ABSTRACT

Internationalization is one of the key concepts of today's food retail trade in recent years especially as most global food chains seek to enter developing markets due to saturation in home markets. When going abroad (developing countries), food retailers usually try to implement their modern food retail culture to the developing countries. In this context, this project looks at the challenges faced by African food suppliers as they try to integrate into the modern food supply chain. It also looks at strategies African food suppliers can implement in order to curb these challenges. Furthermore, the place of international business theories in the development of modern food retail trade in developing countries have also been investigated where by the authors argue that business internationalization theories, to a greater extent help to understand the development of modern food retail trade in developing country. Thus this project also finds out that food retail chains choose foreign countries to internationalize based on some location advantages. Hence by using Dunning's OLI Paradigm, Cameroon in Central Africa has been used as a case study to demonstrate why modern food retailers choose one country over the other for their foreign direct investments.

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PART I

1.0 BACKGROUND

The rapid rise of intercontinental food retailers into developing economies has sparked a conspicuous interest in the mind of researchers to carry out investigation in food retail modernization sector more than hitherto (Arieh et al., 2002). The changes that have been associated with food retail system in developing countries demonstrate the nature of substituting small scale and mostly family owned food retail stores with more sophisticated, organized and varied brands known as supermarkets (Arieh et al., 2002). This process of replacing traditional retail chains with supermarkets is however a global trend. Nevertheless, most of the discussion has been diverted to addressing cases in the less developing countries LDCs (Arieh & Hayiel 2005). The concept of food retail modernization in itself is not a novel topic, as it has loomed the minds of researchers in for more than four decades (Goldman, 1981; Kaynak & Cavusgil, 1982; Slater & Henley, 1969, Findlay et al., 1990; Kaynak, 1985; Samiee, 1993). The rapid acceleration of food modernization process has therefore without clouds of doubts become trendy as there is a continuous and ongoing process of replacing traditional retail chains in developing countries with more advance supermarkets traditions (Arieh et al., 2002, Arieh & Hayiel 2005).

According to Arieh and Hayiel (2005) most of the earlier studies done in this area have focused on the demerits of traditional retail systems and limitation of supermarkets standards acceptance. Therefore the role of LDCs food suppliers in the modern food retail trade has been sympathetically left out. The challenges they face and how they try to deal with the challenges have also been sight lighted in previous research. Hence, this project identifies these two problems as a knowledge gap and tries to fill it by investigating the extent to which internationalization theories can help to understand the development of modern food retail trade in developing. By so doing, it therefore looks at the challenges African food suppliers face and how they try to curb these challenges. Examples of these modern retail trades that are active in LDCs include Carrefour and Casino from France and Wal Mart from America. These giant brands are already present in other emerging economies like China, Thailand, South America, Eastern Europe, and Middle East (Arieh et al., 2002).

In this project the authors also review the effects of food retail modernization, because the internationalization of food retail trade in developing countries is being accompanied by the modernization of the food retail sector. This however has to do with the challenges that the African food suppliers have to deal with as concerns the implementation of food safety and food quality standards.

In order to address mentioned issues, the project takes a general view of internationalization of food retail sector in general and focuses on Cameroon in particular which is the case in hand. Thus the general discussion and more especially the literature review will be based on LDCs in general but most analysis and illustrations will capture Cameroon.

However, the main objectives of this research have been developed in the form of the following research questions:

1.1 Research Question

- To what extent do the theories of internationalization explain current developments in domestic food retail trade in developing countries?
- What challenges do these developments pose for African food suppliers integration into the food retail chain?
- What strategies can African food suppliers adopt to address the challenges?

This chapter nevertheless, is tailored to give an overview of what the project seeks to achieve. The next chapter is the methodology and the rest of the project is arranged to answer the research questions which therefore has the following structure:

1.2 Research Structure

Part 1

Intruduction	Introduces the bacground of the research and present the research questions and streucture

Part 2

Methodology	Present the methods employed to conduct the research, thus presents information about data colloection techniques, types of data collected and researach design .

Part 3

Research Quetions 1	Presents literature to answer the research question. Hence the discussion of International Business Theories and how they can help understand the development of food retail trade in Developing countries.

Part 4

Reserach Question 2	Discusses the challeneges faced by African Food suppliers as they try to integrate into the modern food retail trade

Part 5

Research Question 3	Presents the challenges being adopted by African food suppliers to curb food retail internationalization chanllenges

Part 6

Conclusion	Gives a general conclusion of the research finding, limitation, reflection and recommendation.

PART II

2.0 METHODOLOGY

This section of the research presents the basis on which this research is conducted. Therefore, the following literature describes the methodological process used in this project.

2.1 Data Collection

Two types of data were used: primary and secondary. Primary data were collected through qualitative interviews with some modern food retailers in Cameroon. Initially the authors contacted five modern food retailers in Cameroon through email to book an appointment for interview. The five contacted were:

- *Casino Supermarché*
- *Mahima Supermarché*
- *Dow Distribution*
- *Eco Prix*
- *Metropolis*

However only three responded to the email (manager of *Dow Distribution*, manager of *Mahima Supermarché* and the *Proprietor of Eco Prix*). Unfortunately all the three respondents were sceptical over the phone because they were not sure whom they were talking to though the authors tried to be open as possible. Due to their doubtful nature, they really had very little to tell, however almost all of the expressed a common problem the issue of inconsistency in supply from food suppliers. The initial plan was to contact as many modern food retailers as possible, which didn't work because emails were sent, but no reply came back, more so efforts to make contacts on phone were futile.

Secondary data were collected from journals published by the "Food and Agricultural Organization (FAO), World Bank, United, Nation, educational, scientific and Cultural organization (UNESCO), Organization for Economic Cooperation and Development (OECD) and United Nation (UN), search engine (Google and primo), Websites of the Cameroon Chamber of Commerce, Ministry of commerce trade and industry, US consulate in Cameroon, Euromoitor publication and books. Furthermore, close to one hundred published articles were reviewed. This form of data collection was imperative giving the fact that this research area is relative novel and thus the difficulties to collect first hand data left the authors no choice than to rely on already existing data. Secondary data have its merits; its existence saves time and money and equally allow the researchers access to data that otherwise could not be accessible. These are the reasons why secondary data were considered vital for this research. However the authors acknowledge the disadvantages of this form of data such as it may be obsolete and the data may not actually fit the research question. These disadvantages were mitigated in two ways:

1. *By reviewing recently published articles and using data recently collected by organizations such as Food and Agricultural Organization (FAO), United Nation (UN) and US Department of Agriculture (USDA).*
2. *By allowing the research questions to guide the research and not the other way round.*

2.2 Research Method

The most commonly used method of collecting data is the qualitative and quantitative method. According to McDaniel & Gates (1995), the qualitative method of doing research cannot be quantified though it enhances the researcher's knowledge than the quantitative. Quantitative method on the other hand, uses mathematical analysis for research. An individuals' further qualitative research enhances his quantitative research. For the purpose of this research, a qualitative research method is adopted. According to Arbnor & Bjerke (2009), tools, techniques and methods can be used to carry out a qualitative research. The tools used were Internet, phone, computer, notebook paper and pen. More so the techniques employed captured activities such as dialogue on this topic with other colleagues, contacting retailers and talking to some friends in Cameroon about their shopping habits in modern food retail shops.

2.3 Justification of Research Method

According to Kuada (2012, p. 59), *"methodology describes the reasons underlining the choice and use of specific methods in the research process"*. This project adopts a subjective view of reality being a social construction. That is, reality depends on the understanding and beliefs of a particular group of people and how they interpret the social world. In the philosophy of science literature, many different frameworks and types of paradigms have been presented, but for the essence of this project, the authors have decided to limit themselves to the research methodological approach of Arbnor and Bjerke (2009). Their frameworks have six paradigms and three research approaches, which the researchers have used to create knowledge. The paradigms are:

Table 1: Paradigms of Arbnor and Bjerke

1.	Reality is a concrete phenomenon that conforms to law and is independent of the observer
2.	Reality is a concrete determining process
3.	Reality is mutually dependent fields of information
4.	Reality as a world of symbolic discourse
5.	Reality as a social construction
6.	Reality as a manifestation of human internationalities.

Source: Adopted from Kuada (2012)

In order to choose the research approach, the researchers have presented a brief description of Abnor and Bjerke's (2009) methodological approach: Analytical, System and Actors.

2.3.1 Analytical Approach

Pursuant to this approach, reality is strictly objective and independent of the observers' view. Here the researcher adopts a neutral position while the nature of knowledge and the various ways of conducting investigation does not depend on the researcher's experience but it is based on facts (Kuada, 2011, p.51). This approach looks at reality to be the sum of the individual subset. Thus each subset can be analysed individually in order to better understand the whole or understand reality (Arbnor & Bjerke, 1997, p. 50). The aim of the analytical approach is to explain the objective reality in order to define facts. This approach is ideal for quantitative research, thus it has been rejected in this project since the qualitative method is being used.

2.3.2 System Approach

Reality in the system approach is considered as the combination of all the subset and the liaison between them that make up a whole. Here, reality is not just looking objectively at the combination of the subsets; it goes more than it (Arbnor & Bjerke, 1997, p. 64). It looks at the synergy that exist between the subsets and therefore research focuses on the composition of a subset and their liaison, which constitute reality (Arbnor & Bjerke, 1997, pp. 51-52). The system approach takes its foundation from existing system theories where the extent of subjectivity interpretation is included to boost the understanding of a particular system (Arbnor & Berke, 2009, p. 104). In the system approach, there exist open and close systems. An open system allows the studying of an individual subset in a specific context for better understanding, which is not the case with the closed system. This approach differentiates between an open and a closed system. Scholars who employ the system approach are usually enthusiastic about explaining and analyzing a system in an open environment. This approach sees every component of a system as an individual system, with its own behaviour and patterns that differentiates it from other systems (Kuada, 2011). Thus every subset forms a system and every system belongs to a larger system.

2.3.3 Actors Approach

This approach differs completely from the analytical and system. Reality in this approach is highly subjective. This approach perceives reality as a social construction where knowledge about reality is reached based on the interpretation of individual actors in a society. Thus scholars of this approach are called to create knowledge by socially interacting with actors in a given environment. This approach uses dialogue as the main method to create knowledge, though interaction and hermeneutics applies (Arbnor & Bjerke, 2009; Kuada, 2011). In this approach, direct or first-hand knowledge is gotten through dialogue and interaction with the actors (those under investigation). Researchers of this approach are interested in identifying similarities and differences. The end result comprise of real-type languages, descriptive and interactive actions (Arbnor & Bjerke, 2009).

2.4 Methodological Choice

For the sake of this research, this project adopts the assumption of paradigm number 5 (reality as a social construction) of Abnor and Bjerke's (2009) and therefore considers the actors approach to describe the internationalization of modern food retail trade in developing countries and the challenges faced by African food suppliers and the strategies they adopt in order to integrate into the modern food retail trade. This approach requires that, dialogue with actors be used to create knowledge, though interaction and hermeneutics could be used. On the other hand, it also acknowledges that, first-hand or direct knowledge can be gotten through dialogue and qualitative research. Given the inconveniences in getting first-hand data, the authors have mostly relied on qualitative data. However scanty phone interviews were conducted, but this cannot compensate with the quality of information that could be gotten if the researchers had gone out to the field. Notwithstanding, it is believed that the extensive resources (articles and publications) employed in these studies are enough to reach conclusions in this project, even though interaction with the actors could have rendered the results more accurate.

2.4.1 Justification of choice of methodology

The actors approach is adopted because it gives the researches an opportunity to understanding create knowledge based on their own interpretation of real world situation and by giving their audience the opportunity to share their experience about reality based on their integration. In this aspect, this method is appropriate to create knowledge in this novel area (modern food retail in developing countries) because it provide the participants the forum to interpret reality based on their own involvement with the social world. On the path of the researcher it is beneficial method to use because since the participant is free to interpret reality based on his or her own involvement with the world, it can expose the researcher to areas where he or she was not aware of, thus leading to creation of further knowledge.

The figure below presents a summary of the three approaches.

Table 2: Tabular Disparities between Analytical, System and Actors Approach of Methodology

	ANALYTICAL VIEW	**SYSTEM VIEW**	**ACTORS VIEW**
Prerequisites	✓ Existing analytical theory ✓ Verified/falsified hypothesis	✓ Existing systems theory ✓ Analogies (homologies)	✓ Metatheories ✓ Constitutional factors ✓ General Pre-understanding ✓ Interactive development of understanding
Explaining/ Understanding	✓ Causality, cause-effect explanation	✓ Finality produce-product (explanatory or understanding)	✓ Dialectic, thesis-antithesis-synthesis (understanding)
Results	✓ Cause effect relationship (as an idea) ✓ Logical models ✓ Representative cases	✓ Classification ✓ Structural representative models ✓ Representative interpretations	✓ Descriptive language ✓ Situational interpretations ✓ Institutional models ✓ Process model

		✓ Classification mechanism ✓ Typical cases ✓ Partly unique cases	✓ Ideal typified language ✓ Ideal typified cases ✓ Constitutional ideals ✓ Emancipatory interpretive action ✓ Creative action ✓ Direct action

Source: Arbnor and Bjerke (2009, p. 61)

2.5 Conclusion

The methodology of this project has been presented in this chapter. The authors have presented the various types of data collected, how data were collected and the sources. The research approach as well as the justification of the choice of methodology has equally been presented. The next chapters are tailored to answer the research questions.

PART III

3.0 THEORIES

The theories of this chapter evolve around *internalization* and *food retail trade* in developing countries.

3.1 Introduction

For the past few decades, a good number of companies from almost all industries in the more developed economies, have perceive internationalization as a growth strategy. Most especially, leading food chains from U.S and Europe such as *Wal Mart*, *Carrefour*, *Casino*, and *Royal Ahold* have intensified their process of internationalization resulting from saturated home market (Incandela et al., 1999; Bianchi et al., 2006). More so, since the middle phase of 1990, most international food retailers have directed this process towards developing countries (Barth et. al., 1996). The rationale behind this has been the accruing opportunities in the developing countries such a growing middle class income earners, exponential growth rate and poorly developed retail sector sectors (Bianchi et al., 2006). Therefore retail companies consider internationalization more as a necessity for growth and not just an alternative (Hanf & Pall, 2009).

However the concept of internationalization is not new, but for the last three decades it has increased in speed and thus making it a much talk about concept especially in the sphere of retail trade. It has therefore emerged as one of the most vital concepts in today's retail trade (Zentes et al., 2007; Hanf & Pall, 2009). According to Hanf and Pall (2009), 30 years before now, most of the popular global retailers that exist today were pure national firms and had only an insignificant market share across their borders. This scenario presents a different phase today. Deloitte review (2006) reveals that, almost all the actors that constitute the top 200 retail firms in the world operate in many other countries with the few exception of U.S firms (Hanf & Pall, 2009). For example, Metro a German retailer generates about 50% of its sale from foreign markets meanwhile Ahold; a Dutch firm generate 80% of its sales from foreign markets (Hanf & Pall, 2009).

A number of observations have been made about global food retailers' actions in the foreign markets where they operate. One of such observations is that, while in foreign markets, international food retailers try to replace the traditional food retail sector with their advanced retail system (Goldman 2000; Hanf & Pall, 2009). Thus global food chain have been regarded as the driving force behind the change that is being witnessed in the development of modern food retail trade in most emerging economies (Hanf & Pall, 2009).

Nevertheless, there have been a lot of debates by various schools of thoughts about the place of business internationalization theories in retail trade. One school of thoughts argues that retail trade is unique and independent of business internationalization theories. This argument is coming from the fact that retail internationalization is relatively a new concept as compare to other phenomenon such as manufacturing (Hanf & Pall, 2009). For instance (Sternquist 1997; Vida & Fairhust 1998; Vida et al., 2007) constitute one school of thoughts that hold that, despite the fact that food retail internationalization is a relatively new concepts, it can be a plus to employ business internationalization literature from other pre-existing phenomena to understand the retail internationalization concept. Such literatures discuss issues about internationalization of manufacturers, which embodies a plethora of aspects. The literatures confer theories related to the reasons behind MNE existence (Hymer 1976; Dunning 1981; Buckley & Casson 1976), management and activities of global companies (Bartlett & Ghoshal, 1989) and the process of internationalization (Johanson & Vahlne 1977; 1990). The underlining assumption of this retail scholar is that irrespective of the industry, all businesses have at least a common characteristic when it comes to internationalization. Thus, business theories can be applied to address issues of retail internationalization (Hanf & Pall, 2009). Conversely, another scholars (Wrigley et al,. 2005; Dawson & Mukoyama 2006; Dawson 2007) purport that retailing unlike other business phenomena has exclusive characteristics, which makes the application of internationalization theories irrelevant. In support of this argument, Dawson (2007), professed that there is a difference between processing and retailing models, hence there is a question about the relevance of internationalization theories developed for manufacturing.

Nonetheless, in this chapter, the authors try to reduce the tension that seems to exist between the two above mentioned retail schools of thoughts by reviewing relevant literature. However, the literature reviewed here captures retail internationalization in developing countries. The authors of this project share the same view with the first retail scholars discussed above. That is, retail internationalization is not unique of business internationalization. Hence, the perceptions of retail internationalization processes constitute the foundation of this thesis (Swoboda et al., 2009). Therefore, in order to make the analysis easier, the authors commence by giving meaning to internationalization and describing its main features. That is followed by a general overview of the business internationalization theories in order to form a foundation for the discussion. After that, one of the internationalization theories is used to discuss the retail internationalization process of food retail chains in developing countries. At the end of the chapter, an opinion is formed on the extent to which theories of internationalization can be used to explain the current development in domestic food retail trade in developing countries.

