Political risks perception and mitigation using joint venture (JV) entry model

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This paper examines the influence of level of resources and capabilities, and perception of political risks on entry decisions made into overseas construction markets. It also establishes whether the perceived impact of political risks could be mitigated through interactions between the level of resources/capabilities of multinational construction companies (MNCC) and JV as an entry model into African markets. The study employed a mixed methods approach in research design and data collection. Data for the study were collected from 76 large construction companies that are registered on Grades 8 and 9 of the construction industry development board (cidb) register of contractors in South Africa. Data reported in this paper were analyzed using both the descriptive and inferential statistics. The study reveals that number of employees in South African construction companies (SACC) influenced their perception of changes in host government's laws, regulations and policies while relationships exist between assets of SACC and JV as entry models which mitigated the perceived impact of changes in the host country laws, regulations and policies. The paper concludes that resources and/or capabilities of SACC influenced their perception of political risks in the markets and perception of the significant political risks influenced use of variants of JV as entry models into African construction markets (ACM). However, interaction between the level of resources and capabilities of SACC and JV mitigates the perceived impact of political risks in ACM.

Key Words: political risks, risks perception, risks mitigation, joint venture (JV), entry model

Introduction

Entry into overseas markets is one of the strategic decisions that has to be made by multinational construction companies (MNCC) venturing into unknown terrains. This is because overseas markets are fraught with many uncertainties that make foreign markets operation illusion to MNCC due to high possibility of failure and loss of gains (Han *et al.*, 2007; Abdul-Rahman, Loo and Wang, 2012). Nevertheless, overseas markets within the developing countries present more opportunities to MNCC at the present and African markets is significant positioned due to deficit in infrastructure demands that attracts global investments. International construction markets (ICM) was estimated at US$15 trillion in 2015 (Kenter, 2014) and most of these infrastructure investments will come from African markets (Abadie, 2014). However, between 2014 and 2025, spending in global infrastructure is estimated at US$78 trillion and 60% of this will be driven by China, part of Asia and including Nigeria in Africa (Abadie, 2014).

In recent times, uncertainties in markets are the global issues most especially in the multinational settings which have posed threats to international entries and operations (Gunhan and Arditi, 2005; Xiaopeng and Pheng, 2013; Park et al., 2014). These uncertainties include regional conditions like currency devaluation and exchange restrictions, fluctuations in the macro-economy, government policies, cultural differences, or unstable laws or regulations (Han, Diekmann, Lee and Ock, 2004). Similarly, financial crises, economic recessions, terrorisms, wars, and recent insurgences are the common events around the world including Africa. The impact of these uncertainties which might not be extremely felt at local markets within the home countries affect business climate and harm successful implementation of project in overseas markets (Han and Diekmann, 2001; Zhang, 2011; Xiaopeng and Pheng, 2013). Such events in African markets in recent times were the outbreak of the Ebola virus diseases (EVD)/Ebola hemorrhagic fever (EHF) in West Africa region, Boko Haram insurgencies dominating Cameroon, Chad, Niger and Nigeria in the African sub-region and Xenophobic attacks in South Africa.

Risks in overseas markets are classified either as country related risks or project related risk. Country risks are those peculiar to a particular market and these are grouped as political, social and economic/financial situations in a country (Li, 2009; Park et al., 2014) while project risks are risks related to execution and implementation of a project in overseas markets such as uncertainties surrounding projects procurement, design and construction (Walewski et al., 2006; Dikmen et al., 2011). However, the focus of this paper is to examine influence of political risks on ease of entry and political risks became a focus because it is multi-dimensional in nature (Jakobsen, 2010) and can be initiated by other market uncertainties such as economic instabilities and social insecurities like terrorists, activists, rebel groups (Al Khattaba, Anchorb and Daviesb, 2007; Jakobsen, 2010). The impact of political risks are sensitive because foreign firms are unfamiliar to political system in the host country which might be quite different from what is obtainable in their home country (Al Khattab et al., 2007; Li, 2009; Xiaopeng and Pheng, 2013). The consequences of political uncertainties cannot be taken lightly when making decision on entry into an unknown markets. Nevertheless, limited researches examined impact of political risks on entry decision into international construction markets with the context of African markets.

