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Governance Mechanisms, Digital Transformation and International Business Expansion in Nigeria's Industrial Goods Sector.

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## **Abstract**

*This study was driven by the need for businesses to better develop corporate governance mechanisms and use digital technologies to boost competitiveness and engage in overseas markets. Although these strategic factors are becoming increasingly important, few empirical studies have been conducted on the impact of these factors when taken together on international business expansion in emerging economies. Therefore, this study examined how Governance Mechanisms and Digital Transformation impact International Business Expansion. A quantitative survey research design was used via structured questionnaire. A sample size of 114 was determined through Taro Yamane formula from a population of 160. The reliability instrument was tested using Cronbach's alpha coefficient and obtained a value of 0.980. The data were analyzed using descriptive statistics, and Multiple Regression Analysis. The findings indicated that the effect of the two independent variables, namely Governance Mechanisms and Digital Transformation, are significant on the dependent variable, International Business Expansion, with  $R^2 = 0.927$  and the  $F$  value is 706.814 and its significance is  $p < 0.001$ . Governance Mechanisms had a positive and significant effect, with a  $\beta$  value of 0.413 ( $p < 0.001$ ), whereas Digital Transformation was the strongest predictor with the highest  $\beta$  value of 0.572 ( $p < 0.001$ ). The study found that good governance frameworks and ongoing digital transformation efforts play a crucial role in driving international growth and competitiveness. It calls for continued investment in the use of digital technologies and for the consolidation of governance systems for the successful development of international market access.*

**Keywords:** Governance Mechanisms, Digital Transformation, International Business Expansion,

## **1. Introduction**

In today's global economy, digital transformation has emerged as a crucial enabler for organisations' competitiveness and international business expansion. Technology innovations like artificial intelligence, cloud computing, big data and automation have helped companies to be more efficient, engage customers, and enter global markets. The use of digital technologies is becoming essential for business success and sustainable growth, as companies evolve to become part of digitally connected environments (Vial, 2019; Verhoef et al., 2021). Good governance structures are key to the successful implementation of digital transformation initiatives. Governance mechanisms include structures, policies, and processes of leadership that inform decision-making,

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resource allocation, accountability and innovation within an organisation. Effective governance mechanisms allow for organizations to manage technology investments, reduce operational risks, and ensure digital investments are in line with strategic goals (Fischer et al., 2020). As a result, digital transformation and governance mechanisms have become key factors for international business growth.

Expanding into international business opportunities can provide organisations with the ability to tap into new markets, diversify revenue sources, improve competitive advantage, and promote sustainability. Traditional constraints to internationalisation have been greatly lowered by digital technologies, which have made it easier to communicate, to access information and to function across borders for business. Organisations that are able to successfully integrate governance capabilities with digital transformation efforts are therefore more likely to be successful in their international expansion efforts (Jafari-Sadeghi et al., 2021; Matarazzo et al., 2021).

Nigeria has increasingly put a focus on digital transformation to enable business and economic diversification, industrialization and becoming globally competitive. Digital technologies are recognized as key enablers of economic growth and innovation by the National Digital Economy Policy and Strategy (2020-2030). However, there are governance, technological, and institutional issues that remain unresolved that hinder the international competitiveness of many organisations (Yang & Ming, 2024). Dangote Cement Plc is one of the indigenous multinationals in Nigeria that has become one of the best in Africa with operations extending across several countries in Africa. To understand the link between governance mechanisms, IT-driven operations and automation, and international business expansion, it is important to look at the company's continued investments in the technology-driven operations, automation, and strategic management practices. In addition, the study contributes to the Sustainable Development Goals (SDGs) focusing on economic growth (SDG 8), industry, innovation and infrastructure (SDG 9), peace, justice and strong institutions (SDG 16), and partnerships for the goals (SDG 17). Although there has been increasing interest in governance and the digital transformation of firms, there are few empirical studies that have investigated how these two factors interact in the context of the expansion of international business in large multinational firms from Nigeria (Peng & Tao, 2022; Hilary, & Serret (2023). Therefore, the effect of governance mechanisms and digital transformation on international business expansion at Dangote Cement Plc, Nigeria is the study focus.

### **Research Objectives**

- i. To examine the effect of governance mechanisms on international business expansion at Dangote Cement Plc.
- ii. To evaluate the influence of digital transformation on international business expansion at Dangote Cement Plc.

