



# Kent Academic Repository

**Amankwah-Amoah, J., Boso, N. and Kutsoati, JK (2022) *Institutionalization Of Protection For Intangible Assets: Insights From The Counterfeit And Pirated Goods Trade In Sub-Saharan Africa*. Journal of World Business . ISSN 1090-9516.**

## Downloaded from

<https://kar.kent.ac.uk/92407/> The University of Kent's Academic Repository KAR

## The version of record is available from

<https://doi.org/10.1016/j.jwb.2021.101307>

## This document version

Author's Accepted Manuscript

## DOI for this version

## Licence for this version

UNSPECIFIED

## Additional information

## Versions of research works

### Versions of Record

If this version is the version of record, it is the same as the published version available on the publisher's web site. Cite as the published version.

### Author Accepted Manuscripts

If this document is identified as the Author Accepted Manuscript it is the version after peer review but before type setting, copy editing or publisher branding. Cite as Surname, Initial. (Year) 'Title of article'. To be published in *Title of Journal*, Volume and issue numbers [peer-reviewed accepted version]. Available at: DOI or URL (Accessed: date).

## Enquiries

If you have questions about this document contact [ResearchSupport@kent.ac.uk](mailto:ResearchSupport@kent.ac.uk). Please include the URL of the record in KAR. If you believe that your, or a third party's rights have been compromised through this document please see our [Take Down policy](https://www.kent.ac.uk/guides/kar-the-kent-academic-repository#policies) (available from <https://www.kent.ac.uk/guides/kar-the-kent-academic-repository#policies>).

**Institutionalization Of Protection For Intangible Assets: Insights From The Counterfeit  
And Pirated Goods Trade In Sub-Saharan Africa**

**Prof. Joseph Amankwah-Amoah\***

Kent Business School, University of Kent,  
Chatham, Kent ME4 4TE

TEL: +44 (0) 1634 (88)8870

E-mail: [J.Amankwah-Amoah@kent.ac.uk](mailto:J.Amankwah-Amoah@kent.ac.uk)

**Prof. Nathaniel Boso**

KNUST School of Business  
Kwame Nkrumah University of Science and Technology  
Kumasi - Ghana

Office Line: +233(0)322060962

Email: [nboso@knust.edu.gh](mailto:nboso@knust.edu.gh); [boson@gibs.co.za](mailto:boson@gibs.co.za)

**Dr. James Kofi Kutsoati**

Department of Supply Chain and Information Systems  
Kwame Nkrumah University of Science and Technology  
Kumasi - Ghana

Office Line: +233(0)24916577

Email: [kofikutsoati@yahoo.com](mailto:kofikutsoati@yahoo.com)

## ABSTRACT

Based on inductive qualitative multiple case studies of MNE subsidiaries in a sub-Saharan African market, this study investigates how multiple political networking capabilities are developed and leveraged to institutionalize protection for strategic internationally transferrable intangible assets in weak institutional environments. The study finds that MNE subsidiaries use a three-phase process to institutionalize protection for intangible assets: diagnosis of the nature of transaction costs and risks in the weak institutional environment (Phase 1); development of political networking capabilities to generate multiple political resources (Phase 2); and leveraging of a multiplicity of political resources to institutionalize protection for internationally transferable intangible assets (Phase 3). The study concludes that an ability to develop and leverage political networking capabilities to recombine multiple political resources enables MNE subsidiaries to institutionalize protection for internationally intangible assets in challenging host-market institutional environments. The wider theoretical, managerial, and public-policy complications of these findings are discussed, and avenues for future research proposed.

**Keywords:** intangible assets; political capabilities; Africa; networking.

## INTRODUCTION

The determinants of international firm-specific advantages are one of the most researched topics in international strategy research (e.g., Birkinshaw et al., 1998; Forecaster et al., 2021; Frynas et al., 2006; Lee et al., 2021). While this research stream has initially focused on activities of multinational enterprises (MNEs) in developed economies, recent studies emphasize the theoretical and managerial relevance of studying this phenomenon in emerging (Yaprak et al., 2018; James et al., 2020), transition (Kafouros & Aliyev, 2015), and developing economies (Parente et al., 2019). Given that conditions in developing economies are characterized by a high degree of adversities (e.g., high transaction costs, and theft of intellectual property) and uncertainties (e.g., economic, political, and social upheavals) due to endemically underdeveloped institutional structures, developing economies provide a unique setting to examine how non-market strategies contribute to international firm-specific advantages in weak institutional environments (Cantwell et al., 2010; Parente et al., 2019).

Research on the determinants of international firm-specific advantages has examined inter-firm differences by drawing on two theoretical perspectives: the institutional theory, and resource-based view (RBV). The institutional theory suggests that variation in firm-specific advantages hinges on the institutional conditions in a host market, including levels of development of regulative, normative, and cognitive structures (North, 1990; Gaur et al., 2007; Powell & Rhee, 2016). There is a general understanding that levels of development of institutional structures can have profound effects on a firm's market advantages and investment decisions (Ge et al., 2017); hence firms must respond accordingly to the incentive-constraint structures in a host country to their benefit (Kafouros & Aliyev, 2015). The theoretical value of the RBV is predicated on development and deployment of firm-specific tangible and intangible resources to earn market advantages (Kotha et al., 2001; Barney, 1991; Teece et al., 1997). While tangible resources

capture physical assets owned by a firm (e.g., financial capital, inventory, vehicles, equipment, buildings, and investments), the literature broadly defines intangible resources to include intangible assets (i.e., brand name, intellectual property, licenses, and reputation) and capabilities (i.e., firms' ability to transform inputs such as assets into desired outputs) (Hall, 1992; 1993). Building on these concepts, prior research argues that intangible assets and capabilities enable MNE subsidiaries to compensate for their liabilities (including foreignness, and lack of local market knowledge) to increase competitive advantage in a host market (Contractor et al., 2016).

Despite these theoretical predictions and notwithstanding previous scholarly efforts to advance knowledge on how non-market strategies are used to enhance market value of tangible operating assets (e.g., Frynas et al., 2006; Raza et al., 2020; Mellahi et al., 2016; De Villa et al., 2019), empirical evidence is limited on how non-market strategies can be developed and deployed to protect the market value of internationally transferrable intangible assets in weak host-market institutional environments. Yet, while tangible assets are important and need to be protected, it is the more valuable internationally transferrable intangible assets that are at stake when host-market institutions deteriorate (Ge et al., 2017; Kafouros & Aliyev, 2015). This study, therefore, advances knowledge in this stream of research by moving downstream to focus on how internationally transferrable intangible assets are protected in weak institutional environments.

In endemically weak institutional environments, where reforms to institutions are on a distant horizon, and law and regulation enforcement institutions are intentionally under-resourced, the mere existence of, and changes in, law and regulation enforcement institutions may not be enough to protect MNEs' strategic intangible assets (Blakeney & Mengistie, 2011). Parente et al. (2019, p. 276) argue that, in chronically weak institutional environments, deliberate efforts by MNE subsidiaries to "*engage in collective actions with multiple actors within their business*

*ecosystems*” may be a more powerful strategic tool to use to protect strategic assets. By focusing on intangible internationally transferrable assets, we explain how a relational non-market strategy, specifically political networking capability (Hillman, Keim, & Schuler, 2004), fosters institutionalization of protection for intangible assets in a host market.<sup>1</sup> The objective of this study, therefore, is to use inductive qualitative multiple case studies of MNE subsidiaries in a sub-Saharan African market to examine how MNCs develop and recombine multiple political networking capabilities to institutionalize protection for strategic internationally transferrable intangible assets in weak institutional environments.

This study makes several contributions to the international strategy literature, three of which are articulated here. First, unlike prior research that focuses on how MNEs protect tangible assets (e.g., Frynas et al., 2006; see also Lee, Narula, & Hillemann, 2021), this study articulates three interrelated processes that MNE subsidiaries follow to develop political networking capabilities (PNC) and how these capabilities are used to protect internationally transferrable assets in chronically weak institutional environments.

Second, while past research has underscored inherent economic values of political connections (e.g., Ge et al., 2017; Li & Zhang, 2007), the domain of research into how relational political ties with multiple political leadership actors foster host-market specific advantages to protect intangible assets in weak institutional environments remains relatively neglected. To rectify this lacuna in prior research, this study draws insights from corporate political strategy research (e.g., Frynas, Mellahi, & Pigman, 2006; Sun et al., 2011; Zhao & Lu, 2016) to outline and explain how engagement with multiple political actors contributes to the generation of a multiplicity of political resources to increase protection for intangible assets in deteriorating institutional

---

<sup>1</sup> We are grateful to an anonymous reviewer for suggesting this idea to us.

environments. Third, from a contextual standpoint, the study's use of multiple case studies from a sub-Saharan African market helps enrich existing knowledge of corporate relational political strategy and its use in less-developed institutional settings (Kolk & Rivera-Santos, 2018).

In the subsequent sections of this paper, we present a review of relevant literature on non-market strategy, focusing on how relational political strategy can be developed and used to reduce transaction costs and risks associated with the transfer of intangible assets to weak institutional environments. We then explore the research context and methodological approaches used to obtain data on multiple cases from a variety of sources to explain the relational political strategy development and deployment process. After presenting the key findings, we conclude with a discussion of the implications of the findings for theory development and managerial practice.

## CONCEPTUAL FOUNDATION

Integration of insights from institutional theory and RBV to explain a complex international business phenomenon such as institutionalization of protection for internationally transferrable intangible assets in weak institutional environments is a helpful scholarly exercise because the complementarity and interdependence between the two theories make it possible to account for the strengths and limitations in their theoretical boundaries and assumptions (Kafouros & Aliyev, 2015; Hughes et al., 2017; Oliver, 1997). While institutional theory explains the processes by which structures (such as rules, norms, values, and routines) are established to shape behaviors (North, 1990), the RBV explains how possession of valuable, rare, and difficult-to-copy resources and capabilities constitute sources of competitive advantage (Barney, 1991).

The literature on institutional theory suggests that less-developed institutional environments generate market failures that increase transaction costs and amplify investment risks in host

markets (Anand & Delios, 1997); hence possession of stronger resources and capabilities may enhance firms' ability to respond to, and internalize institutional pressures (Cantwell et al., 2010; Ge et al., 2017). Additionally, Oliver (1997) suggests that perceptions about levels of institutional development may influence MNE subsidiaries' decisions about how intangible resources and capabilities are deployed in a specific market, and Ge et al. (2017) find that institutional deterioration can affect reinvestment decisions. This implies that favorable institutional environment conditions can augment firm resources and, in turn, possession of stronger resources and capabilities can afford a firm the ability to withstand institutional pressures (Wang et al., 2012). While possession of stronger resources may enable firms to contain institutional pressures, prior research has devoted less attention to unpacking the processes firms use to develop and leverage capabilities to institutionalize protection for intangible assets in weak institutional environments. This study seeks to address this deficiency in the international strategy literature.

#### *Strategic internationally transferrable intangible assets*

The international strategy literature recognizes the strategic values of intangible assets and capabilities, and the extent to which they represent firm-specific advantages (Hall, 1992; Lee et al., 2016). Given the boundary-spanning nature of MNE subsidiary operations, strategic intangible assets are sourced from a variety of sources including subsidiaries, parent firms, and cooperative relationships with other firms and institutions. There is an understanding that intangible assets and capabilities constitute firm-specific distinctive competences and advantages that can be internalized (Barney, 1991; Fang et al., 2007), and may be unique sources of advantages when investing in overseas markets. Whereas intangible assets capture stocks of internally held resources or capital (e.g., brand designs and names, licenses, trademarks, intellectual capital, organizational capital, corporate reputation, and technology) that can be

deployed to create value in a given market (Hall, 1992; 1993), capabilities relate to the extent to which firms are able to structure, bundle, and deploy stock of assets, using organizational processes and routines to transform assets into desired outcomes (Kafouros & Aliyev, 2015; Sirmon et al., 2008). Thus, capabilities are conceptualized as organizational processes and competences that enhance productivity and value of intangible assets. To this end, the RBV literature suggests that the value of intangible assets hinges on their transferability across industries, segments, and national borders (Anand & Delios, 1997), the degree to which they are bundled with complementary capabilities, and the extent of their protection in a given market (Sirmon et al., 2008; Frynas, Mellahi, & Pigman, 2006).