Pertinent question that might be asked is "what entry model(s) will best mitigate the perceived impact of political uncertainties" because its magnitude in the markets could constrain entry decision and overseas operation within African construction markets (ACM). Moreover, to mitigate the perceived impact of uncertainties and to be successful in overseas markets, an adequate perception of risks is imperative for MNCC (Miller, 1992; Brouthers, 1995), and perception of risks should be based on the level of resources and/or capabilities that firms might be willing to deploy into overseas markets which could be in forms of their financial, human and experiential strengths (Gunhan and Arditi, 2005; Serra et al., 2012). This is because, the level of resources and/or capabilities, and entry decision interact to mitigate the perceived impact of risks in overseas markets (Li et al., 2013). Against this backdrop, this paper examines political risks in ACM and what strategic decision were made by SACC to mitigate the perceived impact of political risks and whether level of resources and/or capabilities of MNCC in South Africa interact with their decisions in adopting joint venture entry model in order to mitigate the perceived impact of political risks in ACM with a view to enhance ease of entry.

Political risks in international construction markets

Political risks are uncertainties that political processes or events initiated by different actors which may influence goals, operations, assets or financial conditions of international companies (Toit, 2013). Political risks take different forms and could emanate from events such as political violence, riots and civil unrests (Root, 1972), government interventions in overseas markets (Aliber, 1975; Zhuang *et al.*, 1998) and change in government or discontinuity in the business of government due to political change (Robock, 1971). The multinational views of political risks has made their management to become significant issues in international markets (Jakobsen, 2010; Quer et al., 2011). Studies have identified critical risks that emanated from political actions and events in overseas markets and these include revolutions, demonstrations, wars, civil strife and terrorism; government actions/inactions that are related to nationalization, bribery and corruption, restrictions & discriminate treatments, changes/ambiguity in laws, political instability, restrictions in fund repatriations and import restrictions regulations and policies. Those that relate to political actions are social groups/activists events due political changes (Al Khattab et al., 2007; Han et al., 2007; Ozorhon *et al.*, 2007; and Ling & Hoang, 2010).

In a comprehensive review of political risks in international markets, Xiaopeng & Pheng (2013) identified 85 political risk and among the significant are instability in government, uncertainty in policies, racism and xenophobic events, adverse attitude towards foreign firms, adverse legal system, local regulations and policies and restriction in repatriation of funds to home country of international firms. Similar studies identified political risks to include political instability, uneven political structure, restrictions in fund repatriations or profit transfer, bureaucracy, regional traditions and business practices, delay in administrative approval, local contents requirements, government participation and control (Hastak and Shaked, 2001; Walewski et al., 2006; Park et al., 2014).

Significant resources and/or capabilities for overseas markets entry and operation

It has been established by earlier studies that decision on entry into overseas markets must be influenced by adequate perception of risks in overseas markets and risks perception must be based on the amount of resources and capabilities of the MNCC venturing into international business space (Brouthers, 1995; Forlani, et al., 2007;

Sadaghiani et al., 2011). This makes level of resources and/or capabilities within firms to be significant moderators to how adequate the level of risks is perceived, before making decision on entry model that will mitigate the perceived impact of risks. Nelson and Winter (1982) described capabilities as set of routines and strength of resources that allow firms to achieve their goals. Multinational companies must be equipped adequately with certain level of resources before entry is made into unknown terrains because success in overseas operations demands enormous resources (Raftery et al., 1998; Jaring, 2009). Capabilities and resources that are significant to foreign markets entry and operation had been identified in earlier studies in international construction which include track record, specialist expertise, international network, financial strength, and equipment, materials and labour support (Gunhan and Arditi, 2005). In clearer terms, resources and capabilities significant for entry decisions into overseas markets are classified as financial, human/intellectual and experiential. However, the proxies for resources and/or capabilities as considered in this paper include revenues/total incomes, total assets, number of employees and years of international experiences.