3.2 Definition of Internationalization

It is considered imperative at this stage of the project, to give meaning to the concept of internationalization as well as discuss some of its vital uniqueness. This is prominent, as it meant to ease understanding of the discussion that follows subsequently. Many definitions of internationalization exist (Hanf & Pall, 2009). For instance some authors who have attempted the definition of internationalization include, Johanson and Vahlne (1990), Calof and Beamish (1995). This is justifiable by the widespread of literature in this subject matter (Hanf & Pall, 2009). One of the most general definitions of internationalization as put forth by Welch and Luostarinen (1988) is that, *"internationalization is the process of increasing involvement in operations across borders"*. This is an umbrella definition of the concept, which takes into consideration almost all imperative aspects of business globalization such as, product importation and exportation, knowledge transfer, and foreign direct investment (Hanf & Pall, 2009). Tsang (1999), from the standpoint of a resource-based view, defines internationalization, as "internationalization is the transfer of a firm's physical and organizational technologies from one country to another". This definition somewhat points out particular features of assets which are necessary to be transferred to other countries (Hanf & Pall, 2009). However, Johanson and Wiedersheim Paul (1975), argue that, the concept of internationalization itself is an experience, which when gained by a firm; it changes the firm's attitudes toward further internationalization. To them, it is simply a changing process whereby the global experience gained by the firm affects its attitudes towards internationalization. Johanson and Wiedersheim Paul (1975), make a distinction between firm's attitude and its actual behavior. The former provides the bases for the firm's global involvement and the later is the results of the international experience of the firm, which has an influence on its attitude. From the summary of the foregoing definitions of internationalization, Hanf and Pall (2009) defines internationalization as *" internationalization is a process of increasing involvement in cross national operations, which requires the commitment of resources and the adaptation to international markets, changing the attitude of the firm and influencing the decisions on further internationalization".*

For the purpose of this project, the authors have adopted the definition offered by Hanf and Pall (2009). This is because it somehow summarizes what the research seeks out to investigate. Hence the important aspects of the definition will be used in this project as follows:

- **Internationalization:** Theories of internationalization are used to understand the development of domestic food retail in developing countries.
- **Involvement in cross national operations:** The authors also use this part of the definition to investigate how African food suppliers are challenged as they try to integrate into the modern food retail chains.
- **Adaptation:** By this aspect, it is examined how African food suppliers can figure out strategies to curb these challenges.

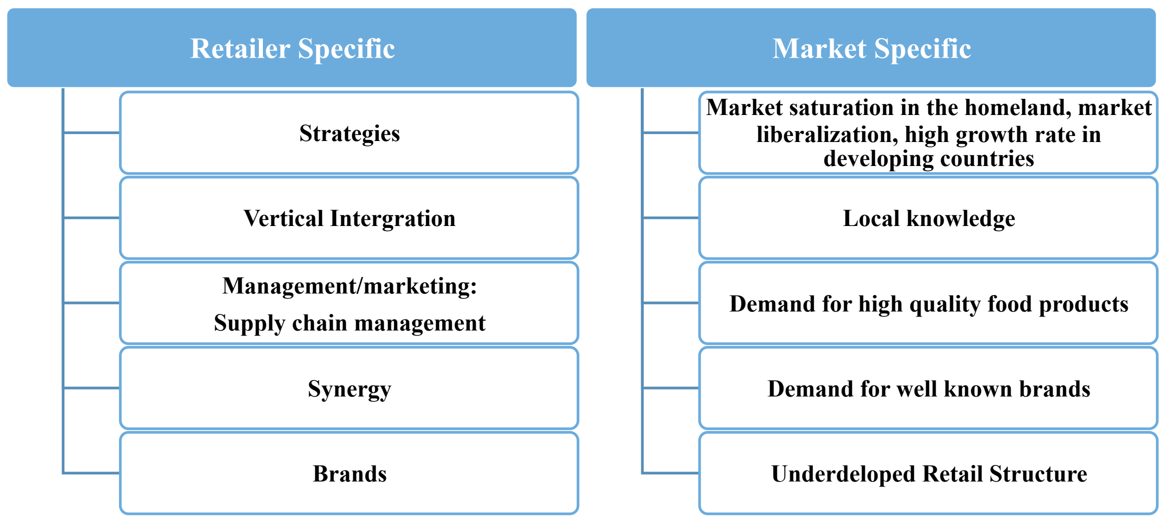
On the other hand, the above definitions of internationalization are based on the generic characteristics of internationalization. Meanwhile, Hanf and Pall (2009; 2013) differentiate between two types of internationalizations based on the direction; *inward* and *outward* internationalization. Traditionally, the former refers to the form of internationalization whereby the firms maintains operations in home country but may engage in foreign sourcing or importation of management ideas. Whereas the later pertains to a phenomenon in which the firm's products are being exported or produce abroad through variant modes such as; licensing and franchise (Hanf & Pall, 2009). According to Hanf and Pall (2009), global business research has for the past decades centered around outward internationalization because most scholars considered it to be more pertinent than inwards internationalization. This notion is disputed by Welch and Luostarinen (1993), who purported that, inward internationalization is equally as imperative as outward internationalization. They benchmark their argument on the fact that regarding inward internationalization, when outsourcing, firms send their quality requirement standards abroad which can in effect have a great influence on the source country. More so, the importation of technology or management ideas also has a strong influence on the domestic market. Therefore, they concluded that inward internationalization is equally important as outward internationalization.

According to Hanf and Pall (2009) retail internationalization had been inward for a very long time. It was not until before the last two decades that retail internationalization started being outward, with its popular destination being emerging economies. For illustration, since inception, Wal Mart had been engaged in outsourcing but it only started operations in foreign countries in the last two decades (Hanf & Pall, 2009).

Furthermore, Dunning (1993) and Pearce (2006) differentiated between market seeking internationalization and efficiency seeking internationalization. Company who pursue markets seeking internationalization, are those who aim to supply the market because they have identified some opportunities that they can explore in such markets (thus seeking for market expansion). This type of internationalization can be therefore referred to as market driven. On the other hand, companies who seek internationalization for the sake of efficiency do so, to cut down cost. Hence they are cost driven. These two categories of companies have varying motivation, for instance, companies that their internationalization process is market driven are motivated by protectionism (for example Russia), and or market development strategies as is the case in Central and Eastern Europe (Pearce, 2006; Hanf & Pall, 2009). And companies whose internationalization process is countries with motivate efficiency driven low cost of production such as China. This research captures internationalization of food retail trade from the standpoint of market driven which is also considered as strategic internationalization of retail trade (Sternquist, 1997). Whereby *"strategic internationalization of retailing means that the retailer purposely considers internationalization option as a part of an overall market expansion strategy"* (Sternquist, 1997, p. 263).

In addition, outward internationalization has been perceived by other scholars in terms of stores the retailers have out of their home countries, which according to (Treadgold, 1991; Wrigley et al., 2005) has become a popular trend in the global business environment. This is because most market leaders with very few exceptions operate globally. Hanf and Pall (2013) group retail internalization enablers into two: market specific and retailers' specific factors. Less developed retail sector, market liberalization and increase in the demand for more advanced products are examples of markets specific factors (Treadgold, 1988). Meanwhile, examples of retailer specific factors constitutes; globally applicable strategies, well developed management and marketing expertise, trademark, financial buoyancy and experience (Lahouasnia, 2012; Vida & Fairhurst, 1998).

Figure 3: Enablers of retail internationalization



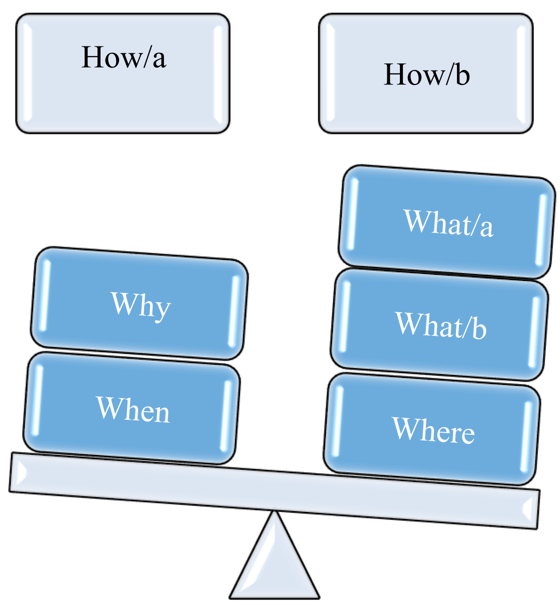
Source: Adopted from Hanf and Pall, 2013

The above tables show two categories of factors that enable retail internationalization. Most global food chains have well developed business strategies, which they have developed and used for many years in achieving great success. This can take the form of skilled management or advanced marketing strategies (Vida et al., 2007). They may also have advanced business models with ease to global transfer, for instance Carrefour's hypermarket format and the cash and carry strategy by the German Metro (Hanf & Pall, 2013). The existence of a skilled and experience management team of the retailer is also a prominent source of competitive advantage. More so, with the help of their well-developed supply chain, the firm purchase high quality goods at a competitive price. According to Reardon et al. (2007), experience gathered from internationalization constitutes a great enabler because through passed experienced the firms have developed knowledge constituting all process of internationalization such as market selection and entry modes. Hence the knowledge is used to internationalize into developing countries markets. The relationship that exists between a supplier and a food retail chain is also an imperative factor of internationalization. Some retailers when considering to enter a new market, convince their suppliers to come with them, in this way, they save time and resources that they could employ to build new suppliers relationship. Hence they continue to enjoy good price and quality supplies all being merits from long-term relationship with old suppliers. For instance Belaya and Hanf (2010) have stated that when Metro considers penetrating new market, it consults with its suppliers and tries to convince them to expand to same markets so as to keep the relationship.

3.3 Internationalization Theories

Departing from the definition of internationalization above, this section reviews the literature on the various internationalization theories that have been used by other authors to address different aspects of food retail internationalization. The theories that are reviewed here will aid the authors to answer the first research questions. Therefore the framework that will be used to answer the research question is the formula ***5W2H***. Where 5W represents the five 'W' questions (Why, When, What/a, What/b and Where) to be answered and 2H represents the two 'H' questions (How/a and How/b) to be answered.

Figure 4: Theoretical Framework for Formula 5W2H



Source: Own production

The above framework is an extension of the three questions (2WH) of internationalization put forth by (Hollensen 2004; Dawson et al., 2006; Peng 2006 & Lasserre 2007). According to them, the three questions that need to be answered by internationalization theories are:

1) *Where to go?*
2) *When to enter which particular market?*
3) *How to inter the particular market?*

Hence, after discussing some of the business internationalization theories, the theories will be mapped with the framework and one of the theories will be used to discuss the internationalization of food retail trades in developing countries.

From a general perspective, theories of business internationalization should throw lights on issues of patterns or processes of firm's internationalization, explanation of actions and outcomes, enablers, drivers, the position decisions of internationalization, and the management as well as the performance of international companies (Hanf & Pall, 2009). In other words, business internationalization theories should provide answers to the following questions which represent the framework to answer research question one:

- **Why**: That is, reasons for companies to internationalize.
- **When**: At what time should the company decide to take the first step of internationalization and at what pace?
- **What/A**: What are the current competitive advantages of the company and which ones do they need to develop potentially with internationalization?
- **What/B**: Which operations of the firm are to be internationalized? For instance, sales, R&D, human resources or marketing.
- **Where to**: That is the destination of the FDI and which criteria should be employed to select the foreign country. There might also be the question of which activities to internationalize to which country.
- **How/A:** Which modes of entry should be used to enter new markets?

- **How/B:** Mapping strategies to curb competition, develop mutual arrangements and corporative strategies (with stake holders such as the government or labor unions).

As discussed above, later on in this chapter, the theories of business internationalization will be mapped against the framework above. This is aimed at investigating the extent to which business internationalization theories explains food retail trade developments in developing countries. Before that is done the following literature presents a gleam of business internalization theories.

3.3.1 Market Imperfection Theory

The market imperfection theory was postulated by Hymer (1976). It looks at how a multinational company with limited, or complete lack of knowledge of a foreign market and therefore suffering from liability of foreignness can compete successfully in an international market. However, Hymer (1976) stated that in order to compensate for the cost of dealing with new market condition, the multinational company must have specific ownership advantages, which can be transferred. Based on the theory, in addition to firm's specific advantages, the internationalization process is also stimulated by the imperfect market (Hanf & Pall, 2009), which can be classified as follows:

- *Imperfection in terms of goods market for instance trademarks, marketing skills product differentiation.*
- *Imperfections in terms of factor market, for example; management proficiency.*
- *Imperfection resulting from economies of scale and range of products.*
- *Imperfect competition brought about by government strategy. That is attitudes towards FDI.*

Hymer's theory laid a foundation stone for most researches to later on develop and expand the scope of firm's specific advantages (Hanf & Pall, 2009).

3.3.2 Resource Advantage Theory

Proposed by (Hunt & Morgen 1995; Hunt, 2002), this theory lays emphases on the company core competence as enablers of internationalization. This theory stipulates that the diverse and imperfectly mobile nature of a company's resources give it a comparative advantage in the international market. Therefore, the comparative advantages enable the firm to develop competitive advantage and hence record success in the global market. Andersen (1997) supported this view by adding that, a firm therefore, ventures into novel market when it is sure of converting its comparative advantage into a sustainable competitive advantage.

3.3.3 The Product Life Cycle Theory (Raymond Vernon, 1966)

Vernon (1966) stated that there are basically four stages in a product's life cycle;

- Introduction
- Growth
- Maturity
- Decline

3.3.3.1 Stage 1: Introduction

At this stage of a product's life, new products are introduced in the home country to meet the domestic need and are also being exported to similar countries (in terms of customer preference, income level) to satisfy customers' demand (Iyal, 1981). If it is however presume that all countries exhibit similar changing patterns, then the products are first exported to countries that are more advanced. For instance IBM PCs were manufactured in USA, and rapidly distributed across industrialized countries (Vernon, 1966).

3.3.3.2 Stage 2: Growth

At this level, a replica of the product is manufactured somewhere else and brought into domestic market and elsewhere to enhance growth in the home market. This action mobilizes production to foreign countries being driven by cost efficiency factor. For instance, the duplicates of the IBM computers were never produced in US (Vernon, 1966).

3.3.3.3 Stage 3: Maturity

Furthermore, this is the stage where the industry feels the need to contract and concentrate. Hence it contracts many producers to produce the clones of the product and the producer with the lowest cost wins.

3.3.3.4 Stage 4: Decline.

Poor countries represent the sole markets for the products. Therefore, nearly all-declining products such as textiles are produced in the less developed countries. However, some industry in some countries tries to avoid this stage by adapting their products to waves of demand. For instance approximately 80% of revenues generated by H-P are from the products they did not sell about half a decade ago (Iyal, 1981).

3.3.4 The Uppsala Model *(Johanson and Wiedersheim-Paul 1975 and Johanson and Vahlne 1977)*

This is another branch of business internationalization theory that explains the process of internationalization. The theory describes company's internationalization process in stages, starting with export, sales by foreign subsidiary and lastly by foreign production. The theory lays emphases on knowledge acquisition and commitment of resources to foreign market. According to the theory, internationalization takes into account two forms of knowledge; that is general knowledge and market specific knowledge (Hanf & Pall, 2009). General knowledge helps to facilitate the internationalization (Andersen, 1993) process whereas market specific knowledge is also known as tacit knowledge, which is acquired by the firm's continuing involvement into the foreign market. Hence, the degree of resource commitment in the foreign market depends on the amount of knowledge the company gains in the market. Therefore, the more knowledge a company has about foreign market, the more or less resources the company will commit ceteris paribus (Johanson & Vahlne, 1977).

According to Johanson and Vahlne, (1977) the internationalization process usually commences by companies first entering into countries with less psychic distance (culture, language and business practice differences). Thus awareness about new markets is very essential for company internationalization process because it enable them to reduce psychic distance. This model therefore perceives the concept of internationalization as an evolutionary and stepwise process whereby the experience and knowledge gained from the global market leads the internationalization.

However this theory has been seriously criticized for being so deterministic in that, it is myopic about the strategic decision and individual disparities of companies. This is because not all companies start internationalization from export, there are some companies that start their growth process with foreign production and not export as well as there are other companies which internationalize from inception (born global). In other word, that is to say leapfrogging is recurrent in the sphere of international business (Hedlund & Kverneland, 1984; Bjorkman, 1989; McKiernan, 1992, Hanf & Pall, 2009).

3.3.5 Porter's Diamond

Michael Porter in his book titled *"Competitive Advantage of Nation"* published in 1990; acknowledge the fact that some countries are more competitive than others, and thus, few industries in a country tend to be more competitive than others. This framework of deciding the factors that can be used for national advantage is what is known as Porter Diamond. The framework suggests that an organization home base has an important role to play in shaping how far it is able to accomplish global scale advantage. The home base of an organization provides it with basic factors, which can boost or hinder it from building its global competitive advantage. Porter later on distinguished four factors that give a nation's competitive advantage.

3.3.5.1 Factor Conditions

Factor condition comprise of factors of production such as land, labor, and capital. According to Dagmar Recklies (2001), a nation's resources may be spread into five groups as defined by Porter. Human resources (commitment, cost, and qualifications of staff qualification), knowledge resources (the nation's scientific bank, technical and market know how bearing on goods), material resources (abundant land, natural resources, good water resources etc), capital resources (the available capital and cost of funding the sector and its infrastructure). Ismail & Inci (2012) came up with the information resources, which include government research institutes, universities, government statistical agencies, database, market research reports, business and scientific literature, and market research reports etc. According to A. J. Smit (2010), factor conditions can be further split into basic and advanced factors, which can at times be general or specialized. Basic factors such as raw materials, unskilled labor, climatic conditions and water resources are hereditary, thus needs very little investment for it to be used in the production process. On the other hand, advanced factors are conceived and enhanced through reinvestment and modernization to specialized factors (Smit, 2010), which according to Porter forms the root for a nation's sustainable competitive advantage. These national factors are those a country possesses which give it initial advantage, which can be later on build upon. Though each nation has its own peculiar set of factor conditions, each nation may choose to cultivate those industries whose factor conditions grants it maximum income. Porter highlighted these factors as not being inherited, hence may be improved and changed.

3.3.5.2 Demand Conditions

According to Ismail & Inci (2012), the demand conditions which reveal the type of home demand is the second imperative factor that indicates a nation's competitive advantage. Porter (1990a) also perceives demand conditions as a nation's source of competitive advantage. Home demand conditions controls and shapes particular factor conditions (Dagmar, 2001). They affect the pace and order of modernization together with product development. The demand condition is a vital aspect since it reveals the nature of home market consumers. Porter (1990) suggested three major characteristics that determine home demand condition: *"their mixture (the mix of customers' needs and wants), their scope and growth rate, and the mechanisms that transmit domestic preferences to foreign markets*".

Linda (1961) first looked at demand as a factor that can be used to explain trade, which she later on used it in explaining intra-industry trade. According to her, nations with related per capita incomes tend to have similar spending patterns. A nation can gain national advantage in an industry, if home demand provides suppliers with clear and prior signals of the demand trend than to its foreign competitors (Tuna, 2006). If the home suppliers are able to predict the demand trend on time, it gives them the readiness to compete internationally in their next level.

