

St. Petersburg State University
Graduate School of Management

Master in Management Program

**FOREIGN DIRECT INVESTMENT (FDI) AND TRADE AS A TOOL BY
MNES TO MITIGATE CORRUPTION IN SUB-SAHARAN AFRICA**

Master's Thesis by 2nd year student

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JUNE, 2022

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01.06.2022

ABSTRACT

Master Student's Name	Benjamin Tetteh
Master Thesis Title	Foreign Direct Investment (FDI) And Trade As A Tool By MNEs To Mitigate Corruption In Sub-Saharan Africa
Educational Program	Master in Management Program
Main Field of Study	Management
Year	2022
Academic Advisor's Name	Andrei Yurievich Panibratov
Description of the Goals, Tasks and Main Results	<p>The aim of the study is to examine how foreign direct investment (FDI) and trade is used by MNEs to mitigate corruption in Sub-Saharan Africa.</p> <p>The research tasks are:</p> <ol style="list-style-type: none"> 1. To analyze the literature on the relationship among FDI, trade and corruption. 2. To identify the research gap after critically analyzing the literature. 3. To examine integration oriented strategies that MNEs can use to accompany FDI and trade to mitigate behavioral and environmental uncertainties in host market. <p>The study results indicate that Sub-Saharan Africa continues to receive FDI and enjoy trading activities. Since Sub-Saharan Africa experiences both petty and grand corruption, MNEs can mitigate corruption through a well-designed integrated-oriented strategy aided through norm transmission where host institutions are regulated in terms of the expectations of their home institution in addition to the regulation of agents' behavior.</p>
Keywords	FDI, MNEs, corruption, Sub-Saharan Africa, trade

АННОТАЦИЯ

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Название магистерской диссертации	Прямые иностранные инвестиции (ПИИ) и торговля как инструмент многонациональных предприятий (МНП) для снижения уровня коррупции в странах Чёрной Африки
Факультет	Высшая Школа Менеджмента
Направление подготовки	Менеджмент
Год	2022
Научный руководитель	Доктор экономической наук, профессор, Панибратов Андрей Юрьевич
Описание цели, задач и основных результатов	<p>Целью исследования является изучение того, как прямые иностранные инвестиции (ПИИ) и торговля используются МНП для смягчения последствий коррупции в странах Чёрной Африки.</p> <p>Исследовательскими задачами являются:</p> <ol style="list-style-type: none"> 1. Проанализировать литературу о взаимосвязи между ПИИ, торговлей и коррупцией. 2. Выявить пробел в исследованиях после критического анализа литературы. 3. Изучить стратегии, ориентированные на интеграцию, которые МНП могут использовать для сопровождения ПИИ и торговли, чтобы смягчить поведенческую и экологическую неопределенность на принимающем рынке. <p>Результаты исследования показывают, что странах Чёрной Африки продолжают получать ПИИ и заниматься торговой деятельностью. Поскольку в странах Чёрной Африки наблюдается как мелкая, так и крупная коррупция, МНП могут смягчить коррупцию с помощью хорошо продуманной интегрированной стратегии, ориентированной на передачу норм, при которой принимающие учреждения регулируются с точки зрения ожиданий их родного учреждения в дополнение к регулированию поведения агентов.</p>
Ключевые слова	Прямые иностранные инвестиции (ПИИ), МНП, коррупция, странах Чёрной Африки, торговля

ACKNOWLEDGEMENT

I hereby wish to express my appreciation and gratitude to my academic supervisor, **Professor Andrei Yurievich Panibratov**, Doctor of Economics, for his valuable support, advice, and feedback in the process of writing my master thesis.

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INTRODUCTION

Introduction and Background of the Study

The activities of Multinational Enterprises (MNEs) have been recognized as being a key contributor to global economic dynamics. Advancement in technological infrastructure and favourable trade conditions both inward and outward meant that MNEs created a stronger base of activities across Asia, Africa and the Americas. As part of this expansion, MNEs engage in acquisitions as part of other investments to gain access to growing markets, knowledge and even further resources. Through this decision to be present in markets and other locations for specific reasons, a number of regulations and environment-specific conditions might affect the conduct of business. Among these conditions are structures established to control corruption and allow for responsible business conduct. In an attempt to achieve a sustainable business environment and future, the OECD sets out elements established within the Responsible Business Conduct to achieve such a goal and other SDGs (OECD, 2022). The aim of this conduct is to ensure smooth operations for MNEs within where they are situated. By guiding their actions, any form of negative impact can be eliminated as far as their business operations and external relations are concerned.

The term corruption has always been easily understood with reference to bad practices against the established conduct having received massive attention in various media. It may have been only limited to political structures but since it influences institutions and its quality, it is worthy of assessment under international business. Pulok and Ahmed (2017) identified that this awareness have got a lot of people to be much concerned about the happenings of corruption and how it affects their livelihood. Corruption have been identified as having a negative impact on the socio-economic aspect of individual as corrupt official are always at the receiving end at the detriment of the masses or simply put the people they serve (Francois et al., 2020; Cordero and Miller, 2019; Gossel, 2018).

According to Hanousek et. al., (2019) the existence of corruption within any system can contribute to a negative or adverse impact on overall growth, rule of law (ROL), poverty alleviation, stability within public and private sectors, level of foreign investment or investment attractiveness of a sovereign state among others. Corruption negatively affects institutional structures leading to a breakdown of processes and malfunction of systems that should have provided support and extensive functionality for the success of the business and political environment. The scope of this failure can lead to several consequences if institutional quality is not revived in addition to anti-corruption mechanisms and structures. Furthermore, foreign aid can be regarded as a direct support given to government with a possible onward support to MNEs,

institutions and other businesses (Panibratov, 2016; Marinova et. al., 2014). Noticeably, specific forms of foreign aid or assistance were identified being bilateral aid, multilateral aid, grants, technological transfer or facilitation and debt or loan nullification. The last aid is normally common among developing economies where huge sums of loans or debts are written off as a way of providing aid to aid economic recovery and sustainability. These circumstances can help support a government's agenda to invest in a particular sector whereas creating an enabled environment for the success of MNEs both locally and in host countries. In order to benefit from any form of foreign direct investment, MNEs and governments try to maintain a high level of effectiveness and efficiency in their processes to handle corruption as lower levels or perception of bribery and corruption will mean an attractive destination for investments. Arguably, MNEs resort to FDI and trade as a way of controlling or curbing corruption since seeking for such will mean they have a robust system in place to handle inappropriate practices while ensuring it follows the established Responsible Business Conducts (RBC) of the OECD.

Rationale and Relevance of the Study

The developments in various sectors within economies of various African countries can be attributed if not fully, partly to the massive attraction of foreign direct investments. Governments of African countries are able to leverage on their relationship with other countries mostly developed economies for support within specific sectors. Arguably, for countries to attract more of such foreign direct investments, there is the need to exhibit encouraging prospects in political stability and in dealing with one of Africa's if not the entire world's problem of corruption.

Admittedly, corruption in Africa and other continents has been a concern when dealing with both local and international relations. According to UNCTAD (2009), the last decade have seen a rise in the inflow of foreign direct investment which according to reports was US\$ 9 billion in the year 2000 but rose to US \$ 68.2 billion in 2007. For the year 2008 which was just a year after that significant rise, the level of FDI was a recorded US \$88 billion acknowledged as the highest within the period under study. In relation to recent information, the availability of abundant natural resources serves as a key element in attracting higher levels of FDI into the region - Africa. This accounted for the 11% increase in FDI as aid in 2018 with a corresponding figure of \$46 billion. Furthermore, these natural resources in addition to recent discoveries made in oil by African countries keep motivating the inflow of FDI into the region (Aust, et. al., 2020).

As noted by Xu et. al., (2021) FDI inflows lays a good foundation for economic growth and expansion of the host or receiving country or region. Specific benefits such as the primary

introduction or provision of capital. eliminating the balance-of-payment constraints, provision of employment and higher wages in some instance, promotion of exports capability and capacity of host country and noticeably the transfer of technology and management skills. (Xu et al, 2021; Aust et al., 2020).

Despite the expansion of literature base in FDI inflows in Sub Saharan Africa (SSA), the role of FDI in mitigating corruption have seen less or no interest although there has been similar studies relating to good governance and behaviour of local authorities. Assa (2018) studied the relationship between FDI, good governance and the degradation of forest resources. The study showed how FDI negatively affects the forest cover of Sub -Saharan Africa as a result of the level of governance. The study showed how rule of law and corruption could affect the FDI stock and inflow. The study by Asongu and Odhiambo (2020) managed to unearth the positive relationship between FDI and overall economic growth although did not indicate how it could affect the administrative element specifically corruption.

According to Sartor and Beamish (2020) multinational enterprises make up integration-oriented strategies to be informed on their organizational strategy for survival and success within a host market experiencing corruption. Studies in Sub-Saharan Africa in relation to foreign direct investment and trade being used by MNEs in controlling both environmental and behavioural uncertainties. Government bureaucratic processes and period of tenure have also been among the factors that affects MNE location choices (Hanoisek et al., (2021; Rabbiosi and Santangelo, 2019; Gossel, 2018).

The aim of the study is to assess how foreign direct investment (FDI) and trade is used by MNEs as a tool in mitigating corruption in Sub-Saharan Africa. In examining this area of research, the study findings will assist MNEs on how to implement strategies that will not lead to their exist from a corrupt or host market with environmental uncertainties but rather implement integration oriented strategies that comes with FDI and trade to control agents' behaviour and corruption at large sustaining their operations. In relation to this, the research tasks are:

1. To analyze the literature on the relationship among FDI, trade and corruption.
2. To identify the research gap after critically analyzing the literature.
3. To examine integration oriented strategies that MNEs can use to accompany FDI and trade to mitigate behavioral and environmental uncertainties in host market.

The study seeks to address a methodological and knowledge gap by examining FDI and trade as a tool used by MNEs to mitigate corruption in Sub-Saharan Africa. The focus of this study is within the Sub-Saharan Africa region using mainly secondary data and as an extension, primary data to answer the study's research questions. The study primarily uses a qualitative research design built on the interpretivism paradigm.

The study relies on three research questions to address the gap identified:

1. What are the trends in MNEs' level of FDI, Trade and the level of corruption in Sub-Saharan Africa?
2. How can MNEs use FDI and trade to mitigate corruption in Sub-Saharan Africa?
3. What are the FDI and trade linked strategies used as a tool to control corruption in Ghana?

The study objectives are:

1. To examine the trends in MNEs level of FDI, Trade and the level of corruption in Sub-Saharan Africa?
2. Evaluate how MNEs use FDI and trade to mitigate corruption in Sub-Saharan Africa?
3. Identify the FDI and Trade linked strategies used as a tool to control corruption in Ghana?

The research contents will be further be expounded in the following order:

- Chapter 1 Literature Review: This section provides an overview of corruption in international business, FDI and trade, and an empirical review on corruption, FDI and trade in Sub-Saharan Africa and how they deal with institutional complexities.
- Chapter 2 Research Methodology: This section explains the process of data collection, scope and data analysis techniques.
- Chapter 3 Findings and Discussions: This section provides a discussion on the findings of the study in addressing the research gap, questions and objectives.
- Conclusion: This section provides the final remarks on the study by providing a summary in addition to the provisions for future studies and limitations of the study.
- References: APA Style referencing for all sources used for the study.
- Appendices

CHAPTER 1

LITERATURE REVIEW

1.1 Introduction

This section takes into consideration analysis of the main concepts and sources that are vital to examining the identified phenomena. These concepts and elements will be examined taking into account the provisions of previous literature and a future conclusion drawn based on personal assessment and references.

It is important to understand the extent of literature on foreign direct investment (FDI), MNEs existence within complexity in their host and home country and how corruption remains an element worthy of consideration as a liability. The review will be sub-divided into:

- i. Overview of Corruption in International Business and FDI.
- ii. Review on literature on Activities of MNEs, FDI, Trade and Corruption.
- iii. A focused review on the relationship among of FDI, trade and corruption in the selected scope (Sub-Saharan Africa) for the study.

1.2 Overview of Corruption In International Business and FDI

The concept of corruption have seen a list of assessment being directed to it since it can be clearly seen or witnessed in various institutions and disciplines. The term has been described as unacceptable and, in some cases, merged with its counterpart term “bribery”. Corruption have been recognized as a term that obviously will never lack attention within the sphere of international business. According to Bahoo et al. (2020) the term corruption can be defined based on a synthesis of literature as an activity regarded as unacceptable and illegal in nature which can include bribery, fraud, financial crime, abuse among others usually characterized by the use of influence, power or authority in the most unacceptable and inappropriate way to cause a benefit or gain.

This misuse of power can be within the private and public sector whereas the benefit could largely be financial or other forms. Based on this classification, it can be indicated that the engagement in any form of corruption can be regarded as putting self-interest first before public or national interest. The study by Bahoo et al. (2020) which systematically reviewed corruption in international business was able to identify a number of features of this phenomenon pointing out three main components: illegality, misuse of power and personal gains or benefits. The nature and origination of corruption for the purpose of this study is described below:

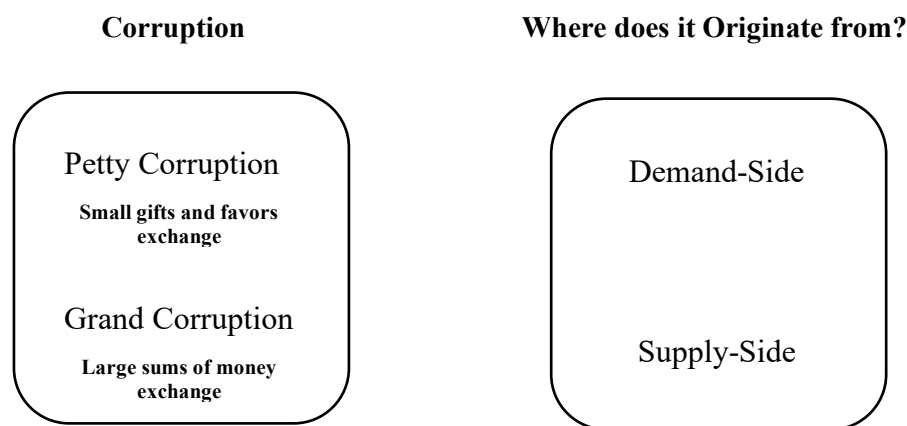


Figure 1. Nature and Origination of Corruption (Based on Bahoo et al., 2020).

The whole idea of corruption in the eyes of many is looked as being illegal since it is not conducted within the legal framework and provisions within any institution or sovereign state. The transaction and dealing is highly regarded illegal hence punishable by law although most businesses rely on this for survival and even sustainability sometimes. Additionally, corruption has been regarded as an inappropriate and misuse of power. Corruption is likely to be practiced by members occupying higher authority or in some cases individuals who have access to authority. Power and authority is then used inappropriately or misused. The final characteristic identified was the link to reaping personal benefits or gains which puts personal interests before that of the nation or public. It should be noted that both public officials and private entities are found to engage in this practice worldwide. The engagement in such as is largely in return for a favor as a result of the access to resources or ability to cause a change in a situation or circumstances (Bahoo et al. 2020; Cuervo-Cazurra, 2016).