Entry models for international markets

An international markets system that is examined with firm internal decision arrangement in accessing overseas markets is referred as entry model. It is also an institutional arrangement that allows movement of resources (financial, human and experiential) within firms into another foreign markets (Root, 1987). Different models to entry existed in literature and in a comprehensive study by Chen (2005) was summarized into ten (10) major models which include strategic alliance, local agent, licensing, joint venture company, sole venture company, branch office/company, representative office, joint venture project, sole venture project and BOT/equity project. The list agreed with other studies on entry modes (Wang, 2000; Shen et al., 2001; Low and Jiang, 2003; Mohamed, 2003; Chen and Messner, 2011). These are classified into permanent and mobile modes (Chen, 2008), hierarchy, quasi-hierarchy, quasi-market entry modes (Williamson, 1985); full-ownership, joint venture and no-ownership (Forlani et al, 2007); integrated, cooperative and independent entry modes (Brouthers, 1995). The comprehensive list of entry modes made by Chen (2005) were employed in this study. These were adopted to establish those used by South African construction companies (SACC) while accessing African markets and which mitigated the perceived impact of risks in the markets. Hence, the variants of joint venture models were tested in this paper which include joint venture company (JVC) and joint venture project (JVP).

Hypotheses development and conceptual model

This section develops set of hypotheses for this paper based on theoretical ideologies that are grounded in literature, to examine if resources and/or capabilities within SACC influence their perception of risks, whether perception of risks influence entry decision and if level of resources and/or capabilities interact with decisions on choice of entry model to mitigate the perceived impact of risks.

Capabilities and risks perception

Researches in international business affirmed that level of resources and/or capabilities within firms influence entry decision (Luo, 2002; Zsidisin, 2003; Forlani et al., 2007; Sadaghiani et al., 2011). Luo (2002) established that the capability are inversely associated with environmental complexity and industrial uncertainty while Zsidisin (2003) examined managerial perception of supply risks in outsourcing of goods and services, and established that supply risk is perceived to be influenced by number of purchased items and services (sales volume/revenues), technological advancement/assets, company size and number of available qualified suppliers. Forlani et al. (2007) further recognized that positive significant relationships exist between risk perception and firms' capabilities such as years of existence in foreign market, annual sales (revenues) and total full-time employees in the companies. In lieu of these, the hypothesis tested in this paper was stated as:

H_1: *Level of resources and/or capabilities of MNCC in South Africa has direct and significant influence on their perception of political risks within African construction markets.*

H_0: Level of resources and/or capabilities of MNCC in South Africa has no direct and significant influence on their perception of political risks within African construction markets.

Risks perception and entry decisions

Risk is best managed when adequately perceived and risk perception varies. Variance in risks perception influences decision on choice of entry model (Brouthers, 1995). This makes the level of the perceived impact of risks in a market to determine the decision on the choice of entry model. However, firms tend to choose high control entry model in a market where risks perception is high and low control model where risks are perceived to be low (Taylor, Zou and Osland, 2000). Following the theoretical perspectives, the hypothesis tested is stated as:

H_2: Perception of political risks by MNCC in African construction markets has direct and significant influence on their decision on entry model.

H_0: Perception of political risks by MNCC in African construction markets has no direct and significant influence on their decision on entry model.

Interaction between capabilities and/or entry decisions in mitigating risks

Interactions between variables of resources and/or capabilities within companies were reported to interact with choice of entry model to mitigate the perceived impact of risks in overseas markets (Brouthers, 1995; Luo, 2002; Forlani et al., 2007). Luo (2002) argued that although international markets are fraught with uncertainties, their threats on level of capabilities and resources within firms could be mitigated through strategic decision on choice of entry model. Similarly, in a market where risks are perceived to be high, firms will be willing to choose entry model that required high level of resources commitment as well as high level of control (Brouthers, 1995). Based on the theoretical standpoints, the hypothesis tested is stated as:

H_3: Level of resources and capabilities within the MNCC in South Africa interact with entry decision made to mitigate the perceived impact of political risks in African construction markets.