3.3.5.3 Firm Strategy, Structure, and Rivalry

Porter (1990) suggests that, a firm's strategy, structure of its industry, and the rivalry situation have great effects on the sector's competitiveness. A nation's cultural aspect has a great role to play in determining the manner in which companies are established, organized, run, and how domestic competition should be carried out. Factors like Interaction between companies and management structures are shaped differently in different nations, which provide convenience and inconveniences for particular industries (Dagmar, 2001). Usually, corporate objectives in relation to commitment patterns between work forces are of tremendous importance since they are greatly affected by ownership structure and control. Family business based industries are predominantly managed by the owners and they behave differently compared to publicly cited companies. In one of Porters arguments, he suggested that, domestic rivalry and a nation's search for competitive advantage can help lay a foundation for an organization to achieve competitive advantage in a global scale (Dagmar, 2001). This framework has been utilized in several ways. Firms may use the framework as a tool to identify how far they can focus and build home based advantages in order to create competitive advantage in connection with others in a global scale. According to Dagmar (2001), governments on the national level should consider and follow those policies that will establish national advantages and those that permit domestic industries to expand to a global competitive position. Porter (1990) on the other hand suggest that, government can enhance competitive advantages by making sure there is good environmental standards, safety, high expectation of good performance, and encouraging vertical co-operation among buyers and suppliers at the domestic level.

3.3.6 Related and Supporting Industries

Teece (1996), views related and support industries clusters as an important contribution to Porter Diamond's framework, which is a separate determinant of a nation's competitive advantage. The absence or presence of related industries and supplier industries in a sector that interact vertically or horizontally may lead to advantages in a nation. In broad spectrum, Porter accepts global suggestions that it is not common to find a single prosperous industry that does not have strong supporting and related industries (Ismail & Incie, 2012). Porter (1998c, 2000), further explained that there are "external economies of related and support industry clusters" like the network system of specialized input providers, organizations and the overflow effects of local rivalry, became the real source of competitive advantage (Porter, 2000. 2003). Porter supposes that such local groups possess outstanding features essential for any advanced economy which developing nations do not have, as such suffer from inadequate growth in productivity. Competitive supplying industries will enhance modernization and internationalization in industries at next stages in the value system. Also suppliers and related industries are very important because they can use and jointly coordinate certain activities in the value chain. The relationships among these groups of industries are important to the success of a determined industry in a nation as they carry out learning, innovation, and competition.

3.3.7 Criticisms of porter Diamond Theory

Porter's diamond framework has been greatly criticized. Charles. A. Davis (2008) criticized the model's geographical boundary as being uncertain since he developed the diamond framework to apprehend certain features of a nation's competitiveness which he later applied the framework to local and regional clusters, indicating that for a region to be competitive, there is need for the presence of the four corners of the diamond.

Alexander Eickelpasch and Anna Lejpras (2010) criticized Porter's model as being uncertain since he explained the competitive advantage at different conceptual scales; the country, the industry, and the individual firms.

Porter claims that the four corners of the diamond model interact and fortify each other, in fact, the framework does not perfectly include independent variables; thus the variables are interdependent Alexander and Anne (2010).

The diamond framework has been used and empirically tested valid at the macro- level, but it is yet to be tested at the micro-level Alexander and Anne (2010).

Figure 5: Porter's Diamond

Fig. 2
Porter's Diamond (1979)

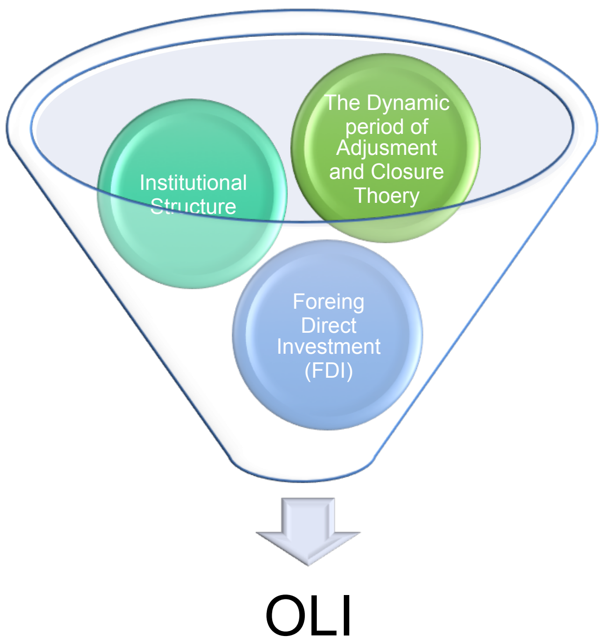
Source: Porter's Diamond (1979)

3.4 The Eclectic (OLI) Paradigm

The OLI (Eclectic Paradigm) was greatly derived from a sample of theories like the dynamic period of adjustment and closure theory, institutional structure, FDI and Changing FDI (MacKinnon & Phelps, 2000).

That is mixed to create a tight knit of industrial evolution analysis. John Dunning (1976) presented a lecture connected to the Nobel event on the eclectic paradigm.

Figure 6: The Merging of Theories That Result to OLI Paradigm



Source: Own Production

After the 1976 event, many other articles and books were written to further enhance his original contribution. Kurt Pedersen (2003) in his observation said "the *eclectic paradigm is much broader than theories yet in another sense it is narrower*". Kurt further explains the broadness of the eclectic paradigm than other internationalization theories in the sense that, internationalization is propelled on by a mixture of internal and external factors to a company, and it inclines unclearly, but not completely, on a realistic approach to strategy. Porter (1991) somehow viewed the paradigm as being "stuck in the middle". Since it addresses just one specific form of internationalization; international production which takes the form of foreign direct investment (FDI). The earlier works of Dunning followed a period full of great interest in multinational enterprises. Though political implications dominated, there was a search for a framework that will help in understanding FDI and MNE (Kurt P, 2003). While the search was still going on, many single factor-theories were brought forward to help deal with the notion of FDI. These attempts were under the supervision of Jurgen (1992) and Agarwal (1980). The latter gave four common categories of explanation as follows:

a) Explaining the function of the market

This view contains propositions that differential rates of return amongst nations are the main cause of FDI (Kurt, 2003). In another point of view the market ensures that buyers and sellers are completely satisfied during their transaction (Economic Watch, 2014). The theme was later on extended by hypothesis related to financial portfolio models (Kurt, 2003).

b) Explaining the function of market Imperfection

According to Kurt (2003), a trade imperfection is an obstacle that can be prevented by interchanging trade with FDI.

c) Explaining a firm's behaviour in relation to a particular investment behaviour

A plethora of variables were suggested in an attempt to answer the question as to why firms carry out FDI. These include Strength of currencies, the size of the MNE, expenditure on R&D and cash flow, etc.

d) Explaining why a firm will choose to carry out FDI in the host country.

A wide range of economic, technological, and political factors were suggested. In this group of factors, wage rate was the most important (Kurt, 2003). Though the list is symbolic and distant from complete, it left out the Marxist explanations of foreign direct investment, which are founded on international explanation. Understanding FDI became a highly disintegrated business and in other to avoid complete disintegration, some general frameworks must be applicable (Kurt, 2003). It was for this reasons that Dunning (1979, 1988, 1993, 1995, 1997, 2000) had to explain in his eclectic framework the three but necessary conditions that need to be satisfied for an FDI to be carried out. These conditions are elaborated below.

3.4.1 Ownership advantages (O)

OLI paradigm is a theory, which purports that, firms possess particular ownership advantages or competitive advantages that permit it to do business abroad successfully. O advantages are those intangible assets a firm possess which permit it to carry out its business transaction successfully in an international market. These assets include brand name, advanced technology, logistics, marketing skills and the management and organization's state-of-the-art (Stefanovic, 2008). With these assets, MNC have competitive advantage over foreign competitors and can carry out FDI and achieve product and service differentiation (Stefanovic, 2008).

3.4.2 Location advantages (L)

These are those factors that a host country possesses which attract a MNC to carry out FDI. The location advantages includes government policies on tax and exchange rates, access to raw materials land and cheap labour, rapidly growing economies, geographical factors, proximity to other specific markets, and its size. These factors are not only firm but country specific and explain the reason why some locations are more attractive to FDI than others (Stefanovic, 2008).

3.4.3 Internalization advantage (I)

This refers to those unique enhancing advantages that rest in the hand of the investing company, which pushes it to set up its production facility abroad instead of opting for a franchise or license agreement. When the international market does not offer good modalities for intermediate products and services transfer, there is bound to be *"internalization of competitive (ownership) advantage"* (Stefanovic, 2008). In a case like this a completely owned subsidiary is more appealing as a mode of foreign market entry than other entry modes like licensing, joint ventures, and a franchising agreement with a local firm so as to exploit the MNC's ownership advantage. A way of resolving this situation is taking a look at the perceived cost of market failure. If the cost of market failure is perceived to be high, it will be more preferable for the MNCs to internalise their competitive O advantage through FDI (Stefanovic, 2008). Notwithstanding the mode by which MNCs wants to carry out FDI, internalising its transaction cost is a necessity be it through a joint venture, by setting up new company or acquiring an existing company. The reasons why there has to be total control of FDI includes uncertainty, control of the distribution channels and transaction cost (Kurt, 2003). It is proactive for a firm to take advantage of a foreign opportunity itself, instead of going into an agreement with an overseas firm.

4.0 ANALYSING THEORIES

In order to analyze the above-described theories, this chapter continuous with a framework to explain the development of food retail trade in developing countries.

In line with the first research question and the theories of internationalization discussed above, this section seeks to describe the extent to which internationalization theories can explain the development of food retail trade in developing countries. However it is worth mentioning here that, the development of food retail trade in developing countries is captured in the fourth 'wave' of modern food retail internationalization purported by Reardon et al. (2003). Hence developing countries refers to countries from Asia, Eastern Europe, Latin America, Middle East and Africa (Euromonitor International, 2012).

In this section therefore, the internationalization theories are fitted into the framework. Thus this section proceeds by using the theories to answer the pertinent questions of internationalization: Three of the theories discussed above are used here to answer the first research question using the framework described above ***(5W2H)***. Emphases are on OLI paradigm, Uppsala theory and product life cycle.

1) WHY: Rationale behind firm's internationalization

Four reasons had been put forward by Dunning (1988) to justify company's internationalization.

- In search of new market
- In search of resources
- In search of strategic asset and
- In search of efficiency.

Only the first reason is in line of the type of internationalization (strategic) that this research seeks to address, however, it is important to discuss the various motivations of firms' internationalization as proposed by Dunning (1988).

- *Market seeking motivation.*

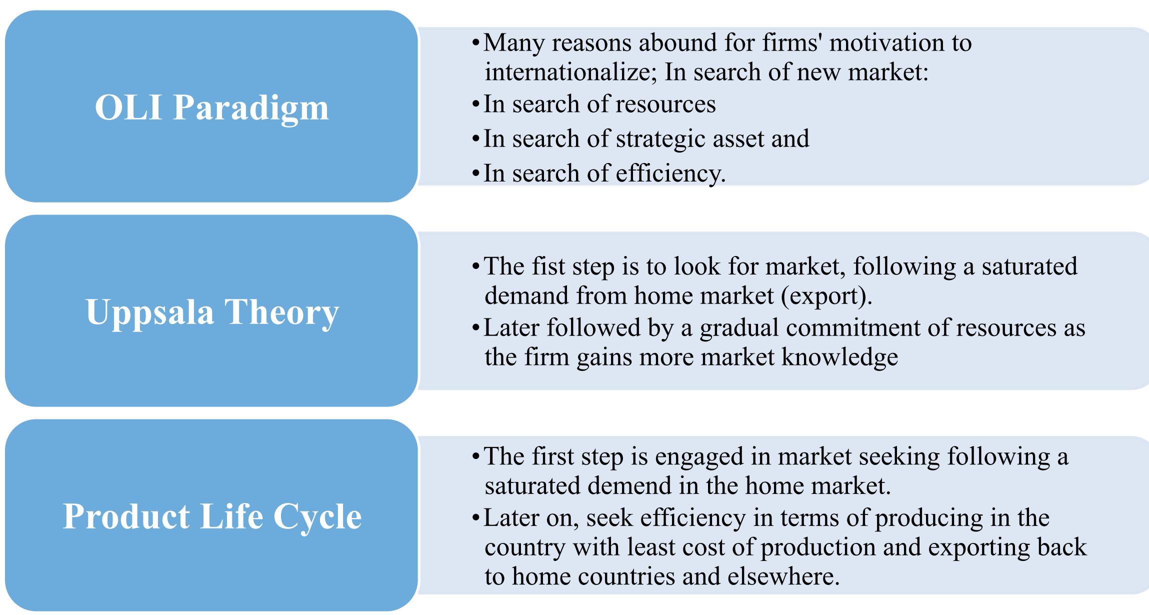
- This pertains to firms that are motivated by the zeal to increase sales especially when faced with a saturated domestic market situation (Sternquist, 1997). This explains why for the last two decades, most food retail chains are expanding from Central Europe and the US to look for foreign markets in the developing countries such are Zimbabwe, Ghana, South Africa, Nigeria and Kenya. For instance, some of the food chains that have moved into these developing countries include; the movement of *Wal Mart* from US to South Africa, *Casino Supermarché* and *Carrefour* from France to Cameroon.
- Customer-following. This is a situation where a firm continuous to service its customer even when the customer has gone to a foreign market. This is common occurrence in the procurement systems of food retail trade. In most cases when food retail chains move to developing countries, they continue to get supplies from their home suppliers. This can be as a result of the inability of the host country food suppliers to meet the demand of the global food chains due to their high standards practices.

- *Resource Seeking motivation*
  - Less expensive inputs and materials
  - Low cost of labor
  - Less expensive financial resource, for example cost of borrowing
- *Search of strategic asset motivation*
  - Brand strengthening
  - Gain access to technological knowhow and skills
  - Build up key competence such as managerial and marketing skills.
- *In search of efficiency*
  - Economies of scale
  - Dynamics in operation

- ➢ Risk reduction
- ➢ Easy access to customers
- ➢ Efficiency in response of client need and avoiding the inconveniences that comes with export
- ➢ Taking advantages of inequalities that prevail in the factor market or the sales market. In terms of factor market, cost of input and in terms of sales market large volume of sales and favorable prices.

The following table is a presentation of how each of the three theories of internationalization answer the why question.

Figure 7: Theories and Motivation for companies' Internationalization



Source: Own Production

Based on the table above, the theories provide an incomplete list of the motivation of companies' internationalization. The theories are supposed to be more elaborate rather than just proposing a short list of motive. They ought to present an in-depth description of the motive of companies internationalization and not just content the generic reasons for companies' internationalization. However, to a greater extent, they help to understand the motive for companies' internationalization, therefore, their propositions can be considered as a starting point to investigate and understand in details the reason for modern food retail trade in developing countries.

2) WHEN: At what time should the company decide to take the first step of internationalization and at what pace?

In most cases, companies always prefer to be the premiere company in novel market so as to benefit from first mover advantages. Nevertheless, the first mover advantages are equally accompanied by first mover disadvantages which might become late mover advantages for the first movers' competitors (Peng, 2006; Ovcina, 2010). The question as to whether it is more proactive for companies to be the first mover in new market or to take advantages of first movers' opportunities and be the late mover is a question for researchers in this area (Ovcina, 2010). However, when this discussion is skewed to address the issues of developing markets, portrayed by both impending opportunities and accompanying risk or uncertainties, it makes it ambiguous to decide a better strategic performance between early comer and late comer (Yadong & Peng, 1998; Ovcina, 2010). Two schools of thoughts share divergent views about early versus late comer entry into domestic markets: One school of thoughts, basing their arguments on the facts that first movers' advantages (e.g technological leadership, putting in place obstacles for late entrants and strong brand building) are likely to face fierce competition in near future. Hence, it is more secured for companies to take advantage of this at the early stages and consolidate their position in the marker. Moreover, a developing market might only allow few opportunities for FDI in particular sectors of the economy, thus making time a crucial factor, hence first movers will benefit from the opportunities and late entrants will be difficult (Yadong & Peng, 1998; Ovcina, 2010). This is usually the case where there is government policy to protect home industry. For instance China in the 1980s (Ovcina, 2010). On the other hand, one school of thought holds that, late comer entry in developing market is preferable, because developing markets are characterized with high market risk, therefore it is proactive for companies to see how their competitors solve the challenges in such markets before venturing into them so as to minimize risk (Yadong & Peng, 1998; Peng 2006; Ovcina, 2010).

However, in general, theories do not specify precisely when internationalization should start. Nevertheless, the table below gives an idea about what the above theories on internationalization suggest about the timing of the first internationalization

Figure 8: When Firms should internationalize According to Theories

OLI	• In the early stage, when the home country market is saturated • In the later stage, increase in foriegn sales provoked by increase in demand in foreign market.
UPPSALA	• In the early stage, when the home country market is saturated • In the later stage, expansion of firm (FDI) following the acquisition of knowledge about the foreign market
PRODUCT LIFE CYCLE	• No clear timing

Source: Own production

3) **What/A: What are the current competitive advantages of the company and which ones do they need to develop potentially with internationalization?**

Following figure tries to describe this.

