

## **Migration of Moroccan Companies: An Attempt to Model Marketing Policy**

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### **Abstract**

*Several factors influence the decisions of Moroccan companies wishing to set up in the rest of the world, particularly in Africa. Parameters such as political stability, Sahelian terrorism, and proximity to the regimes in place could constitute variables of great importance.*

*This contribution attempts to define the important elements in terms of decision-making, taking into account the current context.*

*The research model is based on J.H. Dunning's ESP (Environment, System and Policies) paradigm, which focuses on the country-specific advantages that make it possible to choose a host country for investment. This article proposes to introduce variables that are linked to the reality of sub-Saharan Africa: political stability, the threat of jihadists and domestic stability.*

*The empirical results of the questionnaire study show a positive, but not statistically significant, correlation between these variables and location decisions. This underlines the importance of further research to better understand the strategic decision-making process in this complex context.*

**Keywords:** Moroccan companies, ESP (Environment, System and Policies), Migration.

### **Introduction**

There are a several sectors in which Moroccan companies are active in sub-Saharan Africa include banking, telecommunications, energy and infrastructure (Oxford Business Group, 2021).

Moroccan companies are also investing in local production facilities in areas such as fertilisers and pharmaceuticals in sub-Saharan Africa to capitalise on the region's growing consumer market (Jeune Afrique, 2021). However, Moroccan companies face certain challenges when it comes to investing in business in sub-Saharan Africa, such as language barriers, cultural differences and political instability in some countries (Financial Times, 2021). Despite these challenges, Moroccan companies still see sub-Saharan Africa as a key market for their growth and expansion plans (Reuters, 2021).

As a result, the strategic decision-making process of an international company can vary considerably depending on a number of factors, including the type of company, the business sector, the corporate culture and the economic environment Multinational

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companies tend to have more complex decision-making structures involving management teams and boards with members from different countries and cultures.<sup>4</sup> . In contrast, smaller companies tend to have simpler, more centralised decision-making structures that allow decisions to be taken more quickly and efficiently. In addition, international companies entering emerging markets may face additional challenges related to regulation, culture and infrastructure, which may affect their decision-making processes.<sup>5</sup> . In the same vein, the internationalisation of Moroccan companies in sub-Saharan Africa is affected to a large extent by political stability, domestic stability and the threat of terrorism in these host countries. Ultimately, each company must be able to adapt its decision-making processes to its environment and strategic objectives if it is to succeed in international markets.

At the heart of contemporary academic and economic issues lies the complexity of strategic decisions by Moroccan companies to expand in sub-Saharan Africa. This research topic seeks to explore the following fundamental question: What is the impact of political stability and the threat of jihadists on the strategic decision-making process of Moroccan companies seeking to internationalise in Sub-Saharan Africa?

Moroccan companies face many challenges and opportunities in an ever-changing geopolitical, economic and cultural environment. The aim of this article is therefore to dissect the economic, political, social and cultural factors that guide the strategic choices of these companies in the sub-Saharan region.

To answer this question, we will dissect the concept of strategic decision-making, then we will present an overview of the different challenges faced by Moroccan companies when choosing an African country for development. We will then develop a model that presents the proposed variables and their impact on the strategic decision-making process.

## I. Conceptual analysis of strategic decision-making

The definition of the concept of decision making has given rise to debate among several researchers and managers in the field, initially decision making could be defined as "the act of a decision maker choosing between a variety of options that have the potential to provide a satisfactory solution to a given problem. "".

The concept of decision-making has evolved over time, as decision-making procedures have changed and become more complex, particularly for multinational companies with more or less complex information loops. In the classical sense of the term, decision-making is analogous to the behaviour of an individual (who has the power to decide) who takes actions that benefit the creation and distribution of the company's wealth on the basis of a set of information at his disposal. In more modern approaches, decision-making is more akin to "a process of progressive commitment in relation to others, characterised by the recognition that there are multiple paths to identical and unique objectives" (L. Sfez, 1992).

The classification of decisions in practice can take several forms, namely classification according to the timeframe of the decision, the type of decision itself or the nature of the decision variables. In this article, we will focus on classification according to the nature of the decision and the nature of the decision variables.

The typology based on the nature of the decision is borrowed from Igor ANSOFF (1999), who distinguishes three main types of decision:

- Strategic decision: a fundamental, essential decision that affects the company's future in the medium and long term. This type of decision is the responsibility of General Management or the Board of Directors.
- Operational decisions: decisions taken at the bottom of the pyramid, in particular to ensure the company's current and ongoing operations. Operational or "routine" decisions do not pose any particular difficulties.
- Tactical decisions: Decisions taken at the intermediate level of the hierarchy. Decisions at this level are management decisions that ensure that short- and medium-term strategic decisions are implemented.