The origin of corruption has also been classified by Bahoo et al. (2020) and Cuervo-Cazurra (2016) as being either demand side or supply side. The demand side as designated means that corruption originates from basically the public and public institutions as the supply side which categorically consists of the “givers” will in this context be regarded as international businesses. This classification is necessary as it helps understanding within the international business context which body is likely to receive or give when trying to understand corruption.

The role of foreign investors here can be seen as givers where there could be the need to facilitate various process and hence tends to seek favor from public or private officials while Bahoo et al., (2020) further indicates that the lack of oversight and proper governance structures can create an environment for a large-scale bribery and corruption when handling international business matters and investments. Corruption and bribery could be regarded as yielding personal

benefits although some authors have argued that taking into consideration the long-term effects of the permitted establishment and transactions, the public seeks to benefit more than the individuals directly involved (Helmy, 2013). Corruption could be assessed from a number of perspectives as far as the benefits and downsides are concerned.

1.2.1 Institutional Quality and FDI

The role of institutions in attracting FDIs have been recognized in the literature of international business and management as essential. Based on this assertion, investors gauge the efficiency of institutions especially when it comes to government how stable politically the environment is, economic metrics in addition to efficiency in mechanisms for controlling corruption. The study by Ross et al. (2019) identifies institutional quality that is the ability of countries to achieve and present a politically stable environment coupled with a controlled level of corruption as having an influence on the level of Chinese investment. The Chinese Foreign Direct Investment (CFDI) have gained a lot of attention after it recorded massive inflows within the African region. The effectiveness of institutions will then create an environment that could lead to ownership, location and internalization benefits (OLI) as far as investing is concerned. Although Chinese investments may be attracted to location with massive natural resources for further exploitation, the measures put in place by government to control corruption and ensure efficiency in transactions will then influence the base of investment inflows.

1.2.2 Motives of Foreign Direct Investment

The desire to engage in foreign direct investment (FDI) activities have been identified by the study of Dunning (2000) categorizing it into two main segments: FSAs which means firm specific advantages and CSAs indicating country-specific advantages. These motives are directly related to the activities of MNEs. Foreign direct investments are bound into other economic communities or region when there is a chance to exploit and take advantage of certain resources or capabilities. Hong et al (2019) noted that in the field of country-specific advantages, MNEs are willing to engage in outbound foreign direct investment based on providing a complement to their current home advantages or substitute them. In the case of firm specific advantages, MNEs primarily seek to benefit from the transfer of technology and other assets. (Makino et al 2004; Rugman, 2005; Doh, 2019). Dunning's eclectic paradigm (OLI) is illustrated in the figure below:

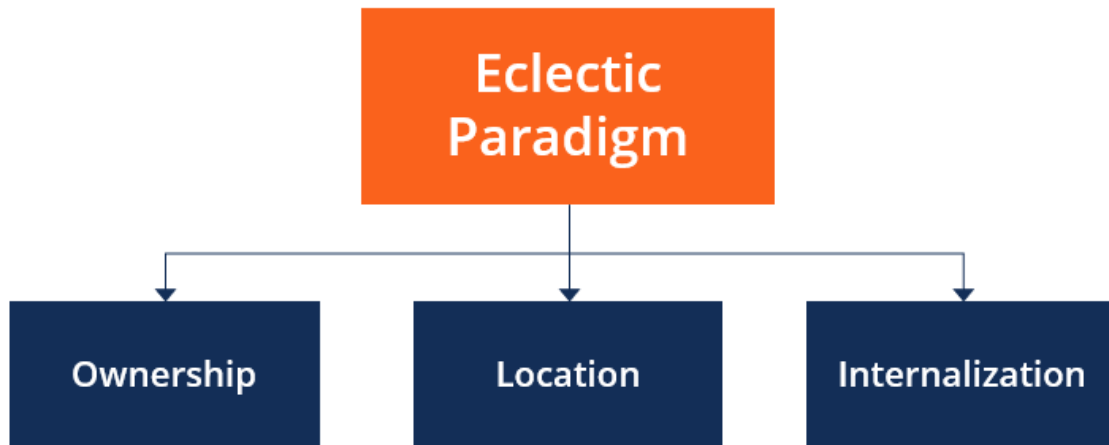


Figure 2. Eclectic Paradigm (OLI Framework), Dunning (2000).

Market Seeking as Expansion

According to Hong et al (2018) specific FDI are meant to capture foreign markets as a result of their market base. By this action, it is much easier to increase production volumes in the host country largely due to the employment created. The scope of business can also be expanded as services and product can also benefit from this action. Ghemawat (2003) further noted that FDI's create a replication of firm specific advantage to the foreign country. This replication seeks to expand foreign operations and product scope. The effective execution of these transferable asset to the host country and market following the expansion of scale will yield to economies of scale the ability to increase common operations and activities to serve markets seeks to present international business with the needed competitive advantage for sustainability and improved performance As noted by Hong (2018) and Lipsey et.al., (2000) such range of activities will thereby create a huge demand for the products and services of MNEs enjoying the benefits of a geographically dispersed series of operations and business activities. The existence of a huge base of untapped resources and consumers will compel businesses to explore these options. Businesses will then line up its internationally potent and transferable firm specific assets into these new markets and regions. However, a business that seeks this mode of expansion will then have to engage in a strategic evaluation of all operations. Hong (2018) further notes that the ability to gain access to new market will add up to the capacity of consumers from the home country and in this regard leading to an equal need for scale expansion and a more diversified product and service offerings.

It is worthy to note that, executing similar business operations at different geographical points will require extensive coordination and control over mainstream activities. Businesses will

then have to pay much attention to managerial functions and activities such as collaborated marketing, value exchange, strategic supply chain management, Research and Development (R&D) and other organizational development actions that will enhance harmony and independence of MNEs strategic units or subsidiaries. These MNEs will have to be well resourced to be proactive and independent while taking decisions and executing functions just as the centralized body being the home authority or headquarters.

Market Seeking as Replacement

In some instances, FDI provides MNEs the opportunity to seek for new markets and opportunities as a way of providing a replacement (Hong et al, 2019; Lu et al., 2011). The decision to find a replacement through the use of FDI is based on the business life cycle of the domestic company. It seeks for such opportunity to cater for any decline or deficiencies in the domestic business environment. The customer base from the host country can be useful in such instances with the certainty in efficiency due to the transfer of technology and resources.

A further extension of this motive for FDI is the clear transitioning into a new business environment. The aim for MNEs to engage in this is geared towards a possible exploitation of business opportunities and market-linked advantages normally to cater for any recorded fall in demand within the primary home country. In this regard as noted by Hong (2018) and Lu et. al., (2011) the extent to which an MNE achieves its exploitation and transfer of firm-specific advantages (FSA) largely influenced by the prevailing country-specific domestic elements or factors. It is fundamental that MNEs or other businesses seeking a replacement market will have to clearly consider the deductions made within the industry life-cycle theory. As such demand within a domestic market is expected to commence at the initial and introduction stage. While maturity sets in as a result of significant positive development in the domestic market, the new industry will eventually decline in terms of growth. At such a decline stage, one of the most effective options available to MNEs is to seek new customers and further employment from a foreign source beyond their home country. This logic and interpretation underpins the motive of FDI market seeking as replacement.

Labour Resource Seeking

The comparison between efficiencies that exists between home country labour and new host or foreign environment labour could serve as a great motivation. The focus of labour-resource seeking is to supplement for any decline in labour resource inefficiencies in home country (Hong, 2018). As a result of any of such developments, MNEs are able to make an assessment of their

transferable production processes and efficiencies which will then be made ready for execution in a new host country. The assessment will be based on the availability of cheap, reliable and comparatively efficient labour. The labour resource factor is necessary for the execution of vital functions within the operational activities of the MNE. Hong et. al., (2019) further notes that a successful transfer of this function will lead to a reduction in domestic production while leveraging on the efficiencies of the new host. Strategically, outbound FDI in such manner can significantly replace home production and even serve as a substitute for host country's expert operations. These circumstances can largely be linked to the decline in domestic employment levels within the home country and will be significantly experienced when the host country effectively deploys other export driven operations.

Natural Resource Seeking

Natural resource availability within a terrain is considered as a major boost for FDI. Being it developed or developing economies, host countries could invite significant levels of FDI should they possess specific natural resource of interest to a home MNE. According to Dinda (2014) a number of factors largely being macro-economic factors influences FDI flows. The findings of this study which focused on determinants of FDI in Nigeria highlighted on resources and place, Nigeria which is within Sub-Saharan Africa. The transfer of FSA of MNEs to a new host can be initiated in an attempt to gain access to specific natural resources in some case regarded as scarce needed for operational support. Furthermore, the use of FDI seeking natural resources to a larger extent reduce costs of transaction through internalizing. In such a situation, there is a strategic link between the upstream and downstream activities. The upstream activities which is likely to include establishing sources of natural resources and downstream activities which could also include production, marketing and even the sale of products which production is based on these natural resources (Hong et. al., 2019). The decision of MNEs to seek such natural resources comes with the idea of expanding their business activities whereas reducing transactional costs that comes with accessing raw materials. The series of activities will augment the activities of the MNE in the home country which will then calls for extensive coordination and integration of value chain activities as upstream and downstream activities needs to be linked and properly internalized since it involves activities from geographically dispersed activities.

Strategic Asset Seeking

In considering the strategic path of an MNE, they may seek to invest in other regions in order to enhance their technological know-how and overall knowledge base. Strategic-asset-seeking FDI relies on the premise that MNEs will seek to create new FSAs based on exploring the

opportunities available within foreign countries. MNEs engage in an evaluation to know which FSA is lacking within their home country and then engage in processes to acquire the assets. The use of R&D and other measures can help MNEs better understand what knowledge they may be lacking and critical for their production activities (Hong, Lee and Makino, 2019). The mode of exploration can be towards leveraging on new host to benefit from location-specific advantages while it can also depend on the available and effective R&D capabilities within the host country. Ibarra-Caton and Mataloni (2018) asserts that it will be much effective when the home country MNE and host country link their operational activities through providing services from their headquarters to subsidiaries in host country where they seek this strategic assist through FDI. The access to knowledge across borders will create the needed balance for all operations and contribute to the growth of the MNE. The decision to go in for a strategic-seeking positively impacts on the MNEs domestic employment as the acquisition of these assets will augment the processes of the organization.

1.3 Empirical Studies on Activities of MNEs, FDI, Trade and Corruption

As part of the research tasks, the researcher conducted an empirical review on the activities of MNEs, FDI, trade and corruption within the broad perspective. This contributed to the proper identification of the research gap highlighting on relevant and related works that have been done within the sphere being researched.

Newenham-Kahindi and Stevens (2018) indicates that firms are faced with liability of foreignness (LOF) with an expectation that they can be overcome under institutional complexities. There is a high level of failure in isomorphic behaviours when there exist differences in values, beliefs and rules between host and home countries. Using a qualitative analysis linked to emerging research in institutional logics and institutional entrepreneurship, MNEs were understood to incorporate new institutional logics rather than conforming to those already existing. Although this indicates the initiative of mining MNEs that supports their activities, it comes at the face of significant difficulties in the entire process towards mitigating LOF. The challenge that is linked with MNEs not being able to unilaterally carry out the process of overcoming this form of LOF as indicated by Newenham-Kahindi and Stevens (2018) remains relevant as Doh et al., (2017) explains that MNEs in host countries continue to be faced with multifaceted operations as a result of a fundamental difference and varying home MNEs or institutions' settings. These differences are termed as institutional complexity as according to Newenham-Kahindi and Stevens (2018) depicts incompatibility and competing logics existing between MNEs far from their home country or institutions.

The study by Newenham-Kahindi and Stevens (2018) further clarifies the concept of institutional logics as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produces and reproduce their material subsistence, organize time and space, and provide meaning to their social reality”. International business literature has indicated that there exists two main adaptation mechanism being “simple adaptation” and “institutional adaption” in dealing with liability of foreignness (LOF). It is relevant to note that host institutions and countries in general have to engage in a series of learning processes to understand and engage in isomorphic behaviour in a bid to achieve legitimacy (Newenham-Kahindi and Stevens, 2018; Cantwell, Dunning and Lundan, 2010).

The study explained that MNE through their exposure to LOF co-evolve within their environment and based on this require an evaluation beyond the initial stages of internationalisation strategies or foreign entry focusing on matters that develop overtime. The process is dynamic witnessing a series of changes and significant developments that can helps shapes the international business environment. This domain then helps in understanding the strategies by MNEs in co-handling the designing of their global and regional strategies, organisational development and learning in addition to its strategies that address political risks and in particularly the problem of corruption. Corruption as indicated here remains a signal that broadens the scope of ensuring isomorphism behaviour among MNEs and remains critical elements in the literature of international business (IB) when explaining foreign direct investments (FDI), entry strategies and several insights in IB streams (Newenham-Kahindi and Stevens, 2018; Kistruck et al 2015; Welch et al., 2011; Cantwell, Dunning and Lundan, 2010). The foundation laid here is in relation to the differences that exists between logics of both host and home institutions can lead to an extension of the consequences of LOF and conflicts within institutional set ups. Foreign firms will continue to navigate through their environment in order to sustain within any complexities they may face in their host country.

As an indication from Newenham-Kahindi and Stevens (2018) the current host country’s environment being it economic, political or social affects the proper integration with home country and further regional foreign investment strategies. According to Sartor and Beamish (2018) the level of corruption within a host country can impact the level of investments brough in by MNEs. With corruption being seen at different level, the study categorised host country government corruption into grand corruption and petty corruption with both influencing how MNEs vary their equity-based foreign entry strategy of categorically foreign investment on the side of the investing country. Foreign direct investment through MNEs is then expected to be influenced by the level

of corruption being it petty or grand the host country or environment of the host institution. Sartor and Beamish (2018) describes the nature of MNEs entry strategy as being significantly influenced by the existing petty and grand corruption. While this may raise concerns, another interesting development has been the existence of omnipresent grand corruption based on using a sample of 643 Japanese investments in 30 countries within the period of 2004 and 2017 has a link with MNEs desire to engage in a joint venture in a host country while in the case of petty corruption, it journeys MNEs towards an investment into a home country partner (Nippa and Reuer, 2019; Rabbiosi and Santangelo, 2019; Sartor and Beamish, 2018).

The international business literature have seen scholars established a relation between corruption and foreign investing MNEs through a conceptualized theoretical paradigm that puts government officials engaging in corruption on the highest frequency or perhaps being always present. Although this study yielded inconclusive results, MNEs have been seen to either engage in arms-length contract while internationalizing with the occurrence of high level of corruption whereas others are leaned towards joint venture (JV) as a mode of entry (Sartor and Beamish, 2018; Rodriguez et al., 2005). Foreign entry strategy by investing MNEs are significantly influenced by mainly two forms of host market corruption as purported by most literature. With corruption regarded as a form of uncertainty, Sartor and Beamish (2018) propagates the uncertainty-based framework that illustrates the relationship between government corruption and MNE strategy as seen in Figure 3.