### **Research Hypotheses**

H<sub>01</sub>: Governance mechanisms has no significant effect on international business expansion at Dangote Cement Plc.

H<sub>02</sub>: Digital transformation has no significant influence on international business expansion at Dangote Cement Plc.

Governance mechanisms are the processes, structures, policies and leadership that direct and control organisations. Good governance ensures accountability, transparency, strategic coordination and optimal use of resources. Governance mechanisms are vital in today's organisations to oversee investments in technology, to minimise risks to the operation and to ensure that organisational activities align to long-term strategic goals. In recent times, it has been

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established that robust governance frameworks foster adaptability within organisations and boost performance in markets that are characterised by changefulness (Kraus et al., 2023).

Digital transformation is the process of using digital technologies in organisations to enhance efficiency, innovation and value creation in their processes, products, services and business models. Technologies like big data analytics, artificial intelligence, cloud computing, and enterprise information systems have transformed the way organisations compete and work. Digital transformation helps organisations to optimise operations, improve customer engagement, better decision-making and increase competitiveness in domestic and foreign markets (Verhoef et al., 2021).

International business expansion is the process where organisations expand their activities outside their home country by exporting goods, investing overseas, forming partnerships and engaging in cross-border business activities. Organisations engage in international growth to have access to bigger markets, more income, risk diversification, and strengthen their competitiveness. Many traditional barriers to internationalisation have been removed with the assistance of digital technologies, which have enabled communication, information sharing and market access across geographical distances (UNCTAD, 2024).

The study is based on the Dynamic Capabilities Theory (DCT) developed by Teece, Pisano and Shuen (1997). It is a theory that helps to describe how organisations develop, combine and restructure their internal and external resources to effectively meet the demands of the changing business environment. Dynamic capabilities allows companies to see opportunities, adjust to new technologies, and maintain competitive edge. The theory is relevant for this study as governance mechanisms offer the framework of strategic coordination and management of organisational resources, and digital transformation is a capability that allows firms to adapt to changes in the market and take advantage of new opportunities. Effective governance and digital capabilities can strengthen the international business expansion capabilities of organisations and positively affect the overall competitiveness.

## **2. Methodology**

The study design used in this study was quantitative survey research approach. The survey design was found to be appropriate, as it is useful in gathering primary data from the respondents and allowed relationships between the variables in this study to be analysed. The population of the study was 160, including the management and professional staff of Dangote Cement Plc engaged in strategic planning, information technology, operations management, business development and international business activities of the company. These employees were chosen for their insight into the company's governance processes, digital transformation programs, and their global operations. A sample size of 114 was determined via Taro Yamane formula, while simple random sampling technique was adopted for distribution of questionnaires which was formulated using four-point Likert scale.

The questionnaire was divided into four parts. Section A collected demographic data, Section B collected data on governance mechanisms, Section C collected data on digital transformation and Section D collected data regarding international business expansion. The instrument was validated by experts and reliability was achieved by applying Cronbach's Alpha coefficient with a value of 0.980. Data collected was analysed by the Statistical Package for Social Sciences (SPSS Version 29). Respondents' characteristics were summarised using descriptive statistics including frequencies, percentages, means and standard deviations. To test the hypotheses and to find the

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influence of governance mechanisms and digital transformation on international business expansion, multiple regression analysis was used at the level of significance of 5%.

### 3. Results

Table 1: Regression Results for the Effects of Governance Mechanisms and Digital Transformation on International Business Expansion

| Variables                   | B              | Std. Error | B     | t-value | p-value |
|-----------------------------|----------------|------------|-------|---------|---------|
| Constant                    | 0.556          | 0.341      | -     | 1.629   | 0.106   |
| Governance Mechanisms (GM)  | 0.397          | 0.059      | 0.413 | 6.741   | 0.000*  |
| Digital Transformation (DT) | 0.580          | 0.062      | 0.572 | 9.343   | 0.000*  |
| <b>Model Statistics</b>     |                |            |       |         |         |
| R                           | <b>0.963</b>   |            |       |         |         |
| R <sup>2</sup>              | <b>0.927</b>   |            |       |         |         |
| Adjusted R <sup>2</sup>     | <b>0.926</b>   |            |       |         |         |
| Std. Error of Estimate      | <b>1.421</b>   |            |       |         |         |
| F-value                     | <b>706.814</b> |            |       |         |         |
| Sig. F                      | <b>0.000</b>   |            |       |         |         |
| Durbin-Watson               | <b>1.925</b>   |            |       |         |         |
| Sample Size (N)             | <b>114</b>     |            |       |         |         |