*Institutionalization of protection for internationally transferrable intangible assets in weak institutional environments*

Although transferrable intangible assets provide firms with advantages when investing abroad, research shows that inapplicability of firm-specific capabilities based on a host-market requirement may compromise the ability of firms to overcome location-specific disadvantages (Anand & Delios, 1997; Ge et al., 2017; Kafouros & Aliyev, 2015). Accordingly, location-specific disadvantages may cause the value generated by intangible assets to erode when intangible assets are transfer from home market to a host market. While location-specific disadvantages may take several forms (see Anand & Delios, 1997; Delios & Beamish, 2001), one important location-specific disadvantage is host country weak institutional environment condition. Levitsky & Murillo (2014, p. 3) define weak institutional environment condition as the extent to which “(1) enforcement of the rules is low, or there exists broad de facto discretion with respect to their application; and (2) institutional durability is low, in that formal rules change repeatedly, rarely surviving fluctuations in power and preference distributions. Scholars have argued that weak institutional environment conditions may be a major source of transaction

costs and risks for intangible assets. Figure 1 elaborates on these major sources and indicators of the transaction costs and risks in weak institutional environments, and the related firm-response mechanisms required to minimize their effects on the value of intangible assets (see Figure 1).

-----  
Insert Figure 1 about here  
-----

The institutional development literature has long recognized that weak institutional environments, characterized by high degree of dysfunctionality, may increase location-specific disadvantages MNEs when intangible assets are transferred from strong to weak institutional environments (Li & Atuahene-Gima, 2001; Zhao, 2006). The location-specific disadvantage, stemming from precarious institutional (as well as social, economic, and political) conditions in a host market may exacerbate the transaction costs and risks associated with transferring intangible assets to weak host-country institutional environments. Importantly, incidence of illegal copying and counterfeiting of intangible assets such as brand designs, names, logos, trademarks, and licenses without authorization from, or references to, the rightful owner can significantly increase transaction costs and risks in weak institutional environments (Staake et al., 2009). Thus, although intangible assets are inherently transferrable at a cost and risk (Eisfeldt & Papanikolaou, 2013), the costs and risks increase under conditions of poor property protection, weak law enforcement, increased intellectual property violations, fragile business arbitration regimes, unfair changes to rules of engagement, and poor flow of high-quality information (North, 1990; Parente et al., 2019).

These transaction costs and risks, when they increase in magnitude, may erode the firm-specific advantages and reduce the market value of intangible assets (Frynas et al., 2006). While the increased transaction costs and risks may affect both tangible and intangible assets (Frynas et al.,

2006), it is often the case that tangible assets are only indirectly affected, but what are more often at stake and directly impacted, are the firm-specific advantages and market values in intangible assets. Accordingly, Hall (1992, 1993) contends that intangible assets must be protected from erosion and theft, especially when such assets are transferred to foreign markets where intellectual property-protection regimes are weak (see also Contractor et al., 2016; Kafouros & Aliyev, 2016; Zhao, 2006).

Research shows that firms can protect intangible assets by deploying existing and new capabilities that are in alignment with the exigencies of a host market (Ge et al., 2017; Khanna et al., 2005; Mellahi et al., 2016). As Buckley and Casson (1996) contend, applicability of some firm-specific capabilities may be limited in geographical scope due to differences in host-market conditions. Thus, while some capabilities (such as technology) may be globally applicable, other capabilities may be locally specific, and their possession may be a major source of competitive advantage in a specific host market. Along this line, the international strategy literature highlights a variety of market and non-market strategies and capabilities that MNE subsidiaries use in weak institutional environments (Funk & Hirschman, 2017; Mellahi et al., 2016). While market strategies focus on the competitiveness of a firm in the marketplace, non-market strategies explain “*a concerted pattern of actions taken in the non-market environment to create value [to improve] a firm’s overall performance*” (Baron, 1997, p. 146).

The essence of non-market strategies is to enable firms to contain pressures from the institutional environment while also partnering with major institutional actors and stakeholders to improve the institutional environment within which firms operate (Baron, 1997). A non-market strategy may take multiple forms, including corporate social responsibility, stakeholder networking, social networking, and political networking (for elaborate discussion see Mellahi et al., 2016;

Holburn & Vanden Bergh, 2014). One contention is that successfully executed relational political strategy, in the form of connection with political leadership actors, can culminate in the development of firm-specific capability that provides firm-specific advantage in weak institutional environments (Ge et al., 2017; Sun et al., 2011; Zhao & Lu, 2016). Although prior research recognizes the importance of political connection in weak institutional environments (Garpenby & Nedlund, 2016), little research has explored how non-market relational political strategy may be developed and leveraged as a strategic tool to institutionalize protection for intangible assets in host markets.

Evidence suggests that firms benefit from political connections in the political market space (Lawton et al., 2013). However, the political markets and the capital that flows from them do not just exist, rather they need to be cultivated in an environment where political actions are efficacious (Ge et al., 2017; Sun et al., 2011). Besides, it is not always the case that policies enacted by political actors are exogenous; hence firms are able to influence political actions (such as government policies) to their advantage. In developing connections with political leaders involved in resource allocation in a host market, firms may generate a multiplicity of political resources that may translate to lower transaction costs and reduced investment risks (Sun et al., 2011).

At an institutional level, relational ties to national and local governments and regulatory officials constitute an important political capital that firms may use to gain favorable access to restricted financial (e.g., tax waivers) and non-financial (e.g., sensitive information) resources (Zhao et al., 2016). For example, research shows that politically connected firms in less-developed countries may increase their stock value and obtain preferential access to state-owned bank credits, government bailouts during financial crises, private enterprise reinvestment, and lower tax rates

(Johnson & Mitton, 2003; Zhao & Lu, 2016). Studies have also indicated that networking with political leaders enables firms to strengthen reputational assets and reduce regulatory pressures (Funk & Hirschman, 2017; Holburn & Zelner, 2010). Additionally, as firms become increasingly affiliated to political actors in a host market, political capital is generated to shape the actions of political and policy decision-makers (Holburn & Vanden Bergh, 2014), which Funk and Hirschman (2017) argue can help remedy public policy and institutional lapses to firms' benefit.

When confronted with a weak institutional environment, a connection with political leadership actors can help generate valuable political resources (Holburn & Zelner, 2010). For example, in using ties with political actors, MNE subsidiaries are able to secure preferential treatment, subsidies, and favorable tax policies (Kotabe et al., 2017). The political resource that emerges from ties with powerful political actors enables firms to safeguard their assets against erosion and theft in weak institutional environments (Scott, 2002; Lawton et al., 2013). It is argued that there is a strong incentive for host market political actors to collaborate with MNEs to combat weaknesses in the environment because MNE subsidiaries are a major source of tax revenue and job creation (Skippari & Pajunen, 2010). Political networking capability, therefore, captures the extent to which MNE subsidiaries develop and use ties with political actors to protect strategic assets in host countries.

In high-relational societies such as those in sub-Saharan Africa, where institutions are also endemically weak, ties with political leaders are highly valued. In such societies, the authority of political leaders can be absolute given the impotency of institutional checks and balances. Political leaders in such environments exercise unfettered power over resource allocations and authority to shape the behavior of individuals and organizations. Hence, connections with political leaders may be a viable approach to protect intangible assets in such societies. In

addition, the unique institutional structures in sub-Saharan Africa suggest that the use of political capital to protect an intangible asset may take a unique form. Importantly, the institutional set-up in sub-Saharan Africa places a premium on relational interactions and behaviors that reflect cultural values of interdependence, collaboration, association, and solidarity (Greenfield et al., 2003; Omobowale & Omobowale, 2019). This institutional arrangement has given recognition to a multitude of political leadership actors from whom specific political capital may be obtained. More specifically, the institutional structures in many African societies recognize national government, local chieftaincy, and religious leadership authorities that are concurrently exercised (Gyekye, 2002). This institutional arrangement is succinctly captured in Acquah (2007, p. 1240): “*while the power and authority in the formal political system are exercised by government officials, traditional political authority and leadership are in the hands of kings and chiefs of ethnic groups, cities, towns, and villages*”. Besides, the contention of Gyekye (2002, p. 17) that religion is deeply “*built into the culture of the people and so is a way of life*”, gives credence to the authority of religious political leaders in African societies. Additionally, the emergency and entrenchment of modern democratic processes in many African societies has given rise to the growing authority of local political opinion leaders (e.g., social and political commentators) to legitimize the behavior of individuals and organizations (Moore et al., 2014). Thus, different forms of political capital are generated from ties with national political, local chieftaincy, religious, and local opinion leadership actors in the sub-Saharan African context (Acquaah, 2012).

While prior research (e.g., Sun et al., 2011; Li and Atuahene-Gima, 2001) highlights how connection to national political leaders provides firms with access to regulatory resources (e.g., information on likely regulatory changes, and enactment of new laws), a less understood political capital phenomenon is the capability that enables firms to obtain a multiplicity of political

resources from several political leadership actors concurrently. For example, beyond the political capital that flows from ties with national government officials, an affiliation with local chieftaincy political actors may enable firms to receive traditional customary resources (such as traditional norms legitimizing specific consumption behavior) because local chiefs and kings exercise traditional authority to prescribe acceptable behavior for their subjects, including the power to sanction sales of specific products within their traditional jurisdiction. Additionally, relational ties with religious political actors can be used as a conduit to communicate to market actors about the moral virtue of trading in and consuming legitimate brands. Connection to local political opinion leaders and commentators can be a viable approach to boosting legitimacy of brand message while also serving as a blackout for illegitimately branded goods. An argument can, therefore, be made that, in societies where political leaders exercise absolute authority and legitimacy over institutional structures (as in many sub-Saharan African societies), stronger ties with key political leadership actors may help a firm to institutionalize protection for intangible assets.

This institutional protection argument may be linked to the Scott's continuum for theorizing regulative, normative, and cultural-cognitive institutional structures (Scott, 1995; 2014).

Regulative institutional structures relate to the capacity of the society to establish rules and provide processes to inspect the extent to which the behavior of individuals and organizations conform to the rules (Scott, 2014). While the normative institutional pillar captures the norms and values of the society, the cultural-cognitive arm relates to "*the shared conceptions that constitute the nature of social reality and create the frames through which meaning is made*" (Scott, 2014, p. 67). From this Scottian perspective, therefore, it can be contended that protection for intangible assets can be institutionalized when MNE subsidiaries develop capability to

recombine a multiplicity of political capitals from regulatory (e.g., ties with national political leaders and regulatory bodies), normative (e.g., connections to local kings and chiefs), and cultural-cognitive (e.g., networks with local religious and public opinion leaders) institutions. This process of institutionalizing protection for intangible assets is predicated on the assumption that institutional structures provide stable elastic fibers to guide, control, and constrain societal behaviors (Scott, 2014), to the extent that relational political ties with political actors in possession of political authority and legitimacy over institutional structures can be a conduit to activate institutional protection for intangible assets. Despite the dynamic nature of the processes involved in developing and leveraging these political networking capabilities (Dorobantu, Kaul, & Zelner, 2017), knowledge is lacking on this phenomenon, especially with respect to how such a unique relational political strategy is developed and used to institutionalize protection for internationally transferrable intangible assets in weak institutional environments.

## METHODOLOGY

### *Empirical setting*

To understand how MNE subsidiaries develop and leverage relational political strategy in the form of multi-actor political networking to institutionalize protection for internationally transferrable intangible assets in weak institutional environments, the study uses the counterfeit and pirated goods trade in a sub-Saharan African country (i.e., Ghana) as an empirical setting. We followed Staake, Thiesse, and Fleisch (2009, p. 322) to define counterfeit and pirated goods trade as “*trade in goods that, be it due to their design, trademark, logo, or company name, bear without authorization a reference to a brand, a manufacturer, or any organization that warrants for the quality or standard conformity of the goods in such a way that the counterfeit merchandise could, potentially, be confused with goods that rightfully use this reference*”. The choice of the counterfeit and pirated goods’ trade context is informed by the extent to which this

illicit trading activity is increasingly threatening the financial health of MNE subsidiaries worldwide. The problem of counterfeit and pirated goods has historically been linked to counterfeiting of branded luxury goods (Chaudhry & Zimmerman, 2009). However, this trade is also rapidly affecting genuine low-end product markets, including apparel, footwear, cosmetics, electronics, appliances, beverage, and pharmaceutical markets (see Bush, Bloch, & Dawson, 1989; Chaudhry & Zimmerman, 2009). A report by Research and Markets (2018) estimates that the total amount of counterfeit and pirated goods sold globally in 2017 was worth approximately US\$1.2 trillion and was estimated to grow to US\$1.82 trillion by 2020.

Furthermore, a World Health Organization report indicates that about one in 10 medical products in low- and middle-income countries are counterfeit and pirated medical products (WHO, 2018), and the economic and social costs of this illicit trading activity ranges between \$710 and \$917 billion – this estimate does not include digital piracy in music, movies, and software products, which is estimated to cost the global economy an additional \$213 billion (Frontier Economics Report on the Economic Impacts of Counterfeiting and Piracy, 2016; OECD/EUIPO, 2016). In addition, prior research shows that counterfeit and pirated goods’ trade accelerates volatility and vulnerability of cash flows from authentic branded products (Qian, 2014), weakens host-market consumer trust in branded products, and undermines MNEs’ motivation to expand into less-developed markets (Staake, Thiesse, & Fleisch, 2012).

