

INWARD INTERNATIONALIZATION OF AFRICAN-ETHNIC RESTAURANTS: THE ROLE OF MANAGERIAL DYNAMIC CAPABILITIES

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ABSTRACT

This paper empirically tests the link between cultural orientation, market orientation, service innovation capabilities of owner-managers and the level of inward internationalisation of African-ethnic restaurants. Data were obtained from 201 African-ethnic restaurants. A two-step approach was used, i.e. (i) a confirmatory factor analysis (CFA) to generate a measurement model; and (ii) a structural equation model (SEM) to test the hypotheses. All the predictor variables are positively and significantly

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related to the degree of inward internationalisation and the relationship is strong enough to cause a 41 per cent variance. Since it is cross-sectional in design, the study cannot be fully relied upon to draw inferences regarding causality among the variables. The results suggest that owner-managers who develop the three capabilities succeed in enhancing inward internationalisation. The current study could be among the very few to propose a framework that brings together major managerial (dynamic) capabilities that are presumed to be vital in enhancing inward internationalisation.

Keywords

Cultural orientation
Market orientation
Service innovation
Inward internationalisation

INTRODUCTION

In spite of the growing importance of trade and investment in services, the area of internationalisation of services is relatively new, especially in building and testing theories (Javalgi & Martin, 2007). A number of researchers have pointed out the need for further research in general and, specifically, the theoretical and empirical rigour in marketing services internationally (Clark, Rajaratnam, & Smith, 1996; Javalgi & White, 2002; Javalgi & Martin, 2007). This is against the background that some firms, such as the ethnic restaurants, deal in unique products/services that call for specialised studies to provide explanations for their successful internationalisation.

In this study, inward internationalisation is seen as “attracting” the customers from abroad so that they consume a particular product in the provider’s home country (Bjorkman & Kock, 1997). This is a common practice in the tourism industry where international visitors travel from their country of residence to another country in search of new experiences. Inward internationalisation helps to overcome the uncertainties and “liabilities of foreignness” (Zaheer, 1995) associated with operating in foreign countries, which could endanger firm’s survival (Sapienza, Erkko, Gerard, & Shaker, 2006). It favours home country socio-economic development, lessens foreign risks, cuts unemployment and creates a ready market for local goods and services (Sims, 2009). Notwithstanding all these benefits, practitioners and researchers have not clearly identified a theoretical framework that recognises major managerial capabilities that favour the inward internationalisation of small service firms, especially in the tourism industry.

This study is motivated by the fact that, while the ethnic restaurant trade has generally shown a remarkable speed of internationalisation over the years due to its extreme diversity (Mora, 2007), it has also shown rather varied levels and patterns of internationalisation (Deak & Testa, 2010; Manniche & Testa, 2010). In particular, African-ethnic restaurants, like many other brands of African origin, seem to remain less internationalised compared to other ethnic cuisines and restaurants worldwide, and little is known about their internationalisation processes (see Amujo & Otubanjo, 2012; Osei & Gbadamosi, 2011).

However, given the potential benefits of culinary tourism, governments, restaurant entrepreneurs and scholars are now aware of the value of food tourism as a powerful tool for promoting and developing their countries and local communities (Sims, 2009). Above all, there is an increasing demand for authentic food experience from both local and international customers (Alexander, 2009; Beer, 2008). The search for authenticity translates into increased inbound tourism which does not only lead to economic development but also creates a dynamic environment. It has magnified the intensity of competition in the industry, thus affecting guest traffic and revenues.

In a rapidly evolving market, over-relying on the resource-based view (RBV) of a firm in predicting firm success is too naive (see Eisenhardt & Martin, 2000). In other words, in dynamic environments, solely depending on natural endowments and firm resources to improve performance can be misleading. The entrepreneurs' abilities to integrate, build, and reconfigure internal and external resources and competences in order to address rapid changes are crucial (Teece, Pisano, & Shuen, 1997). These abilities are known as dynamic capabilities and without these firms which were initially resource-rich can rapidly deplete their endowments and be eliminated (Wu, 2007). Accordingly, restaurants that fail to develop particular managerial capabilities, routines and appropriate business models will be forced close their properties.

Fortunately, some African owner-managers have begun to develop capabilities to change the prejudiced perception of "made in Africa products" while staying loyal to local raw materials (Wandegi, 2015). In East Africa, a number of restaurants seem to realise the importance of crafting winning managerial routines in order to shape the competitive environment. Particularly ethnic restaurants have been found to retain well-defined competitive concepts that model business operations along dynamic mechanisms (Gikonyo, Adele, & Wadawi, 2015). The owner-

managers appear to demonstrate timely responsiveness to market needs and rapid service innovation, coupled with deliberate use of fresh local ingredients and traditional utensils. According to Teece et al. (1997), dynamic capabilities explain why some firms are more successful than others in the same marketplace. Extant literature indicates that three major managerial dynamic capabilities, namely cultural orientation, market orientation and service innovation capabilities of owner-manager are potential predictors of firm internationalization. However, these were only investigated separately, and not in the ethnic restaurant trade.

Based on the discussion above, the current study proposes a framework that brings together these three major managerial dynamic capabilities, which are presumed to be vital in addressing and shaping the rapidly changing business environment in the restaurant trade. In other words, the study assumes the concept of inward internationalisation as an outcome of owner-managers' dynamic capabilities. Thus, the main objective of this study is to determine and analyze individual and combined effects of cultural orientation, market orientation and service innovation capabilities of owner-manager on the level of inward internationalisation.