In fact, the strategic decision-making process refers to a sequence of actions and dynamics that begins with the identification of an action stimulus and ends with a commitment to a specific action (Mintzberg, 1976). The process concerns the way in which decisions are effectively linked to the business, validated and implemented.

Strategic decision-making focuses on the strategic decision itself and the relationship between specific decisions and performance outcomes, while the strategic decision-making process focuses on the actions that support the strategy. It is a single function directly linked to the achievement of objectives and the identification of key decision areas or sub-systems (Mullins, 2007). It is a management approach that focuses on management decisions and how organisations process and use information to achieve desired objectives.

The strategic decision-making process consists of identifying problems and/or opportunities and then resolving them. This includes the efforts before and after the actual choice (Mintzberg, 2007), i.e. from decision making through to implementation, evaluation and monitoring. It can also be defined as the mental process that leads to the selection of a specific course of action that best solves a given problem. The process involves identifying the problem and defining exactly what needs to be decided. These may be opportunities and/or threats facing the organisation. Once identified, various possible alternatives to the problem are established. Evaluate the advantages and disadvantages of these options and choose the best alternative/choice for the problem in question.

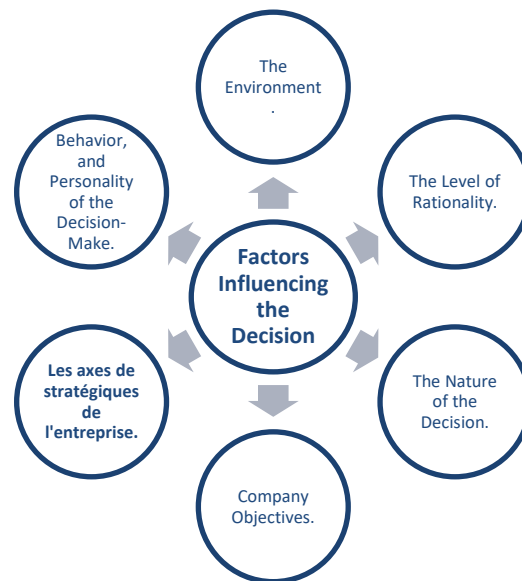
Decision-making is considered a fundamental part of the management process and is different in every organisation. The institutionalisation of decision-making can be seen as the co-ordination of strategy and organisational structure, so that the implementation of decisions must be based on organisational structure, culture, management support, processes and policies.

The choice of organisational structure brings together and coordinates different activities, including decision-making. Corporate culture refers to a set of common values, attitudes and beliefs shared by the members of an organisation and also affects the way decisions are made.

It covers the usual way of doing things and gives employees an idea of how to behave and act in certain situations (Heller and Hindle, 1998). Policies are almost permanent guides to action. They establish the decision-making criteria for selecting the best alternative and thus serve as a tool for implementing strategies (Muller-Christ, 2011). They define limits, constraints and boundaries on the actions that can be taken at a given time.

In addition, strategic decisions can be influenced by various factors, which can be summarised as follows:

Figure 1: Factors influencing strategic decision-making.



Source: Diagram drawn up by us.

It should be noted that in a well-established political model, the strategic decision-making process is divided into two main stages. The first phase is called the "initiation phase" and focuses primarily on the consideration of proposals put forward by an individual or group of individuals. In making this recommendation, the author commits his or her reputation and solicits the reaction of another decision-maker. The second stage is called the "critical review stage" and is usually associated with the hierarchical position of the recipient, who can decide to accept, reject or send back for reassessment.

The relationships between these different elements of political decision-making models largely define power relations. This sequence of phases shows the knock-on effect that exists between the test movement and the active movement. Instead, the movement of the locomotive provokes a test movement.

Each decision-making process will end after a different number of stages. In fact, if the first evaluation step produces a positive or negative response, then the process is complete. On the other hand, if this step takes the decision back to an earlier stage, one or more additional sets of evaluation and action steps will be required.

Generally speaking, the decision-making process within multinational companies is not a purely intellectual phenomenon; rather, it is intrinsically linked to the day-to-day political realities of the organisation. Unless these situations are motivated by a deliberate scapegoating of multinationals (which is malicious), or by a misunderstanding of reality that leads to an overestimation of the power of reason. A theory of the political behaviour of decision-makers can help to avoid such errors.