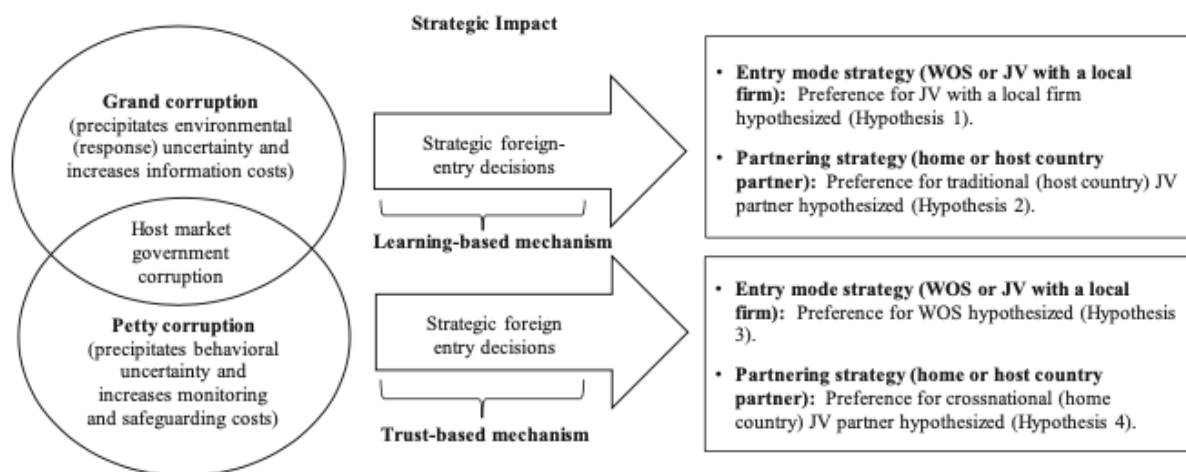


Figure 3. Uncertainty based conceptualization of the relationship between host market government corruption and MNE foreign entry strategy (Adopted from Sartor and Beamish, 2018)

Corruption is seen to influence the strategic decisions of investing MNEs causing a reaction leaning towards wholly-owned subsidiary or enterprise (WOS/WOE) or an entry with the use of joint venture (JV). This framework to a large extent is a reversal of the aim of this study where MNEs investing strategy is rather looked at as a tool to curb and control corruption within the Sub-Saharan Region. This being said, the strength of institutions which according to Sartor and Beamish (2018) affects the costs that comes with conducting transactions within foreign markets as far as MNEs are concerned. When a market has weakened formal and informal institutions, the level of uncertainties is high for any foreign-investing MNEs. It is anticipated that this event will give an understanding of the relationship between corruption and foreign investments aided by the activities of MNEs into any host market or country.

In a more critical way, Rabbiosi and Santangelo (2019) notes that the operations of MNEs that unfortunately finds themselves within a more corrupt host country or nation will be faced with cost that affects their legitimacy, cost related to handling corrupt scandals, processing information needed for decision making while also cost that is related to reputation management (Maggioni et al., 2019; Rabbiosi and Santangelo, 2019). Rabbiosi and Santangelo (2019) relies on the organizational perspective of corruption and explained that the level of autonomy within a subsidiary is critical in minimizing the costs that comes with MNEs operation in a corrupt region. Using 261 Italian foreign subsidiaries in 25 host countries, the study brings out an interesting revelation as experience level of MNE having an influence on positive host nation corruption distance on MNEs subsidiary autonomy was the only assertion that was not supported empirically. This being said, a corrupt host market environment will not only be a challenge during entry but then goes beyond in considering subsequent organizational behaviour and operations of MNEs.

In the presence of a pervasive level of host government corrupt environment, Hanoisek et al., (2021) between 2001 to 2013 studied 14 private firms within Europe. The focus of the study was on assessing how corruption and uncertainty influences the investment structure and nature of MNEs subsidiaries after entry. It was evidenced through empirical data that domestic firms were negatively affected as far as investment levels are concerned caused by the corruption uncertainty rather than the level of corruption itself. While this study may present valuable evidence in understanding how corruption and uncertainty can shape post-entry MNEs investment option and structure, it does not move towards giving an explanation into how MNEs entry into a host market can reduce the level of corruption and uncertainty with this being the main research gap of this study using the Sub-Saharan Region as a scope. Hanoisek et al., (2021) further notes that MNEs and other domestic firms will fully operate at optimal efficiency with increased

investment when there are lower levels of corruption and uncertainty. The sectors with these lower levels houses most of MNEs since it will be best to reduce several cost as pointed out by Maggioni et al., (2019) and Rabbiosi and Santangelo (2019).

Perhaps uncertainties can be redefined into what can be called political party tenure as within the international business literature can be regarded as indicator for uncertainty or specifically electoral uncertainties (Cordero and Miller, 2019; Maggioni et al., 2019; Rabbiosi and Santangelo, 2019). According to Cordero and Miller (2019) MNEs are guided by the tenure of political parties when it comes to their entry options into an economy. Political institutions play an important role in inviting foreign investing MNEs where corruption and host country bureaucratic responsive continues to affect entry strategies and investments. There is also a likelihood that subsidiaries of MNEs could exit or reduce their period of operation within such an environment (Sartor and Beamish, 2020; Cordero and Miller, 2019; Sartor and Beamish, 2018). The study by Cordero and Miller (2019) contributes to IB literature by introducing one critical factor in the host country's institutional environment which is the political party tenure which affects the location and investment preferences of MNEs. However, the study focused within one emerging market being Mexico raising concerns about the use of single-country results for general conclusions. It then calls for a more inclusive study using other emerging markets or locations with other characteristics perhaps adopting a firm level analysis of MNEs into a particular city focusing on what will lead to firm advantages such as lobbying capabilities.

According to Sartor and Beamish (2020) the preparation for an MNEs despite its investment in a host country will be facilitated at a much quicker rate due to the level of corruption within the sector and overall market of the host country. The study moves to assert that MNEs from developed economies that establish subsidiaries in other host nations indicating their investments will reach to a higher level of corruption by engaging their exit strategy. Sartor and Beamish (2020) focused on the relationship between corruption and time of exit while also establishing the relationship between corruption and FDI. As theorized, the level of corruption within a host country presents a destabilizing status to the operations of MNEs or their subsidiaries as far as their survival is concerned. It is indicated that MNEs will resort to the use of integration-oriented strategies aimed at counteracting any form of behavioural and environmental uncertainties with the control for corruption being at the center of affairs. As a way of controlling the negative effects of corruption, the effective reliance on organization structure which relates to the organizational perspective of corruption can be used to in this regard. This assertion has been supported by Luo (2005), Sartor and Beamish (2020) indicating the need for either a greater global integration or

increased level of local responsiveness to manage any form of host nation market of institutional environment. The figure below shows the relationship between host nation level of corruption and journey towards market adopted from Sartor and Beamish (2020). The Figure 4 illustrates interaction among elements of host nation corruption and integration-oriented strategies.

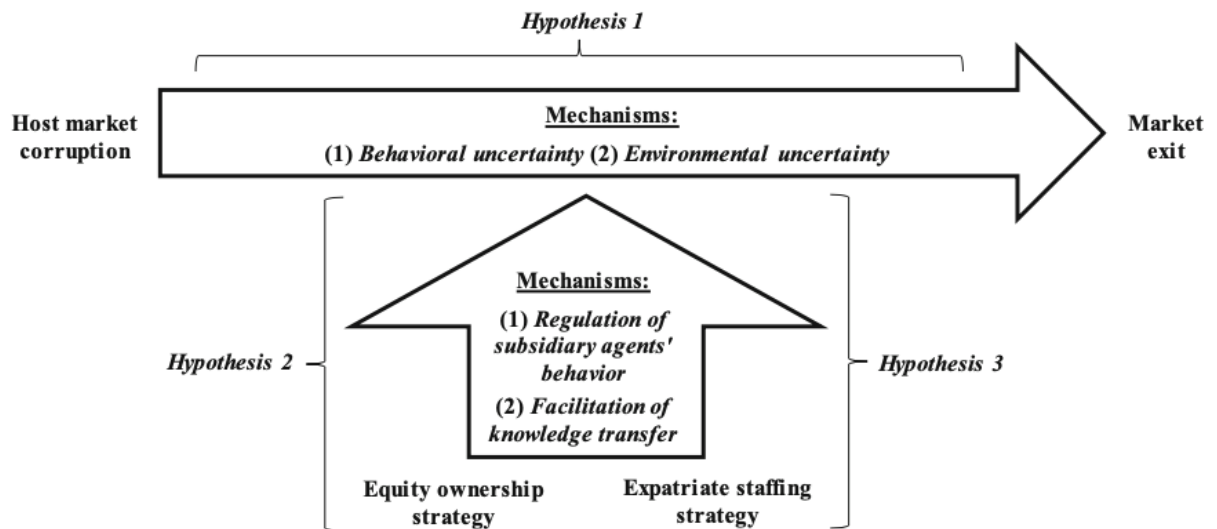


Figure 4. A conceptual framework showing the interaction among elements of host nation corruption and integration-oriented strategies

1.4 Empirical Studies on FDI, Trade and Corruption in Sub-Saharan Africa

The previous section of the empirical review focused on the general developments within the activities of MNEs in relation to FDI, trade and corruption. As the study is scoped within Sub-Saharan Africa, it's imperative that a review be conducted to understand what has been done in thus identifying and justifying the research gap.

In the event of omnipresent corruption and bribery, MNEs are expected to cut down on their trade while also witnessing a negative pattern in foreign direct investments (Hanousek et al., 2021; Cordero and Miller, 2019; Maggioni et al., 2019; Rabbiosi and Santangelo, 2019). This is also the care when looking at how political instability mainly expected to be supported by political tenure affects the potential location choices of MNEs meaning FDI and trade could go elsewhere in the light of this environment uncertainty (Cordero and Miller, 2019; Sartor and Beamish, 2018). This development has set the tone for several scholars when assessing the relation between foreign-investing MNEs and the level of corruption in the host country. However, as this study seeks to understand this development within the Sub-Saharan Africa. According to Ufere et al., (2020) the experiencing of prevalence and persistent level of corruption within Sub-Saharan Africa supports

the need for extensive research on behavioral uncertainties that could affect within in Africa. This demand is in reference to the already existing methods and techniques that are used within firms to check unethical and unacceptable behavior. The study which used 12 Sub-Saharan African countries sought to understand the network between existing corrupt practices and organizational isomorphism (Ufere et al., 2020; Newenham-Kahindi and Stevens (2018)). With a focus on isomorphic pressures, institutional coercion was best identified to determine bribery and corrupt practices while the frequency in the act was facilitated based on imitation and competitive rivalry. The three main elements of organizational isomorphism discussed by Ufere et al., (2020) are mimetic isomorphic effect, coercive isomorphic effect and finally competitive isomorphic effect. Mimetic and coercive which are similar in meaning seeks to explain the pressure institutions may be subject to while seeking legitimacy among corrupt official or host nation market while competitive isomorphism deals with building the edge to sustain and survive in the competitive market. While the study findings are relevant and contributes to international business literature, it becomes necessary to reimagine the indicators used for the purpose of generalization as bribery was used as a proxy for corruption. A classical qualitative study can improve the novelty and accuracy of this construct aiming more generalized results and conclusions.

In Adomako et al., (2021) the literature on international business regarding perceived corruption and degree of internationalization (DoI) is examined using country specific data from Ghana and Nigeria. The degree of internationalization is examined through the lens of business process digitalization (BPD) with results indicating a positive and strong correlation between the perceived corruption and business process digitalization (BPD). This positive correlation among Sub-Saharan firms is extremely stronger among younger firms. Business process digitalization is further seen as a mediating factor taking into consideration the correlation between perceived corruption and degree of internationalization (DoI). With a given level of understanding of how corruption related to digitalization of business process and analysis based on a strong theoretical foundation, the study focused primarily on SMEs within Sub-Saharan Africa lacking an exploration of how these developments are accommodates foreign direct investment into the region.

In most studies, Africa and Asia has been linked in trying to explore various variables in the international business environment and discipline. This can be linked to the similarities that exists within their markets and other institutional settings and hence according to Newman et al., (2020) MNEs and domestic firms within this region benefit from knowledge transfer as a result of foreign direct investment (FDI). The study based on the use of bodies responsible for

encouraging attracting foreign direct investment, MNE and several domestic firms about 226 in total explained that there is less transfer of knowledge and technology between MNEs and domestic firms in Sub-Saharan Africa whereas the opposite is seen in Asia as there is a significant flow of knowledge and technology between MNEs and domestic firms. This being said, the study lacked an explanation into the environmental uncertainties that could affect this direct transfer.

Donaubauer et al., (2022) adds that FDI leads to increase in economic activities in this case trade and not necessarily a reduction in the payments of bribes and other corrupt practices (Sartor and Beamish, 2018; Chang et al., 2012; Duanmu, 2011; Demirbag et al., 2010). The study makes a significant revelation where the presence of foreign firms, trade and FDI recognized under the economic activity channel leads to an unchanged level of corruption within the host country or market. However, Donaubauer et al., (2022) indicates that the norm transmission channel which is composed of the activities of suppliers, and employees both local and foreign. A control for foreign employees in this study called for a qualitative assessment and evaluation to understand how they play a role in the transmission of norms in relation to corruption. Noticeably, the existence of strong ties between foreign suppliers and local suppliers leads to a reduction in the level of corruption in the host market thereby causing a significant impact on the net effect of FDI on corruption.

Within the Sub-Saharan Region, the scholarly work by Gossel (2018) which made use of data over the period of 1985 to 2014 by examining the relationship that exists between FDI, democracy and corruption established that corruption at the initial stages functions as a helping hand for FDI investors or foreign investing MNEs. This assertion of being an aid for operation by MNEs or foreign firms within the Sub-Saharan Africa region which has been noted for weak democratic regulatory and institutional framework gravitates towards becoming a grabbing hand making corruption a hindrance for investing MNEs. The study which shows the two sides of corruption being beneficial for FDI investors and also causing challenges for them emphasized on how it is necessary for countries within the Sub-Saharan Africa Region integrate with the international economy for a more robust financial and constitutional enforcement. The integration will ensure a more stable democratic status, constitutional balance and stability in addition to a constitution backed anti-corruption legislation that can check behavioral and environmental uncertainties. The study indicates that corrupt host environment will invite more FDI investors although other scholars like Li (2009) have shown how FDI significantly moves to less corrupt location or countries (Francois et al., 2020; Cordero and Miller, 2019; Gossel, 2018; Li (2009).

In a study which used panel data gathered from firms within Sub-Saharan countries, Okafor et al., (2021) investigates the relationship between ownership structure, corruption and capital investments. This to some degree is similar to the study by Sartor and Beamish (2018) where corruption can cause a strategic impact on the mode of entry and control. Okafor et al., (2021) explained that foreign investment and trade is not negatively affected or demotivated by the payment of bribe and thus bribery and capital investments exercise their effects on MNEs operations depending on the country and the size of the firm. Bribery remains insignificant when it comes to capital investments towards larger firms but has a negative net effect on medium and small forms which can be linked to the proportion of revenue or proceeds being paid as bribes. This payments and settlements in the name of bribery and corruption will take less of the capital of large firms while a larger portion of the capital structure of medium and small firms will be covered.

According to Garrome et al., (2018) the lack of effective formal institutions does not only affect the inflow of FDI but also affect the production and distribution of electricity in the Sub-Saharan African region. In this study, FDI and MNEs are recognized as an effective resort within this “double institutional void” to promote and achieve host country development. The study focused on the stabilization of electricity through the functions and activities of MNEs and role of FDI while taking into account the nature of both formal and informal institutions in the Sub-Saharan African region.