This paper contributes to firm internationalisation literature in three areas. First, contrary to some studies that emphasise the value of the outward movement of firms (e.g. Ruzzier, Hisrich, & Antonic, 2006), this paper focuses on inward internationalisation, a somewhat underestimated aspect in internationalisation studies. Many studies have focused on traditional modes of internationalisation, such as trade and foreign direct investment (FDI) and neglected other channels that could be relevant for the internationalisation process of service firms, especially in tourism (Brida, Driha, Ramon-Rodriguez, & Scuderi, 2015; Oskarsdottir, 2012). Remarkably, literature on African firm internationalisation mainly concentrated on the export of commodities (Tvedten, Hansen, & Jeppeson, 2014) while most of the African hospitality and tourism studies (e.g. Gikonyo et al., 2015; Rogerson, 2014) ignored the realities in the location-bound ethnic restaurants. Focus was mainly on the internationally established chains, although African entrepreneurs predominately depend on the former. Unfortunately, focusing solely on export or indirect forms of internationalisation (Craig & Douglas, 1997; Tvedten et al., 2014) provides a narrow view of African firms' international involvement.

Second, this paper examines the managerial dynamic capabilities essential to promoting the inward internationalisation of African-ethnic

restaurants. The paper proposes that the degree of inward internationalisation of African-ethnic restaurants is associated with dynamic managerial capabilities which may be categorised as market orientation (Day, 1994), national culture orientation (Lloyd-Reason & Mughan, 2002) and innovative capabilities (Wang & Ahmed, 2007). Finally, previous studies have predominantly used these capabilities in non-service sectors and for large multinational enterprises. This paper brings together all three managerial dynamic capabilities in addressing the African-ethnic restaurants' perspective.

The following sections review the dynamic capabilities theory, present the study context, summarize and critique the relevant literature. Study hypotheses are developed, followed by the methodology section. In the continuation, the findings are discussed and, finally, the conclusions, limitations and implications of the study are identified.

LITERATURE REVIEW

The Dynamic Capabilities View (DCV)

Whilst implicitly suggesting the need to distinguish capabilities from resources, the dynamic capabilities view (DCV) stresses the importance of the dynamic processes in gaining a competitive advantage (Weerawardena, Sullivan, Mort, Liesch, & Knight, 2007). In contrast to the resource-based view (RBV), the dynamic capabilities theory posits that the firm needs to develop new skills to identify opportunities and to respond quickly to them (Javenpaa & Leidner, 1998). The DCV considers firms as active generators of competitive resources used by managers to integrate, build and reconfigure internal and external competences in order to survive in the rapidly changing environments (Teece et al., 1997). Teece et al. (1997) suggest that a firm's ability to integrate and reconfigure its resources has an impact on its operational performance. Dynamic capabilities are the precursor of organisational and strategic routines by which managers alter their resource base to innovatively generate new value-creating strategies (Grant, 1996). The theory assigns a prominent position to decision-makers in the formulation and implementation of competitive strategy. According to this theory, dynamic capabilities are developed consciously and systematically by the intentional choices and actions of the firm's founder/strategic leaders (Teece et al., 1997; Weerawardena et al., 2007).

Unfortunately, while the African-ethnic restaurants possess inadequate resources for survival in today's hostile markets, very little literature exists regarding how they should respond to the threats. Rather, the literature focuses on large international restaurant brands and industrial firms mainly from the developed countries (Runyan, Huddleson, & Swinney, 2007). While a small firm may be able to survive with inadequate resources and capabilities in a benevolent environment, in a competitive international marketplace this may be very challenging. Competition has driven firms to constantly adjust, renew, reconfigure and re-create their resources and capabilities in line with the dynamic marketplace. This is reflected in the notion of dynamic capabilities (Teece et al., 1997; Eisenhardt & Martin, 2000), which has provided an important impulse in empirical research. Thus, the choice of the dynamic capabilities perspective to underpin the study on African-ethnic restaurants is considered appropriate.

African-Ethnic Restaurants and Their Context

Africa is drawn to tourism by the strong allure of deriving benefits such as the inflow of FDI, foreign exchange, increasing employment prospects and, remarkably, alleviating poverty in order to achieve sustainable development (Akama & Keiti, 2007; Mbaiwa, 2005). The East African region is a promising upcoming tourist destination in the continent (World Bank, 2012). Conventional and niche tourism has grown and is reflected by the steady increase in annual tourist arrivals and expenditure. Moreover, the diverse cultural and food heritage is being reflected in the spread of several African-ethnic restaurants across the region. In this study, African-ethnic restaurants are delineated as firms that deal in local, typical or specialty dishes from Africa. They prepare and sell food that is geographically, historically or culturally linked to African people, felt by themselves and others to constitute a distinct cuisine, i.e. African cuisine (Otengei, Changha, Kasekende, & Ntayi, 2014).

Owing to the non-industrial characteristics of African cuisine, like other specialty products (O'Reilly & Haines, 2004), African-ethnic restaurants are generally small and medium enterprises (SMEs). Compared to multinationals, even the most established and leading African-ethnic restaurants, such as Ethiopian restaurants are still quite small and hardly any of them is listed on stock exchanges or heavily dependent on bond markets. They are resource-constrained, lacking market power, knowledge and resources to operate viably in foreign

markets (Knight, 2000; Henderson, 2009). Moreover, these restaurants are largely family businesses that depend on the owner-manager's capabilities and resources (see Spyropoulou, Skarmeas, & Katsikeas, 2011). Meredith (1993) suggests the following main attributes to describe a small business:

- It is run by an independent owner-manager
- An individual or a small group provides capital
- Its operation is localised, it has a local owner and workers, but its markets may be international

It is apparent that although small businesses are in most cases owned locally, there is potential to expand if they have the driving desire and appropriate capabilities. Besides, the owner-managers of small businesses usually have the in-built entrepreneurial capability of managing the business until it becomes successful (Hatten, 2006). Against the background that African-ethnic restaurants offer menus based on the indigenous food heritage, their ability to internationalise at least at home remains a topic of interest for researchers.

