UNIVERSITY OF TURKU

ABSTRACT

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Author	Vilma Jaanto	Number of pages	111+appendices
Title	Africa – the continent of many challenges but great potential: Focus on Finnish SME's opportunities in the African markets.		
Supervisors	Ph.D. Eriikka Paavilainen-Mäntymäki, Ph.D. Milla Wiren		

Abstract

Africa is the second largest, second most populous, and the second fastest-growing economic region in the world. While Africa's fast-growing population and markets are seen to present great potential and important opportunities for business in an environment of slowing global growth, the continent is also facing some of the biggest problems in the world, such as poverty, hunger, and lack of clean water. Yet many experts believe that Africa is the next big growth market with great opportunities and future potential.

Due to the region's fast growth and significant development, also Finland and the European Union, have started to see great potential in the African markets. For instance, the focus of Finland's and the EU's Africa strategies is shifting more and more from aid to business, and the trade between Finland and Africa is expected to double by 2030. Yet the region and its opportunities remain a big mystery, especially from the Finnish SMEs' perspective. Therefore, this study aims to provide new information about the African markets and their potential from the Finnish SMEs' perspective. Hence this research aims to answer the question: How can Finnish SMEs identify and access opportunities in the African markets?

This study was conducted as qualitative exploratory research, following an iterative research approach. The empirical data was collected through five semi-structured theme interviews with entrepreneurs, SME representatives, and experts. The theoretical framework used in this research focuses on opportunity discovery and creation theories, and the causation and effectuation theories in order to explain how Finnish SMEs can identify and exploit opportunities in the African markets.

This research found that Africa is perceived to be a continent of many challenges but great potential, offering countless opportunities for Finnish SMEs. According to the results, local partners and networks are seen as a requirement for successful opportunity identification and exploitation, whereas prior knowledge and experiences are seen as an enabler, but not as a requirement. Moreover, the empirical findings indicate that due to the challenging business environment, the division between effectuation and causation decision-making modes is not as straightforward as a majority of the prior literature proposes.

Key words	Opportunity discovery, opportunity creation, causation, effectuation, SMEs, Africa

TURUN YLIOPISTO

TIIVISTELMÄ

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X	Pro gradu -tutkielma
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Ohjaajat	KTT Eriikka Paavilainen-Mäntymäki, KTT Milla Wiren		

Tiivistelmä

Afrikka on toiseksi suurin, toiseksi väkirikkain ja toiseksi nopeimmin kasvava talousalue maailmassa. Vaikka Afrikan nopeasti kasvavan väestön ja markkinoiden katsotaan tarjoavan suurta potentiaalia ja liiketoimintamahdollisuuksia hidastuvan globaalin kasvun aikana, mantere taistelee myös monien valtavien ongelmien, kuten köyhyyden, nälän ja puhtaan veden puutteen kanssa. Silti monet asiantuntijat uskovat, että Afrikka on seuraava suuri kasvumarkkina, jolla on suuria mahdollisuuksia ja tulevaisuuden potentiaalia.

Alueen nopean kasvun ja merkittävän kehityksen ansiosta myös Suomi ja Euroopan Unioni ovat alkaneet nähdä suurta potentiaalia Afrikan markkinoilla. Esimerkiksi Suomen ja EU:n Afrikka-strategioiden painopiste on siirtymässä yhä enemmän kehitysavusta liiketoimintaan, ja Suomen ja Afrikan välisen kaupan odotetaan kaksinkertaistuvan vuoteen 2030 mennessä. Silti Afrikka ja sen mahdollisuudet ovat edelleen suuri mysteeri erityisesti suomalaisten pk-yritysten näkökulmasta. Siksi tämän tutkimuksen tarkoituksena on tarjota uutta tietoa Afrikan markkinoista ja sen potentiaalista suomalaisten pk-yritysten näkökulmasta. Täten tämä tutkimus pyrkii vastaamaan kysymykseen: Kuinka suomalaiset pk-yritykset voivat tunnistaa ja päästä kiinni Afrikan markkinoiden luomiin mahdollisuuksiin?

Tämä tutkimus tehtiin iteratiivisena kvalitatiivisena tutkimuksena ja empiiriset tiedot kerättiin viiden teemahaastattelun avulla, joissa haastateltiin yrittäjiä, pk-yritysten edustajia sekä asiantuntijoita. Tässä tutkimuksessa käytetty teoreettinen viitekehys keskittyy mahdollisuuksien löytämisen ja luomisen teorioihin sekä kausaatio- ja efektuaatioteorioihin onnistuakseen selittämään, kuinka suomalaiset pk-yritykset voivat tunnistaa ja hyödyntää mahdollisuuksia Afrikan markkinoilla.

Tutkimuksen mukaan Afrikka koetaan monien haasteiden, mutta suuren potentiaalin maanosana, joka tarjoaa lukemattomia mahdollisuuksia suomalaisille pk-yrityksille. Tulosten mukaan paikalliset kumppanit ja verkostot nähdään edellytyksenä onnistuneelle mahdollisuuksien tunnistamiselle ja hyödyntämiselle, kun taas aikaisempi tieto ja kokemukset nähdään niiden mahdollistajina. Lisäksi empiiriset havainnot viittaavat siihen, että haastavan liiketoimintaympäristön takia jako kausaatio- ja efektuaatio-päätöksentekomuotojen välillä ei ole yhtä suoraviivaista kuin iso osa aikaisemmasta kirjallisuudesta antaa ymmärtää.

Avainsanat	Mahdollisuuksien löytäminen, mahdollisuuksien luominen, kausaatio, efektuaatio, pk-yritykset, Afrikka

UNIVERSITY OF TURKU
Turku School of Economics

AFRICA – THE CONTINENT OF MANY CHALLENGES BUT GREAT POTENTIAL

Focus on Finnish SME's opportunities in the African markets

Master's Thesis
in International Business

Author:
Vilma Jaanto

Supervisors:
Ph.D. Eriikka Paavilainen-Mäntymäki
Ph.D. Milla Wiren

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1 INTRODUCTION

1.1 Background of the topic

Africa's potential as a growth market for business remains both underestimated and misunderstood — as does the potential for business to play a transformative role in solving the continent's biggest challenges (Leke & Signé 2019).

Africa is the second largest, second most populous, and the second fastest-growing economic region in the world (Deloitte 2014; World Population Review 2019). There are now more than 1.2 billion people in the continent, counting for around one-sixth of the world's population, and it is expected to reach 1.7 billion by 2030 (International Monetary Fund 2019a; Leke & Signé 2019). In April 2019, six out of the world's ten fastest-growing economies were in Africa, including for example Ghana, South Sudan, Rwanda, and Ethiopia in the top five (International Monetary Fund 2019b). Also, several studies suggest that many countries in Africa will be included in the world's largest consumer markets within the next ten years (Leke & Signé 2019).

Due to the region's fast growth, significant development, and increased investments, for example, from China and Japan, also many other countries and regions, including Finland and the EU, have started to see great potential in the African markets in both B2C and B2B sectors. For instance, the focus on Finland's and the EU's Africa strategies is shifting more and more from aid to trade, and Team Finland (including Business Finland, Finnish Embassies in Africa, and Finnfund), in collaboration with other organisations, have organised several business delegations to Africa in hopes of creating and developing cooperation and new business opportunities for Finnish companies in the region (Savela 2019).

However, despite the size, fast growth, and emerging middle class, Africa is one of the poorest regions in the world. 60 percent of those considered middle class live only on two to four US dollars a day (in 2014), and in 2011 around 70 percent of the sub-Saharan Africans lived on less than two dollars a day (Deloitte 2014; Makhubela 2018). Also, corruption, lack of infrastructure, poor governance, fragile security, unreliable logistics, and many conflicts are making the business environment very challenging for foreign companies (Deloitte 2014).

Yet, many experts, including the Minister for Foreign Affairs Pekka Haavisto, believe that Africa is the next big growth market with great opportunities and future potential (e.g., Aronen 2019; Kola-Nyström 2019; EK 2020, Haavisto 2021) – as long as the region's distinctive features and needs are taken into account. The same rules apply in all emerging markets: products and services designed for Western markets can be only rarely imported to emerging markets like that, without any changes. For example, in Africa, many digital solutions for mobile technologies might not be possible due to the bad mobile networks. (Kola-Nyström 2019.) Therefore, great potential lies in innovations and businesses that seek solutions to the local problems, like getting clean water, improving waste deposal, or helping local entrepreneurs with new ways of doing business.

1.2 Aim and objectives of the study

Africa's fast economic growth has already attracted Finnish businesses into the region, including, for instance, larger companies in the marine, renewable energy, ICT, and automation industries (Rinne 2018; Savela & Järvenpää 2018; Kola-Nyström 2019). Yet the continent has a lot more to offer. As Leke and Signé (2019, 77) believe, "Africa's potential as a growth market for business remains both underestimated and misunderstood — as does the potential for business to play a transformative role in solving the continent's biggest challenges". Therefore, it is important to get more information about the markets and find out what kind of potential the continent has to offer for Finnish SMEs, as well as to learn what it takes for the companies to succeed in the African markets. In other words, this study seeks to answer the main research question: *How can Finnish SMEs identify and access opportunities in the African markets?* To be able to answer that, this study is going to focus on the following sub-questions:

- *What types of opportunities are there in the African markets for Finnish SMEs?*
- *How do Finnish SMEs succeed to access the opportunities in the African markets?*

The purpose of this study is to discover new valuable information about the African markets, their opportunities, and the most significant enablers and challenges that Finnish SMEs face in the markets when trying to identify and access the opportunities in the African markets. Although an increasing number of studies and market analyses have already been conducted in the African markets, the region remains a big mystery for a major part, especially from the Finnish SMEs' perspective. Therefore, it is important to learn more about the markets and the factors affecting Finnish SMEs doing or considering doing business in Africa. In addition to the Finnish SMEs considering expanding their business to Africa, the results of this study can be useful also to organisations like Business Finland in terms of planning and developing their services to the Finnish SMEs.

As this research is exploring the African markets from the Finnish SMEs' perspective, also the examples and the empirical findings will concentrate on the opportunities and countries that are most relevant for Finnish businesses. Therefore, the results of this research are only general, and not to be taken as a fact in all contexts. It is also good to remember that Africa consists of 54 diverse countries that differ from each other in terms of size, population, geography, and cultures. Hence, there are several heterogeneous markets in African, which cannot be generalised as one.

1.3 Outline of the study

This research is structured as follows (see figure 1). First, the motivation, purpose, and research questions of this study were introduced in chapters 1.1. and 1.2. Next, African markets are explored with a general market analysis to get a better understanding of the background and the context of this research. Then, the theoretical background of this study is introduced and discussed in chapter three. In this research, an iterative research design was followed, which means that the empirical research of this study was based on a theoretical framework formed from the primary theories selected at the beginning of the research, as well as the emergent theories, which were later added to this research based on the findings that emerged from the empirical data. In chapter four, the research design of the study is introduced, and the selected research methodology is explained. This research was conducted by using qualitative methods, and the data was collected by interviewing selected experts and entrepreneurs in five semi-structured theme interviews. In chapter five, the collected research data is analysed, and the results of the study are introduced by linking the theoretical literature and the finding of the empirical research together. And finally, in chapter six, the conclusions and implications for the research and practical business life are discussed, and the limitations of the study are evaluated.

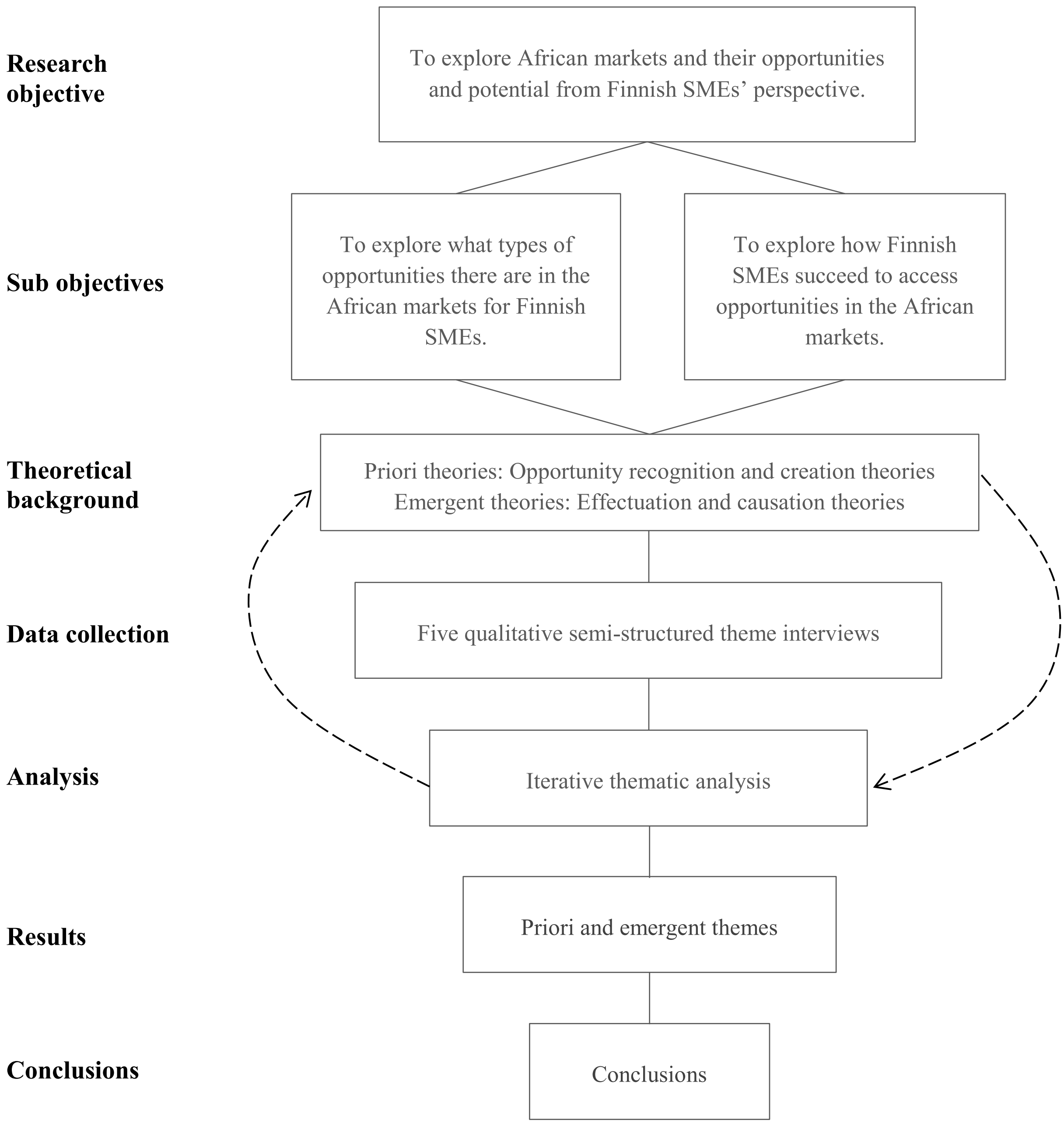

Figure 1 Outline of the study

The arrows shown in figure 1 intent to illustrate the iterative research process used in this thesis, in which the theoretical background (chapter 3) and the results (chapter 5) were constructed simultaneously through two rounds of analysis based on the same collected data. In the first analysis, the empirical data was analysed using only the priory theories. The second round of analysis, on the other hand, concentrated on the emergent theories that arose from the first round of analysis.

2 OVERVIEW OF THE AFRICAN MARKETS

2.1 General analysis of the African markets

As discussed in the introduction, Africa is the second largest, second most populous, and second fastest-growing economic region in the world. In 2019, six out of the ten fastest-growing economies were in Africa, and several African countries are presumed to be included in the world's largest consumer markets within the next ten years (International Monetary Fund 2019b; Signé 2018, 1). While Africa's fast-growing population and markets are seen to present great potential and important business opportunities during the slowing global growth, the continent is also facing some of the biggest problems in the world, such as poverty, hunger, and lack of clean water. Moreover, many global megatrends, including urbanisation, migration, climate change, population growth, technological development, and democratisation, are foreseen to have exceptionally acute effects on the continent. (Leke & Signé 2019, 77; Vastapuu et al. 2019, 45.) Thus, new innovations and investments from businesses are seen vital for meeting the region's demand for goods and services, creating jobs, closing the gaps in infrastructure, and decreasing poverty (Leke & Signé 2019, 77), as well as for mitigating the effects of climate change (Vastapuu et al. 2019, 11–12).

In this chapter, a general analysis of the African markets will be carried out, and the most relevant megatrends will be discussed. Yet, it is good to remember that Africa is a continent that consists of 54[1] diverse countries and covers a land area that is bigger than China, Europe, and the United States put together (Mc Kinsey & Company 2018; The African Union 2020). Therefore, it cannot be discussed as one big homogeneous market. African nations vary a lot from each other in terms of population, development levels, growth rates, and stability. While Nigeria, for example, has a population of nearly 190 million people, and Ethiopia and Egypt have over 90 million people each, most African countries have populations below 20 million. Likewise, only nine countries made up around 75 percent of the region's GDP in 2019, and in 2030 Nigeria, Egypt, and South Africa alone are expected to represent almost half of the household consumption in the continent. (Leke & Signé 2019, 80.)

[1] Depending on the source the number of African countries varies between 54 and 55 (see Leke and Signé 2019; African Commission 2020), as not all sources and countries recognize the Sahrawi Arab Democratic Republic, even though it is officially one of the African Union member states.

Despite the differences, African nations also have a lot in common. Not only do they face many of the same challenges, of which one of the biggest – if not the biggest – is climate change, the countries also share a common heritage, values, and ethics. Furthermore, The African Union is working hard towards building a "prosperous and united Africa based on shared values and a common destiny". One example of that is the African Continental Free Trade Area that was implemented in 2020, and which is now the world's largest free trade area since the formation of the World Trade Organization. (The African Union Commission 2020.)

2.1.1 Population growth and urbanisation

Africa's current population is around 1.2 billion people, and it is estimated to reach 1.7 billion by 2030 (Unicef 2017; Leke & Signé 2019, 78). However, as noticed above, the Africa's demographic variety is huge, and therefore it might be better to examine the continent's population growth rather regionally than as a singular phenomenon. The population in sub-Saharan Africa, for instance, is assumed to double by 2050, and the French-speaking Western Africa, in turn, is facing the fastest population growth in the world. For example, in Niger (West Africa), where the fertility rate is the highest in the world, the average number of children per one woman is 7.2. However, fertility rates have begun to fall in many East African countries, and for instance, in South Africa, as well as in many North African countries, the fertility rates are already below three. Nonetheless, the life expectancy has increased substantially all across Africa, and for example, in Sub-Saharan Africa, the population growth will continue regardless of the decreasing fertility levels. The significant population growth will also mean that Africa will clearly have the youngest population of all regions in the world by 2050. (Vastapuu et al. 2019,15–16.) Currently, around 70 percent of the African population is under 30 years of age, with an average age of 19 and over 65-year-olds accounting for only 3 percent of the population (Finnvera 2020).

Since more than 80 percent of the region's population growth is expected to occur in cities within the next few decades, Africa will also be one of the fastest – if not the single fastest – urbanising regions in the world (Chakravorti & Chaturvedi 2019; Leke & Signé 2019, 78; Vastapuu et al. 2019, 21). Already more than 50 percent of the African population lives in cities, while in 1950, the corresponding proportion was 13 percent (Finnvera 2020). As a result, Africa will have almost 90 cities of over one million inhabitants by the end of this decade. Combined with the fact that per capita consumption in the large cities is almost double compared to the average of the corresponding countries, the largest cities can be seen as profitable markets of their own, especially for companies operating in the consumer markets. (McKinsey & Company 2018; Leke & Signé 2019, 78, 82.) Therefore, for example, Leke and Signé (2019, 82) suggest that rapid urbanisation is one of the key aspects that would be recommended to take into consideration in companies' internationalisation and growth strategies in the African markets. Currently, there are three megacities – cities with a population of at least 10 million – in Africa: Cairo in Egypt (21 million), Lagos in Nigeria (21 million), and Kinshasa in the Democratic Republic of Congo (13 million). However, Luanda in Angola, Dar es Salaam in Tanzania, and Johannesburg in South Africa are expected to attain the status by 2030. (United Nations Africa Renewal 2019; Finnvera 2020.)

Moreover, in the next 15 years, especially the number of young consumers will explode, as Africa will gain almost 100 million additional young consumers in a single decade. At the same time, the population of high earners will rise faster than the low earners, meaning that the consumer economy in Africa will be driven by young consumers and their shifting consumer needs and trends, such as increased demand in services related to digital services and smartphone applications. (Market Research.com 2018; EK 2020, 8.) All in all, it is estimated that Africa's consumer demand will overtake the consumer demand in Russia and Brazil by 2025 as a result of population growth and increasing wealth (EK 2020, 8). In addition to the rising consumer potential, population growth will also mean huge workforce potential for businesses, since the African working-age population is estimated to grow by almost 450 million in 15 years, which is roughly the equivalent to the EU's population at the moment (Vastapuu et al. 2019, 15; EK 2020, 4, 8).

On the other hand, the population growth will also create great challenges, such as huge youth unemployment, if Africa does not succeed to create functioning economies, profitable businesses, and enough jobs for the increasing working population (Finnvera 2020). Therefore, it is worth noting that fast population growth and urbanisation may not be only a positive thing, but instead, they may also create more challenges to the continent, creating either vicious or virtuous cycles of interaction and effects, depending on how they are addressed. In other words, unplanned and poorly governed urbanisation has also a high potential to increase human insecurity, vulnerability to climate change, and harmful environmental impacts, as well as the levels of urban poverty, inequality, and segregation. That is because, in Africa, urbanisation has not followed the globally known path linked with economic growth and structural transformation. Usually, structural transformation results from the growth of the manufacturing industry, as manufacturing industry typically increases economic productivity and enables higher salaries compared to agriculture. In Africa, however, the transition to the manufacturing industry has not occurred yet despite the urbanisation because the region has not yet properly industrialised. (Vastapuu et al. 2019, 21.) For example, in 2019, Africa accounted for just one percent of global manufacturing (Vastapuu et al. 2019, 35).

While some African countries are comparatively industrialised, with a considerable share of the urban population, many African countries, in turn, remain agrarian in spite of the urbanisation. Moreover, the distinction between urban and rural areas is becoming vaguer in many areas, and even large numbers of cities are more reliant on agricultural production. Yet, many urban areas have rapidly developed a strong service sector. Whilst that may create opportunities for innovation, in particular in mobile technologies, the service sector is regarded as unlikely to enhance economic growth or create formal employment. That is because a major part of urban employment in Africa is informal, poorly paid, and insecure, and thus inequality and high poverty remain high. (Vastapuu et al. 2019, 21.) For example, in Sub-Saharan Africa, the informal economy that is not regulated and thus not taxed represents up to 41 percent of the region's GDP and provides over 85 percent of total employment (United Nations Africa Renewal 2019).

Rapid urbanization will also require substantial investments in infrastructure to advance sustainable development in cities. Basic infrastructures and services, including sanitation, waste management solutions, and public transportation need to be improved and made available also to the poorest section of the population. However, infrastructure improvements will also offer opportunities for new sustainable solutions that will benefit both the environment and mitigation of climate change. (Vastapuu et al. 2019, 47.)

2.1.2 Industrialisation and technological development

All in all, Africa is industrialising quickly. For example, Leke and Signé (2019, 78) have estimated that African industries have the opportunity to double their production to nearly one trillion dollars within a decade. Even though around three-quarters of the growth is likely to come from manufacturing, substituting imports and meeting the expanding local demand such as in food, beverage, and pharmaceutical industries, part of the growth will be also covered by industries that are shifting their manufacturing away for example from China to lower-cost regions like Africa. (Leke & Signé 2019, 78.) For instance, many labour-intensive and low-skilled industries, such as the clothing and low-tech assembly industries, have already emerged in several African countries, especially by the Chinese and European manufacturers (EK 2020, 8–9). However, many African states still have huge development needs in areas that would be needed for industrial automatization, such as higher levels of expertise, advanced industrial operating culture, well-functioning energy systems, and secure and cost-effective logistics. The labour force alone will no longer materialise to investments and industrial jobs, and thus, some sources suggest that Africa's industrialisation will most probably happen through labour-intensive industries that are difficultly automatised, such as clothing, agriculture, and food industries. (EK 2020, 10.) Also, corruption, lack of infrastructure, poor governance, fragile security, unreliable logistics, and many conflicts are making the business environment very challenging for foreign companies (Deloitte 2014).