A lot has been said about the relationship between MNEs, FDI and trade and how they work their way and influence respectively the formal and informal institutions in a host country. Cooke et al., (2022) have sought to provide new dimensions and focus for studies by raising the question whether MNEs in the light of corruption are takers or makers. Based on 139 English language articles between 1999 and 2020, the study shows the relationship between the global north’s MNEs who are made to do business in the presence of what is being considered as an endemic in the caucus of emerging markets thus corruption. The relevance for the study of corruption in relation to both emerging markets and MNEs strategic decision to invests remains a crucial part in the international business discipline with much significant given to regional and global economic environment.

Based on the reviewed literature it is clear that both the general and Sub-Saharan focused review of literature related to MNEs, FDI, trade and corruptions calls for the need for this study to examine FDI and trade as a tool to mitigate corruption. The study will add new insights in this

literature and perspective and investment and entry as its implications will be novel to MNEs and even domestic firms. Table 1 provides a summary of selected studies with evaluation based on defined parameters.

Source	Elements	Scope	Major Findings
Ufere et al., (2020)	Bribery and organizational isomorphism	12 SSA Countries	Institution coercion determines bribery
Adomako et al., (2021)	Corruption, DoI* and business process digitalization	Ghana and Nigeria	BPD is positively correlated to DoI*
Newman et al., (2020)	FDI, MNEs and Domestic Firms	Africa and Asia	Trade facilities direct transfer of knowledge and technology and not FDI
Donaubauer et al., (2022)	FDI and petty corruption	19 SSA countries	FDI affects corruption through norm transmission with less occurrence of economically-linked events causing corruption
Gillanders and Parviainen (2018)	Corruption and shadow economy	Data from World Bank's Enterprise Survey	Corruption is an obstacle to firm's operations
Gossel (2018)	FDI, democracy and corruption	30 SSA countries	Corruption is both a "helping" and "grabbing" hand
Okafor et al., (2021)	Ownership structure corruption and capital investment	SSA countries	Foreign ownership has positive relation with capital investment. Bribery payments has negative relationship with capital investments
Garrome et al., (2018)	MNEs and institutional void	SSA	FDI and MNEs can rectify institutional void

Table 1. Summary of Relevant and Related Studies Within Sub-Saharan Africa Based on (Author's Summary)

**Degree of Internationalization*

1.5 Research Gap

The IB literature have shown a lot of studies linked with how corruption affects MNEs location, the nature of their investments and even how the execute their exit strategy. This clearly goes a long way to affect the structure and nature of FDI and trade into their host nation or market as these tools remain relevant in regional and global development (Cooke et al., 2022; Hanousek et al., 2021; Cordero and Miller, 2019; Maggioni et al., 2019; Rabbiosi and Santangelo, 2019). The Republic of Ghana which is a part of Sub-Saharan Africa has been a major player in various aspects of regional economic, social and global activities. Its integration beyond this region has made it a beacon for democracy, sustainable economy and a reference for political and constitutional stability. This being said, the country can be graded as having a noticeable level of corruption supporting the relevance of this study with Sartor and Beamish (2018) aiming for the extension of literature on especially pervasive corruption.

Currently studies such as that of Sartor and Beamish (2018) have focused on how host market corruption level considering grand and petty categories of corruption influences the strategic decisions and framework for market entry. This has been the case of several studies looking at the same developments and relationship between corruption and foreign-investing MNEs (Sartor and Beamish, 2018; Chang et al., 2012; Duanmu, 2011; Demirbag et al., 2010). In understanding the relationship that exist between MNEs and their corrupt host environment, Rabbiosi and Santangelo (2019) further calls for a comprehensive assessment of weak institutional frameworks in the light of MNEs strategies. Weaker institutions produces to a large extent corrupt host market environment and with such affects MNEs strategies for entry and onward operations and stated within the literature for international business (IB). The most evidenced mode of dealing with corruption and its cost has been the level of autonomy and decentralized organizational structure of MNEs which has been empirically researched within Rabbiosi and Santangelo (2019). These structures helps in decision making and local information processing within MNEs. Additionally, Hanoisek et al., (2021) based on the use of the Business Environment and Enterprise Performance Survey (BEEPS) identified that MNEs and their subsidiaries will move their investments towards sectors within a host market where there are low levels of corruption and uncertainty. In this regard, the prevailing host nation atmosphere for both MNEs and domestic forms can affect the nature of post-entry investment however, the study emphasized on the need for a study that evaluates how investments by MNEs can help in reducing corruption and uncertainty within host market or nation.

Within the available literature, the only recent study directly linked with Ghana is that of Adomako et al., (2021) where the study focused on the relationship between corruption and degree of internationalization among SMEs. The broader context of MNEs and how they use FDI and trade within their strategies to curb corruption is yet to be well examined. The study by Gossel (2018) has justified the inconclusive nature of the relationship between FDI and corruption here initially it is regarded as “a helping hand” but then metamorphose into “a grabbing hand”. While this study will provide new information on this, it will also rectify the methodological research gap where studies have called for a qualitative assessment and examination of the relationship between FDI, trade and corruption guided by the activities of MNEs (Sartor and Beamish (2020).

The study by Hanoisek et al., (2021) showed how corruption and uncertainty can influence MNEs investment options but as a limitation paved directed future studies to be done unto how MNEs entry into host market can reduce the level of uncertainty. The study will seek to address the research gap in advancing the researching within pervasive and petty corruption focusing on how FDI used by MNEs remains a tool in curbing corruption in Sub-Saharan Africa and within the Ghanaian context (country specific). In addressing these research gap, the author will seek to ask three research questions:

1. What are the trends in MNEs level of FDI, Trade and the level of corruption in Sub-Saharan Africa?
2. How can MNEs use FDI and trade to mitigate corruption in Sub-Saharan Africa?
3. What are the FDI and Trade linked strategies used as a tool to control corruption in Ghana?

1.6 Conceptual Framework

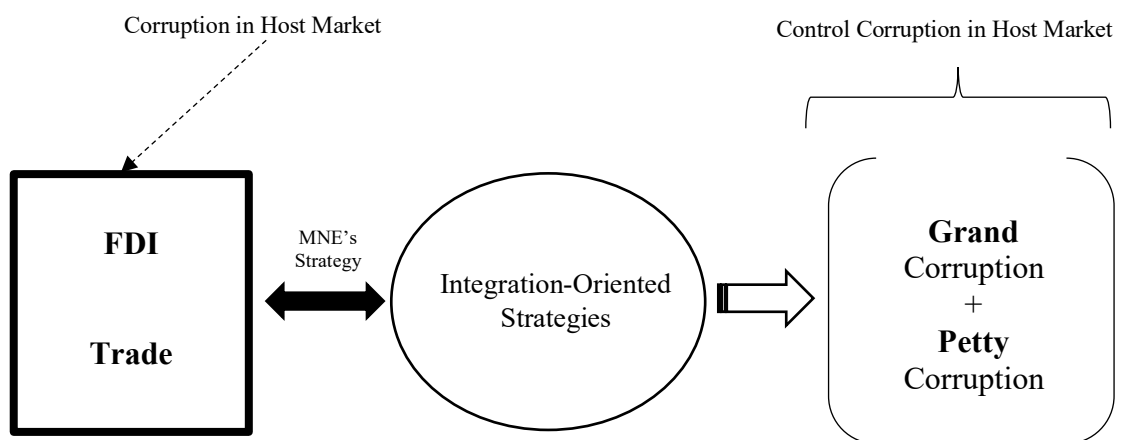


Figure 5. Conceptual Framework (Author's Construct)

1.7 Chapter Summary

The study on corruption and international business by Bahoo et al. (2020) conducted through the use of primarily the coupled bibliometric citation analysis indicated that corruption and bribery although with international laws to curb it still remains an unresolved issue. It remains a global political issue faced by both developed and developing economy's government. In this regard, anti-corruption mechanisms to aid in smooth international business processes needs to be frequently updated and adjusted for enhanced efficiency and effectiveness.

It was also identified that, multinational enterprises or companies within a host country could be engaged in corruption should there be several hindrances or bureaucracy affecting the smooth functioning of their business. The inability to complete transactions both new or old without any external influence could lead to their engagement in corrupt actions to find their way around such business and political environment.

The study on the inflow of the Chinese Foreign Direct Investment (CFDI) towards the African Region indicates that having a controlled environment for corruption and other mechanisms for efficiency in institutions means an enabled environment for investment activities. The existence of stability and the ability to predict the current government's political activities to some extent indicating a less likelihood of unconstitutional change of government can explain the preference for investment thus attracting FDI.

The presence of MNEs within any country can be linked to the invitation of massive investment to the host country hence a greater level of inward foreign direct investment (IFDI). The current gap clearly lies within how MNEs through FDI and trade can be used as a tool to curb corruption. The activities of MNEs are considered vital since it can project an enabling and stable environment to attract extensive FDIs and with such, it is expected that they put in measures and mechanisms to help ensure they operate legitimates thereby making them a safe venture to invest.

CHAPTER 2

RESEARCH METHODOLOGY

2.1 Introduction

This section provided an overview of the research methodology used in collecting and analyzing data to answer the identified research questions. The research problem is highlighted with an explanation into the types of data used for arriving at the findings of the study

2.2 Research Problem

As evidenced, the international business (IB) literature have seen a lot of contributions in the light of how FDI and trade influences the internationalization and overall survival strategy of MNEs within their host country or market. Scholars in addition to this have showed that corruption influences the location choices or preferences of MNEs since environmental uncertainties can push MNEs into the exit strategy mode prematurely (Cooke et al., 2022; Hanousek et al., 2021; Cordero and Miller, 2019; Maggioni et al., 2019; Rabbiosi and Santangelo, 2019). Corruption remains a major issue within most part of Africa especially within the Sub-Saharan Africa with this location disadvantage affecting the operations and efficiency of foreign firms or MNEs in the region. With a number of studies not really giving out a conclusive relationship on MNEs foreign investment moves and trading activities in an environment filled with corruption, a focus hasn't been made unto how FDI and trade can be used by MNEs as a tool to mitigate corruption. Although corruption has been regarded as a being both "a helping hand" and grabbing hand" as in the case of remarks given by Sartor and Beamish (2020), it worthy to address this research problem on the basis of the identified research gap. The study identified the need to expand in the literature on how MNEs use FDI and trade to interact within an environment expected to experience corruption. Based on this, the research methodology section was designed to address the identified research questions.

2.3 Research Paradigms and Philosophical Assumptions

In conducting research, research paradigm and philosophical assumptions is placed at the heart of all considerations in order to reach the desired aims and goals of the overall study. Academic research as a standalone unit calls for strict reference to paradigms and philosophical assumptions just as even within disciplines, frameworks and paradigms plays a critical role in establishing a working blueprint for assumptions and synthesizing (Blaike and Priest, 2019; Rahl, 2017; Blaike and Priest, 2017). Research paradigm has been defined as "a system of beliefs and practices that influence how researchers select both the questions they study and methods that they use to study them". This offers a comprehensive view of the main elements of conducting a successful research provide a framework that fits the nature and expectations of a given study

(Thorne, 2017; Morgan, 2014; Morgan, 2007). The decision to effectively evaluate a research based on the selection of the most appropriate research paradigm contribute to the validity of such study. This can be primarily linked to the ability to contest the suitability of the study method being adopted in addition to the theories being used as a basis for achieving the study's aim.

In international business and management discipline research as a whole, a number of paradigms exists with their accompanying philosophical assumptions. According to Creswell (2014) these assumptions are axiology, epistemology, methodology and ontology. Axiology simple handles assumptions linked with set of values whereas epistemology takes into consideration an understanding and declaration of what is termed knowledge. Additionally, methodology philosophical assumptions provides arguments for research instruments and design with ontological philosophical assumptions covering the nature of social reality (Kumar, 2018; Creswell and Poth, 2016; Creswell, 2014). Noticeably, Saunders et al., (2009) and Easterby-Smith et. al., (2012) described that the management discipline and research activities have widely used pragmatism, positivism, realism and interpretivism.

In examining FDI and trade as a tool for mitigating corruption in Sub-Saharan Africa, the interpretivism paradigm will be adopted and in this case samples selected will be subjected to in-depth investigation permitted through primarily qualitative analysis with an emphasis on the main focus and elements of the situation being investigated. This supported by the assertion made by Rahl (2017) where knowledge is acquired through a well-structured mode of constructing knowledge though interpretation which may be subjective in a way with the aim of developing meanings which may be influenced by the experiences of the researcher. This provides an in-depth understanding within the context being studies and referenced to reality.

2.4 Methodology

In examining foreign direct investment and trade as a tool by MNEs to mitigate corruption in Sub-Saharan Africa (SSA), the qualitative methodology was used to provide answers to the research questions. The process is augmented through an in-depth assessment were exploratory techniques are used to address the research gap identified. According to Creswell and Creswell (2017) qualitative research methods and procedures gives the researcher the opportunity to collect information, analyze them and provide interpretation. Furthermore, the qualitative method fits the purpose of this study since multiple sources of data can be used to address the research questions while empowering the researcher in the data selection and collection procedure where research instruments like interview are designed by the researcher to fit the purpose of the study. This made

it possible to gather relevant information since data collection instruments like interviews were designed by the researcher with less dependent on instruments made by third-party researchers. The qualitative method also supports the inductive data analysis framework thus offered the researcher the ability to draw on patterns and themes towards interpretation and drawing conclusions. As if these were enough to justify the use of qualitative method, the approach also offered the researcher the chance to fully provide a holistic account of events linked to addressing the research question. This was aided by drawing from multiple data sources and perspectives made possible by the use of documents and a semi-structured interview (Mertens, 2019; Creswell and Creswell, 2017; Collins and Hussey, 2013).

2.4.1 What are the trends in MNEs level of FDI, Trade and the level of corruption in Sub-Saharan Africa?

The objective of examining the trends in MNEs FDI, trade and corruption level of Sub-Saharan Africa will be achieved by obtaining data primarily from the World Bank, UNCTADSTAT, Transparency International and relevant journal articles. Information gathered will be systematically analyzed qualitatively and construed. The focus for this qualitative inquiry will be the broader view being Sub-Saharan Africa and thus all information will be as such. When necessary, the region will be divided into its four sub-regional units of Eastern Africa, Middle Africa, Southern Africa and Western Africa classified by UNCTADSTAT. The segmentation will ensure that inferences can be made to specific sub-regions for better understanding of the phenomena being understudied.

2.4.2 How can MNEs use FDI and trade to mitigate corruption in Sub-Saharan Africa?

Data gathered from relevant and credible databases will remain as reference for onward assessment of FDI and trade being used as a tool in the combat of corruption. This is then supported by information gathered from highly ranked journal articles to gather themes on how corruption is controlled within host markets by foreign firms and MNEs. This will then be linked to the level and nature of corruption in the region understudied.

2.4.3 What are the FDI and Trade linked strategies used as a tool to control corruption in Ghana?

This final objective of the student makes use of primary data being collected from representatives from the Ghana's MNE environment. The selection of Ghana was based on convenience sampling and selection from the researcher to add extended insights on the phenomena being understudied. A semi-structured interview was conducted to gather information

and this was aided by three critical questions that covered an understanding of the FDI and trade linked strategies used by MNEs the mitigation of corruption. The guide for the interview was crafted as follows as seen in Appendix 3:

- i. Does MNEs in Ghana and in the Sub-Saharan Region engage in either greater global integration or increased local responsiveness in handling uncertainties in the market (Corruption)?
- ii. How does MNEs use FDI and trade to control corruption within the Republic of Ghana?
- iii. What is the immediate impact of these strategies on the nature of MNEs in the Republic of Ghana?