Existing literature highlights several examples where firms with unique owner-manager capabilities have out-competed their contenders (Javalgi & Martin, 2007; Williams, 1992). In the following section the paper reviews/critiques literature on the three owner-manager capabilities and develops the hypotheses to be tested.

Prerequisites for Inward Internationalisation

Earlier studies have shown that firms' boundary issues are largely capability-related (e.g. Madhok, 1997). Teece (2014) emphasizes that whereas internationalisation theories have yielded important insights into the multinational enterprises (MNEs), as the international business field continues to mature and the theory of the firm in economics evolves, capabilities-related factors have become very important. While this study focuses on indigenous ethnic restaurants, it is applicable to international diversification in terms of market orientation. Freeman, Hutchings, Lazaris, and Zyngier (2010), Oviatt and McDougall (1994), Rennie (1993) and Sapienza et al. (2006) explicate why some firms are able to internationalise very early in life and the "born global" phenomenon seems to be consistent with the dynamic capabilities view. Recent work in international business has shown an interest in the (dynamic) capabilities

approach (Dunning & Lundan, 2010; Pitelis & Teece, 2009) and this study seeks to extend knowledge in this direction. Our focus is on how owner-managers of African-ethnic restaurants are able to exploit their national cultures, absorb knowledge of foreign markets and innovate products and processes, which attract international food tourists.

For African-ethnic restaurants that have no historical precedent for promoting food tourism, combined with resource constraints and weak brand identities, the question of what principally determines their internationalisation at least within the home country ought to constitute an important area of inquiry. Against the background that they are largely small firms, the perceived importance of the role of the owner-manager capabilities is seen to govern the success of these firms. Whereas with large firms the decision-making process would probably be a group activity, with SMEs this tends to rest on the founder/owner-manager (Lloyd-Reason & Mughan, 2002; Spyropoulou et al., 2011; Wayne, DeSarbo, Di Benedetto, & Song, 2007). In a study of SMEs in Tanzania, Rutashobya and Jaensson (2004) found that the owner-managers' capabilities to network locally and internationally facilitated entry into foreign markets. Owners' managerial capabilities may, therefore, prove to be an excellent way for African-ethnic restaurants to enhance their level of inward internationalisation.

National Culture Orientation of Owner-Manager and Inward Internationalisation

The owner-managers routinely determine the behavioural characteristics of SMEs, and these behavioural characteristics are partly influenced by the cultural orientation of the owner-manager (Lloyd-Reason & Mughan, 2002). This suggests that owner-managers who are oriented towards the local culture and traditions are most likely to promote the production and service of authentic dishes to the local and foreign consumers. Molz (2013) examined the effort exerted in Thai restaurants in the US to create authenticity and found that bar owners adopted a range of theming strategies to create an authentic environment. Accordingly, it can be presupposed that ethnic restaurants that have culturally oriented decision-makers can internationalise successfully at home (Knight & Cavusgil, 1996; Wayne et al., 2007). Their ability and bias to regularly manipulate and use local ingredients and tools symbolising the food heritage of the place has been confirmed as an important approach to ensuring authenticity, a major pull factor for food tourists (Sims, 2009).

In addition, native artwork, photos of important persons from the culture of the cuisine and paintings of important buildings, among others, are creatively used by entrepreneurial owners to engender an authentic food experience (Molz, 2013). For example, in authentic Mexican restaurants, the image of the Mexican cowboy matches well with the restaurant theme (Gaytan, 2008). Thus, the ability of the owner-managers to provide food history and an authentic environment seems to be related to the number of international tourists who patronise the ethnic restaurant. This is because people are increasingly searching for authenticity, which is related to reminiscence, historical roots (Yeoman, Brass, & McMahon-Beattie, 2007) and identity (Molz, 2013). In a rapidly changing business environment, this suggests that attracting many foreign visitors requires the ethnic restaurant owners to emphasise antiquity, cultural values and traditions through the service of local food and the use of indigenous tools and paraphernalia to ensure authenticity. However, lack of research examining the relationship between the owner-managers' cultural orientation capability and the degree of inward internationalisation in a dynamic business environment is evident. In this study, it is envisaged that the owner-managers' cultural stature seems to determine the level of flow of tourists to their ethnic restaurants. Thus, the paper hypothesises that:

H1. Owner-managers' cultural orientation is positively related to the degree of inward internationalisation of African-ethnic restaurants.

Market orientation of owner-manager and inward internationalisation

Market orientation refers to the firm's ability to understand markets and satisfy customer needs and wants (Day, 1994). It explains the firm's internationalisation through perceptions of the owner-manager regarding the advantages of cross-border activity and perceptions about the barriers (Suárez-Ortega & Àlamo-Vera, 2005). It is also noted that market orientation is one of the several capabilities that collectively give rise to positional advantage (Hult & Ketchen, 2001). Day (1994) maintains that firms that have the ability to understand markets, attract and retain customers will enhance their competitive advantage. This means that in a very competitive environment owner-managers must be able to regularly assess what the customers/tourists look for and be able to satisfy those needs with the intention of creating customer value from time to time. Slater and Narver (2000) point out that market-oriented firms seek to understand customers' explicit and latent needs and attempt to develop

solutions to address those needs. With an external focus and commitment to innovation, a market-oriented business should be able to achieve and maintain a competitive advantage in any environment (Slater & Narver, 1994).