In general, Africa is dependent on raw materials, metals, oil, and tourism (Finnvera 2020). In particular, the continent is known for its abundance of mineral and agricultural resources. Howbeit, many African countries have struggled to convert these resources into shared wealth and sustained economic development. For instance, despite the region's significant oil and gas reserves, the continent has a huge unmet demand for energy. Therefore, innovations and investments are needed to unleash the continent's wealth and to create new business opportunities. (Leke & Signé 2019, 80.) Additionally, poor infrastructure is one of the key hindrances to investments and growth in Africa. For instance, less than 48 percent of the Sub-Saharan Africans have access to electricity, and in general, around 640 million people currently live without electricity in Africa (The World Bank 2020a&b). Additionally, more than half of Africa's roads are unpaved, and less than half of the rural population has access to an all-seasons road (Nilsson et al. 2020, 5). Nonetheless, also significant progress has been made, and Africa's annual investments in infrastructure have doubled to around $80 billion a year since the beginning of this century (Leke & Signé 2019, 80). Aside from poor infrastructure, there are also various other obstacles for small and medium-sized enterprises in the African markets. According to World Bank Enterprise surveys[2], access to finance is the single largest business obstacle (26%) for SMEs in Sub-Saharan Africa, followed by electricity (17), practices of competitors in the informal sector (11), political instability (9), tax rates (8), and corruption (7) (European Investment Bank 2018, 31).

[2] Source: World Bank Enterprise surveys. N=13 722 (number of enterprise years). Survey years: 2011-2017 in sub-Saharan Africa.

On the contrary, the continent has developed significantly when it comes to mobile data and broadband connections (Leke & Signé 2019, 80; Vastapuu et al. 2019, 33). For instance, between 2008 and 2015, Sub-Saharan Africa saw the world's fastest rate of new broadband connections, and the mobile data traffic across Africa is expected to increase sevenfold between 2017 and 2022 (Leke & Signé 2019, 80). While in 2000, only one percent of Africans owned a mobile phone, in 2019 the penetration rate was already 44 percent in Sub-Saharan Africa alone. And although the growth rate of subscribers has slowed down by about 50 percent over the past years, there is still a major market for mobile phones and ICT in Africa, considering the size of the population. (Vastapuu et al. 2019, 33.) Furthermore, Africa has been on the frontline of the development of mobile-based money transfers and banking services during the past decade. It has been estimated that less than 30 percent of the African population have formal bank accounts. Yet in 2019, 21 percent of African adults had mobile money accounts. (Vastapuu 2019, 34.) All in all, in 2019, there were more than 181 million active mobile money accounts in Sub-Saharan Africa, which is almost 50 percent of the global total (The Africa Report 2020a; Statista 2020). To compare, the second place was held by South Asia, with 315 million registered accounts, of which 91 million were active (Statista 2020). The development has not only allowed companies to improve their productivity, speed up transactions, and access wider markets, but also provided the previously unbanked population with the opportunity to use financial and payment services (Leke & Signé 2019, 80; Vastapuu 2019, 34). Therefore, several scholars have argued that the spread of mobile phones and related mobile technologies have a significant role in transforming African societies, and that way has direct development effects in the continent, as they enable, for example, easier and better access to information, job creation, enhanced service delivery in sectors such as agriculture, finance, health care, and education, greater financial inclusion, as well as a more accessible business environment. (Vastapuu 2019, 33–34.)

Nevertheless, there are considerable regional differences in the adaptation rates of mobile technologies (Vastapuu 2019, 34). While Western Africa is lagging behind, with many West African nations having adaption rates close to zero, East Africa on the other hand has been the continent's cutting edge of technological development. For example, in Kenya, the share of the adult population using mobile money services is more than 70 percent. Nevertheless, important steps facilitating these developments have been taken also in West Africa, where between January 2018 and January 2019, ten new 4G networks were built up. Unlike other African regions, North Africa is usually put to the Middle East and North Africa (MENA) subgroup instead of Africa. Even though the mobile subscription rate in MENA was 64 percent in 2018, which places it clearly ahead of the Sub-Saharan region, it is still the second-least penetrated region in the global scale. (Vastapuu 2019, 34.) When it comes to mobile money accounts, East Africa is significantly ahead of other Sub-Saharan regions with 102 million active users, followed by West Africa with 56 million, and Central Africa with 20 million active users. In Southern Africa, in turn, the number of active users in only 3 million. That is mainly due to the adequately banked population and significantly better liquidity. (The Africa Report 2020a.)

Correspondingly the number of African tech hubs has rapidly increased over the past years, and for example, e-commerce is a growing business across the continent (Leke & Signé 2019, 80; Vastapuu 2019, 35; The Africa Report 2020b). While in 2017 there was an estimate of 314 tech hubs in Africa, in 2020 the number of active tech hubs was over 640 – Nairobi, Johannesburg, and Lagos being the top cities for African tech. That is, because South Africa, Nigeria, and Kenya have ecosystems favourable to start-up activities, such as large markets, the widespread use of the internet on smartphones, and excellent network coverage. (Leke & Signé 2019, 80; The Africa Report 2020b.) Also, venture capital (VC) investments to Africa have increased significantly over the past decade. While in 2010 the VC investments to Africa were worth around USD 20 million, in 2019 the figure has been estimated to be as high as USD 1.5 billion. (Nilsson et al. 2020, 5.)

In addition to mobile phone and ICT innovations, there are also other promising technological innovations and opportunities appearing in the continent, especially in the renewable energy sector. For instance, due to the new solar power innovations, solar power's costs in Africa are declining at an annual rate of 10 percent, and thus solar power is already cheaper than coal in more than 30 countries. Additionally, in some parts of coastal Africa, where wind capacity is strong, governments are planning large-scale investments in wind power. (Vastapuu 2019, 34 –35.) For example, United Nations Economic Commission for Africa's (UNECA) Economic Report on Africa 2019 implies that in general Africa's energy demand is assumed to increase drastically due to the continent's population growth, growing middle class, urbanisation, and climate change. However, according to the report, Africa has ample resources and immense opportunities to develop clean or renewable energy, and hence the energy sector offers great chances for private companies to invest in the energy sector, power industrialisation, as well as to stimulate growth, employment, and trade. (UNECA 2020, 39.) In addition to energy solutions, 3D printing in manufacturing and drones in transporting medical supplies in rural areas, are examples of technological innovations that are already being used in some parts of the continent. (Vastapuu 2019, 34 –35.)

However, it is good to note that despite the recent technological development and the continent's rabid industrialisation, most African economies are still dependent on the extraction of natural resources. What is more, the raw materials are mostly sold abroad like that, instead of being refined in Africa, which means that they are sold abroad for a fraction of the profit of what the states would get of the final products. For example, almost 75 percent of the world's cocoa is produced in Africa, yet the continent gets only two percent of the World's over a USD 100 billion chocolate market. (Vastapuu 2019, 35.)

2.1.3 Political integration and safety

Altogether, Africa consists of 54 diverse nations that can be divided into five geographic regions: Central Africa, Eastern Africa, Northern Africa, Southern Africa, and Western Africa. Together they form the African Union (the AU), which was officially launched in 2002 replacing its predecessor, the Organisation of African Unity (OAU), which was originally formed in 1963 by the 32 African states that had achieved independence at the time. In 2015, the African Union officially launched its *Agenda 2063: The Future We Want for Africa* that "provides a collective vision and roadmap to build a prosperous and united Africa based on shared values and a common destiny". (African Union Commission 2020, 15–16, 18.) However, despite the African Union's ambitious integration goals and policies, the Union is facing difficulties in promoting and maintaining consensus among its member states due to the often-dissenting national interests. Furthermore, there are also 19 sub-regional organisations in Africa, including eight Regional Economic Communities (RECs) that have substantial differences in the objectives, capacities, levels of functionality, and overlapping memberships, which create challenges for example in understanding how power should be shared between the different parties. (Nilsson 2019, 6.)

According to Nilsson (2019, 6), two notable characteristics should be taken into consideration to understand the integration and politics in Africa. Firstly, the continent is characterised by formal and informal politics that exist together; and secondly, Pan-Africanism has become a stronger driver of formal integration in the continent. In many areas in Africa, borders do not essentially exist in the formal sense, or they are ignored by the local populations and refugees or strategically used by political elites. The lack of formal regionalism structures is most apparent in Central and Western Africa, while in Southern Africa, on the other hand, the formal structures are most evident. On the other hand, when it comes to Pan-Africanism, regional integration has not only been promoted for economic prosperity, but also as a strategy for self-determination, decolonisation, and for addressing Africa's marginality in the global economy. (Nilsson 2019, 6.)

Moreover, despite Pan-Africanism and the AU's aspirations of united Africa, the continent is becoming more and more polarised politically. Although the AU is officially committed to democratic values, the continent's authoritarian states are becoming more repressive, and at the same time, the more democratic ones have not developed that much either. Altogether, and democratic development has been on average deteriorating in the continent since around 2015. For instance, the Institute for Security Studies (ISS), categorises most sub-Saharan African countries as anocracies, meaning that they are combining elements of both autocracy and democracy. These types of regimes are seen to be prone to political sensitivity. (Nilsson 2019, 6–7.)

In general, West and Southern Africa are consistently seen to perform better on democracy and governance[3], compared to East, Central, and North Africa. Especially, North African countries have previously ranked poorly on governance, Tunisia being earlier the only exception. For instance, in Egypt and Libya, instability and conflicts have weakened the state capacity and economic growth. (Nilsson 2019, 6–7.) However, according to the latest Ibrahim Index of African Governance (2020), Northern Africa has shown increasing improvement over the last ten years, except for Libya. Central Africa, on the other hand, is now the lowest-scoring region in Africa, with also the most significant declining trend. (IIAG 2020, 22, 25.) Even though developments on sub-regional levels are important in terms of possible "neighbourhood effects", the variety is still wide on at the level of individual countries (Nilsson 2019, 7). While in Southern Africa, for instance, Botswana, Namibia, and South Africa are featuring either good or very good governance, Angola, Eswatini, and Zimbabwe are ranked either weak or very weak. Also, West Africa is split between the countries that are performing well (e.g., Benin, Ghana, and Senegal) and the ones that are struggling (e.g., Guinea and Nigeria). (Nilsson 2019, 7; IIAG 2020) In general, the Overall Governance score has declined in

[3] IIAG 2020: In the Ibrahim Index of African Governance, the Overall Governance is based on four sub-categories: Security and Rule of Law; Participation, Rights, and Inclusion; Foundations for Economic Opportunity; and Human Development.

over half of the African countries between 2018 and 2019. Yet, in a longer-time perspective (change between 2010–2019) the figures look more positive, as 36 countries have shown improvement and 17 deterioration. In 2019, the highest-ranking countries were Mauritius, Cabo Verde, and Seychelles, whilst on the contrary, the lowest-ranking countries were Somalia, South Sudan, and Eritrea, starting from the bottom. (IIAG 2020, 25.) When it comes to political instability, the pressure is relatively high in East Africa and the Horn, while most parts of West Africa, on the other hand, are less exposed to political instability due to the higher levels of democracy. (Nilsson 2019, 6–7.)

Even though democracy does not always lead to economic growth and transformation, earlier studies have found that on average Africa's democracies grow at a faster rate than the autocracies. The quality of governance has been found to be an important explanatory factor. And as most authoritarian states do not have good governance, that suggests further authoritarian retrenchment will undermine economic transformation in Africa. Another worrying trend is that several African states have recently discovered oil and natural gas reserves. As there is so far only one democratic petrostate in the continent (Ghana), there is a clear correlation between petrostate hood and authoritarian or anocratic regimes. (Nilsson 2019, 7.)

When it comes to safety, Africa has made important gains in peace and stability over the last two decades. Yet, violence, as well as small-scale and minor armed conflicts, have increased and persisted across the continent, and the trend is not expected to change significantly over the coming decades. There has been also a significant increase in large- and small-scale organised violence in Sub-Saharan Africa and the continent has the highest level of one-sided violence, also against civilians, in the world. For instance, communal violence over access to land, water, or other resources is a prominent form of non-state organised violence in the continent, and also violence related to elections or politics, such as violent riots and demonstrations, have increased significantly across Sub-Saharan Africa over the past decade. (Nilsson 2019, 7.)

2.1.4 Economic integration and the African Continental Free Trade Area

Regardless of the African Union and the continent's four regional Free Trade Areas (COMESA, EAC, ECOWAS, and SADC[4]), formal statistics reveal that intra-African trade is low. In 2017, intra-African exports accounted for around 20 percent of the total

[4] African Commission 2020: Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of West African States (ECOWAS), Southern African Development Community (SADC)

African export (in 2019, around 20 percent), while in Europe, for example, the corresponding figure is 69 percent and in Asia 59 percent (Nilsson 2019, 8; UNECA 2020, 9). Moreover, three-quarters of the intra-African exports are concentrated in just 13 countries, SouthAfrica alone capturing around 45 percent of the total (UNECA 2020, 12). However, the formal information does not tell the whole truth, as a large part of the trade between African countries is informal and thus it is not recorded in official statistics (Nilsson 2019, 9).

In response to the African Union's vision to enhance continental and economic integration in Africa, the AU put in force the African Continental Free Trade Area (AfCFTA) in May 2019, which is now the largest regional trade agreement in the world, including 54 member states of the African Union (The African Union 2018; The African Union Commission 2020, 8–9). The African Continental Free Trade Area covers a market of 1.2 billion people and a gross domestic product of USD 2.5 trillion (The African Union 2018). Furthermore, the agreement is expected to increase the intra-African trade and that way also affect the economic growth of the continent (Nilsson 2019, 9). For instance, United Nations Economic Commission for Africa (UNECA) estimates that if successful, the AfCFTA can generate combined consumer and business spending of USD 6.7 trillion in 2030 and increase the intra-African trade by 15 to 25 percent by 2040. Moreover, the implementation of the AfCFTA is expected to unlock the manufacturing potential and facilitate industrialization, driving jobs and sustainable growth, and this way provide major growth opportunities for African economies. According to UNECA's estimations, the cumulative effect could boost the continent's GDP by up to USD 44 billion, and once the trade barriers are removed and services trade is further liberalized, the ultimate benefits could be as much as twice as high. (UNECA 2020, 9–10.)

Until the implementation of the African Continental Free Trade Area agreement, intra-African trade has been hampered by high tariffs and other trade barriers, such as varied rules of origin and bureaucratic border formalities (EK 2020, 23). Therefore, the benefits of AfCFTA are assumed to result particularly from the fact that tariff and non-tariff barriers will be reduced, lowering the costs of doing business and that way boosting their competitiveness. The AfCFTA will also allow African companies to access larger markets and thus higher revenues. Access to greater markets will, for example, enable companies to source better raw materials, develop innovative and specialized products for various market niches, expand their business through economies of scale, and develop regional value chains. (UNECA 2020, 49.)

Moreover, a great potential of increasing the intra-African trade result from the fact that African countries trade remarkably more manufactured and processed goods with each other than with external trade partners, as usually raw materials are exported out of the continent. In 2014, the share of manufactured goods in intra-African trade was around 42 percent, while the corresponding figure of external trade was only less than 15 percent. (Nilsson 2019, 9.) Currently, most African countries rely heavily on imports of manufactured and agricultural products, at the same time as the intra-African trade is focused on machinery and transport equipment. Hence, increasing intra-African trade could have a positive effect on accelerating diversification and product sophistication, and secondly, having a stronger emphasis on manufactured and processers goods in intra-African trade could create opportunities for African nations to accelerate their structural transformation and industrialise through trade. (Nilsson, 2019, 9; UNECA 2019, 22.) Thanks to the AfCFTA, the trade in industrial products could increase between 25 and 30 percent depending on the degree of liberalisation. (Nilsson 2019, 9.) Expansion of intra-African export is also estimated to increase the economic welfare of Africa (UNECA 2020, 14).

All in all, the African Continental Free Trade Area is expected to create huge opportunities for the continent in terms of better accessibility to larger markets, increased competitiveness, economic growth, faster industrialization, development of regional value chains, and creation of millions of new jobs for the growing, young populations – just a few to mention. As the effects are expected to boost the African economy the Free Trade Area will likely have a positive impact on foreign businesses as well.

2.1.5 Climate change

Despite Africa’s huge size and population, the continent’s contribution to the accumulation of greenhouse gas emissions has been relatively small on a global scale, Africa’s share being only less than 7 percent of global CO2 emissions. Yet the impacts of climate change on human well-being and ecosystems are huge. (Vastapuu et al. 2019, 11–12; EK 2020, 11.) Africa’s contribution to the global emissions from burning fossil fuels is estimated to be only 3 percent. Around 80 percent of that is caused by the continent’s rapid growth of road traffic. In fact, the continent has the world’s second-highest growth rate in emissions from transport. (Vastapuu et al. 2019, 8.) However, the main contributor to the release of carbon dioxide and other greenhouse gases in Africa is land-coverage change, which is mainly caused by agricultural land expansions of converting forests and native vegetation to croplands. For example, in sub-Saharan Africa, the size of agricultural areas has increased by 57 percent between 1975 and 2000, with a yearly increase of 2.3 percent. That is mainly because, in Africa, the increase in agricultural production is still based on the clearance of new cropland instead of improved techniques and fertilisers, like elsewhere. (Vastapuu et al. 2019, 7–8.) In general, the energy consumption in Africa is growing due to the population growth, a growing middle-class, the improvement of infrastructure, and land grabbing (Vastapuu et al. 2019, 9).

However, the consequences of climate change are estimated to be remarkable in Africa if the global temperature average rises by two degrees Celsius. Those include, for example, heatwaves, droughts, storms, and floods, which will become more numerous and severe than before. Additionally, climate change will have an overall negative effect on ecosystems and agriculture, including major cereal crops across Africa. As a result, the yields of many important food crops are expected to decrease between 15 and 22 percent by mid-century, which combined with the population growth will cause also severe problems to food security. Moreover, due to the institutional weaknesses and inadequate infrastructure, African nations are more vulnerable to the effects of climate change than developed countries, putting particularly people's health at risk. Already many African people have insufficient access to safe water, good sanitation, and adequate healthcare. Thus, for example, floods in areas with poor sanitation and waste management will spread diseases. Furthermore, a warmer climate will allow disease-carrying insects to spread wider to new areas, increasing the vulnerability to vector and water-borne diseases. (Vastapuu et al. 2019, 8–9).

Overall, climate change is predicted to have wide-ranging and unexpected effects also on society, including, for example, migration, human insecurity, and conflicts, which will also affect Europe (Vastapuu et al. 2019, 9). Therefore, mitigating and slowing down the effects of climate change in Africa has become one of the top priorities also on the global agenda (EK 2020, 11). As the continent will have the highest population and economic growth in the World in the 21st century, it is essential that the continent's growth is planned with low-carbon solutions, including renewable energy, clean and efficient low-carbon technologies, and developing smart and more efficient agricultural practices (Vastapuu et al. 2019, 9; EK 2020, 11).

2.2 Finland in Africa

Finland has rather good diplomatic relationships with many African countries, many of which date back to the 1950s or 1960s to the time soon after the decolonisation (e.g., Finland Abroad 2020a, b, c & d). Especially Finland and Namibia have had an exceptionally good and long relationship, as the two countries celebrated their 150 years of friendship in 2020 (Finland Abroad 2020e). On the other hand, Finland's relations with most African countries are historically fairly thin, and Finland's current relations with Africa have mainly focused on the former British colonies, rather than French-speaking West Africa. That has been considered to be also the weakness of Finland's relations with Africa. (Aronen 2019.) Today, Finland has twelve embassies, four Business Finland offices, seventeen honorary consulates, and several business associations and Chambers of Commerce in Africa, most of which are located in North and East Africa (Finnish Government 2019; Business Finland 2020; Ministry for Foreign Affairs 2020a).

Finland's presence in Africa and the bilateral relations with African countries vary significantly from humanitarian aid to development cooperation and trade, depending on the country in question. (e.g., Finland Abroad 2020a, b, c & d). While Finland has strong diplomatic and commercial relationships with North African countries, the relations with sub-Saharan countries are mainly based on successful development cooperation (Finnish Government 2020; Ministry for Foreign Affairs 2020b). However, as African economies have developed and their populations have grown over the past years, at the same time increasing their visibility in the eyes of the international community, Africa's role in the world politics and economics has become more prominent. Therefore, having political as well as commercial relationships with African countries has become increasingly important to Finland, as well as to the European Union. (Finnish Government 2019 & 2020; Ministry for Foreign Affairs 2020b; EK 2020; Haavisto 2021; Skinnari 2021.) For that reason, Finland renewed its Africa strategy that was launched on 25th March 2021, which main goal is to further develop Finland's ties with African countries, especially in terms of political and economic relations (Finnish Government 2019 & 2020; Ministry for Foreign Affairs 2020b; Haavisto 2021; Skinnari 2021). That includes, for example doubling the trade between Africa and Finland by 2030 (Haavisto 2021; Skinnari 2021).

According to Finncham, the Finnish Chamber of Commerce, Finland has a good reputation all around the continent, and African countries offer business opportunities in many industries in which Finland has a lot to offer, including circular economy, education, energy sector, health technology, IT (information technology), mining, forestry, and agriculture (Finncham 2020). In November 2020, the Finland Chamber of Commerce organized a webinar, where the Finnish ambassadors in Africa shared their views on the African markets and their opportunities for Finnish businesses. The list below assembles the opportunities highlighted by the ambassadors in the countries in which Finland has its embassies. (Finncham 2020.)

- **Algeria**: Lumber industry, health tech, circular economy, education, telecommunications, and technology industry
- **Egypt**: Energy, education, ICT, digitalisation, AI, healthcare, agriculture, and water management
- **Ethiopia**: Agriculture, tourism, digitalisation, and utilisation of natural resources
- **Kenya**: E-trade, agriculture, construction, and infrastructure
- **Morocco**: Circular economy, digitalisation, AI, energy, aggrotech, and health tech
- **Mozambique**: Still challenging to recognise, but possible opportunities in infrastructure and related vocational training.
- **Namibia**: Education, energy, and mining
- **Nigeria**: Digitalisation, education, circular economy, energy, health tech, agriculture, lumber industry, and food industry
- **South Africa**: Food industry, circular economy, energy, digitalisation, education, and IT
- **Tanzania**: Agriculture, lumber industry, value chain development, logistics, cyber security, and financial technology
- **Tunisia**: Bio and circular economy, digitalisation and technology, education, healthcare, and renewable energy
- **Zambia**: Minerals, lumber industry, agriculture, energy, infrastructure, ICT, circular economy, and education.

Although Africa is said to have huge economic development potential, Finland's exports are primarily directed to only three North African countries: Egypt, Morocco, and Algeria, as well as to South Africa, and they mainly consist of timber, pulp, vehicles, and equipment (Aronen 2019; Finnish Customs 2019; EK 2020, 6). In 2019, North Africa's share of Finland's export to Africa was as much as 59 percent, Egypt accounting for 29 percent, and Morocco 19 percent of Finland's exports to the continent. South Africa's share of the export was 16 percent. (Finnish Customs 2019.) Furthermore, the continent's share of Finland's total export has been only 2.4–2.6 percent over the past couple of years, and albeit Africans' purchasing power has increased, Finland's exports to Africa have remained almost the same over the past decade. (Aronen 2019; Finnish Customs 2019; EK 2020, 6; Tilastokeskus 2020.) That can be explained by the fact that Africa's economic growth has been mainly created in sub-Saharan Africa, while Finland's exports have concentrated on the Northern parts of the continent (EK 2020, 6). Moreover, in 2019, the value of Finland's export of goods and services to Africa was 2.2 billion euros, of which the services accounted for only 345 million euros. Thus, especially services can be seen to form a significant share of the unrealised export potential for Finland in the future. (EK 2020, 6; Tilastokeskus 2020.)

In addition to traditional exports, there are also more than 200 Finnish companies in the continent, of which around half were located in Kenya, in East Africa in 2019 (Aronen 2019). Comparably, the number of Finnish companies in Egypt was 60 to 70 and in Algeria about 40 in 2020 (Finncham 2020; Joenusva 2020). Yet, it is good to note that even though the number of established Finnish companies for example in South Africa was around 35 in 2020, as many as 100 Finnish companies were represented in the country through various arrangements, and the figure has been only rising over the past years (Lammila 2020). While the largest companies, such as Nokia, Wärtsilä, and Kone are represented almost all around the continent, also some smaller companies, such as Merivaara (health-tech) and Molok (waste management) have successfully started expanding their markets in Africa (Aronen 2019).