Although counterfeit and pirated goods trade is a global phenomenon, severe weaknesses in institutional structures mean that advantages generated from intangible assets are at greater risk in weak environments (Liu & Li, 2019). Infringement on trademarks and illegally “riding on the coat-tails” of other firms’ R&D investment and reputation is a hallmark of weak institutional environments, which can reduce advantages from intangible assets (Li & Atuahene-Gima, 2001).

The absence of effective legal institutions to enforce contracts allows copyright piracy and violation of standards to flourish (Liu & Li, 2019; Khanna et al., 2005). Under these conditions, a capability to build and leverage network relations with political leadership actors is noted to be beneficial to both MNE subsidiaries and host-country governments as it helps to mitigate transaction costs and risks posed to internationally transferrable intangible assets (Liu & Li, 2019). Thus, we examine how this phenomenon unfolds in a geographical context that has received scant empirical research attention, namely Ghana – a sub-Saharan African country that is experiencing a major political and economic transition.

Importantly, this country has undergone major economic and market reforms aimed at shifting its economy from dependence on natural-resource extraction to private-sector investments. Ghana, like many developing markets, has weak intellectual property protection and an inefficient law-enforcement system (Amankwah-Amoah et al., 2022) that has given rise to the emergence of cross-border and domestic trading activities in counterfeit and pirated goods. Counterfeit goods' manufacturers and importers have expanded across several industries and sectors in this sub-Saharan African economy, threatening the viability of legitimate business activities in processed foods, appliances, cosmetics, and pharmaceutical products. For example, while Ghana does not have any national data on counterfeit drugs, WHO estimates that up to 30% of all medicines on the Ghanaian market are fake, and 42% of all fake medicines reported between 2013 and 2017 are from the sub-Saharan African region (Pisani, 2017). Given the high priority that political leaders place on fighting the potential deleterious effect of illicit trade on the Ghanaian economy, it is worthwhile investigating how MNE subsidiaries build capability to collaborate with political leaders to institutionalize protection for intangible assets in this institutionally precarious environment.

### *Sample and data collection*

Given the paucity of research on how MNE subsidiaries use relational political strategy to institutionalize protection for intangible assets in weak institutional environments, this study follows best practice in international business (e.g., Ambos et al., 2020; Parente et al., 2019) and management (e.g., Mair et al., 2012) research to use an inductive multiple-case-study research design (Miles & Huberman, 1994; Yin, 2018). The adoption of a multiple-case research design helps trade off the requirement for external validity for in-depth insights into how PNC is used by MNE subsidiaries to protect intangible assets. This approach further helps unearth commonalities in the processes the MNE subsidiaries use to develop and use PNC while allowing for a wider degree of generalizability and external validity of the findings (Ciulli & Kolk, 2019; Eisenhardt & Graebner, 2007; Yin, 2018).

Additionally, the multiple-case-study approach lends itself to theorization and helps in “identifying and refining constructs and their relationships” (Ridder, Hoon, & Baluch, 2014, p. 373). This approach is also considered “a powerful means to create theory” and “permit replication and extension among individual cases” (Eisenhardt, 1991, p. 620). Furthermore, the multiple-case-study design helps examine the contextual complexity of the counterfeit and pirated goods’ trade phenomenon in Ghana (Yin, 2018), and the extent to which the complexity constitutes a source of transaction cost and risk to intangible assets. For this reason, MNE subsidiaries are required to develop and deploy capabilities to recombine a multiplicity of political networks to institutionalize protection for intangible assets. As has been demonstrated by prior scholarly works, emergent theory stemming from multiple cases is usually generalizable to other contexts (see Eisenhardt & Graebner, 2007; Davis, Eisenhardt, & Bingham, 2007);

hence it is expected that insights generated from the counterfeit and pirated goods' trade phenomenon in the Ghanaian context can be extended to other similar settings.

Three criteria were used to select the MNE subsidiary firms for the study. First, we ensured that only MNE subsidiaries with several years of operation in the Ghanaian market were selected. The rationale for this criterion was to ensure that the subsidiaries had significant experience in dealing with the transaction costs and risks associated with counterfeit and pirated goods' trade, and substantial engagement with political actors in this context. This helped us to uncover nuances in the political network capability development and deployment processes. Second, we focused on MNE subsidiaries with operations in sectors that are most affected by the incidence of counterfeit and pirated goods' trade as this helped to demonstrate the importance of the phenomenon. Third, we studied MNE subsidiaries that were willing to share their experiences of combating counterfeit and pirated goods' trade, and their connections with political actors in the Ghanaian context.

Against this background, we used industrial contacts and networks of one of the co-authors to identify and contact top executives, managers, and senior employees in MNE subsidiaries in Ghana. Subsequently, we identified and contacted, in person, key informants in the sampled MNE subsidiaries in the alcoholic beverages, electronic appliances, and pharmaceutical industries. The informants included top executives, sales managers, quality control officers, medical and sales representatives, and operations managers. Additionally, interviews were held with key political actors, including elected national governmental officials, regulators, and consumer advocacy groups. Inclusion of the political actor groups in the interview process helped cross-validate information provided by the MNE subsidiary managers and strengthened external validity of the data (Lawton et al., 2013; Holburn & Zelner, 2010). The snowball

sampling and direct referral approach were used to gain access to additional key informants within the subsidiaries and political actor groups (Biernacki & Waldorf, 1981; Noy, 2008).

Overall, eight MNE subsidiaries participated in the study: three pharmaceutical, three electronic and electrical-appliance, and two alcoholic-beverage subsidiaries headquartered in Ghana's major commercial hubs (see Table 1 for details). A total of 23 key informants were interviewed across the subsidiary firms and political actor groups using semi-structured interview guides, with interviews lasting between 30 and 90 minutes (see Table 2). Beyond the interviews, we also obtained data from news reports; public comments by MNE subsidiary senior managers, key political actors, and heads of regulatory bodies; as well as archival information on efforts of MNE subsidiaries and regulatory bodies to combat counterfeit and pirated goods' trading activities.

-----  
Insert Table 1 about here  
-----

The interview questions were structured into three major areas. The first part focused on questions that sought to elicit responses on the MNE subsidiaries and political actors' concerns about the transaction costs and risks posed to genuine brands from counterfeit and pirated goods' trade in Ghana. The second area of questioning focused on the processes the MNE subsidiaries followed in dealing with the problem of counterfeit and pirated goods. The third area of questioning focused on the subsidiaries' efforts to build and leverage political networking capabilities to institutionalize protection for their intangible assets in Ghana. Additional interviews were directed at political actors focusing on the efforts of formal and informal institutions to minimize proliferation of counterfeit and pirated goods' trade in Ghana, and the

efficacy of these institutions in reducing this trade. Appendix 1 provides the comprehensive list of questions used for the study.

-----  
Insert Table 2 about here  
-----

### *Data analysis*

Having digitally recorded the interviews, the “24-hour rule” (Eisenhardt, 1989) was followed to transcribe the interview data (Gioia & Thomas, 1996). The data transcription was undertaken by one of the co-authors while other co-authors checked the transcription for accuracy and consistency. To enhance transcription accuracy, transcribed data were given to the informants for their confirmation of information captured in the transcripts. We used pseudo names to refer to the case MNE subsidiaries for informant anonymity. Subsequently, the interview data were triangulated with data from archival sources including company reports, documented experiences of senior executives, and newspaper clippings to develop a case story of each MNE subsidiary (Ciulli, Kolk, & Boe-Lillegraven, 2019; Yin, 2018).

Following the transcription, we coded the data into categories guided by the institutional weakness condition, transaction costs and risks, and PNC development framework (Eisenhardt, 1989; Yin, 2018). With this guiding framework, we undertook cross-case analysis by extracting concepts, themes, and patterns from the data (Yin, 2018). In line with the research question of how MNE subsidiaries develop and leverage political networking capabilities to institutionalize protection for intangible assets in weak institutional environments, we developed a coding scheme to categorize the data into major themes. Published reports in the targeted industries were also used as a yardstick to categorize the themes. The process of searching for cross-case patterns included moving back and forth between the data in an iterative manner until clear

themes emerged (Locke, 2001; Eisenhardt & Graebner, 2007). Anchored in both within-case and cross-case approaches to data analysis was the use of replication logic to confirm and construct an emergent theory (Yin, 2018).

We then followed the analytical approach of Gioia et al. (2013) to develop first-order, second-order, and aggregate dimensions (or themes) to help advance interpretation and theorization from the findings. In using a broader level of analysis and axial coding of the data, several concepts and relationships emerged from the data (Strauss & Corbin, 1990), and these are depicted in Figure 2. The concepts captured in the first-order dimension were refined and synthesized to generate second-order dimensions, which then culminated in the deduction of aggregate dimensions (Fleming, Zyglidopoulos, Boura, & Lioukas, 2021). These steps entailed data reduction, data display, and data verification analyses (Gioia, 2021; Miles & Huberman, 1994).

Three major second-order themes emerged from the analysis of the data: diagnosis of transaction costs and risks to intangible assets as a result of counterfeit and pirated goods' trading activities; mobilization of multiple political actors; and deliberate efforts to deploy political networking capabilities to institutionalize protection for intangible assets in the weak Ghanaian institutional environment. The three themes were subsequently organized into a three-phase process model at the aggregate dimensional level to explain how recognition of transaction costs and risks to intangible assets triggers development and leveraging of non-market strategies (in the form of relational political networking capabilities), as depicted in Figure 2.

## FINDINGS

### *A process model of political networking capabilities' development and leveraging*

Findings from the study show a three-phase process model that explains how MNE subsidiaries develop and leverage PNC to institutionalize protection for internationally transferrable intangible assets: diagnosis of the nature of transaction costs and risks in the institutional environment; development of political networking capabilities through mobilization of coalition of multiple political leader actors; and leveraging of a multiplicity of political resources to institutionalize protection for intangible assets.

-----  
Insert Figure 2 about here  
-----

### *Phase 1: Diagnosis of the nature of transaction costs and risks in the institutional environment*

The study finds that the first phase of the process involves internal MNE subsidiaries' evaluation of the nature of transaction costs and risks in the host Ghanaian market. The evaluation activity focuses on the institutional conditions that breed emergence and growth of illicit trading activities that threaten the value of, and market confidence in, intangible assets, particularly firm-specific advantages in branded goods and services (see Figure 1). Importantly, the firms indicated that growing poverty incidence in major urban communities has triggered erosion in the negative stigma associated with consumption of illicit goods. For example, firms in the pharmaceutical sector (i.e., Company1, Company2, and Company3) highlighted that low purchasing power of local Ghanaian consumers contributes significantly to high consumption of counterfeit and pirated drugs, which subsequently increases vulnerability and volatility of sales for genuinely branded pharmaceutical products.

The weak legal system and limited protection for intellectual property also provide breeding grounds for trading of counterfeit and pirated goods to flourish, hence decreasing protection for branded products. Furthermore, we find that the impotency of regulatory bodies, particularly under-resourced border protection agencies and standard boards, in enforcing laws and regulations against counterfeit and pirated goods has created a perception among consumers that illicit goods' consumption carries virtually no economic, social, or health risks. Beyond concerns for consumers' health through consumption of illicit goods, the MNE subsidiaries were concerned that illicit trading activities had weakened market confidence in, and viability of revenue accruing to, genuine brands. As the sales manager of a major pharmaceutical subsidiary company (Company1) emphasized:

*“Largely, counterfeits dent patient confidence in our brand ... and ultimately this impacts negatively on our revenues.”*

In addition, the subsidiaries highlight the concerns of the informality of the host Ghanaian economy as a major cost and risk to genuine brands. Distribution of goods and services in Ghana is largely informal, with a limited formal supply-chain governance mechanism to control the flow of counterfeit and pirated goods within the supply-chain system (Teschner, 2012). The incapacity of Ghanaian authorities to limit cross-border flow of illicit pharmaceutical products is highlighted by the chief executive of Ghana's Food and Drug Authority in an interview with a *Guardian Newspaper* reporter: *“The current focus on curbing COVID-19 spread means there is less focus on routine market surveillance [and] this means there could be an influx across our porous borders of substandard medical products – including those for COVID-19”* (Knott, 2020, p. nd).