There are two possible situations in process management. The first is total delegation to the subsidiary, which takes decisions autonomously, but always within the framework of policies previously drawn up jointly or on matters of lesser importance to the parent company. The second scenario involves cooperation between the parent company and the subsidiary in the decision-making process, where there may be a degree of decentralisation but does not completely exclude the parent company.

It is therefore necessary to stop using terms such as "decentralised decision-making" or "decentralised decision-making" in business terms, as they create confusion between decisions and the processes that lead to them. In multinational companies, some types of decision-making process are delegated, while other types of decision-making are subject to joint processes.

However, it is never just one or the other, but always a combination of the two, the nature of which varies from company to company and over time.

Outside multinational companies, the idea of independent decision-making at head office should be abandoned. In fact, it cannot, because it depends on a process that brings in the opinions, feelings, intuitions and commitments of foreign directors. This situation is not fundamentally different for the strategic decision-making process carried out in the multinational's home country, where senior management solicits the expertise of its employees according to the questions posed. But his experience and understanding of the head office environment, as well as its geographical proximity, gave him a clearer idea of the direction he needed to take.

At this level, it should be remembered that strategic decisions are crucial in determining the future of a company's internationalisation, and that this decision can be influenced by multiple factors.

II. Literature review on the specific challenges facing Moroccan companies in sub-Saharan Africa.

The internationalisation of Moroccan companies in sub-Saharan Africa faces a number of challenges that affect their positioning. In this article, we summarise the main challenges facing Moroccan companies in sub-Saharan Africa.

- Political instability and the threat of jihadists :

The political situation across the continent reveals the existence of inadequate political structures. In fact, the shortcomings of the African political structure manifest themselves in two main ways: firstly, certain forms of state are incompatible with African social characteristics; secondly, the state apparatus, although founded in theory on the principle of popular (or state) sovereignty, is in reality monopolised by the ruling elite. This situation often entails the risk of authoritarian tendencies, triggering protests from national forces and the international community (Pierre François GONIDEC, 1996).

From a religious point of view, there is a broad consensus around the world that there is a close link between Islam and violence. Unfortunately, sub-Saharan Africa finds itself at the centre of this perception due to the rise of radical Islamism and jihadism, particularly in the Sahara-Sahel region. This situation creates a climate of insecurity and threatens the stability of the countries in the region.

- Logistical and financial constraints

Trade in sub-Saharan Africa is hampered by a lack of transport and logistics infrastructure, which severely hampers development. Moroccan companies face high logistics costs, which affect their competitiveness. In an increasingly globalised world, small changes in these costs can have major consequences in today's fiercely competitive environment. Global logistics companies are making profits by focusing on punctuality, product quality throughout the chain and competitive pricing.

According to a Mazars survey of 200 companies, including start-ups, SMEs, VSEs and large groups, 92% of them intend to invest in or export to sub-Saharan Africa in 2018. However, 89% feel that they do not have adequate knowledge of the financial products offered by financial institutions, and 60% find it difficult to obtain the necessary financing for projects in Africa, which is a major obstacle (Othman FAHIM, 2017).

As far as financing is concerned, only 39% of companies opt for bank loans, while 26% choose private equity. Private equity funds are interested in Africa, offering investment amounts ranging from 200,000 to 500,000 Moroccan dirhams, with investment maturity periods ranging from 5 to 8 years. However, they are facing a lack of suitable projects, which highlights the need to align the financing offer more closely with market needs (Khadija MASMOUDI, 2017).

- Human capital constraints

Moroccan companies in sub-Saharan Africa face a problem of qualified human capital, which increases the costs associated with training and integration within Moroccan companies that are going global.

- European and Chinese competition

The global economy is characterised by intense competition to expand into new markets. Developed countries have suffered from economic stagnation due to factors such as the financial crisis, an ageing population and recession, while emerging countries are experiencing strong economic growth and the opening up of new markets is of great strategic importance. Against this backdrop, Africa's growing consumer potential has attracted the interest of emerging countries such as China, Russia and India. This represents a real challenge for Moroccan companies seeking to strengthen their position on the continent.

These challenges remain obstacles for Moroccan companies in implementing the various existing strategic decisions. This suggests that the parameters of decision-making in sub-Saharan Africa need to be fully explored.