In order to boost business opportunities for Finnish businesses and sustainable development in Africa, the Finnish government, together with the Team Finland network, including the Ministry for Foreign Affairs, Finnish Embassies in Africa, and government-based organisations such as Business Finland and Finnfund, support Finnish companies' internationalisation and various projects in Africa. Most of the support being aimed at industries that are in line with Finland's country image, including for instance digitalisation, and sustainable environment and energy solutions (Aronen 2019). For example, the Development Markets Platform run by Business Finland helps Finnish companies and their partners develop sustainable business in developing markets (Business Finland 2021). Likewise, Finnfund's Finnpartnershis support is aimed at business ventures that will have a long-term positive development impact in developing countries (Finnpartnership 2021). In 2018, the Finnpartnership support was granted for 82 commercial projects, of which over half were focused on Africa, most projects being in information and communication technology, energy sector, healthcare, and pharmaceuticals, as well as environmental industries. Additionally, 67 percent of Finnish development financier Finnfund's investments were directed towards African markets. (Aronen 2019.)

Altogether, according to the Confederation of Finnish Industries (EK 2020, 6), business opportunities for Finnish businesses can be seen to arise particularly as a result of Africa's three megatrends: demographic change generated by population growth and urbanization, prevention of climate change, as well as digitalization. In other words, there is a demand for Finnish know-how in Africa, especially in renewable energy, developing infrastructure, agriculture and forestry, education, and utilisation of digitalisation (EK 2020, 4). Moreover, in 2018 the largest investment commitments in Africa were made in energy (USD 44 billion) and transportation infrastructure (USD 31 billion) sectors, in which also Finland has a lot to offer (EK 2020, 16). Additionally, the African Continental Free Trade Area will arise opportunities in terms of economies of scale and access to larger markets, making the market even more attractive for Finnish businesses.

3 THEORETICAL BACKGROUND OF THE STUDY

This chapter focuses on the theoretical background of this study. Therefore, the aim of this section is to introduce and discuss the existing literature related to the theories used in this research, as well as to construct the theoretical framework for the purposes of this research. In this research, an iterative research design was followed, which means that the empirical research of this study was based on a theoretical framework formed from the primary theories selected at the beginning of the research, as well as the emergent theories, which were later added to this research based on the findings that emerged from the empirical data.

This chapter is structured as follows. I will first briefly explain the theoretical choices that have been made in this research and open up the processes behind those choices. Then, an overview of the opportunity literature will be introduced in chapter 3.1, after which opportunity recognition and creation theories will be explored in more detail in chapters 3.1.1, and 3.1.2. After that, the emergent theories of effectuation and causation models will be introduced in subchapters 3.2, 3.2.1, and 3.2.2. And finally, the synthesis of the theoretical framework will be introduced in chapter 3.4. The theoretical synthesis has been constructed iteratively based on the empirical findings (chapter 5) and the theories presented in chapters 3.2 and 3.3.

3.1 Theoretical discussion

As the main purpose of this study is to explore how Finnish SMEs can identify and access opportunities in the African markets, it was important to get a deeper understanding of the main concepts of opportunity identification and opportunity creation in order to understand what opportunities are and how they are usually identified and exploited. Therefore, the dominant opportunity theories, including opportunity discovery and opportunity creation theories, were chosen as priori theories for the framework of this research and to form the core of the theoretical part of this study. The primary theories were also used as the basis for planning the data collection process and the interview questions used in the empirical part of this thesis.

Because the whole research focuses on the opportunities that African markets have to offer for Finnish small and medium-sized enterprises, it was a rather clear and logical decision to choose opportunity literature for the basis for this research. However, when it came to selecting other possible theories, which could complement and support the chosen opportunity literature in addressing the second research objective of exploring how Finnish SMEs succeed to access those opportunities in the African context, the decision became a lot harder. Eventually, an iterative research approach was considered best suitable for this research, which means that the theoretical background is constructed simultaneously with chapter 5 (results), combining both inductive and deductive approaches.

In other words, only the primary (opportunity) theories were used as the basis for designing the data collection process and planning the interview questions used in the empirical research, yet leaving the possibility for other theories to emerge from the empirical findings, which would be then later added to the theoretical framework. Thereby the iterative research design enabled new, unpredictable views or theories to emerge from the empirical data, allowing the research process to evolve and raise findings that would not have been possible otherwise.

As factors and characteristics related to the effectuation processes emerged from the empirical data, it was a logical decision to examine the effectuation and causation theories further to get a better understanding of the factors affecting the SMEs' decision-making processes in terms of accessing opportunities in the African markets. These emergent theories were also used to construct the final synthesis of the theoretical framework, which is introduced in chapter 3.4. The process itself is described in more detail in chapter 4.1.

Although it was clear from the beginning that in this research the theoretical framework would be primarily based on the opportunity literature, also other theories were considered before making the final decision about the iterative research design. Those included, for example, enablers and challenges, resources, traditional internationalisation models, and network theories. However, I thought it might be better to make room for the views of the interviewees and raise these or other topics in the interviews within the opportunity-related themes to observe what the interviewees themselves would bring up.

Altogether, three reasons, in particular, supported the decision about focusing the theoretical background only on the opportunity theories. First of all, the second sub-objective (to explore how Finnish SMEs succeed to access the opportunities in the African markets) is rather broad, and thus it may be viewed from various perspectives. Secondly, the research topic is still quite novel and unexplored, especially from the Finnish SMEs' perspective, and hence the theoretical background should support, rather than limit, the possible findings emerging from the empirical research. Thirdly and finally, due to the lack of my prior knowledge about the given topic or the context, I decided from the very beginning to take as an objective approach to this research as possible, to get as a truthful and objective idea of the given topic as attainable. To be able to do that, I decided to put the emphasis on the empirical data, collected through qualitative semi-structured expert interviews, and use background theories only as the supportive framework for the empirical research and getting a better understanding of the given topic. That way I could eliminate the possible effects or constraints of focusing on the wrong theories that could possibly lead the empirical research in the wrong direction and instead focus on the aspects and theories emerging from the empirical research.

3.2 Overview of opportunity theories

Opportunity: an occasion or a situation that makes it possible to do something that you want to do or have to do, or the possibility of doing something (Cambridge Dictionary 2019).

Identification of opportunities is an important part of entrepreneurship as opportunities have been acknowledged to have a critical role in the entrepreneurial process (Chandler et al. 2003, 398; Kontinen & Ojala 2011a, 492; Sarasvathy & Venkataraman 2011, 118). Some scholars even suggest that identifying opportunities for new business is one of the most important abilities of successful entrepreneurship (Ardichvili et al. 2003, 105; Chandler et al. 2003, 398). Therefore, a great proportion of the entrepreneurial research has focused on studying how good entrepreneurs are at searching for opportunities as well as finding and exploiting them (Shane & Verkataraman 2000, 2018; Sarasvathy & Venkataraman 2011, 118).

Even though opportunities are a broadly studied subject in the entrepreneurial literature, and they are seen to be a central construct in the entrepreneurship research, there is incoherence in the literature about what opportunities are and how they are discovered (Chandler et al. 2003, 398; Vaghely & Julien 2010, 74; Reuber et al. 2018, 396). For example, Eckhardt and Shane (2003, 336) define entrepreneurial opportunities as “situations in which new goods, services, raw materials, markets, and organising methods can be introduced through the formation of new means, ends, or means-ends relationships”, whereas Sarasvathy et al. (2003, 142) propose that entrepreneurial opportunities are “set of ideas, beliefs, and actions that enable the creation of future goods and services in the absence of current markets for them”. Welter, Mauer, and Wuebker

(2016), on the other hand, suggest that opportunities are “competitive imperfections in product or factor markets”. Moreover, while Schumpeter’s (1942) creative destruction theory stresses that opportunities require new information and are innovative, Kirzner (1979) in turn, sees that opportunities may not require new information and they are less innovative.

Despite the various interpretations, concepts, and definitions, two main streams can be found in the opportunity literature: the opportunity recognition or discovery viewpoint, and the opportunity creation or construction viewpoint (Berglund 2007, 245; Johanson & Vahlne, 2009; Vaghely & Julien 2010, 73; Mainela et al. 2014, 107). Of these, the first viewpoint represents a view, in which opportunities are seen to exist objectively in the environment, ready to be discovered and exploited. The latter approach, on the other hand, assumes that opportunities are formed in social processes, through the actions of entrepreneurs, and thus they do not exist until they are created. That is to say, opportunities can be both discovered and created (Venkataraman et al. 2012; Maine et al. 2015, 53).

In general, opportunities are viewed to be either result of environmental conditions or the result of individual actions. According to the first perspective, opportunities exist ‘out there’ in the forms of unmet needs, unsolved problems, or inefficient processes, just wanting to be discovered and exploited, and it is the entrepreneur’s job to uncover these opportunities. (Alvarez & Barney 2007, 11; Maine et al. 2015, 53.) For example, Drucker (1998, 4) claims that most innovations, especially the successful ones, ensue from a conscious, purposeful search for innovation opportunities. According to his research, most opportunities exist either within companies or industries in forms of unexpected occurrences, incongruities, process needs, or industry and market changes; or alternatively outside the companies in their social and intellectual environments, in demographic changes, changes in perception, and new knowledge (Drucker 1998,4). Alternatively, some scholars have adopted the other perspective where opportunities are seen to be products of one’s mind: individuals create new opportunities, such as products and services, through creativity and innovations and then educate potential customers as to the uses. In other words, in this viewpoint, both the product or the service, and the market are created by the actions of entrepreneurs, and thus the opportunity did not exist prior to the innovation. (Chandler et al. 2003, 398–399; Alvarez et al. 2007, 11–12.) All in all, depending on the source and type of the opportunity, Chandler, DeTienne, and

Lyon (2003, 399) suggest that opportunities are primarily identified in three ways: through active search, fortuitous discovery, or creation.

According to Ardichvili et al. (2003), opportunities can be divided into four types or groups based on their origin and degree of development (see figure 2) In this matrix, sought value represents the market needs or problems, which may be identified (known) or unidentified (unknown). Value creation capabilities, on the other hand, represent the solutions, which include for example the general specifications of intellectual, human, financial, and/or physical resources.

		VALUE SOUGHT	
		Unidentified	Identified
VALUE CREATION CAPABILITIES	Undefined	Dreams I	Problem solving II
	Defined	Technology transfer III	Business formation IV

Figure 2 Types of opportunities (Ardichvili et al. 2003)

The first cell, "dreams", represents opportunities or situations, where the sought value is unidentified and value creation capabilities are undefined. In other words, in this cell, both problems and solutions are unknown. Thus the opportunities are created by artists, "dreamers", designers, or inventors who are interested in moving proprietary knowledge into a new direction or pushing technology past its current limits. The second "problem solving" cell describes a situation, in which the problems or market needs are known but the solution is undefined, and hence the goal of an opportunity development is to design a specific product or a service to address the recognised market need. In the third "technology transfer" cell, on the other hand, the solutions are available, but the problem is still unknown, and therefore the opportunity development emphasises the search for applications rather than product or service development. In the last cell of "business formation", both the problem and the solutions are known and thus the opportunity development involves matching the known resources and needs to form businesses that can form and create value. (Ardicvhili et al. 2003, 116–117.)

Regardless of the dissenting viewpoints, most opportunity theories agree with the stance that the goal of entrepreneurs is to form and exploit opportunities for creating new value, and opportunities exist when competitive imperfections, such as market needs or underemployed resources exist in a market or industry (Alvarez & Barney 2007, 13; Read et al. 2008, 1). For instance, Shane (2003) suggests that entrepreneurial opportunities arise from three sources: technological changes, political or regulatory changes, and social or demographic changes. In the most extreme views, opportunities are simply considered as the potential to make entrepreneurial profit (Chandler et al. 2003, 401). According to that view, "relative prices of goods and services act as a signal for a large number of economic agents to step forward and take advantage of the opportunity. So, if one does not the opportunity, another will". (Chandler et al. 2003, 401.) Therefore, entrepreneurial literature implies that entrepreneurs aim to uncover new opportunities before other entrepreneurs do, recognise and make precise estimations about the values of those opportunities, and then discover the right means-ends relationships to exploit the identified opportunities and capture the entrepreneurial profits (Maine et al. 2015, 53).

Opportunities are also closely associated with internationalisation processes (Johanson & Valne 2009; Mainela et al. 2014; Muzychenko & Liesch 2015, 704), and hence they have become a core concept of international business and international entrepreneurship literature as well (Mainela et al. 2018, 535; Reuber et al. 2018, 396–397). In international business and international entrepreneurship, opportunities are generally seen as unique discoveries, such as the initial discovery of market potential, and thus as the starting points for internationalisation (Mainela et al. 2018, 535). For example, Chandra, Styles, and Wilkinson (2009, 31) define the internationalisation of a firm as "the recognition and exploitation of entrepreneurial opportunity that leads to new international market entry". Similarly, Chetty, Karami, and Martín (2018, 73) propose that opportunities are the main drivers of internationalisation processes and thus foreign market entries.

The internationalisation process model created by Johanson and Vahlne (2009), on the other hand, defines opportunities as the subset of knowledge that is the single most important driver of the internationalisation process. According to their model, that knowledge is accessed and developed through relationships and networks, which are not bound to national borders (Johanson & Vahlne 2009, 1423–1424). All in all, internationalisation literature highlights interaction in international networks to access and exploit localised knowledge, as well as using the unexpected events emerging from the foreign market uncertainty as opportunities (Mainela et al. 2014, 109; 2018, 536). That is because of the nature of internationalisation, where small companies in particular face cross-border uncertainty due to the scarce resources and lack of experiences and knowledge of foreign markets, and therefore especially the significance of knowledge, capabilities, social ties, and networks is highlighted in the international context (Chetty et al. 2018, 70, 74). For example, Johanson and Vahlne (2009, 1423) suggest that firms can cope with the uncertainty related to internationalisation by learning, and creating or strengthening relationships as the relationships make it possible to identify and exploit opportunities. That is to say, networks and social ties can be seen to have a clear relation to identifying and exploiting opportunities, especially in the international context.

To conclude, opportunities are defined, conceptualised, and viewed rather differently depending on the context (Mainela et al. 2014; Reuber et al. 2018). For example, in entrepreneurial literature, opportunities are generally studied through behaviours and qualities of entrepreneurs for creating new businesses, new market entries, and launches of new ventures (Mainela et al. 2014, 106), emphasising the creation of new technologies, firms, and markets (Reuber et al. 2018, 397); whereas international business literature, in contrast, tends to describe possibilities for cross-border profit-seeking behaviours by firms and to pay more attention to markets and new market entries rather than products or technologies (Reuber et al. 2018, 396–397). International entrepreneurship literature, on the other hand, has largely focused the discussion on opportunities on the initial discovery of market potential and the realisation of foreign sales in the internationalisation of entrepreneurial firms (Mainela et al. 2018, 535). Nevertheless, in this research, a more general view on opportunities will be taken on, instead of strictly focusing on only one or two of the conceptualisations of opportunity introduced above. In other words, the theoretical framework of this study combines views from all the disciplines introduced above. In the following subchapters, 3.2.1 and 3.2.2, the opportunity discovery theory and opportunity creation theory will be explored in more detail.

3.2.1 Opportunity discovery and recognition

As discussed in the previous chapter, opportunities are generally either discovered or created. In this subchapter, the first viewpoint, so-called opportunity discovery or recognition theory, will be focused on.

The opportunity discovery theory assumes that alert entrepreneurs will recognise and exploit opportunities that exist in the environment, independent of the entrepreneurs (Shane and Venkataraman 2000; Shane 2003; Alvarez & Barney 2007). In this theory, scholars commonly support the viewpoint of Alvarez and Barneys' (2007) which states that "opportunities, like mountains, exist out there in the environment as a real and objective phenomenon, independent of the actions or perceptions of entrepreneurs, just waiting to be discovered and exploited". Altogether, opportunities are assumed to be created by exogenous shocks, such as technology advances or market changes that are beyond the influence of entrepreneurial actions, and it is the entrepreneur's job to uncover these opportunities and exploit them. (Shane 2003; Alvarez & Barney 2007, 11, 13; Mainela et al. 2014, 107). Those shocks may include, for example, technological, social, demographical, political, or regulatory changes that can disrupt the competitive equilibrium in a market or an industry, and thereby form opportunities (Alvarez & Barney 2007, 13).

International business literature generally uses the term opportunity recognition or identification. However, due to the definitional ambiguity in the literature, there is also a number of other concepts, such as opportunity perception, discovery, and identification that are sometimes used interchangeably to label the process and to describe the relevant entrepreneurial activities. (Muzychenko & Liesch 2015, 705.) For example, Sarasvathy et al. (2003, 145) distinguish opportunity discovery and recognition by the sources of supply and demand: "If both sources of supply and demand exist rather obviously, the opportunity for bringing them has to be recognised and then the match-up between supply and demand has to be implemented either through an existing firm or a new firm. This notion of opportunity has to do with the exploitation of existing markets. -- If only one side exists – i.e., demand exists, but supply does not, and vice versa – then, the non-existent side has to be discovered before the match-up can be implemented. This notion of opportunity has to do with the exploration of existing and latent markets." That is to say, while "opportunity recognition can be described as a form of exploitation of existing markets, opportunity discovery, on the other hand, is the process of finding opportunities to either serve existing demand with new supply or discover new demand for existing supply" (Puhakka & Stewart 2015, 56). Yet, for example, Ardicvili, Cardozo, and Ray (2003, 109–110) suggest that opportunity recognition represents *perception, discovery,* and *creation* of an opportunity – not only the recognition. According to their view, opportunity recognition includes three distinct processes: "1) perceiving an opportunity:

a market need, or underemployed resources, 2) recognising or discovering a "fit" between the particular market need and specified resources, and 3) creating a new fit between heretofore separate need and resources in the form of a business concept" (Ardicvili et al. 2003, 109–110).

Nonetheless, in general, two schools of thought may be distinguished in terms of the ways that opportunities are discovered: through active search and discovery (Shane 2000, 451; Chandra et al. 2009, 37). The first school of thought believes that opportunities are identified through purposeful, rational, and systematic search processes; and the other one believes that opportunities are unknown until they are discovered (Chandra et al. 2009, 37). Several scholars suggest that in active search, opportunities are identified through an individual's purposeful, deliberate, and conscious search that is similar to a formal strategic planning process (Chandler et al. 2003, 399; Chandra et al. 2009, 37). This type of active search may be, for example, "in response to a particular problem, such as when a firm is facing declining sales, market share, profit, or tough competition" (Chandra et al. 2009, 37). For example, Alvarez and Barney (2007, 13) view that the discovery theory is predominantly about search: systematically examining the environment in order to identify opportunities to produce new products or services. Therefore, active search for opportunities requires the searcher to know what they are searching for, meaning that there is an underlying assumption that there is an objective opportunity present in the environment. (Chandler et al. 2003, 401; Chandra et al. 2009, 37). However, according to Chandler et al. (2003, 398), active search is more commonly used in existing organisations than among individual entrepreneurs. Some studies suggest that "as entrepreneurs become more successful and more experienced, they are less likely to use active search when identifying opportunities" (Chandler et al. 2003, 398).

For the most part, the theoretical foundation of active search is consistent with the neoclassical view of economics, in which markets are seen to operate in equilibrium, and the entrepreneurs are seen to be as economic agents who see temporary shifts away from the equilibrium and step in to take advantage of it (Chandler et al. 2003, 401). Furthermore, according to this model, existing markets must already be operating, and customers, suppliers, and competitors must be in position, as goal setting, environment scanning, competitive analysis, and strategic planning play a significant role in the active search process (Sarasvathy 2001; Chandler et al. 2003, 401).

The fortuitous discovery model, on the other hand, suggests that "opportunities are discovered fortuitously by individuals that are alert to the changes in the environment and have the ability to notice opportunities without search" (Kirzner 1997, 72; Chandler et al.

2003,400). That is to say, “individuals may discover opportunities through recognition of the value of new information that they happen to receive through other means” (Shane 2000, 451). This school of thought believes that “opportunities are unknown until they are discovered, and one cannot deliberately search for something that one does not know exists” (Kirzner 1997, 72; Chandler et al. 2003, 400; Chandra et al. 2009, 37–38). Therefore, each discovery is followed by an element of surprise (Kirzner 1997, 72; Chandra et al. 2009, 37–38). However, some studies suggest that “individuals that engage in the passive search can increase their likelihood of identifying opportunities through education and resource development” (Chandler et al. 2003, 400). For example, Chandler, DeTienne, and Lyon’s research (2003, 404) imply that entrepreneurs tend to recognise opportunities in areas where they have either industrial or educational background.

All in all, the fortuitous discovery perspective assumes that objective opportunities exist in the environment; however, it does not assume that opportunities are clearly defined before they are sought. That means that in this viewpoint “individuals and organisations do not initiate active search processes, but rather keep their eyes open for yet unspecified opportunities”. (Chandler et al. 2003, 400–401.) Therefore, the fortuitous discovery perspective is “reliant on the unique characteristics of individuals to recognise opportunities when they arise” (Chandler et al. 2003, 402). According to Chandler et al. (2003, 404), many opportunities are discovered through fortuitous discovery rather than systematic search, as rational entrepreneurs make decisions regarding opportunity selection based on a number of aspects, such as prior work experience, educational background, resource availability, and perceptions of the market need.

Altogether, the recognition and discovery viewpoints emphasise the unique characteristics of individuals, such as relevant skills, prior knowledge, and alertness to the environment to recognise opportunities as they arise, as well as social networks facilitating the discovery process (Kirzner 1973, 1979, 1997; Venkataraman 1997; Shane and Venkataraman 2000; Shane 2000, 2003; Chandler et al. 2003, 400–401; Chandra et al. 2009, 37–38; Mainela et al. 2014, 107; Mainela et al. 2018, 535). That is because opportunities are believed to exist in the environment, independent of the actors, in a setting where everyone could potentially become aware of and exploit opportunities, yet not everyone does. Therefore, in order to explain why some entrepreneurs associated with an industry or market are able to and willing to exploit opportunities while others are not, the discovery theory assumes that the entrepreneurs who discover opportunities are significantly different from others in terms of their ability to identify and/or to exploit these opportunities. (Venkataraman 1997, 123–124; Shane 2003, 6–7; Alvarez & Barney 2007, 14.) For example, Kirzner (1973, 35, 65; 1997, 72) has introduced a concept of entrepreneurial alertness to summarise the differences between entrepreneurs and non-entrepreneurs. Entrepreneurial alertness refers to an attitude of perceptiveness to available opportunities, meaning that some entrepreneurs are more alert to discover and exploit unnoticed opportunities created by exogenous changes in markets, while others associated in the same market or industry may remain ignorant of these opportunities (Kirzner 1997, 72). Following Kirzner's pioneering work, the entrepreneurial literature has identified many potential components of alertness that have included, for example, information asymmetries, cognitive differences, and different risk preferences, among others (Shane 2003; Alvarez & Barney 2007, 14). For example, Ardichvili, Cardozo, and Ray (2003, 106) have identified an entrepreneur's "personality traits (creativity and optimism), social networks, and relevant prior knowledge as antecedents of entrepreneurial alertness to business opportunities".

Additionally, discovery and recognition theories suggest that prior knowledge play a crucial role in the discovery process, as "an individual's prior knowledge and experiences with an industry or a market can enable the individual to combine the information in new ways to discover opportunities that could not have been discovered without the prior knowledge or experience or by other" (Alvarez & Barney 2007, 23; Chandra et al. 2009, 38). Consistent with that view, Chandler et al. (2003,404) imply that entrepreneurs tend to recognise opportunities in areas where they have either an industrial or educational background. Likewise, Alvarez and Barney (2007, 18) argue that when exploiting a discovery opportunity, it is important that the leader has specific knowledge and information associated with the opportunity since discovery opportunities often have their seeds in pre-existing industries and therefore the exploitation of the opportunities often relies on the individual's prior knowledge about the markets and the products. Also, situational elements, such as institutional contexts and social networks facilitating the discovery process are often emphasised in the opportunity recognition and discovery literature (Shane 2000; Chandler et al. 2003, 400–401; Chandra et al. 2009, 37–38; Mainela et al. 2014, 107; Mainela et al. 2018, 535). For example, Kontinen and Ojala (2011a, 491, 493) argue that an entrepreneur's social network is proved to be positively related to opportunity recognition.

The importance of prior knowledge and experiences are highlighted, especially, in the international context. For example, Chandra, Styles, and Wilkinson (2009) argue that "firms with little or no prior international knowledge tend to make use of opportunity discovery rather than systematic search, while companies with extensive prior international experience and knowledge were found to deliberately search and discover their first international opportunity". However, their findings suggest that companies can increase their abilities to find unexpected opportunities in the international markets by expanding their international knowledge, resources, and networks, through partnerships or hiring new people with extensive international experience. (Chandra et al. 2009, 53 – 54.) Similarly, Kontinen and Ojala (2011a, 492–493; 2011b, 440–441) argue that social ties and networks play an important role especially in international opportunity recognition among SMEs with limited resources for internationalisation since they help in acquiring new relevant information from outside the company.