The informal economy captures “*activities and income that are partially or fully outside government regulation, taxation, and observation. The main attraction of the undeclared economy is financial. This type of activity allows employers, paid employees, and the self-employed to increase their take-home earnings or reduce their costs by evading taxation and social contributions*” (World Bank, 2014, p. nd). While the informal economy continues to be a major driver of economic growth in many sub-Saharan African economies (e.g., estimated to be 86.1% of all employment in Ghana), the informality also increases transaction costs for owners of genuine brands in that genuine brand manufacturers are unable to generate sufficient revenue to offset the high transaction costs and risk of counterfeiting of genuine products. The high transaction cost and risks are highlighted by the marketing manager of a food and beverage subsidiary: “*It is difficult battling this fake products menace because of the informality of retailing in this country. That notwithstanding, the appropriate authorities are duly informed*”; and a senior executive of an alcoholic beverage subsidiary firm (Company7): “*There are people out there illegally producing our drinks and pumping them into our original bottles. It is difficult to detect. People do not know the harm from drinking those drinks.*”

The threats to genuine brands, in terms of cost and risk of intellectual property theft, are exacerbated by the increasing sophistication of illicit trading activities in the Ghanaian market. The increasing sophistication (including use of advanced processes and cheap materials) in the production and distribution of illicit goods and the incapacity of local regulatory authorities to test and confiscate such goods suggest that illicit trading activities potentially undermine the market advantages (e.g., ability to charge premium pricing) of intangible assets in the weak institutional environment in Ghana (Baxerres & Hesran, 2011). This finding is captured in a remark by senior executives (in Company5): “*You see, ordinary consumers are not able to tell the difference between genuine and fake products, so it is important that we lobby regulators to take action*”;

and Company6: “*I think the police are idle ... many times they only act when forced by politicians.*”

In summary, findings suggest that weaknesses in Ghana’s institutional environment—characterized by conditions of weak property protection, poor law and regulation enforcement against illicit goods trading activities, underdeveloped infrastructure, and opaque rules of engagement—contribute to high transaction cost and increased risk to genuine brands. We find that while the high transaction costs take the form of increased operating costs (including high legal arbitration expenditures), the risks are embedded in high consumption of unbranded goods, high intellectual property violation, and high volatility and vulnerability of cash flows (and sales) to genuine brands. The above analyses culminate in the proposition that:

*Proposition 1: Greater weaknesses in a host-market institutional environment increase transaction costs and risk levels for internationally transferrable intangible assets (such as genuine brands).*

*Phase 2: Development of political networking capabilities through mobilization of coalition of multiple political leader actors*

While the international strategy literature highlights a variety of strategies available to MNE subsidiaries to contain exigencies in weak institutional environments (e.g., corporate talent management strategies, Beamond et al., 2016), findings from this study show that the MNE subsidiaries develop non-market strategies in the form of cultivating relational ties with multiple political actors: national political leaders and regulatory bodies, local kings and chiefs, religious leaders, and local public-opinion leaders. Evidence from the study shows that MNE subsidiaries and local importers of genuine brands jointly mobilize powerful political leaders (e.g., elected politicians), regulatory bodies (e.g., tax collectors in local markets and trade associations), civil-

society organizations, local government agencies (e.g., local assemblies), and media houses to take joint action against trading and consumption of counterfeit and pirated goods. As one senior executive of a food and beverage subsidiary (Company7) highlighted:

*“We had an issue with the fake Onga and Cowbell products on the market. So, my unit has intensified our educational campaign to inform the market on what they should look out for when it comes to our product: the physical characteristics of our product, the taste, and how it feels.”*

Prior research suggests that political connection enables firms in a weak institutional environment to access political resources in the political marketplace (Sun et al., 2011). Additionally, studies on MNE subsidiaries in sub-Saharan Africa show that greater engagement in the collective actions of, and co-involvement with, key stakeholders within local business ecosystems are viable ways of sustaining operations (e.g., Parente et al., 2019). In extending these earlier studies, we provide evidence to show that capability to mobilize multiple political leadership actors enables MNE subsidiaries to recombine a multiplicity of political resources to generate host-country specific advantages. The study shows that MNE subsidiaries were actively involved in developing direct and indirect relationships with multiple political actors beyond the widely researched national government officials. Beyond connections with government officials and regulatory bodies, we find that MNE subsidiaries also forged ties with other multinational and local firms within the supply-chain ecosystem given their common goal of protecting transferrable intangible assets from erosion. This phenomenon of MNE subsidiaries forging ties with competing firms in a host market is consistent with the literature on cooperation strategy that suggests that rival firms can work together to create greater market value (Ritala, 2012; Gnyawali & Charleton, 2018).

Additionally, we find that the firms concurrently developed connections with consumer protection groups, powerful media houses, and local community leadership actors to pool a variety of resources (including financial, informational, and educational) to build multilateral collaborative networks. The observation of MNE subsidiaries' strong connections with local social commentators, civil-society organizations (CSO), and the media point to the potency of these political actors to help protect intangible assets. We find that local opinion leaders, social commentators, and influential media personalities were enlisted as early consumers of branded products. We observed the display of branded products on television shows, and radio presenters running programs forcefully appealing to consumers to purchase genuine brands. This connection with local opinion, CSO, and media actors enabled MNE subsidiaries to communicate social and economic benefits of consuming legitimate branded goods, boost legitimacy of brand messages, and effectively blackout messages from illicit traders. This phenomenon highlights arguments in the literature on how businesses may partner with civil-society organizations to find solutions to environmental and social problems (Arenas et al., 2013).

This propensity of MNE subsidiaries to collaborate with multiple political actors is particularly evidenced in the swiftness with which they partnered with Ghana's health service, political parties, scientists, academia, religious organizations, traditional rulers, and the media to push against distribution of fake COVID-19 vaccines on the Ghanaian market. We find evidence of meetings, discussion forums, exchange of emails, and text messages as well as joint radio and television panel discussions involving MNE subsidiaries, government officials, industry experts, and consumer advocacy groups on the danger of fake vaccines. Thus, while prior research highlights the potential for MNE subsidiaries and non-market actors to have conflicting goals (e.g., Daudigeos et al., 2020), we find that the firms studied developed capability to engage and

coordinate a multilateral group of political actors to co-develop strategies against illicit goods' trading activities. As a senior executive of one electrical equipment company (Company4) indicated:

*“Recently, you can see the government has a strategy to stop counterfeit electrical products. I cannot take credit for this, but we raised this with so many officials. We sent some of our engineers to alert the officials of the dangers of faulty electrical appliances and they took action.”*

This multilateral collaborative effort is further highlighted by the executive of a leading pharmaceutical firm (Company2):

*“When I joined the company, I was asked to contact my former colleagues in government to stop this proliferation of fake drugs. I do not know whether they hired me because of my contacts, but they said it was killing the business. So, I made phone calls, got meetings organized with some friends in government, and shared documents with them about how government is losing money to counterfeit drugs.”*

As one pharmaceutical industry expert noted:

*“In one case, we used our connections to alert the revenue collection authorities about the millions being lost to the government. People who do not pay their taxes must be caught and punished. Our lobbyist was able to get this message across loudly to the VIPs.”*

There was, therefore, a degree of convergence of goals: while the MNE subsidiaries focused on protecting their intangible assets (in terms of revenue and brand value), the political actors were concentrated on tax revenue and public-health protection.

We find specific mechanisms that explain how the firms were able to extract a multiplicity of political resources to achieve their goals. As we highlight in Figure 1, we find that connection with national political leaders and regulatory bodies enables the MNE subsidiaries to influence

public policy on strong enforcement of laws and regulations against illicit trading activities. In this respect, we observed MNE subsidiaries sharing ideas and resources (e.g., donation of vehicles and modern testing devices) with Ghana’s law-enforcement bodies. With this strong connection, the subsidiaries ensured that favorable policies were enacted against distribution of illicit goods (e.g., the requirement that all alcoholic and non-alcoholic beverage products should have a tax-authenticity tag). Table 3 demonstrates a range of political networking capability development activities adopted.

-----  
Insert Table 3 about here  
-----

Additionally, we find that increased ties with local kings and chiefs (e.g., a brand receiving an endorsement of a king, sponsorship of local festival celebrations) enabled the firms to obtain protection from encroachment on the intellectual property rights while at the same time benefiting from increased local market legitimacy for their brands. In this regard, we observed local kings and chiefs openly recommending a Scottish alcoholic product and a Dutch textile product to locals as ideal brands for marriage and funeral ceremonies. Specific strategies used by the firms to develop relational political networking capabilities in different industries studied are summarized in Table 4.

-----  
Insert Table 4 about here  
-----

Table 5 provides a summary of similar multilateral efforts by other subsidiary firms in other industrial sectors.

-----  
Insert Table 5 about here

-----

Furthermore, we observed that MNE subsidiaries sponsor activities of religious organizations in the form of annual donations and funding of communal activities. In particular, we observed an MNE's subsidiary making donations towards the annual Hajj organization of Muslim communities in Ghana. We also observed donations and support to Christian faith-based organizations. We find that connections with religious organizations enabled the MNE subsidiaries to communicate the moral virtue of consuming legitimate branded goods. This phenomenon supports the scholarly contention that local kings and chiefs, and religious organizations may serve as conduits through which brand messages are delivered to local consumers (Acquaah, 2017), and the hypothesis that insurance (against intellectual property theft) can be a potent reason for the increasing incidence of traditional chieftaincy and religious donations in sub-Saharan African society (Auriol et al., 2020). Accordingly, the study proposes that:

*Proposition 2: A capability to develop relational ties with multiple political leadership actors can help MNE subsidiaries to generate a multiplicity of political resources to minimize transaction costs and risks to internationally transferrable intangible assets.*

*Phase 3: Leveraging of multiplicity of political resources to institutionalize protection for intangible assets*

Capabilities leveraging explains the extent to which firms reconfigure accumulated political capital developed from a multiplicity of relational political networking. Findings from this study show that as the MNE subsidiaries increased multiplicity of the political capitals from connections with multiple political leadership actors, their capability to orchestrate these unique resources to achieve host-country specific advantages is enhanced. Past research suggests that

political capital (or resource) enables firms in weak institutional environments to achieve a variety of outcomes: bank financing (Zhou, 2009); IPO market value (Liu et al., 2013); reduced adverse market reaction (Sun et al., 2011); and loan acquisition (Zhou & Lu, 2016). A contention is that the potency of political capital in a weak institutional environment is predicated on the impotency of market forces to govern market activities. Findings from this study advance the political capital literature by demonstrating that possession of political capital enables MNE subsidiaries to institutionalize protection for transferrable intangible assets. We observed that possession of political capital enables firms to protect and enhance the market of intangible assets by reducing transaction costs and risks posed by weaknesses in the institutional environment.

Thus, the political actors' lack of urgency to enforce laws against counterfeit and pirated goods' trade, particularly during election periods, motivated some MNE subsidiaries to act proactively to shape public policy. The subsidiaries used a combination of political networking tools to influence the content of public policy, including sponsorship of a consortium of industry experts, civil-society organizations, religious and traditional leadership actors, and subject experts in academia to develop policy briefs for consideration by governmental officials. In other words, when national leadership actors backtrack on their commitment to improve institutional conditions, subsidiary firms leverage ties with other influential political actors to generate political capital from governmental officials. Against this backdrop, some of the MNE subsidiaries (Company1, Company2, Company4, Company5, and Company6) highlighted their tendency to use sectoral liaison managers to coordinate political capital from multiple political actors to protect their intangible assets from counterfeit and pirated goods' trade.

Additionally, although regulatory bodies are legally mandated to enforce laws against counterfeit and pirated goods' trade, weak enforcement has enabled the MNE subsidiaries to mobilize and coordinate deployment of financial and nonfinancial resources (e.g., social networks, personnel, and marketing campaigns) to combat this trade. For example, while the Ghana Standards Authority observes that over 70% of all imported electrical cables were substandard and a major cause of fire outbreaks (The Daily Graphic, 2017), there is limited effort to stop importation of such counterfeit electrical cables. The subsidiaries filled this law-enforcement void by activating their relationships with influential public safety advocates and consumer advocacy groups to build a multi-agency resource pool to protect their assets from infringement. A senior executive of an electronics manufacturer (Company4) put it this way:

*“We use our political ties to raise awareness among policymakers and government about fake cables and appliances causing fires and destroying homes. If in the end we benefit because the counterfeiters are out of business, then it is better for everyone.”*

A government official agreed with this submission:

*“We recommend customers to buy from reputable sources, and industry bodies have a common goal to fight counterfeit as it affects us all.”*

One manager of a major electronics company (Company5) asserted:

*“We recently supported the government anti-counterfeit workshops. It brought government, security bodies, consumers, and businesses together to alert the public to alert the public.”*

Additionally, we find that the subsidiary firms mobilized political leadership actors to engage in public-health campaigns across major trading centers and markets. For example, in collaboration with Ghana's Food and Drug Authority, the MNE subsidiaries initiated a public-health promotional campaign to warn the public of the danger of consuming products without special

food and drug safety stamps. These campaigns then enabled the country's revenue-collection agency to introduce a new law that requires all distribution outlets of certain products to affix an excise tax stamp to some categories of goods (Ghana Excise Tax Stamp Act, 2013). This tax stamp display requirement institutionalizes protection for genuine brands in that it institutionally blocks distribution of counterfeit/pirated goods on the market and enhances consumer confidence in consumption of genuine brands (Ghana Export Promotion Authority, 2018).