Moreover, Lloyd-Reason and Mughan (2002) argue that the internationalisation process of a firm is largely determined by the international outlook of the decision-maker. In addition, the international orientation of the founders is suggested as one of the prime factors that determine the speed of international involvement (Knight & Cavusgil, 1996; Oviatt & McDougall, 1997). In an Australian study, Bianchi (2011) found that it is important for a firm to be able to understand the market needs in order to achieve long-term performance. Unfortunately, most of these studies did not adequately explain the inward internationalisation of small tourism firms in dynamic situations from theoretical perspective.

Drawing on the dynamic capabilities view, Kotha, Rindova, and Rothaermel (2001) demonstrate how the development of dynamic market orientation capabilities is manifested by the firm's comprehensive changes in products, services, resources and methods of work. It would involve assessing whether the restaurant owner-managers develop systems that empower staff to moderate and /or defy some traditional approaches and respond quickly to changes in the international market (Gibson & Birkinshaw, 2004). Thus, the need for ethnic restaurants to make continuous process adjustments is indispensable in a dynamic tourist market. The paper, therefore, hypothesises that:

- H2. Owner-managers' market orientation capability is positively associated with the level of inward internationalisation of African-ethnic restaurants.

Service innovation of owner-manager and inward internationalisation

International business success requires not just the discovery of a valuable innovation but that the innovation should be introduced to the world markets successfully (Acs, Mork, & Yeung, 2001), leading to what is known as internationalisation. Andersson (2000) proposes five possible situations in which innovation can occur. The entrepreneur revolutionises the pattern of production by exploiting an innovation or untried technology for producing a new commodity or producing an old one, or by opening up a new source of supply of materials, or a new outlet of

products, or by re-organising the industry. The process of internationalisation can, therefore, be seen as innovation adoption which gives deeper insights into how internationalisation activities are initiated and developed.

Drawing on the dynamic capabilities theory, this line of thinking suggests that the owner-manager needs to possess service innovation capabilities that can pull international visitors to the restaurant (Cicic, Patterson, & Shoham, 2002; Ottenbacher & Harrington, 2007). Innovation in the form of developing new ways of maintaining product quality and freshness and growing new variations of the product were found to be critical for export (Evers, 2011), in this case resulting in the attraction of foreign customers to the ethnic restaurant's home country (Bjorkman & Kock, 1997).

It is also true that in the food and beverage business, eclectic approaches, which involve borrowing foreign flavourings and practices, have been used to increase the product range and subsequently the number of international visitors that patronise restaurants (Foskett, Ceserani, & Kinton, 2003). Foskett et al. (2003) show that innovativeness stretches the chef's creativity and imagination thus will pioneer into new dimensions of food presentation, making the dishes ever more attractive, adding colour, flair and fashion to dining out. Many restaurant owner-managers place an emphasis on décor, space, fashion and overall design and experienced chefs trying to match the food and presentation with the new era of food styles in order to win many international palates. This paper argues that if an ethnic restaurant is owned by an entrepreneur who can initiate service innovations, to a great extent inward internationalisation will be improved. It, therefore, hypothesises that:

- H3. Owner-managers' service innovation capability is positively associated with the level of inward internationalisation of African-ethnic restaurants.

The Proposed Conceptual Model

This study examined the relationship between the degree of inward internationalisation and the three prerequisites: owner-managers' national culture orientation, market orientation and service innovation capabilities in the ethnic restaurant trade. Drawing from these relationships, a model in Figure 1 is proposed. This model predicts that the national culture

orientation, market orientation and service innovation capabilities of the owner-managers directly influence the degree of inward internationalisation.

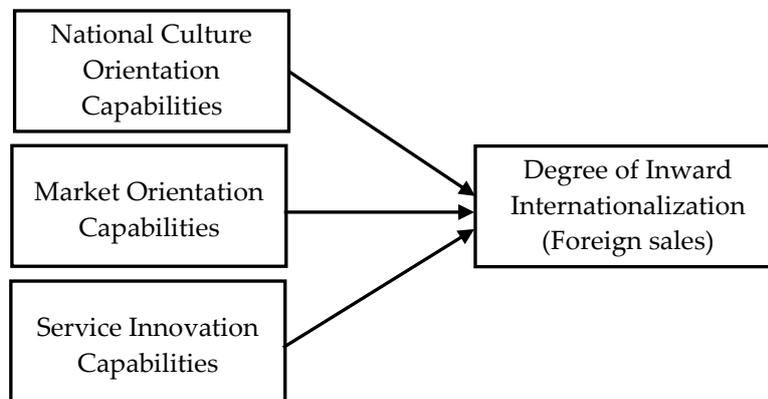


Figure 1. *The Proposed Conceptual Model*

METHODOLOGY

Research Design, Population and Sample Size

The study population consisted of 261 restaurants obtained from a Tripadvisor listing from the five East African countries, namely Uganda, Kenya, Tanzania, Burundi and Rwanda. Tripadvisor classifies restaurants by country, city/town and by cuisine, indicating which restaurants are most recommended and ranked by travellers as excellent or poor. This study adopts the list of restaurants recommended and ranked by travellers as being good or better and offering African cuisine either wholly or as a major component of their menu. Most of the ethnic restaurants in the region are informal and micro-businesses with almost no potential to attract and retain international visitors. The study targeted reputable ethnic restaurants with online presence and will necessary standards. The study focuses on ethnic restaurants offering African cuisine and attracting international visitors. Only those ethnic restaurants ranked by reviewers (travellers) as very good or excellent in terms of food quality, service and authenticity were selected because they are characterised by higher numbers of food tourists as indicated by Tripadvisor. The restaurant formed the unit of analysis and the unit of inquiry was the restaurant owner-manager or their senior representatives.

