and measured does not always have to be associated with a principle of justification." That is, the justification might include a set of cognitive processes that do not adequately reflect the underlying value or worth associated with the justification – either subconsciously, due to a lack of complete understanding of the reality or scope of the situation, or even consciously.

A more banal but perhaps more important explanation for this dichotomy between action and justification thereof is also asserted by Dequech (2008): "a logic of action and a logic of justification may be quite different from one other, even if disputes turn out to occur or if people become concerned with their possible occurrence, so that they either reactively or preventively justify their actions." (Dequech, 2008:532) In the case of investment decision making on the (hypothetical) grounds of lower perceived psychic distance which is perhaps sensitive because of the colonial aspect, the researchers thus need to be wary of the possibility that managers may have invested for a reason that they are not willing to publicly admit. The justification logic might for instance be of a rational nature whereas the logic of the action might have been of a more intuitive or social nature.

4.1.3. On Concept Formation

Because an important aim of the data analysis is to arrive at distinguishable categories of justifications (made clear in section 4.7 about the data reduction method used), the epistemological defense for the formation of concepts requires elaboration. The philosopher Ayn Rand gives extensive attention to theoretically justifying the use of concepts and has a clear objectivist point of departure in doing so. Her theory holds that a process of measurement omission leads to the formation of concepts (Rand, 1990). Her protégé and philosophical heir Leonard Peikoff describes her stance on this as follows:

> To form a concept, one mentally *isolates* a group of concretes (of distinct perceptual units), on the basis of observed similarities which distinguish them from all other known concretes (simi-

larity is 'the relationship between two or more existents which possess the same characteristic(s), but in different measure or degree'); then, by a process of omitting the particular measurements of these concretes, one *integrates* them into a single new mental unit: the concept, which subsumes all concretes of this kind (a potentially unlimited number). The integration is completed and retained by the selection of a perceptual symbol (a word) to designate it. 'A concept is a mental integration of two or more units possessing the same distinguishing characteristic(s), with their particular measurements omitted.'" (Peikoff in Rand, 1990:97-98)

In the data analysis, the researchers do not imply that the concretes (or meaning units) are omitted in the sense that they are discarded all together; they are simply molded into the concepts that are formed from them. The process of integration of concretes and the designation of symbols or semantic themes to the integrated concepts formed is explained in full in section 4.7, but for now it suffices to relate the process of conceptualization to its objectivist nature in that it assumes that the measurements or meaning units to concretely exist in a certain quantity, but may and can be extended (while gradually "de-specifying" them) to encompass a larger amount of meaning units in logical, abstract, but viable concepts.

4.1.4. Inherent Researcher Bias

Lastly, an important note must be made as to the researcher involvement in the interpretation of research findings. For the sake of reducing inherent bias from preconceptions obtained through prior knowledge and experiences, the researchers have chosen a data reduction and assessment method (see section 3.7) that distills and categorizes the data into themes, a process that, although it entails some limited hermeneutic effort, is largely irrespective of the researcher's feelings and thoughts about the themes (Anderson, 2007). Nevertheless, the researchers' preconceptions might come into play in the subsequent analysis and are therefore recognized and elaborated here (Miles & Huberman, 1994:17). Our impression of the investment decision assessments in former colonies was that they are underdeveloped because an element of ambiguity always seemed to exist in the communication of the fact that similarities exist between the former colonizer and colony. A resulting and important guiding attitude throughout the formation of the problem statement of this thesis has been that the *normative* discussion of the implications of the colonial era on relationships between the inflicted and the inflictors must make way for more *pragmatic* discussion of how their resulting similarities and cultural influences can be leveraged to increase operating efficiency and increased openness and mutual understanding.

4.2. Qualitative versus quantitative research

Before describing the actual method used to collect and analyze data, the choice of a qualitative case-based study must be justified. As a means of measuring social phenomena, the use of quantitative methods entails a number of drawbacks. First of all, given that these methods are best applicable where large samples are assessed in order to find generalizable data (Patton, 2002), their use is limited when attempting to research phenomena or social processes that require personal contact and deeper understanding of individual opinions and experiences. Given that this thesis is interested in understanding the manager's justification and assessment of investment decisions as opposed to investigating the actual execution of the investment process, a qualitative approach is indeed preferred. Qualitative research is defined as any kind of research that produces findings not obtained by means of statistical procedures or other means of quantification (Strauss & Corbin, 1990:17). Therefore the focus instead lies on in-depth understanding of words, opinions and experiences rather than on quantitative data. This holds true in the case of understanding individual opinions and justifications of foreign entry moves. The criticisms and the methods used to minimize these flaws of this type of research design are presented below.

4.3. Research Approach

Because of the complexity of the process of realizing the essential questions to be answered in a thesis that attempts to distinguish different managerial justifications, the researchers have not used a clear-cut inductive or deductive approach in analyzing the data, but have rather started from a "base interest", i.e. the notion and idea that colonial considerations play a role in investment decisions in former colonies. Initially, the researchers worked linearly to find essential literature that supported or sought to explain this notion, collect data from relevant actors and analyze the data obtained. However, once this practice was underway, simultaneous processes of deducing the most important aspects of colonialism in business from the interviews and of inducing potential explanations for these aspects or mechanisms allowed the notion of departure in this thesis to begin to crystallize into a concrete research question that could be discussed and clarified. This process allowed the individual elements in this thesis to be reiterated to further concretize and harmonize them and to finally allow for solid explanatory language in the data analysis. This process is known as an abductive approach to case research (Dubois & Gadde, 2002) and has been found not to be a mere combination of inductive and deductive approaches, but to have an added benefit – also by the authors of this thesis. This added benefit materializes especially when, like in this research, the case study aims to refine existing theory instead of formulating new theory (as an inductive approach would), as it allows for a process known as *systemic combining*. This concept can be described as "a non-linear, path dependent process of combining efforts with the ultimate objective of matching theory and reality" (Dubois & Gadde, 2002). This matching technique is best described in Dubois & Gadde's visual representation of systemic combining, as given below.

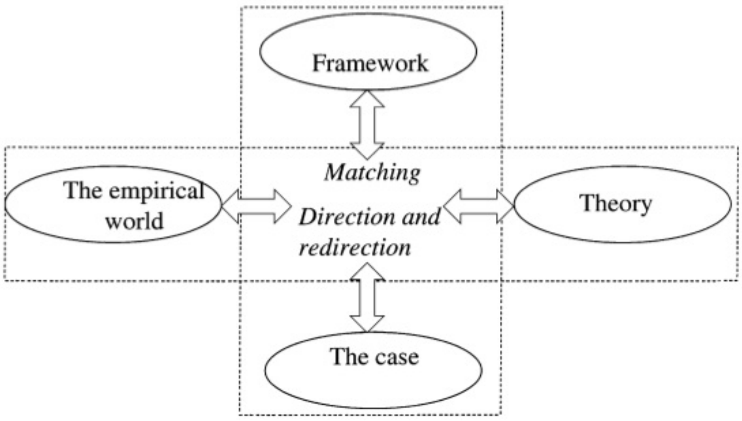


Figure 4: visual representation of the systemic combining process (Dubois & Gadde, 2002)

In this thesis, the research is indeed aimed at matching the existing explanations for foreign market entry to the (colonially related) ones that were empirically observed. Thus, this method calls for a reiterative research approach that allows for this matching technique between theory, the empirical world, the case and the framework that embodies the explanatory addition to existing theory. Eisenhardt (1989) have dubbed these efforts as a constant move "between asking questions, generating hypotheses and making comparisons" and has postulated that from a mismatch between certain elements or "juxtaposition of contrary or paradoxical evidence" the most creative insights tend to arise (Eisenhardt, 1989 in Dubois & Gadde, 2002). Believing this to be a very valuable approach to expanding theory, we have adhered firmly to this method.

4.4. Reliability and Validity

What has to be understood primarily in the assessment of the validity and verification of studies with a qualitative design is that researchers must be careful when attempting to generalize conclusions made about the small sample used to the entire population at hand. Rather, a good open study should be aimed at understanding a certain case and its context and can give suggestions pertaining to strengthening or reinforcing of the outcomes of this study to a larger sample using more standardized and elaborate methods (Bryman, 2008). Another complication in terms of reliability of the results generated by qualitative methods is the extensive user involvement, and therefore the inherent unsystematic and variable study outcomes. Additionally, the reliability of the outcomes also refers to the question of whether repetition by different researchers or by the same researcher at another time and place would come to the same result (Silverman, 2001). Given the scope and resources available for this thesis, the researchers show a high level of awareness and introspection of these inherent limitations and more importantly, commit to a high level of transparency in the processes of data collection, analysis and reduction throughout this thesis. Silverman (2001) contends that to enhance reliability in qualitative research studies, researchers must display their research process and the choice of theory in a transparent manner so that they can be followed, understood and reproduced by others. Furthermore, he recommends that the research report should display all the concrete observations made throughout the data collection process, not only summaries or generalizations. By including the complete transcripts the interviews as well as elaborating on the intermediate steps of data reduction, the study has aspired to this enhanced clarity and therefore reliability. Lastly, the concept of validation needs to be addressed. The question of validity pertains to whether a study accurately measures its intended goal based on the theories it claims to expand on (Silverman, 2001). For a qualitative study especially it is crucial that the observations made fit the reiterative (preliminary) theorizations that are developed through them in an unbiased and logical manner (Easton, 2009:124). Throughout the data analysis section the results of our data collection are therefore revisited and remodeled according to the abductive approach explained in section 4.3. The matching process between theories addressed in the literature review empirical data and the framework supports the meaning of the data in the context out of which the data was extracted (Dubois & Gadde, 2002; Pole & Lampard, 2002).

4.5. Research Design

4.5.1. Multiple Case Study Approach

For the study at hand, the multiple case study method was chosen to assess four diverse cases of company involvement in former French and Portuguese colonies, and more specifically the justifications that these companies' managers used for their investment decisions. This method was deemed most fitting because of the complex character of the study at hand where many interrelated factors are at work, and the case study method's inherent strength in assessing in-depth dynamics within multiple settings (Eisenhardt, 1989:534). Moreover, the case study method is a reliable method to address explanatory questions (*how* investment decisions in former colonies are made) (Eisenhardt & Zbaracki, 2007:26). Regarding the multiplicity of cases in our thesis, this was intended to preliminarily deduct patterns across cases as to their comparability and generalizability across regions and industries (Yin, 2009). As described in the epistemological considerations above, one of our aims is to advance a (partly) causal explanation between the presence of a colonial heritage and the FME decision made to move into the former colony. Using a single case study to deduct such a relationship would imply seeking a *causal mechanism* that links this cause and effect. In critical realist parlance, a mechanism, when activated, is viewed as "produc[ing] effects in "conjunctures", which may be unique. According to conditions, the same mechanism may sometimes produce different events, and conversely the same type of event may have different causes" (Sayer, 1992:116). It is therefore essential that strong theoretical grounding to argue for a definitive causal mechanism is found. However, distinguishing this causal mechanism from one case is problematic in the research at hand because powerful and active contingent relations might be at work in the investment decision (i.e. credible alternative causal explanations for investment such as the market opportunities or network effects) (Easton, 2009:127). This has led the researchers to use a multiplicity of cases that exhibit large heterogeneity in terms of operating environment and intrinsic managerial characteristics, but with a the common factor of having invested in a former colony. As a commonly contended criticism of the multiple cases study method is “a lack of purposeful sampling, care has been taken to incorporate a meticulous case selection procedure, which is explained in detail in section 4.5.1. Throughout the case study procedure, the researchers have taken care to refrain from falling into other often-cited pitfalls associated with the multiple case study design and to the tools typically used for the analysis of data derived from this method. Other typical weaknesses often addressed are the lack of mention of research protocols, the presentation of descriptive data in a highly qualitative manner (e.g. through the use of score cards) and a lack of support of the accounts with statistical data about the cases used (Yin, 2009). In the data analysis section, the researchers have therefore taken care to refrain from qualitative inductions in the content analysis by adhering strictly to the Thematic Content Analysis method. Furthermore, the case sections were strengthened by including quantitative data about the case companies so as to aid the nuance of pattern formation in the ensuing analysis. However, one limitation to the research has been the inherent difficulty in establishing interviews with highly positioned managers due to their busy schedules. This has significantly reduced the available set of potential interviewees – a fact that has been overcome by trying to maximize the purposefulness of the four cases that were accessible (see section 4.5.1).

4.5.2. Semi-Structured Interviews

The primary data collection of this thesis is done through semi-structured interviews, accompanied by an interview guide that actively aids the interviewer in covering a number of specific topics devised with respect to the literature review, which is included in Annex 1. It is often contended that authenticity rather than reliability is the main issue in interviews, and in qualitative research in general. The main goal and concern of the interviews was therefore to grasp an authentic understanding of the interviewees’ knowledge and experiences in a natural and unsystematic way (Silverman, 2001:13). Qualitative interview studies are believed to be most effective to this end, as they have the potential to capture the informant’s thoughts and their personal conceptions of their experiences (Kvale, 1996:11) – in our case in foreign market entry situations in an African former colony context. Furthermore, in the semi-structured interview setup the interviewer-interviewee relationship is not based on a “back-and-forth” exchange of structured questions but rather has as a point of departure a single overarching opening question that is expanded on spontaneously depending on the interviewee's responses (Yin, 2009). Despite this lack of an obvious structure, all of the sub-topics that were prescribed by the interview guide have been successfully addressed, and the interviewers used the guide extensively to check off all the questions that needed to be asked, indiscriminate of the order in which they appeared. This relative freedom in how to reply had the double advantage of a greater flexibility generating follow-up questions to the interviewee's replies and thus more in-depth and elaborate answers.

4.6. Data collection

4.6.1. Choice of Cases

As described above, the main source of data used derives from primary research in the form semi-structured, qualitative interviews. A critical aspect of the actual accumulation of the data includes the choice of cases. It was vital that the interviewees were chosen based on properties that allowed for a (careful) degree of logical and purposive generalization across the population of all French and Portuguese managers in their former colonies. At this point it is important to refer to the methodological stance of seeking causal mechanisms from limited empirical observations, the clarification of which will be presented below. It is not the aim of this thesis to position itself as a means of (positivist) statistical generalization, as Easton (1995:379 in Dubois & Gadde, 2002) contends is often what multiple case studies seem to do. However, for the sake of overview, an idea of the entire population of French and Portuguese companies operating in their former colonial markets is given. This will not only aid the reader in broadening the scope of the potential importance of considering the colonial element in relevant foreign market entry decisions, but also allow for more directed recommendations for future research in this area. The trends and estimated figures of French and Portuguese FDI in their former colonies are given below, and a more detailed elaboration is given in the case section (section 4). The industries in which they are active are mostly market seeking in Sub Saharan Africa and the Maghreb, but the extractive industries (mostly oil and gas) account for the heaviest investments in monetary terms. The industries range widely, from banking, telemarketing, (naval, aerial and building) construction, nuclear energy, IT, beer, fibers (extractive and market seeking), logistics and transport to hospitality, interior design, car rental, a wide variety of foodstuffs and recycling. The population of

French companies in Africa is hard to measure, but some indications can be given. The CIAN, a trade assistance agency for French companies in Africa, states that it gives trade assistance to around 400 companies (50% large companies, 50% SMEs), which comprises 75% of total French business present in Africa. A rough estimate of the population of French companies present in all of Africa is therefore 1 / 0.75 x 400 = 533 companies. In terms of large companies in Sub-Saharan Africa alone, this is estimated to comprise no more than two-dozen firms (Hoh & Vignaux, 2006). For Portugal, “as of May 2008 there were more than 2.000 Portuguese companies exporting to Angola and more than 200 installed in the country” (AICEP, 2008; own translation). Using a simple extrapolation calculation based on country GDP, the authors of this thesis estimated a total number of 230[20] Portuguese companies in the former colonies in Africa.

Because of the high diversity in the nature of the investments by France and Portugal in SSA and the Maghreb, the cases were primarily chosen for their heterogeneity in terms of industry and firm size. The cases illustrate relatively diverse environments, in size and in nature, ranging from consumer products and hospitality services to logistics outsourcing (and software sales) and electricity. The details of the cases are given in section 4. The only common factor among the cases that was aimed for was that *an investment decision had to have been made by or with the aid or knowledge of the interviewee in a country that was formerly held by the country of origin of the company (and interviewee) as a colony.* Such a method follows a critical realist reasoning that in a case study with a multitude of auxiliary factors that could serve as partial causal explanations for the investment decision, based on this research that puts forward a single overarching characteristic, the heterogeneous factors should not be regarded as the only causal mechanisms (Easton, 2009:127). In other words, the industry characteristics might have been important in making an investment in the target country, but if research that highlights companies of different sizes in many industries, which among then have only a single defining characteristic, and if the findings show at least the contours of a pattern as to perceived benefits pertaining to a colonial heritage, the industry and firm size alone can no longer critically be viewed as the main causal explanation for the investment decision.

Furthermore, the researchers contend that heterogeneity among the interviewees could have similar effects on generalization possibilities. For instance, according the logic

[20] Value reached by the sum of former colonies GDP’s (2008)*200/Angola’s GDP (2008)

described above, this could lead to a somewhat lower causal effect of a common rhetoric among interviewees in their choice of responses. However, it was deemed vital to seek interviewees that represented their company's views and decisions. This involved trying to find individuals who could provide rich information and who provide certain attributes demanded by the character of the study (Silverman, 2001), such as relevant background and experience. Concretely, the interviewees were chosen on the premise of 1) the company they are employed at and its involvement in an either French or Portuguese former colony, 2) their personal involvement and managerial experience in foreign market entry and operation situations within that company, and 3) their availability for an interview as most of them had very demanding senior functions within their company. The aforementioned interview guides were developed in accordance with the literature review and with the authors' preconceptions and understandings about the professional dialogue that managers are accustomed to when discussing sensitive colonial issues. Furthermore, given the relatively unstructured nature of the interviews, the interviewers placed substantial emphasis on exuding a certain level of erudition towards the interviewees. This was done so that intelligent and well-informed follow-up questions could be realized in order to further extract high quality information from the interviews.

4.6.2. Interview Process

Three of the four interviews were conducted on Skype, whereas one was conducted in the same physical space with the interviewee. The duration of the interviews ranged from approximately 25 to 40 minutes. These spatial and temporal limitations were necessary conditions given that our interviewees were not readily available for thorough meetings because of their busy managerial functions within their company. Although sharing the same physical space generally allows for a more personal (or political) rather than an impersonal (or scientific) relationship during the interview (Silverman, 2001:13), the absence of the facial element in the Skype interviews gave the interviewers the opportunity to focus intensely on the interview guide without being distracted by a simultaneous focus on active listening. The two interviews with French-speaking managers were conducted in French, whereas the Portuguese managers were interviewed in Portuguese. Although all four informants commanded some knowledge of English, the authors preferred to conduct the interviews in the native tongue of the informants so as to create a more comfortable atmosphere in which more in-depth information could be obtained (except Jean Michel Guarneri, former employee of Savoye, who himself insisted the interview be done in English). The transcription of the interviews was done in English for the French interviews and in Portuguese for the Portuguese ones in accordance with the personal preferences of the researchers. The Portuguese interview transcriptions are additionally processed by "Google Translate" in the transcript appendix. In the transcription process, there has been some focus on breaks, pauses and certain behavioral patterns, but not exhaustively as it was contended that this would interrupt the legibility of the transcripts.

4.7. Data Reduction: Thematic Content Analysis

A concise process of data reduction was deemed necessary to overcome a major weakness within the case study method, i.e. the lack of a clear and unambiguous codified structure of the accounts used as primary research (Yin, 2009). In accordance with the two kinds of "reasoning" explained in the literature review, the goal of the interview analysis was to systematically assess whether the statements pertaining to investment decisions made by the interviewees were motivated from the point of departure of either rational choice economics or psychic distance between the home and target country. To objectively execute such an aim, we have resorted to a rigorous process of data codification named Thematic Content Analysis (TCM). Anderson (2007) describes this method as a form of "low hovering" over the data: "The researcher groups and distills from the texts a list of common themes in order to give expression to the communality of voices across participants. Every attempt reasonable is made to employ names for themes from the actual words of participants and to group themes in manner that directly reflects the texts as a whole" (Anderson, 2007:1). The main strength of this method is that the original meaning units obtained from the interviews are largely kept "in tact" without a high degree of distortion by intermediary hermeneutic processes that often plagues other types of qualitative analysis. The concepts are formed in accordance with the objectivist stance that when omitting the particular measurements of the concrete meaning units, one can integrate them into a single new mental unit: the concept, which subsumes all concretes of this kind (Peikoff in Rand, 1990:97-98). In particular, the researchers drew inspiration from the TCM as used by Graneheim & Lundman (2003). Their method is aimed at distilling behavioral accounts to "codes" in a multiple stage process of generalization in order to increase the comparative and analytical power of cases. However, given that the original framework was used in the context of behavioral patterns in nursing situations, some elements of the framework had to be adapted to fit the more anecdotal nature of the interview elements at hand. The essence of this codification method was kept intact, though. The elements used in this method are described below in a hierarchy from concretes to concepts, and the method of establishing these elements and subsequently fine-tuning them as prescribed by Anderson (2007) is included in Annex 7.

Meaning Units (Assessments, Justifications and General Statements)

From the interview transcripts, the relevant "meaning units" from the interviewees were extracted, transferred to the framework and divided into assessments (A), justifications (J), and general statements (GS). The extraction process was executed conscientiously and exhaustively by reading through the transcripts multiple times and by focusing very broadly on relevant statements even remotely related to investment decisions.

Condensed Meaning Units

Next, the statements were reduced to condensed statements that are in essence generalized summaries of the statements and better suited for classification in the next step.

Sub-Themes

The condensed statements were consequently categorized in sub-themes in accordance with the method used by Graneheim & Lundman (2003). This categorization process was done with an extensive focus on avoiding overlap of the different categories and subsequent rephrasing so as to unambiguously be able to include every statement, justification and assessment into only one sub-theme.

Themes

In accordance with the distinction made in the literature review, the sub-themes were subsequently divided into two themes: either motivated from the point of view of rational choice economics (R) or psychic distance (P). With this final categorization, the means are created to assess how and when managers respond to questions about investment in former colonies in a structured and clear manner.

5. Cases

5.1. Introduction to the case section

This chapter is intended primarily to describe the companies and the interviewed individuals associated with these companies. Subsequently, a brief summary of the empirical data collected from the interviews is given. We believe it is important to illustrate the interview process and the answers given by the interviewees, as it aids the reader intuitively in understanding the analysis of the data and the conclusions derived from it.