Furthermore, the subsidiary firms used a "mystery shopping" strategy as a tool to further institutionalize protection for their intangible assets. Specifically, we observed a close coordination between the subsidiary firms and trade group associations, trade standards boards, regulators, and law-enforcement agencies in the training and deployment of officers to informal open market centers. This strategy was designed to identify and track down distributors of counterfeit and pirated goods for prosecution. One medical representative at Company1 asserted that:

*"Our quality department continually engages with regulatory authorities regarding changes to our product packages and labels. The company always alerts the FDA if any fake drug or company emerges."*

A medical representative at Company2 highlighted this further:

*"Through collaboration with local authorities (i.e., the FDA), we have post-market surveillance to cure the menace. Also, we educate customers on how to report fake products on the market to authorities."*

Furthermore, we find that local traders and distribution vendors of genuine and branded goods have a strong interest in ending the counterfeit and pirated goods' trade. Consequently, the subsidiaries tap into this interest and leverage their relationship with the local traders and

distribution vendors to lock-in their commitment. All the eight case companies indicated that they were actively engaged in collaboration with installers, distributors, manufacturers, importers, and contractors of genuine products to end counterfeit and pirated goods' trade. A medical representative in Company1 described the level of engagement this way:

*“We always go back to our customers (i.e., local traders and distributors) to assure them of additional measures and strategies that help to uniquely identify our brands. This offers growth in our business since customers gain confidence.”*

However, in view of the potential limitations of political resources as an enduring relational capability to boost reputation and standing of firms in a host country, an executive at Company5 advised that it was important for local and foreign businesses to develop structures that outgrow the tenure of political actors. In discussing this, the executive pointed out that:

*“The politics swing like a pendulum in Ghana. Today NPP, tomorrow NDC [two major political parties in Ghana]! The business must work with all parties and develop processes that make the business resilient and strong ... must extend to outlast the tenure of politicians.”*

Table 6 summarizes further insights from some of the deployment activities that focus on the use of the political networking capital via directing them towards altering policymakers' incentives and actor preferences.

-----  
Insert Table 6 about here  
-----

Based on the above analyses and insights, we present the following proposition:

*Proposition 3: A capability to leverage a multiplicity of political resources is associated with institutionalized protection for internationally transferrable intangible assets in weak host-market institutional environments.*

## DISCUSSION

This study relied on multiple case studies of MNE subsidiaries to explain how multiple relational political networking strategies are developed and leveraged to institutionalize protection for internationally transferrable intangible assets in the weak institutional environment in Ghana. We discuss theoretical contributions as well as managerial and policy implications of the findings from the study.

### *Theoretical contributions*

The theoretical contributions from the study hinge on three major areas: 1) the mechanisms that explain how multi-actor political networking generates a multiplicity of political resources, 2) the leveraging of a multiplicity of political resources to institutionalize protection for intangible assets in weak institutional environments, and 3) the extent to which MNE subsidiary actions trigger institutional change in host countries.

First, the finding that multi-actor political networking functioned around the Scottian continuum of institutional structures enables MNE subsidiaries to develop and leverage multiplicity of political resources, advances knowledge on MNE subsidiary research and the literature on non-market strategy. Importantly, our study advances these streams of research by integrating institutional theory (Peng, Ahlstrom, Carraher, & Shi, 2017) and RBV perspective (Barney, 1991) to explain how pressures from deteriorating host-market institutional conditions are contained by firm-specific capabilities through organization of political actor groups along the Scottian continuum of institutional structures. Thus, in drawing insights from Scott's (1995, 2014) continuum of theorizing institutions and their interactions with organizations, we develop a conceptual framework to demonstrate that political actors shaping non-market strategies can be

categorized into regulatory (e.g., regulatory bodies), regulatory/normative (e.g., local kings and chiefs), and normative/socio-cognitive (e.g., local opinion leaders) structures. By distinguishing these categories of political actor groups, the study demonstrates the mechanisms for development of political resources in weak institutional environments.

From the Scottian perspective, the study identified regulatory political capital, which stems from networking relations with national political leadership and regulatory actors. The regulatory/normative political capital stems from networking relations with local chiefs and kings. The normative/socio-cognitive capital originates from networking relations with religious and opinion leaders, demonstrating that relational networking with religious leadership actors generates moral capital that helps shape socio-cultural cognition of a host-market population. This is an important contribution to the existing MNE subsidiary literature because, unlike previous research that focuses on explaining how tangible assets are protected in host markets using political ties with national and regulatory bodies (e.g., Frynas et al., 2006; Sun et al., 2011), we demonstrate that non-market relational political strategies functioned around the Scottian continuum may enable MNE subsidiaries to develop and recombine a multiplicity of political capitals in weak institutional environments.

Second, given that considerably less is known about how multiple political resources can be leveraged to achieve organizational goals, we contribute to this area of research by explaining the complexities involved in the leveraging of relationships with multiple political leadership actors at different levels of sub-Saharan African societies. In the particular case of the socio-cultural structures in Ghana, we show that MNE subsidiaries respond to institutional weaknesses by leveraging multilateral network ties with national governmental officials, regulatory bodies, local chieftaincy authorities, local opinion leaders, religious leadership groups, consumer

advocacy groups, other businesses within the formal supply-chain system, and informal local trading and distributor groups and associations. We show that while it may be costly (in terms of money and personnel time), the overall benefits of leveraging such multilateral network ties outweigh the cost involved because such a multifaceted blend of relational political capabilities enables MNE subsidiaries to leverage an entire business ecosystem to institutionalize protection for intangible assets. The value of leveraging relational political strategies in the weak institutional environment in Ghana highlights existing theoretical expositions on the notions of interdependence, association, and solidarity for survival, which are embedded in the indigenous cultures of sub-Saharan African societies (Gyekye, 2002). The findings from this study extend Omobowale and Omobowale's (2019) study of informal markets in Ibadan, Nigeria that shows how access to, and retention of, market space is predicated on the extent of social relations and solidarity with local market leadership actors.

Third, this study extends the literature on the relationship between MNE subsidiaries and host-country policy makers by demonstrating in Phases 2 and 3 how MNE subsidiaries created permanent changes to the extent of counterfeit goods sales in Ghana, which consequently affected institutional change. Specifically, we highlight the contextual shift in terms of altering the incentives of policy makers to enforce laws and regulations already in place. Our study further illuminates actions such as enlisting of other influential actors to pressure policy makers as well as changing other political actors' preferences via education and information, reframing of policy debates, and thereby highlighting and enhancing information gathering and flows about counterfeit products.

*Managerial and public-policy implications*

A major managerial implication from the study is that while several market and non-market strategies may be developed and used to protect and enhance market value of assets in a host market, it is crucially important to recognize that an ability to develop and use relational political strategy in the form of mobilization, recombination and redeployment of political resources from multiple political actors in a host market is a viable means of institutionalizing protection for transferrable intangible assets in weak institutional environments. An important lesson, therefore, is that the ability to protect internationally intangible assets in weak institutional environments goes beyond the usual connections to elected government officials. For firms competing in sub-Saharan African markets such as Ghana, it is important to combine national political networking with relational ties with local chieftaincy, religious, and local opinion leadership actors because these other actors in Ghana's political market provide their own unique political resources that can be used to enhance institutionalized protection for intangible assets.

From a public-policy standpoint, given that a large percentage of genuine brands in Ghana are imported from a multitude of foreign markets, and in view of Ghana's low manufacturing base, effective enforcement of laws and regulations against illicit trading activities is crucially important. The law and regulatory enforcement efforts should be directed at developing and upgrading skills of law-enforcement officials and supporting regulatory bodies with latest technology to detect and stop counterfeit and pirated goods. Such actions would go a long way in deterring such imports and assuring MNEs that copyright infringements, as a major source of transaction cost and risk, can be tackled effectively. Another important implication is the need for an effective system for recalling counterfeit and pirated goods from the market. This may also entail effective regulation of third-party sellers including online outlets. Accordingly, there is a need for MNEs to provide financial and non-financial incentives to reward shops and

retailers who reject and report counterfeit and pirated goods within the formal and informal supply chains.

Furthermore, the emergence of chieftaincy and religious leadership structures as well as local opinion leadership actors as viable sources of political resource implies that there is a strong imperative for formalizing activities of these institutions in high-relational societies such as Ghana. While many countries in sub-Saharan Africa have taken a step to recognize the authority of chieftaincy and religious leadership structures in their national constitutions (e.g., Ghana, Nigeria, and South Africa), the actual exercise of such authorities has largely been informal with some instances of clashes with national authorities, which has in many ways undermined confidence of MNEs in transferring intangible assets to sub-Saharan African countries. Thus, confidence in sub-Saharan Africa countries as attractive destinations for internationally transferrable intangible assets can be enhanced when the exercise of chieftaincy and religious leadership authority is formalized.

#### *Limitations and avenues for further research*

Findings reported in this study must be interpreted with consideration of some limitations. First, this exploratory study seeks to explain how non-market relational political networking strategies are developed and used to institutionalize protection for transferrable intangible assets in weak institutional environments. This provides an avenue for further testing of the findings. For example, future research may consider obtaining data from a larger sample of MNE subsidiaries across multiple sub-Saharan African countries or similar other contexts outside Africa to provide theoretical specifications and empirical validations of how possession of PNC explains variation in market value of internationally transferrable intangible assets in weak institutional environments. To this end, the study uncovers a multiplicity of political leadership actors with

whom firms may connect to obtain a variety of political resources to protect intangible assets in weak institutional environments; hence future research might want to test the intangible asset protection and market value outcomes of a non-market relational political strategy recombination.

Second, an additional limitation of this study is its focus on the activities of MNE subsidiaries in one sub-Saharan African country – Ghana. We recognize that while Ghana shares similar characteristics with other developing countries where findings from this study can be applied, it is important to acknowledge also that Ghana has its peculiar economic and socio-cultural features: for example, the multi-layer nature of the political leadership structure may be unique to Ghana. Hence, it is important to recognize that the unique environment in Ghana may limit generalizability of the findings. Future study could seek multi-country data to test the generalizability of the findings.

Third, it can be argued that the non-market strategy of MNE subsidiaries reflects the unique institutional setting that subsidiaries face, and is not necessarily influenced by the policy of the parent MNE. Future research should, therefore, build on this study by exploring how conditions in a host country influence the non-market strategy of MNE subsidiaries. Moreover, it is worth noting that MNEs' actions are chiefly guided by profit-seeking and market-seeking motives (Skippari & Pajunen, 2010), to the extent that larger MNEs hold considerable sway in influencing government officials and public policy than smaller and less-resourced MNEs. Hence, a related area of consideration for future research may explore how MNE size influences the non-market strategy implemented in host- and home-country markets.

Fourth, while activities of counterfeit and pirated goods' trade are noted to be a major source of transaction cost and risk to MNE subsidiaries, evidence suggests that some MNEs may be involved in unethical trading practices, such as adulteration of product contents, where cheaper ingredients are added to genuine products to boost profit margins in less-developed countries (Castle & Carvajal, 2013). This raises the question of whether MNE subsidiaries' relational ties with political leadership actors in less-developed host countries are not also an attempt to cover up unethical practices by MNEs in weak institutional environments. This is an important and yet under-researched area that future research should examine.

## Conclusion

Using multiple case studies of MNE subsidiaries in a sub-Saharan African market – Ghana, the study proposes a theory that argues that institutionalization of protection for internationally transferrable intangible assets in weak home-market institutional environments is driven by non-market political networking capabilities predicated on diagnosis of the sources of transaction costs and risks to intangible assets, development of capabilities to mobilize multiple political resources from a variety of political actor groups in a host market, and leveraging of a multiplicity of political resources to generate host-market specific advantages. This proposed theory is argued to be an extension of the resource orchestration strand of the resource-based theory (see Barney, 1991; Sirmon et al., 2008) that suggests that competitive advantage is determined by a firm's ability to structure, bundle, and deploy firm-specific resources and capabilities.