A total of three respondents per restaurant were targeted with the aim of generating a representative and unbiased opinion. The decision to accept three respondents per restaurant was based on earlier studies (e.g. Baer & Freese, 2003; Ngoma, 2009; Otengei et al., 2014) which also used a minimum of three respondents per firm. The researchers sought 95 per cent confidence level and a sample size of 253 restaurants was obtained on the basis of sample size determination guidelines by Yamane (1973). Out of the 253 restaurants, only 201 restaurants returned complete and useable questionnaires totalling 603. Therefore, the response rate for the main survey was 79.4 per cent.

In order to generate a representative (average) response per restaurant data from the three questionnaires returned from each restaurant were aggregated using SPSS version 21.0. This results in 201 responses used in further analysis. The researchers carried out statistical calculations to estimate the statistical power of the sample. The results indicated that 118 participants/restaurants were sufficient to detect large effect sizes (Cohen's $f^2 = 0.15$) for linear multiple regression analyses with three predictors at recommended power = 0.80 (Cohen, 1992). This implies that regardless of the 156 questionnaires from 52 restaurants (i.e. "52 responses") that were not obtained, the 603 returned questionnaires (201 responses) were representative enough to sustain the significance of our statistical decisions.

Measurement of Variables

Inward internationalisation was measured from owner-managers' point of view. Management's satisfaction with the number and frequency of foreign clients, a proxy for foreign sales (see Sullivan, 1994), was used. It was considered that perceived satisfaction with the obtained results (number of foreign guests) may be a realistic measure (see Javalgi, Griffith, & White, 2003). The respondents (owner-managers) were asked to indicate their level of satisfaction with the number and frequency of foreign guests over the previous three years using the response scale: 1 (very dissatisfied) to 5 (very satisfied). The scaled items included "the number of foreign guests who visit and dine on local cuisine"; "the number of foreign clients who visit the restaurant daily"; and "frequency of visiting the restaurant by individual foreign clients". The values of these items were then summed and averaged to create the degree of inward internationalisation construct with Cronbach's $\alpha \geq 0.70$ (Nunnally, 1978).

Managerial dynamic capabilities were measured in terms of national culture orientation, international market orientation and service innovation. The researchers measured cultural orientation using a tool developed by Hofstede (1991) with some items modified to fit the study context. The scale had items like “I am proud of my culture and food”, “Respect for tradition is important to me” and “I value a strong link to our past”. Market orientation was measured with a tool developed by Kohli, Jaworski, and Kumar (1993). It had items such as “In this business unit we do a lot of in-house market research” and “We are quick to detect changes in our customer/tourists’ preferences”. Service innovation was measured using a tool developed by Janssen, Castaldi, and Alexiev (2015). It included items such as “Staying up-to-date with promising new services and technologies is important” and “We align new service offerings with our current business and offerings”. The response categories for cultural orientation and service innovation ranged from “1– strongly disagree” to “5 – strongly agree”; and “1 – very slight extent” to “5 – a great extent”, respectively.

RESULTS

Sample Characteristics

This section presents the demographic characteristics of the African-ethnic restaurants in East Africa (unit of analysis) and the characteristics of owner-managers who represented the units of inquiry. The results in Table 1 show that the male respondents accounted for 51.4 per cent while 48.6 per cent were females. This indicates a slight dominance by male owner-managers in the ethnic restaurant trade in East Africa. With regard to the age of respondents, the highest (34.8%) respondent category belongs to those between 31-35 years.

Table 1. *Demographic Characteristics of Respondents (Owner-Managers)*

Variables		Frequency	%
Gender	Male	310	51.4
	Female	293	48.6
Age of respondents	20-25 years	16	2.7
	26-30 years	135	22.4
	31-35 years	210	34.8
	36-40 years	172	28.5
	41-above years	70	11.6
Highest education level	Below Certificate	62	10.3
	Certificate	171	28.4
	Diploma	210	34.8
	Degree and Above	160	26.5
	Below Certificate	62	10.3
Position in the Company	Director	212	35.2
	Manager	198	32.8
	Other	193	32.0

Information was also sought on the characteristics of the unit of analysis (ethnic restaurants in East Africa) in areas such as type of restaurant, country of origin, main source of business and years in existence/firm age (Table 2). The results in Table 2 show that the majority of the restaurants (48.8%) employ 11-20 workers, with very few (2%) employing fewer than 10 staff. This means that all restaurants in the sector are really small. The results also show that the majority of the restaurants (59.2%) are between 6-10 years old and too few (1%) are above 16 years. With regard to business type by ownership classification, the results show that most restaurants (62.7%) are family businesses. In terms of country of origin (home country), Kenya has the highest number of ethnic restaurants in the sample (40.3%), followed by Tanzania (31.8%), with Burundi having the smallest number (1%).

Table 2. *Demographic Characteristics of Ethnic Restaurants*

		Frequency	%
Firm age in years	Below five years	5	2.5
	6-10 years	119	59.2
	11-15 years	75	37.3
	16 -above years	2	1.0
Number of employees	Below 10	4	2.0
	11-20	98	48.8
	21-30	70	34.8
	31-40	29	14.4
Main source of business	Food	187	93.0
	Drink	14	7.0
Ownership	Family Business	126	62.7
	Private Limited Company	57	28.4
	Other	18	9.0
Country	Burundi	2	1.0
	Kenya	81	40.3
	Rwanda	17	8.5
	Tanzania	64	31.8
	Uganda	37	18.4

Descriptive Statistics

In comparison to the mean, the standard deviations range from 0.81 to 0.89 (see Table 3). These small standard deviations relative to the mean values indicate that the data points are close to the means – a manifestation that the mean represents the data observed (Field, 2009).