H_0: Level of resources and capabilities within the MNCC in South Africa do not interact with entry decision made to mitigate the perceived impact of political risks in African construction markets.

Method

An extant review of literature was carried out to establish the research variables and constructs used in this paper. The whole study employed a convergent mixed methods research approach in data collection and analysis. However, this paper presents a part of the results obtained in quantitative data analysis. The study was conducted on South African construction companies which are registered on Grades 8 and 9 of the cidb register of contractors. These grades are the largest size of construction companies in South Africa. These grades were selected for this study out of grading system 1 to 9, because only large contractors are engaged in international construction. There are among these companies that are exporting their services into international markets (Africa). However, only those who had overseas experiences were requested to respond to the questionnaire survey. The questionnaire survey was structured into three (3) sections. Section A explored the general background of the responding companies and these include revenue, assets, years of international experience and number of employees. Some of these data were obtained through the archived data of the MNCC listed on Johannesburg Stock Exchange (JSE). The data obtained were categorical variables which were transformed into continuous data to ensure uniformity in data analysis. Others background information of the responding companies obtained were their exporting status, construction services being exported into African countries they had/are operating.

Secondly, section B examined the frequency of encountering all classes of risks identified in the literature (political, social, economic/financial; procurement, design and construction related) and their impact on ease of entry into

African markets. The final section examined modes of entry used by these companies while accessing African construction markets and the level of effectiveness of entry models used in mitigating the perceived impact of risks in the markets. The responses of these companies in some part of section A; sections B and C were obtained on five Likert scale. A sample frame of 231 active construction companies was obtained in September 2014 and copies of questionnaire were administered on them using online system (surveymonkey). However, before the questionnaire was administered, it went through a peer reviewed process and assessment by the research supervisor and an editor at writing centre within the University of Cape Town. This is to check for the internal validity of the research instrument. As the principal researcher, the lead author in this paper administered the questionnaire to the respondents and several calls were made as reminders before obtaining the respond rate. Within a period of 5 months (December 2014 to April 2015), 76 companies responded to the survey which represents a response rate of 32.9%. Data obtained through survey were analyzed using IBM SPSS Version 22. Both the descriptive and inferential statistical techniques were employed in quantitative data analysis. The descriptive statistical techniques employed include the standard deviation and mean score (significance index) while inferential statistics include the chi-square and multiple linear regression (MLR). Descriptive statistics generated the significant indexes for risks encountered and entry models employed in accessing African construction markets. Regression analysis examined the level of relationships among the research variables through series of hypotheses tested in this paper. These variables were either dependent or independent depending on the proposed model. The regression analyses generated R^2 values which measured the strength of MLR model and the closer the values of R^2 to 1 the stronger the predictive power of the model and the closer to zero the weaker is the predictive power of the model. The level of significance of the model was determined by the result of ANOVA. The relationships between the variables of the research constructs were measured using standardized coefficient (Beta) and level of significance of these relationships were determined using chi-square (t-statistics).

Data analysis and discussion

The data collected in the study were presented and analyzed under the following sub-headings:

Background profile of the companies and respondents

This section sought to know the background information about the companies and the responding officer. The result shows that more than 20% of the respondents are in the top management positions while other respondents fall within the categories of middle managers and senior employees. The results on the assessment of the exporting status of the companies shows that 20% of the companies are either established and/or continuing exporters respectively. The results on companies' resources and/or capabilities were equally assessed and findings revealed that the revenues of more than 12% of the companies are well above 5 billion rand while 20% and above have revenues that range from 1 to 5 billion. The total assets of more than 15% are greater than 2.5 billion rand while more than 25% have number of employees that are greater than 500. The assessment of the number of years these companies have been in business shows that 40% had 11-20years work experiences in African construction markets, more than 15% had been operating in the markets for more than 30years. This result shows that the capabilities and level of resources within the significant number of the large construction companies who responded to the survey are adequate for international markets entry and operation.