Finally, according to the discovery theory, the decision-making context, within which an entrepreneur chooses to exploit opportunities, is perceived to be risky rather than uncertain. That means that the entrepreneur has or can gather enough information about the decision and the aspects affecting it to predict possible outcomes related to that decision, as well as the likelihood of each of those potential outcomes. In contrast, a decision-making context is seen to be uncertain in situations, in which the entrepreneur cannot assemble the information required to predict either the possible outcomes linked to the decision nor the probability of the results. The decision-making context in the discovery view is risky because according to the discovery theory, opportunities are assumed to be objective in nature, and thus entrepreneurs can use different kinds of data collection and analysis techniques, to anticipate the probable consequences and probabilities of them. (Alvarez & Barney 2007, 14.) In situations where the entrepreneur experiences risk rather than uncertainty, causation is often used as the decision-making mode. As causation build upon on predicting the future and pre-determining commercialisation goals, it is generally linked to opportunity recognition. (Sarasvathy 2001; Maine et al. 2015, 53–54.)

3.2.2 Opportunity creation

Sometimes opportunities are not assumed to exist in the environment, waiting to be discovered and exploited, but instead, they are created by the actions of entrepreneurs (Alvarez & Barney 2007, 11, 15; Read et al. 2008, 1). In other words, opportunity creation theory is a theoretical alternative to the traditional discovery and recognition theories, which tries to explain the actions that entrepreneurs take to form and exploit opportunities (Alvarez & Barney 2007, 14).

Chetty, Karami, and Martín (2018) define opportunity creation as "the act or process of shaping or creating a favourable set of circumstances to create value". Sarasvathy et al. (2003), on the other hand, define an opportunity in the creative view as a "possibility of creating new means as well as new ends". On the contrary to the opportunity recognition theory, in which opportunities are argued to exist as a real and objective phenomenon, independent of the entrepreneurs, in the opportunity creation theory, it is assumed that opportunities cannot exist independently of the entrepreneurs since they would not have occurred in the first place without the actions taken by the entrepreneur. (Alvarez & Barney, 2007, 11, 15; Edelman & Yli-Renko 2010, 835; Puhakka & Stewart 2015, 55.) For example, Edelman and Yli-Renko (2010, 848) propose that opportunities are subjective perceptions of entrepreneurs that spur the entrepreneurs into action through cognitive processes, social interactions, and the mobilisation of resources, and by enacting these images entrepreneurs thereby create opportunities. That is to say, in the opportunity creation theory, opportunities are viewed to emerge from the subjective cognition, perceptions, behaviours, and actions of entrepreneurs (Edelman & Yli-Renko 2010, 835; Wood & McKinley 2010, 66; Jones & Barnir 2019, 1), created through social constructions and networks (Wood & McKinley 2010, 66; Puhakka & Stewart 2015, 56), and thus opportunities cannot exist apart from the actions of entrepreneurs that form them or the social institutions in which they are embedded (Wood & McKinley 2010, 66; Welter et al. 2016, 6).

In the creation view, opportunities are formed, endogenously, by the actions, reactions, and enactments of entrepreneurs exploring ways to produce new products or services, and therefore opportunities do not exist until they are created. (Alvarez & Barney 2007, 15–16). For that reason, for example, Jones and Barnir (2019, 8) suggest that opportunities and innovations are only bound by the limits of the entrepreneur's cognitive scope and imagination. For instance, "many significant opportunities, such as the modern consumer electronics industry, could not have been discovered as they have emerged from the new attributes of the transistor and the novel ideas and actions of the entrepreneurs", and thus they did not exist prior to the innovation. (Chandler et al. 2003, 398–399; Maine et al. 2015, 53.) Correspondingly, Schumpeter (1934, 65) suggests that opportunities are created by entrepreneurs or entrepreneurial firms and the consumer is then "educated to desire the particular product". In other words, in this perspective consumers are taught to want new things (Chandler et al 2003, 401). All in all, Schumpeter (1934) proposes that opportunities are created in five different areas: "in the introduction of new goods or new methods of production, in the opening of new markets, in the conquest of new sources of supply, and in the carrying out of new organisations of any industry". In consequence, "in creation theory, opportunities do not necessarily evolve out of pre-existing industries or markets, as they may not exist until they are created" (Alvarez & Barney 2007, 15).

Since in the creation perspective opportunities are not viewed to exist in the environment, observable to the entrepreneur, entrepreneurs do not search for opportunities, but instead, they act and observe how consumers and markets respond to their actions (Alvarez & Barney 2007, 15; Jamali et al. 2018, 444). In other words, in the creation model, entrepreneurs do not wait for exogenous shocks to form opportunities, but they rather act, and in acting, they form opportunities that could not have been known without the actions taken by the entrepreneurs. Therefore, as the actions and reactions emerge without any self-conscious planning or foresight, leading to the formation of opportunities, entrepreneurs will be rarely able to see "the end from the beginning". That is to say, in the opportunity creation viewpoint, there is no 'end' until the creation process has unfolded, and the opportunities cannot be understood until they exist. (Alvarez & Barney 2007, 12, 15; Jamali et al. 2018, 444.) Hence, while in the discovery theory, an entrepreneur would spend a great deal of time and energy developing a comprehensive business plan to exploit the pre-defined opportunity, in the creation theory, "entrepreneurs may find that the business plan can be only written after an opportunity has been created" (Alvarez & Barney 2007, 12). For that reason, the factors associated with success are created through a trial-and-error basis, rather than systematic search and analysing activities of identifying, evaluating, and exploiting opportunities (Jones & Barnir 2019, 4).

Puhakka and Stewart (2015, 55) define opportunity creation as "the process of developing and creating entrepreneurial opportunities, along with both the previously undefined or unknown means and ends of the opportunity, through the actions of an entrepreneur". According to them, "the core of that idea is that entrepreneurs can develop business based on creative processes and differ from the previous boundaries of the organisation and environment" (Puhakka & Stewart 2015, 55). Altogether, opportunity creation is often connected with true uncertainty where neither supply nor demand exists in an obvious matter, and hence one or both have to be created (Sarasvathy et al. 2003, 145–156; Alvarez & Barney 2007, 13; Jamali et al. 2018, 443). Unlike in the discovery theory, in which the decision-making context is posited to be risky (Alvarez & Barney 2007, 16–17), in the creation view the decision-making context is considered to be shaped primarily by uncertainty, meaning that at the time of a decision, about whether or not to try to form an opportunity, the information required to predict the possible future outcomes and their probability associated with the decision does not yet exist (Alvarez & Barney 2007, 16–17; Edelman & Yli-Renko 2010, 835; Welter et al. 2016, 7). Hence, due to the lack of information required for decision-making, opportunities are "endogenously created through mental models that are based on the entrepreneur's interpretations of past experiences and imagined future expectations and then acted on through creative entrepreneurial activities of experimentation, leading to novel and innovative product offerings and new business" (Jones & Barnir 2019, 1, 3).

Even though there are different perspectives in the opportunity creation literature, the creation models generally underline high levels of individual creativity and view the environment as something that is created or changed by individuals' behaviours, actions, and interactions with their environments (Chandler et al. 2003, 402; Edelman & Yli-Renko 2010, 834). However, unlike in the discovery theory, in which it is assumed that entrepreneurs who form and exploit opportunities are significantly different from those who do not form and exploit opportunities, the creation theory suggests that before entrepreneurs create opportunities, they may or may not be significantly different to those who do not create opportunities (Alvarez & Barney 2007, 16). In other words, creation theory acknowledges that two individuals may be indistinguishable with respect to their attributes, but small variations in their local environments may lead one of them to form and exploit an opportunity. Therefore, also luck plays a significant role in the creation process. (Alvarez & Barney 2007, 16.) That is to say, the creation process is a path-dependent social construct, and the small differences between the entrepreneurs or in the initial decisions and choices made by the entrepreneurs may finally lead to large differences over time. (Alvarez & Barney 2007, 15–16.) Similarly, Jones and Barnir (2019, 8) suggest that "in a creation context, where a market may not exist, strategies are emergent and changing, and the ability to maintain a competitive advantage is based on the path-dependent knowledge of the entrepreneur's experiences".

Whereas in the discovery approach the specific industry and market knowledge are emphasised, in the creation view, on the other hand, specific industry expertise is less relevant to created opportunities (Jones & Barnir 2019, 4). That is "because the nature of the substantive expertise required to exploit a creation opportunity is commonly known only after the opportunity has emerged from the enactment process" (Alvarez & Barney

2007, 18). However, as opportunity creation is connected to uncertainty concerning the process, markets, and the product or service itself, opportunity creation depends more on the general entrepreneurial experience and capabilities, such as leadership, resilience, tenacity, self-efficiency, collaborative, and charismatic abilities, rather than specified industry expertise. That is as the entrepreneurs and employees need to engage with uncertainty, making decisions on limited information, based on experimentation rather than hard facts. (Jones & Barnir 2019, 4, 8.) Also, Edelman and Yli-Renko (2010, 837) argue that perceptions and other cognitive elements play a critical role in the creation process. Furthermore, while in the discovery context, entrepreneurs will have better knowledge about the resources needed to efficiently exploit the identified opportunities, in a creation context, on the other hand, it is not possible to anticipate specific resources needed since needs emerge as the opportunity is being created (Jones & Barnir 2019, 4, 8). Therefore, according to Jones and Barnir (2019, 5) when recruiting new employees or looking for new partners, individuals with broad and general knowledge might be prioritised over individuals that have specified knowledge, as the former individuals offer more flexibility for businesses operating in a highly uncertain context.

Moreover, opportunity creation is “grounded in social constructivist thinking, and thus in order to form socially meaningful constructs, entrepreneurs create opportunities in dialogue with others” to decide how to move forward in business development (Mainela et al. 2018, 536). In fact, many recent studies emphasise the significance of social networks and suggest that opportunity creation is a cognitive process, in which opportunities are created through social constructions and networks (Edelman & Yli-Renko 2010; Wood & McKinley 2010; Puhakka & Stewart 2015). According to this view, an opportunity creation process begins with the entrepreneurs’ perceptions of a possible opportunity, in the forms of yet unformed ideas, visions, thoughts, and beliefs, which then develop over time and gain meaning through social interactions with people, organisations, and the environment (Wood & McKinley 2010, 67–68; Puhakka & Stewart 2015, 57). The beliefs, desires, and preferences of entrepreneurs and organisations, in addition to the surrounding environment, define and shape the final form of the opportunity, as “the beliefs and expectations form into socially constructed mutual understandings, which guide the actions of the entrepreneur” as well as different stakeholders in the future (Puhakka & Stewart 2015, 54, 74). These visions of the possible future and beliefs about opportunities arise from the social interactions, at the same time changing the entrepreneur’s understanding about current situations and guiding his or her behaviour and actions by reducing uncertainty regarding the future (Puhakka & Stewart 2015, 57). That is to say, in opportunity creation, the uncertain environment is turned into an advantage, as entrepreneurs treat contingencies and fortuitous events as opportunities, adapting and reconstructing their strategies and goals along the way (Berglund 2007, 250). However, Wood and McKinley (2010, 80) propose that since consensus building is an important part of opportunity creation pre-existing social ties and reputation are critical variables in the opportunity creation process.

All in all, opportunity creation is often connected to highly uncertain environments, where there is no other market competition, or the products or services are new to the potential customers. Furthermore, in the creation context, potential customers are not clearly specified, and thus they cannot be analysed, as the product or service does not yet obtain in a well-articulated or defined form for customers to understand. (Jones & Barnir 2019, 3–4.) In those situations, uncertainty and is commonly managed through effectuation (Sarasvathy et al. 2003, 145–146), and hence opportunity creation is often linked to effectuation modes rather than traditional causation modes (Maine et al. 2015, 53). Effectuation is "an entrepreneurial decision-making mode that puts an emphasis on the principles of experimentation, affordable loss, and using means available to the entrepreneur, including the social networks, to achieve the imagined ends" (Sarasvathy 2001; Maine et al 2015, 53). In other words, in effectuation, "the entrepreneur has a given set of tools and resources, but the direction and the final state of the business, as well as the pre-conditions for the business, are unknown or undefined" (Puhakka & Stewart 2015, 54).

Although opportunity creation is generally connected to effectuation and opportunity recognition to causation, some studies propose, that it is not the case in all situations. For example, Chetty et al. (2018) propose that in foreign market entries, opportunity discovery enables wither discovery or creation, whereas opportunity creation may lead to discovery and creation. According to their research, discovery may require knowledge or entrepreneurial capabilities to obtain new discoveries, while in contrast discovery commonly require entrepreneurial and networking capabilities to generate creation opportunities. On the other hand, creation mainly requires knowledge or entrepreneurial capabilities to produce opportunity discoveries. Yet, new creation often requires networking capabilities, and they are more likely when the firm gains an insider position in the local distributor's network. To sum it up, according to this research, new opportunity creation requires network capabilities (knowledge exchange and resource adaptation) and entrepreneurial capabilities (innovativeness, creativity, and agility), whereas new opportunity discovery requires knowledge and resources (general knowledge or context-specific knowledge) and entrepreneurial capabilities (alertness, listening). (Chetty et al. 2018, 84.)

3.3 Overview of causation and effectuation theories

As noted in the previous subchapters, entrepreneurs and their individual characteristics have been found to play a key role in the process of identifying and creating opportunities. Therefore, the actions and behaviours of entrepreneurs have been broadly studied in the entrepreneurial research. Especially the distinction between opportunity recognition and opportunity creation has been substantial to entrepreneurial research, as they have been noticed to involve very different entrepreneurial decision-making processes (Maine et al. 2015, 53).

Traditionally, the main body of entrepreneurial research has been based on the rational, goal-driven decision-making models employed by neoclassical economics, in which competitive advantage for emerging companies have been seen to be greatly determined by competencies related to finding and exploiting opportunities, as well as the resources controlled by the firm. Furthermore, many scholars have presumed that individuals engage in rational goal-driven behaviours when seeking entrepreneurial opportunities. (Perry et al. 2012, 837.) However, only rarely do the traditional models address questions, such as, *how we make pricing decisions when the firm does not yet exist, or even more interestingly, when the market for the product or service does not yet exist* (Sarasvathy 2001, 244). Therefore, at the beginning of this decade, Professor Sarasvathy (2001) introduced *effectuation theory* as an alternative to the traditional *causation* models, and since then her ground-breaking theory has attracted the attention of scholars in the field of entrepreneurship, as well as in other fields, such as strategy and marketing (Eyana et al. 2017). In short, "effectuation is an entrepreneurial decision-making mode that emphasises the principles of experimentation, affordable loss, and using means at the immediate disposal of the entrepreneur to achieve the imagined ends" (Sarasvathy 2001). In other words, effectuation is an inverse of causation (Sarasvathy 2003, 206).

All in all, causation and effectuation are behaviour (Sarasvathy 2001) or cognitive processes (Perry et al. 2012, 839) that entrepreneurs use in opportunity identification and new business development (Eyana 2017). In the following chapters, causation and effectuation processes will be compared and explored more explicitly.

3.3.1 Causation vs. effectuation

Traditional models that are based on *causal rationality* are characterised by 1) "given well-specified goals, 2) well understood causes and past histories that enable reasonably reliable predictions about the future, and 3) an independent environment, such as a market that serves separate decisions made by individuals and firms" (Sarasvathy 2003, 206). However, in many cases where the environment is unexplored and the goal ambiguity, uncertainty, and unpredictable endogenous markets dominate the environmental context, the traditional and rational causal models cannot be used – instead, that is the problem space for effectuation (Sarasvathy 2003, 206). Sarasvathy (2003) describes this problem space for effectuation as a "suicide quadrant", which is shown in figure 1, as it involves introducing a new product in a new market. Unlike problems involving causal rationality, the problems in this space do not begin with specified goals. Yet, that is the space where many great innovations and innovative companies have emerged. (Sarasvathy 2003, 206–207.)

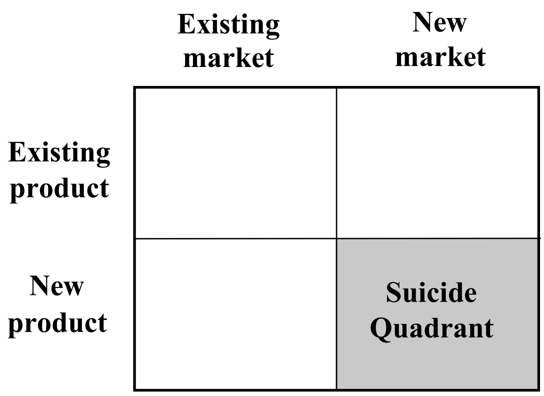

Figure 3 Example of problem space for effectuation (Sarasvathy 2003, 206)

In the traditional causal and decisional rationality processes where the goal is clear from the beginning, clear plans such as blueprints of the product are provided in advance, together with its costs and estimates of market demand. However, in the case of effectuation, the goal is still unclear, and instead, the entrepreneur or individual has a general idea that *might* lead to a product that *could* be marketed profitably. (Sarasvathy 2003, 207.) In other words, while in the causation process the entrepreneur has clear plans for the predetermined firm, in the effectuation process, the entrepreneur only pursues an aspiration and visualises a set of actions for transforming the original idea into a firm that is merely a very generalised aspiration of a firm. Therefore, the effectuation process includes proceeding with no prior guarantees or even strong potentialities for success, and thus “the entrepreneur more often than not proceeds without any certainties about the existence of a market or demand curve” for his or her product or firm. (Sarasvathy 2001, 249.) Moreover, when it comes to new markets, Saravathy and Dew (2005, 559) argue that consumer tastes are ambiguous, inchoate, ill-defined, and evolving in new markets, and hence the market cannot be found or predicted. That is to say, according to their view, what customers want is ill-defined, and therefore there is no well-articulated demand, and thus no market to be found or predicted.

Effectuation and causation processes, as well as their differences, are maybe best explained with an example first introduced by Sarasvathy (2001, 245), in which two chefs have been assigned the task of cooking dinner. In the first case, which represents causation, the client has picked out a menu in advance. Therefore, “all the chef needs to do is to do a list of the needed ingredients, buy them, and then actually cook the meal”. This causation process “starts with a given menu and focuses on selecting between effective ways to prepare the meal”. In the second case, where the effectuation process is used, the “host asks the chef to look through the cupboards in the kitchen for possible ingredients and utensils, and then cook a meal”. Instead of a clear plan, the chef has to “imagine possible menus based on the given ingredients and utensils, select the menu from the different imagined options, and then prepare the meal”. This process begins with given ingredients and utensils and focuses on preparing one of many possible meals with them. (Sarasvathy 2001, 245 & 2003, 207.)

To put it simply, causation processes “take a particular effect as given and focuses on selecting between different means to create the wanted effect, while effectuation processes take a set of means as given and focus on selecting between possible effects that can be created with that set of means”. (Sarasvathy 2001, 245.) That is to say, causation processes are effect-dependent, as the choice of means is driven by the characteristics of the effect the decision-maker wants to create (Sarasvathy 2001, 251). Correspondingly effectuation processes are actor-dependent, as the choice of effect is driven by the characteristics and the ability of the decision-maker to discover and use contingencies (Sarasvathy 2001, 249, 251). Therefore, despite the starting point, the outcome can be almost anything, depending on the entrepreneur and the contingencies.

Sarasvathy (2001, 249 & 2003, 208) highlights the unique role and the characteristics of the entrepreneur in solving the existing problems through effectuation. She has divided the main characteristics of the decision-maker into three categories that form the primary set of means, which combined with the contingencies create an effect as an integral part of the effectuation process. The three categories of means are: *who they are*, *what they know,* and *whom they know*. In other words, the decision-makers know their "own traits, tastes, and abilities, the knowledge corridors they are in, and the social networks they are part of". (Sarasvathy 2001, 249–250 & 2003, 208.)

Altogether, the distinguishing characteristics between causation and effectuation are in the set of choices: choosing between different means to create a specific effect, versus choosing between many possible effects using a particular set of means. That is to say, causation models consist of many-to-one mappings, and effectuation models involve one-to-many mappings (Sarasvathy 2001, 245.) However, effectuation is not a process of selecting among given options. Instead, it is a process of generating the alternatives themselves, and concurrently discovering and appraising desirable and undesirable qualities of multiple possible ends. In this respect, effectuation processes also involve design, including the design of alternative goals, not just choice. (Sarasvathy 2003, 207–208.)

Overall, both causation and effectuation are integral parts of human reasoning which can occur concurrently, overlapping and intertwining over different contexts of decisions and actions. (Sarasvathy 2001, 245.) The two processes are compared in more detail in Table 1 below, which presents a list of the distinguishing characteristics of the two types of processes.

Table 1 Contrasting causation and effectuation

Categories of differentiation	Causation process	Effectuation process
Givens	Effect is given	Only some means or tools are given
Decision-making selection criteria	Help choose between means to achieve the given effect. Selection criteria based on expected return. Effect-dependent: Choice of means is driven by characteristics of the effect the decision maker wants to create and his or her knowledge possible means.	Help choose between possible effects that can be created with given means. Selection criteria based on affordable loss or acceptable risk. Actor-dependent: Given specific means, choice of effect is driven by characteristics of the actor and his or her ability to discover and use contingencies.

Competencies employed	Excellent at exploiting knowledge.	Excellent at exploiting contingencies.
Context of relevance	More ubiquitous in nature. More useful in static, linear, and independent environments.	More ubiquitous in human nature. Explicit assumption of dynamic, non-linear, and ecological environments.
Nature of unknowns	Focus on the predictable aspects of an uncertain future.	Focus on the controllable aspects of an unpredictable future.
Underlying logic	To the extent we can predict future, we can control it.	To the extent we can control future, we do not need to predict it.
Outcomes	Market share in existent markets through competitive strategies.	New markets created through alliances and other cooperative strategies.

Source: Sarasvathy (2001)

To sum it up, "causation processes are effect-dependent and excellent at exploiting knowledge, while effectuation processes are actor-dependent and excellent at exploiting contingencies". Causation processes are best used in contexts and in events that can be analysed and understood, and thus they are "excellent when dealing with natural phenomena". Human life, on the other hand, "abounds in contingencies that cannot be easily analysed and predicted but can only be seized and exploited, and hence effectuation processes are more frequent and more useful in understanding and dealing with human action, especially when dealing with uncertainties of future phenomena and problems of existence". (Sarasvathy 2001, 250.)

Naturally, also the logic behind the choice processes differs rather significantly between the causation and effectuation models. Causal models are based on a predictive logic: *to the extent we can predict the future, we can control it.* Being able to predict the future, such as the size, growth rate, and potential trends of the target segments allow the entrepreneur to secure its financial future. (Sarasvathy 2001, 252 & 2003, 208–209.) On the contrary, the logic behind effectuation processes rests on the question: how does one control an unpredictable future? Thus, the underlying logic behind effectuation highlights control and uncertainty: *to the extent we can control the future, we do not need to predict it*. (Sarasvathy 2001, 252; 2003, 208–209.) This logic is especially useful in areas where human action is the dominating factor shaping the future (Sarasvathy 2001, 252). According to Sarasvathy (2001, 252; 2003, 208–209), a large part of the future is actually a product of human decision making and actions, and thus by bringing on board the key stakeholders who can deliver the future, the entrepreneur does not need to waste time, resources, or effort on predictions.

Altogether, the following four principles, in addition to the logic behind the effectuation process introduced above, form the core theory of effectual reasoning, as well as clearly distinguish effectuation from the causation processes:

> 1) *Affordable loss rather than expected returns*: Causal models focus on maximising the potential returns for a decision by selecting the most optimal strategies. Effectuation, on the other hand, predetermines the affordable loss and focuses on experimenting with as many strategies as possible with the given limited means and resources. In the case of effectuation, the options that create more options in the future are preferred over those that maximise the returns in the present.
> 2*) Partners rather than competitive analyses*: Traditional causation models (e.g. Porter 1980) highlight detailed competitive analyses. Effectuation, on the other hand, emphasises strategic partnerships and pre-commitments from stakeholders as a way to reduce and eliminate uncertainty, as well as to erect entry barriers.
> 3) *Leveraging contingencies rather than avoiding them*: Causation models might be preferable when pre-existing knowledge, such as expertise in a particular new technology, forms the source of competitive advantage. Yet, effectuation would better for exploiting contingencies that arise unexpectedly over time.
> 4) *Controlling an unpredictable future rather than predicting an uncertain one*. While causation processes focus on the predictable aspects of an uncertain future, effectuation processes on the other hand focus on the controllable aspects of an unpredictable future. (Sarasvathy 2001, 252; 2003, 210.)