## References

- Amankwah-Amoah, J., Adomako, S., & Berko, D.O. (2022). Once bitten, twice shy? The relationship between business failure experience and entrepreneurial collaboration. *Journal of Business Research*, 139, 983-992.
- Anand, J., & Delios, A. (1997). Location specificity and the transferability of downstream assets to foreign subsidiaries. *Journal of International Business Studies*, 28(3), 579-603.
- Arenas, D., Sanchez, P., & Murphy, M. (2013). Different paths to collaboration between businesses and civil society and the role of third parties. *Journal of business ethics*, 115(4), 723-739.
- Auriol, E., Lassebie, J., Panin, A., Raiber, E., & Seabright, P. (2020). God insures those who pay? Formal insurance and religious offerings in Ghana. *Quarterly Journal of Economics*, 135(4), 1799-1848.
- Baron, D. P. (1997). Integrated strategy, trade policy, and global competition. *California management review*, 39(2), 145-169.
- Beamond, M. T., Farndale, E., & Härtel, C. E. (2016). MNE translation of corporate talent management strategies to subsidiaries in emerging economies. *Journal of World Business*, 51(4), 499-510.
- Biernacki, P., Waldorf, D., 1981. Snowball sampling: Problems and techniques of chain referral sampling. *Sociological methods & research*, 10(2), 141-163.
- Birkinshaw, J., Hood, N., & Jonsson, S. (1998). Building firm-specific advantages in multinational corporations: the role of subsidiary initiative. *Strategic Management Journal*, 19(3), 221-242.
- Blakeney, M., & Mengistie, G. 2011. Intellectual property and economic development in sub-Saharan Africa. *The Journal of World Intellectual Property*, 14(3-4), 238-264.
- Buckley, P.J. and Casson, M. (1996) 'Joint ventures', in Buckley, P.J. and Michie, J. (Eds.): *Firms, Organizations and Contracts: A Reader in Industrial Organization*, Oxford University Press, New York, pp.410-428.
- Bush, R.F., Bloch, P.H., Dawson, S., 1989. Remedies for product counterfeiting. *Business Horizons*, 32(1), 59-66.
- Cantwell, J., Dunning, J. H., & Lundan, S. M. (2010). An evolutionary approach to understanding international business activity: The co-evolution of MNEs and the institutional environment. *Journal of International Business Studies*, 41(4), 567-586.
- Castle, S., Carvajal, D., 2013. Counterfeit food more widespread than suspected. *New York Times*, June 27, B1.
- Chaudhry, P.E., Zimmerman, A., 2009. *The economics of counterfeit trade: Governments, consumers, pirates and intellectual property rights*. Springer Science & Business Media.
- Chung, C. N., Luo, X., 2008. Institutional logics or agency costs: The influence of corporate governance models on business group restructuring in emerging economies. *Organization Science* 19, 766-784.
- Ciulli, F., & Kolk, A., 2019. Incumbents and business model innovation for the sharing economy: Implications for sustainability. *Journal of cleaner production*, 214, 995-1010.
- Ciulli, F., Kolk, A., & Boe-Lillegraven, S., 2019. Circularity Brokers: Digital Platform Organizations and Waste Recovery in Food Supply Chains. *Journal of Business Ethics*, 1-33.
- Contractor, F., Yang, Y., & Gaur, A. S. (2016). Firm-specific intangible assets and subsidiary profitability: The moderating role of distance, ownership strategy and subsidiary experience. *Journal of World Business*, 51(6), 950-964.
- Corley, K.G. and Gioia, D.A., 2011. Building theory about theory building: what constitutes a theoretical contribution?. *Academy of Management Review*, 36, 12-32.
- Daudigeos, T., Roulet, T., & Valiorgue, B. (2020). How scandals act as catalysts of fringe stakeholders' contentious actions against multinational corporations. *Business & Society*, 59(3), 387-418.
- Davis, J. P., Eisenhardt, K. M., & Bingham, C. B., 2007. Developing theory through simulation methods. *Academy of Management Review*, 32(2), 480-499.
- De Villa, M. A., Rajwani, T., Lawton, T. C., & Mellahi, K. (2019). To engage or not to engage with host governments: Corporate political activity and host country political risk. *Global Strategy Journal*, 9, 208-242.

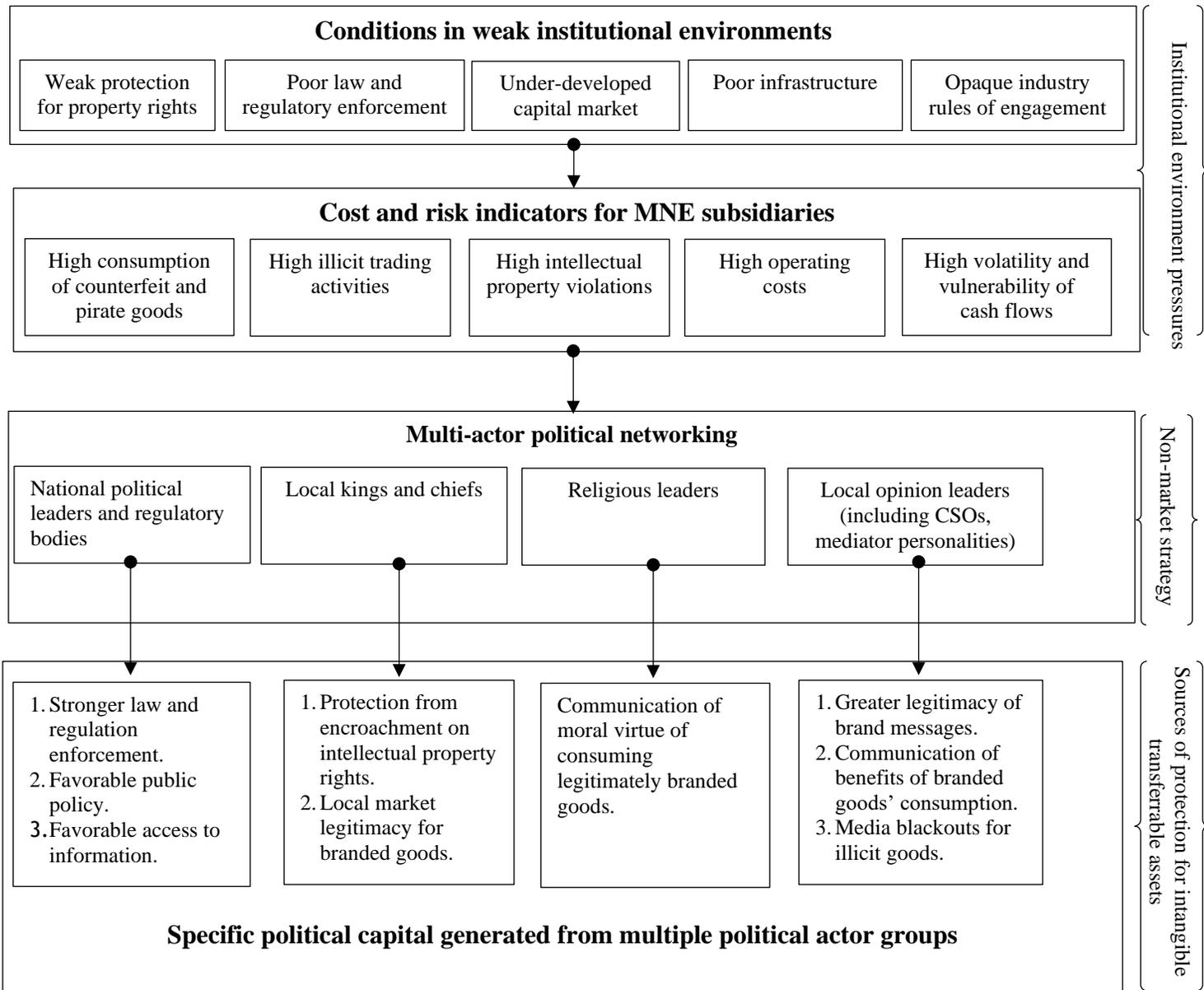
- Dieleman, M., & Widjaja, H. (2019). How powerful political ties appropriate resources and how weaker organizations protect themselves: A case study from Indonesia. *Asia Pacific journal of management*, 36(1), 61-86.
- Delios, A., & Beamish, P. W. (2001). Survival and profitability: The roles of experience and intangible assets in foreign subsidiary performance. *Academy of Management journal*, 44(5), 1028-1038.
- Dorobantu, S., Kaul, A., Zelner, B., 2017. Nonmarket strategy research through the lens of new institutional economics: An integrative review and future directions. *Strategic Management Journal*, 38, 114-140.
- Eisenhardt, K.M., 1989. Building theories from case study research. *Academy of Management Review*, 14, 532–550.
- Eisenhardt, K.M., 1991. Better stories and better constructs: The case for rigor and comparative logic. *Academy of Management Review*, 16(3), 620-627.
- Eisenhardt, K.M., Graebner, M.E., 2007. Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50(1), 25–32.
- Fang, Y., Wade, M., Delios, A., & Beamish, P. W. (2007). International diversification, subsidiary performance, and the mobility of knowledge resources. *Strategic management journal*, 28(10), 1053-1064.
- Fleming, P., Zyglidopoulos, S., Boura, M., & Lioukas, S. (2021). How Corruption is Tolerated in the Greek Public Sector: Toward a Second-Order Theory of Normalization. *Business & Society*, 0007650320954860.
- Frynas, J.G., Mellahi, K. and Pigman, G.A., 2006. First mover advantages in international business and firm-specific political resources. *Strategic Management Journal*, 27(4), 321-345.
- Funk, R.J., Hirschman, D., 2017. Beyond nonmarket strategy: Market actions as corporate political activity. *Academy of Management Review*, 42(1), 32-52.
- Garpenby, P., Nedlund, A.C., 2016. Political strategies in difficult times—The “backstage” experience of Swedish politicians on formal priority setting in healthcare. *Social Science & Medicine*, 163, 63-70.
- Gaur, A. S., Delios, A., & Singh, K. (2007). Institutional environments, staffing strategies, and subsidiary performance. *Journal of Management*, 33(4), 611-636.
- GFDA (Ghana Food and Drugs Authority). 2017. FDA holds a workshop on pharmaceutical crime investigations and intelligence. <https://fdaghana.gov.gh/index.php/fda-holds-a-workshop-on-pharmaceutical-crime-investigations-and-intelligence/>. Downloaded 18-07-18.
- Ghana Excise Tax Stamp Act (2013). Abridged Version of Excise Tax Stamp Act. [https://gra.gov.gh/wp-content/uploads/2020/02/3\\_Abridged-version-of-Excise-Tax-Stamp-Act.pdf](https://gra.gov.gh/wp-content/uploads/2020/02/3_Abridged-version-of-Excise-Tax-Stamp-Act.pdf).
- Ghana Export Promotion Authority (2018). Tax stamp enforcement starts october 1...culprits to face detention, seizure & imposition. <https://www.gepaghana.org/tax-stamp-enforcement-starts-october-1culprits-face-detention-seizure-imposition/>, retrieved on May 21st, 2020.
- Gioia, D. (2021). A Systematic Methodology for Doing Qualitative Research. *The Journal of Applied Behavioral Science*, 57(1) 20–29.
- Gioia, D.A., Corley, K.G. and Hamilton, A.L. (2013). Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational Research Methods*, 16(1), 15-31.
- Gioia, D.A., Thomas, J.B., 1996. Identity, image, and issue interpretation: Sensemaking during strategic change in academia. *Administrative Science Quarterly*, 41, 370–403.
- Gnyawali, D. R., & Ryan Charleton, T. (2018). Nuances in the interplay of competition and cooperation: Towards a theory of coopetition, *Journal of Management*, 44(7), 2511–2534.
- Greenfield, P. M., Keller, H., Fulgni, A., & Maynard, A. (2003). Cultural pathways through universal development. *Annual Review of Psychology*, 54, 461-490.
- Gyekye, K. (2002). African cultural values: An introduction. Accra, Ghana: Sankofa Publishing Company.
- Hall, R. (1992). The strategic analysis of intangible resources. *Strategic Management Journal*, 13(2), 135-144.
- Hall, R. (1993). A framework linking intangible resources and capabilities to sustainable competitive advantage. *Strategic Management Journal*, 14(8), 607-618.