Significant political risks in African construction markets

The significance index of political risks in African markets were computed based on the rate of encountering the risks and their degree of impact. Table 1 presents the result obtained for 14 risks obtained through review of literature and the result obtained shows that the risk with the most significant impact was legislative bottleneck/reed tape. This was followed by instability/changes in government, bureaucracy/administrative delay, changes in host country laws, regulations and policies; delay in public making decision process, restrictions on repatriation of funds to home country and bribery and corruption. The findings agreed with earlier studies who identified the risks highlighted as significant to successful operation in foreign markets (Hastak and Shaked, 2001; Walewski et al., 2006; Ozorhon et al., 2007; Toit, 2013; Xiaopeng & Pheng, 2013; Park et al., 2014).

Table 1: Political risks encountered, their impact on ease of entry and significance index

Code	Risk	M1	M2	RSI	R
PR7	Legislative bottleneck/red tape	3.58	3.65	0.52	1
PR1	Instability/changes in government	3.40	3.63	0.49	2
PR2	Bureaucracy/administrative delay	3.39	3.56	0.49	2
PR12	Delay in public decision-making process	3.29	3.46	0.46	5
PR5	Restrictions on repatriation of funds to home country	3.23	3.56	0.46	5
PR6	Bribery and corruption	3.22	3.59	0.46	5
PR3	Changes in the host country laws, regulations and policies	3.15	3.72	0.47	4
PR11	Tarrif barriers/difficulty in doing business	3.10	3.55	0.44	8
PR13	Cross-border delays in the movement of resources (human, materials, machineries/equipment)	3.00	3.26	0.39	12
PR8	Adverse legal rulings or judicial/legal system in the host country	2.97	3.51	0.42	9
PR10	Political god-fatherism/dictatorship	2.92	3.56	0.42	9
PR16	Institutional capacity in government agencies	2.90	3.44	0.40	11
PR14	Delay/denial in issuance of license/permits to expatriates firms	2.83	3.00	0.34	14
PR4	Unwritten/ambiguous laws, regulations and policies in the host country	2.79	3.47	0.39	12
PR9	Host government local content policies and political will towards project	2.75	3.13	0.34	14

M1: mean for risks encountered, M2: mean for risks impact, RSI: risk significance index, R: rank

Entry models into African construction markets

Table 2 presents the result obtained from entry models used by SACC in accessing African construction markets and the rate at which these models mitigated the perceived impact of risks in the markets. The significance index of these entry models were computed and the most significance was joint venture company. Other significant models include joint venture project, branch office/company and strategic alliance. The findings agreed with the opinions of the earlier studies who identified the entry models highlighted as significant to successful entry and operation in foreign markets (Brouthers, 1995; Shen et al., 2001; Low and Jiang, 2003; Mohamed, 2003; Chen, 2005; Chen and Messner, 2009).

Table 2: Entry modes used, level of effectiveness in mitigating the perceived impact of risks and significance index

Entry mode	M1	M1	EMSI	Rank
Joint venture project	3.83	3.73	0.57	2
Joint venture company	3.83	3.79	0.59	1
Branch office/company	3.63	3.50	0.51	3
Strategic alliance	2.98	3.24	0.39	4
Sole venture company	2.60	2.68	0.28	5
Licensing	2.28	2.58	0.24	6
Local agent	2.23	2.58	0.23	7
Sole venture project	2.20	2.42	0.21	8
Representative office	2.03	2.38	0.19	9
Build-Operate-Transfer (BOT)/Equity project	1.65	2.08	0.14	10

M1: mean on level of usage, M2: mean on level of effectiveness in mitigating risks,
EMSI: entry mode significance index