In other words, instead of analysing alternatives and selecting the ones with the highest expected return like in causation models, in the effectuation process, the entrepreneur selects the alternatives based on the loss affordability. Additionally, the entrepreneur maintains flexibility, utilises experimentation, and aims to control the uncertain future by making strategic alliances with, and getting effectual commitments from, possible suppliers, competitors, and customers. (Chandler et al. 2011, 376.)

Even though prior studies have revealed that early-stage strategies and decisions have an effect on later stage firm performance, and correspondingly, the processes entrepreneurs use when pursuing opportunities may have a considerable impact on the eventual firm performance, there is no definitive assertion in the literature whether causation or effectuation leads to better firm performance (Eyana et al. 2017, 2). Yet, for instance, Read et al. (2008) suggest that there is a positive relationship between an effectual approach to strategy making and new venture performance. Moreover, Karami, Wolliscroft, and McNeill's (2020) review of 30 effectuation articles shows that effectuation logic plays a significant positive role in the process of SMEs' internationalisation through networking, learning, and leveraging resources, and almost all studies have shown a positive impact either directly or indirectly (Karami et al. 2020, 798).

In general, if the goal is well defined, such as what type of firm one wished to create or which particular market to capture, the traditional theories and causation processes could be used to create the firm. However, pursuing just an interesting general idea of a firm or creating a firm in a market that does not yet exist, involves understanding how to make decisions in the absence of pre-existent goals. (Sarasvathy 2001, 244.) Thus, in the latter case, effectuation processes may be better applied to. However, Sarasvathy et al. (2014, 83) point out that while effectual approaches may open up and create at lower costs of failure, causal approaches, in turn, can help to stabilise and establish leadership in those new markets. Therefore, according to their view, entrepreneurs that decide to build large ventures, instead of building a portfolio of smaller ones, have to become good at using both causal and effectual toolboxes, and more importantly, to know when and how to use which, and when needed, know how to mix and match them (Sarasvathy et al. 2014, 83). In the next subchapter, the effectuation process will be better explained in practice.

3.3.2 Opportunity and new market creation through effectuation

As noted in chapter 3.2.2, opportunity creation is often connected with true uncertainty where neither supply nor demand exists in an obvious matter, and hence one or both have to be created. Therefore, created opportunities and new market creation are commonly exploited through effectuation. (Sarasvathy et al. 2003, 145–146.)

In the case of effectuation, the entrepreneur's vision seems "to involve more than the identification and pursuit of an opportunity; instead, it appears to include the creation of the opportunity as part of the implementation of the entrepreneurial process" (Sarasvathy 2001, 249). In other words, in effectuation, opportunities are not assumed to be waiting to be discovered, but instead, they emerge when being co-created by an entrepreneur, together with the committed stakeholders (Read et al. 2008, 1–2). According to the effectuation literature, entrepreneurs begin the effectuation process with the three categories of means: identity, knowledge, and networks. They know who they are, what they know, and whom they know to imagine what they can accomplish – their own traits, tastes, and abilities; the knowledge corridors they are in; and the social networks they are part of. (Sarasvathy 2001, 249–250; Sarasvathy 2003, 208; Wiltbank et al. 2006, 991; Andersson 2011, 630.) At the level of the firm, the corresponding means are the firm's physical resources, human resources, and organisational resources. And" at the level of the economy, the means are the demographics, current technology regimes, and socio-political institutions, such as property rights". (Sarasvathy 2001, 250.)

Whereas causal reasoning is commonly described, "to begin with a universe of all possible options and aiming to narrow the set of choices to the best, the fastest, the most economical, and the most efficient, effectual processes seek to expand the set of choices from a narrow fragment of highly localised possibilities to increasingly complex and enduring opportunities formulated in a contingent fashion over time" (Sarasvathy 2003, 208). That idea is represented in figure 1 below.

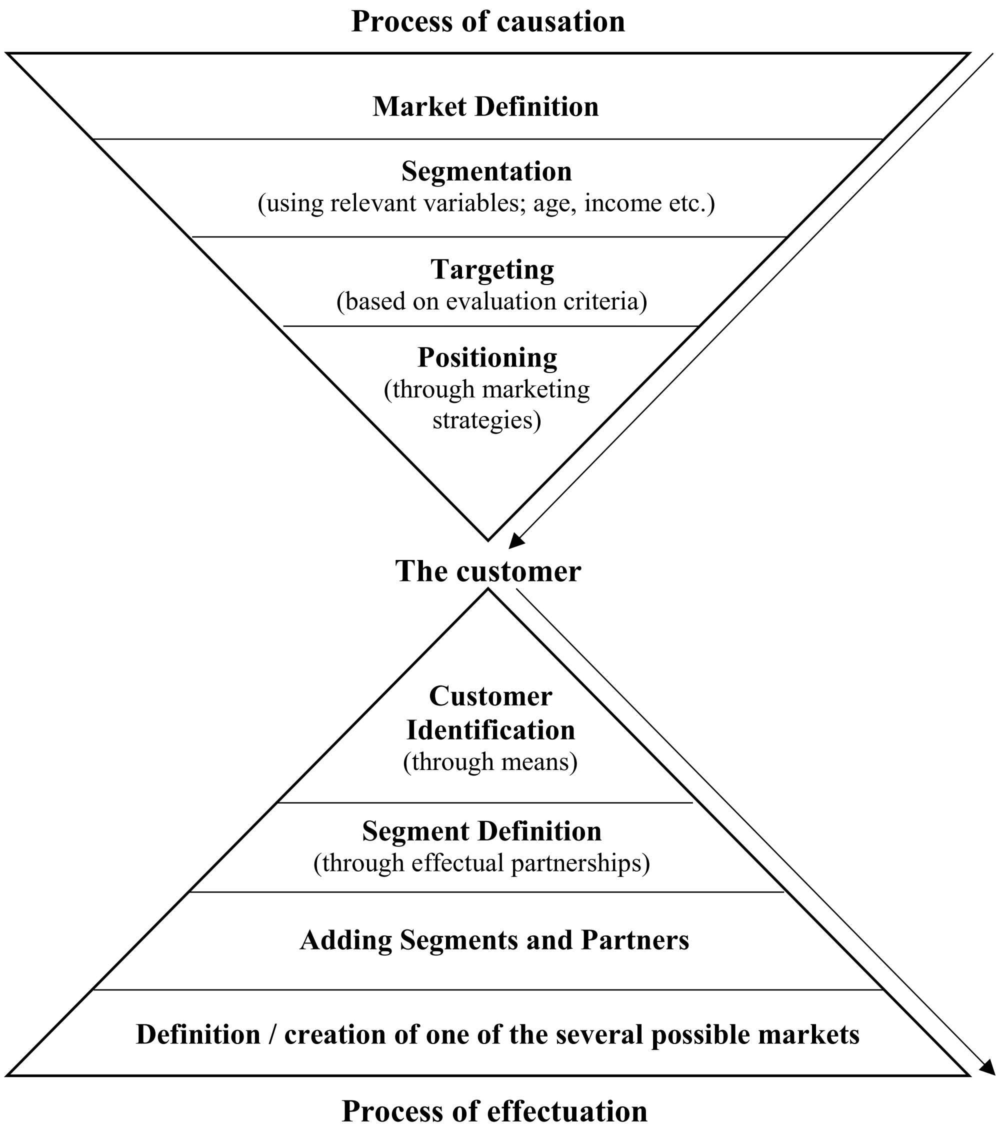

Figure 4 Effectual market creation vs. causal marketing (Sarasvathy 2003, 209)

In the traditional causal models of marketing, the market is assumed to already exists. Therefore, in causation, the entrepreneur begins the process of bringing the given product or service to the market with the universe of all possible customers, first defining the market. According to the commonly known segmentation, targeting, and positioning process, the entrepreneur then divides the market into relevant segments based on detailed market research, after which he chooses a target segment or segments after analysing and comparing predicted returns and risks for each segment. Finally, he designs the marketing strategies to capture the target market and creating and sustaining a competitive advantage. (Sarasvathy 2001, 246 & 2003, 208–209; Sarasvathy & Dew 2005, 542–543.) That is to say, Sarasvathy and Dew (2005, 542) suggest that the "causal process begins with exploration, resulting in the identification, recognition, or discovery of an opportunity, followed by a series of tasks to exploit the opportunity". Furthermore, the causation process involves considerable amounts of time and analytical efforts, as well as resources for both research and for implementing the marketing strategies (Sarasvathy 2001, 246).

The effectual model on the other hand suggests the entrepreneur to proceed the "opposite direction: instead of starting with the assumption of an existing market and investing money and other resources to design the best possible business for the given market, the entrepreneur should begin by examining the specific set of means or causes available to him" – who he is, what he knows, and whom he knows (Sarasvathy 2001, 246). According to the effectuation view, the entrepreneur should think creatively and bring his idea to the market as little resources as possible. Therefore, he should start very locally, for example by finding a partner or a customer from his personal social network, or by doing just enough market research to get the starting investment for his business (Sarasvathy 2001, 247 & 2003, 208–209) – in other words, by trying to find a series of initial commitments (Sarasvathy & Dew 2005, 543). Depending on the entrepreneur and his social networks, several other courses of effectuation can be imagined. Nonetheless, the effectuation model suggests that the entrepreneur should generalise the initial customer or partner into the first segment and add segments over time in a contingent fashion by continually listening to the customer and building an increasing network of customers and partners. Eventually, the entrepreneur will be able to define a workable segment profile and market for her product or his firm. (Sarasvathy 2001, 247 & 2003, 208–209.) In other words, the entrepreneur may try various different approaches in the markets before deciding on the business model (Chandler et al. 2001, 377).

Altogether, given the exact same starting point but a different set of contingencies, the entrepreneur may end up building a variety of businesses in completely disparate industries, as the effectuation process enables the entrepreneur to create several possible effects regardless of the generalised end goal that he started with. Hence the process does not only allow the realisation of various possible effects, but it also enables the decision-maker to change her goals and to construct them over time, making use of the contingencies as they arise. (Sarasvathy 2001, 247.) In other words, while in causal models, the end product is predetermined by the initial opportunity identified through exploration, and the success or failure of the venture depends on how accurate the predictions turn out to be, in effectual processes, however, the end product is inherently unpredictable at the beginning of the process and the outcome depends on the actors and their commitments that come on board during the process (Sarasvathy & Dew 2005, 544).

Furthermore, it is important to note that in the effectuation process, the opportunity does not determine who comes on board – instead, the people who come on board, and what they commit to the business, together with the contingencies, determine the opportunities that get created (Sarasvathy & Dew 2005, 543). That is to say, social networks are a significant integral part of the effectuation processes and new opportunity and market creation. Sarasvathy and Dew (2005), for example, suggest that new market creation is a process that involves a new network of stakeholders, and the network is initiated through effectual commitments. According to their research, each effectual commitment, such as a new partner, results in two cycles that increase the size of the network and the resources available to it, as well as constrains the goals of the stakeholders to converge into a new market. In other words, while each new member in the effectual network inserts certain resources to the venture, they also set constraints on future sub-goals and what transformations can be carried out to the artifact. As the effectual network grows over time, incrementing more and more of the external world, instead of being dissolved due to exogenous shocks or other conflicts, it becomes less effectual and eventually, the pool of constraints converges into an empirically distinct new market. (Saraswathy & Dew 2005, 547–548, 550.) That is to say, the opportunities get created through processes that continually transform existing realities into new possible markets (Sarasvathy & Dew 2005, 544). Moreover, as in effectuation the actor uses the means that are within her control as the basis for her actions, effectuation does not require predictions about the future. Thus, effectual heuristics are especially useful in unpredictable situations such as those in which new ventures are formed. (Sarasvathy et al. 2014, 72.) That is to say, effectual commitments and strategic alliances are used as mechanisms to help control the future (Chandler et al. 2011, 386).

All in all, according to Sarasvathy and Dew (2005), the new markets get fabricated through a chain of interactive commitments that form the interface between the inner (members of the network) and the outer (current non-members of the network) environments of the effectual network. Those interactive commitments of the effectual processes have been divided into three categories: "1) interactions that become embodied in actual commitments, 2) interactions that do not become embodied in actual commitments, and 3) events completely exogenous to the process". The first category represents the actual commitments that become embodied in the new memberships of the effectual network and which shape the initial artifact into particular market structures through transformations. The second category, on the other hand, represents the negotiations that do not result in commitments but signals finite alternatives to be explored. In other words, in this category, each negotiation that does not result in a commitment signals that it either suggests significant transformations yet to be negotiated to fabricate the new market or points to existing alternative markets or other effectual networks that may eventually coalesce into alternative markets. And the third category consists of the exogenous shocks that are completely exogenous to the process. Those include, for example, the shocks in the macroeconomic or regulatory regimes, or some kind of internal contingencies, such as the exit of a key member of the network. Nevertheless, the third category represents the events that may not be avoidable but will call for a certain amount of responsive reshaping of the artifact in question. (Sarasvathy & Dew 2005, 549–550.)

To conclude, effectual commitments focus on the controllable aspects of the future and the external environment. Each partner needs to commit only what he can afford to lose, instead of calculating the predicted target returns or outcomes. Furthermore, the members of the effectual network and the features that they negotiate to the artifact determine the goals of the network, and as means available to the network increase, the goals become more and more constrained. That is to say, the features of the artifact become solidified over time. All in all, the key to the effectuation process is not about selecting between alternatives, but transforming the existing into new alternatives through effectual commitments. (Sarasvathy & Dew 2005, 550–551, 554.) Moreover, each commitment consists of two parts: the commitment to the artifact and the commitment to the network – meaning that through search and selection the entrepreneur, or the manager, commits to the vision of the new market or goal, and the vision then drives the decisions and strategies as of which stakeholders they should take on board to the process (Sarasvathy & Dew 2005, 552).

When it comes to internationalisation, Sarasvathy, Kumar, York, and Bhagavatula (2014) have compared the effectuation theory with the revised Uppsala model (Johanson & Vahlne 2009) and showed how the two theories overlap with each other in many ways, putting the emphasis on knowledge, entrepreneurial capabilities, networks, and commitments, and focusing on *how* firms internationalise rather than *whether* they do or ought to. According to their review, there are three characteristics of conducting cross-border business that think SMEs should take into consideration. Those are cross-border uncertainty, limited resources, and network dynamics. The first point indicates that companies usually face additional uncertainty when operating in the international context. The second point, on the other hand, points out that SMEs often have to operate with limited resources in contexts involving increased uncertainty and multiple risks, such as political, economic, or sociocultural. And the third point, in turn, points out that creating, maintaining, growing, and managing networks become more challenging in the international context due to geographic and cultural distances. (Sarasvathy et al. 2014, 76.) Consistent with that view, also Galkina and Chetty (2015) argue that effectual principles of internationalisation are consistent with the revised Uppsala model, emphasising the significance of networking and trust-building in SMEs internationalisation in order to create opportunities and increase their means, and thus the variety of possible outcomes.

To sum up, effectuation is often connected to high uncertainty and opportunity creation, whereas causation is linked to opportunity recognition when the entrepreneur perceives risk rather than uncertainty. Yet, for example, Maine et al. (2015) propose that due to the iterative nature of opportunity generation and evolving environment, entrepreneurs may shift from effectuation to causation, remain in one particular mode, or adopt a combination mode, including characteristics from both decision-making modes. While their research illustrates that effectuation allows for greater resiliency to external shocks and setbacks, sometimes regulatory and financial constraints may lead to more causal analysis and decision-making, which in turn leaves a firm less able to shape and exploit evolving opportunities. (Maine et al. 2015, 67.)

3.4 Synthesis of the theory section

The purpose of this synthesis section is to briefly summarise the theoretical background discussed in the previous subchapters 3.2 and 3.3, as well as to form a theoretical framework for this research, combining the most essential parts of the previously introduced theories related to this study, and focusing, especially on the factors affecting Finnish SMEs' opportunity identification and exploitation in the African markets. As mentioned previously, this thesis aims to address the main research objective of exploring how Finnish SMEs can identify and access opportunities in the African markets. In order to do that, this study has been divided into two sub-objectives of exploring 1) what types of opportunities there are in the African markets for Finnish SMEs, and 2) how Finnish SMEs succeed to access those opportunities in the African markets. These sub-objectives pose a need for understanding what types of opportunities there are in the African markets and how they can be identified and accessed in a risky and uncertain environmental context. Due to the iterative research approach, this chapter has been constructed simultaneously with chapter 5 (results), using both the existing theories and the empirical findings from this research.

As noted in the previous chapters, opportunity literature consists of numerous kinds of interpretations, views, and conceptualisations of opportunities. Yet, two main perspectives can be found in the opportunity literature: the opportunity recognition or discovery viewpoint, and the opportunity creation viewpoint (Berglund 2007; Johanson & Vahlne, 2009; Vaghely & Julien 2010; Mainela et al. 2014). Although some scholars have tried to build a uniting bridge between the different viewpoints and integrate insights from both perspectives (e.g. Edelman & Yli-Renko 2010; Vaghely & Julien 2010), a major share of the existing literature sees opportunity discovery and opportunity creation as conflicting theories with fundamentally different underlying conceptualisations, features, and contexts (e.g. Alvarez & Barney 2007; Mainela et al. 2014). The most significant differences found in the literature are shown in table 1 below.

Table 2 Differences between opportunity discovery and creation viewpoints

View	Discovery and recognition	Creation
Opportunity	Objective. Exist in the environment independent of the entrepreneurs, waiting to be discovered.	Social constructions, created endogenously by the actions, reactions, and enactments of entrepreneurs through social interactions and learning processes. Do not exist until they are created.
Identification	Active search or discovery.	Emerge endogenously from subjective cognitions and perceptions of entrepreneurs.
Environment	Objective, definable and observable; source of opportunities.	Enacted and idiosyncratic; constructed through interactions between entrepreneurs and stakeholders.
Context	Risky; entrepreneurs focus on the predictable aspects of future.	Uncertain; entrepreneurs focus on controlling uncertainty by constructing the future environment.
Market	Pre-existing markets: at least supply or demand exists.	Not necessarily pre-existing markets: neither supply nor demand exists in an obvious matter, and hence one or both have to be created.

Emphasis	Entrepreneur's individual characteristics	Social constructions and processes
Entrepreneur	Significantly different from non-entrepreneurs	May or may not be different to non-entrepreneurs
Prior knowledge and experiences	Industry and market knowledge	Entrepreneurial experience
Resources	Defined in advance before exploitation	Unknown; needs emerge and evolve during the creation process
Exploitation	Evidence based, systematic; based on careful planning	Exploration and experimentation; based on trial and error; flexible
Decision-making mode	Causation	Effectuation

Sources: Sarasvathy (2001), Alvarez and Barney (2007), Berglund (2007), Edelman and Yli-Renko (2010), Puhakka and Stewart (2015), Jones and Barnir (2019)

Altogether, prior literature suggests that opportunities are both discovered and created, and therefore, depending on the viewpoint, opportunities are assumed to either exist objectively in the environment, waiting to be discovered or being created in the actions and interactions of the entrepreneur, through social constructions and networks and thus not exist until being created (see e.g., Alvarez & Barney, 2007).

Although the two approaches differ from each other fundamentally in the paper, and prior literature suggests that effectuation is linked to opportunity creation and causation to opportunity recognition, the differences may not be that clear in practice. For example, Sarasvathy et al. (2003, 158) point out that the different views are extremely context-dependent, and thus not only the market but also the situation, resources, and goals determine which approach might be the most appropriate to call for. Moreover, according to Chetty, Karami, Martín (2018), opportunity discovery and creation may feed and enable each other in the foreign market entry context. That is to say, according to their findings, opportunity discovery may lead to both discovery and creation; and creation, in turn, may lead to creation and discovery during foreign market entries when for example, innovation is created by interacting with customers with particular needs and then transferred to another market where the firm already has required knowledge, or the innovation may lead to new solutions that were not feasible prior to the innovation. (Chetty et al. 2018.) Therefore, even though opportunity discovery is often linked to causation, and opportunity creation to effectuation processes, sometimes effectuation may be used after discovering an opportunity, and in contrast, some parts of the causation process may be used in opportunity creation. Moreover, SMEs may also adopt a combination mode, including characteristics from both decision-making modes, instead of remaining in one mode (Maine et al. 2015). Overall, both causation and effectuation are integral parts of human reasoning which can occur concurrently, overlapping and intertwining over different contexts of decisions and actions. (Sarasvathy 2001.)

All in all, in addition to the typical characteristics linked to the specific approach, including the environmental context, (aspects related to opportunity discovery and creation; see table 1 above), the existing literature highlights especially the importance of entrepreneur's individual characteristics, prior knowledge and experience, and the social networks in identifying and exploiting opportunities in the international context (see e.g., Ardichvili & Cardozo 2000; Ardicvili et al. 2003; Johanson & Vahlne 2009; Mainela et al. 2014; Puhakka & Stewart 2015; Chetty et al. 2018). That is because of the nature of internationalisation, where small companies, in particular, are seen to face cross-border uncertainty due to the scarce resources and lack of experiences and knowledge of foreign markets, and therefore especially the significance of knowledge, capabilities, social ties, and interaction in networks to access and exploit localised knowledge is highlighted in the international context (Johanson & Vahlne 2009; Mainela et al. 2014; Chetty et al. 2018; Mainela et al. 2018). Therefore, the following four themes were found meaningful to discuss in the interviews:

1. **Opportunities and potential** (identification of opportunities)
2. **Enablers and challenges** (environmental context)
3. **Previous knowledge and experiences** (knowledge; individual characteristics)
4. **Contacts and networks** (social ties)

To sum it up, both viewpoints emphasise the entrepreneur's individual characteristics, as well as the SME's or entrepreneur's social networks and prior knowledge and experiences in opportunity identification and exploitation. Therefore, SMEs trying to identify and access opportunities in the African markets are required to have either previous knowledge and experience from the markets or social networks from which the required knowledge can be acquired. The model of opportunity identification and exploitation process generated from the theoretical background of this research is illustrated in the following figure.

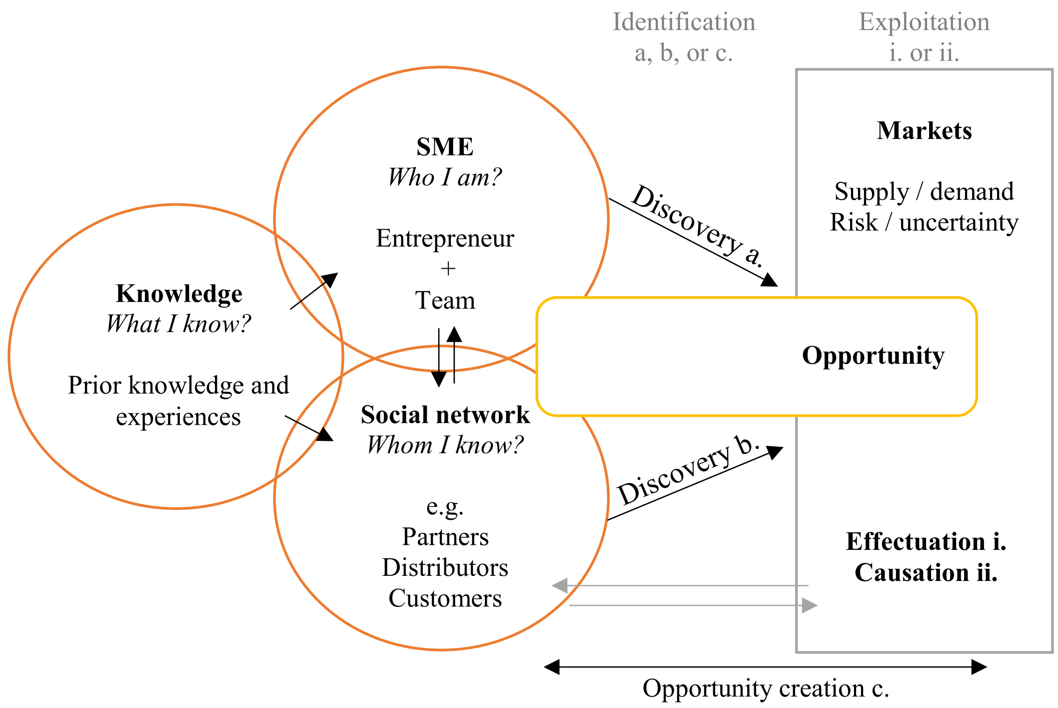

Figure 5 A model of opportunity identification and exploitation process

The figure aims to demonstrate how the concepts introduced in the theoretical background are connected, and how they affect Finnish SMEs' opportunity identification and exploitation in the African markets. The two circles, in addition to the one circle representing the SME in question, represent the most critical aspects affecting Finnish SMEs' opportunity identification and exploitation: knowledge and social networks. The required knowledge and understanding of the markets can be either acquired through previous experiences or relationships from the SME's social network. The opportunities in the African markets can be both discovered (a. and b.) and created (c.), either by the SME itself or by someone else in the social network. Yet, despite the way of identification, the identified opportunities may be exploited using either effectuation (i.) or causation (ii.), or a combination of the two decision-making modes. The environmental context, which also affects the decision-making mode used in the opportunity exploitation, is examined through the existing supply and demand, as well as the decision-making context (risky vs. uncertain).