5.2. Case companies and interviewees

As mentioned in the methodology section, the four case companies selected for this thesis are diverse in terms of industry (ranging from consumer products and hospitality services to logistics outsourcing and electricity) as well as firm size:

Accor is “the world’s leading hotel manager and market leader in Europe.” (Accor, 2010) The French group’s ambition is to become the European franchise leader and one of the world's three leading hotel operators. Currently Accor manages over 4.100 hotels (nearly 500.000 rooms) around the world, of which 143 hotels (23.814 rooms) are in the Africa and Middle East region. With a revenue of €2.849 million (June 30, 2010; Accor, 2010), the group employs approximately 145.000 people in nearly 90 countries.

Efacec, formed in 1948, is the largest Portuguese group in the field of electricity providing integrated and differentiated electromechanical design systems. Since 2007 the portfolio of Efacec business activities has been divided in three main business areas: energy solutions, engineering solutions and services, and transport and logistics, which are then split in ten different business units[21]. This new organizational model was designed to answer the future international expansion challenges of the company. “The core objective of Efacec is the replication of the ten businesses mentioned, held in Portugal, in the aforementioned regions in the world.” (Pereira, 2010) In large parts of the regions where the group is present, “at least half of Efacec’s ten businesses are already replicated. The recent evolution of Efacec over the past three years confirms the ade-

[21] Transformers , High and Medium Voltage Switchgear and Servicing of Energy; Engineering, Automation, Maintenance, Environment and Renewable Energy; Transportation and Logistics

quacy of the strategy pursued.” (Pereira, 2010) With a volume of orders that exceeds €1.000 million, the group employs 4800 people in over 65 countries. The Africa market was in 2005 the second biggest export market for Efacec, accounting for 22.9% of the total exports.

The French **Savoye** - a division of the Legris Industries Group, an international logistic engineering company - mainly develops global computerized, automated logistic solutions for warehouses. Those solutions are developed via its subsidiary a-SIS, which numbers 200 employees and publishes three flagship software packages. Savoye’s presence in Africa is focused on the Maghreb region. With a turnover of 81.9 million euro in 2009, Savoye employs 548 people. (Savoye, 2010)

Sovena has its origins in late 19th century, and is currently the second largest olive oil company in the world and the largest supplier of private labels (Sovena, 2010)**.** The Portuguese company integrates the entire value chain of the olive oil production - agriculture, processing and packaging, and is structured along four inter-related business areas: agriculture, consumer goods, oilseeds and bio-diesel. Sovena’s ambition is to consolidate their position in 2010. It employs 1.100 people and in 2009 reached €767 million turnover. Portugal is currently worth about 20 percent of the group's turnover. Sovena is also present in 6 other countries - Spain, USA, Brazil, Angola, Tunisia and Morocco - and exports to over 70 countries, which are worth the remaining 80 percent of Sovena’s business.

Country/Industry	Hospitality	Electricity (field)	Logistics Outsourcing	Consumer goods
France	Accor	-	Savoye	-
Portugal	-	Efacec	-	Sovena

Table 13: Case company industries and nationalities. Source: own creation

The four interviewees are Claude Moscheni (Accor), João Oliveira e Sousa (Efacec), Jean Michel Guarneri (Savoye) and Eng José Ramalho (Sovena). They range from low to high level of seniority within the companies they represent.

Claude Moscheni is the Hotel Operations Advisor to the Chairman of the Senior Management Board at Accor. He currently works at the headquarters in Paris but he has been involved in at least five of the hotel startups in Western Africa. His experience at

Accor Hotels dates back to 1970. He started managing hotels and moved from France through Europe, and then became responsible for regional operations in the Middle East and Africa. Until some years ago he was General Manager of Business and Leisure Operations but he has a more advisory role nowadays, making use of his experience.

João Oliveira e Sousa has been the administrator of Efacec Angola since November 2009. He moved to Angola from one of the group's Far-East offices when the country was defined, together with South Africa and Mozambique, as one of the strategic markets in Southern Africa. His relationship with Angola dates back to 1960, when João's parents lived in the country.

Jean Michel Guarneri is currently the CEO of the *Compagnie Européenne de Prestations Logistiques* (CEPL), a leading European warehouse logistics service provider. Formerly he has worked for a-SIS/Savoye in Morocco, at a time when the country was investing in logistics, especially at the development of the Tangier-Med Port, the largest port on the Mediterranean and in Africa, which entered in service in mid 2007 (Magharebia, 2007).

Eng. José Ramalho is responsible for the export area of non-bulk edible oils and soap at Sovena. He currently works at the headquarters in Lisbon from where he manages the African export markets.

Company/Seniority	Low	Medium	High
Accor			Claude Moscheni
Efacec		João Oliveira e Sousa	
Savoye		Jean Michel Guarneri	
Sovena	José Ramalho	-	

Table 14: Interviewee seniority. Source: own creation

5.2.1. Accor

Accor's presence in Africa is strongly associated to the French colonial past. "French hospitality was an export product and of course best known in the Francophone world. Out of the 19 countries in which we are present in Africa, most of them are our old colonies."

The common linguistic platform is an advantage “for French managers naturally” and not only: “we have been welcomed warmly and experience a familiar feeling when we use the same expressions et cetera”. In general, “even though we are internationally present, we stem from a French managerial culture that is readily understandable in West Africa. In our experience, the Francophonie is an asset in many ways, not least in mutual understanding and therefore operating efficiency. (…) As an advisor to the board, I have stressed the maintenance of these natively French values that have been acknowledged worldwide.”

However, Accor “have also had some issues in the early seventies, especially in Cameroon and Senegal where anti-French sentiment forced the board at that time to adapt and move French managers to the background and partner with local executives.”

There are other more recent examples of how “sometimes being French in these places can be a disadvantage in terms of history. (…) When we recently expanded our presence in Abidjan [the renewed Sofitel in Ivory Coast], the management team took the advice from our advisors that we change our location because of a military academy that was nearby. We had not considered that strong revolutionary feelings against French companies would cause trouble on a national level if we had continued with the renovation.”

In fact, in cultural trainings for employees and front line managers Accor points many times to the “false vicinity” between the French and the former colonies.

Would you say that familiarity was a primary reason for entering these countries in the first place? [Pauses and thinks] “Yes and no. You see, countries like Senegal and Ivory Coast, but also the Levant [Lebanon and Syria] have aspired to many of our standards at the hospitality level, and because this is our main business, this is why we are there.”

“We fulfill a need, and we can do it better than the English or the Spanish. Today, like when I started, we market our Sofitel brand as [speaks English] with a French touch. (…) Familiarity I suppose is also a way of reciprocally reinforcing their belief in our competence as a service provider and our belief that they are willing to pay for “French” standards.”

Decisions to enter Africa “were made strictly at the top and then a suitable manager was found, usually he would have experience in Africa already.”

Accor adheres to a very strict international investment and expansion vision. Nowadays, "we have a team of experts –consultants – in legal and administrative areas mostly. They come in and make a market analysis for the particular location and we proceed on the basis of that." Nevertheless, "even though English is [Accor's] corporate language in most international venues, the way the company grew is through French channels and this is reflected in our earlier expansions."

It is important that managers are "capable of handling a wide scale of problems that are common in these countries: finding local suppliers and dealing with authorities".

Tourism is on the rise "especially in Egypt and South Africa", both of them non-Francophone. "Well, these countries have a different history of course, and a longer history of indigenous hospitality sectors as well – again, we have largely used local managers or managers with local experience. In fact, our Egyptian regional manager is French and as far as I know, actually speaks French a lot in his daily operations."

5.2.2. Efacec

Efacec sees itself as a company of reference in the area of electricity transformation and distribution in the countries of Southern Africa[22].

In 2006, Efacec defined Angola, Mozambique and South Africa as the strategic markets of Southern Africa. By the time of the interview, Efacec counted with 200 employees in Southern Africa, of which approximately 50 were in Angola and most of the remaining in Mozambique. The vast majority of human resources are located in Portugal's two former colonies.

Why were Angola and Mozambique set as strategic markets and not larger markets such as the DR of the Congo or Zimbabwe? Efacec has timidly and mostly unsuccessfully attempted to enter other markets in Southern Africa such as Zimbabwe and the Democratic Republic of the Congo. However, according to João Sousa, "Efacec is a small company when compared to ABB, Siemens and other multinationals, so it had to make a choice." Mozambique and Angola are markets where Efacec has a long experience and extensive knowledge, which justifies the choice.

[22] We define Southern Africa as the countries belonging to the Southern African Development Community (SADC), namely Angola, Botswana, Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Efacec was under the control of ACEC, a Belgian company, when it entered Angola in 1967, around the same time as it entered Mozambique, first as an agency and later as a legal Angolan firm. It was the Belgium firm who defined for Efacec the mandate of exporting to the Portuguese territories only. Efacec returned to full Portuguese control in 1984. However, it was not until the redefinition of the strategic markets in 2006 that Angola would receive more attention from Efacec. It was in the midst of this process that João Sousa was brought from his position in the Far East to be placed in Angola.

According to Efacec, important contracts have been obtained together with major Angolan companies[23]. Currently, Efacec is trying to make an investment of 15 million Euros but according to João Sousa, "things are not easy. (…) One of the problems of the market is its maintenance." In addition, the state is unstable, dysfunctional and corrupt; "power and decision-making is too concentrated. (…) There is no planning, no philosophy nor coherent policy", "they think and carry on with policies without coordination"

How was the market analyzed? According to João Sousa, an external consultant was hired for six months to research the Angolan market. Market knowledge about Angola was also available internally as a result of Efacec's experience. However, in the mentioned report, the lobbying capacity of the Portuguese was overestimated, the easiness to raise money was overestimated and the potential of the market was underestimated. In general, the picture of Angola was not the clearest: "from everything I had heard, and my parents had been here [in Angola] in the 1960s, I found a completely different country from what you would expect."

Having good market references in Angola was a clear advantage for Efacec. However, the large financial resources necessary to work a market like Angola place Efacec in a position of weakness. After all, Efacec is "small when compared to ABB, Siemens or other multinationals" and has a weak financial capacity. "The main threats to the Portuguese [companies] are the Brazilian and the Chinese [companies] (…) unfortunately Portugal does not have the financial capacity of those countries, otherwise [Angola] could be the El Dorado." Chinese competition has before brought an end to an investment project of Efacec. At the time, it was noted that the electricity companies in Angola "are more interested in importing products from China, covered by the credit line Beijing granted Luanda." However, "this will hardly affect the high turnover achieved

[23] *Empresa Nacional de Electricidade, Empresa de Distribuição de Electricidade* and UNITEL.

in that country, said Alberto Martins the company's chief executive." (New Europe, 2007)

Indeed, Angola is a market worth pursuing because of its fast economic growth and the huge market potential. In the aftermath of the civil war, the vast Angolan electric infrastructures as well as production facilities need to be developed. The common linguistic platform and the cultural affinity were aspects underlined by João Sousa. Due to the colonial heritage "most technical norms and specifications are of Portuguese origin. Therefore it is relatively easy for a Portuguese company to offer a product in Mozambique and Angola as it does in the home market of Portugal. The same does not happen, for example, in South Africa." There is also a positive Portuguese reputation: "one of the biggest hydrographic projects of Africa was made by the Portuguese; therefore our technical influence there is quite substantial" and "people [in Angola] recognize that the Portuguese quality is very good". However, there are negative sides to the reputation too: "in these markets, the Portuguese is also reputed for, in a short period of time, arrive, make money and leave to never come back."

According to João Sousa, the business cultures in Portugal and Angola are similar; "unfortunately, in the countries I am responsible for, they developed the worse the Portuguese could have taught. I am talking of the bureaucratic processes." However, there is a shared cultural understanding: "we are the only ones who understand and know them and know how to deal with them and them with us". The bilateral relationship is hard to define. According to João is like a love-hate relationship: "Hate, because they don't forget what we have done to them during the colonial times. Love, because they can't live without us. And to be sincere we can't live without them either."

Furthermore, the Portuguese government supports firms in the market via a credit line.

In Mozambique, Efacec has been gradually consolidating its position as a major player in energy transmission and distribution projects. In 2006, Efacec reinforced its participation in *Efacec Moçambique, Lda.*, and came to hold 100% of its share capital. The main customers of this company are *EDM - Electricidade de Moçambique* and various private companies, with important projects in the energy and automation areas, such as the control centers of the Maputo electricity network. Efacec signed, through the engineering unit, the contract in 2009 for the rural electrification of the Province of Cabo Delgado. That contract envisages the electrification of the northern coast of Mozambique, from Mocímboa da Praia (at the border with Tanzania) to Palma (100 km from

Pemba), with approximately 125 km of 33 kV line and low voltage distribution to adjacent population centers.

In relation to Mozambique, “it is a country where it is relatively easy for a Portuguese to be”, again underlining the role of a common language. The market potential is large: 3000kms and all the infrastructures to be built. It is more stable than Angola, and there is a strong presence of Portuguese companies. Business is supported by credit lines from the Nordic countries, China and Portugal.

For both Angola and Mozambique, João Sousa agrees that, if Portuguese companies had the same financial capacity of, for example, the Chinese companies, the Portuguese would be in a position of advantage due to the cultural affinity, language and experience.

Besides Angola and Mozambique, South Africa is also a priority country of the Southern African market. Consequently, Efacec’s company for South Africa, EFASA Ltd., was created in September 2008. With offices in Johannesburg, Efacec has already won important business in this market, especially in area of energy.

This success led to Efacec, through its switchgear business unit, becoming one of the strongest references in the South African market, enabling the group’s expansion in the region to be leveraged over the next five years. However, “in South Africa, the cultural affinity is inexistent” and “financing is inexistent in South Africa.”

João Sousa acknowledges that “South Africa is one of the most developed countries in Africa. Its market is mature, as opposed to the Angolan and Mozambican markets, and it is possible to find qualified human resources. Its ports are access doors to Africa and it bridges Africa and Asia” and refers to South Africa as “an extremely interesting and mature market”. Even though “Efacec likes to work in this kind of markets”, the South African growth prospects are not as good as those of Angola.

5.2.3. Savoye

Savoye’s presence in northern Africa was triggered by the developments in Tangier’s port capacity along with “special tax arrangements” and the improvement and expansion of the Moroccan and Tunisian educational programs and consequent expansion of the pool of skilled labour. According to Guarneri, the shared linguistic platform and cultural similarities between France and Morocco played an important role too. “Now we can work with Morocco and Tunisia because we are starting to have access to educated people and also they speak French”. “Well, in fact, the advantage is the language, French. Many people speak French but also, from both sides we have a good understanding of the culture, a Moroccan knows the French and vice versa, we know the differences between our countries and we can work with these differences.” Furthermore, “they are adapting to a modern lifestyle and European, again French logistics companies especially, are adapting as well to take advantage.”

Even though Guarneri sees Northern Africa as a “perfect opportunity” for Europe, he points the lack of safety as one of the most deterring aspects for doing business there, and also a major disadvantage when compared with China and India (referring to the specific case of software outsourcing). “Companies are not comfortable to work in these countries. The “deal-breaker” is that, yes there is operating risk in doing business in these countries, but when that risk becomes a risk for one’s life, it’s too much!” Morocco is doing a good job to improve democracy which helps to create a more suiting business environment for foreign companies. Guarneri still thinks that Africa has potential as a whole and that positive links can be established with Europe and especially with France.

Guarneri sees Savoye’s business model as sustainable because it makes use of Moroccan and Tunisian engineers to develop software and at the same time transfers profits and technology to the countries. Furthermore, “in these arrangements of buying software we are also obliged to train, and so we are transferring value.”

For Guarneri, trust is very important in business relationships, especially in countries like Morocco and Tunisia. Savoye gathered professional information about the markets with the help of a consultancy company from Canada called GCL, but with a local consultant – Kemal Shrebi - “a serious guy” who has worked for Guarneri before. “They prepared a study about the country’s logistics and infrastructure, economic tendencies, the evolution of Tangier port, where I could find proper labor, et cetera.” According to Guarneri, Kemal, the consultant, is an asset because he knows Europe, has studied and worked in France and Canada, and knows the world and Morocco very well.

5.2.4. *Sovena*

Sovena has approximately 98% of its sales in the Sub-Saharan Africa concentrated in the former colonies. Throughout the interview João stressed the importance of **logistics**. On one hand, adequate logistics allow for physical and economical viability. Because "direct transportation lines are in place; they always have been, since the colonial times", Sovena can place their products at a lower price in the former colonies. Shipping to other countries, means going through other European ports, which will have an impact on the price. This aspect is very important for commodities where only the price is determinant. On the other hand, it is an important to know the logistic operators. In Angola, Sovena practically knows "all the medium and large logistic operators" and holds around 60% of the edible oil market. "In Cape Verde, we know them all. In São Tomé and Principe we know the large ones. In Mozambique we know all the ones who want to work with Portuguese products."

However, logistics is not the only thing that matters. Similar food customs also help Sovena's business success: "In the whole of Africa palm oil is very popular; in the Portuguese-speaking Africa they are used to soya oil. It's a different product. They are used to cook with that oil." This is important, especially in branded goods, because it allows Sovena to sell the same products in the former colonies and in Portugal. Furthermore, consumers in the former colonies are accustomed and loyal to the Portuguese brands.

Culture matters too. It is important to know the market and the consumers and "we know very well the consumers". However, when confronted with the sentence "because we know Brazil like few and its people like no one else", taken from Sovena's website, and asked about its applicability to the former colonies context, José Ramalho did a long pause, smiled and replied "I have never seen that". However, he didn't want to agree and disliked the sentence.

So, while better logistics give an advantage in keeping the price of commodities low, knowing the consumers and having similar traditions and consumer habits, as well as the consumers' loyalty to Portuguese brands give Sovena an advantage in branded goods.

Unlike the answers of João Sousa from Efacec, for José Ramalho, the market size is not a decisive factor for exports. Sovena has a strong position in the former colonies because it is generally easier to be in those markets, regardless of their market sizes.

Depending on the industry, José Ramalho thinks it is natural for a Portuguese company to initiate the internationalization process in the former colonies. For that, a shared linguistic base is important. “It makes it easier” and it gives Portuguese firms an advantage as, for example, “law firms are not prepared to write contracts in Chinese, Russian, and eventually English.”

In terms of culture though, “we have some difficulties; cultures are very different” and “they negotiate differently”. João mentioned the tribal relations, languages and primitive habits, as well as the different religion in the case of Mozambique.

The former colonies are much related to Portugal, but are not an extension of Portugal. According to João, “in this context, where market analyses are difficult to make, this proximity and the common language can be distractive”; “It is important to know the consumers to avoid errors of under or over valuation of the market”.”It is necessary to make much deeper analyses of the market than what is being done before taking the decision to invest there.”

In relation to alternative markets in the region, Sovena is aware of other interesting markets, and they have ambition in those markets, even if that means an effort in terms of price offering. However, those markets are more competitive, so according to João, either they have the logistic partnerships that make the business viable or it does not become profitable. For example, “South Africa is a very developed economy, they are producers, and have their own industry and brands. The South African consumers are also more sophisticated” For João, this is actually “a threat to [Sovena’s] exports to Mozambique”.

6. Overall data analysis

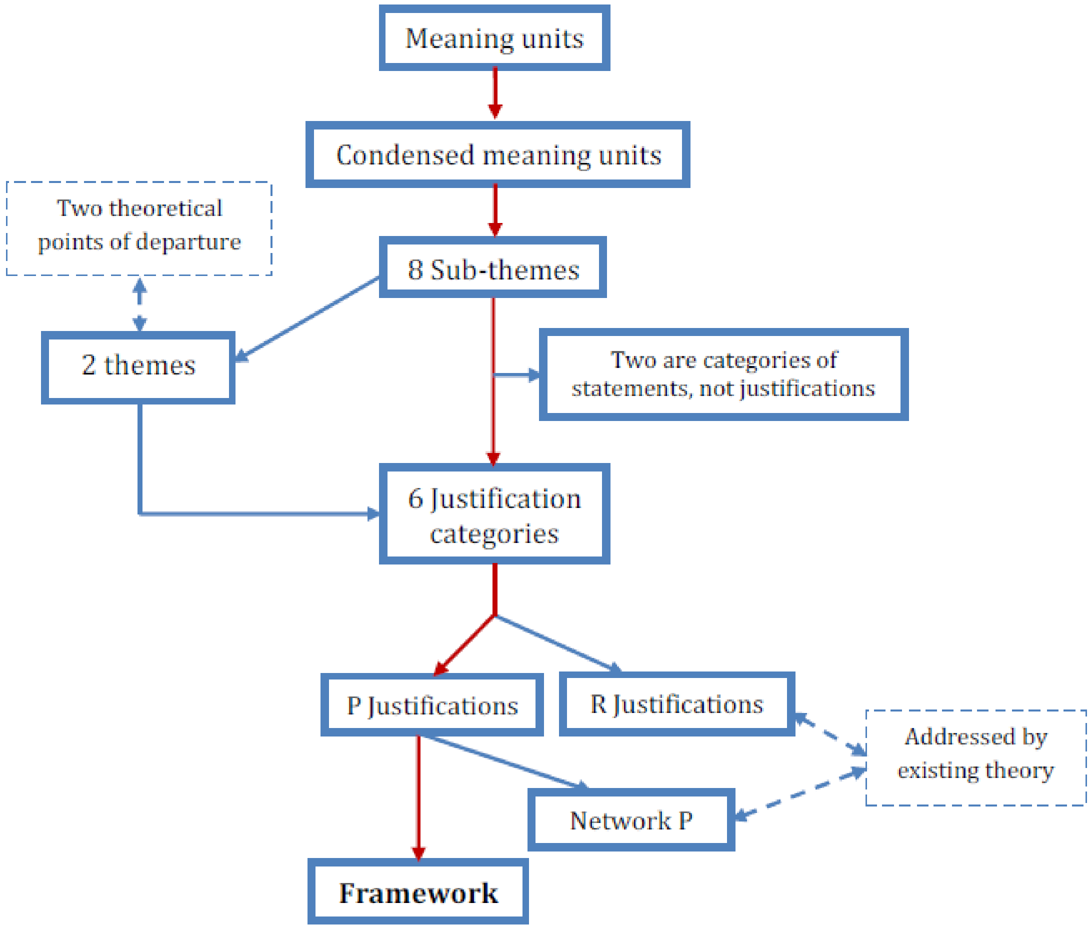


Figure b. Structure of the analysis. Source: Own creation

As mentioned in section 4.2, a multiple case study should merely be understood as a means of preliminarily pattern seeking across cases (Yin, 2009) and a means of deriving causal mechanisms from relevant matching of theory and empirical findings (Dubois & Gadde, 2002). The patterns that have been observed, however, hold true among the entire sample set despite their high diversity in industry and expertise. It is therefore that the analysis of the data obtained from the interviews begins by heeding and discussing the most important patterns observed. These patterns are 1) the generalizations from company- to country level relationships, and 2) the cultural and linguistic affinity appealed to in all four interviews.