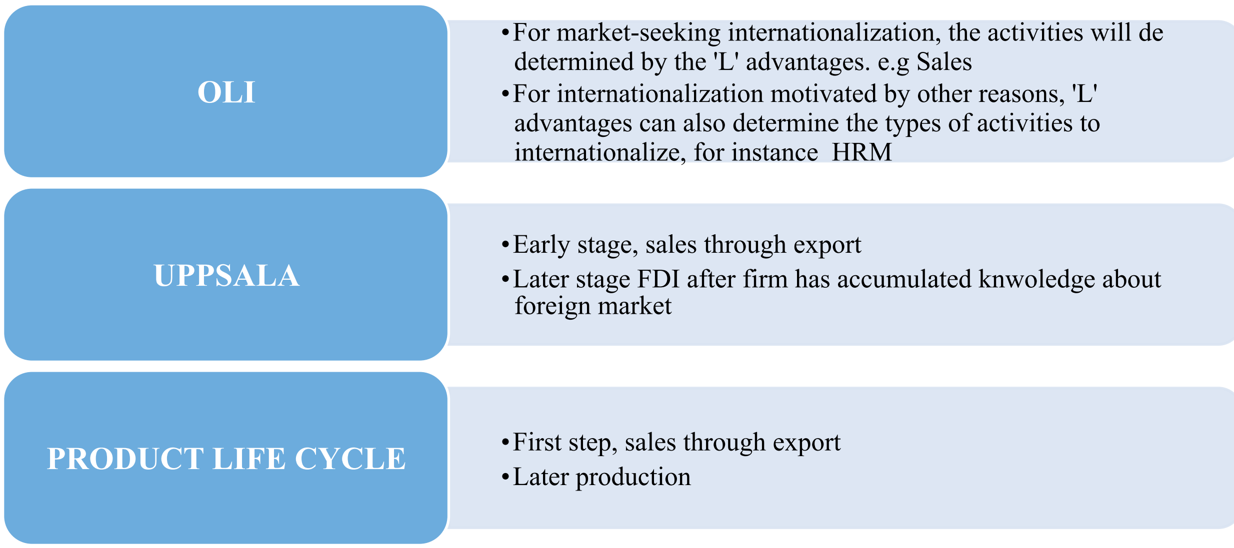
Figure 1: What the theories suggest about Firm's Competitive advantage

OLI	• For internationalization motivated by market-seeking firms will require some ownership advantages which will serve as competitive advatages before going abroad. • For internationalization motivated by other reason (e,g resouce seeking) no prio owner advantages are required
UPPSALA	• The theory is passive
PRODUCT LIFE CYCLE	• Good product quality before venturing to foreign countries • Enhanced technology

Source: Own production

4) **What/B: Which operations of the firm are to be internationalized? For instance, sales, R&D, human resources or Marketing.**

Figure 9: Theories suggested Activities that Firms should internationalize

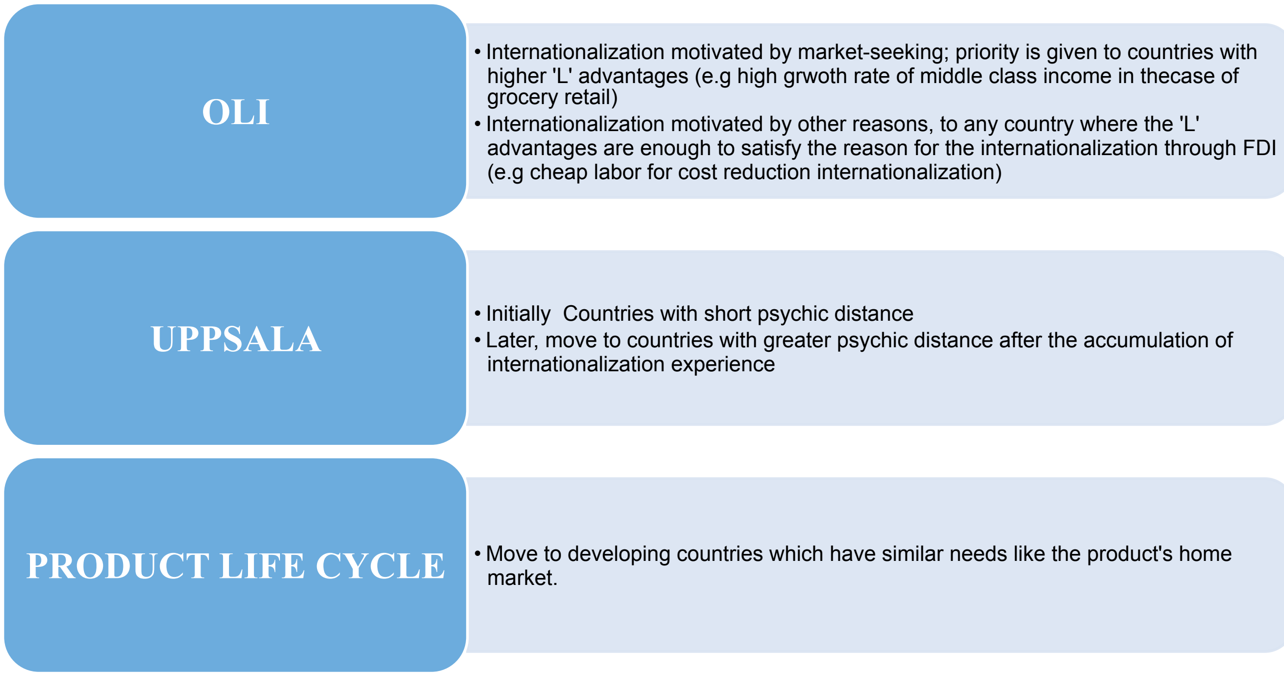


Source: Own production

As can be depicted from the figure above the internationalization theories are not very clear on which activities of the company that should be internationalized. However, they present a clue on some of the activities that companies can internationalize.

5) **Where to: That is the destination of the FDI and what criteria should be employed to select the foreign country. There might also be the question of which activities to internationalize to which country.**

Figure 10: Theories and selection of countries for Internationalization



Source: Own production

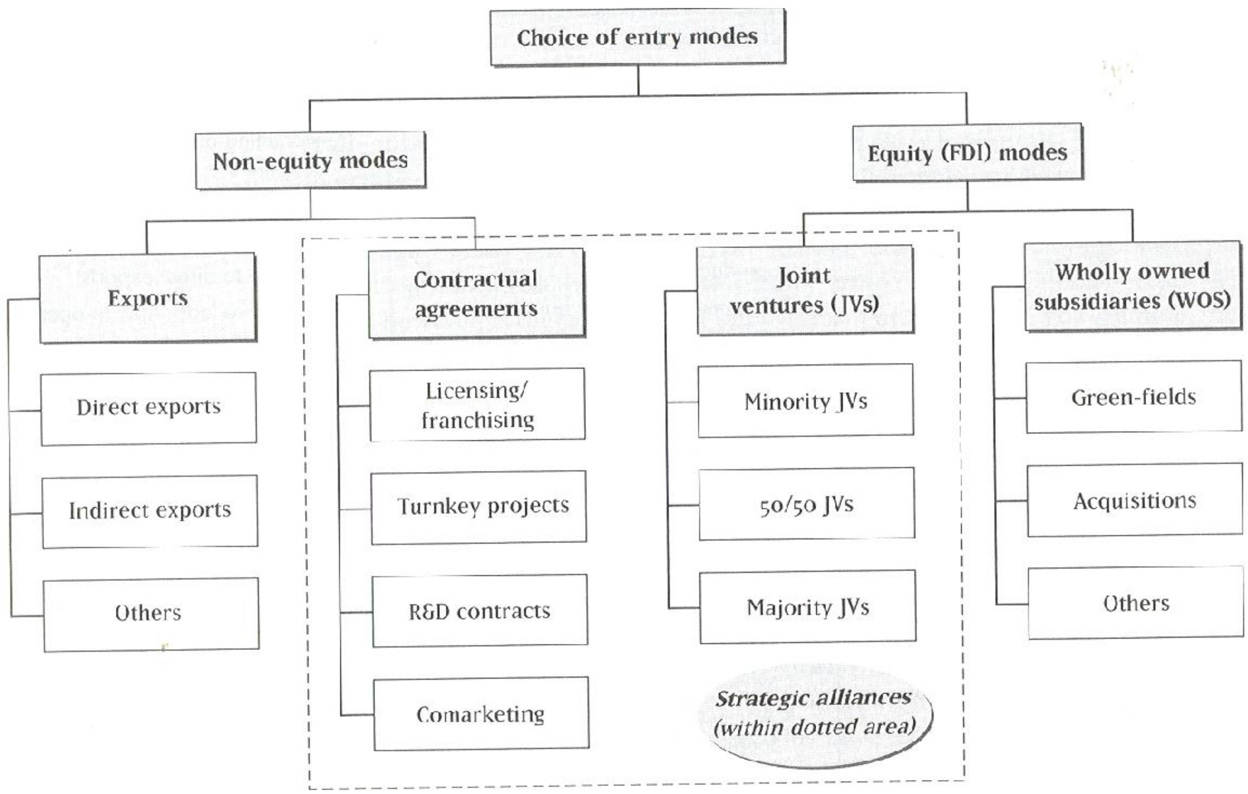
The figure above simply gives some of the guidelines that the theories suggest should enable companies to choose a country of destination for internationalization. They are not elaborate, but in somewhat way they can be used as a base for further investigation in this area. That is why researchers such as Dawson et al. (2006) have further purported the following criteria for companies to consider in choosing a foreign market:

- Geographical distance
- Cultural proximity
- Maturity of the distribution system and
- Economical and political stability

6) HOW/A: Which modes of entry should be used to enter new markets?

Traditionally, the varieties of entry modes available for companies to choose from are the same for all types of market; developed and developing (Ovcina, 2010). Nonetheless, there can be some regulations in some markets that may limit the choice of entry mode. This is common in emerging markets where the government feels the need to protect domestic company and also encourage them to participate in foreign companies' investment through joint ventures. For example China and India (Ovcina, 2010).

Figure 11: The choice of entry modes. A Hierarchical model

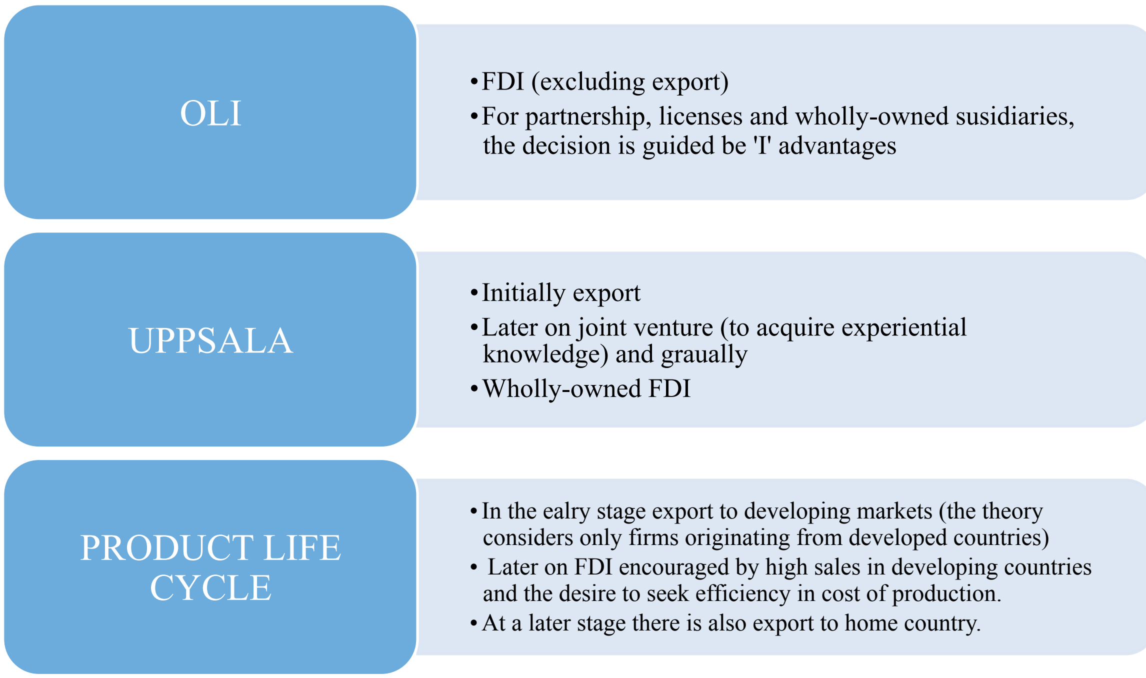


Source: Peng (2006, p. 231)

From researchers' perspective, presuming that there are no market entry regulation restricting the type of entry mode, Peng (2006, p. 231) *(see figure above)* suggest that companies can make a choice between two alternatives entry modes, that is non equity and equity entry modes when internationalizing. Non-equity entry modes comprise of export and contractual agreement whereas equity entry modes embraces joint ventures and wholly owned subsidiaries (Ovina, 2010). The figure above illustrates the various types of entry modes available for companies when going abroad.

Theoretically, the figure below presents the entry modes that the various internationalization theories suggest:

Figure 12: Theories and Entry modes



Source: Own production

7) **HOW/B: Mapping strategies to curb competition, develop mutual arrangements and corporative strategies (with stake holders such as the government or labor unions)**

According to (Barlett & Ghoshal, 2002), when firms internationalize, they have to consider how to balance the three forces of strategic positioning, being cost, differentiation and learning. A fraction of the force of stability between cost and differentiation takes into account standardization and adaptation variety (Subramaniam & Hewett, 2004).

Furthermore, the firm has to also consider if it will establish a collaborative arrangement with other actors such as suppliers, clients as well as competitors. Therefore the firm will also need to consider how this will be done. In some cases, when retail firms internationalize into developing markets, they prefer to take their suppliers with them, especially in cases where local suppliers fall short of the requirements to meet up with standards, profitability, timely delivery and inability to produce in volume.

Sadly enough, the theories on internationalization reviewed in this project have not said anything specific about firm's strategy decision. *(see figure below).*

Figure 13: Theories and strategy Decision

OLI	•Nothing specific
UPPSALA	•Nothing specific
PRODUCT LIFE CYLCE	•Noting specific

Source: Own production

Using the framework ***5W2H***, this project has demonstrated how to a greater extent internationalization theories can help to explain the internationalization of retail business in developing countries. Though they have not been exhaustive, they offer a generic start point for both researchers and entrepreneurs to take notes of when considering internationalization issues.

The rest of the literature in this chapter is designed to capture the development and internationalization of modern food retail trade in some developing countries (mainly Africa). Also by using Cameroon as a case study, the OLI paradigm has been used to illustrate the extent to which internationalization theory can help to understand the development of modern food retail trade in developing countries.

5.0 DEVELOPMENT

This chapter seeks to describe the development and the internalization of modern food retail in a variety of African countries.

Arieh et al. (2002; 2005) have connoted the food modernization process in LDC's to appear as a gradual replacement of traditional small-scale retailers with modern food retail chains from advanced economy. This has left some desirable and undesirable effects in the food retail environment of LDCs. For instance supermarkets, in their quest to increase their customer base, have driven down the prices of groceries and drinks to a point that was never possible before. More so, they have also been in the lead for packaged food that are currently, globally available (African Business Magazine, 2012). More so, modern food retail trade has also taken upon itself to investigate and bring to the market, interesting products in varying taste and plenty of menus.

Thus they can be credited for the vast menus available in restaurants, homes and hotels in most developing countries. Modern food retail trade has a great combination of varieties, quality and convenience of food products that have shaped the food retail sector in a more rigorous ways more than ever before. This has therefore caused a change in the shopping habit of people both from the more advanced economies as well as the LDC’s. This great combination is what has given modern food retail trade, also known as supermarkets, the edge over traditional food retail sectors in developing countries.

Nevertheless, supermarkets have been criticized for being responsible for the mortality of micro grocers, slaughters and fishmonger and thus have therefore been seen as a deterrent to the sense of community that reigned prior to their immense spread (internalization). Due to the fact that modern food retailers equally have a huge purchasing power, they are also being indicted for abusing this power by way of curbing down to the smallest margin possible producers price (African Business Magazine, 2012). This exerts a lot of pressure on small-scale retailers and producers, thus causing most of the small-scale retailers and producers to resort to increase political demands as a technique to alleviate the adverse outcome of hefty supermarkets on their profit margin and prospect of survival (Fernando et al., 2013; Reardon & Hopkins, 2006). Nonetheless, modern food retailers continue to record repeated success in the developed world meanwhile their quest for new market opportunities in developing countries is also in the rise.

Following the international trade embargo on South Africa as a domino effect of apartheid regime, the country decided to build a home supermarket, which has evolved within the country and other countries in the continent. This innovation was like a wind of change that blew all over the continent of Africa. The first country to embrace this wind of change in the East of the African continent was Kenya, which developed its own home supermarkets chains known as *Nakumatt*, *Uchumi* and the currently ascertained *Tuskys*. Furthermore, in most of the French speaking countries of the African Continent, the formal retail sector is subjugated by French chains such as *Casino*, *Carrefour* and *Monoprix* (African Business Magazine, 2012).

With the dawdling growth of the African foot retail sector, a plethora of international chains have started to make their presence felt in the African food retail sector. Amongst these giant chains internationalizing into the continent is the world's biggest retailer *Wal Mart* from the U.S, which made a big move to acquire a 51% share of South African's supermarket Massmart for 2.4 billion dollars in December 2011 (African Business Magazine, 2012). It is without doubt that the entry of this giant retailing firm into the continent will have a conspicuous effect in this sector as well as a game-changing plan. According to African Business Magazine (2012) *Wal Mart* announced in 2011 that it intends to open 1246 stores in the African continent by 2016, and its priority country of destination is Nigeria. Another key player in the continent is the SPAR International, which was founded in the Netherlands in 1932, which is already operating in countries like Nigeria, Malawi, Mozambique and Zambia.

Despite the fact that there are other chains coming into the continent of Africa, the influence of *Wal Mart* in the continent is more remarkable. *"Regarding Massmart in South Africa, recently acquired by Wal-Mart, things are going pretty well with annual sales to June 2012 up 15%"* reported by Cedric Bra, Retailing Analyst for Euromonitor International. Continuing:

> "The company has been quite aggressive on prices last year (2011) and is looking to gain share in the grocery market which is putting a lot of pressure on the competitors. We are likely to see a lot of chains struggling with margins in the future as they try to follow Massmart's price-cut strategy."

There is no doubt that with the rigorous entry of *Wal Mart* and other chains in the continent, most local chains are being pressured to either expand or risk being exited out of the markets due to of lack of strength to measure against these global retail giants.

Although the entry of *Wal Mart* is sending shock waves in the continental food retail trade of Africa, the propensity of such waves are being received and felt differently by each countries based on their unique experience with supermarkets. For instance countries like South Africa and Kenya which have a longer history in modern food retail trade will have a better way to handle competition from foreign chains than countries like Cameroon whose experience with modern food retail is still at an embryonic stage.

However, African supermarket chains do no longer perceive home competition at the international frontier as a mystery. Moreover, they have an upper hand over foreign chains in that they are well equipped with local market knowledge and domestic business culture (African Business Magazine, 2012). This is a great advantage for local chains in an environment in which market research is limited or almost fictional. Despite the fact that it might be impossible for them to bit international supermarket chains in terms of mass production and low cost, they may take advantage of the local market knowledge and enjoy a greater market share and customer loyalty. African supermarkets just like their international counterpart are equally pursuing growth both locally and internationally by entering into other African countries (internationalization). South African supermarkets are paving the way to this internationalization drive.

According to Bra, the Retailing Analyst for Euromonitor, (2012) it was stated:

> “Although South Africa still has much room for growth in retail, local companies have engaged in a competition to unlock the potential of Africa. Encouraged by rising income and little competition, leading retailers like ShopRite, Pick n Pay and Woolworths are opening stores in emerging countries abroad in order to secure long term growth.”

Deducing from this statement made by Bra, this research considers the following propositions, being a breakdown from the research topic:

1. Internationalization in terms of supermarkets chains leaving developed countries and entering emerging or less developed countries. For example, the movement of Wal Mart from America to South Africa.

2. Internationalization in terms of firms leaving one developing country to enter another developing country. For instance the movement of *ShopeRite* from South Africa (home country) to Democratic Republic of Congo (another developing country).

3. Modernizations occur within the confines of one country. For instance the modernization of the Chinese food retail sector.

Bra, Retailing Analyst for Euromonitor (African Business Magazine, 2012) further added:

> "South African retailers have reached a point where they are able to bear the costs of doing business in Africa, which is a tough region. ShopRite has even opened its first store in the Democratic Republic of Congo in spite of the political instability".