- Hillman, A. J., Keim, G. D., & Schuler, D. (2004). Corporate political activity: A review and re-search agenda. *Journal of Management*, 30(6), 837-857.
- Holburn, G.L., Vanden Bergh, R.G., 2008. Making friends in hostile environments: Political strategy in regulated industries. *Academy of Management Review*, 33, 521-540.
- Holburn, G.L., Vanden Bergh, R.G., 2014. Integrated market and nonmarket strategies: Political campaign contributions around merger and acquisition events in the energy sector. *Strategic Management Journal*, 35(3), 450-460.
- Holburn, G.L., Zelner, B.A., 2010. Political capabilities, policy risk, and international investment strategy: Evidence from the global electric power generation industry. *Strategic Management Journal*, 31(12), 1290-1315.
- Hughes, M., Powell, T. H., Chung, L., & Mellahi, K. (2017). Institutional and resource-based explanations for subsidiary performance. *British Journal of Management*, 28(3), 407-424.
- Johnson, S., & Mitton, T. (2003). Cronyism and capital controls: evidence from Malaysia. *Journal of Financial Economics*, 67(2), 351-382.
- Kafouros, M., & Aliyev, M. (2016). Institutions and foreign subsidiary growth in transition economies: The role of intangible assets and capabilities. *Journal of Management Studies*, 53(4), 580-607.
- Khanna, T., Palepu, K. G., & Sinha, J. (2005). Strategies that fit emerging markets. *Harvard Business Review*, 83(6), 4-19.
- Knott, S. (2020). Covid-19 could mark a deadly turn in Ghana's fight against fake drugs. Available at <https://www.theguardian.com/global-development/2020/apr/30/covid-19-could-mark-a-deadly-turn-in-ghana-fight-against-fake-drugs>.
- Kolk, A. 2016. The social responsibility of international business: From ethics and the environment to CSR and sustainable development. *Journal of World Business*, 51(1), 23-34.
- Kolk, A., & Rivera-Santos, M. 2018. The state of research on Africa in business and management: Insights from a systematic review of key international journals. *Business & Society*, 57, 415-436.
- Kotabe, M., Jiang, C. X., & Murray, J. Y., 2017. Examining the complementary effect of political networking capability with absorptive capacity on the innovative performance of emerging-market firms. *Journal of Management*, 43(4), 1131-1156.
- Kotha, S., Rindova, V. P., & Rothaermel, F. T. (2001). Assets and actions: Firm-specific factors in the internationalization of US Internet firms. *Journal of International Business Studies*, 32(4), 769-791.
- Lawton, T., McGuire, S., Rajwani, T., 2013. Corporate political activity: A literature review and research agenda. *International Journal of Management Reviews*, 15(1), 86-105.
- Lee, J. M., Narula, R., & Hillemann, J. (2021). Unraveling asset recombination through the lens of firm-specific advantages: A dynamic capabilities perspective. *Journal of World Business*, 56(2), 101193.
- Levitsky, S., & Murillo, M. V. (2014). Building institutions on weak foundations: lessons from Latin America. *Reflections on uneven democracies: The legacy of Guillermo O'Donnell*, 189-213.
- Li, H., & Atuahene-Gima, K. 2001. Product innovation strategy and the performance of new technology ventures in China. *Academy of Management Journal*, 44(6), 1123-1134.
- Li, H., & Zhang, Y., 2007. The role of managers' political networking and functional experience in new venture performance: Evidence from China's transition economy. *Strategic management journal*, 28(8), 791-804.
- Liu, W., & Li, J. (2019). Unbalanced Institutions in Market Transition: How Do They Matter for Firm Strategic Choices and Performance in Emerging Economies?. *Management International Review*, 59(5), 675-702.
- Locke, K., 2001. *Grounded Theory in Management Research*. Sage, Thousand Oaks, CA.
- Mair, J., Marti, I., & Ventresca, M. J. (2012). Building inclusive markets in rural Bangladesh: How intermediaries work institutional voids. *Academy of Management Journal*, 55(4), 819-850.
- Mbalyohere, C., Lawton, T., Boojihawon, R., & Viney, H. 2017. Corporate political activity and location-based advantage: MNE responses to institutional transformation in Uganda's electricity industry. *Journal of World Business*, 52(6), 743-759.

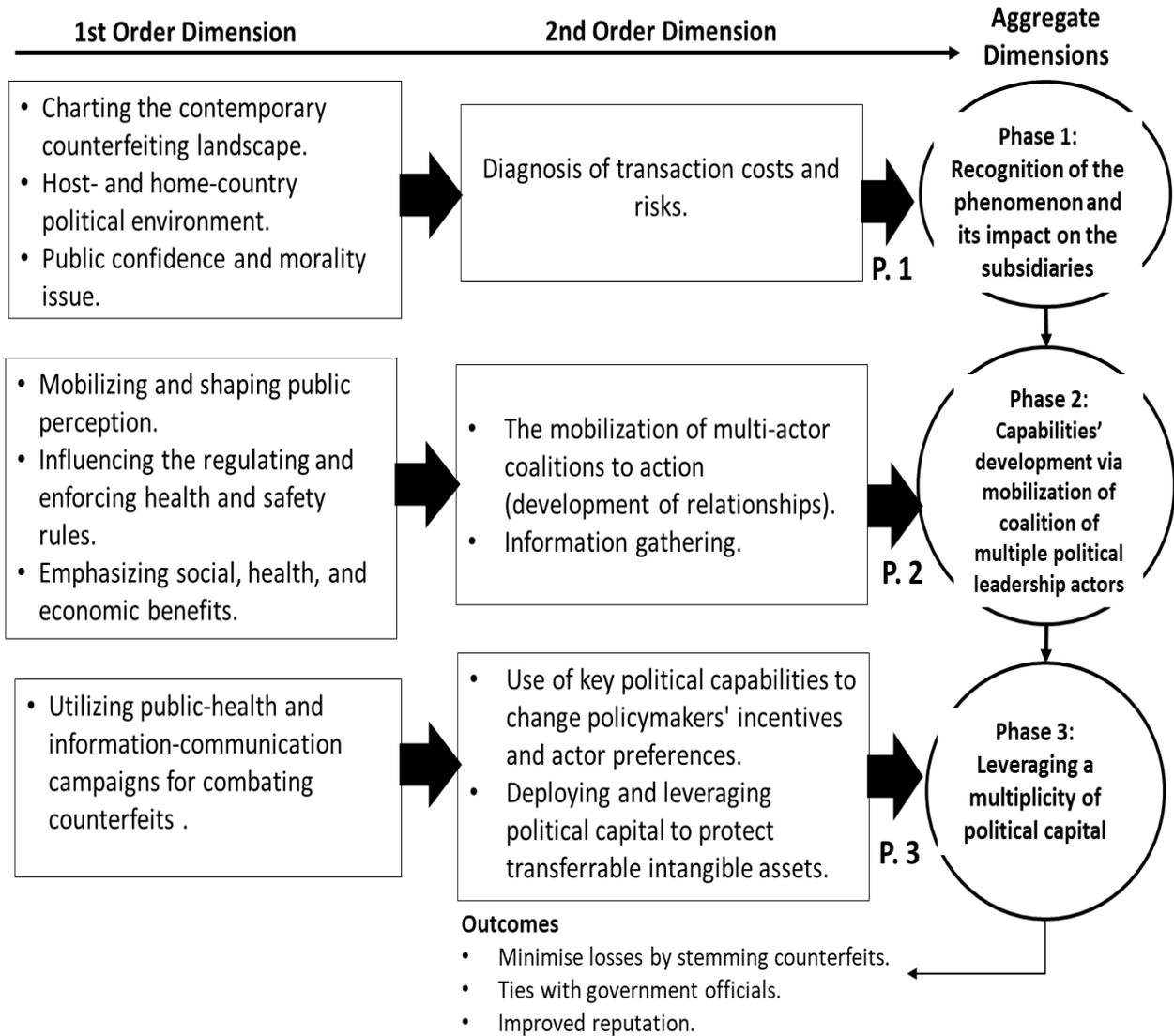
- Mellahi, K., Frynas, J.G., Sun, P., Siegel, D., 2016. A review of the nonmarket strategy literature: Toward a multi-theoretical integration. *Journal of Management*, 42(1), 143-173.
- Miles, M.B., Huberman, A.M. and Saldaña, J., 2014. *Qualitative data analysis: A methods sourcebook*. 3rd. Thousand Oaks, California: Sage.
- Moore, A. M., Kibombo, R., & Cats-Baril, D. (2014). Ugandan opinion-leaders' knowledge and perceptions of unsafe abortion. *Health Policy and Planning*, 29(7), 893-901.
- Noy, C., 2008. Sampling knowledge: The hermeneutics of snowball sampling in qualitative research. *International Journal of Social Research Methodology*, 11, 327–344.
- OECD/EUIPO. 2016. Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact, OECD Publishing, Paris. Available at: <http://dx.doi.org/10.1787/9789264252653-en>.
- OECD/EUIPO (2019). Trends in Trade in Counterfeit and Pirated Goods, Illicit Trade, OECD Publishing, Paris, <https://doi.org/10.1787/g2g9f533-en>.
- Oliver, C. (1997). Sustainable competitive advantage: combining institutional and resource-based views. *Strategic Management Journal*, 18(9), 697-713.
- Omobowale, M. O., & Omobowale, A. O. (2019). Oju and Inu: Solidarity in the informal market space in Ibadan, Nigeria. *Journal of Black Studies*, 50(4), 401-420.
- Parente, R., Rong, K., Geleilate, J. M. G., & Misati, E., 2019. Adapting and sustaining operations in weak institutional environments: A business ecosystem assessment of a Chinese MNE in Central Africa. *Journal of International Business Studies*, 50(2), 275-291.
- Peng, M.W., Ahlstrom, D., Carraher, S.M., Shi, W.S. 2017. An institution-based view of global IPR History. *Journal of International Business Studies*, 48, 893-907.
- Pisani, E. (2017). *WHO Global Surveillance and Monitoring System for substandard and falsified medical products*. Geneva: World Health Organization; 2017. Licence: CC BY-NC-SA 3.0 IGO. Available at <https://apps.who.int/iris/bitstream/handle/10665/326708/9789241513425-eng.pdf?ua=1>.
- Pisani, N., Kourula, A., Kolk, A., & Meijer, R. 2017. How global is international CSR research? Insights and recommendations from a systematic review. *Journal of World Business*, 52(5), 591-614.
- Powell, K. S., & Rhee, M. (2016). Experience in different institutional environments and foreign subsidiary ownership structure. *Journal of Management*, 42(6), 1434-1461.
- Qian, Y., 2014. Counterfeiters: Foes or friends? How counterfeits affect sales by product quality tier. *Management Science*, 60(10), 2381-2400.
- Raza, A., Saeed, S., Yousafzai, S., Shahid, M. U., & Muffatto, M. (2020). Institutional adversity, external knowledge sources, and new ventures' innovation: An institutional polycentrism theory perspective. *Industrial Marketing Management*, 90, 633-647.
- Research and Markets. 2018. Global brand counterfeiting report, 2018. [https://www.researchandmarkets.com/research/hzjb9c/global\\_brand?w=4](https://www.researchandmarkets.com/research/hzjb9c/global_brand?w=4).
- Ridder, H.G., Hoon, C. and McCandless Baluch, A., 2014. Entering a dialogue: Positioning case study findings towards theory. *British Journal of Management*, 25), 373-387.
- Ritala, P. (2012). Coopetition strategy—when is it successful? Empirical evidence on innovation and market performance. *British Journal of Management*, 23(3), 307-324.
- Rugman, A.M., & Verbeke, A. (2001). Subsidiary-specific advantages in multinational enterprises. *Strategic Management Journal*, 22(3), 237–250.
- Scott, W.R., 2002. *Organizations: Rational, natural and open systems* (5th ed). Englewood Cliffs, NJ: Prentice Hall.
- Scott, W.R. (1995). *Institutions and Organizations*. Thousand Oaks, CA: Sage.
- Scott, W. R. (2014). *Institutions and organizations: Ideas, Interests, and Identities*. Thousand Oaks, CA: Sage.
- Sirmon, D. G., Gove, S., & Hitt, M. A. (2008). Resource management in dyadic competitive rivalry: The effects of resource bundling and deployment. *Academy of Management Journal*, 51(5), 919-935.
- Skippari, M., Pajunen, K. 2010. MNE-NGO-Host government relationships in the escalation of an FDI conflict. *Business & Society*, 49(4), 619-651.
- Staake, T., Thiesse, F., & Fleisch, E. (2009). The emergence of counterfeit trade: a literature review. *European Journal of Marketing*. 43, 320-349.

- Staake, T., Thiesse, F., Fleisch, E., 2012. Business strategies in the counterfeit market. *Journal of Business Research*, 65(5), 658-665.
- Strauss, A., & Corbin, J. (1990). *Basics of qualitative research*. Sage publications.
- Sun, P., Mellahi, K., & Thun, E. 2010. The dynamic value of MNE political embeddedness: The case of the Chinese automobile industry. *Journal of International Business Studies*, 41: 1161–1182.
- Sun, P., Mellahi, K., & Wright, M. (2012). The contingent value of corporate political ties. *Academy of Management Perspectives*, 26(3), 68-82.
- Sun, P., Xu, H., & Zhou, J. (2011). The value of local political capital in transition China. *Economics Letters*, 110(3), 189-192.
- Teschner, B. A. (2012). Small-scale mining in Ghana: The government and the galamsey. *Resources Policy*, 37(3), 308-314.
- The Daily Graphic. 2017. 70% of electrical cable brands in Ghana substandard. <https://www.ghanaweb.com/GhanaHomePage/business/70-of-electrical-cable-brands-in-Ghana-substandard-GSA-597578>. Downloaded 18-07-18.
- Wang, C., Hong, J., Kafouros, M., & Wright, M. (2012). Exploring the role of government involvement in outward FDI from emerging economies. *Journal of International Business Studies*, 43(7), 655-676.
- WHO (World Health Organization). 2018. Substandard and falsified medical products. <http://www.who.int/news-room/fact-sheets/detail/substandard-and-falsified-medical-products>. Downloaded 18-07-18.
- World Bank, 2014. Workers in the Informal Economy, <http://go.worldbank.org/1PVGLNWYC0>, retrieved on May 21st, 2020.
- Yin, R.K., 2018. *Case study research and applications. Design and methods*. SAGE: Los Angeles.
- Zhao, H., & Lu, J. (2016). Contingent value of political capital in bank loan acquisition: Evidence from founder-controlled private enterprises in China. *Journal of Business Venturing*, 31(2), 153-174.
- Zhao, M. (2006). Conducting R&D in countries with weak intellectual property rights protection. *Management Science*, 52(8), 1185-1199.