6.1. Corporate to national level generalization

It is noteworthy to stress the fact that when addressing the relationship between their company and the local partners, at one point, when asked, three of the four interviewees (Sousa, 2010; Guarneri, 2010; Moscheni, 2010) acknowledged that a number of benefits of entering the former colony market they mentioned pertained not only to their company specifically, but also to a more broad context of factors and benefits that affected the relationship between their home country and the former colonies in general. Examples include "Now we [the French] can work with Morocco and Tunisia because we are starting to have access to educated people and also they speak French, they know our culture, (…)" (Guarneri, 2010), and "we [the Portuguese] are the only ones who understand and know them [former colonies] and know how to deal with them and them with us" (Sousa, 2010). Reiterating the interview guide, it is stressed that the lead question in the interviews pertained to why the *company* entered their particular African market. If the responses that were posed specifically about the interviewees' company are subsequently answered at least partially with an appeal to the affinity or disparity in *nation*-level values and advantages, one can deduce that the country context and more specifically the former colonial relationship is at least present in the minds of the FME decision maker when considering entry into these regions, and at most an – albeit not concretely defined – entry criteria.

6.2. Disparities in industry and background, but similar conclusions

Another pattern that was observed throughout the four interviews was that all the managers stated the linguistic and cultural affinity between countries as a result of the colonial heritage as being a competitive advantage for their respective firms, albeit to different degrees. It is noteworthy to mention that these conclusions are similar across the cases despite the striking dissimilarity between the cases and the interviewees. These differences mainly manifest themselves in the fact that 1) the informant managers stem from very different professional backgrounds and range significantly in terms of corporate experience, and that 2) the industries (electricity, olive oil, hospitality and logistics) are clearly diverse in their focus and general strategic considerations. Despite all being market seekers, they do not hold any significant similarities in terms of target market characteristics.

It was found, for example, that the interviewees from Accor and Savoye elaborated much more freely about abstract advantages of their market (such as cultural 'assets' and cultural similarities) and were more at ease with naming them as *old colonies*. The interviewees from Sovena and Efacec stayed more firmly rooted in their technical expertise when answering questions and used more rational arguments such as market opportunities and operating experience. Because of the loose and "follow-up" interview setup, these different orientations inevitably led to a different flow of the interview and a different degree of emphasis on the guiding questions in every interview. The fact that again, despite these differences in the interview process (and regardless of the cause of these differences) similar conclusions were reached, brought the researchers to examine the response types more closely and to group them along sound theoretical lines that correspond to the aim of viewing the colonial element as a causal mechanism in a heterogeneous sample set, as discussed in section 4.5.1.

6.3. Psychic distance (P) & Rational choice (R)

As mentioned in section 4.7, from the interviews a data reduction framework was developed for the purpose of distilling categories or themes along which the interviewees reasoned when discussing the justification of FME decisions into former colonies. By a process of gradual reduction and generalization from anecdotal meaning units to reduced meaning units, sub-themes and eventually themes, (see figure 5 and 6 below), it became clear that the arguments used to communicate investment justifications could be "mentally isolated" (Rand, 1990) along the lines of two general conceptual themes:

1) factors that the interviewees mentioned that pertained particularly to network advantages, sharing a linguistic platform, sharing cultural values or acknowledgement of a certain French or Portuguese national value within the company, and

2) factors that pointed to (e.g) quantifiable economic and competitive advantages of being present in the former colony.

This distinction broadly conforms to the distinction between theoretical points of departure of assessing foreign market entry decisions as made in the literature review: on the one hand the rational choice economics perspective as represented by Buckley and Casson (1976, 2009), Hennart (1982, 1991), and Lasserre (2007), among others, and the psychic distance and network perspective as represented by Johansson & Vahlne (1977, 2009) and Ghemawat (2001) on the other.

Case	**Meaning unit**	**Condensed meaning unit Description close to the text**	**Sub themes**
Accor	"In general though, we have been welcomed warmly and experience a familiar feeling when we use the same expressions et cetera."	Familiarity exists in Accor's communication (in French) with African partners.	Advantages/disadvantages of a shared managerial style and/or linguistic platform
Accor	"In the end, professionalism should always have the upper hand over feelings, I think."	Professionalism is more important than feelings (colonial grudges) in business.	Tackling managerial uncertainty in African countries
EFACEC	"Most technical norms and specifications are of Portuguese origin. Therefore it is relatively easy for a Portuguese company to offer a product in Mozambique and Angola as it does in the home market of Portugal. The same does not happen, for example, in South Africa."	Technical norms and specifications are similar in Portugal and lusophone Africa	Quantifiable economic and competitive advantages of being present in former colony
EFACEC	"Right now, we are trying to make an investment of €15 million, and things are not easy."	Efacec faces difficulties in a large investment in Angola	Quantifiable economic and competitive advantages/disadvantages of the market for the company
Sovena	"In this context, where market analyses are difficult to make, this proximity and the common language can be distractive"	Common language and proximity can be distractive factors in market analyses	Advantages/disadvantages of a shared managerial style and/or linguistic platform
Sovena	"direct transportation lines are in place; they always have been, since the colonial times"	Transport lines are in place since colonial times	Quantifiable economic and competitive advantages of being present in former colony
Savoye	"Well, in fact, the advantage is the language, French. Many people speak French"	Advantages for French companies are the shared language	Advantages/disadvantages of a shared managerial style and/or linguistic platform
Savoye	" from both sides we have a good understanding of the culture, a Moroccan knows the French and vice versa, we know the differences between our countries and we can work with these differences"	Northern Africans and the French understand each others' similarities and differences and can work with that fact	Advantages/disadvantages of a shared managerial style and/or linguistic platform

Figure 5: Examples of meaning units, condensed meaning units and sub-themes

Source: own creation (see Annex 6)

Sub-themes	**Themes**
Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Cultural and managerial differences	P
Advantages/disadvantages of similar cultural habits for the company	P
Advantages/disadvantages of national values and assets in the company	P
Quantifiable economic and competitive advantages of being present in former colony	R
Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
Tackling managerial uncertainty in African countries	R
Network advantages of the market to the company	P

Figure 6: Sub-themes and themes. Source: own creation

6.4. Proposed categories of justifications derived from the sub-themes

Given the fact that the ultimate aim of this thesis is to shed light on how managers justify their FME decisions into former colonies, it is important to distinguish between different kinds of justifications used by the four managers and to assess the weight that these justifications place on the former colonial relationship between the relevant countries. Apart from the "P" and "R" categorization derived from the data reduction framework, this has proven to be the other and perhaps most important function of the data reduction process. By rigorously using the Thematic Content Analysis data reduction method, clear conceptual groups or sub-themes have been formed that "omit" the actual statements made by the interviewees but encompass them without overlap (Rand, 1990). From the sub-themes in the data reduction framework (figure 6) it becomes clear that six of the eight types of meaning units pertained specifically to advantages (or disadvantages) of the entry market in question, i.e. justification categories for foreign market entry. The other two, i.e. "cultural and managerial differences" and "tackling managerial uncertainty in African countries" are categories of statements, not justifications, and are discussed in section 6.5 below. The six empirically observed justification categories are therefore factors that pertain to:

1) similar language or managerial culture in host and home country
2) similar cultural habits in both host and home country
3) host country acknowledgement of national values and assets in the company
4) quantifiable economic and competitive advantages of being present in former colony
5) quantifiable economic and competitive advantages of the market for the company
6) network advantages of the market to the company

Of these FME justification categories, only 6) is not relatable to the colonial past.

6.5. Observed "P" factors: network and psychic distance factors in former colony market entry decision making

The four "P" sub-themes found in the interviews (as listed above) share similar characteristics in that they all pertain to the degree of vicinity perceived by managers when motivating their companies' investment decisions. Within them, however, an interesting distinction is found. Theoretically, the sub-theme that encompasses network advantages of the market for the company (sub-theme 6) conforms firmly to the notions expressed by Johansson and Vahlne's (2009), i.e. that relationships offer potential for learning and for building trust and commitment, both of which are contended to be preconditions for internationalization. The other three, i.e. 1) similar language or managerial culture in host and home country, 2) similar cultural habits in both host and home country and 3) host country acknowledgement of national values and assets in the company are psychic distance factors that relate unambiguously to the effects and repercussions of a shared colonial past. Interestingly, the interviews showed an above-average polarity in the statements belonging to those categories. Examples of this emphasis include "language makes it easier" (Sovena, 2010) and the "linguistic heritage is an asset in West Africa in terms of understanding and efficiency" (Accor. 2010) but "in this context, where market analyses are difficult to make, this proximity and the common language can be distractive" (Sovena, 2010) or while "Angola has a great affinity with Portugal" (Efacec, 2010), "cultures are different so there are difficulties" (Sovena, 2010), "we stem from a French managerial culture that is readily understandable in West Africa" (Accor, 2010) but "business culture is different" (Sovena, 2010). As contended above, these three "colonial" investment motivation categories encompass a strong psychic distance orientation; after all, "psychic distance depends on how an individual perceives the world and the differences between the home country and the foreign country" (Sousa and Bradley, 2008). Because of the psychological nature of the psychic distance concept, it seems logical that an aspect of ambiguity is more present in these categories than in ones that are based in the aforementioned network advantages, or even more so, the quantifiable economic and competitive ("R") advantages. Nonetheless, the aspects founded in psychic distance are perceived as highly important as they represented an important aspect of the interviewees' responses in the research.

6.5.1. Notes on the rationally motivated statements in the interviews

It is for the reasons stated above that we emphasize the less understood “P” categories in this analysis. This does not mean, however, that we downplay the importance of the influence of network advantages, nor do we discount the quantifiable, rationally motivated (“R”) arguments for FME entry into the former colony. On the contrary, they represent the findings of this thesis that are the most unambiguously conform to the theories elaborated on in the literature review. Below, the findings and their theoretical foundations concerning the “R” elements are given.

The rationally motivated sub-themes as listed in figure 6 are: 1) quantifiable economic and competitive advantages of being present in the former colony, 2) quantifiable economic and competitive advantages/disadvantages of the market for the company, and 3) tackling managerial uncertainties. Concerning sub-theme 1: the advantages of being present in the former colony, the statements made by the interviewees pertained mostly to advantages due to increased knowledge of the market or close interaction and ties with important local partners *(examples).* Concerning sub-theme 3: tackling managerial uncertainty, it was observed that the interviewees stressed one of two types of strategic elements: 1) the importance of experience of the managers involved in executing the market entry (Accor, 2010), and 2) the importance of sound market research (Accor, 2010; Sovena, 2010; Savoye, 2010). From a theoretical point of view, both justification sub-theme 1 and 3 can be said to be motivated along the lines of rational choice economics. As in Lasserre’s (2007) framework, in these arguments, the attractiveness of the target market is viewed as a sum of the opportunities, risks and industry and competitive structure. The importance placed on sound market research further conforms to the rational arguments stated in the literature review: “The market entry (FME) decisions are framed as a rational response to conditions in the market and are seen to be made on the basis of objective information gathered systematically via market research.” (Douglas and Craig 1983; Root 1977, 1994; Young et al. 1989 *cited in Ellis 2000*)

The other category (sub-theme 3), i.e. the investment justifications made that appealed solely to the market advantages or disadvantages to the company, included mostly statements about market size, company size, market opportunities, operating risk and growth opportunities. These can therefore be said to be motivated from the perspective of the firm characteristics and their operating environment.

Again, we do not discard or discount these market entry justifications obtained in the interviews, yet they seem to conform largely to existing research and are therefore of lesser interest in terms of theory building. Additionally, looking back at our organizing framework for research on internationalization (figure 3), we find that the "antecedents" section in the model is where market entry justifications play the largest role, as it is on the basis of these justifications that the subsequent FME decision is made. Ellis (2000) also stressed the awareness of market opportunities to be the critical element in these antecedents, but as discussed in the literature review, this thesis contends that awareness of market opportunities is not merely a sum of social ties, formal search and ad hoc search (Ellis, 2000) as represented by the "R" theme. Additionally, it is influenced by assumptions of the managers about opportunities pertaining to a perceived lower psychic distance. The research done in this thesis strongly supports this notion because, as mentioned above, an evident polarity towards these "P" justifications was found in our interview results.

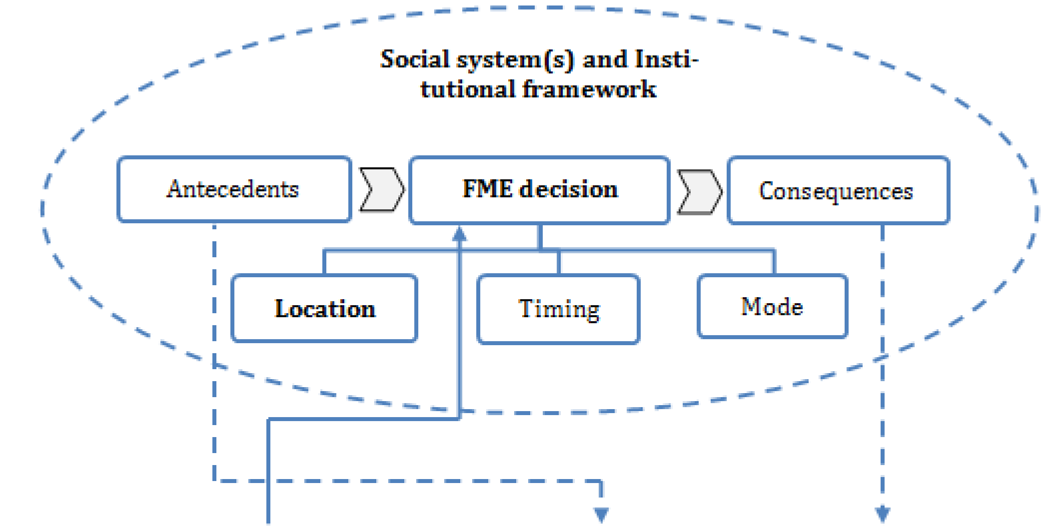
6.6. Proposed framework for verifying justifications pertaining to competitive advantage derived from former colonizer-colony relationships

Simply put, managers looking for guidance to their foreign market investment decisions can choose from traditional frameworks based on rationality or frameworks founded in the notion of psychic distance. Two frameworks – Lasserre (2007) and Ghemawat (2001) - representative of each of the perspectives were presented and discussed in the literature review. As we noted then, both approaches have weaknesses. While Lasserre (2007) puts an emphasis on opportunities/risks, Ghemawat promotes psychic distance to the centre of the decision-making. While that gap may not be very relevant in many internationalization cases, the colonial cases presented here seem to have a magnifier effect on that gap. That is because the justification categories established in this thesis reflect the fact that aspects founded in psychic distance are important, if not critical, investment justifications for French and Portuguese managers in these former colonial operating markets. What is more, as initially hypothesized by the authors, certain effects of the colonial past have often been simply stated as defined benefits, but when asked to elaborate, the interviewees were often unable to define why these factors represented concrete competitive advantage for the companies in question. It may seem obvious, for instance, that a similar linguistic platform or cultural affinities between two partners in business improve their changes of economic success. However, these were subsequently taken as a given and left very general. An example of this reasoning is Mr. Guarneri's (2010) response when he was asked to elaborate on the linguistic and cultural similarity that he previously evoked:

> "Well, in fact, the advantage is the language, French. Many people speak French, but also, from both sides we have a good understanding of the culture, a Moroccan knows the French and vice versa, we know the differences between our countries and we can work with these differences. Again it's not far away… so I see many advantages, yes."

In all of the cases, similarly general responses were given, leading the researchers to believe that there is room for improvement in attempting to quantify the link between each one of the aforementioned justification categories and the economic or competitive benefit they bring. In fact, recalling the psychic distance paradox as presented in the literature review, assumed psychic vicinity "may in reality be more distant than expected" (O'Grady & Lane, 1996:325). As was seen in Hosseini's (2008) study of Canadian firms in the USA, mental maps or preconceived ideas of an assumed similarity and what it would be like to do business in a new market has the obstructive capacity of creating barriers to local learning. It is therefore of utmost importance that an assumed psychic distance benefit is examined and quantified to avoid mistakes in judgment.

The following framework aims to address this issue. In sum, the proposed framework fulfills two main functions that are not adequately addressed to date: first of all, the framework emphasizes the usually inadequately defined "P" justification types as assumed prior to the investment decision, and secondly, it forces the managers to think of these justifications as quantifiable economic and competitive advantages. The framework and its place within the organizing framework for research on internationalization (Mitra & Golder, 2002; Meyer, 2002) are given below. The proposed framework departs from the organizing framework for research on internationalization in order to more clearly illustrate its time perspective of the FME decision process. It is meant to be used post-FME decision, i.e., for decisions already taken (as the case companies in this thesis) thus the consequences of the assumptions that supported the entry decision are ought to be reevaluated in order to see them as potential quantifiable economic and competitive advantage. The section 6.6.2 suggests how this framework could be applied for the four cases of interest to this thesis.



P Justification types	Support decision	
	Before (assumed)	Quantifiable economic and competitive advantages?
Factors that pertained particularly to sharing a linguistic platform		
Factors that pertained particularly to sharing cultural values		
Factors that pertained particularly to acknowledgement of a certain French or Portuguese national value within the company		

Figure 7: Proposed framework for verifying justifications pertaining to competitive advantage derived from former colonizer-colony relationships. Source: own creation

6.6.1. *Applying the framework: Quantifying the benefits of presence in the former colony*

P factors that pertained particularly to sharing a linguistic platform

In the empirical cases and from the documental analysis we carried out, many were the instances where language similarities were pointed as a clear comparative advantage when doing business in the former colonies. However, less were the instances where the benefits of those similarities were known to result in a clear, quantifiable economic and comparative advantage in relation to foreign competitors. A common language is generally and logically ***assumed*** to benefit business relations and in that way support a decision to enter a specific market. As Eng. José Ramalho from Sovena mentioned, sharing a language "makes things easier." (Sovena, 2010) However, a common language is not a necessary condition for internationalization success if it only *makes things easier*. A common language is a necessary condition for success and can represent a real competitive advantage if it is at the core of the business proposition, is valuable and costly to imitate, or even rare. Such is the case of Efacec in Angola since the technical specifications of the works required by the clients are coded in Portuguese and are based on the Portuguese technical requirements.

P factors that pertained particularly to sharing cultural values

The case of Savoye's outsourcing business in Morocco and Tunisia illustrates how sharing cultural values is ***assumed*** – like sharing language similarities - to represent a benefit in business relations and support an entry decision. For instance, Jean Michel Guarneri noted the advantage of being able to recruit a Moroccan IT consultant with an experience ("speaks French"; "studied and worked in France and Canada") that would make him a perfect candidate for the job. It does sound logic but we do not know how this experience manifests itself in concrete areas of consulting expertise. Does he know more, for instance, about the corporate culture of a French company, the hierarchical structures, the legal issues or the commonly encountered problems between Moroccans and French? In other words, we cannot tell, without means of comparison, whether this "shared culture" does in fact represent a concrete economic and competitive advantage to Savoye.

P factors that pertained particularly to acknowledgement of a certain French or Portuguese national value within the company

Accor relies on the *francophonie* in its wider meaning, i.e. not just in terms of language but also in terms of culture, for its business in West Africa. The very notion of hospitality is according to Claude Moscheni, bettered with a "French touch", even though he acknowledged that "sometimes being French in these places can be a disadvantage in terms of history." However, how does this assumed benefit manifest itself? As far as our conversation go, Accor does not possess concrete details showing how the French "fulfill a need (…) better than the English or the Spanish" in West Africa (Accor, 2010). Nor does it possess knowledge on how the "Frenchness" is so important that it must be included in West-African marketing efforts more prominently.

A common language, shared cultural values and national values within the companies are important factors when French and Portuguese firms consider entering their former colonies in Africa. However, these examples show how these aspects often stay in the realm of assumption and perception, without concrete facts to verify those assumptions. The proposed framework “forces” managers to think pragmatically on how a common language, shared cultural values and certain national values within the companies can be leveraged and materialized as well as objectively added to the companies’ internationalization strategies.

6.7. Overview of the Implications of the Data Analysis

From the research and subsequent analysis it became clear that both “P” and “R” factors are used to explain the investment in the former colony, and therefore that both the psychic distance framework and the rational (Lasserre, 2007) framework have merits. It is deemed insufficient, therefore, to argue solely along the logic of either the former or the latter framework when explaining the investment decision. After all, the managerial justifications have shown to take place in both dimensions. We have also seen that some essential psychic distance factors specific to the former colonizer-former colony relationship are not addressed and cannot fully be elucidated in the psychic distance framework that exists today. These have subsequently been distinguished in a practical framework that can aid managers in their operations and future investment decisions. Additionally, the research has added credibility to the previously posited causal relationship between the colonial heritage and the investment decision in French and Portuguese former colonies.

6.8. Reiteration on the Ontology, Epistemology and Methods used

After having established and fine-tuned every one of the elements identified in the systemic combining model (figure 4) of matching theory, the empirical world, the cases at hand and the framework above, it is possible to concretely revisit every step that has led to the conception of the conclusions in this thesis ontologically, epistemologically and methodologically. First of all, the critical realist approach to case research implied that the research question identified a clear research phenomenon of interest (Easton, 2007), i.e. the increased trade and economic relationships between former colonizer and former colony, and subsequently attempted to uncover causal mechanisms for this observed fact. The most fitting point of departure here was to use interviews to delve into the justifications used by managers for their investment decision in former colonial markets. The justifications, as noted in section 4.1.2, involve a potential distortion between reality and perception, and perhaps even a conscious caching of the true motivations of entry. Naturally, this is taken into consideration in attempting to analyze the obtained data, and the researchers have therefore largely abstained from qualitatively judging the interviews themselves, but have rather used the objectivist Thematic Content Analysis model to conceptually distinguish themes and categories of justifications as used in the interviews. This objective distillation of themes (dubbed "P" and "R") and sub-themes or justification categories used by a heterogeneous sample set of French and Portuguese managers (theoretically defined as representative for the research question at hand in section 3.6.1) allows for a degree of theoretical generalization. Easton (2007) contended that this generalization under critical realist conventions "occurs by virtue of clarifying the theoretical nature of the entities involved, the ways in which they act and the nature and variety of mechanisms through which they exert their powers or acted upon by other entities." In this thesis, the entities, i.e. the investment decision makers, have been theoretically defined in terms of their internationalization motivations in the literature review (which also includes the "other entities", i.e. the local partners and conditions of entry). Next, the mechanisms through which they justified their decisions have been identified from the empirically obtained data from the interviews. Matching the theory and the empirical data with each other and with the cases allowed the researchers to distinguish a separate set of potential causal mechanisms for foreign market entry – i.e. the colonially related ones. These were consequently woven into a framework that can be used to pragmatically and concretely evaluate the implications and potential benefits of the lower psychic distance inherent in former colonial relationships between business partners.