ShopRite is an old chain in South Africa, which started in 1979, and in 1995, it opened its first store in Lusaka in Zambia. Currently, it is represented in 16 countries with a total of about 103 stores (African Business Magazine, 2012). The supermarket's strategy is low price and its dedication to the provision of modern supply chain irrespective of the fact that it is operating in a turbulent business milieu. More so, African Business (2012) reported that another *ShopRite's* strategy for the coming years is to enter into many more African countries as its current stores in Nigeria, Ghana and the Democratic Republic of Congo are doing well with a registered increase of earning per store of 18.6% in the first half of 2012. The internationalization process of ShopRite has shown a glaring respect for the stages theory. This is because after gaining grounds in the home market, the supermarket started its internationalization process by first entering countries close to it in terms of distance, culture and language, later on before it started venturing into countries with long psychic distance.

However, *ShopRite* is not the only South African supermarket going global. Its pavement is very much followed by *Pick n Pay* which has already internationalized with 96 stores into some African Countries with Malawi and Democratic Republic of Congo being its most recent entry (African Business Magazine, 2012). Despite the political unrest in DR Congo, the country seems to continuously be a destination location for most African supermarkets. The questions as to why supermarkets may choose one country over the other to internationalize is answered in subsequent chapters of this project (using internationalization theories).

In Kenya, the only publicly traded supermarket *Uchumi* is doing great. For about six consecutive years up to sometimes in May 2012, the company has continuously witnessed a higher stock value of about 135% and a corresponding increase in gross profit for the six months prior to December 2011 of KSh204.3m ($2.4m) (African Business Magazine 2012; Euromonitor, 2012). Nonetheless, these results were not obtained without turbulence in the history of the company's profile. Earlier in the life of the supermarket, it was consumed by high debts, which earned it a five years of suspension from the stock market. It was however, reenlisted again in the stock market in May 2011. It has equally of recent made its first move out of Kenya by opening a store at Dar es Salaam, Tanzania, with the intention of opening seven more in East Africa; three in Uganda and four in Kenya (African Business Magazine, 2012).

Behind *Uchumi,* is another Kenyan supermarket called *Nakumatt*, which started as a mattress making shop in the Kenyan town of Nakuru. After a record of home success, *Nakumatt* has opened stores in other African Countries like Uganda, Rwanda and Tanzania. Its first experiment of internationalization was made in 2008 when its opened its pioneer non-domestic store in Kigali, the capital city of Rwanda. Giving its annual revenue of $500m coupled with the strong zeal to internationalize into more African countries, the future of *Nakumatt* without any bias is bright (African Business Magazine, 2012).

In Zambia, the issue of supermarkets going global is still a novel concept. However, *Zambeef* a Zambian retailer is dominating the sector with a total of about 103 stores and an annual turnover of about $200m (African Business Magazine, 2012).

Although there exist a galore of large food retail chains in some less developed countries, where these chains have not yet arrived local small grocers operate the market and reap the profit. For instance in Cameroon, Euromonitor (2012) reports that:

> "In the absence of any direct challenger", petite grocers "continue to enjoy a comfortable position as their outstanding numbers, proximity locations and flexible sales terms and opening hours give this channel a superior advantage".

In general rapid expansion of supermarkets in Africa is very remarkable. This has been successful due to the adoption of contrasting but prominent strategies such as franchising and joint ventures.

Nevertheless, to succeed in the African markets, supermarkets have to be prepared to do extra work in a bit to fully realize their goals. One of the fundamental challenges they will need to overcome is the uneasiness to gain access to the mass market. Analysts have equally identified the issues of scale and meager infrastructural development to continuously be a problem that prohibit the modern food retail trade in the African continent. (African Business Magazine, 2012). These are not the only problems that serve, as obstacles in this sector, there are others like the difficulties in payment methods, but these problems and more are revisited in the later part of this project as challenges faced by African food suppliers as they try to involve in the modern food retail chain.

In the light of infrastructural development, some African countries are more advanced than others, thus forcing supermarkets to disproportionately pursue internationalization into more developed African countries. According to *SPAR* (2011):

> "The development phase within a country of the formal retail sector is an important element in considering expansion, as the infrastructure within that country to enable licensed partners to deliver the quality, range, assortment and overall retail shopping experience which is required is crucial".

However the rapid increase of large food chains in the continent is not without its downside. This is because the marginal propensity to spend money is less accompanied by volatile economic environment where too much flexibility in monetary policy can spark inflation. In spite of these snags, a plethora of giant chains continuous to perceive the African continent to have a bright food retail future.

Looking at the above development of modern food retail trade in some developing countries in Africa, it can be seen that to a greater extent the movements of supermarkets from one country to another exhibit respect for internationalization theories. For instance most food chains move out of their home countries only after they have established a firm foundation at home, and they start by entering countries with relatively short psychic distance (Uppsala theory, Johanson and Vahlne, 1990). Further, the way they choose their countries of destination is also influenced by their assets and some location advantages (OLI paradigm, Dunning, 1981). Moreover the choice of entry modes adopted by both supermarkets from developed and developing countries as they internationalize in developing countries is also explained by internationalization theories. However, to understand how vividly internationalization theory can help understand the development of retail trade in developing countries, the case of Cameroon is illustrated with the use of OLI paradigm. Before that, we look at the reasons for the development of retail trade in developing countries.

5.1 Reasons for the Development of Retail Trade in Developing Countries

The reasons for the internationalization of retail trade in Africa can be classified into two categories; push and pull factors:

a. **Push Factors:** These are factors that necessitate the movement of supermarkets from its country of origin to seek for foreign market opportunities. In another words, these are factors that cause firms to carry out FDI.

- Partly due to the fact that the home countries of the supermarkets engaged in FDI are near saturation (Dave and Thomas, 2003)
- Also because of the quest for growth opportunities and to reap the advantages that comes with it such as increase access to mass market.

- More so, supermarkets from more advanced economy want to search for higher profit rate in developing countries' economies where the number of stores is limited compared to their home.
- Furthermore, advancement in logistical technology especially from more economically developed countries, complemented by efficiency in supply chains have eased the marketing of higher valued and less expensive food products to poor countries (Dave and Thomas, 2003).

b. Pull Factors: Simply put, these are the factors that will attract foreign firms to carry out FDI in the host country. Some of the factors that attract foreign supermarkets to carry out FDI in emerging economies especially Africa are as follows:

- Rising income: The African middle class income bracket is increasing, (Euromonitor 2012) thus increasing the purchasing power of the population and therefore the increase demand for more quality food products. Supermarkets are being encouraged by these rising income that presents a lucrative markets for their higher quality and yet less expensive food produce. For instance the table below shows the increase in per Capita Income of Some Africa Countries in Central and West Africa.

Figure 13: List of Countries in West and Central Africa Showing increase in GDP Per Capita Income for three consecutive years

COUNTRY	**GDP PER CAPITA INCOME**		
	2011	2012	2013
CAMEROON	$2,300	$2,400	$2,400
COTE D'IVOIRE	$1,600	$1,700	$1,800
GABON	$17,600	$18,300	$19,200
GHANA	$3,200	$3,400	$3,500
NIGERIA	$2,600	$2,700	$2,800
SIERRA LEONE	$1,200	$1,300	$1,400
THE GAMBIA	$1,800	$1,900	$2,000

Source: Adopted from World Fact book, 2014

- There is availability of mass market: This is a pull factor because there has been a gradual change of the concept of supermarket. Hitherto, it was being considered as a luxury top-end niche, but today there has been an extension of supermarket to include mass-market merchandisers (Dave & Thomas, 2003).

- Limited competition. There are little and less fierce competition in the sector of modern supermarkets food retail in most developing economies therefore attracting global supermarkets to explore these 'virgin' markets with their high quality goods.

The internationalization of food retail trade in developing countries has been accompanied by the modernization of food retail trade. Before taking a look on how theories can help understand the retail trade development in developing countries, it is imperative to also have an understanding of how the food retail modernization has affected developing countries.

5.2 The Wave of Food Retail Modernization

Modern food retailers are observed as the main agents of change in the system of today's agricultural production, especially in the less developed nations where there has been a widespread of modern food retail chains in the past three decades. This widespread of supermarkets couple with the internationalization of its chains into the developing nations can be described by (Reardon & Berdegue, 2002, p. 81; Reardon et al., 2007) in the model of wave. This model explains that, modern food retail started spreading to South America, Eastern Europe then South Africa in the first phase of the wave during the beginning to mid-1990s, which later on continued to South East Europe, South and South East Asia then Central America in the second face of the wave in the later part 1990s (Trebbin, 2013). It was later in India where the main change in the general retail and food retail sector began to see light in the early 2000's. This spread is considered to be the third phase of the wave, which extended to the Eastern and Southern countries of Africa, China and Russia (Reardon & Minten, 2011b). The rise of modern food retailing in a market in a way affects agricultural production and the activities of farmers, as supermarkets frame up new supply chains or probably modernizing existing ones to ease the implementation of strict quality standards. Supply chain transformation usually goes alongside strict control structures, which increases or enhances direct touch between supermarkets and farmers (Berdegue & Reardon, 2008).

6.0 APLLICATION OF INTERNATIONALIZATION THEORY

In this chapter, the authors try to apply the OLI paradigm in explaining the development of the food retail trade in Cameroon. The main parameters used from the theory are 'O' and the 'L' advantages. Thus, this chapter is tailored to examine the 'O' and 'L' advantages that exist in

Cameroon, which have in one way or the other influenced the development of the food retail trade in Cameroon. Before that is done, a high light of the country Cameroon is presented below.

6.1 Highlights of Cameroon

Cameroon is located in the heart of Central Africa and shares borders with Central African Republic 797 km, Chad 1,094 km, Republic of the Congo 523 km, Equatorial Guinea 189 km, Gabon 298 km and Nigeria 1,690 km (Central Intelligence Agency CIA, 2014). In terms of market location advantages, Cameroon is 1.690KM away from Nigeria linked by land, which gives it easy access to the most populated country in Africa of about 170 million people (Marcela Rondom, 2013). In 2012, the total value of food and agriculture that entered Cameroon originating from US was approximately US$ 18.7 million. This was less than the values for 2011 (US$ 25.1 million) and 2010 ($26.2 million). The reason for this drop has been attributed to a stiffen competition being waged by France, Belgium, Argentina, Brazil, Canada, China, Thailand, Pakistan and Vietnam (Marcela, 2013). Notwithstanding this fierce competition, there are still a considerable presents of US agricultural exports in the Cameroon retail food sector.

Cameroon economy is vast and slightly stagnant. Its gross domestic product comes from three main sectors of the economy contributed as follows:

- Agriculture 20.6%
- Industry 27.3%
- Services 52.1% (CIA, 2013 estimate)

In the agricultural sector, Cameroon produces coffee, cocoa, cotton, rubber, bananas, oilseed, grains, cassava, livestock and timber. Industrially, Cameroon industrial activities constitute; petroleum production and refining, aluminum production, food processing, light consumer goods, textiles, lumber and ship repair.

The population of Cameroon is about 23,130,708 (CIA July 2014 est.) making it the number 54 most populated countries in the world (CIA Factbook, 2014). The country's per capital income for 2013 was $2,400 (2013 est.) with about 48% (2000 et al.) of its total population living below the poverty line. It has a labor force of about 8.426 million (CIA, 2013 est.) engaged in the various economic sectors as follows:

- Agriculture 70%

- Services 17%
- Industry 13% (CIA, 2013 et al.)

Despite the country's natural resources, Cameroon is one of the countries in the world with the premier percentage of unemployment of about 30% (2001 et al.) of the active workforce.

Cameroon is a member state of the six countries of the regional Economic and Monetary Community of Central African States (*Communaute Economique et Monetaire de l'Afrique Central, CEMAC).* Member states of CEMAC include; Gabon, Cameroon, the Central African Republic (CAR), Chad, the Republic of the Congo and Equatorial Guinea. This monetary community has a population of 37 million with a total land surface of about 3 million KM sq (International Democracy Watch IDW, 2013). The CEMAC region has its own central bank known as Bank of Central African States (BEAC) which controls monetary policies in the member including Cameroon where the headquarter of the bank is located. Cameroon is however, the biggest economy in the CEMAC region (Marcela, 2013).

Politically, the country is ruled by the head of state who is supposed to be voted democratically. The country has since the 6th of November 1982 been ruled by President Paul Biya. The country is divided into ten regions administered by governors who are being appointed by the head of state. The head of government who doubles as the prime minister submits the list of proposal to the presidents for the appointment of members of the cabinet. Last year April 14, 2013 members of the senate were elected as stipulated by the 1972, amended in 1996 constitution. The said constitution further stipulates in article six paragraph 4a that:

> "The President of the Senate shall as of fight act as interim President of the Republic until the new President of the Republic is elected. Where the President of the Senate is unable to exercise these powers, these shall be exercised by his Vice, following the order of precedence" (Cameroon Constitution, 1996).

Pursuant to article 1 paragraph 8 of the amended constitution of 1996, Yaoundé is the capital of the Republic of Cameroon (Cameroon amended Constitution, 1996). However, Douala is the economic capital in the Central African Republic (Marcela, 2013). Majority of transport into the country as well as out of the country and into other land linking countries like Chad and Central African Republic (CAR) pass through the port of Douala whose location is somewhat inland from the Gulf of Guinea at the depository of the Wouri River (Marcela, 2013).

In the light of export, Cameroon is known for its exportation of cocoa beans as it is the world's fifth greatest producer of cocoa after Ivory Coast, Brazil, Ghana, and Nigeria (Marcela, 2013). Its cocoa produce in 2011/2012 stood at 236,000 tons. In addition Cameroon also exports coffee beans, *Robusta and Arabica*, and cotton.

The World Bank review of 2009 reviews that *"weak productivity, a looming energy crisis, and the effects of the global financial crisis, food insecurity, stagnating poverty, and high unemployment are key challenges over the 2009 to 2019 period."* The higher the number the more difficult it is to start a business in the territory. More so, the World Bank's latest publication of '*Doing Business Survey, 2014'* has ranked Cameroon on the number 168th position out of a survey of 189 countries as the world's most difficult country to do business. To make matters worse, Transparency International (2013) ranked Cameroon together with Central African Republic, Iran, Nigeria, Papua New Guinea and Ukraine on the number 144th position, where the higher the position, the more corrupt the country is, out of a survey of 177 countries as the world's most corrupt countries with a transparency score of 25%.

Nonetheless, in order to take action against economic challenges such as: stagnating economic growth, rapid population growth, speedy urbanization and poor government. The government of Cameroon has come up with a sophisticated economic plan which is summarized in its *"Vision 2035"*. The major objectives of this plan are as follows (Cameroon Vision 2035, 2009):

1. *Cut down poverty* to less than 10% by means of accelerated and job generating growth, and also a sound policy of income redistribution achievable by way of augmenting, broadening and advancing social services, taking into consideration, health, water, electricity, education, training and roads.

2. *Make the country a middle income country;* in order to increase average income through ways of consolidating growth rate that is expected to be about 10% in 2017 over a period of time, due to increase diversification of economic activities.

3. *Become a novel industrialized country;* the expectation of this objective is to move the country from a primary to a secondary state of importation, which will be characterized by the country's manufacturing accounting for at least 23% of the country's GDP.

4. *Become an emerging economy;* this objective is designed to conventionalize the country's economy into the international economy in terms of trade and finance. By trade it is expected to maximize export sector, whereas by means of finance it is expected to open local financial market for alien investors.

If the above objectives are achieved, it is hoped that the country will become an emerging, industrialized and democratic country by 2035. Therefore, this will in somewhat way, increase the chances of doing business and succeeding in Cameroon. The following are the macroeconomic indicators of the country.

Table 15: Macro Economic Indicators

Indicators	*2009*	*2010*	*2011*	*2012*	*2013*
Population	20.1 M	20.4 M	19.7 M	20.1 M	23.1 M
Inflation Rate	3.0%	3.0%	3.8%	2.9%	2.6%
GDP (USD)	21.88b	21.9b	25.8b	24.5b	27.88 b
GDP Growth	3.8%	2.9%	4.2%	4.7%	4.6%
Total Imports	$4.8b	$4.9b	$6.0b	$6.6b	$6.8b

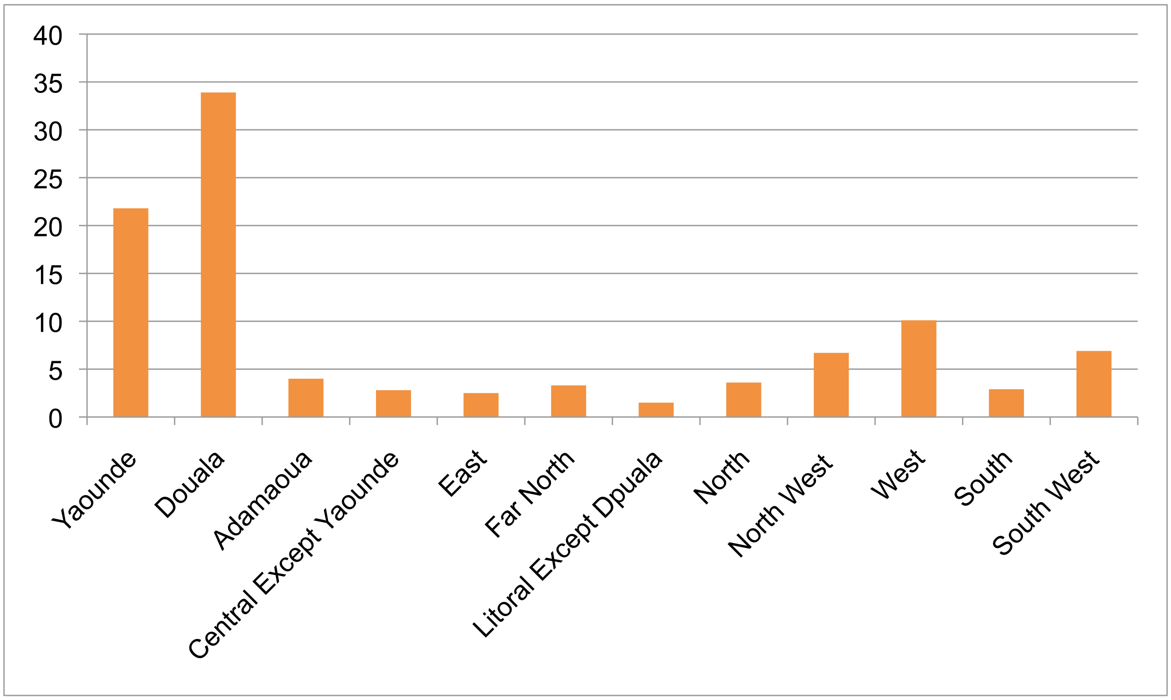
Sources: Economic Intelligent Unit, CIA Fact Book, BICO Report, Economy Watch, World bank, ADB, IMF

6.2 Cameroon Food Retail Sector

The retail sector in Cameroon is composed of both food retail and merchandize retail. Pirating firms in this area include shops in both urban and rural areas, convenient shops in the neighborhoods, supermarkets both foreign and domicile, as well as other shops goods (Pierre, 2013). There are also wholesalers who can also be considered as retailers because most of them though their principal activity is selling in bulk, they also retail these goods. The retail sector is classified as a tertiary economy activity, which is complemented by business services. These economic activities are considered the most spread economic activities in the country and constitutes about 85% of the country's total company involved in trade and business services, which equally retain about 68% of the stable job in Cameroon (Pierre, 2013; INS, 2009).