2.5 Scope of the Study: Sub-Saharan African Region

This Sub-Saharan Africa Region consists of the section of the African Continent that presumable lies on the south of the Sahara. The World Bank Group further puts the region into four main blocks being Central Africa, Eastern Africa, Southern Africa and Western Africa. The Region is recognized as having 46 Africa countries out of the total 54 African countries. Countries such as Algeria, Egypt Libya, Somalia, Morocco, Sudan, Tunisia and Djibouti are excluded from this region as they are mostly regarded as Northern Africa or designated by international bodies. The Table 2 below indicates the sub-regions of Sub-Sahara Africa and their respective countries in addition to the Figure 6 illustrating the region on a map:

Sub-Region	Countries
Central Africa	Angola, Burundi, Central African Republic, Chad, Congo, Democratic Republic of Congo, Republic of Rwanda
Eastern Africa	Comoros, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Seychelles, Somalia, South Sudan, Sudan, Tanzania, Uganda
Southern Africa	Botswana, Eswatini (Formerly Known as Swaziland), Lesotho, Malawi, Mozambique, Namibia, South Africa, Zambia, Zimbabwe
Western Africa	Benin, Burkina Faso, Cabo Verde, Cameroon, Cote d'Ivoire, Equatorial Guinea, Gabon, Gambia, The, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Sao Tome and Principe, Senegal, Sierra Leone, Togo

Table 2. Sub-Regional Segmentation of Sub-Sharan Africa



*Figure 6. Pictorial Representation of Sub Saharan Africa - Source: European Union (2016).
Education and Development*

2.6 Data Collection

The study made use of both primary and secondary data being the two main types of nature of data use in conducting research. Secondary data covers those data not necessarily gathered from participant but already existing sources including information from books, journal articles, blogs, websites and other open-source platforms that contains relevant and related information (Johnston, 2017; Creswell, 2014). Secondary source of data which forms the huge portion of data used in this study was gathered from peer-reviewed journal articles which was assisted through the use of the Graduate School of Management (GSoM) Library Catalogue, EBSCO, JSTOR, SCOPUS, Web of Science, Emerald Insight and Sage Journals among other databases. The OECD iLibrary was also used to gather relevant information on the subject being examined while also making use of the resources of the World Bank and UNCTADSTAT.

In making sure journal articles used for this study are of good quality and validity, the Chartered Association of Business Schools (ABS) Academic Journal Guide ranking was used to check for rank and area for all articles. With a guide that shows the ranking over a number

of years for instance the Accounting Review with a 4* over the past 10 years indicates how this journal will qualify to be added as a source of reference within this study. This made it easy to select best fit articles that are peer-reviewed for the study thereby making findings valid and acceptable within the management and international business discipline.

Additionally, primary data was gathered in an attempt to get specific data on the happenings within a selected country within the Sub-Saharan Region, With basis as convenience sampling, Ghana was selected in this regard for respondents to provide information to achieve the aims of the study. Primary data was collected through a semi-structured interview with one representative each from the Ministry of Employment and Labour Relations, the Ghana Investment Promotion Center, the Ghana Employers Association and the Trades Unions Congress of Ghana. The questionnaire was designed to gather information based on the following three areas with their accompany questions:

- i. Does MNEs in Ghana and in the Sub-Saharan Region engage in either greater global integration or increased local responsiveness in handling uncertainties in the market (Corruption)?
- ii. How does MNEs use FDI and trade to control corruption within the Republic of Ghana?
- iii. What is the immediate impact of these strategies on the nature of MNEs in the Republic of Ghana?

These questions are in line with expanding the knowledge of how FDI and trade can be used as a tool to mitigate corruption in Sub-Saharan Region thus gathering primary data through a country-specific data collection to expand the knowledge from the secondary data analysis.

2.7 Research Design and Data Analysis

Research design remains an integral part of every study explaining what data collection, analysis and interpretation techniques can be used to achieve the aims of the study. Research design can be categorized based on several premises however the three main designs are quantitative, qualitative and mixed. This has been supported by Creswell and Creswell (2017) where the decision to adopt a research design should support the philosophical assumptions and how the researcher views the world in addition to the researcher's experiences, the phenomena being discussed and to a large degree the stakeholders of the findings of the research. This study primarily used the qualitative research design aimed at presenting interpretations of the data collected from the scope and also taking motivation form general themes. The qualitative research

design augments the interpretivism paradigm adopted for carrying out this research. Additionally, the study uses the inductive approach which allows the researcher to draw meanings from data and information gathered pointing out the flexibility in understanding patterns, linking with theories, and exploring ideas in addressing how FDI and trade can be used to mitigate corruption within Sub-Saharan Africa.

Fundamentally, the study made use of a qualitative research design and hence data analysis was centered on the use of qualitative research methods and techniques. The study made use of both primary and secondary data where primary data which was sourced through a semi-structured interview of representative of the Ministry of Employment and Labour Relations, the Ghana Investment Promotion Center, the Ghana Employers Association and the Trades Unions Congress of Ghana were qualitatively analyzed by examining the responses of respondents, identifying similar themes while keeping only relevant and related information. The aim of this primary data was to support the information gathered from secondary sources especially databases that contains elements of FDI and trading activities within the Sub-Saharan Region. Research objective-linked questions were asked to gather this form of primary data within a country selected in the Sub-Saharan Region, The Republic Ghana based on convenient sampling and selection.

In relation to secondary data, it was gathered from highly ranked journal articles with the help of the Chartered Association of Business Schools (ABS) Academic Journal Guide. For credibility and validity of these sources, internationally recognized databases the OECD iLibrary, Transparency International, World Bank, the Bank of Ghana, UNCTADSTAT and the International Monetary Fund (IMF). Additionally, the Ghana Investment Promotion Center's website provided valuable information regarding the country-specific primary data collection and analysis contributing to the research aims and objectives.

2.8 Chapter Summary

The chapter provided information on the research methodology used to answer the research questions as a way of addressing the research gap. The study used an interpretivism research paradigm supported by a qualitative research methods approach. Furthermore, the study focused on Sub-Saharan African for a broader perspective of FDI and trade as a tool for mitigating corruption however a country specific being gathering information from the Republic of Ghana was conducted to extend the interpretation of events and the phenomena being understudied.

CHAPTER 3

FINDINGS AND DISCUSSIONS

3.1 Introduction

This section provided an in-depth presentation of the findings of the study through the made possible by the execution of the research methodology. It will discuss the findings and link them to literature where necessary with where finding align with previous studies and otherwise. The section is sub-divided into sections that addresses the research questions and objectives.

3.2 Trends and Relationship between MNEs FDI, Trade and Corruption

The study examined the trends and the relationship that exists between the two main tools foreign direct investment (FDI) and trade and corruption. Data on foreign direct investment inflows and trade was gathered primarily from UNCTADSTAT and information on corruption gathered from the scores of corruption perception from Transparency International. The data was analyzed qualitatively by drawing inferences and observing the trends across the period being examined.

3.2.1 Trends in Foreign Direct Investment in Sub-Saharan Africa

The inflows of foreign direct investment (FDI) has remained critical in the development and growth of the economy of Sub-Saharan Africa and the entire African continents as a whole. The continuous integration of the continent's economy into the global environment has seen an unprecedented inflow of foreign direct investments into various sectors. According to Donaubaauer et al., (2022) the increase in economic activities coupled by the desire for firms to seek expansion and experience from new markets makes Sub-Saharan Africa a choice for investments. Over the years, there has been significant investment flows into the Sub-Saharan African region with most of them facilitated by multinational enterprises (MNEs). According to UNCTAD (2021) the global impact of the COVID-19 led to a reduction in the inflows of foreign direct investments into Africa. The year 2020 saw a decline by 16% with 2019 witnessing a value of \$40 billion as a result of the fall from \$47 billion. The COVID-19 can be linked to the recent figures recorded with the inflows of foreign direct investments towards Sub-Saharan Africa although the African Continent characterized by environmental and behavioural uncertainties leaves a lot of factors that could determine the trends in FDI within the region. With Africa and its sub-economic regions falling within developing economies, the pandemic has taken a significant hit on the dynamics in FDI even when considering not only inflows but also outflows. The World Investment Report (2021) explained that an estimated decreased in the inflows of foreign direct investment (FDI) by 12%

valued at around \$30 billion was recorded. It also added that just a limited number of countries with their economies saw an increase in the level of investments into various sectors.

Within Sub-Saharan Africa, a number of significant investments (FDI) took place despite the pressure being placed by the pandemic. By putting West Africa under the lens, Nigeria had its FDI inflows up by a smaller but significant margin by \$0.1 billion. This was a recorded \$2.4 value from the previously \$2.3 billion for the year 2019. The dynamics in the prices of crude oil affected the levels of restricted FDI to the country noting the effect of the 33% decline of crude price coupled with demand and supply-side factors. The Nigerian economy although being faced by the pressures of the COVID-19 pandemic did reap the benefits of a more diversified FDI structure with its long-term approach orientation being a factor for the sustainability within the non-oil economy which has been attributed to the success of greenfield investments valuing around \$66 million. Within this non-oil economy lies the focus of the Nigerian Government in the success of the construction of the Lekki Free Trade Zone which falls under its aim to expanding its manufacturing facilities. Additionally, there has been successful merger and acquisition (M&A) deals that have supported the region with the China Communications Constructions Company making an upfront contribution of about \$221 million (World Investment Report, 2021; UNCTAD, 2021).

Noticeably, the Republic of Ghana which within 2016 had projections to be one of the most favourable destinations for investments or activities of MNEs saw a whopping 52% decline in foreign direct investments (FDI) evidenced by the drop from \$3.9 billion for the year 2019 to a 2020 value of \$1.9 billion. This can be attributed to the strict lockdown measures implemented by the government to contain the spread of the COVID-19 pandemic in addition to other micro and macro-economic activities. The first part of 2020 saw the Republic of Ghana implement one of the most stringent mobility policies having a direct impact on investment activities. A critical look at Ghana's economy identifies the following major investing countries: Australia, the Netherlands, China, South Africa and the United Kingdom. These were the major investing economies as at the year 2020 with close to 50% of the inflows going into moving towards the manufacturing sector, about 25% into the mining and services sector enjoying an estimated 16% of foreign investment (World Investment Report, 2021; UNCTAD, 2021).

The entire African Continent have felt the investment dexterity of the Chinese economy with Mauritania recording an increase in FDI inflows by 10% due to their activities. In Togo, the level of foreign direct investments witnessed a 200% increased valued about 4639 million. A huge

contribution factor for this significant development in investment is due to the investment into Togo from other West African countries. Burkina Faso also being an economy of interest contributed to the inflow on Togo's foreign direct investments towards its construction sector with the aim of executing the plans for a \$100 million project by CimMetal Group with Nigeria's Dangote also leading the construction of a new cement plant worth around \$60 million (World Investment Report, 2021).

Furthermore, the trends for foreign direct investment did not see a decline for all regions within Sub-Saharan Africa and Africa as a whole. In the Central Africa sub-region, it was fortunate to have a positive development with foreign direct investment inflows in the year 2020 despite the impact of the pandemic of numerous economies. In 2019, the Central Africa region obtained a value of \$8.8 billion in FDI which saw a positive development to \$9.2 billion in 2020. The interest in the successful execution of the Phase 2 of the Republic of Congo's offshore oil fields led to an increase of about 19% pushing the overall FDI up eliminating the possibility of any regional decline. Within the Democratic Republic of Congo and Gabon, their economies registered a combined total of 22% growth in FDI with the Democratic Republic of Congo constituting \$1.6 billion and Gabon having \$1.7 billion. The economy of Democratic Republic of Congo has stayed attractive even during this period as a result of the purpose and use linked to mining activities in the area basically the need for cobalt which is necessary for devices and other information technology items. Gabon registered its increase in inflows as a result of the implementation of the new Petroleum Code prior to 2020 which beefed up their offshore production. This being said, Chad was also one economy within the region that saw positive developments although experiencing a 2% fall. The natural resource endowed economy registered close to \$558 million in foreign direct investment in 2020 (World Investment Report, 2021; UNCTAD, 2021).

Interestingly, the Southern Africa region was part of the economies that witnessed a decline in the inflows of foreign direct investment. The region saw a decrease by 16% estimated value around \$4.3 billion. Traditionally, these inflows had two major players making up for the inflows being the South Africa and Mozambique economies. The decision by MNEs in Angola to oust capital specifically within the oil and gas industry was ineffective and thus led to a -\$1.9 billion in 2020 in comparison to -\$4.1 billion in the year 2019. The inflows into Mozambique benefited from the decision of Total (France) to channel investments into their economy making it steady with a positive reaction of 6% rise thus valued at \$2.3 billion. This was geared towards the development in the economy's liquified petroleum gas (LPG) segment of the industry. While in South Africa, a number of environmental uncertainties and economic events led to about a 39%

decline in foreign direct investment. The decline led to an FDI inflow valued at about \$3.1 billion with the pandemic playing a major role in this development. There was also a decline in cross border mergers and acquisition in the South African economy although still led to a significant portion of the inflows for 2020. In 2020, the M&A activities involving PepsiCo and Pioneer Foods was one of the significant economic developments during this pandemic period. Thus, the deal invited an estimated \$1.7 billion payable over a number of years after a go ahead judgement was delivered by South Africa's Competition Tribunal (World Investment Report, 2021; UNCTAD, 2021). The developments in the inflows of foreign direct investments from 2010 to 2020 is illustrated in the figure below based on the four sub-regional categorization of Eastern, Middle (Central), Southern and Western Africa.

The figure (Figure 7) on the FDI inflows based on the four sub-regions in Sub-Saharan Africa places Western Africa on a high as it attracts more inflows of foreign direct investments with Southern Africa being second on the list. It can be seen that in 2013 Central or Middle Africa did register a negative FDI inflow which can be linked to several economic factors among member countries. This link will be assessed when the level of corruption or measure of environmental uncertainty is evaluated. Additionally, the overall major developments for FDI inflows for the top 5 economies in Africa can be found in Appendix 1.