Table 3. *Descriptive Statistics and Inter-correlations*

	Mean	SD	1	2	3	4
(1) Cultural Orientation	3.64	0.87	1			
(2) International Market Orientation	3.90	0.81	0.213*	1		
(3) Innovation	3.74	0.89	0.063*	0.230*	1	
(4) Inward Internationalization	3.86	0.84	0.152*	0.221*	0.176*	1

* Correlation is significant at the 0.01 level

Validity and Reliability

Guided by Anderson and Gerbing (1988) and Medsker, Williams, and Holahan (1994), the researchers followed a two-step approach, i.e. (i) they conducted a confirmatory factor analysis (CFA) to come up with a

measurement model for their variables to confirm these dimensions and test the fit of the theoretically grounded model and (ii) constructed a structural equation model (SEM) to test the hypotheses developed from the literature review (Jöreskog & Sörbom, 2005). The researchers reached acceptability of model fit consistent with the works of Schermeller-Engel, Moosbrugger, and Muller (2003), and Fornell and Larcker (1981).

The results from the CFA for the measurement model conform to acceptable guidelines (CMIN= 58.080; df= 38; GFI= 0.953; AGFI= 0.919; NFI= 0.957; CFI= 0.981; RMSEA= 0.051). Convergent validity was established and measured by examining fit indices. The NFI (> 0.96) indicates acceptable convergent validity (Mark & Sockel, 2001) while the AVE (>0.5) indicates acceptable discriminant validity (Brown & White, 2009; Fornell & Larcker, 1981). The findings confirmed the validity of the model with excellent model fit statistics. The composite reliabilities for all variables under study are greater than 0.70, which is within the acceptable level (Nunnally, 1978). For discriminant validity, the results indicate that the average variance extracted (AVE) was greater than all corresponding squared correlations, thus providing evidence of discriminant validity of the constructs.

Structural Equation Modelling

The researchers used the results from the CFA model to construct a structural equation model – SEM (Figure 2) that allowed hypotheses testing.

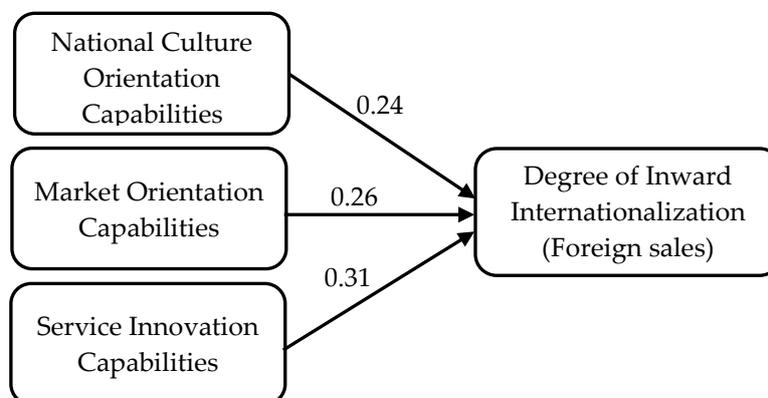


Figure 2. SEM Results for Conceptual Model

The researchers examined hypothesised relationships using the SEM results (see Table 4 standardized regression coefficients).

Table 4. *Paths Coefficients for the SEM*

			Standardized coefficients	t-Value	p
Inward Internationalisation	<-	Cultural Orientation	0.24	2.76	0.01
Inward Internationalisation	<-	International Market Orientation	0.26	2.35	0.02
Inward Internationalisation	<-	Innovation	0.31	3.44	*
CO 2	<-	Cultural Orientation	0.95		
CO 3	<-	Cultural Orientation	0.81	14.81	*
CO 1	<-	Cultural Orientation	0.76	13.45	*
IMO 1	<-	International Market Orientation	0.59		
IMO 3	<-	International Market Orientation	0.75	7.38	*
IMO 2	<-	International Market Orientation	0.85	7.77	*
INNO 5	<-	Innovation	0.81		
INNO 4	<-	Innovation	0.94	9.60	*
INW 2	<-	Inward Internationalisation	0.72		
INW 1	<-	Inward Internationalisation	0.81	8.84	*
INW 12	<-	Inward Internationalisation	0.67	7.99	*

* $p < 0.01$; see appendix for the meaning of observed variables

Hypothesis Testing

In H1 the researchers sought to establish the relationship between cultural orientation and the degree of inward internationalisation of ethnic restaurants in East Africa. The results show a positive and significant association between the two variables ($r^2 = 0.24$, $t = 2.76$) (Table 4), meaning that changes that occur in cultural orientation capabilities of the owner-managers are likely to create changes in the inward internationalisation of ethnic restaurants. These results lend support to H1.

H2 sought to establish whether international market orientation is related to the level of inward internationalisation of ethnic restaurants in East Africa. The results indicated a positive and significant association between the two ($r^2 = 0.26$; $t = 2.35$) (Table 4), meaning that variations that occur in international market orientation capabilities of the owner-managers are likely to create changes in the inward internationalisation of ethnic restaurants. These results lend support to H2.

In H3 the researchers tested the existence of positive relationship between innovation capabilities and inward internationalisation among ethnic restaurants in East Africa. The results showed a positive and significant connection between the two ($r^2 = 0.31$, $t = 3.44$) (Table 4),

implying that the variations that arise in the innovative capabilities of owner-managers are likely to generate variations in the inward internationalisation of ethnic restaurants. These results lend support to H3.