Benchmarking trade with other activities of the private sector, it covers about its dominate with 61.4%. Furthermore, more than 51% of trade companies in Cameroon domiciled in Douala and Yaoundé, which put together also constitute about 55.7% of the retail activities in Cameroon (Pierre, 2013; INS, 2009). The diagram below shows the distribution of commercial enterprise by region.

Table 14: Distribution of Commercial Enterprise by Region



Source: General Enterprise Census 2009 (INS Cameroon) and Pierre E. 2013.

However grocery retailers in Cameroon continuous to expand as the current trend in 2012 indicates that many Cameroonians consumers are now visiting supermarkets to take advantage of the variety and quality products available at relatively low cost (Euromonitor, 2013). Even so, most of the customers who visit supermarkets in Cameroon are those emerging from the middle-income class. It is therefore hoped that if the *"Vision 2035"* is accomplished, which intends to increase the number of middle-income class, the future of supermarkets will be very promising in Cameroon. Nonetheless, the growth of supermarkets is being hurled by many factors such as limited outlets, restricted opening hours, and more giving that these supermarkets are usually located in strategic areas where most of these middle class resides, therefore limiting access to low-income class people.

Competitively, the leading supermarket in Cameroon retail sector is *Mahima Supermarché*. Interestingly, *Mahima Supermarché*, together with another influential supermarket called *ONASHI* have the same ownership. So far *Mahima Supermarché* is the biggest supermarket that serve both domestic and foreign consumers. It is co competent in such a way that any item that is not stock by rival supermarkets can always be found at *Mahima* (Euromonitor, 2013). However there are other supermarkets to present in the country. The following tables shows the names of supermarkets present in Cameroon and the towns where the operate:

Table 15: Distribution of supermarket

SUPERMARKET	**LOCATION**
MAHIMA SUPERMARCHÉ	Douala and Yaoundé
TSEKENIS	Douala and Yaoundé
DOW DISTRIBUTION	Douala and Yaoundé
ECOMARCHE	Douala and Yaoundé
ECO PRIX	Douala and Yaoundé
KANDIE ANDRE	Garoua
LA CORBEILLE	Yaoundé
LE BON POINT	Douala
LEADER PRICE	Douala
METROPOLIS	Yaoundé
MONTANA	Yaoundé
NIKI	Yaoundé
RAYCO	Yaoundé
TOP INTER	Yaoundé
SKT SUPERMARKET	Douala and Yaoundé
CASINO	Douala and Yaoundé
DOVV SUPERMARKET	Douala and Yaoundé
ESPACE LANDMARK	Douala and Yaoundé

Source: Yellow page of Africa

6.3 OLI Paradigm and Development of Cameroon Food Retail Trade

As stated earlier, this section of the project will illustrate the role played by the 'O' and 'L' advantages of the OLI paradigm in the development of food retail trade in Cameroon.

6.3.1 'O' Advantages

Sternquist (1997) stated that, ownership advantages (O) refer to company's asset, which it uses to secure market power. She further made a distinction between two forms of 'O', that is: asset-based advantages and transaction-based advantages. The former represents an exclusive product (branding) or a well renowned company reputation (e.g example Gap's brand of product lining) whereas the later refers to the modus operandi of the company (e.g, achieving large scale production is a transaction-based ownership advantage). In this project we focus on the asset-based ownership advantages, which we simply called *branding*.

6.3.2 Branding

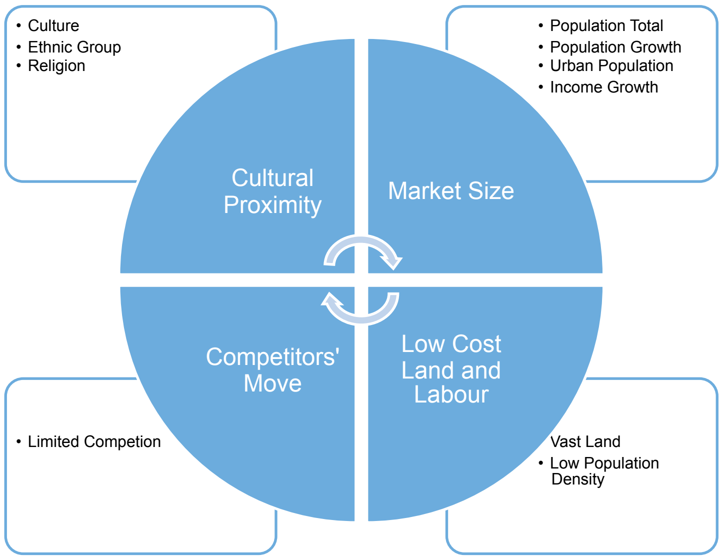
In Cameroon the issue of branding is very important. Most Cameroonians especially those of the higher social class who equally constitute the bracket of middle class are very brand sensitive. In other words, people want to identify according to their social status by the types of shops they shop from. Especially when it comes to the issue of food shopping, the mentality of the people is that, only those who are of high-income brackets like civil servants and politicians can shop from supermarkets. This is like some form of natural selection because there is neither no role, neither is it written on the doors of supermarkets that *'only for civil servants and politicians'*. Even so, when it comes to shopping in supermarkets, the type of supermarkets also matters, for instance, there are supermarkets in Cameroon that originate from China, France, USA and India. People of very high social status like politicians and their families want to be identified by the types of supermarkets they visit, thus they visit supermarkets from the developed world like *Carrefour*, *Mahima Supermarché* and *Casino* from France and also supermarkets that originate from the US. Meanwhile those who visit supermarkets from China like *'Shakini'* are considered as lower social class. Worse still peasant farmers and the low-income class do shopping from wet market and seldom shop from any of the supermarkets.

Thus food retailers are well aware of the issue of branding in the Cameroonian market. Therefore since they have the ownership advantages in terms of high reputation for dealing with advanced brands and originating from more advanced economies like France and USA, they find the Cameroonian market appealing for their FDI, thus internationalization. Though generally, Cameroonians prefer foreign food brand to local brands, they also discriminate about the origin of such brands. For example Chinese brands in general being food or clothing are considered very low quality in Cameroon and thus those from the middle-class income dissociate themselves from such brands. There is a common say in Cameroon that *"Chinese goods no di last long",* meaning *"Chinese goods do not last long"*.

6.3.3 'L' Advantages

Location advantages simply pertain to how lucrative a home country is perceived by foreign retailers. In other words it refers to those advantages in the home country that attract foreign retailers (Sternquist, 1997). Generically, we have categorized these factors into push and pull, which we discussed earlier in this chapter. However in this sector, we lay emphases on the pull factors in Cameroon that have attracted and influenced the development of food retail trade in Cameroon. We therefore identify four parameters, which are developed into the following framework used for illustration:

Figure 18: 'L' Advantages in Cameroon



Source: Own production

6.3.3.1 Cultural Proximity

It is common to find people in some countries having similar life styles. And also in most cases, in the developing countries, the trend is that most educated people are adopting the western culture. This is the case in Cameroon especially when it comes to food retail. The middle-class income earners are embracing the one point shopping habits that is common in developed countries. They want to shop at home and feel the same as if they travel and do shopping in Europe or America.

- ✓ *Language*. Cameroon is a bilingual country with both French and English being the two official languages in Cameroon. However the most dominant language that is used in business, politics and social interaction is French. This to a lesser extent explains why most of the food retailers in Cameroon are France and the own largest supermarkets

(*Mahima*) in Cameroon leading both in price and market share. For example French supermarkets in Cameroon in *Carrefour*, *Casino*, *Mahima* and *Le Bon Point*. More so, the Francophone Cameroonians out numbers the Anglophone Cameroonians, with the eight regions out of ten in the country being French. This makes the French language the most used language in Cameroon and most of the official documents and contracts are written in French. This also helps to understand why almost all the supermarkets in Cameroon are concentrated in Douala and Yaoundé. Nonetheless, this has little or no influence in food retail sectors because the law requires that, the labels on packaged food should be in both English and French. More so, despite the fact that French is the most spoken language in Cameroon, most Cameroonians especially higher end consumers speak both languages and thus "pure English" food products not experience any disadvantage in terms of language barriers, reason why US food product such as fish products, Tomato Ketchup, Mayonnaise and Salad Dressing are selling high in the country.

- ✓ *Ethnic Group*. Cameroon is a multi-culture country. It's population consists of about two hundred and fifty (250) ethnic groups divided into six categories as follows:

Figure 19: Distribution of Ethnicity

Categories of Ethnicity	**Percentage of population**
Cameroon Highlanders	**31%**
Equatorial Bantu	**19%**
Kirdi	**11%**
Fulani	**10%**
Northwestern Bantu	**8%**
Eastern Nigritic	**7%**
Other African	**13%**
Non-African less than	**1%**

Source: CIA World Factbook, 2014

Due to the fact that it is a blend of so many cultures, Cameroon is referred to as *"Africa in Miniature"* or *"Petit Afrique"*. This is because it has almost all the cultural traits of countries in the African continent, in terms of language, life style, religion, geography, wildlife and governance. This multi-cultural nature of Cameroon makes it diverse in many ways such that almost all types of food are consumed in Cameroon. This is a positive factor for food retailers in

Cameroon who come from different parts of the world like China, France, US, India, South Africa and the rest of the world. Almost all supermarkets in Cameroon sell some traditional food items from their countries of origin. Especially in French supermarkets like *Casino* and *Mahima Supermarché*, the French 'pain' (bread) is very trendy in Cameroon. This multipurpose nature of the country makes it possible for any types of food to be sold in Cameroon, thus food retailers do not need to border much about the type of product they bring to the market, so long as they are produced and meet the food safety and quality standards, they can always sell if they can do good advertisement. More fascinating is it, that Cameroon is the only African country that has been occupied by three Western countries; Germany, Britain and France. This also gives it a blend of both African and Western culture, that also accounts for why most Cameroonians practice the western culture in terms of life style and eating habit.

- ✓ *Religion*: Cameroonian practice three types of religion; that is indigenous belief, Christianity and Islam.

Figure 20: Religious practices in Cameroon

Religion	**Percentage of Population**
Indigenous beliefs	40%
Christianity	40%
Islam	20%

Source: CIA Fact book, 2014

The combination of Indigenous belief and Christianity make up 80% of the entire population, which is good in terms of food purchase. This is because in Islam-dominating societies there are a lot of restrictions when it comes to food. For instance strong believers in Islam only allow meat slaughtered after *"halal"* conventions and more so, they observe fasting periods. On the other hand in a Christian dominating country like Cameroon food consumption is all year round and the demand for food is therefore always increasing. This makes the food retail trade in Cameroon very successful.

6.3.3.2 Market Size

Generally, home market saturation is a motivating factor for companies to internationalize into countries where the market is less saturated. Therefore it is imperative that the foreign country will be able to provide the coming firm with ample space for expansion if the firm desires to exploit economies of scale (Sternquist, 1997). For instance the coming of *Carrefour* and *Casino* supermarkets into Cameroon were motivated by the saturated home market in France and central Europe. Cameroon offers a lot of market opportunities to food retail chains operating in the country. These advantages are in the form of the following parameters: population size, population growth, urban population and the increase middle-class income bracket.

- ✓ *Population size*. The population of Cameroon is about 23.1 million people (CIA Factbook, 2014) and it has a population growth rate of about 2.6% per annum. This provides a huge market size for the food retail trade in Cameron especially as majority of the population resides in the urban cities of Douala and Yaoundé where most supermarkets are located.

Figure 21: Population size of Cameroon

Year	**Population**
2010	19.6 Million
2011	20.03 Million
2012	21.9 Million
2013	22.6 Million
2014	23.1 Million

Source: CIA Fact book, 2014

More so Cameroon is a member of the Economic Society of Central African State (CEMAC), which has a free trade zone with five other African countries:

- ➢ The Central African Republic
- ➢ Congo Brazaville
- ➢ Gabon
- ➢ Equatorial Guinea and
- ➢ Tchad

Food retailers operating in Cameroon are mandated to write in their product that *vent en CEMAC;* meaning sales in CEMAC. This gives them exposure to sell their products to five other African countries without any tariffs on the product. Cameroon is also linked to Nigeria by land, which has a population of about 177.1 million people. This also provides the food retailers in Cameroon to serve the Nigerian market.

- ✓ *Income growth*: Cameroon is one of the countries in “French Africa” the highest income per head of about 2,300 USD. More so, following the February food riots of 2008, the government of Cameroon increased the salaries of civil servant. This brought more people into the middle-class income bracket and thus increased the demand for more advanced food commodities from food retailers. This has increased the sales of supermarkets in Cameroon leading them to open more shops in the urban area. For instance in 2010, the number of *Mahima Supermarché* rose from four to nine in Yaoundé).

6.3.3.3 Low Cost Land and Labor.

As food chains internationalize, they need more land to open new shops as well as the need to recruit new workers at preferably low cost to operate the shops. Cameroon presents just the perfect opportunity to serve these needs.

- ✓ *Low Cost Land.* Cameroon has a total land area of about 4591 km^2. The land is relatively under used coupled with low population density of about 41 people per km^2. This makes the cost of land relatively cheap for food chains to buy an open new outlet especially as the government is always supporting such ventures. In most cases, the government always supports the compensation of landowners in favor of development. The government does this by encouraging landowners in urban areas who are not making use of the land to sell them and relocate in favor of development. Thus there is always land available for food chains that want to expand and at affordable prices.

- ✓ *Low Labor cost*. The rate of unemployment in Cameroon is very high at about 30%, coupled with a relatively high percentage of the population who are unskilled. This presents a huge pool of cheap labor for food chains in Cameroon who require manpower. There is also inefficiency in the labor union so the issue of minimum wage is not taken seriously. In most cases the workers are under paid and since most of them are desperate, they do not complain. This explains why *Mahima* faced a serious problem in 2010 with its workers, where it was reported in the post newspaper that the workers rioted because of non-payment for their overtime and poor working conditions.

6.3.3.4 Competitor's Move

There is always the risk of losing the first mover advantage if competitors make the first move to foreign market. There is a possibility that they might occupy strategic retail positions in the market and set a barrier for latecomers. When it concerns developing countries; the higher a company considers the importance of internationalization, the more likely it is to become a first mover.

In Cameroon, the French supermarkets (*Mahima* and *Casino*) were the first movers to enter the Cameroon market. That is why in Yaoundé and Douala, they are located in the most strategic positions in the cities. More so, they have become more popular than their competitors in the market. In fact the French *Mahima Supermarché* is the leading supermarket in the country. Nonetheless, the market of food retail trade in Cameroon is still very young because it is far from saturation and there is no fierce competition in this sector as at no, the only competition is offered by the open market which is still underdeveloped.

6.4 Conclusion

This chapter has presented the various business internationalization theories and how they can help to understand the development of modern food retail in developing countries. It has therefore discussed the relevance of business internationalization theories in food retail internationalization. To investigate the importance of business internationalization theories in food retail internationalization, the OLI paradigm was used to illustrate the reasons for the development of modern food retail trade. The next chapter presents the challenges faced by African food suppliers resulting from the development of modern food retail trade in developing countries. It also suggests strategies that African food suppliers can adopt to curb these challenges.

Part IV

7.0 CHALLENGES

The challenges the headline of this chapter refers to, are those faced by the African food suppliers as they try to integrate into the food retail chain brought by developments in this sector.

The development of modern food retail chain in Africa by global food retailers from more developed countries has called for the integration of African food suppliers into the retail chain. This development however, is not without some difficulties as African food suppliers are compelled to meet up with modern food retail practices such as meeting up with standards, mass production, timely delivery, efficiency and consistency. This project addresses these challenges African food suppliers face and tries to propose some suggestions on how they can be dealt with. This chapter is tailored to discuss these challenges. Though there exist a plathero of challenges, the main source of challenge to African food suppliers emerge from the implementation of standards by modern food retail as they try to replace the traditional food retail systems with modern food retail practices in their home countries. Therefore in this section the issues of standards are raised followed by the discussion of other challenges classified under environmental, social and governance (ESG).

7.1 Food standards

When we think about food retail modernization, we think of standards or simply the adoption of more advanced methods of food retailing or better still the gradual substitution of traditional retail systems with modern retail standards. Most Sub Saharan African countries are at a snail pace embracing this trend of food modernization. In this process, they tend to adhere to some food safety regulations imposed to them by high-income countries (Asfaw, Mithöfer & Waibel, 2010). Nevertheless, there is a risk that the promulgation and advanced rigidity of food safety guidelines that are put in place by more advanced economic countries can impair the competitiveness of producers in developing countries more especially rural agric producers and thus impede their participation in international food retail (Asfaw, Mithöfer & Waibel, 2010; Augier, Gasiorek, & Lai Tong, 2005). On the contrary, another school of thought holds a more optimistic point of view about this debate. They argue that paradoxically a stringent application of food safety standards can act as a facilitator for improving and or modernizing the developing countries' food supply and retail chain (Asfaw, Mithöfer & Waibel 2010; Jaffee & Henson, 2004; Maertens & Swinnen, 2006).

According to Solomon et al. (2010) small scale producers face a lot of challenges in exporting horticultural product from Kenya to high-income countries. This is because consumers expect strict adherence to food safety standards and very high quality management. This makes their participation to international food supply chain very competitive (Jenson, 2004). If this view is applied to the subject of international retailers or supermarket dealings with home suppliers, it will be noticed that due to the high standards that supermarkets or international retailers, bring from their more advanced supermarket standards, local suppliers especially of agric products usually fall short of supermarket's expectations due to the fact that, local suppliers are expected to apply strictly food safety standards and food quality management. Applying these emerging standards will entail high cost to the suppliers. This is because it calls for further investment in varying inputs such as: approved pesticides, advanced storage facilities, advanced transportation systems, pesticides store, toilets and disposal pit (Solomon et al., 2010). To make matters worse for these local suppliers, not only do they have to deal with these food safety standards, they are also required as a perquisite to be able to produce in large volume, be consistent, punctual with delivery, profitable, and price effective (Dave & Readon, 2003). These are investments that are considered by the small-scale agric suppliers in LDCs as being financially lofty especially in the fruits and vegetable businesses where a lot of pesticides are used.