Finally, the choice of a critical realist approach, as with all philosophical approaches cannot be claimed to be the "right" method of establishing sound research conclusions. However, the researchers have chosen for a thesis subject that delves into an important aspect of human nature, i.e. the perception of certain benefits. And even though in the literature review it was shown that foreign market entry decisions have been widely contended to be subject to distortions between true benefits and perceived benefits, the critical realist believes that even if these perceptions do not conform to reality, humans behave as though this is the case. Stated in an applied fashion, we view investment decisions as they are given as more than straight forward, rationally justified thought processes, but acknowledge the potentially distorted nature of these decisions as having real consequences nonetheless. Lastly, because of the “soft” or psychological nature of the research subject at hand, and because of the importance assigned to an objective process of data reduction in a subject that is usually laden with normative weight, the critical realist (and objectivist) philosophy has proven fruitful for the establishment of this thesis.

7. Limitations and recommendations

At this point it is necessary to address the major limitations inherent to the scope of the research objective of this thesis, and subsequently recommend potential future additions to the findings obtained. The main limit of this thesis is that interest primarily lay in uncovering the justifications for investment in former colonies, and hence the (partial) causal relationship between an awareness of the colonial past and the subsequent investment decision of a French and Portuguese decision maker in a former colony. Additionally, we have distinguished the different manifestations of the effects of a colonial past. Now, although the potential distortion between perception and reality have been extensively addressed and recognized in this thesis, given the objective at hand, the cognitive processes that poise an interviewee to answer along the lines of either rational or psychic distance motivations lies beyond the scope of this thesis.

Because this in-depth, psychological aspect is largely left untouched, we recommend an exhaustive discourse analysis in a more experimental and controlled setup that analyzes the bias and irrationality that was sometimes thought to be present in some of the interviewees' answers. Statements such as "they understand us and we understand them" or "we are obliged to a natural partnership" seem to be subject to such a form of heuristic thought process. By conducting psychological experiments one could potentially isolate the different processes in the minds of foreign direct investment decision makers, which would shed more light on the bounded rationality and biases present when the former colonial element is present. Kahneman & Tversky (1973; 1974) have conducted extensive research on these distortions, and have seriously opposed the notion of what classical economists call "rational behavior". The field of behavioral economics that they have (at least partially) founded and its methods of psychological experimentation would seem to hold potential in uncovering the exact cognitive processes that have led the interviewees to answer in a certain way in this research, i.e. potentially committing errors in heuristic evaluation and exhibiting biased (irrational) preference of certain factors in the former colonial markets. Alas, these aspects we can but speculate on based on the research conducted for the time being.

Another limitation of this thesis pertains to the fact that the interviewees do not entirely account for the complete FME decision-making process in the companies they represent. The empirical material collected for this thesis is thus only an indicator – albeit a good one – of what reasons may have been behind the decisions to enter the former colonies in Africa. The complete configuration of the decision-making processes in the case companies throughout time is mostly unknown to us and to some degree to the interviewees too. Case study research into the decision-making process of firms can produce better conclusions if the exact decision-making process of each of the cases is faithfully reconstructed, all the individuals involved are interviewed, and the right historical context is taken into consideration. Subsequent research might therefore include an organizational and human resource dimension to further analyze the decision making process in colonial contexts, but on a broader, company scale.

The last limitation is embedded in the problem of generalization. We have placed significant effort in attempting to objectively distill the themes (dubbed “P” and “R”) and sub-themes or justification categories used by our heterogeneous sample set, which has reduced researcher bias significantly. The mechanisms through which the managers justified their decisions have then been identified from the empirically obtained data from the interviews. Matching the theory and the empirical data with each other and with the cases allowed us to distinguish a separate set of potential causal mechanisms for foreign market entry – i.e. the colonially related ones. This critical realist method of seeking theoretical soundness and uniformity of causal mechanisms in the empirical data is in our eyes the most logical way to address the problem of generalization for a small number of cases, but we understand that the degree to which can be generalized is limited. For the purpose of this thesis, in-depth analysis was preferred over superficial and structured questionnaires of a large manager sample size. Our findings and framework can already have practical applications, but further research can provide this limited empirical evidence with a more solid ground for theorization. Hence, apart from the psychological experiments proposed above, subsequent research might resort to more positivist methods to strengthen the findings of our thesis. Due to time and resource constraints, this was impossible for the establishment of this thesis. Examples of more formalized future research could include conducting carefully designed structured interviews with a larger sample of relevant company staff around the question of how they view the benefits of being present in a former colony.

8. Conclusions

Theoretical conclusion:

It has become apparent in the literature review that the unique case of business relations between European nations and their former colonies in Africa puts a magnifying glass on an otherwise less noticeable weakness of the IB literature on internationalization. That is understandable because few internationalization cases place so much importance on aspects related to psychic distance as the colonial cases presented in this thesis. Furthermore, it is hard to define entry problems of the colonial case along traditional lines because of the seemingly obvious nature of its main arguments: former European colonizers maintain strong links with their former colonies at different levels in large part due to the strong linguistic and cultural similarities they share. This is logical but it also has the potential to distract decision makers from more rational entry assessment. Nevertheless, the ambiguity of the aspects related to psychic distance that exists in the public discourse on these matters in France and Portugal was a good reason attempt to concretize this vagueness. The resulting research and analysis can prove valuable because the authors identified the weaknesses in the managers' justifications. We subsequently proposed a framework to force managers to think pragmatically on how a common language, shared cultural values and certain national values within the companies can be leveraged and materialized as well as objectively added to the companies' internationalization strategies. Additionally, this framework aids managers to view the assumed and concrete colonially related benefits through the lens of internationalization timing, so that they can assess under which assumptions FME and consequent business conduct have been and should be realized.

Overall Conclusion:

In the introduction to this thesis and in chapter 2, it was shown that statistically, it is clear that there exists a skewness in trade and investment data that represents repercussions of the French and Portuguese colonial past. However, beyond the state of business relationships, we revealed the vague and often normative nature of the public discourse around this topic. Additionally, we have seen that the discourse on the benefits of a shared colonial past for French and Portuguese businesses is rarely backed up empirically or even concretely – and it is in this undefined way that the shared colonial past became institutionalized in France and Portugal. Even more surprising is that managers, at large, communicate along those lines too.

Our research was therefore directed at analyzing the communication methods of managers when providing justifications for FME decisions in a former colonial context. Highlighting four case companies and conducting interviews with managers has given a preliminary picture of these justifications. Because of the aforementioned vagueness and lack of a clear theoretical grounding, our research approach was a reiterative process of continually matching the theory, empirical data with each other and with the cases. After having conducted the interviews and analyzed the answers using the Thematic Content Analysis as prescribed by Anderson (2007), we found that the managers at Accor, Efacec, Savoye and Sovena justified their firm's entry and presence in the former colonies in Africa along six categories of justifications. Of these justifications, two pertained to quantifiable advantages and one to network advantages, all of which could be explained using existing theory. However, three categories pertained specifically to a colonially related advantage (and therefore high awareness of the colonial heritage), i.e. 1) similar language or managerial culture in host and home country, 2) similar cultural habits in both host and home country, 3) host country acknowledgement of national values and assets in the company. Because the majority of the justifications used related to the colonial past, the results of the research were clearly indicative of a pattern among our otherwise heterogeneous cases. Now, although we accept a limited degree of generalization, a careful theoretically supported pattern could be postulated nonetheless: the French and Portuguese managers in our research who are active in diverse industries but who all operate in a former colonial context are aware of the colonial heritage and assume some form of benefit tied to this colonial context specifically.

Thus, empirical data confirmed that French and Portuguese managers put a great importance on factors founded in psychic distance (mostly related to the colonial past) when consider entering the former colonies in Africa. However, we have also found that these aspects often stay in the realm of assumption and perception, without concrete facts to verify those assumptions. Certain effects of the colonial past have often been simply stated as defined benefits, but when asked to elaborate, the interviewees were often unable to define why these factors represented concrete competitive advantage for the companies. We have seen there are risks of falling into that trap. The psychic distance paradox tells us that perceived similarities in terms of psychic distance could cause decision makers to fail because they do not (adequately) prepare for the differences. The two diverse existing management tools aiding internationalization decision-making as presented in the literature review are not able to provide a solution for this unique colonial case. On the one hand, this case is characterized by a strong psychic distance component but at the same time, begs for a more quantifiable and economically justifiable assessment of those same psychic distance attributes. Neither of the frameworks addresses these points simultaneously. Our final contribution was therefore a framework that emphasizes the colonially related psychic distance justification types as assumed prior to the investment decision, and forces the managers to think of these justifications as quantifiable economic and competitive advantages along the lines of their internationalization timing.

As a preliminary tool for reflecting on the colonial heritage as a potential source of competitive advantage, this framework – and the way of viewing the colonial heritage in general in this thesis – is in our opinion a definite leap forward from the otherwise vague and ungrounded discourse currently witnessed. After all, as the introduction invoked, in a global business environment where international partnerships are increasingly plagued with communication problems, better knowledge of each others' norms, culture and language can be a welcome asset in ensuring fruitful cooperation – however uneasily and harmfully the relationship came to be all those years ago. French and Portuguese managers have the potential to leverage their cooperation with their African counterparts and to collectively arrive at sources of concrete competitive advantage, and this research sets the stage for a more pragmatic and systematic discourse about how to realize this goal.

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Annexes

Annex 1: Interview Guide

The interview aims to illuminate the justifications used by managers when they talk about entry decisions into the former colonies in Africa.

We opt for a very informal, open-ended and conversational interview setup in which we try to obtain as much information from the interviewee without eliciting fixed responses by going through a list of questions. Instead, possible guiding follow-up questions were thought of prior to the interview. Depending on the initial answers of the interviewee, these "roads" can be taken to move more in-depth in the specific FME motivation or other element of interest. This will not only reduce the interview setup bias, but will also allow us to detect implicit signs of the many underlying assumption we suggest are at play in FME decisions when colonial relations are involved.

Elements that need to be extracted from the interview:

- Justifications used to enter and be in the former colonies
- Stated market opportunities that reflect extensive, objective foreign market research into the former colony in question
- Level of importance or "score" on psychic distance factors (cultural, administrative, geographic, economic distance)

Disclaimer and cautions:

The methodological premise of this thesis is critical realist and objectivist, but the actual interview setup can later be molded further to "fit" the required method more precisely.

Remember at all times that the interviewer is a part of the interview and potentially has a massive effect on the answers given, especially if they pertain to sensitive subjects such as colonialism.

Essential information needed:

We want to find out how the manager and/or company came up with the idea to enter the former colony market and justify their presence there; the main question in the interview can therefore be formalized as:

Why did you decide to move into [FR/PO former colony]?

This should be an open question and the interviewer should allow the interviewee to answer this question freely and as elaborately as he/she chooses. We will, however, document which reasons for FME were more prominent in his answer. However, since we are interested in the process of internationalization itself, we must implicitly guide the interviewee into answering questions about the steps leading up to the decision, i.e. how the company chose the former colony market they decided to enter.

Guiding questions that implicitly move from "why" to "how": (if interviewee does not answer them without eliciting)

1. Did you do market research to find the best FME option? What did it consist of (risk analysis et cetera)?

- Which elements had priority? (ask both if answer to (1) is yes or no, but do not suggest any of the following, just "hope" that the interviewee will move to one of them him/herself)
  - Existing network? → If so, move to **question 2**
  - Business opportunity or niche itself? → If so, move to **question 3**
  - Similarity of culture? → If so, move to **question 4**
  - Similarity in language? → If so, move to **question 5**
  - Acclimatization to French/Portuguese partners, governmental/financial incentives, other? → Improvise, use elements from **questions 2-5**

2. **[Network]** Did you have ample available knowledge about [French/Portuguese former colony]?

- Were the previous links to this country formal or informal? Who were they?
- Why did these network connections strengthen your FME decision?

3. **[Business opportunity]** Why did you not elect to move into countries with larger markets, production efficiency, buying power? → If response is based on culture or language or experience, move to questions 2, 4 and 5.

- Did factors such as geographic distance, administrative ease of entry, economic/financial benefits play a large role? > this question can be used to create more opportunities for the interviewee to talk about the country choice and decision in depth, so as to get interesting information.

4. **[Culture]** In what respect is the culture of [FR/PO former colony] similar to yours?

- Did you find any discrepancies between the expected and experienced similarity? (not to move too deep into cooperation issues, but to deduct that similarity of culture is a preconceived bias instead of a proven fact)

5. **[Language]** In what respect is it helpful to speak the same language?

- Apart from communication, do you think it has other benefits in terms of mutual understanding?

Lastly, after working through these questions in the order of the interviewee's choosing other, more specific questions may be asked to fill in possible gaps, such as:

6. Would you have done things differently in retrospect? Are there elements that were overlooked in the initial FME decision making process?

→ At the end of the interview, you can "reveal your cards" a bit more...

Annex 2: Interview Accor

Date: 17-11-2010

Interviewee and position: Claude Moscheni is the Hotel Operations Advisor to the Chairman of the Senior Management Board at Accor.

Q: Welcome to the interview, Mr. Moscheni, before we start, I'd like to ask you to present yourself and tell me a bit about your dealings with Africa.

A: Thank you. My name is Claude Moscheni, I am the [Hotel] operations advisor to the chairman of the senior management board at Accor Hotels Group. I currently work at headquarters in Paris but I've been involved at least five of the hotel startups in Western Africa, but I am aware of most of them, you see I've been an employee at Accor Hotels since 1970. I started managing hotels and moved from France through Europe, and then became responsible for regional operations in the Middle East and Africa. Until some years ago I was General Manager of [Business and Leisure] Operations but I am happy to use my experience and have a more advisory role nowadays.

Q: **What exactly does an Operations manager do at Accor?**

Q: **Were you ever involved with decisions to move into a new location in Africa?**

A: When I worked as manager of different Sofitels [chain of hotels owned by Accor] it was not in Africa, and most of the chains were already established when I became involved on a higher level, but nowadays we are confronted with these decisions as well: do we want to stay and expand or do we want to stay "staticly" or even leave. We are undergoing a large shift towards a centralized structure – we are also pursuing a very aggressive expansion strategy in a time of crisis so costs have to be cut wherever it is possible… Africa is, well, Accor has changed much since I started working there, then there was hardly any coordination between hotels, when we set up a new hotel somewhere we simply had a protocol to follow and some helpful phone numbers of similar managers that we used when we were considering a certain catering company to ask for their experiences, but mostly we were on our own.

Q: What about in Africa, how was the cooperation during startup there?

A: Well, again I was not there at the time of the initial startups, but at that time, the decisions were made strictly at the top and then a suitable manager was found, usually he would have experience in Africa already. This was the same story in many developing countries like in the Middle East. It was most important that the managers were capable of handling a wide scale of problems that are common in these countries: finding local suppliers and dealing with authorities is a main concern that we still face, but coming back to cooperation between managers, we have witnessed that the corporate makeovers that were made have forced managers to work together more intensely at the regional level. Regional efficiency can help a hotel to survive in environments like Africa where constant income is not certain. One day you can expect fifty esteemed delegates and then all of a sudden a month of silence ensues.

Q: Do you target this business segment most diligently in Africa?
A: Business and officials, yes, definitely. Foreign businessmen and local governmental actors are our priority but tourism is on the rise as well, especially in Egypt and South Africa.

Q: Both of them non-Francophone…
A: Well, these countries have a different history of course, and a longer history of indigenous hospitality sectors as well – again, we have largely used local managers or managers with local experience. In fact, our Egyptian regional manager is French and as far as I know, actually speaks French a lot in his daily operations.

Q: Is this a benefit, you think, to have this linguistic barrier removed for a French company?
A: Yes, for French managers naturally. We are currently present all over the world, but historically French hospitality was an export product and of course best known in the Francophone world. Out of the 19 countries in which we are present in Africa, most of them are our old colonies. Of course, we have also had some issues in the early seventies, especially in Cameroon and Senegal where anti-French sentiment forced the board at that time to adapt and move French managers to the background and partner with local executives. In general though, we have been welcomed warmly and experience a familiar feeling when we use the same expressions et cetera.

Q: Would you say that this familiarity was a primary reason for entering these countries in the first place?
A: [Pauses and thinks] Yes and no. You see, countries like Senegal and Ivory Coast, but also the Levant [Lebanon and Syria] have aspired to many of our standards at the hospitality level, and because this is our main business, this is why we are there. We fulfill a need, and we can do it better than the English or the Spanish. Today, like when I started, we market our Sofitel brand as "[speaks English] with a French touch". Familiarity I suppose is also a way of reciprocally reinforcing their belief in our competence as a service provider and our belief that they are willing to pay for "French" standards. As operations manager for many years, I see that this is what a good relationship with the client means.

Q: I see. So in Africa, the senior board of Accor, as you said, made the entry decisions mainly on the basis of a need that they could fulfill and found the right manager to lead the startup. In your experience, what is the procedure of doing research into which countries or new locations to expand to?
A: That was the case before our many corporate makeovers, yes. Nowadays proposals for new locations or takeovers are often instigated on the regional level. In terms of research, we have a team of experts – nowadays consultants – in legal and administrative areas mostly. They come in and make a market analysis for the particular location and we proceed on the basis of that.

Q: Can you name an example?
A: When we recently expanded our presence in Abidjan [the renewed Sofitel in Ivory Coast], the management team took the advice from our advisors that we change our location because of a military academy that was nearby. We had not considered that strong revolutionary feelings against French companies would cause trouble on a national level if we had continued with the renovation [the building was owned by another hotel before and was in the process of being renovated by Sofitel]. But, it has to be said, that in general our management team consists of many experienced individuals from both the local country and the Accor Paris office. They work together to … [I interrupt]

Q: Can I ask… You said that the decisions to enter new markets are usually made at a more local level nowadays. So after these decisions are approved, a consulting team does the necessary research.
A: Yes, exactly.

Q: **Are these ideas spontaneous or are they actively encouraged?**
A: You must understand that Accor adheres to a very strict international investment and expansion vision. Especially after our restructuring, senior management places great importance in efficient use of resources and cost cutting – as well as seeking investment opportunities. Therefore, the entire organization is trained to pursue these goals. My role is very much focused on maintaining efficiency in the company's daily operations such as supply chain management and resource usage and other mundane tasks. We therefore stage regular meetings with the managers of a particular region to see how efficiency can be optimized or shared further. Here many ideas are generated and a vibrant atmosphere exists where local and international input is heard – and sometimes even mine!

Q: Haha, and in Ivory Coast for example, are meetings like these conducted in French?
A: In general, yes. Even though we are internationally present, we stem from a French managerial culture that is readily understandable in West Africa. In our experience, the Francophonie is a asset in many ways, not least in mutual understanding and therefore operating efficiency.

Q: Is English becoming more prevalent, though?
A: Even though English is our corporate language in most of our international venues, the way the company grew is through French channels and this is reflected in our earlier expansions. Our management is from a diverse background but we are based in Paris and that's where the global corporate strategy is made. As an advisor to the board, I have stressed the maintenance of these natively French values that have been acknowledged worldwide. Recently for example, we hosted a contest for young and talented hotel employees from our Africa and the Middle East regions to come up with innovative ways to attract customers or perform good services. We have been doing this in France for a long time and this has put the company where it is in terms of its interna-

tional reputation – and we feel that these initially only locally applied ideas can work abroad as well. And in fact, we were proven right.

Q: Interesting. You seem to talk about English and French not only as languages but as mindsets, is that correct?
A: No, I'm simply telling you that our local French ideas are also valid abroad, and irrespective of the language, if they have been successful in the past, it is a good idea to build on them. Again, in terms of language, we encourage English in most of our corporate dialogue, but it is a French company and this means that our employees at all levels understand that that carries a certain heritage, just like I imagine a Dutch company would…

Q: Indeed, I understand. Lastly, I would like to ask you whether there have ever been situations where a certain cultural or linguistic similarity with a Francophone country has been overestimated in your experience, and whether that backfired.
A: [Pauses] Do you mean if we overestimated a similarity with a Francophone foreign partner, employee, et cetera?

Q: Yes, on a managerial level – a supplier or a locally appointed manager or something like that.
A: Yes I think there are plenty. In cultural trainings for employees and front line managers we point to this false vicinity many times, and this has also been my experience within supply chain management in Africa and the Middle East. Not only the fact that we both speak the same language, in fact, but also the fact that as I mentioned before sometimes being French in these places can be a disadvantage in terms of history. In my particular business however as an operations professional, we try to find those local suppliers who most evidently have experience in dealing with us as well. In the end, professionalism should always have the upper hand over these feelings, I think.

Q: I think we have covered everything I wanted to talk about, so thank you for your cooperation and your time. Good luck with your future exploits.
A: You too. It was my pleasure. I will retire next year so if you have more questions, do not hesitate to contact me then when I will have more time and perhaps some more exciting stories!

Q: Haha, thank you, I will consider it. Au revoir.
A: Au revoir, Mr Clerkx.

Annex 3: Interview Efacec

a. *Portuguese original version*

Data: 25.08.2010
Entrevistado e posição: João Oliveira e Sousa (joliveirasousa@efacec.com), Administrador Delegado EFACEC Angola
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Q: Quantos colaboradores na África Austral?
A: Em termos de colaboradores a Efacec na Africa Austral tem cerca de 220 sendo 50 dos quais estão em Angola. O resto estão em Moçambique, a grande maioria. Depois ainda temos um escritório na Africa do Sul.

Q: Quando entrou em Angola?
A: A Efacec entrou em Angola mais ou menos ao mesmo tempo que entrou em Moçambique. Nós estamos presentes em Angola desde 1967, primeiro como agência e depois como empresa de direito angolano. (...)