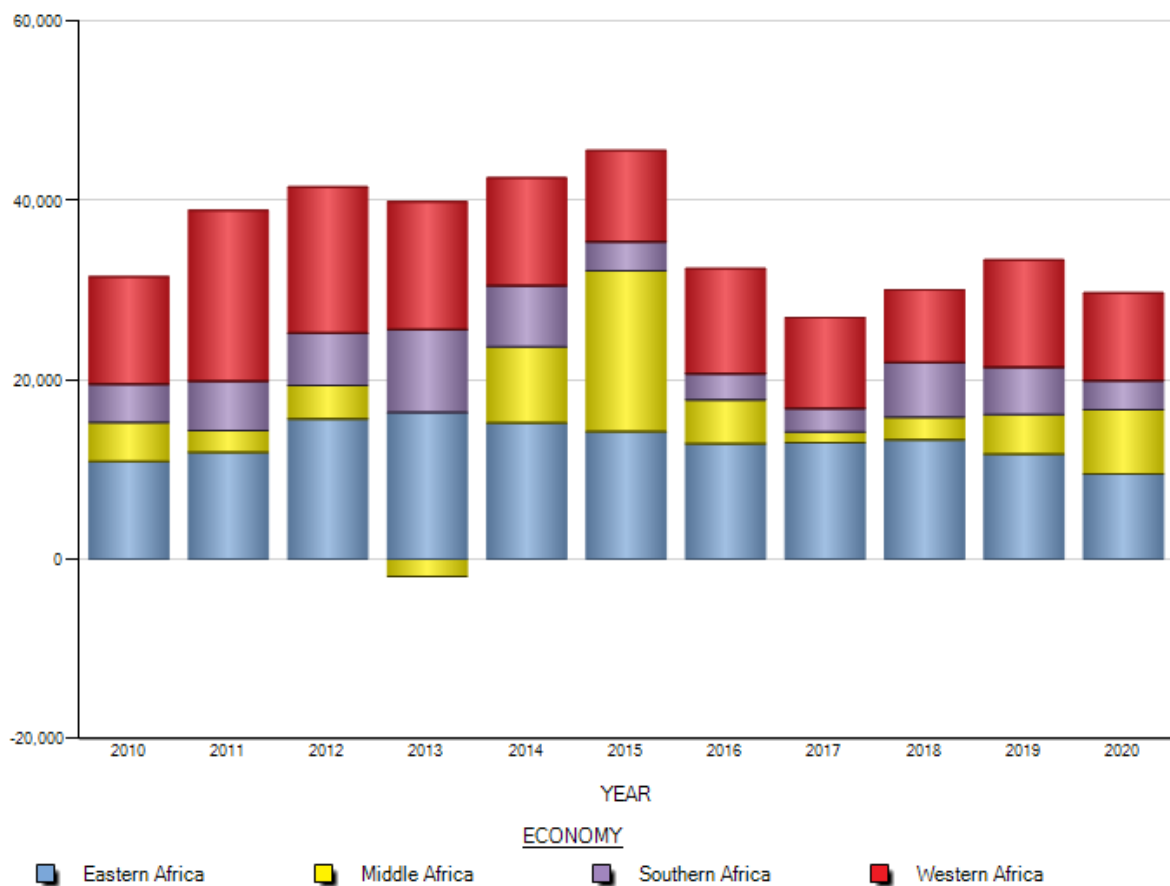


Figure 7. FDI Inflows to Sub-Saharan Africa (UNCTADSTAT, 2022)

3.2.2 Developments in Trade in Sub-Saharan Africa

Trade in Africa and its sub-regions seems to have benefited from the massive attention that the continent gained in the international business environment. Many international firms or MNEs repurposed their business activities and also refocused their attention onto Africa due to its over-expanding market and availability of resources. According to Okafor et al., (2021) host markets within Sub-Saharan Africa can make use of attractive privatization, economic and trade liberalization programmes to enhance its trading capacity and improve its investor friendliness. This supports the aim of transforming the trading atmosphere of Sub-Saharan Africa. The World Bank indicated that a full participation in the international market by African countries is a move in the right direction towards the continent's growth and advancement. The Sub-Saharan African Region is regarded as a main player in the global trade environment with an expectation to use this form of development to alleviate poverty and improve the standard of living of its citizens. The new economic frontiers, the rise of trade agreements among regions and strategic trade with other continents remains a key consideration for the success of trade in Sub-Saharan Africa (Farhat, 2022).

For a better understanding of the trading activities within the Sub-Saharan African region, the Trade Openness indicator sourced from the UNCTADSTAT was used to understand the trends. This indicator provide a clear understanding of how countries, economic blocs and regional units are engaged in the universal and global trading system (Paul and Dhir, 2021). The figure below (Figure 8) illustrates the Sub-Saharan Africa Trade Openness in Goods and Services Exports.

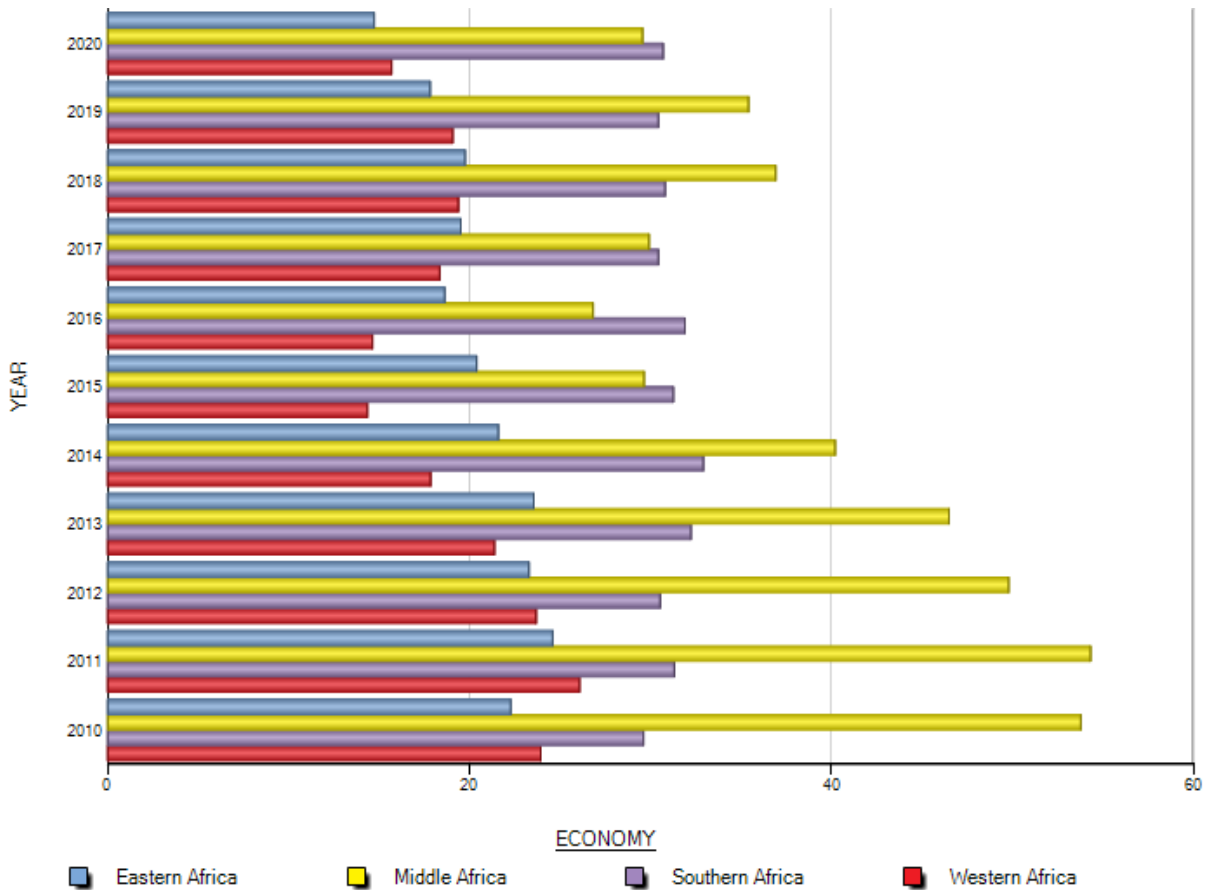


Figure 8. Sub-Saharan Africa Trade Openness in Goods and Services Exports

The data indicates that in terms of exports in the sphere of trade openness, the Central (Middle) Africa sub-region of Sub-Saharan Africa saw massive development from 2010 to 2014 topping all sub-regions. Their indicators declined after 2014 but relatively topped again in 2018 and 2019. The Southern African sub-region have over the years seen a stable development in terms of openness in trade exports with Western Africa also showing stability in the region.

In terms of import trade openness, it took a different turn in dynamics with each individual sub-region having its role to play as evidenced in the figure (Figure 9) below:

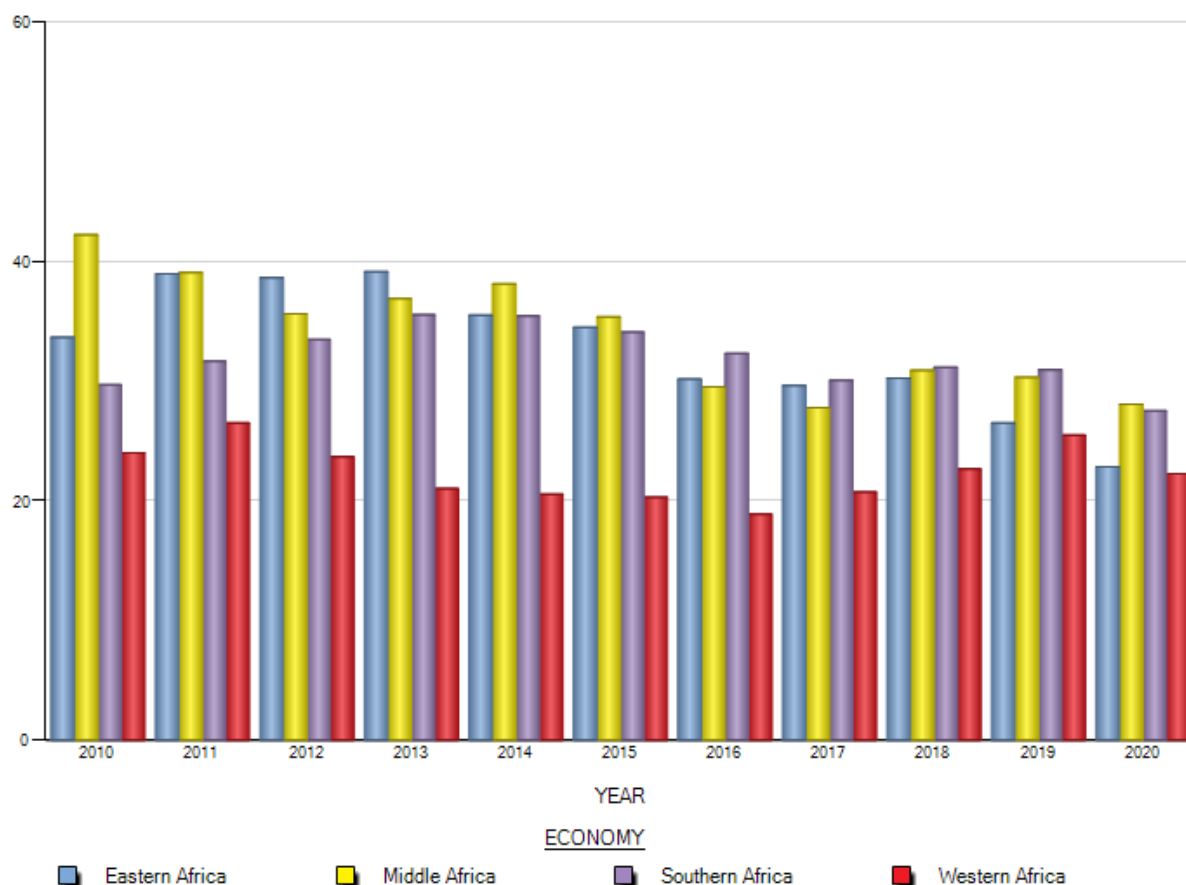


Figure 9. Sub-Saharan Africa Trade Openness in Goods and Services Imports

In terms of imports trade openness into the global trade system, Western Africa continues to have the least level across 2010 to 2020 with Southern Africa showing massive developments between 2013 towards 2020. In 2016, Southern Africa region of the Sub-Sahara Africa recorded the highest in trade openness with an indicator value of 32.31 being on top of Eastern Africa with 30.16, Middle Africa with 29.52 and the least opened to international trading activities being Western Africa with value 18.87. The distribution of this year under critical assessment is shown the sunburst chart below (Figure 10) to illustrate hierarchy:

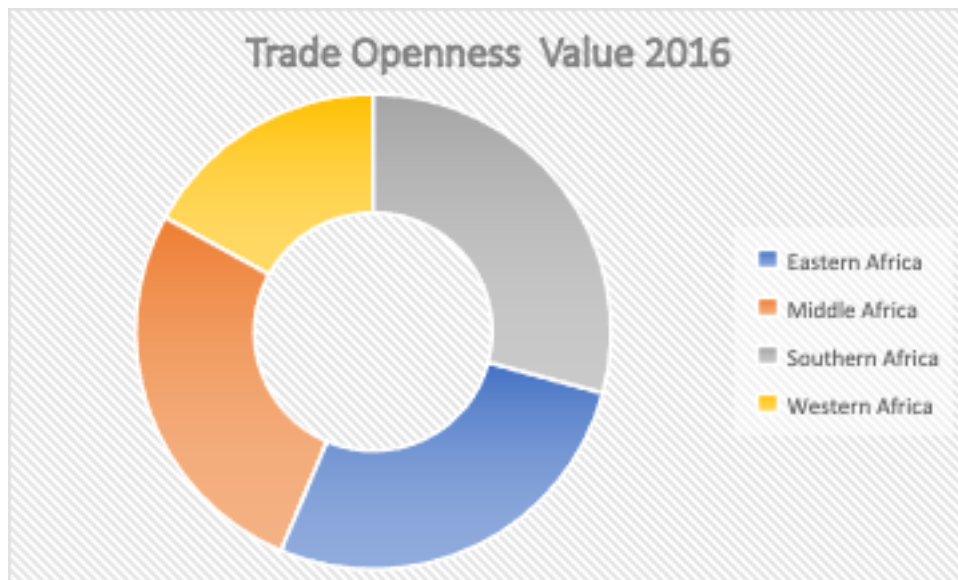


Figure 10. Trade Openness for the Year 2016 Sub-Saharan Africa – Imports

Trade within the Sub-Saharan Africa Region spearheaded by activities of MNEs and other organizations have continued to be relevant in development of the region. According to the World Bank under its reports titled “*Africa in the New Trade Environment*” it explained how MNEs and other firms progressively takes advantage of the availability of market access although the past three years at least have been regarded as troubled times. According to Coulibaly et al., (2022) trade links between Sub-Saharan Africa and Asia has seen renewed heights with top products engaged in this trade being minerals, fuels and mining totaling a value of \$16.1 billion in 2005 to about \$54.5 billion in 2015. Additionally, exports from the region to Asia evidently came from top 5 African countries being Ethiopia, Ghana, Kenya, Nigeria and Tanzania which fall within the division of Sub-Saharan Africa.

3.2.3 Corruption Perception Attributed to Sub-Saharan Africa

Corruption remains one phenomena that always comes into consideration under any discussion encircling the development and sustainability of the Sub-Saharan African Region. While this may have been regarded as an issue to shy off MNEs activities, trade and the inflow of foreign direct investments, the region have enjoyed a number massive attention when it comes to the receipt of investment. Although corruption remains a problem for both large and small firms in the Sub-Saharan region, it has been regarded a “two-edged sword” having negative effects on business strategy and surprisingly benefits to business operation. Corruption then can serve as being both a “grabbing hand” and a “helping hand” when it comes to the activities of MNEs, various foreign firms and even domestic firms (Okafor et al., 2021; Gossel, 2018). As an objective of this study, the corruption perception of Sub-Saharan Africa is examined. The results is as a

result of the data collected from Transparency International which assesses corruption with Corruption Perception Index (CPI) having a guide of “100” being a clean nation (no corruption) and “0” as highly corrupt showed in Table 3 CPI Central Africa Region, Table 4 CPI Eastern Africa Region, Table 5 CPI Southern Africa Region and Table 6 CPI Central Africa Region.