In a more general sense, (Barrett, Ilbery, Browne & Binns, 1999; Dolan & Humphrey, 2000; Jaffee, 2003; Jensen, 2004; Okello, 2005; Reardon, Timmer, Barrett & Berdegue, 2003; Weatherpoon & Reardon, 2003) argue that smallholders especially financially buoyant ones are conspicuously being compressed out of the high standards global production. When this is being narrowed down to supermarkets and host countries' local suppliers relationship, these authors, agree that suppliers with insufficient finance to meet standards of supermarkets will suffer the same plague. Therefore, there is an express need for supermarkets to support local suppliers with resources to enable them meet up with standards.

7.2 The Rationale Behind Food Modernization and Standards

The rationale behind the transformation of supply chain is not only to enforce strict quality standards but it is also to ensure good quality food, traceability, safety and originality. Above all, private standards are seen as a competitive barrier against competitor's products (Coe & Hess, 2005). As looming market nations gain stability and economic growth, the more consumer's choice of demand escalate beyond kiosks and small neighbourhood stores, for a wide range and a much higher-quality product at competitive prices (International Finance Corporation, World Bank group). Supermarkets outlets offer consumers a modern way of shopping experience and at the same time ensuring affordability and availability of products.

According to Maertens (2006) it is necessary for small-scale agric producers to participate in high-standard export, but nevertheless this is not an adequate condition for them to develop an interesting outcome of high standard international retail chain (Solomon et al., 2010).

Being faced with the financial constraint of compliance to high standards put in place by supermarkets, local supplies are bound to act rationally by comparing the benefits that flows from complying with standards with the cost that it entails to meet up with standards (Solomon et al., 2010).

Hypothetically speaking, there is gamut of direct and indirect advantages that flows from compliance to food safety standards to suppliers who adopt the standards. Suppliers or producers who adhere to standards are likely to witnessed large scale production, which goes to cut down their cost, improved quality produce which cut down the amount of rejected product by the customers or retailers and thus increase income. More so there is high concern for the environment resulting from the revolutionized use of pesticides and the more awareness about hygiene practices. Drawing from the benefits of food safety standards, it is therefore logical for the authors of this thesis to consent with Henson and Jaffee (2005) that suppliers who embrace food safety standards will also enjoy greater market share than their counterpart who are adamant to change and does not adopt the food safety standards, therefore the former will equally witness a steady rise in their income and the reverse will be true for the latter *ceteris paribus*. There is also an overrun advantage to the economy in as well as the local consumers (Solomon et al., 2010) in terms of high quality products and even employment. Employment is considered as a spill over advantage because, when farmers adopt the food safety standards, this will lead to high productivity and more labour will be needed to take care of excess capacity, especially as the agric sectors in most less developed countries are labour intensive.

A plethora of researchers in this field of studies look at the effects of food safety standards in less developed countries at the level of policy makers, they give little or no consideration to small scale producer (Solomon et al., 2010, Aloui & Kenny, 2005; Henson & Jaffee, 2005; Henson & Loader, 2001; Jaffee et al., 2005; Manarungsan, Naewbanij, & Rerngjakrabhet, 2005). This thesis draws to a lesser extent attention to this direction of thinking by trying to look at how small-scale farmers react to standards puts in place by supermarkets. In addition it tries to look at how their participation in the international retail chain helps them to modernize their retail and reap some economic benefits that comes with it.

7.3 Environment: Climate Change

Climate change is one of the most difficult environmental challenges that African food suppliers are facing. The extent of the challenge is combined with the impact that climate change is normally expected to have on agriculture, water, biodiversity, health and human settlement. Variation in climatic conditions like high and low rainfall and droughts can influence the food supply system. It has a direct outcome on crop to changes that occur in markets, the various food prices and supply chain infrastructure (Gregory, Ingram & Brklacich, 2005). Majority of the illustrations in this section will be in South Africa also because it is the first country that modern food retailers internationalized to and the country is the most developed and has the best economy in Africa. The country is the leader and has a good history in modern food retail in Africa.

7.3.1 High and Low Rainfall

High rainfall at times leads to floods which damages farmer's crops and leads to great loss of farm production, which reduces the volume, disrupts supplies and the quality of farm product supplied to retailers. Floods on the other hand may pose a challenge to animal farmers since they will have to move their animals to a safe place, which entails cost and affects farmers' profitability. Floods cause road damage and make transportation of farm production difficult because most African countries like South Africa, Zimbabwe, Malawi and Tanzania have poor drainage systems. In addition, it is costly to transport farm products, which automatically leads to an increase in prices making the produce less competitive in the market. Low rainfall also reduces the volume of farm production, slows down the growth rate of crops which disrupts consistency in supply of farm products to retailers, reduces the quality of farm products which affects the price of the produce, affects supplier's profitability and also prevent farmers from meeting delivery deadlines. Though the impact that high and low rainfall have on the standards of farm produce are almost the same, those caused by low rainfalls outnumber those of high rainfall (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.3.2 Drought

The effects of drought on sustainable development in some African countries (i. e. Kenya and Uganda) causes a drop in farm production because it destroys crops, most importantly leading to the fall in the volume of products supplied to retailers, reduces the quality of crops, completely disrupts consistency in supply. This leads to famine in some countries like Djibouti and Somalia (AMCEN, 2011). Drought has caused a lot of inconveniences for drovers in Kenya since they have to move their flocks in search of water. At times farmers have to dig 6 meters to get water for their animal (AMCEN, 2011). Drought affects the growth of vegetation for animals to feed on which leads to insufficient food for animals to grace on. When animals have poor nutrition, it affects the quality of the meat supplied to retailers, which furthermore affects the prices of meat. Drought kills many animals thus reducing the volume, affects consistency and time delivery to retailers.

In addition to high and low rainfalls, variation in temperatures and drought, African food suppliers also face indirect challenges resulting from climate changes. These indirect challenges may take the form of; electricity cost, fuel costs and infrastructure cost.

7.4 Electricity Costs

The food retail industry requires intensive energy. Warmer temperatures caused by climate change could further require more energy. According to *Woolworth* (Arisaig Partners, The Moss Group & Sustainalytics, 2012). Warmer climates reduce heating cost, but it increases the need for cooling and refrigeration of supplier's products. This increases the electricity costs, affects the prices of suppliers products, their profitability and competiveness in the market. Warmer weather conditions in countries like Kenya with 84◦F, Zambia 79◦F, Ethiopia 78◦F, Burkina Faso

65◦C, Zimbabwe 63◦F and Senegal 40◦F (Kurukulasuriya, Mendelsohn & Hassan, 2006) may also lead to a sudden increase in demand and higher rates in countries whose electricity costs are on the rise (Arisaig Partners, The Moss Group & Sustainalytics, 2012). In 2009/10 South Africa had an increase in electricity costs by 31% and another 24.8% increase in 2010/11. South Africa's leading electric utility company (*Eskom*) has warned that prices will continue to increase until around 2014/15 (Arisaig Partners, The Moss Group & Sustainalytics, 2012). With this in mind, retailers are motivated to curb their energy costs, and for most retailers their initial climate change alleviation techniques are identical with their management cost initiatives.

7.5 Fuel Cost

After electricity-generation, oil is the most required commodity in modern industrial economies, which has a great influence on South Africa, Gabon, Democratic Republic of Congo (DRC), Equatorial Guinea, Sudan and Egypt (Buur, Therkildsen, Michael, Hansen & Kjær, 2013). Many companies and individuals rely on oil, and an increase in the cost of oil prices poses a great challenge to farmers especially, as they need oil to generate electricity for the cooling of their products and for the transportation of their products from the farms to the market. This hike in the oil prices will also lead to an increase in the prices of farm products.

7.6 Infrastructure Cost

It is an additional cost associated with climate change which comes as a result of the damage of road networks, irrigation technology, post-harvest storage technology, telecommunication and electricity supply (Gajigo & Lukoma, 2011). Repairing these damages, escalating insurance premium and a stop in operations all add up to higher operating cost for African food suppliers' retailers to incur.

7.8 Meeting Retailer's Expectations

Climate change has pushed many African food suppliers to react differently to their customers. For example the main food retailers in South Africa are *Woolworth*, *Pick n Pay*, *Shoprite* and *SPAR* and these retailers have different standards that they expect food suppliers to meet. So it is a great challenge for South African food suppliers and even those of other countries like Kenya and Ethiopia to balance their responsibilities and prices. This situation is common in South Africa (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.9 Environment: Water Security

Water security is another important challenge faced by most African food suppliers who depend on water for their operations. Most appliers are aware of the risk water has to their business so a failure on their part to focus on water could hamper the supply of farm products to retailers. As water becomes scarce in the East and North Africa, its cost tends to increase which will affect the cost of farm products and in order for the farmers to cover cost they have to increase their prices which will make their products less competitive in the market. So food suppliers have the challenge to manage water as well as ensuring a long-term supply contract with their customers (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.9.1 Reducing the use of water in the supply chain

Farmers in the supply chain make up the largest fraction of retailers' footprints. For example, countries in the North, East, and South Africa do not have very good climatic conditions for agriculture, which makes it difficult for farmers to depend on rain in order to water their crops. So if the cost of water keeps increasing, it will increase farmer's input cost, thus adding more strain to Africa's output cost, which is already under great pressure (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.9.2 Addressing the poor quality of water

Poor water quality comes as a result of community pollution, wastewater and uncontrolled discharge from industry and agriculture. These have great impact on the quality of water, which is a key challenge for farmers since poor water quality affects and destroys the quality of farm products. For example did South African Department of Environmental affairs identified mine water pollution. This will affect the environment's future state negatively, if care and fast action is not taken by the government (Arisaig Partners, The Moss Group & Sustainalytics, 2012). In addition farmers have to put technologies in place that will help to purify water used on farms and all of this will add to farmer's input cost, which later affects product prices.

7.10 Environment: Waste management

Waste management is an environmental problem that is often neglected in favour of water security and climate change (Arisaig Partners, The Moss Group & Sustainalytics, 2012). Africa has no framework in place for the handling of waste. This negligence has resulted to the pollution of air and water systems. For example South African, Kenyan, Ethiopian and Ghanian industry experts have warned that the nation’s landfill space is rapidly running out. Unlike in many other developed nations, South Africa, Ghana, Kenya and Ethiopia have almost no official path for waste recycling. The recyclable waste collected from households by the local authority is not separated and most urban waste is deposited in open dumps. However, the magnitude of this problem is well acknowledged by the government and food suppliers. The government has put in place management policies such as penalties, fines and legal fees for all businesses that are releasing their waste to the detriment of the society (United Nations Economy and Social Council, 2009). That notwithstanding, so much cost can be avoided if wastes are properly managed. Great efforts have to be made in order to curb the environmental hazard waste, as this has a great influence on the agricultural ground of which food suppliers depend on.

7.11 Packaging

Food suppliers also see packaging as being problematic both from production cost (i.e. the energy required to produce new materials and the cost of transporting them), and from a reputational perspective (i.e. since retailers are aware of issues like recycling and excessive packaging, they have set high standards which poses a challenge for food suppliers to meet due to lack of finance). This puts food suppliers under great pressure to address this challenge. Generally, food retailers are seen to have quite a lot to say when it comes to issues of packaging, and they are encouraged to apply their group influence in order to drive sustainability among their suppliers. *Pick n Pay, Woolworths, Shoprite* and *Massmart* in South Africa make up a group of the sustainability council of plastics SA (Arisaig Partners, The Moss Group & Sustainalytics, 2012). This council provides a perfect ground for information sharing and learning about those challenges that food packaging brings. Food suppliers find the process of improving packaging in the retail chain to be rather slow and frustrating due to lack of adequate knowledge and finance.

7.12 Social: Integration Emerging Business into the Supply Chains

In spite of great progress made since the arrival of democracy in many African countries, they still suffer from afflictions such as inequality, poverty and unemployment. Small and vibrant business sectors in the country could create job opportunities and promote economic growth. On the other hand these small business sectors are being hindered by the difficulties of doing business in some countries like Cameroon where poor educational levels, feeble management, shortage of skilled labour, lack of working capital, inadequate investment in research and development are found.

As the government of a number of African countries are working to develop proper mechanisms that will address the barriers of small business sectors, the food retail sector can endorse these efforts by using its advantage in the supply chain. The retail industry's buying behaviour has great consequences for job creation, food security and food prices, particularly in some rural areas where agriculture is a mean of livelihood. So by integrating small local farmers into their supply chain, retailers are promoting economic growth, contributing to poverty reduction and unemployment, eventually creating a steadier operating environment and also empowering their consumer base (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.13 Integrating Small Food Suppliers

The government of most African countries in collaboration with some private bodies are mounting pressure on large businesses to integrate small ones into their supply chain. This is typical of South Africa's Broad-based Black Economic Empowerment (B-BBEE) legislation (Arisaig Partners, The Moss Group & Sustainalytics, 2012). Retailers on their part can adhere to this legislation by making sure that their biggest suppliers are B-BBEE members. There is also much pressure on big businesses to help develop small and medium enterprises (SME) and also to use the enterprise development (ED) programmes to integrate them into their supply chains. This focus on adherers has generated a huge number of often-dissimilar ED projects. In this regard, food suppliers are faced with the challenge of meeting the required standards that retailers need in order to integrate them in their supply chain. Meeting retailer's standards means having adequate knowledge about the market trends, being consistent, supplying good quality produce at low prices and meeting deadlines.

7.14 Integrating Small and Emerging Farmers

The rural consumer market can be prevented from collapsing by actively integrating small and emerging farmers into retailers' supply chain which will help ensure long-term availability of supply. However, food suppliers still face the following challenges trying to get integrated in retailer's supply chain. The challenges are as follow:

- Small Farmers lack the capacity to meet up with the size of demand coming from large retail supply chains.
- Farmers are less informed about legislative requirements or quality standards.
- In addition to market access, most farmers need access to capital, inputs, technology and extension services in order to survive. Retailers are not left out of the equation, as they can provide market access to a lesser extent. However, they cannot do that on their own and farmers also need government and community organization support in order to succeed.

The next challenge to be explained is social. Social in the sense that the challenges faced are due to a lack of education and skills, making things difficult for smaller food suppliers to be integrated into the retail chain.

7.15 Social: Education, Skills and Job Creation

Many African countries are embarking on lofty economic reforms such as improving macroeconomic management, market, trade liberalization and broadening the space for private sector activity (Sandrey & Edinger, 2011). In areas where such reforms have been maintained they produced economic growth and curb poverty rates.

Notwithstanding, Africa is still faced with serious developmental challenges in human development, especially in post primary education. The World Bank integrated this in its African action Plan (AAP) by highlighting the basic importance of not only extending primary but also secondary and higher education, and connecting it to employment alternatives for African youths (Sandrey & Edinger, 2011). Africa's greatest challenge is to integrate advancement towards universal primary education and enlarge access to secondary school in reaction to economic and social demand. Secondary education and training are the basis for increased economic and social advancement. It helps to build up productive citizens and also promote healthy living for young adolescents. For Africa to be competitive, its labour market needs more graduates with "modern knowledge and better skills". These trends have been tested and confirmed in Asia and Latin America (Sandrey & Edinger, 2011).

African food suppliers would be at great risk should they be unable to meet the required skills needed for future and effective supply chain operations. The poor numeracy and literacy levels of African food suppliers have come to the awareness of retailer's and it is making it difficult for food suppliers to be integrated into the supply chain (Sandrey & Edinger, 2011).

On a more specialised level, food suppliers are facing the challenge of getting the required input materials and its application that will help them meet retailer's standards. Food suppliers are facing the challenge of always trying to balance the equation between the input and output prices so as to stay in competition with other suppliers (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

Food suppliers face the challenge of attracting young adults into this type of role. They seem to be neglecting the job openings in the food retail sector or have the feeling that these jobs are not as prestigious as others (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

At the management level, food suppliers are trying to find the right candidates who will take on key roles. This employment opportunity is given to those candidates who have succeeded in working their way up through the institution and have gained the necessary operational experience (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

Generally, most young candidates are reluctant to work under the rough conditions of the retail environment before moving into management positions. Many young adults will choose an industry that offers better and more attractive options (lifestyle and remuneration) ahead of the retail sector (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.16 Social: Food Security

To achieve food security completely continues to be a challenge for both the developing and the developed nations. The difference lies in the level of its severity and portion of the population affected. This problem is being mitigated by directly providing targeted food security mediations through food relief and indirectly through subsidized food production. These efforts have greatly curb food insecurity in the region. Similar approaches were employed in Africa, which yielded less success. The inconsistencies in the results may be as a result of inadequate resource base and a lesser duration of intervention. According to Mwaniki (2006), "*Food security is a situation in which all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active healthy life*". It is affected by a number of complex factors such as social and political unrest environment that prevent sustainable economic growth, wars and civil conflicts, macroeconomic imbalance in trade, constraints in natural resource, poor human resource base, gender inequality, insufficient education, poor health, natural disasters, like floods and locust infection and the lack of good governance. These factors are responsible for either inadequate national food availability or households and individuals insufficient access to food.

7.17 Implications of food security on suppliers

It is every nation's governments' responsibility to ensure food security. However, "*most food is produced, processed, packaged and distributed by private sector companies"* (Arisaig Partners, The Moss Group & Sustainalytics, 2012). Although the government uses policies, incentives and the provision of infrastructure to influence value chains, much work still rest on the shoulders of the private sector in trying to meet the increasing challenges that the rural and urban poor are facing. This might have serious damage on the reputation of food suppliers; particularly if they are perceived to be benefiting at the expense of the poor who do not pay attention or recognise their role in food security challenge, as well as social imbalance and conflict when people go hungry. It is very important that food suppliers leverage their influence over food availability, food access and food use in order to ensure adequate food security as is discussed below.

7.18 Food availability

The system that most African countries use in order to achieve food security greatly relies on extractive approaches that greatly deplete soil, use up freshwater resources, pollutes the air and reduces biodiversity. With the growing population of Africa and its declining pool of resources, "*extractive approaches should no longer be considered an option"* (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

Agricultural production is also an area that has been hit hard by climate change and its "*negative impacts on production are most likely to be compounded by an already-declining commercial* *farmer base and put further strain on small-scale and emerging farmers"* (Arisaig Partners, The Moss Group & Sustainalytics, 2012). The challenge faced by food suppliers here is to put in place sustainable methods that will give way for product availability to the retailers at long-term. Failure on the part of food suppliers to ensure stability in their supply to retailers might ruin their business contract.