4 RESEARCH DESIGN

4.1 Research approach and strategy

The aim of this chapter is to connect the conceptual research objectives to the empirical research and to explain the methodological choices used in this research. This study is qualitative exploratory research, in which an iterative research approach has been used.

As stated in the introduction, the purpose of this study is to discover new valuable information about the African markets and their potential from Finnish SMEs' perspective, as well as to explore how Finnish SMEs can identify and access opportunities in the region. Therefore, the research questions posed in chapter 1.2 express a need for learning more about the dominant concepts of opportunity identification and creation, as well as for understanding how opportunities can be identified and accessed by Finnish SMEs in the African context. Due to the limited knowledge of the African markets, as well as the objective of constructing a deeper understanding of the given topic, a qualitative exploratory research approach was chosen for this particular study.

Ghauri and Grønhaug (2002, 48–49) identify three types of research designs, which are exploratory, descriptive, and causal design. Of those three, the exploratory design refers to a methodological design, which aims to observe and construct a better understanding of the examined topic. Exploratory research design is typically used in studies related to new research themes or when addressing an existing issue from a new perspective (Mason et al. 2010). It aims to develop a better understanding of the problem or determine the nature of the phenomenon, rather than providing conclusive evidence (Mason et al. 2010; Business Research Methodology 2021a&b). According to Stebbins (2001, 3), "social science exploration is a broad-ranging, purposive, systematic prearranged undertaking designed to maximise the discovery of generalisations leading to description and understanding". Therefore, the exploratory research design is considered suitable when the research objective is not yet clearly understood, or the scientific knowledge of a group, activity, process, or situation is still limited (Stebbins 2001, 2). As existing research on the African markets remains limited, especially from the Finnish SMEs' perspective, there is a clear need for new information and a deeper understanding of the given research topic. Hence exploratory research design is considered appropriate for this study.

Also, the research questions support the chosen research design. According to Eriksson and Kovalainen (2016), research approaches and methods should be chosen based on the way how well they serve the research of the topic and answer the research questions. Therefore, the correct way to choose the methods in the research is to think through the research question: can it be researched empirically, and is the research question descriptive or explanatory. (Eriksson & Kovalainen 2016, 28–31.) In this study, the research questions aim to explore what type of opportunities there are in the African markets and how Finnish SMEs can access them. Therefore, the exploratory research design is seen to best serve the research questions used in this study.

In addition to being an exploratory study, this research is also qualitative by nature. First of all, qualitative research aims at creating a holistic understanding of the topic that is being studied (Eriksson & Kovalainen 2016, 5). Quantitative methods, on the other hand, are more prone to structured, standardised, and abstracted modes of collecting and analysing data, as they examine the studied phenomenon through mathematical models, theories, and hypotheses (Eriksson & Kovalainen 2008, 5; Kuckarzt 2014, 12). Therefore, qualitative methods are more suitable for studies that are interested in a more thorough and in-depth understanding of the research objective (Ghauri and Grønhaug 2002, 87–88; Eriksson & Kovalainen 2008, 117). Moreover, the qualitative research approach is commonly used in studies that intend to bring to light experiences and behaviours, and for understanding narrowly studied phenomena (Ghauri & Grønhaug 2002, 87).

Secondly, the main objective of this research is to explore, how Finnish SMEs can identify and access the opportunities in the African markets. Questions that include a "how" signal the qualitative nature of the study (Brinkmann 2013, 49). Furthermore, although with qualitative methods generally a smaller number of observations is examined compared to quantitative methods, qualitative research is yet capable of producing a thick description of the studied topic (Ghauri & Grønhaug 2002, 88).

Thirdly, while quantitative research cannot study cultural construction or social structures of its own variables, qualitative research, on the other hand, makes it possible to study complex phenomena in different contexts and through social and cultural meanings (Silverman 2001, 29; Eriksson & Kovalainen 2008, 4). The aim of this research is to get a better understanding of the African markets and their opportunities from the Finnish SMEs' perspective. To provide an in-depth understanding of the studied topic, it is also necessary to examine the motivation, perceptions, attitudes, and experiences of those who have done, are doing, or are considering doing business in Africa. The qualitative research approach is suitable for studies, in which it is important to also understand the reasons, opinions, motivations, or attitudes behind the subjects' decisions.

(Saunders et al. 2009, 324; Barnham 2015, 83.) The qualitative research approach may also provide findings that are not determined in advance, enabling additional or more thorough information on the questions that the study is interested in (Family Health International 2019). Therefore, also the structure of the research objective seconds the qualitative approach.

When it comes to the formation of the theoretical part of this study, an iterative research approach was followed, meaning that the theoretical background and the empirical research were constructed simultaneously, using both inductive and deductive methods (Eriksson & Kovalainen 2016, 23–24). In other words, some prospective theories were predefined at the beginning of the research process, but the final form of the theoretical framework was finalised only after the empirical data was collected and once analysed to make sure that the theories were linked to the empirical research (Eriksson & Kovalainen 2016, 33–34). In this research, the opportunity literature (chapter 3.1) was used as the basis for planning the data collection process and the interview questions, used in the empirical research, and the effectuation theory was added to this research and the theoretical framework only after the data collection, as it came forth during the empirical research process (Eriksson & Kovalainen 2016, 23–24). The iterative design thus allowed new, unexpected findings and theories (effectuation and causation theories) to emerge from the interviews, which were then added to the research design as emergent theories and taken into consideration in the second round of analysis. Finally, the results and the synthesis of the theoretical framework were constructed simultaneously, using both the priori and emergent theories.

This approach does not only allow to examine the same phenomenon from multiple perspectives, but also to enrich our understanding of the research topic by allowing new or deeper dimensions to emerge as the method may elicit data or conclusions which would not have been found with other methods (Jick 1979, 603). Moreover, according to Tracy (2018, 63), due to the flexible nature of the iterative approach, the research design and methods may be reformulated and developed during the research process, as the process allows continuous conversations between the chosen theories, predefined research questions, and the emergent qualitative findings. For example, Miles and Huberman (1994, 10) argue, that flexibility is one of the advantages of the qualitative research approach.

Altogether, an iterative and qualitative exploratory research design was selected for this research, as it best suits the research objectives and questions of this study, as well as enabled getting a deeper understanding of the topic due to the more flexible design. The chosen approach allowed to explore the topic without predetermined barriers, and to evolve and reformulate the research questions and theories along the way, as well as enabled the identification of aspects that may not have been found with other approaches.

4.2 Data collection

In this research, data was gathered by conducting five semi-structured theme interviews. In qualitative business research, interviews are often considered a primary method for empirical data collection (Eriksson & Kovalainen 2008, 125). Thus, it was a rather natural decision to gather the empirical data for this study through interviews. Also, the nature of this research supported the decision, as semi-structured interviews are considered useful when studying relatively unfamiliar phenomena (Merriam 2013, 91).

In semi-structured theme interviews the same topics are covered in all interviews, but also additional questions and stories can be covered during the interviews to clarify and/or further expand certain issues. A semi-structured theme interview is a comparatively informal interviewing method, in which the researcher is discussing with the interviewee by asking his or her opinions and views on topics or themes that are defined in advance. (Puustinen 2013, 10.) In other words, an overall structure and guideline questions were decided beforehand, but there was also a lot of room left for flexibility to add unstructured questions during the interview as well (Hair et al. 2016, 201). One of the biggest advantages of semi-structured theme interviews is that it is much more flexible than a structured interview, as the researcher can make further questions in order to solve possible misunderstandings or to focus on relevant points that have emerged during the interview. (Puustinen 2013, 10; Bryman & Bell 2015, 213.) Besides, semi-structured theme interviews allow the interviewees to explicate their opinions through illustrative examples and stories (Puustinen 2013, 10), which may lead to the emergence of new relevant and valuable information. As a result, semi-structured theme interviews may also enable the appearance of theories and concepts out of the data (Bryman & Bell 2015, 213).

The aim of the interviews was to get a deeper understanding of the African markets through Finnish entrepreneurs' and experts' experiences, as well as to explore what type of opportunities and challenges there are in the African markets for Finnis SMEs. To be able to get as factual and broad idea of the topic as possible, the interviewees were selected from individuals that have different kinds of backgrounds and experiences in the

African markets, so that the collected data would represent the studied phenomenon as broadly and objectively as possible. Hence, both experts and entrepreneurs were interviewed for this research. However, as it was rather difficult to find interviewees that would match the pre-set requirements (SME background and previous business experience on the African markets, or considering doing business on the African markets), the first suitable people were interviewed for this research. I would have wanted to interview at least one more entrepreneur to get as many entrepreneurs (or similar, e.g. managerial position in an SME) as there were experts, but one interview was cancelled because of the participant's time constraints. Therefore, as discussed in Chapter 4.1, due to the small number of participants, these empirical generalisations are only suggestive, and they do not represent a generalised objective truth of the phenomena. Table 1 (below) provides a more detailed overview of the selected interviewees and the process of the interviews.

Table 3 Overview of the interviews

	Interviewee	Experience (countries)	Experience (years*)	Industry	Date and method	Duration (mins)
1	Expert	Several countries across the continent	13	Consulting in various fields	11.10.2019, Phone	34
2	Entrepreneur	Several countries in Northern, Eastern and Southern parts of Africa	25	Agriculture, fertilisers	12.11.2019, Skype	50
3	Expert	South-Africa, Kenya, and Nigeria	7	Finance	18.11.2019, WhatsApp video	74
4	VP (vice president), Finnish SME	Egypt	1	Digital solutions for production and manufacturing	15.1.2020, Face to face	34
5	Expert	Several countries across the continent	10	Consulting in various fields	10.2.2020, Phone	43

* Experience of the African markets: Number of years at the time of the interview; rounded up to full years.

All interviewees were contacted via email, and four out of the five interviews were held over the phone, or online, via Skype, or WhatsApp, since face-to-face interviews would not have been possible due to time and cost constraints. Despite the different interviewing methods, all interviews were recorded and transcribed after the interviews for further analysis. For example, Bryman and Bell (2015, 493) point out that recording the interviews allows the researcher to examine deeper what the interviewees say, as it enables a repeated examination of the answers. Before the interviews, all subjects were told that the interview is a semi-structured theme interview, meaning that the interview will be more like a discussion, based on predefined themes. They were also told that the interviewer asks open questions about the selected themes, and the interviewee can tell as much information as she/he wants, including, for example, their own experiences, comments, opinions, and stories. Furthermore, the interviewer may ask additional questions, clarifications, or initiate other topics if necessary. All interviewees were also assured that no confidential or sensitive information would be revealed in this thesis, including company information. Because one of the interviewees did not want to have his/her name or organisation used in the interview, all interviewees are anonymous in this research and only the most relevant information of them is shown in the table above. Furthermore, to protect the anonymity of the interviewees, all recordings and transcriptions were named in a way that they could not be connected to the interviewees and stored in a way that no other than then the researcher could have access to them. Moreover, all recordings and transcriptions will be deleted after the research process, once the thesis has been submitted to the final grading.

Flexibility was one of the most significant reasons, why the semi-structured theme interview method was chosen for this research. In this study, the interviewees are considered as the experts of the studied topic, which means that the researcher’s task is just to gather and connect the empirical data to the conceptual research objectives and create new information for future research. Hence, it was important to make it possible for the interviewees to bring up new information, which the researcher may not have even realised to ask earlier. In other words, when using semi-structured theme interviews, the researcher was able to seek both answers to the research questions, as well as to get findings that have not been considered beforehand. Additionally, the selected method enabled the researcher to gather more and better-quality information, which would not have been possible with other research methods.

4.3 Data analysis

The main goal of qualitative data analysis is to identify, examine, compare, and interpret patterns and themes of the collected data, as well as to simplify the gathered data to provide a rich interpretation and conclusions about the examined topic. (Puusa 2011, 116; Hair et al. 2016, 301). In this research, an iterative thematic analysis was used to analyse the collected empirical data. In other words, the empirical data was at the core of the analysis, but the findings were analysed and categorised twice, using both the primary level themes that emerged from the opportunity literature and were used also as the basis of the interviews, as well as the secondary level themes that emerged from the empirical research from the first analysis.

Miles and Huberman (1994, 10) distinct three phases in the data analysing process: reduction of data, displaying of data, and drawing conclusions. Data reduction refers to the process in which the empirical data is selected, simplified, and transformed. Data display, in turn, refers to the congregation of organised information in a clear, compact way so that the information is immediately accessible for conclusion drawing. Finally, in the third analysing phase, the conclusions are drawn and verified. (Miles & Huberman 1994, 10–12.) In this research, the data analysing process was carried out by using an adapted version of Miles and Huberman’s model.

As mentioned in the previous subchapter, all interviews were recorded and transcribed in order to facilitate the data analysis. First, the recorded interviews were listened to several times, during which they were transcribed. After the transcriptions, the interviews were summarised by writing comprehensive memos of them. The purpose of writing memos is to summarise the data (Miles & Huberman 1994, 10). The memos were then carefully analysed, and the most relevant information was selected and underlined. Finally, the selected information was transformed into a descriptive summary, which was compared again to the original recordings to make sure that the final summary corresponded to the initial data. According to Miles and Huberman (1994, 11), the aim of data reduction is to sharpen, sort, focus, discard, and organise the data in a way that final conclusions can be drawn and verified. Data reduction can be carried out, for example, in the forms of writing summaries, coding, teasing out themes, making clusters, making partitions, and writing memos (Miles & Huberman 1994, 10).

Next, in the data display process, the selected and summarised information was categorised by dividing them into different themes. The different themes were separated from each other by using different colour codes. In the first round, the categorisation roughly followed the themes that were defined and used for the theme interviews. In this study, the themes for the semi-structured interviews arose from the sub-objectives and background literature (3.1). Based on the opportunity theories, the following four primary-level themes were found meaningful to this research: 1) opportunities and potential, 2) enablers and challenges, 3) previous knowledge and experiences, and 4) contacts and networks. After all individual summaries were colour coded, a collective summary of each theme was created. According to Miles and Huberman (1994, 11), the data display process assembles the information into a compact form which permits conclusion drawing and action. To demonstrate the theme entities, a visualisation was created. The connection of the themes, research objectives, background literature, and the empirical research are demonstrated in table 3 below (the operationalisation table has been revised after the second round of analysis, also including the emergent theories).

Table 4 Operationalisation table

Research question	How can Finnish SMEs identify and access opportunities in the African markets?			
Sub-questions	What types of opportunities are there in the African markets for Finnish SMEs?	How do Finnish SMEs succeed to access the opportunities in the African markets?		
Theoretical background	Priori theories: Opportunity recognition and creation (Chapter 3.2) Emergent theories: Effectuation and causation (Chapter 3.3.)			
Interview themes	Opportunities and potential (1)	Enablers and challenges (2)	Knowledge and experiences (3)	Contacts and networks (4)
Analysis	Iterative analysis (Chapter 4.3)			
Findings and discussion	Opportunities in the African markets (5.1)	Factors affecting Finnish SMEs in accessing opportunities in the African markets. (5.2, 5.3, 5.4)	Decision-making modes used in accessing opportunities in Africa (5.5)	
Conclusion	Conclusions (Chapter 7)			

According to Miles and Huberman (1994, 11), the last phase of data analysis is the conclusions drawing and verification. Therefore, after conceptualising the empirical data, all categories were examined for similarities and differences across the interviews in order to discover the repeated patterns, views, or topics that had emerged in the interviews. In other words, the collective summaries of each theme were read through several times, during which a wrap-up of the findings was also written on them. As mentioned previously, factors related to effectuation theory emerged from the first analysis, and thus effectuation and causation theories were added to the theoretical framework of this study (see chapter 3.3). Therefore, another round of analysis was made, which also took the emergent theories and the revised theoretical synthesis into consideration.

Finally, conclusions were drawn from the summarised and categorised empirical findings, which will be introduced in chapter 5. However, as Miles and Huberman (1994, 11) point out, even though the final conclusion were not drawn until during the last phase of the analysis, the initial conclusions derive already from the beginning of data collection as the analyst is noting regularities, patterns, explanations, and proposition along the way (Miles and Huberman 1994, 11).

4.4 Evaluation of the study

In this section, the quality of this research is evaluated and discussed. The quality of a qualitative research is commonly evaluated by the trustworthiness of the study. Traditionally, trustworthiness has been assessed using the criteria of internal validity, external validity, reliability, and objectivity (Lincoln & Guba 1985, 290). However, as they have been seen to be tightly connected to quantitative research, their relevance to qualitative research has been questioned (Lincoln & Guba 1985, 290; Bryman & Bell 2011, 394–395). Therefore, the trustworthiness of this study is evaluated by using the Lincoln and Cuba's criteria (1985, 300) of credibility, transferability, dependability, and confirmability of the study.

Credibility is used to evaluate the level at which the findings are compatible with reality (Lincoln & Guba 1985; Bryman & Bell 2011, 396). It indicates how well the findings connect with the insights of the informants, as on how well the researcher's representation fits the respondent's views (Tobin & Begley 2004, 391; Bryman & Bell 2011, 396). To increase the credibility of this research, various actions were taken. To begin with, due to the nature of the semi-structured interviews, the interviews were very relaxed and discussion-like, and thus the interviewees were able to tell their views experiences as they wanted, and I was able to ask specifying and supplementary questions when necessary, to make sure that I understood the respondent's views correctly. The respondents were also given a chance to check their part of the study before publishing this thesis (however, none of them did). Secondly, an operationalisation table (table 3) was created to illustrate the connection between the research objectives and the empirical findings. Thirdly, triangulation was used to form the theoretical framework, meaning that the theoretical background of the study was comprised of various concepts and approaches that were selected diversely from previous literature (Aaltio & Puusa 2011, 160; Bryman & Bell 2011, 397; Novell et al. 2017, 3). Additionally, attention was paid to the selection of the informants for the empirical data collections by selecting the interviewees from different kinds of backgrounds so that they would represent as broad and objective viewpoint of the topic as possible. However, Eskola and Suoranta (1998, 63) point out that the interviewing method always includes some limitations, which may affect the quality of the data and hence the credibility of the research. Nevertheless, a larger amount of the interviewees, and especially a larger number of entrepreneurs, could have increased the objectivity and generalisation of this study.

Transferability refers to the generalisation of the study, meaning the ability of which the inquiry can be transferred to another context (Lincoln & Guba 1985, 290; Tobin & Begley 2004, 392). Even though generalisations of the study may be challenging due to the contextual uniqueness of the study, transferability can be improved by providing a detailed thick description of the research setting and findings in order to improve the reader to understand the research process clearly (Lincoln & Guba 1985, 316; Bryman & Bell 2011, 398). Moreover, according to Merriam (2014, 227), the transferability of the inquiry can be improved by the careful selection of the studied sample. In this research, it was ensured that the respondents represented an up-to-date sample of the examined phenomena by selecting interviewees that were 1) currently doing business in the African markets or with companies that are doing/planning of doing business in the African markets, 2) are from different backgrounds (industry, entrepreneur/expert, etc.) and 3) either represent or work with Finnish SMEs. Also, to increase the transferability of this research, a detailed description of the informants, data collection process, and data analysis was provided (tables 2 and 3; chapters 4.2, 4.3). However, as this research examines opportunities only in the African context and is explorative in nature, there are some limitations regarding the transferability of this study.

Dependability, in turn, refers to an "auditing approach", which propose that researchers should ensure that the whole research process – including the problem formulation, selection of research participants, interview transcripts, data analysis decisions, and so on – is logical, traceable, and clearly documented (Tobin & Begley 2004, 392; Bryman & Bell 2011, 398). That is to say, dependability is used to assess how well the collected data and the findings are consistent with each other (Merriam 2014, 222). According to Aaltio and Puusa (2011, 160), dependability can be improved by creating accurate descriptions of the interviews, data collections, data analysis, and decision-making throughout the research, as well as explaining the actions as precisely as possible. In this study, detailed descriptions of the data collection and analysis processes were provided in chapters 4.2 and 4.3. Additionally, memos were created from the recorded interviews so that the empirical data was easily accessible for various analyses. However, it is important to note that all the interviews were held in Finnish, but the results were written in English. Hence some slight interpretational differences may be possible due to the translation process.

Finally, confirmability refers to the criteria that measure how clearly the findings are derived from the data, and thus consistent with the reality (Lincoln & Guba 1985, 290; Tobin & Begley 2004, 392). That is to say, the researcher should be able to demonstrate and clarify how the conclusions and interpretations have been reached and created, in a way that the researcher's personal values, possible biases, or motivations have not affected the results. (Bryman & Bell 2011, 398; Nowell et al. 2017, 3) When it comes to this research, the researcher did not have any previous experience or background on the given topic. Therefore, the interviewees were considered as the experts of the topic, and the researcher's task was to objectively collect and connect the empirical data to the theoretical background in order to explore the answers to the research questions. However, it is good to remember that using less structured interviews always increases the subjectivity and the role of the researchers (Aaltio & Puusa 2011, 160). To improve the confirmability of this research, the connections from data collection and analysis to the interpretation were well documented and explained, using, for instance, examples and quotations from the interviews. Additionally, despite the relatively new phenomenon, some coherence can be found between the findings and the literature review.

Moreover, this research followed good scientific practice and the principles and research ethics of the University of Turku. All the data collected for this research was handled and stored with care. Participation in the interviews was voluntary and all interviewees were asked for permission to record the interviews, as well as to publish possible quotes and other parts of the interviews. In addition to that, all interviewees were provided with a chance to check the information regarding their interviews before publishing the thesis.

5 RESULTS AND DISCUSSION

In this chapter, the results of the empirical research will be introduced. The aim of this section is to analyse and connect the empirical findings to the theoretical framework that was introduced in chapter 3.4, as well as to answer the main research question of what kinds of opportunities there are in the African markets for Finnish SMEs and how Finnish SMEs succeed to access those opportunities.

In order to coherently represent the results, this chapter has been divided into six subchapters. Chapter 5.1 represents the empirical findings of the interviewees' perceptions of the opportunities and potential that African markets have to offer for Finnish SMEs. Chapter 5.2, in turn, represents the findings concerning the African business context in terms of opportunity identification and exploitation. In chapter 5.3, the significance of previous knowledge and experiences will be discussed, whereas chapter 5.4 concentrates on the significance of social connections and networks in the African markets. In chapter 5.5 the empirical findings related to the emergent theme – decision-making modes used in the African markets in terms of opportunity formation and exploitation will be reviewed. And finally, in chapter 5.6, the main findings of this research will be summarised in order to address to research questions introduced in chapter 1.2.

5.1 Opportunities and potential in the African markets

The first theme discussed in the interviews was the repositories' perceptions on the potential and opportunities existing in the African markets for Finnish SMEs, in order to answer the first sub-question: What types of opportunities are there in the African markets for Finnish SMEs?

Most subjects agreed with Leke & Signé's (2019, 77) view (see the Appendix, which states that "Africa's potential as a growth market for business remains both underestimated and misunderstood, as does the potential for business to play a transformative role in solving the continent's biggest challenges". As noted in chapters 1.1 and 2.1, there are many considerable problems in the region, including poverty, lack of clean water, hunger, and poor infrastructure, just to mention a few. However, the informants saw the great number of problems as one of the – if not the – most significant source of opportunities for Finnish SMEs.

"For every problem, there are dozens of opportunities."
(Expert 2, interview 18.11.2019)

In fact, all the interviewees that already had several years of experience from the African markets strongly emphasised solutions for the local micro and macro-level problems when talking about the opportunities and potential for Finnish SMEs in the African markets. When talking about the areas in which those solutions are needed, the United Nation's sustainable development goals and African megatrends (that were also discussed in chapter 2.1) were highlighted. Of the megatrends, population growth, urbanisation, and climate change were seen as the most significant in terms of creating opportunities for Finnish SMEs, particularly in the forms of urban planning, construction, sanitation, and waste management solutions, as well as solutions related to bio- and circular economy. When it comes to the UN sustainable development goals, on the other hand, especially technical solutions for education (Edtech) and healthcare (Healtech) were emphasised. That is to say, the empirical findings in this sense are also consistent with Finland's country image and the Finnish ambassadors' views introduced in chapter 2.2. Also, the energy sector was mentioned regarding the opportunities in Africa, but one of the experts pointed out that it might be out of reach for SMEs, due to the heavy infrastructure and the nature of the sector combined with the resources that SMEs typically have.