Central Africa Sub-Region	Corruption Perception Index									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Angola	22	23	19	15	18	19	19	26	27	29
Burundi	19	21	20	21	20	22	17	19	19	19
Central African Republic	26	25	24	24	20	23	26	25	21	24
Chad	19	19	22	22	20	20	19	20	21	20
Congo	26	22	23	23	20	21	19	19	19	21
Democratic Republic of Congo	21	22	22	22	21	21	20	18	18	19
Republic of Rwanda	53	53	49	54	54	55	56	53	54	53

Table 3. CPI Central Africa Region (Compiled by Author)

Eastern Africa Sub-Region	Corruption Perception Index									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Comoros	28	20	26	26	24	27	27	25	21	20
Eritrea	20	20	18	18	18	20	24	23	21	22
Ethiopia	33	33	33	33	34	35	34	37	38	39
Kenya	27	27	25	25	26	28	27	28	31	30
Madagascar	28	28	28	28	26	24	25	24	25	26
Mauritius	52	52	54	53	54	50	51	52	53	54
Seychelles	54	54	55	55	55	60	66	66	66	70
Somalia	8	8	8	8	10	9	10	9	12	13
South Sudan	14	14	15	15	11	12	13	12	12	11
Sudan	11	11	11	12	14	16	16	16	16	20
Tanzania	33	33	31	30	32	36	36	37	38	39
Uganda	26	26	26	25	25	26	26	28	27	27

Table 4. CPI Eastern Africa Region (Compiled by Author)

Southern Africa Sub-Region	Corruption Perception Index									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Botswana	65	64	63	63	60	61	61	61	60	55
Eswatini (Formerly Known as Swaziland)	37	39	43	39	39	39	38	34	33	32
Lesotho	45	49	49	44	39	42	41	40	41	38
Malawi	37	37	33	31	31	31	32	31	30	35
Mozambique	31	30	31	31	27	25	23	26	25	26
Namibia	48	48	49	53	52	51	53	52	51	49
South Africa	43	42	44	44	45	43	43	44	44	44
Zambia	37	38	38	38	38	37	35	34	33	33
Zimbabwe	20	21	21	21	22	22	22	24	24	23

Table 5. CPI Southern Africa Region (Compiled by Author)

Western Africa Sub-Region	Corruption Perception Index									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Benin	36	36	39	37	36	39	40	41	41	42
Burkina Faso	38	38	38	38	42	42	41	40	40	42
Cabo Verde	60	58	57	55	59	55	57	58	58	58
Cameroon	26	25	27	27	26	25	25	25	25	27
Cote d'Ivoire	29	27	32	32	34	36	35	35	36	36
Equatorial Guinea	20	19	19	19	19	17	16	16	16	17
Gabon	35	34	37	34	35	32	31	31	30	31
The Gambia	34	28	29	28	26	30	37	37	37	37
Ghana	45	46	48	47	43	40	41	41	43	43
Guinea	24	24	25	25	27	27				
Guinea-Bissau	25	19	19	17	16	17	16	18	19	25
Liberia	41	38	37	37	37	31	32	28	28	29
Mali	34	28	32	35	32	31	32	29	30	29
Mauritania	31	30	30	31	37	28	27	28	29	28
Niger	33	34	35	34	35	33	34	32	32	31
Nigeria	27	25	27	26	28	27	27	26	25	24
Sao Tome and Principe	42	42	42	42	46	46	46	46	47	45
Senegal	36	41	43	44	45	45	45	45	45	43
Sierra Leone	31	30	31	29	30	30	30	33	33	34
Togo	30	29	29	32	32	32	30	29	29	30

Table 6. CPI Central Africa Region (Compiled by Author)

Since countries do not have any weight but only a rank as provided by Transparency International, the choice was to either use a simple average to compute the level of CPI for each region under every year and the compared against Trade and FDI inflows or make use of upper limits (highest scores) and lower limits (lowest scores) as references for each year in every sub-region of Sub-Saharan Africa. The upper limits of each within the countries was used to represent the level of corruption perception index (CPI) for comparison with the level of foreign direct investment (FDI) and the level of trade. In order to achieve a balance in this comparison, measure for foreign direct investment (FDI) inflows which was sourced from UNCTADSTAT was changed from US Dollars at current process in millions to US Dollars at current process per capita. This changes had no impact on the nature of FDI inflows measured from the region. The results of a combined trend analysis can be seen in the figure (Figure 11) below:

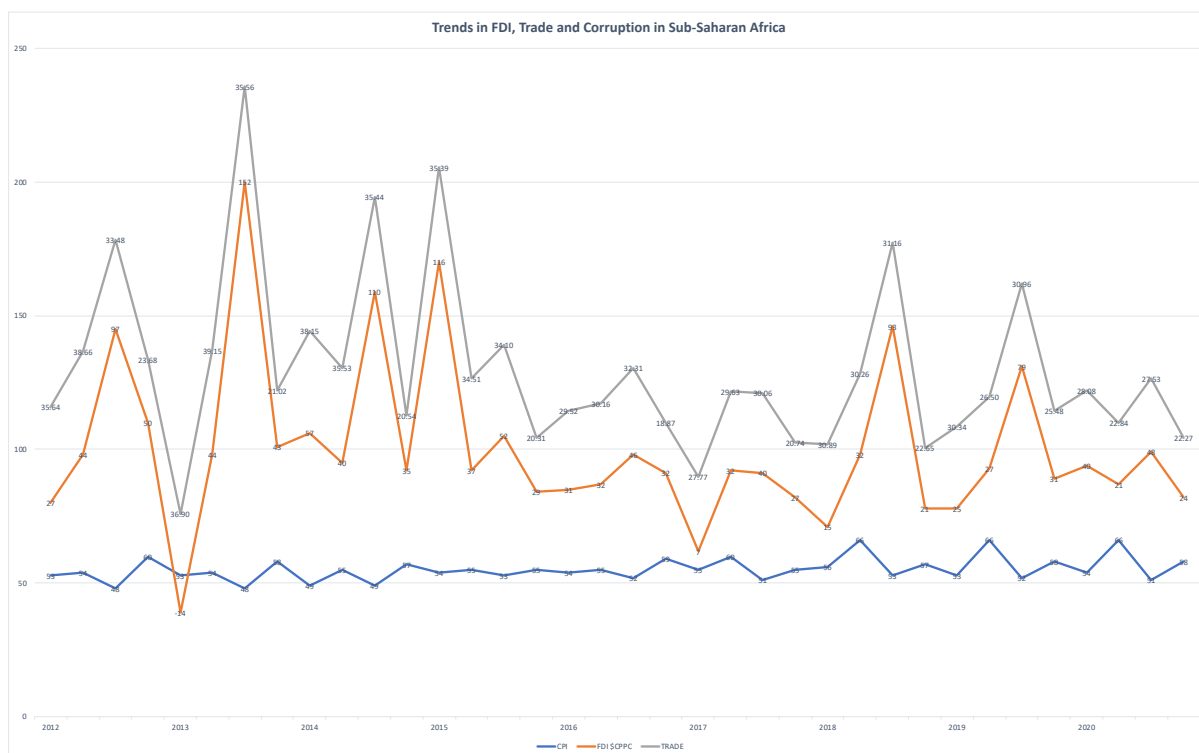


Figure 11. Pooled Trends in FDI, Trade and Corruption (Author's Construct)

The joint trend analysis of FDI, trade and corruption in Sub-Saharan Africa seeks to explain two main relationship first being the almost perfect positive relationship between FDI and trade although trade volumes are higher than FDI. Additionally, the period before 2017 did not establish the needed attribution of “clean nation” in Sub-Saharan Africa invites more trade and FDI whereas after 2017, the trend being established can be designated as linking a higher corruption perception index thus “a clean nation” to higher levels of FDI and trade. This dynamics seeks to confirms the inclusive nature of studies on the relationship between FDI, trade and corruption whereas

corruption being regarded as both a “helping hand” and a “grabbing hand” (Donaubauer et al., 2022; Adomako et al 2021; Gossel, 2018).

3.3 Utilization of FDI and Trade In Mitigating Corruption in Sub-Saharan Africa

Several reports have shown that corruption is omnipresent within Sub-Saharan Africa with most MNEs adjusting their institutional logics and strategy to stay competitive and also achieve significant corporate objectives (Ufere et al., 2020). Foreign investing firms usually perform their environmental scanning which takes into consideration several market indicators and advantages similar to those expressed by Dunning (2000) based on the eclectic paradigm. After the assessment of the trends within Sub-Saharan Africa’s level of foreign direct investment (FDI), trade and corruption, this section seeks to address the second research question by exploring provisions through which FDI and trade can be used as a tool to mitigate corruption by MNEs. Several lines of evidence suggest that FDI and trade on their own does not mitigate corruption thus by the ability to function as such, needs to be accompanied by a well-designed and structural organizational strategy (Hanoisek et al., 2021; Sartor and Beamish, 2020; Sartor and Beamish, 2018). The decision to arrive at an effective utilization of FDI and trade within MNEs to control corruption will be based on a review of the current mechanism and integration-oriented strategies and then linked to the current level and perception of corruption in the region for enhanced recommendation.

According to Sartor and Beamish (2018) corruption can be categorized into petty and grand and this evaluation helps in understanding the overall host market government corruption. In this study, foreign direct investment towards areas with a high level of corruption thus grand corruption usually characterized by uncertainties that increases information cost can be tackled through the use of the Learning-based mechanism. In terms of petty corruption characterized the possibility of an increase in monitoring and safeguarding costs is usually linked with the Trust-based mechanism infused within the strategic position of MNEs while using foreign direct investments or trade. These strategies proposed were purely linked to investments that seeks equity as far as entry strategies are concerned putting multinational enterprises on the lookout for joint venture opportunities or wholly-owned subsidiaries. In sum, the accompanying strategy here with FDI and trade seeks to acquire some level of influence through equity acquisition thus influencing the ownership structure of this host institution.

In Sartor and Beamish (2020) it was hypothesized that in order to deal with both behavioural and environmental uncertainties that is associated with a host market as a result of corruption, two mechanisms are employed being:

- The regulation of the behaviour of agents in MNEs subsidiaries
- The facilitation of knowledge transfer

These two mechanisms are well crafted to bring about desirable results that can contribute to survival within a corrupt host market else there is a high possibility of MNEs heading for their exit strategy. The ability to have internal policies that guide the behaviours of agents that includes employees in a host market can dictate the tendency of engaging in corrupt practices. This is also seen when home institutions are able to transfer their knowledge especially on compliance with regulatory requirements and corruption can help mitigate corruption in their host market in this case in Sub-Saharan Africa.

When expanding the strategy-backed approaches and mechanisms in controlling corruption in host market through FDI and trade, Donaubaauer et al., (2022) noted that the level of corruption in the investing MNEs' market (home market) can play a role in mitigating corruption. In the case of high corruption or related practices being it petty or grand, there is a high likelihood that corruption cannot be mitigated through trade and FDI by MNEs. Otherwise, corruption can be controlled when home market does have zero tolerance for corruption or mechanisms to eliminate environmental and behavioral uncertainties thus seeing out knowledge transfer. According to Donaubaauer et al., (2022) norm transmission remains a key part in the strategies supporting the inflow of FDI and trade to host market which ultimately has the objective of mitigating corruption.

The level of corruption as seen from the trend analysis does have top achievers and those that consistently perform poorly provided by a snapshot in Appendix 2. The level of corruption within Sub-Saharan Africa is omnipresent although some countries have shown development through their increased level of engagement with the global trading and investment community. This being said, Sub-Sahara Africa is composed of both petty and grand corruption with several MNEs paying much attention to externalities and organizational isomorphism (Hanousek et al., 2021; Ufere et al., 2020; Cordero and Miller, 2019; Maggioni et al., 2019; Rabbiosi and Santangelo, 2019; Newenham-Kahindi and Stevens, 2018). To effectively mitigate corruption within Sub-Saharan Africa through FDI and trade, MNEs are expected to properly implement integration-oriented strategies that transfers knowledge, norms of the home institution provided that they have strict policies against corruption and systematically putting in place a guide that

regulates the behaviours of its agents in the Sub-Saharan African Region that can eliminate any form of organizational changes towards conforming to mimetic and coercive isomorphism. These two isomorphic units according to Ufere et al., (2020) places pressure on MNEs and other institutions within a home market when seeking legitimacy and this is different from competitive isomorphic effect. Economic activity channels does not necessarily lead to a change in the level of corruption as mention by Donaubaauer et al., (2022) however the norm transmission channel will support the aim of mitigating corruption in Sub-Saharan Africa. Specifically, MNEs in Sub-Saharan Africa can accompany their FDI with expatriate staffing strategy that will facilitate the norm transmission process as employees from home institution will be present in the host market.

Concluding now, MNEs will have to effectively deploy measures that comes attached to their FDI and trade agreements and deals restricting and regulating the behaviors of its agents or perhaps channel their investments to only home markets that are doing their best to “stay clean” in terms of corruption and uncertainties serving as a model for other host markets.

3.4 MNEs FDI and Trade linked strategies used as a tool to control corruption

The study further selected a country for specific and focused identification of MNEs use of FDI and trade-linked strategies. The Republic of Ghana was selected as a country based on convenient selection or sampling to provide an extended understanding of the phenomena being investigated. The purpose of this additional analysis was to provide insights through primary data collected through a semi-structured interview from representatives from the four focal units of the Republic of Ghana’s multinational enterprise environment: Ghana Investment Promotion Center, the Ghana Employers Association and the Trades Unions Congress of Ghana. The questioned were designed to address issues surrounding how MNEs control corruption in the country and the immediate impact of these strategies on operations of MNEs.

As part of understanding the current nature the representative were asked if MNEs in Ghana and in the Sub-Saharan Africa are opened to global engagement or local responsiveness as a way of handling host market uncertainties. All the respondents agreed to the fact that MNEs are actively engaged in the global commerce environment whereas pay attention to their local host market in order to properly react to uncertainties and events that requires immediate action. In the information gathered, a respondent added this:

“Yes, remaining informed about our immediate environment and the global community as far as operations of MNEs are concerned is necessary. This gives the MNEs themselves and bodies responsible for the sector the ability to react in a much desired way in times of uncertainties”

While extending the information on how MNEs use FDI and trade to control corruption, respondents were also asked to express their opinions on this matter. It was realized that, the existence of a strong internal control mechanism in MNEs was central in all the responses and in this case regulating the activities of all agents of the MNE. The use of such regulation control has been supported by the study of Sartor and Beamish (2018) and Sartor and Beamish (2020). The factor of norm transmission which also serves as a channel or portal for knowledge transfer provides a consideration that can be made to accompany MNEs FDI and trade to Ghana and even Sub-Saharan Africa (Donaubauer et al., 2022) This was evidenced in the responses below:

Respondent I:

“FDI and Trade ensures MNEs are able to fully use integration-responsive strategies that weaken the relationship between host nation corruption and the desire for subsidiaries to leave showing that FDI and trade will continue to expand, flow and be consistent in the region”

Respondent II:

“MNEs ensure they establish good ties with between their foreign suppliers and local suppliers in order to handle corrupt and behavioral uncertainties”

Respondent III

“FDI and Trade places some form of pressure on local or host institutional structures made possible by MNEs which is as a result of tighter behavioral control mainly from the home institution. Foreign subsidiaries in this case MNEs in the SSA are subjected to several expectations and norms as a result of the inflow of FDI and trade activities in the region usually achieved through knowledge transfer which is relevant in diminishing any form of behavioral and environment uncertainty birthed by corruption”

Furthermore, the study confirmed that though the implementation of these strategies in the bid to reduce corruption, MNEs are able benefit both in the short and long term. When asked about the immediate impact of these strategies on MNEs in Ghana, a summary of the responses indicates that MNEs are put in a situation ready to handle any form of behavioural and environmental uncertainties with one particular respondent even indicating the ability to continue normal operations with increased trade and FDI despite changes in governments or political term. These finding are thence supported by the provisions made in Cordero and Miller (2019) where bureaucratic process could affect location choices but then with being locally responsive and implementing an integrated oriented strategy, location choices will not be affected while eliminating the need to exit the host market.