Q: Teve de alguma forma envolvido no processo de entrada em Angola?
A: Não, eu sou um bocadinho mais novo que a fundação da empresa aqui. O processo de aposta em Angola é relativamente recente, isto data de 2006 numa altura em que começamos a fazer um estudo em relação aos mercados estratégicos e em 2006 decidimos que haveria uma série de mercados (...) cerca de 8 mercados, dentro da África Austral decidiu-se que a aposta seria em Angola, África do Sul e Moçambique. (...) Vim quando se começou a olhar para este mercados de forma diferente [como mercados estratégicos]. Neste momento estamos a tentar fazer um investimento de cerca de 15 milhões de euros e as coisas não são fáceis.

Q: (...) Falou-me de uma aposta mais forte em Angola e Moçambique em 2006. Porque é que foi tomada essa decisão e como?
A: Relativamente a Angola na altura apercebemo-nos do crescimento que esse país estava a ter a nível económico. Além disso, como lhe disse, nós desde 1967 estamos presentes neste mercado e as referências que temos aqui são boas. A nível de equipamento a oferta é de qualidade, os clientes estão satisfeitos, no entanto o grande problema deste mercado é a manutenção. A partir de 2006 a Efacec decidiu que não fossemos apenas fornecedores de equipamentos mas também de soluções e daí a ideia de apostarmos em Angola. Há um infraestrutura electrica para desenvolver brutal. Há um potencial enorme nas hidroelectricas e nas termoelectricas. Há toda a questão da produção, que neste momento está em discussão a construção de uma central no Soio, que é uma central enorme. Vai ser preciso fazer toda a rede de transmissão, que foi toda

destruída pela guerra (200) (...) Vai ser preciso fazer, reorganizar toda a rede de distribuição. E com isto é preciso fazer subestações, as linhas, a automatização da rede e isso é tudo áreas onde a competência da Efacec é notável e sabida. Além disso, não menos importante, a questão linguistica, porque este país tem uma grande afinidade com Portugal e a relação entre Portugal e Angola é uma bocadinho um relação amor-ódio (8:40). Em linhas muito gerais os investimentos são muito grandes, os investimentos a fazer. Inclusivamente há a linha de crédito do governo português que ajuda a que os negócios sejam menos difíceis de efectivar. Uma economia e um mercado em crescimento implicam a nossa presença aqui.
Relativamente a Moçambique é um bocadinho diferente. É um país pobre. Tem falta de infraestrutura na mesma. O fundo é obtido via linhas de crédito dos países nórdicos ou mais recentemente dos chineses ou ainda mais recente de Portugal. A Efacec foi com mais força para Moçambique em 2005, ainda antes desta reorganização do grupo em termos estratégicos, mas também é um país tem mais de 3000kms de comprimento e tem as infraestruturas todas por fazer e também pela questão da afinidade cultural. É um país onde é relativamente fácil o português conseguir estar. A nossa presença de empresas, que estão lá muito fortes (...) na área electrica e não só. E é um país mais estável, apesar de tudo, que Angola. (~13:00)

Q: Foram as oportunidade de negócio que levaram a esse maior investimento e para isso contribuiu o facto de ser Portugal e de haver uma afinidade cultural entre Portugal estes países. Mas como foram detectadas essas oportunidades? Foi feita um análise de mercado onde se compararam estes mercados com outros mercados de África ou África Austral ou foi o resultado da experiência que a Efacec tinha em Angola?
A: Consultor por meio ana, Experiência, Plano de Investimento Público.

Q: Da parte da manhã disse alguns aspectos que gostava que tentasse pôr por ordem. Para o fortalecimento da presença em Angola referiu a experiência da Efacec no mercado, referiu o mercado, referiu a lingua portuguesa e referiu o apoio do governo português em termos de financiamento. Como é que colocaria estes aspectos por ordem de importância?
A: Exactamente como os mencionou. Porque isto é tudo cronológico. Primeiro dá-se a chegada aqui e o conhecimento do mercado, depois a questão cultural, depois os investimentos ou as possibilidades que este mercado começou a ter e por fim as linhas de crédito portuguesas que só foram abertas como bem sabe desde há ano e meio.

Q: Em relação ao potencial de mercado referiu que a maioria dos colaboradores da Efacec da Africa Austral estão em Moçambique que é um país relativamente pobre relativamente a outros países africanos. Por que é que não foram escolhidos outros países mais atrativos em termos de mercado ou poder de compra em África?
A: A Efacec é uma empresa pequena comparada com ABB ou Siemens ou outras multinacionais e nós apesar de tudo temos que escolher. E porque é que estamos mais

em Moçambique e não estamos por exemplo em países como o Zimbabwe ou o Congo. Por duas razões. Primeiro porque Moçambique é um país onde já estamos à muito tempo e sempre estivemos como empresa Efacec. Não como em muitos outros países inclusivamente o Zimbabwe onde já estivemos com uma empresa, depois fomos para agente e actualmente temos um agente mas nada mais do que isso. No Congo temos agente, e noutros países. Portanto, é um país onde já estamos à bastante tempo, conhecemos bem, sabemos as potencialidades. Segundo, o tipo de obras que fazemos em Moçambi\que exigem que tenhamos um grande numero de funcionários. O tipo de obras que fazemos lá é de Engenharia, entenda-se subestações e linhas, e portanto precisamos de muita gente. Claro que há a questão da produtividade. Um terço das pessoas faziam o mesmo que esta gente toda faz em Moçambique se estivessemos em Portugal. Portanto estes numeros são um bocadinho falaciosos.

Q: E depois vem toda a outra parte em termos de lingua que referiu e toda a experiencia da Efacec. Sinto é que falta-me saber como é que a Efacec chegou a Africa no primeiro momento, nos anos 60. Como é que foram escolhidos esses mercados?

A: Na altura pertenciamos, é necessário ver a história da Efacec e ver que a Efacec foi detida por uma multinacional chamada ACEC, que era (...) (4:25). Esta empresa comprou a Efacec e depois só em 84 é que a Efacec passou outra vez às mãos de accionistas portugueses. Então porque é que estávamos em Moçambique e Angola? Como estávamos a falar, a empresa belga nos deixava fazer exportações apenas e só para os territórios portugueses (...) Portanto, daí o conhecimento que nós tinhamos destes países, mercados, de longa data que dos Congos ou Zimbabwes (...). Marrocos por exemplo... Tou a falar da Africa Austral mas temos o Magrebe onde estamos mais recentemente. Portanto é também devido um bocadinho à história acionista digamos assim da Efacec é que nós conhecemos estes mercados da maneira que conhecemos. (5:47)

Q: Em termos da lingua, também referiu de manhã que é relativamente fácil para as empresas portuguesas tarem em Moçambique principalmente por causa da lingua portuguesa. Acha que para além da simples comunicação que advém do facto de a lingua ser a mesma existem alguns outros beneficios em termos de compreensão?

A: É preciso ver que, cá está mais uma vez, que devido à herança digamos assim colonial a grande parte das normas que estes países ainda usam, normas e tudo o que são especificações, ainda são do tempo dos portugueses. Portanto é relativamente fácil para uma empresa portuguesa chegar lá e apresentar um produto que comercializa por exemplo em Portugal tamb+em o conseguir comercializar em Angola e Moçambique. O mesmo já não se passa relativamente à Africa do Sul. Toda a afinidade, também podemos incluir isso na afinidade cultural, faz com que seja muito mais fácil uma empresa portuguesa ir para Moçambique ou para Angola do que ir por exemplo para a Roménia. Por acaso também lá estamos. Mas de qualquer maneiro isto é para dar a entender. A xxx (empresa portuguesa?) está muito forte em Moçambique precisamente por causa disto, por causa das questões técnicas. Convenhamos que um dos maiores projectos hidrográficos da África é xxx e foi feito pelos portugueses, e portanto a nossa influência ali a nível técnico é bastante considerável. Os países ali à volta, nomeadamente o Malawi e o Zimbabwe tem uma grande influência nossa mas onde nós conseguimos efectivamente singrar foi em Moçambique e em Angola por estas questões que eu já mencionei.

Q: Em termos de especificações é fácil perceber mas em termos culturais, entre Portugal e países de expressão portuguesa será que há alguns alpectos em que a cultura de negócios é semelhante? (8:18)
A: É. Eu diria que a cultura de negócio é semelhante, claro que, e isto correndo o risco de ser mal interpretado, infelizmente, nos países pelo quais sou responsável, aprenderam e desenvolveram o pior que os portugueses poderiam ter ensinado. Isto relativamente aos processos burocráticos. Eu lembro-me de Portugal no pós 25 de Abril ser extremamente burocrático e esses países são extremamente burocráticos. Além de serem extremamente buricráticos não tem uma máquina que funcione. Não tendo uma máquina que funcione, todo o tipo de esquema é válido. Não há planos directores, não há uma filosofia, uma política coerente. Um bocadinho à semelhança do que acontece em Portugal mas isso não interessa. Mas pelo aspecto positivo também é extremamente fácil para um português chegar a um país destes e conseguir intrometer-se digamos assim. No entanto, a grande questão aqui é que o portugues, passa a nao ser assim mas e a ideia que se tem nestes mercados, que as pessoas tem, e que os portugueses vem, á a filosofia do toca e foge. Ou seja, fazem o negócio, fazem dinheiro, vão-se embora, nunca mais cá voltam. E nós depois também temos de lutar contra isso. Temos que mostrar que efectivamente estamos aqui à bastante tempo e queremos estar muito tempo. Mas voltando à sua questão, é relativamente fácil para os portugueses conseguirem fazer negócios nestes países, temos é que ter um arcaboiço financeiro muito grande porque isto implica dinheiro à cabeça, capacidade de financiamento e acima de tudo vontade não apenas de vender equipamentos mas também deixar know-how nos países para onde vamos.

Q: O sr. João disse que foi para Angola em 2006, na altura da reorganização, certo?
A: Não, vim para Angola em Novembro do ano passado (2009). Na altura da reorganização eu estava no extremo oriente.

Q: Gostava de lhe perguntar se encontrou alguma diferença em termos culturais entre aquilo que esperava e o que encontrou em Angola?
A: Eu sinceramente, de tudo o que tinha ouvido, inclusivamente os meus pais tinham cá estado em 1960, encontrei um país totalmente diferente daquilo que se havia de esperar. Não só um país cuja relação com os portugueses é de amor-ódio. Ódio porque não esquecem aquilo que a gente lhes fez no tempo colonial. De amor porque não conseguem viver sem nós. E nós sem eles muito sinceramente. É um país com umpotencial tremendo, enorme. É um país cujo poder, ou cuja forma de decisão está

demasiado concentrado. Não há planos directores. São pessoas que pensam e que levam a cabo as políticas mas sem haver uma integração. Eu só para lhe dar um exemplo, ao bocado estive na zona de xxxx, (...) e estávamos a flar de uma ponte nove que fizeram agora. A ponte foi construída pelo ministério dos transportes. Os acesso são da responsibilidade do INEA que é o instituto nacional de estradas de Angola. Ou seja, a ponte está feita mas ninguém passa na ponte porque os acessos não estão feitos. Isto demonstra efectivamente aquilo que este país tem: um potencial tremendo, são necessidades tremendas, são oportunidades fantásticas, mas que não há uma coordenação centralizada global daquilo que devia ser feito e portanto relativamente aquilo que eu esperava vir, que eu esperava chegar aqui e ver um país pobre, (...) desorganizado como está, pobre não e assim tão pobre.. rico de gente pobre. E que é que lhe posso dizer mais, um trânsito caótico mas com mais oportunidades ainda do que aquelas que eu pensava que ia encontrar. A grande ameaça aqui são para os portugueses, são os brasileiros e são os chineses. Tendo em conta todo o potencial que este subsolo tem, desde o petróleo, os diamantes, o ouro e (...). Portugal é pena não ter a capacidade financeira que tem esses países porque podia sem dúvida ser o El Dorado. Poderia ser se neste momento não tivessem de ser as empresas portuguesas a arcar com os custos financeiros de estar cá e de ter os pagamentos, como certamente deve ter visto, agora houve o acordo para a construção civil, tamos a falar de pagamentos que estão a ser feitos agora de facturas que foram até Agosto de 2009. Mas é preciso ver que estamos a falar de centenas de milhões de euros que ainda estão por pagar às empresas portuguesas. Ou se tem capacidade financeira ou então isto não é para qualquer um.

Q: De forma geral, pelo que eu percebo, se as empresas portuguesas tivessem as mesmas capacidades financeiras, as mesmas condições, que por exemplo as empresas chinesas, as empresas portuguesas estariam numa posição de vantagem porque todos (15:12) esses aspectos que referiu em termos culturais, em termos de lingua, em termos de experiência, certo?

A: Absolutamente! Até porque ainda agora, passados 4 anos de ter sido construído um hospital aqui em Luanda pelos chineses está em ruínas e as construções feitas pelos portugueses ainda do tempo do colonialismo ainda cá existem. Ainda cá estão em pé. (15:38) E com pouquíssima manutenção. As pessoas aqui reconhecem que a qualidade portuguesa é muito boa, sem dúvida; que nós apesar de tudo somos os únicos que.. que os compreendemos e que os conhecemos e que sabemos lidar com eles e eles connosco, agora reconhecem é que os outros fazem dinheiro e nós não.

Q: Isso foi em relação mais em aspectos culturais. Agora se pensarmos na Efacec, em termos de negócios, houve alguns daqueles elementos que foram usados para a análise de mercado, houve alguns desses elementos que foram subestimados ou sobreestimados?

A: Sem dúvida. Subestimados na capacidade de lobby que os portugueses tem. Que é baixa porque não tem essa facilidade de arranjar dinheiro e isso aí foi qualquer coisa que não foi mencionado no relatório. Mostraram as necessidades de infraestruturas de país. Agora diria eu no aspecto submencionado, digamos assim, ou subavaliado. Pelo contrário, as oportunidades que estão aqui são mais que muitas, desde as telecomunicações, passando pelas linhas, passando pelas ???, passando pelas centrais térmicas, passando (???) pela parte da construção civil. Há aqui um potencial que de todo não foi detalhado no relatório (...???) que fizeram relativamente a este mercado. (17:45)

(...)

A: Falámos bastante de Angola, falámos bastante de Moçambique. (??) Na África do Sul a afinidade cultural é pouca. A questão de financiamento é inexistente (??). Efectivamente temos lá uma comunidade portuguesa mas que se.. que é totalmente diferente da comunidade que existe em Moçambique ou inclusivamente em Angola, mas a verdade é que é um dos países mais desenvolvidos da África.., bem sem dúvida que é o mais desenvolvidos da África Austral e sinceramente não conheço país muito mais desenvolvido que a África, ou até tão desenvolvidos em África como a África do Sul. É um mercado maduro, enquanto que nenhum destes, nem moçambicano nem angolano são mercados maduros, são mercados, não diria virgens, mas são novos. Mas por si é um mercado maduro, é um fonte onde encontra pessoas qualificadas, por ser algo que está precisamente entre o este e o oeste, por ser a porta de acesso, inclusivamente da Ásia para a África. Veja-se, tudo o que é linhas de barcos, vem tudo aqui à África do Sul. Só para ter uma ideia há camiões que vem de Durban para Angola, por exemplo. Tamos a falar de um mercade extremamente interessante, maduro e a Efacec gosta de trabalhar neste tipo de mercados mas cujo crescimento vai ser totalmente diferente, nós nesto momento estamos a perspectivar um crescimento não orgânico porque enquanto em Angola e Moçambique conseguimos ter um crescimento orgânico (??) tem demasiados problemas, na África do Sul é impossível a não ser que tivessemos um horizonte de uma década e não podemos.

(...)

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b. English translation

The following text is an unedited translated version of the above interview using only the online tool 'Google Translate'.

Interview Efacec

Date: 25.08.2010
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Q: How many employees in Southern Africa?
A: In terms of employees Efacec in Southern Africa has about 220 and 50 of which are in Angola. The rest are in Mozambique, the vast majority. Then we still have an office in South Africa

Q: When you went to Angola?
A: Efacec Angola came into more or less the same time entered into Mozambique. We are present in Angola since 1967, first as an agent and then as an Angolan company. (...)

Q: It had somehow involved in the process of entry into Angola?
A: No, I'm a bit younger than the company's founding here. The betting process in Angola is relatively recent, it dates from 2006 at a time when we started a study in relation to strategic markets and in 2006 decided that there would be a number of markets around 8 (...) markets within the Southern Africa decided that the bet would be to Angola, South Africa and Mozambique. (...) I came when it began to look for this market differently [as strategic markets]. Right now we are trying to make an investment of around 15 million euros and things are not easy.

Q: He told me about a stronger stake in Angola and Mozambique in 2006. Why was that decision taken and how?
A: With regard to Angola at the time we realize the growth that this country was having economic effect. Also, as you said, we are since 1967 in this market and the references that we have here are good. The equipment level is the provision of quality, customers are satisfied, however the big problem is keeping this market. From 2006 Efacec decided that we were not just equipment suppliers but also for solutions and then bet on the idea of Angola. There is an electrica infrastructure to develop brutal. There is huge potential in hydroelectric and thermal power stations on. There is the whole question of production, which is currently under discussion to build a center in Soyo, which is a huge central. It will be necessary to make the entire transmission network, which was completely destroyed by war (200) (...) It will be necessary to reorganize the entire distribution network. And with this we must make substations, lines, automation of the network and that is all areas where competition is outstanding and Efacec known. Furthermore, not least, the linguistic question, because this country has a great affinity with Portugal and the relationship between Portugal and Angola is a bit a love-hate relationship (8:40).
In a more general investments are very large investments to make. There is even a line of credit of the Portuguese government that helps businesses to be less difficult to give effect. An economy and a growing market involving our presence here.
For Mozambique is a little different. It is a poor country. It has the same lack of infrastructure. The background is obtained via credit lines of the Nordic countries or more recently the Chinese or even more recent in Portugal. Efacec was harder to Mozambique in 2005, even before this reorganization of the group in strategic terms, but is also a

country has more than 3000kms in length and has all the infrastructure to do and also the issue of cultural affinity. It is a country where it is relatively easy to get the Portuguese to be. The presence of our companies, there are very strong in the area (...) Electric and beyond. And a country is more stable, though, that Angola.
(~13:00)

Q: Were the business opportunity that led to this increased investment, and this contributed to the fact that Portugal and have a cultural affinity between these countries Portugal. But how these opportunities have been identified? It was made a market analysis which compared these markets with other markets in Africa or southern Africa or was the result of experience that Efacec had in Angola?
A: Consultant for half a year, experience, public investment plan.

Q: In the morning he said he liked some aspects that tried to put in order. To strengthen the presence in Angola said the experience of Efacec market, said market, said the Portuguese language and referred to the Portuguese government support in terms of funding. How would you place these issues in order of importance?
A: Exactly as mentioned. Because this is all chronological. First give the arrival here and the market knowledge, then the cultural issue, or after the investment opportunities that this market began to have and finally the Portuguese credit lines that were only open as well known since a year and a half.

Q: Regarding the market potential indicated that the majority of employees Efacec Southern Africa are in Mozambique which is a relatively poor country compared to other African countries. Why were not chosen other countries more attractive in terms of market or purchasing power in Africa?
A: Efacec is a small company compared with ABB or Siemens and other multinationals and despite everything we have to choose. And why are we more in Mozambique and we are not in countries such as Zimbabwe or Congo. For two reasons. First, because Mozambique is a country where we are a long time and have always been as a company Efacec. Not as in many other countries including Zimbabwe where we have been with a company, then went to the agent and currently have an agent but nothing more than that. In Congo we agent, and other countries. Therefore, it is a country where we are already quite some time, know well, we know the potential. Second, the type of work we do in Mozambique \ which require that we have a large number of employees. The type of work we do there are engineering, I mean substations and lines, and therefore need a lot of people. Of course there is the issue of productivity. A third of people did the same as all these people in Mozambique do if we were in Portugal. So these numbers are a bit misleading.
Q: And then comes all the other party in terms of language and said that all the experience Efacec. Feel is missing me know how it came to Africa Efacec the first time in 60 years. How were they chosen these markets?

A: At that time belonged, it is necessary to see the story and see that Efacec Efacec was owned by a multinational call ACEC, which was (...) (4:25). This company bought Efacec and then only in 84 is that Efacec again passed into the hands of Portuguese shareholders. So why are we in Mozambique and Angola? As we were talking, the Belgian company would let us make exports only and only for the Portuguese territories (...) So then we had the knowledge of these countries, markets, long-lasting of Congo or Zimbabwe. Morocco for example ... Tou speak of Southern Africa but we are where we most recently Maghreb. Therefore it is also due a bit of history so to speak Efacec shareholder is that we know these markets the way we know. (5:47)

Q: In terms of language, also said this morning that it is relatively easy for Portuguese companies in Mozambique tarem mainly because of the Portuguese language. Think beyond the simple communication that comes from the fact that the language be the same there are some other benefits in terms of understanding?
A: You must see it, here it is again, that due to the colonial heritage so to speak most of the norms that these countries still use, standards and specifications are all that are still in Portuguese times. Therefore it is relatively easy for a Portuguese company to get there and make a product that sells for example in Portugal also get + in the market in Angola and Mozambique. The same can not be said with regard to South Africa All of affinity, we also include in this cultural affinity, makes it much easier for a Portuguese company to go to Mozambique or Angola, for example to go to Romania. Incidentally we are also there. But anyway this is to imply. The xxx (Portuguese company?) In Mozambique is very strong precisely because of this, because of technical issues. Admittedly one of the largest projects in Africa is xxx hydrographic and was made by the Portuguese, and therefore our influence at the technical level there is very considerable. Countries around there, including Malawi and Zimbabwe has a great influence us but where we can actually succeed was in Mozambique and Angola by these issues I have mentioned.

Q: In terms of specifications is easy to see but in cultural terms, between Portugal and Portuguese speaking countries is that there are some alpectos where the business culture is similar? (8:18)
A: I would say that the business culture is similar, of course, and that the risk of being misunderstood, unfortunately, the countries which I am responsible, learned and developed the worst that the Portuguese might have taught. This relation to the bureaucratic processes. I remember from Portugal on April 25 after being extremely bureaucratic and these countries are extremely bureaucratic. Besides being extremely buricráticos not have a machine that works. Not having a machine that works, any kind of scheme is valid. There are no master plans, there is a philosophy, a coherent policy. A little similar to what happens in Portugal but it does not matter. But the positive aspect is also extremely easy to get a Portuguese one of the country and to intrude so to speak. However, the big issue here is that the Portuguese, shall not be so but what about the idea that people have in these markets, that people have, and that the Portuguese comes, will be the philosophy of play and runs away. That is, do business, make money, go away, nev-

er to return here. And then we also have to fight it. We have to show that we are actually here a long time and we want to be a long time. But back to your question is relatively easy for the Portuguese able to do business in these countries is that we have a very large financial arcaboiço because it means money to the head, financing capacity and above all will not only sell equipment but also leave know-how in countries where we go.