**Figure 1: Multi-actor political networking as a non-market response strategy in weak institutional environments in Africa**



**Figure 2: A process model of political networking capabilities' development and leveraging**



**Table 1: Case organizations and informants**

Number	Position	Industry/sector	Firm ID	
G1	Medical representative and pharmacist.	European pharmaceutical firm	Company 1	
G2	Medical representative (pharmacist).			
G3	(Marketing) medical representative.			
G4	Sales manager and medical advisor.			
G5	Affairs manager.			
G6	Medical representative.			
G7	Manager RA GDD and also responsible for promoting products.			
G8	Medical sales rep.			
G9	First line manager/executive.			Company 2
G10	Manager/executive.			
G11	Sales manager.			
G12	Pharmacist/medical representative.			
G13	Sales manager.			
G15	Medicinal research chemist.			
G16	Associate affairs associate.	US pharmaceutical firm	Company 3	
G17	Medical rep			
G18	Sales manager.			
G19	Top manager.	Asian electronic and electrical appliance firm	Company 4	
G20	Top executive.			
G21	Top executive/manager.	US electronic and electrical appliance company	Company 5	
G22	Top executive.			
G23	Sales manager.	Electronics and appliance firm	Company 6	
G24	Manager.			
G25	Top executive.	Alcoholic-beverage drink company	Company 7	
G26	Top executive.			
G27	Country manager/head of marketing.		Company 8	
G28	Operations manager.			

**Table 2: Case organizations and content analysis of approaches adopted**

<b>Cases/ Firm ID</b>	<b>Year of entry to Ghanaian market</b>	<b>Industry/sector</b>	<b>Functional expertise in the Ghanaian subsidiary</b>
Company 1	Initially in the 1980s and then subsequently merged with another firm to create a bigger entity.	Pharmaceutical firm.	Sales and marketing to gain market share and out-compete its rivals (i.e., cross-function and cross-phases 1-3 activities). Works collaboratively with doctors, midwives, patients, and nurses to develop innovative solutions.
Company 2	2000s. An old pharmaceutical and chemical firm expanded after a merger.	Pharmaceutical firm.	Vaccine production, sales, and distributions. Works with local communities to strengthen healthcare capacity, i.e., a feature of Phase 2 Developing local research and capacity for malaria prevention. - strong element of environmental scanning related activities, which exhibit some feature of phase 1
Company 3	1990s	Pharmaceutical firm.	Sales and distributions (i.e., cross-function and cross-phases 1-3 activities).
Company 4	2000s	Electronics and appliance firm.	Sales and distributions (i.e., cross-function and cross-phases 1-3 activities).
Company 5	1990s	Electronics and appliance firm.	Sales and distributions (i.e., cross-function and cross-phases 1-3 activities). Developing new markets in Africa- this means substantial resources devoted toward scanning the business environment for potential threats (i.e., strong presence of Phase 1 activities).
Company 6	1990s	Electronics and appliance firm.	Sales and distributions (i.e., cross-function and cross-phases 1-3 activities).
Company 7	1980s	Alcoholic-beverage drink company.	Production, sales, and distribution. Ghana is one of its strong West African markets. Works collaboratively with doctors, midwives, patients, and nurses to develop innovative solutions (Phase 1 and 3 activities)
Company 8	Initial 1980s, exit and entry in the 2000s.	Alcoholic-beverage drink company.	Production, sales, and distribution (i.e., cross-function and cross-phases 1-3 activities).

**Table 3: Case organizations and political networking capability development activities adopted**

	Case companies								
		Company1	Company2	Company3	Company4	Company5	Company6	Company7	Company8
Nature of political networking capability development activities	Developing and utilizing ties with former employees in government.	✓	✓		✓	✓	✓	✓	
	Utilizing ties to help frame the debate and public discussion around counterfeit products towards safety and security of pharmaceutical products.	✓	✓						
	Direct hiring of former government officials.	✓							✓
	Indirect hiring of former government officials								✓
	Donations/contributions to political activities and parties.	✓						✓	
	Political contributions such as sponsorship of public political events.	✓	✓	✓		✓			
	Recruiting politicians to the top management team as advisers and seconding technical experts to provide advice to government departments/agencies.	✓	✓				✓		
	Lobbying via direct and indirect ties and communication with political actors to reshape regulations and government initiatives.	✓	✓	✓	✓			✓	✓
	Convey an impression of value-driven political engagement demonstrating care for safety and security.	✓							✓
	Some kind of “cooling-off” policy for hiring former government workers.		✓						
	Shaping publicly available information and evidence to sway potential customers towards their products.		✓						✓
	Framing debate/policy around contaminated drinks and potential damage to individual health and wellbeing.							✓	✓
	Framing the debate about activities of counterfeiters on fires in homes and disasters caused by faulty appliances.					✓	✓	✓	
	Utilized third-party lobbying.			✓					
	Framing the debate about activities of counterfeiters on safety and security grounds.			✓					
	Hiring former politicians to help understand and shape public policy positions of government.					✓			
	Corporate political engagement via lobbying and developing ties with politicians.						✓		✓
Noted political engagement activities including secondment to government positions						✓	✓		

**Table 4: Procedures for reporting counterfeit products**

Activities	Processes and capabilities observed	Representative quotes
Effective internal reporting mechanism	More apparent in the three pharmaceutical firms (Company1, Company2 and Company3)	<ul style="list-style-type: none"> <li>● <i>“For counterfeit products, we report to our quality assurance unit within the company through email or by phone and it’s escalated to cluster level, then FDA is also notified.”</i> (pharmaceutical executive, Company1)</li> <li>● <i>“I am not actively involved in dealing with it. We have a procedure in place on this. It generally goes to our quality control unit.”</i> (an informant G18, Company3)</li> <li>● <i>“Yes. Once a fake product is encountered we have a hotline and an email address which everyone can use to reach our QA unit to make a complaint.”</i> (a medical representative, Company1)</li> </ul>
Developing and utilizing latest technology to tackle problem at source – seeking and identifying hot spots and prolific counterfeiters	All the firms	<ul style="list-style-type: none"> <li>● <i>“They have a code to which customers can forward the batch number of the product. A reply is received if it is fake or original.”</i> (a medical representative and pharmacist, Company1)</li> </ul>
Internal and external system	All firms	<ul style="list-style-type: none"> <li>● <i>“I report any incidence of counterfeit products to my regulatory department ... A scratch card section has been placed on some of our products which can be scratched and the code sent as a text message to the FDA to check whether it is fake or not.”</i> (executive, Company2)</li> <li>● <i>“I report to the quality assurance department and also the FDA.”</i> (a medical representative, Company1)</li> <li>● <i>“When suspected counterfeit products are brought to my attention, I run a test with a prove scanner to determine if it’s fake. If it is, I report to the global security team ... The sample was submitted to the FDA for analysis.”</i> (a senior official, Company3)</li> </ul>

**Table 5: Summary of cross-case comparison of approaches to political capabilities development**

Sub-roles	Types of platforms	Representative quotes
Collaboration with external entities including regulatory bodies and governments.	All firms	<i>“People respect doctors in this country and listen to their advice. We work with them to raise awareness about fake food and drugs. We also advise people to check the date and genuineness of products.”</i> (An executive at Company2).
Creating multiple channels of communication with customers and community.	All firms	<i>“Some consumers come to our office or ring us to complain about drugs not working. We often found after investigation that they are just fake or expired. So the national campaigns are making a difference.”</i> (Line Manager, Company2).
Developing domestic field cross-functional teams and processes.	3 pharmaceutical firms (Company1, Company2 and Company3) and 3 electronics and appliance firms (Company4, Company5 and Company6)	<i>“My role entails leading the sales team to generate demand ... Through engagement of healthcare professionals as well as procurement staff to ensure availability of these products for patients ... I receive reports from the field staff on any discovered counterfeit XX product on the market and this is taken through the approved reporting channel.”</i> (Country manager, Company1)  <i>“We organize periodic meetings with stakeholders to train them on the appropriate distributors for our products, how to identify counterfeits and what their potential impacts are.”</i> (Senior employee, Company6).

**Table 6: Summary of cross-case comparison of approaches to capabilities' deployment**

<b>Sub-roles</b>	<b>Types of platforms</b>	<b>Illustrative quotes</b>
Use of key political capabilities to change policymakers' incentives and actor preferences.	All firms	<i>"I can tell you the government is good at getting people to listen and we [Company8] know about our products, this way (i.e., working together) we increased the volume ... and changed minds" (Country manager, Company8).</i>
Leveraging political capital to protect intangible assets.	All firms	<i>"I will not call it 'alliance'; it is just a working relation to tackle this problem. Go to Makola Market [renowned marketplace and shopping district in Accra, the commercial capital of Ghana], go to Kejetia Market [famous marketplace in Kumasi in the Ashanti region of Ghana], you see shops damaged by fire caused by these products, people killed [...] It has also happened in many homes, towns, and even my small village near Mampong [also in the Ashanti Region of Ghana]. The government sees the problem, we see the problem, so we have to work together with joint events to create awareness and campaigns to tackle the problem." (Top executive, Company5).</i>

## **Appendix 1: Semi-Structured Interview Questions**

- Please describe your current and past roles and responsibilities within the business?
- Can you please provide some detailed information on the range of services/products offered by the business?
- How is your role related to how the firms operate and deal with counterfeit products?
- What counterfeit products or issues that your business has had to deal with? Can you describe your procedure for dealing with counterfeit products of the business? [Prompts: Functionality, Functional quality; comparable to genuine low-cost product]
- Can you tell us about the severity of the counterfeit and pirated goods' trade in Ghana?"?
- Is there a stronger counterfeit or black market for your products and do you undertake visual quality checks on the local market?
- What has been the main effect for your business for having some many counterfeit or products out there? Share some of your stories with us.
- How important is the need to deal with counterfeit and pirated goods' trade in Ghana?
- What type of issues about counterfeit and pirated goods do you have to deal with?
- Can you describe the processes you use to deal with counterfeit and pirated goods' trade in Ghana?
- What have been the main effects of counterfeit and pirated goods' trade on your business?

### **Combating**

- Do you get any help from the government in dealing with this issue?
- How do you deal with state institutions (regulators and the court system) when combating the counterfeit and pirated goods trade?
- How do you deal with the bureaucracies, corruption and weak legal system when combating this?
- Tell us about your relationships with business partners/clients and suppliers to stop or deal with fake or counterfeits on the market?/Tell us about your relationships with government, business partners/clients and suppliers in your efforts to overcome counterfeit and pirated goods' trade?
- What are some of the challenges you have encountered in seeking to investigate cases of counterfeits? [Prompts: Counterfeit origin obvious for non-expert without closer inspection; Difficult to distinguish for product expert, copyright issues].
- What are some of the challenges you have encountered in seeking to investigate cases of counterfeits?/ What have been the major barriers in seeking to combat counterfeit or fake products in this country?
- What have been the major barriers in seeking to combat counterfeit or fake products in this country? [Prompts: legal system, cost]
- What is your relationship with government and government officials/department? How does this work? How do you utilize this relationship?

### **Effects**

- Do you think some of your consumers use counterfeits as "trial versions" of high-end products and subsequently buy the same products?
- Do you think the illegitimate redistribution of your products can actually increase revenue from other complementary products?
- Can you share with us some innovative ideas for the business that have emerged after investigating cases of counterfeits?

### **Harnessing Technologies**

- Tell us about how you have tried to use the latest technologies to combat fake products on the markets? Do you have any particular technology for doing this? Please can you provide some examples?
- Have you considered using mobile digital technologies to combat fake or counterfeits? If so, how? Can you tell us some stories here?
- Can you please describe how you have gone about implementing changes to stop other local businesses endangering people with counterfeit goods/products?

### **Questions for Political Actor Groups**

- Please can you outline the efforts of state institutions to minimize the proliferation of counterfeit and pirated goods' trade in Ghana? How effective have these measures been? How do you do enforcement on these?
- Tell us about how you have tried to use the latest technologies to combat counterfeit and pirated goods on the Ghanaian markets?
- Can you please describe how you have gone about implementing changes to stop local and foreign businesses from endangering people with counterfeit goods/products?