

Examining Motivational Strategies of Foreign Manufacturing Firms in Ghana

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Abstract : The objective of this study is to examine the influence of eclectic paradigm on motivational strategy of foreign subsidiaries in Ghana. This study uses binary regression model, and the analysis was based on 75 manufacturing investments made by MNEs from different countries in 1994-2008. The results indicated that perceived market size increases the probability of foreign firms undertaking a market seeking (MS) in Ghana, while perceived cultural distance between Ghana and foreign firm's home countries decreased the probability of foreign firms undertaking an market seeking (MS) foreign direct investment (FDI) in Ghana. Furthermore, extensive international experience decreases the probability of foreign firms undertaking a market seeking (MS) foreign direct investment (FDI) in Ghana. Most of the studies done by earlier researchers were based on the advanced and emerging countries and offered support for the theory, which was used in generalizing the result that multinational corporations (MNCs) normally used the theory regarding investment strategy outside their home country. In using the same theory in the context of Ghana, the result does not offer strong support for the theory. This means that MNCs that come to Sub-Sahara Africa cannot rely much on eclectic paradigm for their motivational strategies because prevailing economic conditions in Ghana are different from that of the advanced and emerging economies where the institutional structures work.

Keywords : foreign subsidiary, motives, Ghana, foreign direct investment

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