Q: John said that he went to Angola in 2006, when the reorganization, right?
A: No, I came to Angola in November last year (2009). At the time of the reorganization I was in the Far East.

Q: Would you like to ask you if you found any difference in culture between what you expected and what he found in Angola?
A: I honestly, from everything I had heard, including my parents had been here in 1960, found a country totally different from what we had expected. Not only a country whose relationship with the Portuguese is a love-hate. Hate because we forget what they did in colonial times. Of love because they can not live without us. And without them we most sincerely. It is a country with tremendous umpotencial, huge. It is a country whose power, or whose form of decision is too concentrated. No plans. These are people who think and who carry out policies but with no integration. I just to give you an example, the bit was in the area of xxxx, (...) and we were flar a bridge that had nine now. The bridge was built by the ministry of transport. The access is the responsibility of INEA is that the National Institute of roads in Angola. That is, the bridge is made but no one goes on the bridge because the accesses are not made. This actually shows what this country has: a tremendous potential, are tremendous needs are great opportunities, but there is no global centralized coordination of what should be done and so for what I hoped to come, I hoped to come here and see a poor country, and (...) is disorganized, poor and not so poor .. rich people poor. And what more can I say, a chaotic traffic but also with more opportunities than those who thought that I would find. The big threat here is for the Portuguese, the Brazilians are and are the Chinese. Taking into account the full potential this ground has, since the oil, diamonds, gold and (...). Portugal is a pity not to have the financial capacity that is because these countries could certainly be the El Dorado. Could it be this time they had to be Portuguese companies to bear the financial cost of being here and have the payments, as it surely must have seen, there was now agreement on the construction, tamos talking about payments that are now be made to bills that were up in August 2009. But we must see that we're talking about hundreds of millions of euros that are still unpaid by Portuguese firms. Or if you have the financial capacity or else it's not for everyone.

Q: Generally, from what I understand, that the Portuguese companies had the same financial capacity, the same conditions that were for Chinese companies, Portuguese companies would be at an advantage because everyone (15:12) that those aspects stated in cultural terms, in terms of language, in terms of experience, right?

A: Absolutely! Also because even now, after four years of having been built a hospital here in Luanda by the Chinese is in ruins and the buildings made by the Portuguese still the time of colonialism still exist here. Are still there standing. (15:38) And with very little maintenance. People here acknowledge that the site is very good quality, no doubt, after all we are the only ones that .. that we understand and know that we know and deal with them and they with us now acknowledge is that others make money and we do not.

Q: That was more in relation to cultural aspects. Now if we look at Efacec, in business terms, there were some of those elements that were used for market analysis, there was some of those elements that were underestimated or overestimated?
A: Undoubtedly. Underestimated the ability to lobby the Portuguese have. What is low because it has this facility of getting money and that there was anything that was not mentioned in the report. Showed the infrastructure needs of the country. Now I would say look at the undermentioned, shall we say, or undervalued. Rather, the opportunities that are here are more than many, ranging from telecommunications, through the lines, passing through? ", Passing through thermal, rising (???) the part of civil construction. Há aqui um potencial que de todo não foi detalhado no relatório (...???) que fizeram relativamente a este mercado. There is a potential here that all was not detailed in the report (...???) they did on this market. (17:45)

(...)

A: We have talked enough of Angola, Mozambique talked enough. (??) In South Africa the cultural affinity is low. The funding issue is nonexistent (??).Indeed we have a Portuguese community there but if .. which is totally different from the community that exists even in Mozambique or in Angola, but the truth is that it is one of the most developed countries of Africa .. and no doubt it is the more developed southern African country and honestly do not know much more developed that Africa, or even as developed in Africa as South Africa is a mature market, whereas none of these, or Mozambique or Angola are mature markets are markets, would not virgins, but they are new. But by itself is a mature market is a source where you will find qualified people, to do something that is just between east and west, being the gateway, including from Asia to Africa. See, everything lines of boats, everything here comes to South Africa just to get an idea for trucks coming from Durban to Angola, for example. Tamos Mercade talking about a very interesting, mature and Efacec enjoys working in such markets but whose growth will be totally different, we are now allowing a non-organic growth perspective because while in Angola and Mozambique could have an organic growth (??) has too many problems in South Africa is impossible unless we had a horizon of a decade and we cannot.

(...)

Annex 4: Interview Savoye

Date: 3-12-2010
Interviewee and position: Jean Michel Guarneri is currently the CEO of the *Compagnie Européenne de Prestations Logistiques* (CEPL), a leading European warehouse logistics service provider. Formerly he has worked for a-SIS/Savoye in Morocco

Q: Hi, Mr. Guarneri. As I understood from Roland Dachs [common acquaintance], you have had experience entering and operating in Africa?
A: Yes, I have had experience working in Moroccan market in logistics but currently I have no business there [he works as the CEO of CEPL, a French logistics company], and unfortunately I don't know about current affairs. But I can talk about Morocco if it could help for you.

Q: OK, then is it all right that I record this calling?
A: Yes, yes.

Q: Perfect, so your experience in Morocco, was this for Savoye [French logistics and warehouse solutions, both consulting and automation products]?
A: In fact, yes, it was for Savoye, for a software subsidiary named A-sis. At the time, Morocco was investing a lot in logistics, and especially through Tangier Port [Tangier Med, largest port of Africa and part of the Tangier Free Zone]. We have seen that quite some local and foreign companies were willing to invest and prepare around their business with Tangier Port. Before, the problem with Morocco was the taxes. We ourselves have had very heavy taxes, and in general for foreign companies who want to make business in Morocco this is the case. But with Tangiers Port we had some special tax arrangements that led some mainly French companies to outsource logistics in this area. In fact, some local companies as well are looking to invest in software and in automation (but mostly software). You see, software investment in the logistics branch usually refers to either managing your logistic flow with people or replacing them with automation solutions.

Q: OK, so your main reason to move into Morocco was for outsourcing purposes?
A: Outsourcing and consulting. Not simply outsourcing, but selling software, giving consulting advice and finding a team in Morocco – and Tunisia as well – to outsource the software operations to. We were "playing" with both sides: buying labor days to build software but also selling software locally.

Q: I see. So, why did A-sis decide to go to Morocco and Tunisia in the first place?
A: Well, what is clear is that Northern Africa was a perfect opportunity for Europe, but the companies definitely weren't prepared enough to enter in my opinion, which is why many European companies went to China and especially India for software outsourcing instead. But now we can see that there is a strong educational program developed in

Morocco and Tunisia; these two countries understood that they could play a game with Europe, and that game was to develop the country and simultaneously to take a part of the place of China and India. Things are changing because Morocco and Tunisia decided to give education not just to the elites around the king of Morocco and similarly in Tunisia, but to all people. Now we can work with Morocco and Tunisia because we are starting to have access to educated people and also they speak French, they know our culture, in short they have many strong points, also the countries are not far away from Europe – many strong points indeed but the first thing to prioritize is to have educated people…

Q: Then, Would you say that a French company and the fact that you yourself are French, is an advantage when operating in Morocco and Tunisia?
A: Well, in fact, the advantage is the language, French. Many people speak French, but also, from both sides we have a good understanding of the culture, a Moroccan knows the French and vice versa, we know the differences between our countries and we can work with these differences. Again it's not far away… so I see many advantages, yes.

Q: And when operating there, did you find that the expectations about this similarity turned out to be true?
A: Yes, yes. I think we can be optimistic because they are doing a good job in this area, they are adapting to a modern lifestyle and European, again French logistics companies especially, are adapting as well to take advantage. By the way, I also know Algeria a bit: a sister company of Savoye manages the sales of the bran for couscous. They are the world leader of automated line production of couscous, and of course, this [Northern Africa or Algeria, presumably] is a good market. Like in Morocco and Tunisia, they are doing a good job in Algeria, but the problem is that companies are not comfortable to work in these countries. The "deal-breaker" is that, yes there is operating risk in doing business in these counteis, but when that risk becomes a risk for one's life, it's too much!

Q: So, a major problem of operating for many companies is the different and unstable environment?
A: It's clear, yes. We see what is happening with the elections in Ivory Coast… I think Africa is a fantastic continent and has potential, also we can make many positive links now in Europe and especially with France, but the first step is to make sure that the people are secure and of course that doing business is safe. As you know, now we can see many Chinese companies going to Africa, and I feel bad for Africa, because China is doing maybe as we did one century ago – they just thing Africa is interesting because of Africa's natural resources. It think Africa could strike a better deal with Europe and China. Of course, Europe… we have our history there but that is in the past: now we can develop interesting relationships.

Q: Very interesting. So you see a definite potential for French companies to leverage the effects of a shared past?

A: Yes, definitely, but I recommend to the African countries to be careful of easy arrangements like with China, with low prices et cetera… OK there are good things that can come from this, but be careful! A country that wants to develop its economy should not just look at quick cost benefits, but should also create value. I'm afraid that China's strategy to deliver cheap products in exchange for raw materials isn't a good one for Africa in the long run. Of course, we did that in Europe, I remember our history! [Pauses] But our company's arrangements with them were more sustainable, for example, we were using Moroccan and Tunisian engineers to develop software and at the same time transferring profits and technology. In fact, these people gave us day rates lower than the European ones, and we used this lower cost as an interesting incentive to operate there. But of course, in these arrangements of buying software we are also obliged to train, and so we are transferring value. This is what Africa should do with China as well: "You can stay, but transfer technology!". In the case of France, they should say "OK, you want to make Airbus? OK, give us the right to build parts. Of course, it is uncertain what will happen to Africa in terms of their history following them, the security et cetera, but I think some countries can play with this technology transfer arrangement. Again, that is why it is important for them secure the business environment: in the 21st century, new markets such as Eastern Europe, Russia are opening up with which Africa needs to be able to compete. Also, I travel much to India and China nowadays, and I feel safe! In Africa, you don't have this security. So security and governmental stability is needed, and democracy in particular. In my experience, Morocco is doing a good job in this, [chuckles] before democracy they tightened the noose on everything. Now they can talk democracy and that is advantageous to business. OK, well give my regards to Roland, and…

Q: …Just one more question, if I may.
A: Of course.

Q: When you entered Morocco and Tunisia for Savoye, did you do formal market research?
A: In Morocco, yes, we used a consulting company from Canada called GCL, but with a local consultant, and they prepared an interesting study for me about the country's logistics and infrastructure, economic tendencies of the country, the evolution of Tangier port, where I could find proper labor, et cetera.

Q: And from basis of this market research, what was the main criteria to go ahead and enter the market?
A: In fact I had confidence in the consulting company. Do you know Morocco a bit? Well, the consultant was Kamal Shrebi from a well-known family, the Shrebi family in Morocco, and I have worked with him previously in Canada. I know him, he's a very serious guy. Above all, it was interesting and important to have a local study from local guy, and in these countries it is very important to have this trust in people.

Q: So you already had a strong relationship with this consultant?

A: Yes, definitely. What is important is to create trust. Another problem of Africa is its image – like Russia in the past and a bit today, one doesn't know whom to trust! Who you have to pay, who you have to dance with… Therefore, when you find a consulting company with someone like Kamal who knows Europe – he has studied and worked with France and Canada – they know the world and also Morocco very well, and so they know that if Morocco wants a long term relationship with foreign partners they will have to deliver fair and good work. If you want to do business in unstable situations, you must have these ties to create trust in the joint venture… OK, well I hope this was useful for you, good luck for your studies and all the best.

Q: It's been very helpful, thank you very much and goodbye.
A: Bye bye.

Annex 5: Interview Sovena

a. *Portuguese original version*

Data: 26.08.2010
Entrevistado e posição Eng. José Ramalho**,** Responsável pela área de Exportação óleos embalados e sabão da Sovena Portugal
Contacto: Carolina Cabral (carolina.cabral@sovena.pt), Human Resources Manager
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Tlm: +351 91 056 9934

A: Os nossos produtos, estão habituados às nossas marcas, e porque existe logística adequada; portanto existem linhas de navegacão. Você vai perceber que isso é uma coisa muito importante em todo o processo porque vai não só viabilizar fisicamente como vai facilitar em termos económicos. Porque tar a importar de um sítio onde o produto tem de dar x voltas, para lá chegar, por muito mais barato que seja na origem, torna-se mais caro no destino. Portugal ao ter linhas de navegacão diretas, até pode ser ligeiramente mais caro cá mas acaba por ser muito mais rentável no destino, porque temos logística montada, adequada, sempre tivemos, nunca deixamos de ter, e isto já vem do tempo colonial. Isso é um factor importante. Isto é importante para quando vendemos produtos sem marca, portanto *commodities*, onde só o preco é determinante. Não será tão importante nos produtos onde eles estão habituados às marcas portuguesas, e eu estou a falar em termos de produtos alimentares. Existem hábitos alimentares muitos parecidos aos nossos então os produtos utilizados também são iguais aqueles que cá utilizamos (1:28), assim também como marcas portuguesas onde eles estão habituados e tem uma fidelidade às marcas portuguesas. Também aí, quer dizer, as marcas portuguesas aproveitam a eficiência logística (??). Portanto, será sempre difícil a uma marca estrangeira implantar-se lá. Pelo menos pelo valor da marca e não pelo *commodity*, do produto básico.

Q: Então falou-me aqui dos aspectos que identifico, falou das ligacões ou do aspecto logístico e também da marca ter valor ou dos consumidores nos PALOP confiarem nos produtos portugueses. Existe uma questão cultural.
A: Existem ambos os casos. E da natureza dos produtos. Repare, em toda a África é muito popular o óleo de palma, os PALOP estão habituados ao óleo de soja. É um produto diferente. Estão habituados a cozinhar com aquele óleo. Por exemplo chourico, você não vê chourico em nenhum país de África, nos PALOPs consome-se muito chourico, por tradicão. (??) há chourico em lata. Como há conservas de carne, de peixe, há chourico em lata dentro de óleo.

Q: Hábitos alimentares trazidos pelos portugueses… Quando é que comecou, de forma geral, a ser exportado para África, para os PALOP e…

A: Não tenho essa informacão. Datas, histórico da empresa, não tenho.

Q: E em relacão à importância dos PALOP no contexto de África em termos de exportacões. São mercados importantes, são os únicos mercados em África?
A: Não são os únicos mercados em África, mas são muito importantes, precisamente pelo questão logística. É onde nós copnseguimos colocar os nossos produtos, em termos de África, é onde conseguimos colocar os nosso produtos mais baratos. Se formos para outros países, como não há ligacões, já temos que ir a outros portos europeus e depois fazer escala. Há sempre outros países que se calhar, ou pelo tráfego que têm, volume que têm, conseguem fretes mais baratos, fretes competitivos. E isso acaba por ter um importância muito grande no custo final. (??) de importacão normalmente são pagos sobre o valor do frete mais a mercadoria. (3:48)

Q: Nesse caso estamos a falar principalmente de Mocambique e Angola, porque Cabo Verde ou São Tomé e Principe, será que eles..., desconfio que existam países em África que tenham melhores ligacões em termos logísticos que tem Cabo Verde, São Tomé e Principe ou Guiné-Bissau?
A: São todas boas...

Q: Por exemplo no caso da África do Sul, será que o facto de existir um mercado largo, grande, e com boas ligacões logísticas não fazia sentido exportar?
A: Para a África do Sul...

Q: Por exemplo...
A: A África do Sul é um economia já bastante evoluída, já são produtores, já têm indústria própria, já têm consumidores mais evoluídos, já tem as suas próprias marcas e isso inclusivamente é uma ameaca para as exportacões portuguesas para Mocambique. A vantagem que tem a África do Sul é que esteve fechada à importacão durante muitos anos então a qualidade dos seus produtos é de uma forma geral muito fraca. Hoje em dia um produto europeu, como nós estamos habituados, a qualidade de um produto europeu é muitíssimo, de qualidade muitíssimo boa comparado com países que não tiveram tão competitivos, com as fronteiras tão abertas, onde as pessoas habituaram-se a comprar, a consumir com níveis de qualidade mais baixo. (5:09)

Q: Ontem eu tive a falar com a Efacec, empresa de (??), e os factores principais para a Efacec estar nos PALOP era principalmente o mercado, a dimensão do mercado, e nunca tanto o facto de terem sido colónias portuguesas.
A: A dimensão do mercado?...

Q: A dimensão do mercado em Angola e Mocambique. Até porque a escolha de exportar para esses países
A: Então porque não o Senegal...

Q: Disse vários factores mas esse factor foi um dos mais importantes. Porque o mercado está lá, as oportunidades estão lá e esse foi um dos aspectos que a Efaced subvalorizou, a quantidade de oportunidades que existiam em Angola e Mocambique. Claro que existiam outros problemas e houve outros factores que os levaram lá mas o factor principal foi o mercado.
A: A dimensão do mercado...

Q: E também a experiência da Efacec...
A: Eu diria que qualquer mercado é interessante. Qualquer empresa tem ambicão em estar em todos os mercados, são mais consumidores, as empresas que têm produtos de grande consumo, como é o nosso caso, tem que ambicionar estar em qualquer mercado.
2: A dimensão não foi o factor decisivo...
Eu acho é que propriamente, o facto de ser PALOP, ser mais fácil estar nos PALOP, não tem a ver com a dimensão.

Q: Não é facilmente, é apenas de estar lá...
A: Mas eles têm investimento lá, é isso?

Q: Têm.
A: Obviamente que nos investimentos que tem, tem que ter uma dimensão, uma escala mínima em termos de consumidores. Falou em Angola e Mocambique e não tanto de Cabo Verde e São Tomé, foi isso?
Agora, há outros países em África que também têm muita populacão, o Senegal, o Congo, mas escala só por si não pode justificar essa decisão...

Q: Mas depois existiam outros factores que pesavam para Angola e Mocambique e não para o Congo ou por exemplo o Zimbabwe, que apesar de terem mercados, havia outros aspectos, tal co mo a experiência da Efacec em Angola e Mocambique e não no Zimbabwe ou Congo. Mas quando eu pedi para ordenar estes factores, a dimensão de mercado era um dos factores mais importantes. Por isso eu acho ser interessante aqui ser mais uma questão logística.
A: É o que vai viabilizar o negócio. Temos outros mercados grandes mas estão lá outros. E vamos lá ver, ambicionamos ir e vamos para outros mercados nem que tenhamos de fazer um esforco em termos de preco. Agora sabemos que ou temos parceiros logísticos que nos viabilizem os negócios ou então não é rentável. (8:15)

Q: E em termos de, dos compradores. Existia na Sovena algumas ligacões, algum conhecimento de possíveis compradores, além do transporte, uma rede de distribuicão, por exemplo.
A: Não, repare, nós em termos de Angola, em termos de óleo estamos com cerca de 60% do mercado angolano. Conhecemos todos os operadores, praticamente. Os principais conhecemos de certeza, os médios também, os mais pequenos eventualmente não. Temos cerca de 40 a 50 clientes activos em Angola, neste momento. Em Cabo

Verde, conhecemo-los todos, em São Tomé os maiores, em Mocambique os que querem trabalhar com produtos portugueses, também.

Q: Nesse caso foi a questão logística, o facto de haver melhores linhas de transporte que impulsionou entrar nesses mercados e depois pelos vistos existe uma grande experiência, uma grande quota de mercado nesses países..
A: Não é entrar nesses mercados, eu acho que nós nunca saímos desses mercados. Não parece correcto dizer que entrámos nesses mercados. Nós nunca saímos do mercado, nós tivemos um investimento lá, estivemos lá no passado (...) e quando fizemos a opcão de vir para cá (?), era um mercado que era natural e as ligacões logísticas facilitou a exportacão. Porque se deixasse de haver transporte, imaginemos para o Senegal ou para o Congo ou para a Mauritânia, seria, teríamos ligacões marítimas mais baratas que outros países nossos concorrentes. Imagine que para a Mauritânia, ou para o Zimbabwe tinhamos ligacões marítimas mais económicas que as Indias, com os óleos de palma, e Argentina e Brasil com óleos de soja. Naturalmente que esses seriam os nossos mercados, não é?

Q: Falou em natural. Acha que é natural para os empresários portugueses estarem, ou iniciarem o processo de internacionalizacão pelos PALOP? Acha que de alguma forma isso é natural?
A: (???) penso que sim. (10:32) Isso é uma pergunta muito generalista. Eu acho que temos de ver a natureza de cada uma das empresas.

Q: Mas pelo facto, talvez, de existir a mesma língua...
A: O facto de haver a mesma língua facilita...

Q: ...o facto de, eu já li em bastantes sítios, fala-se de uma relacão especial entre Portugal e os PALOP. Existem também apoios do governo para empresas portuguesas entrarem, linhas de crédito ou financiamento...
A: Linhas de crédito existem mas estão absorvidas pelas construtoras, tanto quanto sei. Os produtos de grande consumo têm uma leitura e uma (??) muito diferente, depois de consumido desapareceu. Não é uma coisa que vá permanecer e que possa ser transacionada. Normalmente para produtos de grande consumo não há linhas de crédito, pode ser visto de uma forma diferente. Há muitos tipos de empresas portuguesas, muitos tipos de produto.

Q: Como é uma pergunta generalista é mais para se chegar ao nível de factores como a língua, talvez uma percepcão de proximidade cultural, factores que impulsionem de forma geral, para além de existir outras consideracões em termos de industria, em termos de tipo de produtos.
A: Eu diria que sim, pela língua porque é sempre muito importante em qualquer negócio as pessoas entenderem-se (12:15). Eles não estão muito evoluídos em termos de ter do género escritórios de advogados que facam contratos em chinês, em russo, em... com um agilidade, em inglês eventualmente.

Q: Ontem foi interessante porque, da Efacec disseram-me que, se as empresas portuguesas, naquela área electrotécnica e outras, disse ele, tivessem a mesma capacidade financeira que têm as empresas chinesas ou brasileiras, que tavam à partida numa posicão de grande vantagem. Ou seja, se houvessem os mesmos, se tivessem todas em pé de igualdade, as empresas portuguesas tinham grande vantagem em Angola e Mocambique. Concorda com isso?
A: As empresas chinesas. Sabe porque é as empresas chinesas têm crédito? Angola neste momento é o principal fornecedor de petróleo da China. Tudo o que vai para lá os chineses têm de pagar. Ao abrigo desses pagamentos abrem-se linhas de crédito, então sobre essas linhas linhas de crédito os bens são transacionados e dão-se (???).