In conjunction with agriculture production, there is also a threat to the availability of marine products. The increasing demand for fish and fish products, together with the growing human population, has placed rising pressure on fish resources. Majority of nations found around the South region of Africa have witnessed a fall in many stocks since 1972. For example; *"in South Africa, 68% of commercial line fish species have collapsed, while a small 16% are highly exploited"* (Arisaig Partners, The Moss Group & Sustainalytics, 2012). There is also serious expectation of biodiversity impacts as climate changes.

7.19 Food Access

Even though food may be available, accessing it at time pose a great challenge for those threatened by food insecurity. This also pose a challenge on the food suppliers budget, since they will have to make stores and warehouses more accessible and also make food more affordable as possible by reducing prices, which will play on their profit margin (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.20 Financial Means to Acquire Food

Most food suppliers are aware of the impact that increasing input prices have on their operations. The main challenge food suppliers face in this situation is to cut prices and at the same time being able to cover cost. Normally, suppliers are forced to make such move when retailers start demanding for price reduction. For example; *"Walmart's entry into the South African market puts food suppliers under further pressure to ensure that they remain cost-competitive in the future"* (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.21 Food Use

As with many developing nations around the world, the patterns of food use in a number of population groups have changed across Africa. A hike in the level of disposable income likewise improved access to alternative food options, especially amongst the emerging middle class population of Africa, have brought changes in dietary norms. In many cases, these shifts have led to a significant rise in the consumption of carbohydrates, fats, sugar and salt. Fast food and convenience-meals are gradually being introduced into the African culture. These are most developed in South African staple diets, which have a low average nutritional value (Arisaig Partners, The Moss Group & Sustainalytics, 2012). However, there are downsides to every development. These dietary shifts have led to increased rates of obesity, diabetes and heart diseases. The challenge most food suppliers face in a situation like this is how to offer a reasonable price for healthy eating options. That is, the removal of those food ingredients causing health problems. Since such offerings are mostly customised to meet the needs of the upper income class earners who are more health conscious, tailoring offers to meet the needs of emerging middle-class income earners as well as low-income segments is also a challenge that needs to be taken care of by food suppliers.

7.22 Governance: Leading & engaging employees Around ESG Issues

Nowadays, the focus of most businesses is more on corporate responsibility and sustainability than ever before. In the past issues like social places and environment, which used to be neglected, have become issues of executive and board-level agendas. Although executives understand the economic values of embracing sustainability at long-term, the challenge they have is incorporating it into the firm's culture as well as integrating it into business processes. It is very challenging for food suppliers in particular to provide sustainable leadership within their operations and also winning the hearts and minds of their workforce (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.23 Sustainability Leadership

The executives of most organizations own and determine the business strategy of the organization. So it is at the level of the executives to integrate sustainability into their overall strategy and ongoing decisions. When senior managers in an organization set up strong governance and accountability structures, they make sure they provide the necessary base for the integration of sustainability factors. Nevertheless, few executives are well equipped with the necessary skills and experience required to address issues around sustainability. In the food supply sector, the task of managing and co-ordinating sustainability scheme does not rest on the shoulders of the company's executive team but rather on that of an executive who is responsible for either marketing or governance. Since the sustainability team tend to support the overall objectives of marketing and governance instead of their own agenda hinders its ability to drive in sustainability at a strategic level throughout the organization. Putting in place sustainability is the number one leadership challenge food suppliers/businesses are facing. A strong sustainability leadership is a sign of strong overall management, which attracts potential investors (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.24 Engaging the Hearts and Minds of Employees

While leadership is a precondition for strong sustainability performance, a successful integration of sustainability into any business seriously relies on high level of staff commitment. Given that retailers are very verse with sustainability, it is also important for food suppliers, especially those who treat directly with retailers, to be well informed and ardent about their company's sustainability agendas. The most prominent challenge seems to be at the warehouse and farm level, where staff turnover is likely to be high (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.25 Governance: Corporate Accountability

Transparency, accountability and ethical leadership set a good base for good governance and are important rudiments for organizations to create and maintain value into the future. Up until present times, bribery and corruption is a way of doing business in Africa Arisaig Partners, The Moss Group & Sustainalytics, 2012).

7.26 Ethics and Corporate responsibility

It is of great importance for the government of most African nations to impose "that businesses should have social ethics board committees (Arisaig Partners, The Moss Group & Sustainalytics, 2012). This initiative which was looked upon by some companies as a burden, is now becoming a thing of necessity and many have realised the benefits of such committees. The government oblarges food suppliers to be aware of their behaviour and impact on the society at large, the two of which may have direct impact on corporate reputations. Food suppliers at this stage are often faced with challenge of how to seek ways that will make sure that this monitoring process does not place unnecessary pressure administrative burden on the government and retailers.

Part V

8.0 STRATEGIES

The strategies that African food suppliers could adopt to address the challenges described above will be presented in this chapter.

African food supplier's comprises of the small and big farm holders that are responsible for growing and making available of farm produce to citizens through retailers. In this section of the project, the authors will be examining some strategies that food suppliers can adopt so as to cope with the Environmental, Social and Governance (ESG) challenges.

8.1 Environment: Climate Changes

To adapt to climate change and variability requires the ability to adjust a system so as to slowdown the impact of climate change, to make use of new opportunities, and to be able to withstand its consequences (Houghton, Ding, Grig, Noguer, Linden, Dai & Johnson, 2001). African food suppliers/farmers often face difficulties in meeting up with food retailer's high volume demand, and this is as a result of the impact related to water scarcity and increased weather variability. For example, In Burkina Faso, when the temperatures are high, water evaporates from water bodies, and also degrades the quality of the soil (Ighobor & Essoungo, 2014). In a situation of reduced rainfall and higher evaporation, farmers may adopt the process of irrigating their farmland (there may be an extension of the irrigation if need arises) (Ngigi, 2009) and when there is unexpected heavy rainfall, they can also collect the water and store in reservoirs. They may also use shallow and hand-dug wells to support water shortage in the dry season. Farmers can diversify their activity by incorporating livestock and crops. This has been practiced in Senegal, Burkina Faso, Nigeria and Ghana with great results. Farmers can also carry out research and adopt seedlings that can resist hash weather conditions and requires less water to grow.

8.2 Environment: Water Security

Generally, managing water in agriculture is perceived is a vital step in improving "low-yielding farming system in Sub-Saharan Africa (Baron et al, 2008)". African farmers have adopted different strategies to address the challenge of water insecurity. For example, they can manage rainwater in semi-dry and dry areas which have very low rainfall with prospects of further decline by conserving moisture through the construction of rainwater control and management structure (Ngigi, 2009)" and they can also store water in farm ponds (especially in the Minja Shenkora, North Shoa Zone, Amhara Region, Ethiopia), pans, tanks, etc. for supplementary irrigation.

Farmers can also adopt the strategy of "Zai pits" technique. Zai are wide pits about 0.6m in diameter and 0.3m in depth spaced at about 1m (Mati, 2007)". In each of the pits, between 5-9 plants (maize sorghum, millet) can be grown (Mati, 2007). According to Ngigi (2009), the 'Zai pit' technique was successful in Burkina Faso and in the Kilifi district of Kenya.

8.3 Environment: Waste Management

Waste management involves the management of all the processes and resources that are involved in the handling of waste materials, that is, from the repair of waste transport vehicles, and dumping facilities in fulfilment of health codes and environmental regulations. African farmers have to deal with waste coming from agriculture, industry and household.

Wastes coming from agricultural operations can play a great role in farm operations. If properly managed will help to maintain a healthy and conducive environment for farm animals and will curb the use of commercial fertilizers and at the same time providing other vital nutrients required for crop production. Agricultural waste associated to animals is not only limited to manure, runoff from feedlots and holding areas. There are other wastes like wasted feed, waste water coming from dairy parlours. Farmer can adopt rotational grazing and pasture renovation uphold adequate vegetation cover. Riparian buffers and build structures can also be used by farmer to trap waste from contaminating both surface water and groundwater (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

Waste coming from households consists of biodegradable materials, gravel, paper, metal and glass. Discarded plastic papers pose a great threat to farm lands, they don't decay easily and blocks drains causing flood during the raining season. They also cause water stagnation, which provides breathing ground for mosquitoes. On the other hand, if the waste plastic papers are openly burnt, they release toxic fumes, which pose health threats. In order to avoid all of these, African industrial food suppliers can work with government institutions in charge of collecting and disposing of wastes. They can also emphasize on the separation of household waste which will ease the recycling process (Arisaig Partners, The Moss Group & Sustainalytics, 2012)".

Wastes coming from industrial release have hazardous chemicals, which pose a threat to the society. Industrial waste release destroys farmlands and crops. If not properly handled can destroy farm products thus reducing farmers output. It is often the responsibility of the government to see to it that, toxic wastes from industries are not released into the environment. In a situation like this, farmers can ally with government agencies in charge of the environment and waste disposal in educating others on the effect chemical release from industries have on the society and to their activities. Legislation could be passed banning the release of toxic chemicals into the society followed by fines to those industries that will not concord (Arisaig Partners, The Moss Group & Sustainalytics, 2012).

8.4 Social: Integrating Small Businesses

One of the greatest challenges small businesses in Africa are facing is the extension of the value chain since the production of their goods and services are spread across enterprises and countries. According to interviews conducted by the Organization for Economic Cooperation and Development (OECD) in seven African countries/enterprises, Egypt and South Africa could not point out their competitive strengths in the value chain, and some even clearly pointed to the deficiency in time and resources to comprehend the evolving global context.

Government intervention and the cooperation of African food suppliers can facilitate the integration of small businesses into the food supply chain. African food suppliers can adopt the following strategies to integrate small businesses:

They can ally with the government who will provide them with accurate/up-to-date and accessible data of small businesses. With these statistics, African food suppliers will be able to monitor and assess the activities of small businesses and also to know where to integrate them in their supply chain. If we take the case of Cameroon in a situation where an African food supplier wants to integrate small businesses in Cameroon in their supply chain, it will either have to approach the ministry of industry and trade or the chamber of commerce in order to get accurate and access to statistics on small businesses in the country.

African food suppliers can form clusters; this will give them the opportunity to be able to raise capital needed to in return provide capital, training and the technology needed by small businesses so that they can be easily integrated in advanced supply chain. Cameroon food suppliers like *NESTLE*, *OILIO*, and *IOLIOCAM* can form a cluster to come up with the required capital need to provide finance and train small businesses for future integration into their supply chain.

African food suppliers can embark on skill development and capacity building for small businesses. Small businesses need the required management skills and production expertise so as to be able to meet the needs, scale and product quality of African food suppliers. *NESTLE*, *OILIO* and *OILIOCAM* can decide to embark on skill development and capacity building of small businesses in Cameroon.

8.5 Social: Integrating Small and Emerging Farmers

Integrating small and emerging farmers into the food supply chain can help African food suppliers secure long-term supply from farmers and will also prevent the collapse of the rural consumer market. So for them to easily integrate small and emerging farmers in their supply chain, they can seek partnership with governments so that they can develop and run business incubators, re-engineer or make the supply chain more easy for the integration of small businesses and curb all associated cost and complexity for small and emerging farmers. An alternative strategy is to boost agriculture for farmers by providing an efficient sourcing of produce, processing and logistical service facilities. In the case of Cameroon food suppliers can get grants from the government to help cover personnel, transportation, and administrative cost.

8.6 Social: Education, Skills & Job Creation

Generally, people have a very negative perception about the food and agricultural sector so it is the responsibility of food suppliers in collaboration with the government to create programmes that will help educate especially the youths or those who are already in the sector develop critical skills like buying of input. They also have to educate the youths on the sectors skill gaps and its job opportunities. In Cameroon there is the Faculte d'agronomie et de Science agricole (FASA) which is a department in the University of Dchang. It is in charge of educating youths and farmers on agriculture and its related skills and job opportunities.

8.7 Social: Food Security

Food security exists when everyone at all times can have access to enough, safe, nutritious food to sustain a healthy and active life. The responsibility to ensure food security in on the government though it is the private companies that do the production, processing, packaging and distribution of food to citizens. Food security is a major issue to be dealt with by food suppliers if not they may lose credibility before their customers.

To avoid this, Food suppliers must make sure that there is constant availability of food both at the national and household levels in sufficient quantity (food importation could also be another strategy to maintain food availability on a consistent basis). For example, rice is produced in Cameroon but 65% of the rice consumer is imported from Indonesia, Taiwan, China (Cameroon's Chamber of Commerce). OLAMCAM plays a very important role in the distribution of rice and dairy product all over the country (OLAM International, 2014).

Food suppliers can also ensure that consumers have access to food supply by creating food stores in every corner of the cities and extending to the rural areas at affordable prices. Another way suppliers can go about, is by sharing default food, which is good for consumption but not good to be sold to the less privileged. In Cameroon, there are district store where people can easily get there to get whatever food they want and every district has its own price. Orphanages and prison yards (New Bell and Nkondenge) are also there to absorb the default food from food suppliers.

For food use, suppliers can offer reasonable healthy eating options. They can remove those ingredients in food items that are associated to health problems. However, such offering often tends to meet the needs of the high-income earners who are more conscious of what they eat. They can also educate their customers on health and well-being, especially when comes to food consumption (Arisaig, The Moss Group & Sustainalytics, (2012)".

8.8 Governance: Sustainability Leadership

In most cases, business strategies is owned and determined at the executive level of every organization. Therefore, sustainability needs to be incorporated into the general as well as the strategic decision that is in progress in an organization at the executive level. To take of the burden of managing and co-ordinating sustainability strategies at the executive level, most food supplying companies have decided to choose an executive who will be responsible for either marketing or governance. So for this sustainability leadership to work, food suppliers can put in place operational structured committees and organise business forums that will enable them keep in touch regularly with the operational team around sustainability matters and target setting. They can also put in place "incentive structures that will reward strong sustainability performance (Arisaig, The Moss Group & Sustainalytics, (2012)".

8.9 Governance: Engaging the Hearts and Minds of Employees

For sustainability to be successful integration into a business, it needs a high level of staff commitment especially those staff dealing directly with customers. They have to have an in-depth knowledge and be ardent about the company's sustainability agendas. For this to take place, suppliers have to engage their staffs at every level of the sustainability agenda by putting in place annual bonuses to boost employee's performance (Arisaig, The Moss Group & Sustainalytics, (2012).

8.10 Governance: Corporate Accountability

Transparency, accountability and ethical leadership are the pillars of good governance and are key elements for organisations to create and sustain value into the future (Arisaig, The Moss Group & Sustainalytics, (2012)". Food suppliers have an extensive reach into the society so "good corporate citizenship, including ethical practices, corporate responsibility, and stakeholder engagement, is a strong branding practice that can boost public trust and recognition (Arisaig, The Moss Group & Sustainalytics, (2012)".

Corruption is one of the greatest challenges African food suppliers are facing. It has a lot of ethical as well cost implications to food suppliers. To prevent this act of corruption, African food suppliers can shorten their supply chain into other African nations, thus, creating regional supply chains. The rate of corruption in Cameroon is very alarming and doing business in Cameroon is a big challenge to potential investors in the sector investors. With this in mind, Cameroon food suppliers have to centralize their supply chain to one region in order to avoid unnecessary government intervention (Arisaig, The Moss Group & Sustainalytics, (2012).

8.11 Ethics and Corporate responsibility

Food suppliers can develop and put in place comprehensive codes of ethics for their business by monitoring and tracking the compliance of these codes and at the same time making sure this process does not put undue pressure on them.

8.12 Round-off

This part has presented the main challenge, which is standard that African food suppliers are facing which is hindering them in being integrated into the retail chain. In addition to standards, there authors have also looked at environment, social and governance challenges that African food suppliers are also facing. The authors have also tried to propose strategies that food suppliers can adopt to address the challenges mentioned.

Part VI

9.0 CONCLUSION

There has been a rapid expansion of modern food retailing in many developing countries in recent years. This development has implications on developing countries food suppliers as they struggles to integrate into the modern food retail trade. In this project, the authors study how business internationalization theories can help to explain the development in modern food retailing taking place in developing countries. By using the OLI paradigm and Cameroon as a case studies, this project finds out that global food chain choose developing countries for internationalization because of some location advantages such as growing middles class income, less expensive land, cheap pull of labor force, poor development of retail trade and gowning population. The project also suggest that contrary to (Wrigley et al., 2005; Dawson & Mukoyama, 2006; Dawson, 2007) who argued that business internationalization theories cannot be used to explain retail internationalization, business internationalization theories to a greater extent can help to understand the development of retail trade internationalization. Hence a framework has been presented in the project that integrates the business internationalization theories with the various aspects of retail internationalization. The aspect pertains to the motive for internationalization, when internationalization should occur and how the foreign market (country of destination) should be selected.

This project finds out that, African food suppliers face some challenges in their struggle to integrate into the modern food retail chain. Amongst the various challenges discussed, standards were considered to be the source of almost all the challenges plaguing African food supplier. This is because modern food retail require food suppliers to meet up with certain requirements such as production in volume, price competitiveness, consistency in supply, food safety regulations, packaging and timely delivery (Readon et al., 2003). African food suppliers are challenged by these requirements especially as they lack the resources to meet up these challenges. However, this project also suggests some strategies that the African food suppliers can adopt in order to curb these challenges.

10.0 REFLECTION AND LIMITATION

Generally, international business theories present answers to the ***5W2H*** questions raised in this project. This suggests that in effect there is no single theory that can solely explain the various aspect of retail internationalization. Thus the authors acknowledge that the use of one theory (OLI) paradigm to explain the development of modern retail trade in Cameroon limits the finding of this research. Therefore it is also expect that if more than one theory is applied to the case, the findings might be different from the finding of this research. Despite the fact that the theories have helped in understanding the development of modern food retail trade in developing countries, they are quite unclear about practical details that can guide the internationalization of food retail firms. Even so, where they suggest some practical details, they do not agree on same criteria for instance transaction cost in OLI paradigm, gradual involvement in Uppsala model and unique and valuable resource in resource based view. As such the theories give room to accommodate new ways to address issues such as food retail trade which might not have been instigated before like other business disciplines such as manufacturing and processing. However, the business internationalization theories have helped in this project the answer the first research questions, thus for the purpose of this project, the place of business internationalization theory in food retail is imperative not only because it helps to give the generic platform for research departure but also because it serves a compass, directing the researcher on what direction to follow.

11.0 AREA FOR FUTURE STUDY

This project has addressed the domestic supplier side of modern-global food supply chain in developing countries using a qualitative study. It has focused on the challenges African food retailer face and how they try to deal with these challenges in the process of involving in the modern food retail trade. Giving the fact that this area of research is still at its embryonic stage, the authors of this project suggest that a quantitative future research in this area, capturing both African suppliers and global retailers operating in developing countries will help to provide more insight and a broad knowledge in this area. Issues to be investigated can include challenges faced by modern food retailers in developing countries, what framework should be developed to ease the integration between modern food retailers and African food suppliers.

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