III. The ESP paradigm (Environment, System and Policies) or the specific advantages of countries :

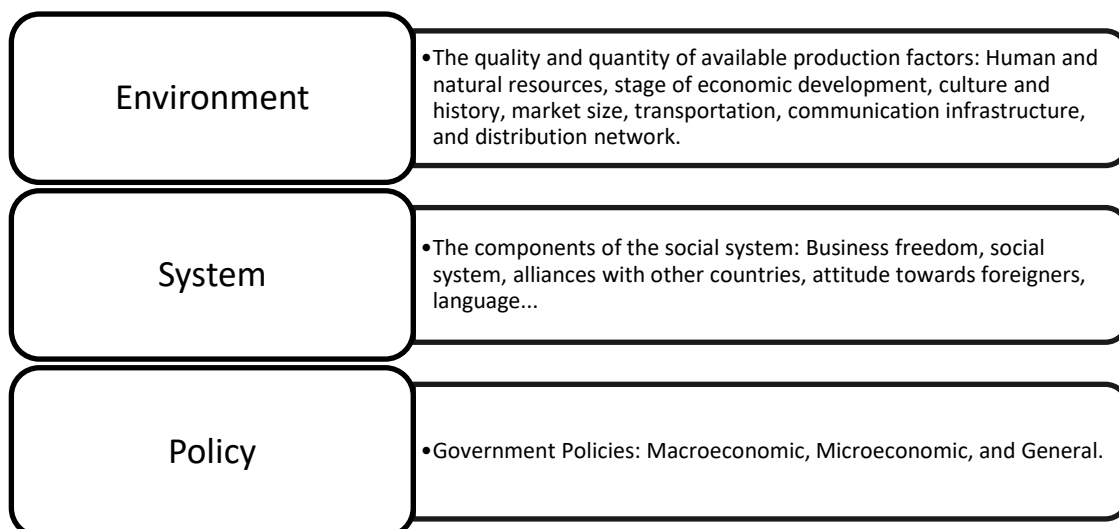
The researcher J.H. Dunning (1980) divided the specific advantages of a country into three main categories according to the ESP paradigm: environment, system and policy. This paradigm proposes a simple model in which companies make strategic choices (foreign direct investment, licensing or exporting) to enter foreign markets according to three models. Companies need to combine all three approaches to make decisions about establishing a presence in foreign markets.

The first category ('environment') is economic and involves the quantity and quality of the factors of production available, the size of the market, transport, distance and communication, distribution networks and relations with local networks such as banks and government agencies.

The second ('System') looks at social and cultural elements such as attitudes towards foreigners, language, culture, etc. The last category ('Policy') concerns the country's government policies.

According to this model, the choice of location in a region depends on a comparison of the costs of each component. The following presentation summarises the content of each component:

Figure 2: Components of the ESP paradigm



Source: prepared by us.

The ESP paradigm presents essential elements for implementing an internationalisation decision by taking the three dimensions into consideration. However, this paradigm has not taken into account characteristics that are essentially linked to the continent. For example, the African continent is characterised by great political instability and a strong threat of terrorism, which has a negative impact on the perception of domestic stability in these countries, and subsequently on the strategic decision to set up in these countries.

At this stage, we propose to analyse these variables (political stability, threat of jihadists) in order to propose them as a complement to the paradigm specific to the African continent.

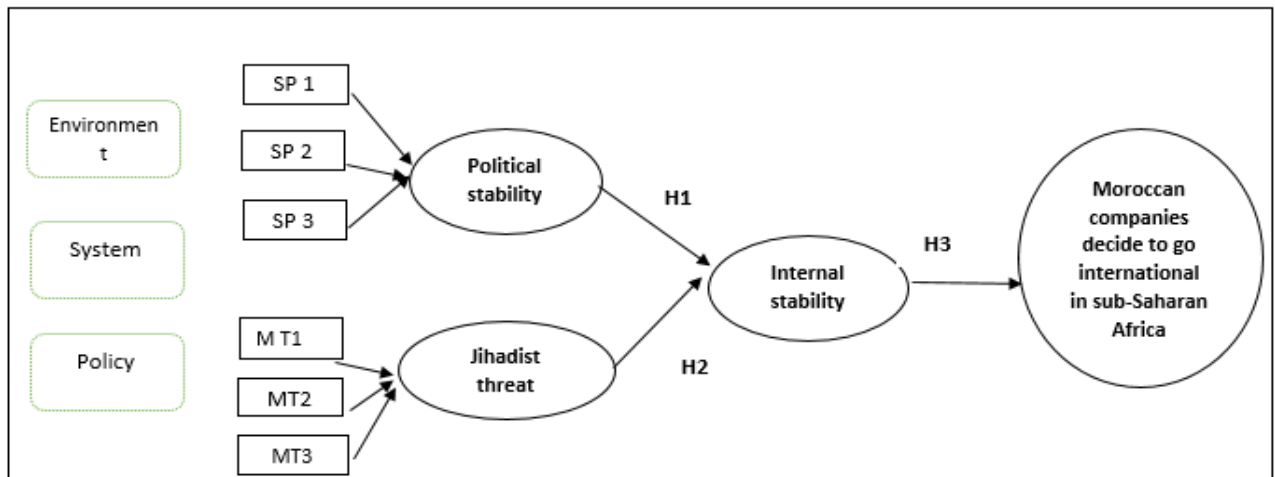
#### IV. Internal stability :