Q: Sim, nesse aspecto não é questionável, mas o facto de ele achar que se as empresas tivessem as mesmas condicões em termos estruturais, os empresários portugueses iriam ter grandes vantagens em ganhar concursos, vender produtos, estabelecer-se no mercado, por existe algo mais que as empresas/empresários portugueses tem que os outros não tem.
A: Se está a falar em termos de construcão, é muito claro que os construtores portugueses constróem melhor e tem construcões de melhor qualidade do que os construtores chineses e todos os dias há exemplos disso. Eles sabem que estão a pagar mais barato por uma obra chinesa e que numa obra chinesa tem facilidades de crédito que não têm com os portugueses. Os brasileiros, por exemplo, acabou-se-lhes o crédito e tão a sair todos de Angola, (??) e equipamento. Não tem a ver com a dimensão da empresa mas tem a ver com os apoios financeiros e os apoios financeiros, aí sim, se calhar são apoios governamentais. Em Portugal se abre um linha de crédito é imediatamente absorvido. Havia potencial para aumentar as linhas de crédito em Portugal, agora as garantias que estão (??) a essas linhas de crédito são poucas.

Q: Eu vi no site da Sovena e achei interessante, diz lá que, em relacão ao Brasil, porque conhecemos o Brasil como poucos e os seus consumidores como ninguém em relacão as azeite Andorinha. Acha que isso também se podia dizer em relacão aos PALOP.
A: (Longa pausa e ligeiro sorriso)
Eu nunca vi isso. Não.

Q: Mas diria em relacão ao Brasil?
A: Tá dito, tá dito.

Q: Isto no fundo é o sentimento de todas as pessoas, os portugueses em geral acham que conhecem o Brasil, ou acham que conhecem Angola e Mocambique porque nós estamos expostos a imensas coisas, há novelas brasileiras, há os emigrantes, então temnos a sensacão que conhecemos mais, afinal de contas fala-se português, eu vejo muitas notícias nos jornais. Então eu sinto que conheco Angola

ou Mocambique ou Brasil. Mas será que é mesmo assim? E é isso que eu queria tentar saber. Será que conhecemos assim tão bem?
A: Eu acho que conhecemos bastante bem estes consumidores. Mas como ninguem... não gosto dessa frase.
2: Temos algumas dificuldades, a cultura não é exatamente igual e eles não tem as mesmas formas de negociar. Mas, é a mesma língua mas as culturas são muito diferentes e nos PALOPs há muitos consumidores diferentes, eles têm as tribos, há muito a relacão tribal. Moçambique tem muitos muculmanos. Angola tem para aí nove tribos com línguas nativas, com hábitos, quer dizer, retrógados, e primitivos.

Q: Uma das nossas principais proposicões na tese é que em geral os empresários portugueses baseiam as decisões de investir ou exportar para os PALOPs não completamente em critérios objectivos ou informacão objectiva mas também em percepcões do que aquilo que acham que é; preconceitos que talvez venham da heranca colonial. Por outras palavras que os empresários baseiam decisões em critérios não completamente racionais e isso pode levar a erros de sobrevalorizacão. Eu li no Público um artigo de um professor do ISCTE que dizia que encontrava frequentemente inúmeros erros em relatórios de análises do mercado angolano que subvalorizavam riscos e sobrevalorizavam oportunidades. É nesta base que estamos a tentar investigar. Eu gostava de saber o que é que acha sobre isso.
A: Eu acho que isso é verdade. A língua pode distrair. Muitas vezes as análises de mercado nestes países pouco desenvolvidos não são fáceis de ser feitas. A necessidade de conhecer concretamente os hábitos dos consumidores. Isto não se aplica a todos os produtos de empresas portuguesas (18:55), as empresas de construcão..., é preciso conhecer os consumidores para os produtos de grande consumo. Há bocado quando me disse, conhecemos os consumidores como nuinguém, acho que o facto de eles gostarem de algumas marcas nossas, de alguns produtos nossos, não quer dizer que aquilo seja seja directamente uma extensão de Portugal. E devem ser estudados, bem estudados precisamente para não se cometer esses erros de subavaliacão ou de sobreavaliacão que são muitas vezes cometidos. Porque acho que a língua e não só, (...) repare, qualquer angolano segue o campeonato português de futebol, o Benfica ganha o campeonato e as principais ruas de Maputo e de Luanda à meia-noite e ainda estão congestionadas. Tem muitas ligacões a Portugal. Agora não é uma extensão de Portugal. As burocracias, em termos de quem quer depois ir para lá investir eu acho que é preciso realmente fazer análises do mercado muito mais profundo do que aquelas que se fazem. Acho que sim.
(...)

Q: Em relacão ao conjunto de África qual é a importância dos PALOP?
A: Eu diria que é 98% em termos de vendas. África subsariana. Nós estamos presentes na Tunísia. Estamos presentes no norte de África, aí sim, temos lá activos, fábrica. Estamos a falar de África subsariana não é, que penso que é o que lhe interessa. África... há muitas Áfricas. O norte de África é uma realidade completamente diferente da África subsariana. 95% estamos a falar de óleo.

Q: Existem vários indicadores que apontam para esta questão que nós estamos a tentar estudar como por exemplo a AICEP, como organismo português que apoia as exportacöes, apoia o investimento português, a internacionalizacão. Eu fui ao site e para cada um dos países de África fiz a contagem de todos os relatórios de informacão que se tem do mercado e achei interessante o facto de a Guiné-Bissau ter mais de 50 relatórios e haver cerca de 20 ou 15 sobre a África do Sul, mercado muito maior. Países relativamente pequenos como São Tomé terem tanta informacão disponível. E no geral é o que se vê nas empresas portuguesas, por exemplo, para além de toda essa questão logística que me falou que é natural empresas portuguesas irem para os PALOP, mesmo assim 98% do conjunto da África subsariana é um quota larguíssima. Existe definitivamente uma grande... (23:05)

A: Sem dúvida, a África subsariana tem um grande potencial de crescimento para as empresas portuguesas. (...) E nós pretendemos ir para outros países de África e vamos.

Se houvesse para os outros países de África ligacões diretas a Portugal e que não houvesse essas ligacões diretas aos nossos principais concorrentes que seria a Argentina, Brasil ou Malásia, eu diria que sim que seria uma oportunidade e que teríamos uma quota de mercado muito maior nesses países. Portanto voltamos a ver a importância logística.

Na nossa área especifica que são produtos de grande consumo, alimentares, temos o aspecto dos hábitos alimentares, portanto são países onde consomem óleo de soja, o que não acontece em todos os países da África subsariana onde o óleo de palma é o mais consumido. Primeiro os hábitos, se não existisse essa apetência não podíamos; e depois as facilidades logísticas, porque o produto está a um preco competitivo, de outra forma iriam buscar a outra origem. (25:24)

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b. English translation

The following text is an unedited translated version of the above interview using only the online tool 'Google Translate'.

Date: 26.08.2010

Interviewee and position: Eng. José Ramalho**,** Responsible for the export area of packaged oils and soap Sovena Portugal

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Our products are used to our brands, and because there is adequate logistics, so there are shipping lines. You will realize that this is a very important thing in the whole process because it will not only enable physically and will facilitate in economic terms. Because tar to import from one site where the product has to give x laps to get there, much more that is cheap in origin, it becomes more expensive destination. Portugal to have lines of direct navigation can even be slightly more expensive here but turns out to be much more profitable in fate, because we have assembled logistics, appropriate, always had, we never have, and this comes from the colonial era. This is an important factor. This is important when selling unbranded products, so commodities, where only the price is decisive. Will not be as important in products where they are accustomed to Portuguese brands, and I'm talking in terms of food. There are many eating habits so similar to our products used are also identical to those used here (1:28), so as Portuguese brands where they are used and has a Portuguese brand loyalty. Here again, I mean, the Portuguese brands advantage logistics efficiency (??). So it will always be difficult to deploy a foreign brand there. At least the brand value and not the commodity, the commodity.

Q: Then told me that here the aspects identified, spoke of the links or logistical aspect of the brand and also have value and consumer trust in PALOP in Portuguese products. There is a cultural issue.
A: There are both cases. And the nature of the products. Note, throughout Africa is very popular palm oil, PALOP are accustomed to soybean oil. It is a different product. They are used to cook with that oil. For example sausage, chorizo you do not see in any African country in PALOPs takes a long sausage, by tradition. (?) For canned sausage. Because there are preserved meat, fish, sausage is canned in oil.

Q: Food habits brought by the Portuguese ... When is started, in general, to be exported to Africa, to PALOP and ...
A: I do not have that information. Dates, company history, I do not.

Q: And about the importance of PALOP in the context of Africa in terms of exports. Are important markets are the only markets in Africa?
Are not the only markets in Africa, but are very important, precisely because of logistic issue. Copnseguimos is where we put our products in terms of Africa, is where we put our products cheaper. If we go to other countries, as there are no connections, we have to go to other European ports and then to scale. There are always other countries that maybe, or the traffic they have, they have volume, get cheaper freight rates, competitive freight rates. And it ends up having a very big importance in the final cost. (?) Import are usually paid on the value of freight over the merchandise. (3:48)

Q: In this case we are talking mainly from Mozambique and Angola, because Cape Verde or Sao Tome and Principe, did they ... I suspect that there are countries in Africa who have better connections in terms of logistics that is Cape Verde, Sao Tome and Principe or Guinea-Bissau?
A: Are all good ...

Q: For example in the case of South Africa, is the fact that there is a broad market, large and well connected with logistics did not make sense to export?
A: For South Africa ..
Q: For example ...
A: South Africa is an economy already well evolved, as are producers, industry already has its own, as more consumers have evolved, already have their own brands and this is even a threat to Portuguese exports to Mozambique. The advantage is that South Africa is that it was closed to imports for many years so the quality of their products is generally very weak. Today a European product, as we are accustomed, the quality of a product in Europe is very, very good quality compared with countries that were not so competitive, with the borders as open, where people have become used to buy, to consume lower quality levels. (5:09)

Q: Yesterday I had to speak with Efacec, company (??), and the main factors to be Efacec PALOP was mainly in the market, market size, and never so much the fact that they were Portuguese colonies.
Market size? ...

Q: The market size in Angola and Mozambique. Even because the choice of exporting to these countries
A: So why not ... Senegal

Q: He said several factors but that factor was one of the most important. Because the market is there, the opportunities are there and that was one aspect that Efaced underestimate the amount of opportunities that existed in Angola and Mozambique. Of course there were other problems and there were other factors that led them there but the main factor was the market.
A: The market size ...

Q: And also the experience of Efacec ...
A: I would say that any market is interesting. Every company has ambition to be in all markets, are more consumers, companies that have products of mass consumption, as is our case, must aspire to be in any market.
2: The size was not the deciding factor ...
I think that is proper, the fact that PALOP be easier to be in PALOP, it has to do with size.

Q: Not easily, just to be there ...
A: But they have investment there, is it?

Q: Have.
A: Clearly the investments that have, have to have a dimension, a minimum scale in terms of consumers. He spoke in Angola and Mozambique and not so much of Cape

Verde and Sao Tome, was it? Now, there are other countries in Africa that also have a lot of people, Senegal, Congo, but scale alone can not justify this decision ...

Q: But then there were other factors that weighed into Angola and Mozambique and not the Congo or Zimbabwe for instance, that despite the markets, there were other aspects, such co mo Efacec's experience in Angola and Mozambique and not Zimbabwe or Congo. But when I asked to sort these factors, the market size was one of the most important factors. So I think is interesting here is more a logistical issue.
A: That will enable the business. We have other big markets but there are others. And let us see, and we aspire to go to other markets and we have to make an effort in terms of price. Now we know that we have partners or logistical in enabling the business or it is not profitable. (8:15)

Q: And in terms of, the purchasers. Sovena existed in some links, some knowledge of possible buyers, in addition to transport, distribution network, for example.
A: No, look, we in Angola, in terms of oil are about 60% of the Angolan market. We know all the players, practically. The main know for sure, the average also smaller ones may not. We have about 40-50 active clients in Angola at the moment. In Cape Verde, know them all, at St. Thomas the largest in Mozambique who wants to work with Portuguese products, too.

Q: In this case was the logistics, the fact that there are better transmission lines that drove into these markets and then apparently there is a great experience, a large market share in these countries ..
A: Not to enter these markets, I guess we never got out of those markets. It does not seem correct to say that we have entered these markets. We never got out of the market, we had an investment there, were there in the past (...) and when we made the choice to come here (?), Was a market that was natural links and facilitate the export logistics. Because if there was no longer transport us imagine for Senegal or the Congo or to Mauritania, would, would plying cheaper than other countries our competitors. Imagine that for Mauritania or had links to Zimbabwe shipping more economical than the Indies, with palm oils, and Argentina and Brazil, with soybean oil. Of course those would be our market, is not it?

Q: He spoke in natural. Do you think it is natural for Portuguese entrepreneurs are, or begin the process of internationalization by PALOP? Do you think that somehow this is natural?
A: (???) I think so. (10:32) This is a very general question. I think we need to see the nature of each company.

Q: But because perhaps there is the same language ...
A: The fact that the same language helps ...

Q:... The fact that I've read in many places, there is talk of a special relationship between Portugal and the PSAC. There also support from the government to enter Portuguese companies, lines of credit or financing ...
A: Credit lines exist but are absorbed by contractors, as I know. The products of mass consumption have a read and a (?) Very different, having consumed disappeared. Not a thing will prevail and that can be transacted. Normally for widespread consumer goods no lines of credit, can be seen in a different way. There are many types of Portuguese companies, many types of product.

Q: How a question is more general to reach the level of factors such as language, perhaps a perception of cultural proximity, factors that drive overall, plus there are other considerations in terms of industry, in terms of product types.
A: I would say yes, because the language is always very important in any business people to understand themselves (12:15). They are not very advanced in terms of having the kind offices of lawyers that would make contracts in Chinese, Russian, and ... with an agility in English eventually.

Q: Yesterday was interesting because Efacec told me that if the Portuguese companies, and other electronics that area, he said, had the same financial capacity of Chinese companies that have or that Brazilian tavam departing from a position of great advantage. That is, if they had them, if they were all on an equal footing, Portuguese companies have great advantage in Angola and Mozambique. Do you agree?
A: Chinese companies. You know why Chinese companies have credit? Angola is currently the main supplier of China's oil. Everything that goes beyond the Chinese have to pay. Payments under such open up lines of credit, then on such lines of credit lines goods are traded and are given (???).

Q: Yes, this aspect is not questionable, but the fact that he thinks that if companies had the same conditions in structural terms, Portuguese entrepreneurs would have great advantages in winning bids, sell products, establish themselves in the marketplace, there is something more companies / Portuguese businessmen have that others do not.
A: If you are talking in terms of construction, it is clear that manufacturers build better and Portuguese buildings has better quality than the Chinese manufacturers and every day there are examples. They know they are paying cheaper for a Chinese work and that a Chinese work has credit facilities that do not have with the Portuguese. The Brazilians, for example, is over them credit and so to leave all of Angola (?) And equipment. It has to do with the size of the company but has to do with the financial aid and financial support, then yes, maybe it is government support. In Portugal if you open a credit line is immediately absorbed. There was potential to increase credit lines in Portugal, now the guarantees are (?) To these credit lines are few.

Q: I saw the site of Sovena and found it interesting, tell me that, in relation to Brazil, because Brazil as few know their consumers and as anyone about the oil Swallow. Think this one could also say in relation to the PSAC.
A: (Long pause and a slight smile)
I never saw it. No.

Q: But I would say about Brazil?
A: 're Saying, ok said.

Q: This is the deep feeling of all people, the Portuguese in general think they know Brazil, or think they know about Angola and Mozambique because we are exposed to many things, there are soap operas, there are immigrants, then we know it like Temne more, after all we speak Portuguese, I see many stories in newspapers. So I feel that I know Angola or Mozambique or Brazil. But is it anyway? And this is what I wanted to try to know. Do we know so well?
A: I think I know quite well these consumers. But as anyone ... not like that phrase.
2: We have some difficulties, the culture is not exactly the same and they do not have the same forms of trading. But it is the same language but the cultures are very different and PALOPs many different consumers, they have the tribes, there is much to tribal relationship. Mozambique has many Muslims. Angola has been there for nine tribes with native languages, with habits, ie, retrograde and primitive.

Q: One of our main propositions in the thesis is that in general the Portuguese entrepreneurs based decisions to invest or export to PALOPs not completely objective or factual information but also on perceptions of what they think is, biases that may come from inheritance colonial. In other words that business decisions are based on criteria not fully rational, and this can lead to errors of overvaluation. I read an article in Public ISCTE a teacher who said that often found numerous errors in analysis reports that the Angolan market overvalued understated risks and opportunities. On this basis, we are trying to investigate. I'd like to know what you think about it.
A: I think this is true. The language can be distracting. Often the market analysis in these underdeveloped countries are not easy to be made. The need to know precisely the habits of consumers. This does not apply to all products of Portuguese companies (18:55), construction companies ... you need to know consumers to the products of mass consumption. A while ago when I said, we know consumers like nuinguém, I think the fact that they like some of our brands, some of our products does not mean that that is is a direct extension of Portugal. And they must be studied and studied precisely not to commit such errors of understatement or overstatement that are often committed. Because I think the language and not only (...) note, any Angolan follows the Portuguese League football, Benfica won the championship and the main streets of Maputo and Luanda to midnight and are still congested. Has many links to Portugal. Now there is an extension of Portugal. Bureaucracies, in terms of who wants to invest then go there I

think you have to actually make market analysis far deeper than those that do. I think so.

(...)

Q: For the whole of Africa which is the importance of PALOP?
A: I would say 98% in terms of sales. Sub-Saharan Africa. We are present in Tunisia. We are present in North Africa, then yes, there have assets, mill. We are talking about sub-Saharan Africa is not, I think that is what interests you. Africa ... there are many Africas. The north of Africa is a completely different reality-Saharan Africa. 95% we are talking about oil.

Q: There are several indicators pointing to this issue that we're trying to study eg AICEP, as a body that supports the Portuguese exports, supports the Portuguese investment, internationalization. I went to the site and for each of the countries in Africa did a count of all reports of information that we have the market and found it interesting that the Guinea-Bissau have more than 50 reports and there are about 20 or 15 on the South Africa, much larger market. Relatively small countries like Sao Tome have much information available. And in general is what you see in Portuguese firms, for example, in addition to all this logistic issue who told me that it is natural Portuguese companies going to the PALOP, yet 98% of all sub-Saharan Africa is a very large share. There is definitely a great ... (23:05)
A: Without doubt, the Sub-Saharan Africa has great growth potential for Portuguese companies. (...) And we intend to go to other countries in Africa and we will. If there were to other African countries direct links to Portugal and there was no such direct links to our major competitors that would be Argentina, Brazil or Malaysia, I would say yes it would be an opportunity and we would have a much larger market share in these countries. So once again we see the importance of logistics. In our specific area that are for consumer products, food, we have the aspect of eating habits, so countries are consuming soy oil, which is not true in all sub-Saharan countries where palm oil is the most consumed. First habits, if there were that appetite could not, and then the logistics facilities, because the product is a competitive price, otherwise they would seek another source. (25:24)

Annex 6: Thematic Content Analysis (Application)

Company	Meaning unit	Condensed meaning unit	Sub themes	
Accor	In general though, we have been welcomed warmly and experience a familiar feeling when we use the same expressions et cetera.	Familiarity exists in Accor's communication (in French) with African partners.	Advantages/disadvantages of a shared managerial style and/or linguistic platform	
Accor	We therefore stage regular meetings with the managers of a particular region to see how efficiency can be optimized or shared further. Here many ideas are generated and a vibrant atmosphere exists where local and international input is heard	Regular meetings between local and foreign managers in a particular region increase efficiency and idea generation	Network advantages of the market for the company	P
Accor	Even though we are internationally present, we stem from a French managerial culture that is readily understandable in West Africa. In our experience, the Francophonie is a asset in many ways, not least in mutual understanding and therefore operating efficiency.	The French managerial and linguistic heritage is an asset in West Africa in terms of understanding and efficiency.	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Accor	In cultural trainings for employees and front line managers we point to this false vicinity many times, and this has also been my experience within supply chain management in Africa and the Middle East.	The sense of false vicinity between Francophone countries is recognized and often addressed.	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
EFACEC	Mozambique is "a country where it is relatively easy for a Portuguese to be"	Mozambique is a country where it is relatively easy for a Portuguese to be	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
EFACEC	João Sousa agrees that, if Portuguese companies had the same financial capacity of the Chinese companies, the Portuguese would be in a position of advantage due to the cultural affinity, language and experience	If not lacking financial capacity, Portuguese would be in a position of advantage due to the cultural affinity, language and experience	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
EFACEC	"It is important to mention the linguistic question, because this country has a great afinity with Portugal"	Angola has a great affinity with Portugal, for which the common language contributes	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
EFACEC	"In South Africa, the cultural affinity is inexistent."	In South Africa, the cultural affinity is inexistent	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
EFACEC	"we are the only ones who understand and know them and know how to deal with them and them with us".	Portuguese have a unique understanding and knowledge about the lusophone Africa and vice-versa	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Sovena	Portuguese language: "It makes it easier"	Shared language is an advantage	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Sovena	Portuguese language: "Law firms are not prepared to write contracts in Chinese, Russian, and eventually English."	Shared language is an advantage	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Sovena	I think [it is natural for a Portuguese company to start the process of internationalization through the Portuguese-speaking Africa"	It is natural for a Portuguese company to start the process of internationalization through the Portuguese-speaking Africa	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Sovena	"In this context, where market analyses are difficult to make, this proximity and the common language can be distractive"	Common language and proximity can be distrative factors in market analyses	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Sovena	"It is necessary to make much deeper analyses of the market than what is being done before taking the decision to invest there."	In general market analyses carried out before investment aren't done thoroughly enough	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Savoye	Now we can work with Morocco and Tunisia because we are starting to have access to educated people and also they speak French	Savoye (and French other companies) can work with Morocco and Tunisia because of an educated workforce who speaks French	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Savoye	they know our culture	Moroccans and Tunisians understand French culture (that is why among others they are interesting)	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Savoye	Well, in fact, the advantage is the language, French. Many people speak French	Advantages for French companies are the shared language	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Savoye	but also, from both sides we have a good understanding of the culture, a Moroccan knows the French and vice versa, we know the differences between our countries and we can work with these differences.	Northern Africans and the French understand each others' similarities and differences and can work with that fact	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Savoye	they are adapting to a modern lifestyle and European, again French logistics companies especially, are adapting as well to take advantage.	The French are best suited to take advantage of the converging business cultures between the Maghreb and Europe	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Savoye	I think Africa is a fantastic continent and has potential, also we can make many positive links now in Europe and especially with France	(the Francophone part of) Africa can leverage its relationship and linkages with Europe and especially with France	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P
Savoye	Of course, Europe… we have our history there but that is in the past: now we can develop interesting relationships.	Savoye (and other French companies) can develop interesting relationships despite the colonial past	Network advantages of the market for the company	P
Savoye	when you find a consulting company with someone like Kamal who knows Europe – he has studied and worked with France and Canada – they know the world and also Morocco very well	The Moroccan consultant had experience in both France/Canada and in Morocco making him valuable	Advantages/disadvantages of a shared managerial style and/or linguistic platform	P