Influence of resources and/or capabilities on perception of political risks

Having identified the risks with significant impact on ease of entry into ACM, the top seven (7) significant risks were employed to test the proposition on whether resources and/or capabilities influence perception of political risks. The result in Table 3 shows that out of 7 risk perception models predicted and tested, Model 5 has the highest predictive power (R = 0.745; R^2 = 0.555; F-model =4.673, with $p \neq 0.05$) followed by Models 3 and 7. Only Model 3 indicates that number of employees influence the perception of changes in host government's laws, regulations and policies ($p < 0.10$). Model 3 implies that the 25.6% of perception of impact of changes in host government's laws, regulations and policies were influenced by number of employees in the companies. Similarly, Model 5 indicates that 55.5% of the perceived impact of restrictions on repatriation of funds to home country could be influenced by the level of resources and/or capabilities within the MNCC. Model 7 show that 20.1% of perception of bribery and corruption as a political risk in African construction markets is influenced by the level of resources and/or capabilities with the SACC. Hence, the null hypothesis (H_0) is rejected while hypothesis 1 is accepted which states that the resources and/or capabilities of SACC influenced their perception of political risks in African construction markets.

Table 3: Resources and/or capabilities and perception of political risks

Resources and/or capabilities	Political risks						
	Risks perception models						
	PR7	PR1	PR2	PR3	PR12	PR5	PR6
Revenue	.111	.440	-.209	.016	-.217	-.180	-.278
Assets	.030	.193	-.011	.356	.237	.748	.374
Employees	-.216	-.100	0.110	**-.435***	-.131	-.329	-.077
Experience	-.072	.447	-.123	-.110	.002	-.276	-.258
R	.209	-.191	.255	.506	.261	.745	.448
R^2	.043	-.197	.065	**.256**	.068	**.555**	**.201**
F-Change	.182	1.019	.297	1.288	.311	4.673	1.068

*P<0.10, **P<0.05, ***P<0.01

Influence of political risks perception on entry decisions

The top rated significant political risks which were dependent variables in risks perception models became independent variables in the prediction of entry decision models while variants of JV were the dependent variables (Table 4). Although, it appears that the perceived political risks do not show any significant relationship with the variants of JV model, the predictive power of political risks perception to JV as an entry model is strong for both models: JVC (R = 0.741; R^2 = 0.549; F-model =.348, with $p \neq 0.05$) and JVP (R = 0.654; R^2 = 0.428; F-model = .214, with p>0.10). The models indicate that 54.9% and 42.8% of decision to adopt JVC and JVP as an entry modes into African construction markets respectively were predicted by the perception of political risks. Hence, the null hypothesis (H_0) is rejected while hypothesis 2 is accepted which stated that the perceived impact of political risks influenced entry decisions made by SACC into African construction markets.

Table 4: Risks perception and entry decisions (JV)

| Political risks | Entry modes | |
| | Entry decision models | |
	Model 1: JVC	Model 2: JVP
PR7	2.801	2.179
PR1	2.985	2.735
PR2	-1.173	-.140
PR3	-.769	-,885
PR12	-.993	-1.700
PR5	-.737	-.550
PR6	-1.939	-1.992
R	.741	.654
R^2	**.549**	**.428**
F-Change	.348	.214

*P<0.10, **P<0.05, ***P<0.01

Relationship between resources and/or capabilities and entry decision (JV)

The result in Table 2 shows that the variants of joint venture (JV company and project) are the top rated entry models adopted by SACC in accessing African construction markets (ACM). This paper therefore establishes how these models interacted with level of resources and/or capabilities within the SACC to mitigate the perceived impact of risks in ACM. Table 5 examines whether relationships exist between resources and/or capabilities and entry decisions made. Result obtained shows that there are significant relationships between assets and JV models and the predictive power of the models are strong and significant: JVC ($R = 0.786$; $R^2 = 0.617$; F-model $=3.626$, with $p \leq 0.05$) and JVP ($R = 0.860$; $R^2 = 0.740$; F-model $=6.416$, with $p \leq 0.01$). Resources and/or capabilities were the independent variables while JV models were the dependent variables and the results indicate that 61.7% and 74.0% of the decisions to choose the variants of JV as entry models could be determined by the level of resources and/or capabilities (e.g. assets) within the MNCC. Hence, the null hypothesis (H_0) is rejected while hypothesis 3 is accepted because interactions exist between assets of MNCC and variants of joint venture.