DISCUSSION OF FINDINGS AND CONCLUSION

In line with hypothesis one, the findings revealed a positive and significant association between national culture orientation capabilities and the degree of inward internationalisation. This implies that ethnic restaurant owner-managers can enhance the inward internationalisation of their restaurants by introducing changes in shared knowledge and implicit theories about their country including beliefs, values, history and other constructs necessary to attract cultural and food tourists in the country. This finding is in line with earlier studies by Hong, Morris, Chiu, and Benet-Martinez (2000). Moreover, Yeoman et al. (2007) indicated that owner-managers and traditional chefs' pride and ability to use indigenous ingredients and paraphernalia helps in maintaining authenticity, a major food feature sought by tourists. The finding is in agreement with Alexander (2009), Bianchi (2011) and Javalgi and Martin (2007) who indicate that the implication of genuineness of a product means that a dish is best consumed by the food tourists in the home country. Therefore, when ethnic restaurant owner-managers feel proud of their culture, traditions and history, then they could be expected to introduce initiatives that ensure the provision of true authentic African dishes which could result in the attraction of international food tourists. This pride among restaurant owner-managers could result in increased use of local food products which, in turn, would translate into big numbers of foreign clients visiting their restaurants in search of authenticity, as emphasised by Molz (2013) and Gaytan (2008).

The study also revealed a positive and significant association between market orientation and the level of inward internationalisation. This implies that when owner-managers do a lot of in-house market research, this is likely to unearth what needs to be done to attract international visitors. This in-house market research could, therefore, result in increasing the number of foreign clients who visit the restaurant every day. These findings are in consonance with earlier scholars such as Deshpande and Farley (1998) who argue that market orientation is a central component of the more general notion of the marketing concept, the pillar upon which the modern studies of marketing and

internationalisation are based. The finding lends support to Altuntas, Semercioz, and Eregez (2013) who found a significant relationship between market orientation and organisational performance and who emphasise that even service innovativeness is dependent on market orientation capabilities of the firm.

Moreover, the findings support the argument that market orientation capability generates benefits in various direct and indirect patterns including tourist loyalty, food quality and, ultimately, enhanced ethnic restaurant inward internationalisation (Grinstein, 2008; Jimenez-Jimenez & Ceggarra-Navarro, 2007; Kirca, Jayachandran, & Bearden, 2005). The findings are, therefore, in accordance with Liao, Chang, Wu, and Katrichis (2011) who argue that when the firm's market orientation produces value for a customer that is rare and difficult to imitate, it can be a sustainable source of competitive advantage, which will allow the ethnic restaurants to outperform their less market-oriented competitors. Drawing on the dynamic capabilities view, this study demonstrates that the patronage of the restaurants by international guests and food tourists is determined by the extent to which the ethnic restaurant owner-managers are able to do international market research.

Regarding the third hypothesis, the results disclosed that the innovative capacity of owner-managers is associated with improved levels of inward internationalisation of African-ethnic restaurants. This study recognises that changes in aligning new service offerings – namely food quality and authenticity, regular menu updates, elaborate buffet displays, appropriate serving temperature and self-service provisions –with the current restaurant processes translates into positive changes in the number of foreign clients who visit the restaurants. Similar to Evers (2011), this study provides more support to extant research which shows that firms compete on products differentiated with regard to quality and on value created through innovation (De Sarbo, Di Benedicto, & Song, 2007; Knight & Cavusgil, 1996; Rennie, 1993; Wayne et al., 2007). Whereas the concept of authenticity is widely recognised in culinary tourism literature, Stalk (1993), for example, argues that new technology can add precision, and increase efficiency, conformance and process mapping.

The current study is in congruence with Fossket et al. (2003) and Pierson, Greeve, and Creed (2005) who recommend the innovative borrowing of flavours from other countries to improve food quality which, in turn, increases the number of food tourists visiting the ethnic restaurants. Pierson et al. (2005) argues that each culinary experience

should result in sensory excellence in order to generate acceptance. The findings also support Evers' (2011) suggestion for product innovation and quality improvement through popular flavourings without affecting originality. This paper contests the existence of the concept of authenticity (Gaytan, 2008; Molz, 2013; Yeoman et al., 2007) in the modern and rapidly changing world.

The study posits that innovatively adopting some popular international ingredients, flavourings and culinary practices leads to improved food taste and flavour which translates into increased international acceptance. This is mirrored in existing literature which suggests a link between the innovative provision of diversity and international customer base (Knight, 2000; Nooteboom, 2002; Teece, 2014). Some scholars have argued that innovation plays an essential role within economies and that novel services are regarded as a source of competitive advantage for virtually all industries (Consoli, 2007; Janssen et al., 2015; Leiponen, 2012; Vargo & Lusch, 2004). This study, therefore, contributes to the body of knowledge in food tourism by showing that owner-managers can internationalise their ethnic restaurants at home through offering diverse dishes, innovative use of new technology and the provision of quality indigenous food to tourists.

IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

Theoretical Implications

The study has contributed to the enduring inward internationalisation debate in the field of hospitality. The researcher draws the implications for theory in two ways: one, based on whether or not the findings support the tenets of existing theory; and two, whether or not the findings have filled a theoretical gap. The researcher hence draws the theoretical implications below. Exclusively, this study develops a model that takes into account the dynamic capabilities theory by integrating cultural orientation, international market orientation and innovative capabilities as a basis for improving inward internationalisation. It provides an alternative theoretical position for investigating inward internationalisation, which is constructing inward internationalisation from the dynamic capabilities perspective.

The study emphasises the role of cultural orientation, international market orientation and innovative capabilities as precursors of inward

internationalisation. This deviates from the conventional approach to internationalisation that has dwelt much on outward internationalisation by applying the dynamic capabilities theory to enhancing inward internationalisation. In this study the researchers argue that inward internationalisation can be approached from the perspective of appreciating the dynamic capabilities of owner-managers. The findings provide empirical evidence that inward internationalisation can be examined using dynamic capabilities such as cultural orientation, international market orientation and innovativeness.