The second topic that emerged from the interviews concerning the opportunities and potential in the African markets pertained to the continent's growth. Many African countries – and cities – are some of the biggest and fastest-growing economies in the world. In consequence, the consumer markets are gigantic and will continue growing also in the future. Therefore, the two-digit growth numbers and gigantic population were seen as great potential and a source of opportunities for Finnish SMEs. However, despite the size of the markets, the local purchasing power remains poor in many economies, in both B2B and B2C markets, and hence differentiated and cheaper solutions must be created for the African markets. That is because, regardless of the population growth, the middle class is not growing at the same pace in all markets, and in Africa, population growth does not always equal economic growth. Therefore, according to the empirical data, companies should focus on volume and differentiation rather than trying to fit ready products into the African markets. Yet it is good to remember that also Africans appreciate and want good quality and they are ready to pay a little extra for better quality.

However, the challenge – like in many developing countries – is to find the right balance between quality and price.

All in all, the key message from most interviewees was that when thinking about the opportunities in Africa, the opportunity identification and formation should always start from the local customer needs, and the solutions, including technologies, products, and services, as well as the business models, should be then adapted to the customers and the society's needs, instead of doing it the other way around. As a matter of fact, according to the interviews, one of the most common problems for Finnish SMEs trying to enter the African markets is that the companies often try to get their technologies or solutions to work in the local markets, although according to the experts, companies should first think about what kind of solutions the market and the society needs, and only after that think about the solutions suitable for the specific problem.

"Companies should start from the need, not from the solution." (Expert 3, interview 10.2.2020)

In other words, according to the empirical data, companies should first understand the local problems and customer needs, as well as the local culture and circumstances, and only after that reflect what kinds of products or technological solutions would match with those needs. That is to say, only rarely do the ready-made solution and business models fit the African markets, and thus they should really consider what the societal need is, for which the business model and solution must be developed or adapted. When comparing these results to the opportunity development matrix introduced by Ardicvili et al. (2003) that represents four different types of opportunities (see chapter 3.2), many Finnish SMEs represent the third cell – technology transfer – even though the experts propose that most opportunities can be found in the second – problem-solving – cell. However, it is worth noting, that not all African opportunities represent problem-solving, but also dreams (I), technology transfer (III), and business formation (IV) types of opportunities exist or may be created in the African markets.

"Often the novelty value does not come from that technology, but from that business model – how that solution becomes part of that society." (Expert 3, interview 10.2.202)

Relatively small middle class and poor purchasing power in certain markets are also the reason why one of the interviewees suggested that the figures may give a too optimistic idea of the African markets, and thus in his/her opinion, Africa's potential for business is exaggerated, or at least over-hyped. Yet, he/she continued: “But despite that, there [in Africa] is potential. If you think about Europe, where the population is aging and the population is not growing, there [in Africa] is more potential there”. Similarly, one of the other interviewees asked:

> *“Would you want a small piece of a big cake or a big slice of a small cake? -- If you can find a local partner with whom you can build supply and lasting customer relationships, whether it is B2B or B2C, then it is worth it.” (Expert 1, interview 11.10.2019)*

That is to say, if you compare Africa’s potential and growth figures to Europe, for example, the potential is huge and even a small market share in gigantic markets may potentially result in higher profits than a bigger market share in Europe, let alone in Finland.

The third theme that emerged in most interviews was digitalisation and technology. Due to the lack of many important resources and infrastructure, technological services and solutions play a key role in business opportunities in Africa. Most subjects saw great potential for technological solutions for instance in health technology, education, and banking industries, as well as in helping local companies and entrepreneurs in their operations. Moreover, a couple of the interviewees emphasised the opportunities related to the lack of financing. As it is difficult, or sometimes even impossible, for the local entrepreneurs to find and get financing in the African markets, the interviewees believe that there is huge potential for services and platforms that can provide or help the local entrepreneurs accessing the financial services.

When it comes to identifying and exploiting opportunities, all search, discovery, and creation viewpoints emerged in the discussions, at least on a general level. However, when asked about how Finnish SMEs can identify and access opportunities in Africa, the answers varied rather much, and some informants did not know how to answer that question. Yet, that is not a surprise as the opportunity literature highlights that the different views are extremely context-dependent, and hence different companies, solutions, and circumstances may lead to different opportunity identification and exploitation approaches. Furthermore, prior opportunity literature highlights that opportunities are not known until they are recognised or created, and thus it might be hard for other than the entrepreneurs or individuals who have either discovered or created opportunities in the African markets to answer this question.

Nevertheless, for example, the interviewed entrepreneur and his business partner recognised an opportunity for starting their own fertiliser company, when they noticed that one of the biggest fertiliser companies in the area was getting a monopoly position in the markets (external shock), of which the local farmers were not happy about. As result, the interviewed entrepreneur and his partner founded their company as an alternative for the local farmers. Another Finnish SME, on the other hand, ended up to Africa through a partner, which had found a business opportunity in Africa, and then asked the Finnish SME to come along to the project.

Altogether, these empirical findings agree with the stance that African huge markets come with great potential for Finnish SMEs. For example, one of the interviewees wanted to highlight that the amount of opportunities is endless and only the sky and the entrepreneur's imagination is the limit when talking about the possibilities in the African markets. However, due to the huge size and the heterogeneity of the region, both the problems and opportunities vary significantly depending on the country and the industry in question. Therefore, it is difficult to make any explicit generalisations on the opportunities existing in the African markets.

5.2 Enablers and challenges in terms of accessing opportunities in Africa

The second theme discussed in the interviews focused on the enablers and challenges in terms of accessing opportunities in the African markets. This theme aimed to build a better understanding of the African business environment(s) and thus the environmental context for decision-making and opportunity exploitation.

From the empirical data, especially four topics emerged regarding the theme in question: 1) risky and uncertain markets, 2) knowledge and understanding of the markets, 3) time and dedication, and 4) contacts and networks. Of these, the first three will be reviewed in more detail in this subchapter, but as the fourth topic – contacts and networks – was determined to be one of the themes discussed in the interviews, the empirical findings related to the given topic will be discussed in more detail in chapter 5.4.

"Probably both are underestimated: the opportunities and the challenges of doing business there." (Expert 3, interview 10.2.2020)

As noted in the previous subchapter, as well as in chapter 2, Africa has numerous micro and macro-level problems, including poverty, political instability, and conflicts. Therefore it was not a surprise that all interviewees saw African markets generally speaking either challenging or very challenging. Even though many reasons emerged from the empirical data, the most common one was the local purchasing power, and customers' liquidity and solvency, which rose from all interviews at least once. And as a matter of fact, those are also one of the most significant factors that Finnish SMEs think about before entering the markets according to the interviews.

First of all, many African markets are extremely competitive and thus price sensitive. And secondly, like discussed in the previous subchapter, despite the fast population and economic growth, the purchasing power remains poor in many markets, both in B2C and B2C markets. Hence companies need to adapt their products, services, business models, and strategies, including pricing and terms of payment, to fit and succeed in the chosen markets. In other words, according to the informants, the business model and revenue logic play key roles in a firm's success in the African markets.

Furthermore, three out of five interviewed experts saw that there would be undoubtedly more demand if it were not for the poor purchasing power. That is because in many markets there is no supply, and hence competition at all, or the existing supply is very scattered, or the quality is low and the prices are skyrocketing, which means – at least according to the opportunity literature – that there are opportunities waiting to be recognised in the markets.

In addition to purchasing power, other aspects that emerged from most interviews included, for instance, corruption, safety, poor infrastructure, finding suitable partners, and risks and uncertainty regarding both the economic and political environment.

> *"If you think about the potential in Ethiopia, for example - the market is huge. But if you want to operate there, you will be surprised by the buyer-independent barriers and slowdowns that also bind capital. They [markets] are pretty hard to control." (Entrepreneur, interview 12.11.2019)*

> *"If waste management or environmental technology, for example, is considered, then usually the buyer is a public organisation, and then the windows of building a business are tied to political decision-making. In other words, it means that if you have someone in power for four years, for example, you can make such different kinds of openings, but if – and when – the power changes, the situation can change very quickly. That is, there are challenges associated with such political and social structures." (Expert 1, 11.10.2019)*

Overall, these findings suggest that the African business environment is perceived to be both risky and uncertain, and the most significant risks and uncertainties are seen to link to political uncertainties, which in turn also affect the local business environment. For example, one of the interviewees pointed out that in 2015, a new president was elected in Tanzania, and while the former president supported free markets, the new president, in turn, was in favour of socialism, which in practice meant starting government purchases to prevent private companies from entering the country.

Even though the given examples above represent East African countries, the empirical findings suggest that in general East African countries, including Kenia, Uganda, Tanzania, and Rwanda, are the easiest markets for Finnish SMEs, whereas West Africa, in contrast, is perceived to be the most challenging (interestingly enough, none of the subjects mentioned Central Africa even once during the interviews, and thus it has not been taken into account in the comparison). In addition to East Africa, also North Africa, including Morocco, Egypt, and Tunisia, as well as Southern Africa, including South Africa, Namibia, Mozambique, and Zambia were seen as potential markets for Finnish SMEs. However, these findings do not necessarily mean that there are more opportunities in those markets compared to the other African countries or regions. Instead, the empirical data suggest that there might be bigger and more profitable opportunities for example in Nigeria, in West Africa (depending on the business and industry in question), but they come with greater risks as well. Nigeria is one of the biggest and wealthiest economies in the continent, but many western companies do not want to do business there due to political instability and severe safety issues. In other words, in Nigeria, companies may get higher returns to their investments in the long run, but the risks are also significantly higher there.

Altogether, the empirical data suggest that especially Finnish SMEs that are looking for their first markets in Africa should focus on the Eastern, Northern, or Southern African markets (countries and cities). That is for a few reasons. First of all, the business environment is perceived to be much easier and the infrastructure better in Eastern and Southern Africa than in West Africa. Secondly, while Western Africa is mainly French-speaking, in East and South Africa, the dominant business language is English. Thirdly, besides of South-Africa being the most developed economy in Africa, there are also many large Finnish and western companies in East and South Africa already that operate as so-called anchors and pull smaller companies to the markets. The previously mentioned countries also have Finnish embassies there, which was also seen as a big enabler for Finnish SMEs in terms of accessing opportunities in those markets. However, the interviewees wanted to emphasise that even though Eastern Africa is generally perceived to be easier than Western Africa, these are only generalisations that do not represent all areas or countries in the regions.

The second topic that emerged from most interviews was the knowledge and understanding of the heterogeneous markets of Africa. Consistent with the opportunity literature, most interviewees highlighted the importance of knowing and understanding the host markets and the distinctive features of their business environment in terms of recognising and accessing opportunities. However, as noted already, Africa is geographically a gigantic continent that consists of 54 ethnically and culturally heterogeneous countries, and hence the markets vary significantly across different countries and regions. Therefore, it is not only important to have a good knowledge and understanding of the markets in order to find the right markets best suited to the business in question but also to understand their effects as a whole. In this context, the size and the heterogeneity of the continent were seen as a challenge for understanding the context as a whole.

As a matter of fact, according to the empirical data, the size and heterogeneity of the continent were seen as one of the most significant challenges for Finnish SMEs in terms of accessing opportunities in the region. That is for two reasons. First of all, due to the heterogeneity of the continent, not only the markets and legislation but also the cultures, languages, and ways of doing business vary significantly depending on the country and region in question. Therefore it is important to understand that we are talking about a massive continent, not about one homogeneous market, and thus every market comes with its distinctive features and characteristics that have to be taken into consideration when trying to identify and access opportunities. Secondly, as the customer needs, opportunities, and markets vary considerably with each other, the same products, services, technologies, or business models may not be copied to other markets like that. Yet, due to the SMEs' limited resources, it may be the easiest and the best way to start from one country and then expand further to other countries in the region.

> *"Africa needs to be understood much more compendiously. That there are those countries that are very challenging, and in one country there are very challenging markets and easier markets (within the country). That one needs to truly understand what is going on. -- That you need to genuinely understand in which market you are going to and find those easiest channels*

first and opportunities first and thereby expand that business elsewhere."
(Expert 3, interview 10.2.2020)

The third topic that arose from most interviews was time and dedication. In many parts of Africa, the business environment and culture, as well as the business ethics, differ significantly from the Western world, and therefore setting up new operations and finding reliable business partners may take more time, patience, and dedication. Due to the various challenges, such as the local legislation, heavy bureaucracy, and high corruption, as well as differing business cultures, the processes of discovering and especially accessing the opportunities are not as straight forward as they are in many developed countries, and hence they may take much more time and presence in the host markets. Doing business with public parties, in particular, is slow and requires a lot of paperwork and bureaucracy compared to Europe, for example. Yet, as one of the experts that have lived in Africa for several years said: in Africa, nothing works, but everything works out in the end.

"In Africa, nothing works, but everything works out in the end."
(Expert 1, Interview 11.10.2019)

However, the empirical findings propose that to find, and above all, exploit opportunities in the African markets, it is important to go and explore the targeted markets personally to validate the identified opportunity, get to know the markets and the culture, as well as build up local connections and networks. For example, one of the interviewed experts pointed out that if Finnish SMEs want to do business in Africa, they must be present in the markets to succeed. According to his/her view, it is not enough to visit the market once or twice a year, but instead one must be truly present there. Nevertheless, as the interviewed entrepreneur showed with his/her company's example, depending on the industry and business in question, that may be also done by using local partners and distributors. However, according to most of the interviews, finding a suitable and reliable business partner may be one of the biggest challenges in Africa. Yet, due to the challenging business environments, the importance of the team and the local partners, as well as the social networks, were highlighted in the empirical data. In fact, according to the empirical findings, having a suitable partner and social networks in the local markets were one of the most significant enablers for successful opportunity exploitation.

Altogether, according to these empirical findings, the African markets are perceived to be both risky and uncertain, and thus, above all, challenging for Finnish SMEs for exploiting opportunities in the African markets. According to these results, the most remarkable challenges related to Finnish SMEs' ability to identify and access opportunities in the African markets included the highly risky and uncertain markets, customer's poor purchasing power, the size and heterogeneity of the markets, and finding local, suitable partners. The most significant enablers for opportunity identification and exploitation, on the other hand, included, for example, the knowledge and understanding of the markets and, above all having suitable social networks in the host markets.

When it comes to comparing the two opportunity perspectives in terms of accessing opportunities in Africa, from the perspective of the environmental context, opportunity recognition and discovery views came forth from the empirical data explicitly more often than opportunity creation. Thus, these results implicate that opportunity recognition and discovery are more often used by Finnish SMEs than opportunity creation when accessing opportunities in the African markets. However, many indirect comments or interviewees' personal experiences gave an image of an environmental context where creation and effectuation approaches might be the most appropriate to call for. Nevertheless, the emphasis on the opportunity discovery and recognition perspectives may result from the fact that it is hard to give examples of created opportunities as an outsider, compared to an entrepreneur who has been part of the creation process. Alternatively, for a person who is not familiar with the opportunity literature, discovered and created opportunities may appear as the same. Furthermore, it may be challenging, if not impossible, to give examples of potential opportunities that exist only after being created.

5.3 Significance of prior knowledge and experiences

The existing opportunity literature generally emphasises entrepreneurs' prior knowledge and experiences in the opportunity identification and exploitation processes. Although the empirical data support the existing research on the topic and suggests that knowledge and understanding of the markets have significant importance in recognising and accessing opportunities in the African markets, prior knowledge and experiences from the specific markets were not highlighted as clearly as in the prior opportunity literature. In other words, the empirical findings of this research propose that prior experiences may help SMEs recognise opportunities in the markets, but they are not essential for success. Instead, the social networks and the knowledge and understanding of the local environment and culture obtained from those social ties were highlighted more clearly. Yet, for example, the interviewed entrepreneur had recognised an opportunity that eventually led to the formation of a new firm in Africa thanks to his prior knowledge and experiences from the specific markets.

However, all of the interviewed experts indicated that if an SME is interested in the opportunities in African markets or has discovered an opportunity in Africa which to pursue, it is extremely important to come and see and experience the markets personally. In other words, it is crucial to personally get to know the markets and the local people in those markets in order to find the right partner(s), but the needed knowledge and understanding for opportunity identification and exploitation can be also acquired without personal prior experiences from the markets in question. Also, some of the examples told by the interviewees supported that view, as Finnish SMEs that did not have prior experiences from the African markets before entering them have later in fact managed to succeed in them.

When it comes to prior international experiences, the results support the view in which prior international experience is seen as an enabler for accessing international opportunities, but the lack of international experience is not necessarily an obstacle to the development of international operations. According to the interviewed experts, in general, only a few Finnish SMEs aim to the African markets without any prior knowledge, experiences, or contacts in the markets. However, the experts that have worked with those Finnish SMEs imply that often the knowledge and understanding of the markets, as well as the existing connections the SMEs have are rather modest. For many, the markets are unknown and understanding of them is very limited. Companies do not know much about the countries, their differences, and their development. Therefore the importance of the local partners and social networks is even further highlighted. Altogether, all informants indicated that in order to succeed in the African markets either prior knowledge and experiences within the SME or the right kind of partners and social networks are required.

However, whereas the opportunity literature, especially in the discovery and recognition perspectives, generally emphasises the prior knowledge related to specific markets or industries, in the interviews also the importance of emotional intelligence and the understanding of the social, cultural, and historical aspects related to the markets were highlighted in terms of accessing opportunities in the African markets. As noted in the previous subchapter, the informants emphasised that Africa needs to be understood much more compendiously. That there are those countries that are very challenging, and in one country there are very challenging markets and easier markets (within the country). That one needs to truly understand what is going on. Moreover, when talking about the knowledge of the African markets in terms of enablers affecting Finnish SMEs to identify and access opportunities in the African markets, the word *understanding* was emphasised in a couple of interviews instead of the word *knowledge*.

> *"When a Finnish SME comes here and starts to be pissed off, for example, at the legislation of the country in question, or how it changes, or how the partnership does not work, or the administration changes, they have to understand what is behind it. Why people are the way they are or why things are this way. -- Why they behave that way, for example, in Nigeria, shouting and raging. -- One cannot understand why Nigeria has a bad president unless one understands that system. -- People's mental well-being and trauma affect. Therefore, your emotional intelligence is really important in this environment." (Expert 2, interview 18.11.2019)*

Another point that emerged from the empirical data in terms of prior knowledge of the markets was the preconceptions. According to all interviewed experts, many Finnish entrepreneurs still have faulty perceptions of African markets, people, and their cultures, which may lead to many unfortunate situations, and in the worst-case scenario act as an obstacle for identifying and exploiting opportunities in the markets. In general, African people do not know anything about Finland and Finnish people, and if they do, the perceptions are usually positive. Hence according to these results by having an open mind and avoiding inaccurate perceptions, the potential for discovering and accessing opportunities is much higher. As a matter of fact, despite the challenging business environment, a clear correlation could be seen between the previous experiences from the African markets and more positive perceptions on the potential of the markets, compared to SMEs and individuals that do not have prior experiences from the markets.

When it comes to the SMEs that are still considering or planning for entering the African markets, the perceptions and people with different expectations can be roughly divided into two groups: the visionaries and the cautious. The former group primarily sees the potential and opportunities that the huge markets offer, the latter on the other hand focus on the risks (both financial and human). When trying to understand the rationale behind these, one of the most significant reasons for the cautious was that they do not know enough about the markets. That might be also the reason why the number of Finnish SMEs aiming to enter the African markets is rather low: lack of knowledge about the African markets and their potential combined with the scarce resources may seem too big of a risk to take, and thus the SMEs aiming for international markets look for opportunities in Europe, instead of considering African states.

For the most part, the empirical findings related to this theme are consistent with the background literature, as these findings emphasise the importance of prior knowledge about the target market in identifying and accessing opportunities in the African markets. Nevertheless, according to these findings, that knowledge can be also acquired through social networks and partners. However, due to the nature of the business environment, understanding of the markets and the aspects affecting behind the systems and business culture, as well as emotional intelligence were highlighted over specific industry knowledge in this context. Altogether, the empirical findings propose that in order to succeed in the African markets, either prior knowledge and experiences within the SME or the right kind of partners and social networks are required.

5.4 Significance of social contacts and networks

As noted earlier, entrepreneur's social networks are positively related to opportunity identification, especially in the international context (Johanson & Vahlne 2009; Mainela et al. 2014). Also, the empirical findings of this research support this view. All interviewees highlighted the importance of entrepreneur's social ties and networks in recognising and especially accessing opportunities in the African markets.

For example, the interviewed entrepreneur had recognised an opportunity in Africa thanks to his and his business partner's social network, and now they have operations in several African countries. He had prior experience in the African markets from his previous job. Therefore, he already had social ties in the markets where he and his business partner later founded their own company. Owing to the existing social network in the markets, his and his business partner's social ties helped them to acquire new information outside of the company, which led them to recognise a new opportunity for starting an own business there. Another Finnish SME, on the other hand, ended up in Africa through a partner, which had found a business opportunity in Africa, and then asked the Finnish SME to come along to the project.

That is to say, these empirical findings support the internationalisation literature that highlights the importance of SMEs' social ties and networks in acquiring new information and thus recognising opportunities in international markets. In fact, four out of five interviewees stated that having a local partner is required for success. In this context, a partner usually means a distributor or such. Moreover, local contacts are perceived to have significant importance in finding business partners, clients, supply chains (distributors), and other important stakeholders in the host markets, as well as in other international markets, including for example the neighbouring countries in Africa.

> *"Whatever you want to do - be it software development or sales - then you need to have pretty good and reliable partners for it to become something." (Entrepreneur, interview 12.11.2019)*

> *"Some kind of partner is needed. That there is some kind of permanence and partnership out there in the market. From here [Finland], one is not able to do business there. That is a must - to find the end of the bridge there." (Expert 3, interview 10.2.2020)*

According to the empirical data, social networks are seen to be one of the most significant enablers for finding and perceiving opportunities in the African context. Based on the data, a few clear reasons could be found for that. Firstly, as noted in chapters 5.2 and 5.3, knowledge and understanding of the markets were clearly stressed in the interviews, and if an SME does not have the required understanding and knowledge of the markets or the local business culture, the information can be obtained and learned from those networks (Johanson & Vahlne 2009). Secondly, due to the local history, which in many African countries have included, for example, colonisation and civil wars, in many African cultures trust and doing business is based on relationships, and thus good social ties and close relationships with business partners and clients are one of the key factors for succeeding in the African markets.

> *"Contacts and networks are extremely important because there isn't much trust, so business works more through contacts" (Expert 2, interview 18.11.2019)*

However, as noted in chapter 5.1, finding suitable and trustworthy partners and distributors is one of the biggest challenges in the African markets according to most informants. That is because, in Africa, everyone seems to be first interested in your business ideas, but if and when you leave the market everything may change. Therefore, for example, Business Finland networks and consultants with extensive experience and networks from Africa were also suggested as good starting points for Finnish SMEs that do not yet have trustworthy partners or social networks and are considering entering the markets. Yet, in order to find good local partners and contacts, firms need to go and look for them on the spot, in the local market: to go and talk with the locals and trust one's intuition.

In addition to the social ties and network, also the importance of the team and trust were stressed in some of the interviews:

> *"Because doing business in countries where the risks are high is not always easy, you have to be able to somehow build a team, and meet them at the same level, and build trust that lasts even during those hard times when everything goes down." (Expert 2, interview 18.11.2019)*

To summarise, the empirical findings emphasise the role of social networks in terms of acquiring knowledge, creating new business relations, and increasing SMEs' credibility in the African markets. Above all, local partners and social networks were seen as a requirement for Finnish SMEs' successful opportunity exploitation and creation in the African markets.

5.5 Decision-making modes used in accessing opportunities in Africa

This subchapter represents the results related to the decision-making modes used by Finnish SMEs in opportunity formation and exploitation in the African markets. As noted in chapter 5.2, the empirical findings suggest that many African markets are characterised by uncertainty, for which it is challenging, if not impossible, to make reliable predictions about the future. Since in the prior literature, effectuation is often proposed to be used to manage high uncertainty, effectuation and causation theories were taken into further examination as emerging theories. These results represent the findings that were found when the empirical data was analysed for the second time, also taking the effectuation and causation literature into consideration.