Domestic stability is closely linked to citizens' confidence in political and government institutions. When citizens perceive a high level of security and stability in their country, they tend to have more confidence in leaders and to support public policies. Research by Treisman (2010) and others has shown that domestic stability is an important indicator of citizens' trust in government. Increased trust encourages citizen participation, strengthens the legitimacy of institutions and contributes to overall political stability .

#### V. Research framework :

The previous chapters have dealt with the different parameters of strategic decision-making when choosing countries in which to invest. We have also discussed the main challenges facing Moroccan companies in sub-Saharan Africa. The main objective of any company seeking to internationalise is to make a successful strategic decision by choosing a suitable host country. In addition to the variables used by the ESP paradigm, we will attempt to add two main variables considered to be very important in order to adapt it to the reality of sub-Saharan African countries, namely: the country's political stability and the threat of jihadists.

Figure 3: The proposed conceptual model.



#### VI. Research hypotheses and methodology :

Based on the various theoretical arguments above, the article attempts to test the following hypotheses:

- Key hypothesis: Political stability and the threat of jihadism have a significant impact on strategic decisions by Moroccan companies to set up operations in sub-Saharan Africa.

- Sub-hypotheses :

o H1: The jihadist threat is having a negative impact on the internal stability of sub-Saharan African countries.

o H2: The political stability of a host country has a significant impact on its internal stability.

o H3: Domestic stability has a significant impact on the decision of Moroccan companies to internationalise in sub-Saharan African countries.

#### VII. Background and methodological approach :

The internationalisation of Moroccan companies in sub-Saharan Africa faces a number of challenges that influence the decision-making process. These challenges are often linked to political stability and threats from terrorist groups. Morocco is constantly striving to improve its selection of investment host countries in order to make appropriate strategic decisions.

##### 1) Research methodology

The data for this research was collected using a survey questionnaire. The method used allows the researcher to validate the proposed model using quantitative data and to obtain in-depth information on the relationship between political stability, the threat of Jihadists and domestic stability on the strategic decision-making process of Moroccan companies seeking to expand in Sub-Saharan Africa. Below is a detailed description of the methods and procedures used in the current research.

#### VIII. Survey questionnaire

In order to empirically test the relationship between political stability, the threat of jihadists and domestic stability on the strategic decision-making process of Moroccan companies seeking to expand in Sub-Saharan Africa, a questionnaire was developed and tested. The questionnaire was administered to a wide range of managers from Moroccan companies operating in Sub-Saharan Africa. The questionnaire consists of three parts: (1) general information on the sample, such as gender, company, managerial position (2) 06 questions on the variable - Political Stability (3) 04 questions on the variables - Threat



from Jihadists. In order to increase the reliability of the responses, the researcher visited each company personally to meet the managers and ask them to complete the questionnaire in his presence. The managers were asked to indicate their responses to each item on a five-point Likert scale, with 1 meaning "disagree" and 5 meaning "strongly agree". The questionnaire was distributed to 35 companies, each receiving two copies.

Table (1): Survey response rate

Number of visited companies	42
Total responses	25
Unusable responses	03
Final usable responses	22
Useable responses rate (%)	88

## 2) Results and discussions

The study hypotheses (H0, H01 and H03) were tested using multiple regression analysis. To ensure the generalisability of the results of the regression models, the assumptions underlying the regression analyses were examined. In the residual analysis, it was found that there were no violations of the assumptions regarding linearity, homoscedasticity, normality and independence of the error terms. Cronbach's alpha ( $\alpha$ ) of the study model was determined to be 0.821, indicating that the test of reliability and consistency was satisfactory, exceeding the threshold of 70 per cent generally considered acceptable (Sekaran, 2003).