Policy and Managerial Implications

This paper attempted to fill a gap in literature on service firm internationalisation by investigating how owner-managers' capabilities determine ethnic restaurants' internationalisation at home. The paper makes a significant contribution to the hospitality and tourism body of knowledge by demonstrating that managerial dynamic capabilities improve the degree of inward internationalisation of African-ethnic restaurants. The individual African governments and their tourism departments may make use of the information from this study to improve their regulatory frameworks for indigenous restaurant operations in order to promote economic development through the attraction of food tourists. The major contribution of the current study is, therefore, the addition of the dynamism element to African-ethnic restaurant management, which cannot be found in many previous models. The owner-managers of the ethnic restaurants may consider using the study findings to make decisions on how to continue internationalizing at home rather than expanding to other countries through dynamic mechanisms. One of the major omissions in previous research is how entrepreneurs of small tourism firms use their competences such as "pride in the national culture and food", "respect for tradition" and "attaching value to history" to enable internationalisation within national boundaries. It is hoped that inward internationalisation as discussed in this paper is appropriate for African-ethnic restaurants with limited resources and somewhat weak identities.

At the national level, the governments individually or jointly should formulate a policy that is geared towards promoting food tourism among ethnic restaurants in East African countries. Such a policy should provide guidelines on how to create excellent avenues for shared knowledge and implicit theories about the world, including beliefs,

values, attitudes and other constructs needed to interpret and navigate various environments. The policy should guide the identification and elimination of barriers to food tourism, a good alternative to nature-based tourism. The food tourism policy should encourage all ethnic restaurant owner-managers to design and operationalise local food preparation and service capabilities, international market sensing capabilities and innovativeness. National governments should provide avenues on how inward internationalisation and, in that case, culinary tourism practices should be designed and operationalised.

At the ethnic restaurant level, owner-managers should provide an environment that enables employees to reveal pride in their culture which, in essence, will lead to foreign clients appreciating the authentic dishes and services provided by the restaurants. Owner-managers should encourage eclectic approaches which involve borrowing foreign flavourings and practices in order to increase the product range and/or taste and subsequently increase the number of international visitors who patronise their restaurants. The chef's creativity, venturing into new dimensions of food presentation, making the dishes ever more attractive, and adding colour, flair and fashion to dining out, requires emphasis. Owner-managers must place an emphasis on décor, space, fashion and overall design and the hiring of experienced chefs who should try to match the food and presentation with the new era of food styles in order to win many tourist palates. Dynamic capabilities should, thus, be considered as a critical resource and as such owner-managers should provide for the appreciation of cultural orientation, international market orientation and innovative practices in their restaurants.

Limitations and Future Research Directions

Being cross-sectional in design, the study was limited to a particular occasion of measurement and inferences could not be drawn regarding causality among the variables. In addition, given that the current study investigated the status of African-ethnic restaurants at present, it could not obviously predict the future outcomes. A longitudinal study having both primary and secondary data over multiple time periods is recommended. Furthermore, our results may limit the generalisability of our findings to other cultural contexts and occupations. In addition, the study was sector-specific and limited the findings and conclusions to a few ethnic restaurants listed by Tripadvisor, which increases the selection bias and may lead to distorted effects. This also makes it problematic to generalise

the outcomes to all other ethnic restaurants and firms in Africa and beyond. Further research could help in establishing the potential contribution of food tourism to overall economic development in Africa. It might be interesting to conduct a comparative study of inward internationalisation of firms in the nature-based and other emerging areas of cultural tourism. The outcomes of such an investigation would provide new lessons that could help reinforce the debate on key drivers of inward internationalisation. Further research could help in establishing the potential contribution of food tourism to overall economic development in Africa. In addition to the obvious benefits of tourism product diversification, such studies may unearth other contributions of food tourism. Also, studies on international tourists' perceptions regarding the authenticity of African cuisine could unmask patterns of motivations to travel to the region.

The study may suffer from selection bias. Whereas only owner-managers whose restaurants are listed by Tripadvisor were asked as respondents, there are other African-ethnic restaurants which have not attracted foreign customers or have attracted them but for some reason they are not rated by travellers. We anticipate that they could also provide some objective assessment of inward internationalisation, hence the need for future studies to consider them as well. In addition, since some operational indicators were dropped as per the EFA and there were modifications to the model prior to running the CFA, there was, therefore, a risk of over-fitting the model to the particular sample. This was a major weakness in our methodology.

In general, the existing literature is replete with studies that indicate that African brands are perceived negatively in international markets (see Amujo & Otubanjo, 2012; Lepp, Gibson, & Lanne, 2011; Osei & Gbadamosi, 2011). There is limited relevant literature on success stories about African-ethnic restaurant brands, which somehow disadvantaged the study of the opportunity to cross-validate the current findings. To address the gap, the study borrowed theories and prior empirical evidence from other disciplines such as entrepreneurship and international marketing. Therefore, there is a need for further studies to validate these findings.

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Appendix. *Observed Variables*

- INW 1: The number of foreign guests who visit and dine on local cuisine
- INW 2: The number of foreign clients who visit the restaurant daily
- INW 12: Frequency of visiting the restaurant by individual foreign clients
- CO 1: I am proud of my culture
- CO 2: Respect for tradition is important to me
- CO 3: I value a strong link to my past
- IMO 2: In this business unit we do a lot of in-house market research
- IMO 3: We are quick to detect changes in our customer product preferences
- IMO 1: Good at ascertaining customers' current needs and which products they will need in the future
- INNO 4: Staying up to date with promising new services and technologies is important for our organization
- INNO 5: We align new service offerings with our current business and offerings
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