First of all, as discussed in chapter 5.2, the empirical results based on direct examples implicate that opportunity recognition and discovery are more often used by Finnish SMEs than opportunity creation when identifying and exploiting opportunities in the African markets, and thus according to prior literature, causation would be then more often used than effectuation in the SMEs' decision-making when it comes to accessing opportunities in the African markets. However, many indirect comments and interviewees' personal experiences gave an image of an environmental context where creation and effectuation approaches, rather than discovery and causation approaches, may be the most appropriate to call for. In addition to unpredictability, also need for flexibility and exploiting contingencies were referred to in most interviews. For example, one of the experts that had lived in Africa for a few years said that things should be taken as they come and one should believe that everything will be all right, as in Africa, there is a saying:

> *"In Africa, nothing works, but everything works out in the end."*
> *(Expert 1, Interview 11.10.2019)*

Similarly, another expert, who has also lived in Africa for several years, continued:

> *"You come across so many situations in your everyday life or with your business that you are not prepared for or have not planned for so that you quite often have to change your plans." (Expert 2, interview 18.11.2019)*

These quotes indicate that even if an SME would initially choose to use the causal approach to exploit the discovered or initially formed opportunity, external shocks, contingencies, and setbacks may require the SME to adapt to the situation and manage the contingencies by either shifting from causation to effectuation or by combining characteristics from both decision-making modes (Maine 2015).

Secondly, consistent with the effectuation theory's first principle – affordable loss rather than expected returns (Sarasvathy 2001; 2003) – the empirical data suggest that due to the scarce resources, many Finnish SMEs go to the African markets with rather little resources and first experiment and observe how things progress before deciding on what to do next: expanding to other markets, investing more money to the business, or maybe leaving the markets entirely. For instance, the VP of a Finnish SME that is still on the preliminary phase of entering the African markets (is part of a bigger project that was discovered by a larger company in the SME's network) said:

> *"Because we are a small company, and not terribly resource-intensive, we will first monitor how things are progressing before we want to put a lot of resources to this." (VP of an SME, interview 15.1.2020)*

Thirdly, while traditional causal models highlight detailed competitive analysis, effectuation, on the other hand, emphasises strategic partnerships and pre-commitments from stakeholders as a way to reduce and eliminate uncertainty, as well as to erect entry barriers (Sarasvathy 2001; 2003). As discussed in previous subchapters, the informants especially stressed the importance of partnerships in the African markets. Although also opportunity discovery perspective emphasises social ties and networks in identifying and exploiting opportunities, the data support the view that local partnerships are also used to erect entry barriers and eliminate uncertainty in the highly uncertain, yet also risky, environment.

Finally, many informants pointed out that in Africa, the companies should start from the customers and customer needs, and only after that reflect what kind of solutions would fit the customers and the society's needs. As some of the needs may require or lead to new innovative solutions, such as new products, services, technologies, or methods, and thus opportunity and new market creation, the outcome is still unknown at the beginning of the process, and therefore, the causation decision-making modes cannot be used. Additionally, the effectual process introduced in subchapter 3.3.2, suggests that the entrepreneur should start very locally, building and developing the idea and business by listening to the customers and other stakeholders (Sarasvathy 2001), which is consistent with the interviewed experts' views.

All in all, even though the empirical data did not give any direct answer to the question of what decision-making modes Finnish SMEs use or should use, the data suggest that both causation and effectuation modes may be suitable, depending on the opportunity and situation in question, regardless of whether the opportunity was initially discovered or created. However, when taking the rather uncertain and evolving environmental context into consideration, the combination mode introduced by Mainela et al (2015), might be the most appropriate to go for in many SMEs and situations, allowing greater resilience to the numerous external shocks and setbacks, which according to the empirical data, are quite common in many African markets.

5.6 Summary of the main findings

This subchapter aims to summarise the main findings of the empirical research, as well as to answer the research questions introduced in chapter 1.2 in order to understand what types of opportunities African markets have to offer for Finnish SMEs and how Finnish SMEs actually succeed to identify and access those opportunities in the African markets.

The first sub-objective of this study was to explore what types of opportunities there are for Finnish SMEs in the African markets. As noted in chapter 5.1, African huge markets come with great potential for Finnish SMEs and only the SMEs' imagination is the limit when talking about the opportunities in the African markets. Altogether, when talking about the opportunities and potential in the African markets, especially two themes arose from the empirical data: gigantic markets and a great number of problems.

According to the empirical findings, most informants viewed that "Africa's potential as a growth market for business remains both underestimated and misunderstood, as does the potential for business to play a transformative role in solving the continent's biggest challenges" (Leke & Signé 2019, 77). That is to say, fighting Africa's biggest challenges, such as poverty, hunger, lack of clean water, climate change, equality, and poor infrastructure, is seen to be one of the most significant sources of opportunities for Finnish SMEs, and behind every problem, there are dozens of opportunities. Additionally, as those problems may need innovative solutions, such as new products, services, methods, or processes that do not evolve out of pre-existing industries or markets, either supply or demand, if not both, have to be created as well. Therefore, opportunities may be both found and created. Secondly, the gigantic markets, with a young population and two-digit growth figures generate potential for SMEs that is hard to achieve almost anywhere else. As one of the informants said:

> *"Would you want a small piece of a big cake or a big slice of a small cake? -- If you can find a local partner with whom you can build supply and lasting customer relationships, whether it is B2B or B2C, then it is worth it." (Expert 1, interview 11.10.2019)*

The second sub-objective aimed to address the question of how Finnish SMEs succeed to access the identified opportunities in the African markets. The empirical findings are consistent with the prior literature and the theoretical framework: to discover or create opportunities in the African markets, SMEs must have either prior knowledge and experiences from the markets or social networks through which the required knowledge can be acquired. However, due to the challenging business environment, the importance of local partnerships and networks was even more highlighted in the opportunity exploitation phase, and according to these findings, local partners and networks are seen as a requirement for successful opportunity exploitation, whereas prior knowledge and experience were seen as an enabler, but not as a requirement. In addition to market knowledge the importance of a deeper understanding of the local markets and their culture, as well as emotional intelligence were highlighted.

Finally, when it comes to different decision-making modes used in exploiting and forming opportunities in the African markets, the empirical data did not give any direct answer to the question. However, the data suggests that due to the challenging business environments and uncertain decision-making contexts, the decision-making modes should not always follow the existing division between opportunity creation to effectuation decision-making modes versus opportunity discovery to causation. Instead, depending on the opportunity and market in question, SMEs should consider a combination mode introduced by Mainela et al. (2015), in which different characteristics from both modes are mixed and matched when necessary, in order to enable flexibility and manage contingencies.

6 CONCLUSIONS

This chapter aims to present the conclusions of this study, which are divided into theoretical contributions and managerial implications. Additionally, limitations of this study and suggestions for further research will be discussed.

6.1 Theoretical contribution

The main objective of this research was to get more information about the African markets and to find out what kind of potential and opportunities the continent has to offer for Finnish SMEs, as well as to learn what it takes for the Finnish SMEs to succeed in the African markets. Therefore, this study attempted to answer the following question: How can Finnish SMEs identify and access opportunities in the African markets? To conclude the findings of this research, four central elements were found to play key roles in enabling the opportunity identification and exploitation processes for Finish SMEs in the African context. Those were 1) prior knowledge and experiences, 2) local partners and networks, 3) comprehensive understanding of the targeted market and its culture, and 4) flexibility.

When comparing the results of this study against the existing research and the theoretical framework presented in chapter three, it could be concluded that the result of this study supported the existing literature and theoretical framework for the most parts. Consistent with the existing opportunity literature, these results support the importance of prior knowledge and experiences, as well as social ties and networks in identifying, forming, and exploiting opportunities. However, due to Africa's challenging and significantly different business environment(s), the importance of local partners and networks was particularly highlighted. In fact, local partners and networks were seen as a requirement for successful opportunity identification and exploitation in the African context, whereas prior knowledge and experiences were seen as an enabler, but not a requirement.

That is, most of all, due to the fact, that to succeed in Africa, companies need to be genuinely present in the markets. When thinking about Finnish SMEs that means in most cases the local partner, such as a distributor, representing the SME in the African markets if the firm does not have its own personnel in the markets in question. Secondly, owing to the importance of understanding the local markets and their history and culture in identifying and accessing opportunities in Africa, SMEs need to have either prior experience from those markets or a local partner and networks through which the lacking knowledge can be acquired. Whereas the lack of knowledge and experiences can be acquired through social networks, finding, and substituting the crucial, local partners and networks may be more challenging. In addition to the existing opportunity literature, which mostly emphasises market knowledge, prior experiences, as well as social ties and networks, according to this research, to succeed in Africa in terms of opportunity identification and exploitation, SMEs also need to be flexible. That is, as companies may face unexpected events on a day-to-day basis and thus prior plans may need to be changed or adapted to the new, evolving situations.

Since this research was formulated iteratively, focusing on the empirical results rather than the theoretical framework, it is somewhat challenging to distinguish individual results from the empirical findings that would have increased the theoretical contribution of this study. However, when talking about the nature and quality of the required knowledge needed for successful opportunity identification and development in the African markets, these results implicate that at least some African markets need a more comprehensive understanding of the targeted markets and their culture rather than analytical facts, despite the approach used to identify and access the opportunity in question. That also includes emotional intelligence that has not been brought forth in the existing opportunity theories or in causation and effectuation literature. Therefore, one theoretical contribution would be to point out that this study suggests that in the future also the emotional intelligence should be taken into consideration when talking about identifying and exploiting opportunities in the international context.

Additionally, one of the most significant theoretical contributions of this study was to demonstrate the Finnish SMEs' opportunity identification, exploitation, and formation processes in the African context (see figure 5). In contrast to a majority of the existing literature, but supporting Mainela et al.'s (2015) research, this study proposes that opportunity discovery does not always lead to causation models, but instead effectuation or parts of it may be used in the opportunity exploitation process. Although prior literature suggests that opportunity discovery is linked to causation processes, and opportunity creation to effectuation, these results indicate that combining, mixing, and matching the two decision-making modes may lead to the best results in terms of managing contingencies and allowing more flexibility in both risky and uncertain environmental contexts.

6.2 Managerial implications

In addition to the theoretical contribution, one of the main objectives of this research was to deliver practical contribution for Finnish SMEs considering doing business in Africa, since the number of Finnish SMEs remains rather low in the African markets. Thus the practical implications also acted as one of the most significant motives to conduct this research. Therefore one of the sub-objectives of this study was to explore what types of opportunities there are for Finnish SMEs in the African markets, as well as to provide more general information about the African markets, their business cultures, and factors affecting Finnish SMEs success in the markets.

As discussed in the results, often both – the potential for business and the challenge of doing business in the African markets – are underestimated. However, as noted in chapter 5.3, Finnish SMEs' knowledge and understanding of the African markets are generally very limited and thus it would be important to plan and increase actions related to increasing SMEs' knowledge about the African market, business cultures, as well as the enablers and challenges affecting SMEs internationalisation and operations in those markets. This research, including the empirical findings introduced in chapters 5.1–5.6 and 6.1, provides a comprehensive overview of the African markets, their opportunities, and the factors affecting Finnish SMEs' opportunity identification and exploitation in those markets. Hence, these findings can serve as a framework for Finnish SMEs that are considering or planning to enter the African markets. Next, some of the most significant practical implications related to these findings will be introduced.

First of all, as noted earlier, Africa is the continent full of potential and great opportunities, as behind every problem, there are dozens of opportunities. Yet in order to access those opportunities and succeed in the African markets, companies need to really understand what the locals want and need, and thus the solutions must begin from the need, not from the solution. Therefore it is important for companies interested in entering the African markets to truly comprehend the local business environment, and the history and culture behind it, as well as to adapt their solution and the business model to fit the local needs and realities. Moreover, as one of the interviewees pointed out: often the novelty value does not come from the technology but from that business model. Meaning that success depends on the way how well a company manages to create a business model that does not only play a role in solving the local problems but also allows the business to be profitable in the challenging, developing markets with distinct needs. That is to say, only rarely can be the technology sold the same way in the African markets than in developed countries, and hence the importance of well-thought business models is highlighted. However, that is the case in almost all developing markets, not only in Africa.

Secondly, this study implicates that in order to succeed in the African markets, firms need to be genuinely present in the markets, meaning that instead of doing business from Finland, an SME must have a representative such as a distributor on the spot. That is to say, in many African countries business is done through social networks, and thus the significance of trustworthy and suitable partners cannot be too much highlighted. Hence SMEs should pay particular attention to finding the right partner in the local market by visiting and really getting to know the market and the possible partners personally. In that sense also the existing Finnish or western business networks, Team Finland networks (Finnish Embassies and Business Finland), Chambers of commerce, and experienced consultants, and networking events aimed for expatriates in Africa may be of great help for Finnish SMEs in their initial phases of looking for opportunities in Africa, entering the markets, or seeking for suitable partners and networks.

Thirdly, when it comes to finding the most suitable markets for Finnish SMEs, a few points should be taken into consideration. First of all, Africa is a continent of 54 heterogeneous and diverse countries, and thus the problems, opportunities, and business environments vary significantly depending on the country and markets in question. Secondly, due to the huge population and differing development levels, African markets should not be considered only on the country level, but also from the different cities and regions’ perspectives. For example, there are now more than 50 cities with a population of over one million in the region, and the number is only rising. Thus even some cities may serve as great potential for Finnish SMEs in their initial internationalisation phases. Lastly, although these results and implications are only suggestive, these finding suggest that especially for companies that do not have prior experience from the African markets, Eastern and Southern African countries, in particular, are perceived to be the easiest markets for Finnish SMEs compared to other regions in the continent. That is thanks to the more developed infrastructure, more western-like business culture, English as the business language, and bigger concentrations of Finnish and western companies and business networks, including Finnish embassies and Business Finland offices, which can be also used for exchanging knowledge and experiences, as well as for building up local networks.

Finally, due to the challenging and rather unpredictable and uncontrollable business environment, in which unexpected events and contingencies may occur on a regular basis, companies need to be flexible and ready to change and adapt their plans and sometimes even strategies when needed. Moreover, because of the various challenges, such as the local legislation, heavy bureaucracy, and high corruption, as well as differing business cultures, the processes of discovering and especially accessing the opportunities are not as straight forward as they are in many developed countries, and hence they may take much more time, patience, and presence in the host markets.

All in all, when trying to summarise some of the most significant findings of this research into four practical tips for Finnish SMEs aiming for entering the African markets, those would be: build up a good team, find the right partner, create a workable business model, and keep an open mind, and everything will work out in the end – if not as planned, then in some other way.

6.3 Limitations and suggestions for future research

Like all studies, also this research confronted certain limitations that influence the scope, depth, and novelty of the study. First of all, because of the qualitative nature of the study, the studied sample was rather small and therefore the informants could not represent the whole studied phenomenon. I would have wanted to interview at least one more entrepreneur to get as many entrepreneurs (or similar, e.g. managerial position in an SME) as there were experts in the studied sample to get as broad, rich, and objective idea of the studied phenomenon as possible, but unfortunately, one interview was cancelled because of the participant's time constraints.

Secondly, due to the exploratory and qualitative nature of the study, the empirically collected data was rich and versatile, and thus it was somewhat difficult to derive precise guidelines and contributions from it. Furthermore, as previously noted, Africa is a huge continent that consists of 54 diverse and heterogeneous nations. Hence, these results are only suggestive, and therefore cannot be fully generalised to the whole continent or any specific nation. Anyhow, as mentioned earlier, this study aimed to gain a more comprehensive idea of the continent, its opportunities, enablers, and challenges affecting Finnish SMEs doing or considering doing business in Africa, as well as to provide more general level glimpses and observations on the researched topic. That is to say, due to the aforementioned limitations, the findings of this research cannot be fully generalised even in their own context. However, they give instead an excellent overview of the studied topic, and a good base for future research.

Thirdly, when I started this research process, Africa was still rather unknown for many parts, as there were not many studies conducted of the African markets, especially from the business and SMEs' point of view. However, as my research process prolonged, and Finland renewed its Africa strategy, also other studies and market analyses have been published during the past year, which in some parts have found some of the same findings related to the market opportunities in Africa as my study did. Yet, I have not come across another study that would have focused, in particular, on Finnish SMEs and their opportunities, nor the factors affecting their opportunity identification or exploitation.

Furthermore, it is important to note that the current COVID-19 pandemic has been slowing down also Africa's economic development, and thus the estimates for the next years do not look as positive, as they did back in late 2019 when I started this research process. However, as all data has been collected before the pandemic, these results represent the time before the pandemic – and hopefully the time after that. As a matter of fact, for example, Finland's Minister for Development Cooperation and Foreign Trade, Ville Skinnari, talked in Finland's Africa strategy launch event on 25th March 2021, where he pointed out that even though the recovery from the pandemic will take time, it still does not change the big picture. Instead, as the global economy recovers, also the African markets will recover rapidly for instance due to the importance of commodity markets, and the pandemic may even accelerate the deployment of the African Free Trade Area, which would strengthen the overall market situation in Africa.

When it comes to suggestions for further research, a few topics come to mind. First of all, as previously mentioned, due to the exploratory nature of this research these results are very general and thus it would be interesting to dig deeper and follow up the results related to the use of effectuation and causation models in foreign market entries to Africa and the factors affecting successful opportunity identification, formation, and exploitation from the (Finnish) SMEs' perspective. Therefore, one interesting future research topic would be to explore, how the Finnish SMEs that have succeeded in the African markets have identified and especially exploited or created opportunities in the African markets and what types of decision-making modes and strategies they have used in different phases.

Another suggestion for future research concerns emotional intelligence and its significance in international opportunity creation and exploitation. The existing opportunity literature mainly highlights market, industrial or entrepreneurial knowledge in opportunity formation and exploitation. However, in the empirical data of this research, also emotional intelligence, and the importance of understanding the local people, history and culture were quite strongly highlighted in terms of being able to successfully access opportunities in the African context. Therefore, it would be interesting to further investigate the significance of emotional intelligence in international opportunity identification and exploitation.

Additionally, as noted earlier, Africa is a continent of great potential. Yet the number of Finnish SMEs in the African markets is still quite low, for example, compared to many other European countries, even though Finland's country image and Finnish companies' know-how are noted to be well in line with the solutions needed in the African markets. In order to get more Finnish SMEs to the African markets and double the exports to Africa by 2030, it would be important to understand why Finnish SMEs do not want to, cannot to, or do not have the courage to enter the African markets, and what should be done to improve the situation and get most out of the existing potential there is for Finnish SMEs. According to the results of this study, a few reasons and suggestions could be found. Those included, for example, SMEs' lack of knowledge, faulty preconceptions, and focus on the risks rather than the opportunities of the given markets. However, as these observations are only general and do not tell the whole truth, it would be worth further investigation and look deeper into the root causes.

7 SUMMARY

Africa is the second largest, second most populous, and the second fastest-growing economic region in the world, and therefore many experts believe that Africa is going to be the next big growth market with great business potential. While Africa's fast-growing population and markets have been seen to present great potential and opportunities for business in an environment of slowing global growth, the continent is also facing some of the biggest problems in the world, such as poverty, hunger, and lack of clean water. Yet many experts consider Africa as the next big growth market with great opportunities and future potential.

In recent years, many countries and large companies have been shifting their spotlight from Asia to Africa, and due to the region's fast growth and significant development, also Finland and the European Union, have started to see great potential in the African markets. For instance, the focus on Finland's and the EU's Africa strategies have been shifting more and more from aid to business, and the trade between Finland and Africa is expected to double by 2030. Despite the shifting focus and the discussion about Africa's potential, the region, and its business opportunities have remained a big mystery for many parts, especially from the Finnish SMEs' perspective. Therefore, this study aimed to provide new information about the African markets and their potential from the Finnish SMEs' perspective.

The purpose of this study was to provide a better understanding of the African markets, as well as to explore what types of opportunities Africa has to offer for Finnish SMEs, and how Finnish SMEs can recognise and access those opportunities in the African markets. Hence this study aimed to answer the question: How can Finnish SMEs identify and access opportunities in the African markets? This study was conducted as qualitative exploratory research, following an iterative research approach. The empirical data was collected through five semi-structured theme interviews with entrepreneurs, SME representatives, and experts that had experience from doing business in the African markets or were in their early phases of entering the markets. The theoretical framework used in this research focused on opportunity discovery and creation theories, and the causation and effectuation theories, in order to explain how Finnish SMEs can identify and exploit opportunities in the African markets.

This study found that Africa is perceived to be a continent of many challenges but great potential, offering countless opportunities for Finnish SMEs. According to the empirical findings, Africa's potential as a growth market for business remains both underestimated and misunderstood, as does the potential for business to play a transformative role in solving the continent's biggest challenges. Africa's biggest challenges, such as poverty, hunger, lack of clean water, climate change, equality, and poor infrastructure, were seen to be some of the most significant sources of opportunities for Finnish SMEs. However, as the African markets are so huge and heterogeneous, the opportunities existing in the markets were seen to differ quite significantly depending on the market and industry in question.

Additionally, this study suggest that Finnish SMEs can increase the possibility of recognising and accessing opportunities in Africa by gaining a deeper understanding of the markets and creating partnerships and networks with the locals. Also, due to the distinctive features of the markets, SMEs need to either create new business models or adapt their existing strategies to the local markets. Altogether, according to these results, local partners and networks were seen as a requirement for successful opportunity identification and exploitation, whereas prior knowledge and experiences were seen as an enabler, but not as a requirement. Moreover, the empirical findings indicated that due to the challenging business environment, the division between effectuation and causation decision-making modes is not as straightforward as a majority of the prior literature proposes.

Like all studies, also this research encountered certain limitations that influenced the scope and depth of this study. First of all, the studied sample was rather small and therefore the informants could not represent the whole phenomenon. Secondly, due to the exploratory nature of the study, the empirically collected data was rich and versatile and thus it was somewhat difficult to derive precise guidelines and contributions from it. However, this study aimed to gain a more comprehensive idea of the continent, its opportunities, enablers, and challenges affecting Finnish SMEs doing or considering doing business in Africa, as well as to provide more general level glimpses and observations on the researched topic. Therefore, these limitations mean that the findings of this research cannot be fully generalised even in their own context. Yet, they give a good base for future research.

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APPENDIX

Interview guideline – Translated themes and interview questions

Before starting the interviews, all interviewees were told about the nature of the interview: The interview is a semi-structured theme interview, meaning that the interview will be more like a discussion, based on predefined themes. The interviewer asks open questions about the selected themes, and the interviewee is able to tell as much information as she/he wants, including for example, own experiences, comments, opinions, and stories. The interviewer may ask additional questions, clarifications, or initiate other topics if necessary.

Background information

1. Please tell your name and the name of the company / organisation that you represent.
2. Please describe your position at X [company / organisation in question].
3. Please tell shortly about your company or organisation.
4. Please tell about your experiences of the African markets.
    a. Where have you been? / From which countries do you have experience?
    b. What have you done there / Why have you been there?
    c. For how long have you been / stayed there [in each country]?

Theme 1. Opportunities and potential

1. Please explain how you ended up to Africa / to the African markets.
    a. What made you initially think about Africa / consider doing business in the African markets?
    b. Why Africa?
    c. What made you want to do business / stay / return / live there?
2. What kind of potential and opportunities are there in the African markets?
3. How about from the Finnish SMEs' perspective?
4. What kind of potential could the African markets offer to Finnish SMEs in the future in terms of opportunities?
5. What do you think, how can Finnish SMEs identify and exploit opportunities in the African market?
6. How do you think companies interested in Africa can find opportunities in Africa?
    a. Through active searching? Contacts? With a good product or business idea that is just taken there?

7. Please tell, what do you think about this quote:

   Africa's potential as a growth market for business remains both underestimated and misunderstood — as does the potential for business to play a transformative role in solving the continent's biggest challenges (Leke & Signé 2019).

    a. What is on your opinion on this quote, or how do you see it?
    b. Do you agree with it?
    c. Any other comments?

Theme 2. Enablers and Challenges

1. What kind of challenges do Finnish SMEs face in African markets?
2. What do you find to be challenging for your company?
3. What do you think are the most significant enablers, challenges and obstacles exploiting the opportunities in Africa?
4. What are the most significant similarities between the African markets in terms of enablers and challenges?
5. How about differences?
6. What kind of business model / service / products / strategy do you use for the African markets?
    a. Does it / do they differ from the business model / services / products / strategies used in other markets? If so, how?
7. What do you think Finnish SMEs should be taken into consideration when entering / doing business / considering of doing business in the African markets?

Theme 3. Previous experiences and knowledge about the markets

1. Please tell, how much and what did you / Finnish companies usually know about Africa / the African markets [or the exact country / market] before entering the markets?
2. How important do you consider previous knowledge of the African markets?
3. How important do you consider previous experience of the African markets?
4. Please tell, what kind of expectations or prejudice did you / do Finnish companies usually have of the African markets and doing business in the African markets.

Theme 4. Contacts and Networks

1. What kind of contacts and networks do / your company have in the African markets?
2. How important do you consider (local) contacts and networks in the African markets?
3. How did you find / How can Finnish companies find local contacts in / from Africa?

Additional comments / stories / things the interviewee wants to add.