Policy Implications

Institutions consider environmental uncertainty as one of the main factors that can affect their survival and expansion within a host market. The level of corruption and uncertainty plays a critical role in making FDI and trade decisions while entry a market and also post-entry strategy (Hanousek et al., 2021). The level of FDI and trade coming into the Sub-Saharan African region over the years have depended on several factors making MNEs assess various options well before making their final decision. Corruption has been an indicator for stability in host market and in this case influencing the level of MNEs injection of FDI and trading activities.

The study supports policy making for both governmental organization and MNEs where governments are expected to understand the effectiveness of anti-corruption mechanism as they can drive more foreign investing firms into their market. Additionally, MNEs rely on strategies that can transmit their norms for managing agents' behavior and corruption levels in their host market. Multinational enterprises may also rely on these findings to design their interaction guide with government officials with the aim of preventing any undesired changes caused by coercive isomorphic instances.

Theoretical Contribution

The focus of already existing theories and scholarly works have focused on how MNEs plan their exist strategies or ownership structures within environments seen to be corrupt (Sartor and Beamish, 2020). Host government corruption plays a critical role in depicting the nature of strategic decisions of MNEs for both survival and conformity (Newenham-Kahindi and Stevens, 2018). The study seeks to make a theoretical contribution in the light of fully synthesizing mechanisms and integration-oriented strategies in controlling corruption rather leading the way

for exit. These strategies were systemically applied to an environment faced with uncertainties with the aim of addressing both petty and grand corruption.

Additionally, the study expands on the relevance of institutional logics as propagated by Newenham-Kahindi and Stevens (2018) stressing on how firms' values, beliefs and rules can aid in MNEs strategic impact on maintaining stability within various environments and host markets.

Specifically, the findings of the study sought to expand the literature base in IB by showing how MNEs through FDI and trade can implement a framework that can control corruption. The study contributes theoretically by exploring integration-oriented strategies that MNEs employ in a bid to control environmental and behavioral uncertainties. Furthermore, the study provides managers and international business experts information on how to stay formidable within an uncertain environment (corrupt) without necessarily aiming for their exit strategy from the host market backed by theoretical underpinnings.

CONCLUSION

The study was aimed at examining how foreign direct investment (FDI) and trade can be used by multinational enterprises (MNEs) to mitigate corruption in Sub-Saharan Africa. The objectives of the study were crafted to address the research gap identified from conducting a proper empirical study on the subject being researched. First, the study was aimed at examining the trends in MNEs' level of FDI, trade and the level of corruption in Sub-Saharan Africa. Additionally, it evaluated how MNEs can use FDI and trade to mitigate corruption within Sub-Saharan Africa. The study also by using a specific country within Sub-Saharan Africa, augmented the study findings with primary data by identifying the FDI and trade-linked strategies being used as a tool in the Republic of Ghana to control corruption. The international business literature have contributed to understanding the relationship between the relationship between corruption and MNEs location preferences and how they structure their trade and investments options. This has also shed lights the exit strategy of MNEs in the case of unbearable environmental and behavioural uncertainties that calls for an initializing of an MNEs exit strategy (Cooke et al., 2022; Hanousek et al., 2021; Cordero and Miller, 2019; Maggioni et al., 2019; Rabbiosi and Santangelo, 2019). The level of corruption within Sub-Saharan Africa have seen several winners and losers with nations putting in a lot to present themselves as a preferred location for investments and other benefits gained from the global trading system. The research gap identified indicating the relevance and contribution of this study was to address a knowledge and methodological gap in previous research and the IB literature. The study basically and specifically addressed a call for further research raised in the study by Rabbiosi and Santangelo (2019) noting the need for addressing any form of institutional weakness that could affect MNEs strategies. In the same way, the study filled the gap motivated by the study of Hanoisek et al., (2021) which expressed the need to go beyond how host market environment can affect post-entry strategy of MNEs towards a study that evaluates MNEs investment usage in controlling uncertainties and corruption in host market.

The made use of the interpretivism paradigm which supports the use inquiry approach and inductive style of interpreting information to meet the set research objectives. Using primarily secondary sources and primary data to extend the finding of the study, all the research questions were addressed. In relation to the trends in FDI, trade and corruption in Sub-Saharan Africa, the study identified trade and FDI to the region adhered to a relatively negative relationship with corruption perception after 2017. Hence, the more the Sub-Saharan African Region is regarded as "clean" the more MNEs engage in trade and enhance the levels of FDI. Overall, the Sub-Saharan African Region have benefited from the inflow of FDI and trade despite an unsystematic dynamics

in corruption levels. Moving onto the utilization of FDI and trade by MNEs in controlling corruption, the study found out that since the region experiences both petty and grand corruption, MNEs can achieve this objective through a well-designed integrated-oriented strategy. Hence MNEs should use norms transmission where host institutions are regulated in terms of the expectations of their home institutions in addition to the regulation of agents' behavior. Another important finding was that the MNEs in the Republic of Ghana maintained a good relationship with both foreign and local suppliers as a way to handle corrupt and behavioural uncertainties. It was also stated that an integration between a home country with zero tolerance for corruption weakens the relationship between host market and its subsidiaries as far as corruption is concerned thus MNEs in host market through using an integrative-responsive strategy that enhance both local responsiveness and home institution norm transmission.

Limitations

In acknowledging the limitations of this study as a practice in almost all research works, the primary data collected was country specific which although extended the findings of this study could lack its ability to generalize unto other countries in the Sub-Saharan Region. The collection of the primary data was expected to be from a larger population but due to the current geopolitical and COVID-19 restrictions, the researcher was not able to travel and engage with additional potential respondents. In all, this did not affect the ability to meet the objectives or aims set for this study.

Future Research

The opportunities for further research can be found in a continuation of a qualitative study within the Sub-Saharan Region however collecting primary data from participants within country's MNE environment. An initial focus can be made on the sub-regions within Sub-Saharan Africa. Additionally, a study can be conducted to evaluate home market government and MNEs integration strategies and how they mitigate corruption with the aim of improving the level of FDI and trade into Sub-Saharan Africa. This study can then add additional elements being home government effort to support MNEs decision to mitigate corruption as evidenced in this research.

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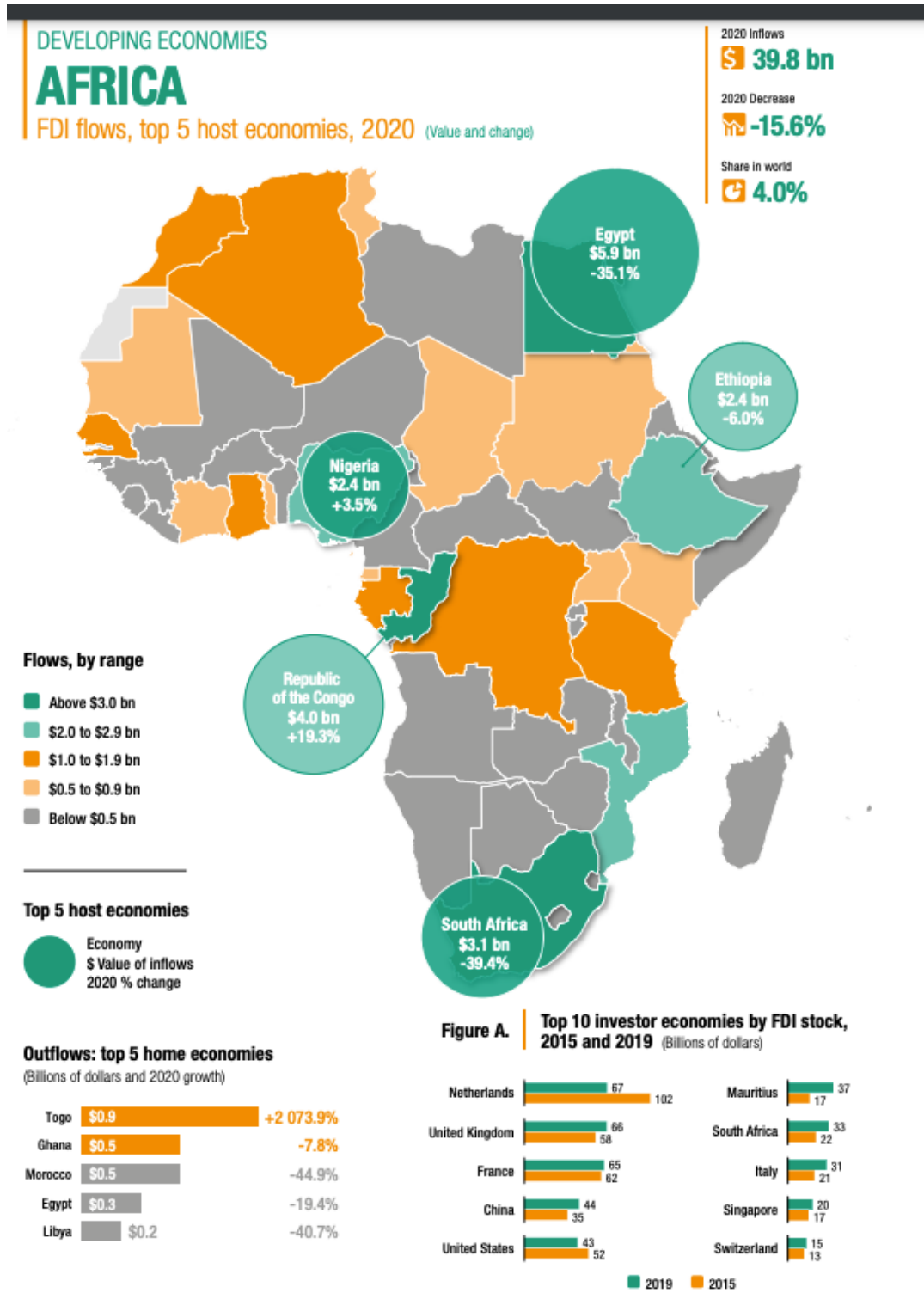
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APPENDICES

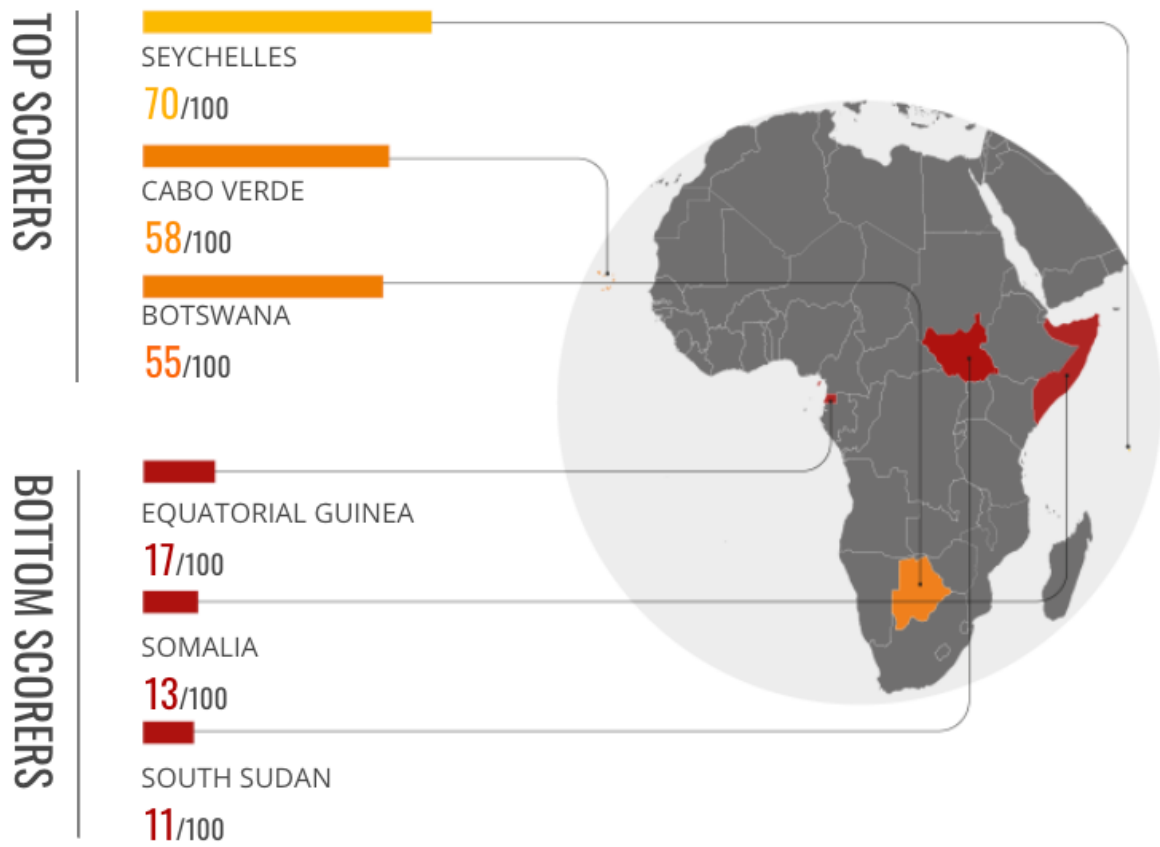
Appendix 1 FDI Inflows of Top 5 Economies in Africa



Source: UNCTAD.

Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Final boundary between the Sudan and South Sudan has not yet been determined. Final status of the Abyei area is not yet determined.

Appendix 2 Corruption Perception Index Sub-Saharan Africa Regional Review



Interview Guide

Introduction and Confidentiality Note

This interview is conducted to provide supporting evidence for my final year Master's thesis on the topic "*Foreign Direct Investment (FDI) and Trade As A Tool by MNEs To Mitigate Corruption in Sub-Saharan Africa (SSA)*". My name is Benjamin Tetteh, a final year student of Saint Petersburg State University, Graduate School of Management, Saint Petersburg, Russia.

I will be glad if you can take time of your busy schedule to respond to these questions specially linked to the Ghanaian MNE environment. I should emphasize that all information gathered here will be kept confidential and subject to the most appropriate add accepted ethical practices on data gathering, storage and usage. All information gathered will be used for solely educational purposes with all respondents anonymized.

To begin, I will like to say a big thank you for agreeing to be part of this process which will last for a maximum of 30 minutes. Clarifications will be given to any part of the interview process to ensure that you understand the questions being asked and what is required.

Questions for Representatives of the Four Focal Structures of Ghana's MNE Environment

- i. Does MNEs in Ghana and in the Sub-Saharan Region engage in either greater global integration or increased local responsiveness in handling uncertainties in the market (Corruption)?
- ii. How does MNEs use FDI and trade to control corruption within the Republic of Ghana?
- iii. What is the immediate impact of these strategies on the nature of MNEs in the Republic of Ghana?

Thank you for your participation