Accor	In my particular activity however as an operations professional, we try to find those local suppliers who most evidently have experience in dealing with us as well.	In choosing partners, Accor looks at their experience in dealing with French nationals.	Advantages/disadvantages of national values and assets in the company	P
Accor	Today, like when I started, we market our Sofitel brand as "[speaks English] with a French touch".	Sofitel is branded as being French.	Advantages/disadvantages of national values and assets in the company	P
Accor	We fulfill a need, and we can do it better than the English or the Spanish	The French fulfill a particular need best.	Advantages/disadvantages of national values and assets in the company	P
Accor	Of course, we have also had some issues in the early seventies, especially in Cameroon and Senegal where anti-French sentiment forced the board at that time to adapt and move French managers to the background and partner with local executives.	Because of anti-French sentiment in Africa in the past, local partnership was needed and French managers were made less visible.	Advantages/disadvantages of national values and assets in the company	P
Accor	sometimes being French in these places can be a disadvantage in terms of history.	Sometimes the French colonial heritage is a disadvantage in Africa.	Advantages/disadvantages of national values and assets in the company	P
Accor	Even though English is our corporate language in most of our international venues, the way the company grew is through French channels and this is reflected in our earlier expansions. Our management is from a diverse background but we are based in Paris and that's where the global corporate strategy is made.	Despite the international orientation of Accor, the French heritage is still visible in its global corporate strategy.	Advantages/disadvantages of national values and assets in the company	P
Accor	As an advisor to the board, I have stressed the maintenance of these natively French values that have been acknowledged worldwide.	Internationally recognized French values must be maintained.	Advantages/disadvantages of national values and assets in the company	P
Accor	(...) We have been doing this in France for a long time and this has put the company where it is in terms of its international reputation – and we feel that these initially only locally applied ideas can work abroad as well. And in fact, we were proven right.	Initiatives applied locally in France can be leveraged abroad and have given Accor its international reputation.	Advantages/disadvantages of national values and assets in the company	P
Accor	(Interesting. You seem to talk about English and French not only as languages but as mindsets, is that correct?) No, I'm simply telling you that our local French ideas are also valid abroad, and irrespective of the language, if they have been successful in the past, it is a good idea to build on them.	French ideas can and should be leveraged abroad, irrespective of the language in which it is presented.	Advantages/disadvantages of national values and assets in the company	P
Accor	we encourage English in most of our corporate dialogue, but it is a French company and this means that our employees at all levels understand that that carries a certain heritage	English is widespread at Accor, but employees acknowledge that the company carries French heritage.	Advantages/disadvantages of national values and assets in the company	P
EFACEC	"in these markets, the Portuguese is also reputed for, in a short period of time, arrive, make money and leave to never come back."	The Portuguese are reputed for having a short term interest	Advantages/disadvantages of national values and assets in the company	P
EFACEC	"From everything I had heard, and my parents had been here [in Angola] in the 1960s, I found a completely different country from what you would expect."	Even though informed by his parent's personal experience in Angola, João's expectations of the country did not match reality	Advantages/disadvantages of national values and assets in the company	P
EFACEC	Love-hate relationship: "Hate, because they don't forget what we have done to them during the colonial times."		Advantages/disadvantages of national values and assets in the company	P
EFACEC	"people here recognize the Portuguese quality is very good"	Portuguese quality is recognized	Advantages/disadvantages of national values and assets in the company	P
EFACEC	"unfortunately, in the countries I am responsible for, they developed the worse the Portuguese could have taught. I am talking of the bureaucratic processes."	Lusophone Africa is very bureoucratic, a characteristics learned from Portugal	Advantages/disadvantages of national values and assets in the company	P
Savoye	because China is doing maybe as we did one century ago – they just think Africa is interesting because of Africa's natural resources.	China exploits Africa like France did 100 years ago	Advantages/disadvantages of national values and assets in the company	P
Accor	Out of the 19 countries in which we are present in Africa, most of them are our old colonies.	Accor is mostly present in former colonies in Africa	Advantages/disadvantages of similar cultural habits for the company	P
Accor	We are currently present all over the world, but historically French hospitality was an export product and of course best known in the Francophone world.	The French hospitality sector is renowned and naturally most so in the Francophone world	Advantages/disadvantages of similar cultural habits for the company	P
Accor	(Would you say that this familiarity was a primary reason for entering these countries in the first place?) [Pauses and thinks out loud] Yes and no. You see, countries like Senegal and Ivory Coast, but also the Levant [Lebanon and Syria] have aspired to many of our standards at the hospitality level, and because this is our main business, this is why we are there.	Countries with a French connection aspire to French standards in the hospitality sector, this is why Accor is active in these markets.	Advantages/disadvantages of similar cultural habits for the company	P

Sovena	"In the whole of Africa palm oil is very popular; in the Portuguese-speaking Africa they are used to soya oil. It's a different product. They are used to cook with that oil."	Food-related habits in the lusophone Africa are different from the rest of the continent	Advantages/disadvantages of similar cultural habits for the company	P
Sovena	"There are alimentary customs very similar to ours, so the products used are also the same to the ones we use here"	Food-related customs are similar in Portugal and lusophone Africa	Advantages/disadvantages of similar cultural habits for the company	P
Sovena	"They are used to the portuguese brands, and they are loyal to them."	Angolan consumers recognize and are loyal to Portuguese brands	Advantages/disadvantages of similar cultural habits for the company	P
Sovena	"There will be always difficult for a foreign brand to implement itself [in the Portuguese-speaking Africa]. At least, for the brand value and not so much for the commodity."	Foreign brands are in disadvantage in relation to the Portuguese in the lusophone Africa	Advantages/disadvantages of similar cultural habits for the company	P
Sovena	For example, chouriço, you don't see chouriço in any country in Africa; in the PALOPs a lot of chouriço is consumed, it is a tradition. There is canned chouriço. As you have canned meat, and fish, there is canned chouriço in oil."	Food-related customs are similar in Portugal and lusophone Africa	Advantages/disadvantages of similar cultural habits for the company	P
EFACEC	"Financing is inexistent in South Africa."	In South Africa, financing is inexistent	Alternative markets	
Sovena	"South Africa is a very developed economy, they are producers, and have their own industry and brands (which is in fact a threat to our exports to Mozambique). The South African consumers are also more sophisticated."	South Africa is a more advanced economy, with own industry and brands; the consumers are sophisticated	Alternative markets	
Sovena	"We have some difficulties. Cultures are very different." (Mentioned tribal relations, languages and primitive habits. Different religion in the case of Mozambique."	Cultures are different so there are difficulties	Cultural and managerial differences	P
Sovena	"They negotiate differently."	Business culture is different	Cultural and managerial differences	P
Savoye	Well, what is clear is that Northern Africa was a perfect opportunity for Europe, but the companies definitely weren't prepared enough to enter in my opinion, which is why many European companies went to China and especially India for software outsourcing instead.	The Maghreb is an opportunity for European companies, but they are unprepared to enter the market and therefore usually prefer the Asian alternatives	Cultural and managerial differences	P
EFACEC	Love-hate relationship: "Love, because they can't live without us. And to be sincere we can't live without them either."		Quantifiable economic and competitive advantages of being present in former colony	R
EFACEC	"There is a credit line by the Portuguese government, which helps that business is less hard to make"	Portuguese government credit line facilitates business development	Quantifiable economic and competitive advantages of being present in former colony	R
EFACEC	"most technical norms and specifications are of Portuguese origin. Therefore it is relatively easy for a Portuguese company to offer a product in Mozambique and Angola as it does in the home market of Portugal. The same does not happen, for example, in South Africa."	Technical norms and specifications are similar in Portugal and lusophone Africa	Quantifiable economic and competitive advantages of being present in former colony	R
EFACEC	"one of the biggest hydrographic projects of Africa was made by the Portuguese; therefore our technical influence there is quite substantial"	Technical influence of Portuguese companies is substantial	Quantifiable economic and competitive advantages of being present in former colony	R
EFACEC	"The process of focusing in Angola is relatively recent [2006]. It is from a time when we start thinking of strategic markets. In Southern Africa, it was decided to bet in Angola, South Africa and Mozambique."	Angola, South Africa and Mozambique were selected by Efacec as the strategic markets of Southern Africa	Quantifiable economic and competitive advantages of being present in former colony	R
EFACEC	"We are present in the market since 1967 and the references we have are good. At the equipment level, the offer is of quality, clients are satisfied"	Efacec has long experience in the market, good references and client satisfaction	Network advantages of the market for the company	R
Sovena	"In Angola, we have around 60% of the oil market. We practically know all the medium and large logistic operators. In Cape Verde, we know them all. In São Tomé and Principe we know the large ones. In Mozambique we know all the ones who want to work with Portuguese products."	Sovena is a market leader and has a vast knowledge of logistic operators	Quantifiable economic and competitive advantages of being present in former colony	R
Sovena	"we know very well the consumers"	Sovena has very good knowledge of the consumer habits	Quantifiable economic and competitive advantages of being present in former colony	R
Sovena	"direct transportation lines are in place; they always have been, since the colonial times"	Transport lines are in place since colonial times	Quantifiable economic and competitive advantages of being present in former colony	R
Sovena	"They are all good!" answer to my question about the differences in the quality of logistics in the larger markets of Angola and Mozambique and in the other small island nations, which I assumed had worse logistic connections than larger markets in Africa.	All the logistic connections to the lusophone Africa are good	Quantifiable economic and competitive advantages of being present in former colony	R

Sovena website	**Because we know Brazil like few and its people like no one else.** When confronted with this sentence, taken from Sovena's website, as asked about its applicability to the former colonies context, José Ramalho did a long pause, smiled and replied "I have never seen that". However, he didn't want to agree and disliked the sentence.	Sovena has unique knowledge of market and consumers in Brazil	Quantifiable economic and competitive advantages of being present in former colony	R
EFACEC	"There's a brutal electric infrastructure to develop"	Angola has a large market potential	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
EFACEC	"We noticed the growth Angola was having in economic terms."	Angola is a fast growing economy	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
EFACEC	in the aftermath of the civil war, the vast Angolan electric infrastructures as well as production facilities need to be developed	The market potential is large	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
EFACEC	"The main threats to the Portuguese [companies] are the Brazilian and the Chinese [companies] (…) unfortunately Portugal does not have the financial capacity of those countries, otherwise [Angola] could be the El Dorado."	Portugal lacks financial capacity to be able to fully exploit its unique advantages in the Angolan market	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
EFACEC	"Right now, we are trying to make an investment of 15 million euros, and things are not easy."	Efacec faces difficulties in a large investment in Angola	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
EFACEC	"The greatest problem of [the Angolan] market is its maintenance"	The greatest problem of the Angolan market is its maintenance	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
EFACEC	"EFACEC is a small company compared to ABB or Siemens or other multinationals, and we, after all, have to choose"	Efacec is a small company and its resources are limited when compared to large multinationals	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
EFACEC	In Angola "power and decision-making is too concentrated."	Angolan state is dysfunctional and corrupt	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
EFACEC	In Angola "they think and carry on with policies without coordination"	Angola has no planning, no philosophy nor coherent policy	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
Savoye	We ourselves have had very heavy taxes, and in general for foreign companies who want to make business in Morocco this is the case.	Foreign companies in Morocco usually have high tax burdens	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
Savoye	But with Tangiers Port we had some special tax arrangements that led some mainly French companies to outsource logistics in this area.	The TFZ (Tangier Free Zone) tax exemptions drive French companies to invest in Morocco	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
Savoye	But now we can see that there is a strong educational program developed in Morocco and Tunisia; these two countries understood that they could play a game with Europe, and that game was to develop the country and simultaneously to take a part of the place of China and India.	Educational programs in the Maghreb and good developmental policies exist	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
Savoye	but the problem is that companies are not comfortable to work in these countries. The "deal-breaker" is that, yes there is operating risk in doing business in these counteis, but when that risk becomes a risk for one's life, it's too much!	There is high and sometimes unsustainable operating risk in Northern Africa	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
Savoye	Also, I travel much to India and China nowadays, and I feel safe! In Africa, you don't have this security.	Compared to China or India, it is unsafe to travel in Africa	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
Savoye	Morocco is doing a good job in this, [chuckles] before democracy they tightened the noose on everything. Now they can talk democracy and that is advantageous to business.	Democracy in Morocco is advantageous for foreign businesses	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R
Savoye	Another problem of Africa is its image	A problem of Africa is its image (in terms of corruption and trust builidng)	Quantifiable economic and competitive advantages/disadvantages of the market for the company	R

Accor	In the end, professionalism should always have the upper hand over feelings, I think.	Professionalism is more important than feelings (colonial grudges) in business.	Tackling managerial uncertainty in African countries	R
Accor	It was most important that the managers were capable of handling a wide scale of problems that are common in these countries: finding local suppliers and dealing with authorities is a main concern that we still face,	The priority was that managers had good problem solving skills in unsure situations	Tackling managerial uncertainty in African countries	R
Accor	we have witnessed that the corporate makeovers that were made have forced managers to work together more intensely at the regional level. Regional efficiency can help a hotel to survive in environments like Africa where constant income is not certain.	Regional cooperation and efficiency can help hotels in Africa survive in the face of corporate makeovers	Network advantages of the market for the company	R
Accor	Familiarity I suppose is also a way of reciprocally reinforcing their belief in our competence as a service provider and our belief that they are willing to pay for "French" standards.	Familiarity also implies reinforcing the beliefs (trust) of the service provider and the client	Network advantages of the market for the company	R
Accor	we have a team of experts – nowadays consultants – in legal and administrative areas mostly. They come in and make a market analysis for the particular location and we proceed on the basis of that.	Consultants make a market analysis for a particular location and this is used in subsequent decisions	Tackling managerial uncertainty in African countries	R
Accor	But, it has to be said, that in general our management team consists of many experienced individuals from both the local country and the Accor Paris office.	The multinational management team consists of experienced individuals. (Consultants were often unnecessary)	Tackling managerial uncertainty in African countries	R
Accor	the decisions were made strictly at the top and then a suitable manager was found, usually he would have experience in Africa already.	(in the past) Top management made the FME decision, then an experienced manager was found.	Tackling managerial uncertainty in African countries	R
Sovena	"It is important to know the consumers to avoid errors of under or over valuation of the market"	It is important to know the consumers to avoid errors in market analyses	Tackling managerial uncertainty in African countries	R
Savoye	but the first step is to make sure that the people are secure and of course that doing business is safe.	Priority for African countries is to secure the business environment	Tackling managerial uncertainty in African countries	R
Savoye	But our company's arrangements with them were more sustainable, for example, we were using Moroccan and Tunisian engineers to develop software and at the same time transferring profits and technology.	Savoye uses a sustainable strategy of training engineers in the software development deals in Morocco	Tackling managerial uncertainty in African countries	R
Savoye	But of course, in these arrangements of buying software we are also obliged to train, and so we are transferring value.	Savoye was obliged to train engineers while selling to Morocco	Tackling managerial uncertainty in African countries	R
Savoye	we used a consulting company from Canada called GCL, but with a local consultant, and they prepared an interesting study for me about the country's logistics and infrastructure, economic tendencies of the country, the evolution of Tangier port, where I could find proper labor, et cetera.	A market study with many quantifiable benefits and potential was created for Savoye	Tackling managerial uncertainty in African countries	R
Savoye	the consultant was Kamal Shrebi from a well-known family, the Shrebi family in Morocco, and I have worked with him previously in Canada. I know him, he's a very serious guy	Savoye made use of a trusted partner of Moroccan background in the market study	Network advantages of the market for the company	R
Savoye	Above all, it was interesting and important to have a local study from local guy, and in these countries it is very important to have this trust in people.	It was important that the market study was made by a Moroccan for creating trust	Network advantages of the market for the company	R
Savoye	What is important is to create trust	What is important is to create trust (in the Moroccan operating environment)	Network advantages of the market for the company	R

Annex 7: Thematic Content Analysis (Anderson, 2007)

1. Before beginning a Thematic Content Analysis (TCA), make multiple copies of interview transcript (or other extant text, including post-interview notes) as relevant and stipulated in your Methods chapter.

2. Mark with a Highlighter (real or electronic) all descriptions that are relevant to the topic of inquiry. Criteria for "relevant" descriptions should be included in your Methods chapter.

3. From the highlighted areas, mark each distinct unit of meaning. Meaning units are separated by a break or change in meaning. Err on the side of too many units. However, be sure to retain all information relevant to understanding a meaning unit within the meaning unit. Otherwise, relevant information will be disconnected from source as the TCA continues. Units may vary in text length.

4. Cut out units and put similar units together in a pile. (On a Word file, copy and paste on to another document.) Code each unit, for example. 1-16 for interview # 1, page 16 (or by text line number).

5. Label each pile as initial categories (themes) using key words or phrases copied from highlighted texts. Use your own categories sparingly. Revise categories as you continue to code data.

6. If obvious information is missing from text, identify categories that are missing, for example, "no affect."

7. Go through the entire interview transcript identifying distinct units, grouping and regrouping similar and dissimilar units, and re-labeling categories as you go along. Use your own categories/themes sparingly, retaining words copied from the meaning units being described.

8. Read through all meaning units per category and redistribute units as appropriate. Re-label categories as appropriate. Collapse or subdivide categories as appropriate.

9. After a few days, reread the original interview transcript or text without looking at your units or categories.

10. Return to meaning units and categories made on the first pass, and reconsider each unit and category. Redistribute units as appropriate, considering carefully whether your units are too small or too large. Re-label as appropriate. Collapse or subdivide categories as appropriate considering carefully whether your categories are too small or too large.

11. Look over your categories as a whole. Consider whether you have too many categories (or less likely, too few) to render meaning to your highlighted texts given your topic. If so, return to # 10.

12. For each additional interview transcript (or other texts), use the Thematic Content Analysis (TCA) as above.

13. When all TCAs are complete, read each TCA separately. Then, while retaining meaning units, combine categories/themes for all interview transcripts and notes. Collapse or subdivide categories as appropriate. Re-label categories as appropriate. Err on the side of having too many categories. Err on the side of retaining labels for categories that are identical or similar to the words in the interview transcripts.

14. After a few days, reread your total categories as a whole. Consider whether you have too many (or too few) categories to make overall sense of the interview transcripts given your topic.

15. Redo all the instructions above until you are satisfied that the categories reflect the interview transcripts as a whole. Once you are satisfied, your categories are themes and you are done with the TCA for this study.

Annex 8: Summary

Doing business in a foreign environment is often difficult because of diversity in the corporate and national culture, rules and norms. For this reason, a higher degree of perceived vicinity can be a welcome relief to some of these issues inherent in entering a foreign market. Speaking the same language or having knowledge of each other's cultural values has the potential to reduce the perceived difference between actors from different nationalities and therefore smoothen cooperation. Enter the cooperation between France and Portugal on the one hand, and their African former colonies on the other. The colonial regimes of these two countries in particular were based on linguistically and culturally assimilating the colonized into the greater French and Portuguese national entities, which still resonates in these states today (Njoh, 2000). This thesis shows that statistically, it is clear that there exists a skewness in trade and investment data that represents repercussions of the French and Portuguese colonial past. However, beyond the state of business relationships, we revealed the vague and often normative nature of the public discourse around this topic. Additionally, we have seen that the discourse on the benefits of a shared colonial past for French and Portuguese businesses is rarely backed up empirically or even concretely – and it is in this undefined way that the shared colonial past became institutionalized in France and Portugal. Even more surprising is that managers, at large, communicate along those lines too.

The authors of this thesis recognize that instead of a natural form of vicinity between Africa and Europe, the cultural values were imposed upon the colonized nations and still bear a significant negative connotation of exploitation and racism. However, we opt to open up a discourse that moves beyond this traditional discourse and we attempt to highlight potential benefits of the increased cultural vicinity between the colonized and colonizer in a business context. As a preliminary step to establish what these benefits might consist of for French and Portuguese companies, it is necessary to look into how these perceptions of vicinity manifest themselves on a micro-level. It must be investigated whether the benefits for a Portuguese and French individual who does business in Africa are primarily based on economic rationale or whether factors such as perceived similarities such as common identity and shared language play a role in determining cooperation opportunities. It is for this reason this thesis answers the following research question:

How do Portuguese and French managers justify entry in the former colonies in Africa?

Our research was therefore directed at analyzing the communication methods of managers when providing justifications for FME decisions in a former colonial context. Highlighting four case companies (two French and two Portuguese) and conducting interviews with managers has given a preliminary picture of these justifications. Because of the aforementioned vagueness, and because the literature review in this thesis found a lack of a clear theoretical grounding of the specific case of internationalization patterns in the colonial context, our research approach needed to be a reiterative process of continually matching theory and empirical data with each other and with the cases. The data derived from the research in this thesis confirmed that French and Portuguese managers place great importance on factors founded in psychic distance (mostly related to the colonial past) when they consider entering the former colonies in Africa. However, we have also found that these aspects often stay in the realm of assumption. Certain effects of the colonial past have often been simply stated as benefits, but when asked to elaborate, the interviewees were usually unable to define why these factors represented concrete competitive advantage for their companies. We therefore proposed a framework to force French and Portuguese managers to think pragmatically on how a common language, shared cultural values and certain national values within the companies can be leveraged and added to the companies' internationalization strategies.

As a preliminary tool for reflecting on the colonial heritage as a potential source of competitive advantage, this framework – and the way of viewing the colonial heritage in general in this thesis – is in our opinion a definite leap forward from the otherwise vague and ungrounded discourse currently witnessed. Better knowledge of each others' norms, culture and language can be a welcome asset in ensuring fruitful cooperation between colonizer and colonized – however uneasily and harmfully the relationship came to be all those years ago.