Table (2): Multiple Regression Analysis and VIF test

Variables	Non-standardised coefficient		Non-standardised coefficient $\beta$	T test	Sig.	R <sup>2</sup>
	B	Standard error				
Political stability	,005	,146	,009	,037	,971	,665*
Jihadist threat	,338	,215	,564	1,570	,134	,465*
Internal stability	,343	,244	,389	1,406	,177	,475*
Deciding to set up in Sub-Saharan Africa	,276	,335	,300	,822	,422	,602**

Table (3): Total variance explained

Component	Initial eigenvalues			Sums extracted from the load square		
	Total	of variance	Cumulative	Total	of variance	Cumulative
1	3,115	62,308	62,308	3,115	62,308	62,308
2	1,020	20,397	82,705	1,020	20,397	82,705
3	,498	9,952	92,657			
4	,290	5,805	98,462			
5	,077	1,538	100,000			

Extraction method: Principal component analysis.

Using the non-standardised coefficients, standard errors, T-tests, p-values and coefficients of determination ( $R^2$ ) provided in the table, here is an analysis and interpretation of the results:

○ Assumption 1 - Political stability :

The non-standardised coefficient ( $\beta$ ) of 0.005 indicates a positive relationship between political stability and the decision to move to sub-Saharan Africa. However, the T-test of 0.009 and the associated p-value of 0.971 indicate that this relationship is not statistically significant. This means that there is insufficient evidence to support the hypothesis that political stability influences the decision to relocate to sub-Saharan Africa. The coefficient of determination ( $R^2$ ) of 0.665 suggests that political stability explains approximately 66.5% of the observed variation in settlement decision-making, but this relationship is not statistically significant.

○ Hypothesis 2 - Threat from Jihadists :

The non-standardised coefficient ( $\beta$ ) of 0.338 indicates a positive relationship between the threat of jihadists and the decision to move to sub-Saharan Africa. However, the T-test of 0.564 and the associated p-value of 0.134 indicate that this relationship is not statistically significant. This means that there is insufficient evidence to support the hypothesis that the threat of jihadists influences the decision to relocate to sub-Saharan Africa. The coefficient of determination ( $R^2$ ) of 0.465 suggests that the threat of jihadists explains around 46.5% of the observed variation in settlement decision making, but this relationship is not statistically significant.

3) Assumption 3 - Internal stability :

The non-standardised coefficient ( $\beta$ ) of 0.343 indicates a positive relationship between domestic stability and the decision to move to sub-Saharan Africa. However, the T-test of 0.389 and the associated p-value of 0.177 indicate that this relationship is not statistically significant. This means that there is insufficient evidence to support the hypothesis that domestic stability influences the decision to move to Sub-Saharan Africa. The coefficient of determination ( $R^2$ ) of 0.475 suggests that domestic stability explains approximately 47.5% of the observed variation in settlement decision making, but this relationship is not statistically significant.

4) General conclusion :

The results of this analysis suggest that the variables studied (political stability, threat from jihadists and domestic stability) have some positive correlation with the decision to move to sub-Saharan Africa. However, none of these relationships is statistically significant, meaning that there is insufficient evidence to state conclusively that these variables influence the decision to relocate. It is important to note that the mathematical model used in this analysis is a multiple regression, which examines the relationships between several independent variables and one dependent variable.

Based on this analysis, we can confirm the following model:

$$IDE_{ij} = \alpha_1 STP_{ij} + \beta_1 MDJ_j + \beta_2 STI_i + u_{ij}$$

With :

- $IDE_{ij}$  : Moroccan companies' decision to invest in Sub-Saharan Africa.
- $\alpha_1 STP_{ij}$ : The level of political stability in the Sub-Saharan African host country.
- $\beta_1 MDJ_j$ : The level of the jihadist threat in the host country in Sub-Saharan Africa.
- $\beta_2 STI_i$ : The level of political stability in the host country in Sub-Saharan Africa.
- $u_{ij}$ : other decision-making factors.

5) Research prospects :

There is a dearth of studies on the factors specific to sub-Saharan Africa that influence the decision to choose the host country and a dearth of studies on political stability and terrorism in this continent to help Moroccan business decision-makers. Consequently, it is necessary to study the following areas: the relationship between political stability and the choice of host countries, decision-making style and the choice of host country, terrorism and the development capacity of Moroccan businesses in sub-Saharan Africa.

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