Table 5: Relationship between resources and/or capabilities and entry decisions (JV)

| Resources and/or capabilities | Entry mode | |
| | Entry decision models | |
	Model 1: JVC	Model 2: JVP
Revenue	.252	.132
Assets	.842**	.970***
Number of employees	-.312	-.244
Years of international experience	-.144	.038
R	.786	.860
R^2	**.617**	**.740**
F-Change	3.626**	6.416***

*P<0.10, **P<0.05, ***P<0.01

Interaction between resources and/or capabilities and entry decision (JV) in mitigating risks

Table 6 examined whether interactions between resources and/or capabilities of SACC and variants of JV as entry models mitigate the perceived impact of political risks in African construction markets. The result indicates that 95.9% of interactions between resources (revenue, assets) and capabilities (employees and experiences) within the SACC interact to mitigate the perceived impact of changes in host government's laws, regulations and policies

(Model 3) (R = 0.979; R^2 = 0.959; F-model =11.747, with p ≠ 0.05). Other models show that relationships exist between resources and/or capabilities and entry models (JV) that could mitigate the perceived impact of risks. Their predictive powers of interaction between resources and/or capabilities and entry decisions (JV) to mitigate the perceived impact of political risks are high and range from 36.1% to 95.9% (Table 5). However, the null hypothesis (H_0) is rejected while hypothesis 3 is accepted because interactions exist among the resources and/or capabilities of SACC that mitigated the perceived impact of changes in the host country laws, regulations and policies in African markets.

Table 6: Interaction between capabilities and risks perception (JV) in mitigating political risks

Resources and/or capabilities & entry models	Political risks mitigation						
	Risks perception models						
	PR7	PR1	PR2	PR3	PR12	PR5	PR6
Revenue	-.137	-.156	-.834	.491*	-.052	-.075	-.576
Assets	.132	.351	-.819	.896*	.393	1.689	-.663
Employees	-.386	-.169	.268	-1.229**	-.046	-.784	.445
Experience	.029	-.791	-.124	-.405*	-.264	-.265	-.732
JVC	.696	-.202	.864	.089	.669	-.246	-.158
JVP	-.259	.283	.183	-.037	-.897	-.719	.964
R	.601	.797	.820	.979	.657	.799	.852
R^2	.361	.636	.673	**.959**	.432	**.638**	**.727**
F-Change	.283	.872	1.029	11.747	.381	.883	1.329

*P<0.10, **P<0.05, ***P<0.01

Discussion of findings

The study examined influence of political risks perception and resources and/or capabilities of SACC on entry decisions into African construction markets (ACM); and whether interactions between resources and/or capabilities and variants of JV as entry models would mitigate the perceived impact of political risks on ease of entry into ACM. The results show that number of employees in the SACC influence their perception of changes in host government's laws, regulations and policies and the findings agreed with earlier studies (Luo, 2002; Zsidisin, 2003; Forlani et al., 2007; Sadaghiani et al., 2011). Similarly, the predictive power of the influence of risks perception on entry decisions is strong but not significant and this aligned with related studies on risks perception and entry decision. However, assessment of interactions between resources and/or capabilities and entry decision (JV) shows that assets of MNCC relate with variants of JV while variables of resources and/or capabilities interact to mitigate the perceived impact of changes in host government's laws, regulations and policies in African construction markets as affirmed in the earlier researches (Luo, 2002; Brouthers, 1995). Based on these findings obtained, the hypotheses predicted in this paper are supported.

Conclusion

This paper concludes that the resources and/or capabilities of SACC influenced their perception of political risks in African construction markets and their perception of risks influenced their decisions to use variants of JV as entry models into the markets. It therefore becomes imperative for MNCC to take adequate account of level of resources and/or capabilities within their firms and that impact of risks in an unknown markets are adequately perceived before making entry into overseas markets. The paper recommends that, MNCC who have aspirations for Africa markets should ensure that the level of resources and/or capabilities within the firms are adequate. Similarly, impact of the level of uncertainties in the anticipated markets should be adequately perceived before making entry decisions. Further researches that examine impact of other classes of risks on ease of entry into African construction markets are proposed.

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