Source: Researcher Computation, 2026

### Discussion of Findings

The impact of Governance Mechanisms (GM) and Digital Transformation (DT) on International Business Expansion (IBE) was studied. The reliability of the research instrument was carried out before the main analysis was conducted by Cronbach alpha method. This produced an internal consistency coefficient of 0.980 for the 15 items, signifying high reliability of the instrument and that it has good internal consistency for the constructs of the study.

The descriptive statistics indicated that the mean score for International Business Expansion was 12.20 (SD = 5.22), 11.66 (SD = 5.43) for Governance Mechanisms and 12.10 (SD = 5.15) for Digital Transformation. The findings indicate that the firms covered in this study have a moderate to high level of governance practices, digital transformation initiatives and international business expansion.

The correlation analysis results indicated strong positive correlations among the variables. International Business Expansion showed a strong positive correlation with Governance Mechanisms ( $r = 0.933$ ,  $p < 0.001$ ) meaning that the more robust the governance mechanisms, the more the firms are inclined to expand internationally. In the same way, Digital Transformation showed a very strong positive correlation with International Business Expansion ( $r = 0.947$ ,  $p < 0.001$ ), supporting the notion that firms with a strong orientation towards digital technologies are more likely to expand their businesses into international markets. In addition, the correlation



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between Governance Mechanisms and Digital Transformation was positive ( $r = 0.908$ ,  $p < 0.001$ ), suggesting that good governance helps to support digital transformation projects.

The regression analysis also showed that the overall relationship between the independent variables with International Business Expansion is strong ( $R = 0.963$ ). The coefficient of determination ( $R^2 = 0.927$ ) shows that the variation of International Business Expansion was explained by the Governance Mechanisms and Digital Transformation together with 92.7%. The adjusted  $R^2$  value is 0.926, which indicates that the model is robust and stable. The Durbin-Watson statistic (1.925) indicates that the model has no serious autocorrelation issues.

According to ANOVA result, the regression model is statistically significant ( $F = 706.814$ ,  $p < 0.001$ ), which means that the combination of the two factors (Governance Mechanisms and Digital Transformation) has a significant effect on International Business Expansion.

From the individual effects of the predictors, it was found that the predictor of Governance Mechanisms had a positive effect and was statistically significant for International Business Expansion ( $\beta = 0.413$ ,  $t = 6.741$ ,  $p < 0.001$ ). This suggests that better governance, including strategic oversight, accountability, transparency, and sound decision-making, has a significant impact on firms' international expansion capabilities. This means that better governance, including strategic oversight, accountability, transparency and effective decision-making, has a significant impact on firms' international expansion capabilities.

Digital Transformation also had a positive and statistically significant effect on International Business Expansion ( $\beta = 0.572$ ,  $t = 9.343$ ,  $p < 0.001$ ). The higher the beta coefficient, the greater the influence on International Business Expansion is made by Digital Transformation. The results indicate that companies with investments in digital technologies, data-driven processes, digital platforms and innovative business models are more likely to enter and contest the global market. Interestingly, Digital Transformation ( $\beta = 0.572$ ) has a higher impact on International Business Expansion than Governance Mechanisms ( $\beta = 0.413$ ) and both factors play an important role in determining the expansion of international businesses.

#### **4. Conclusion**

This study examined the impact of Governance Mechanisms and Digital Transformation on International Business Expansion and found out that both variables have significant impact on the international growth of firms. The results showed that both variables of the research model (Governance Mechanisms and Digital Transformation) had a significant and positive effect on International Business Expansion; this means that a strong governance mechanism and digital transformation are key factors that ensure the success of an organisation's expansion into other countries. Moreover, the model's explanatory power clearly shows that these are essential factors for the outcome of internationalisation in the current intensely competitive and technologically advanced business landscape (Meyer et al., 2023).

The study found that Governance Mechanisms are crucial in supporting international business expansion and can help to create accountability, transparency, strategic decision-making and effective risk management. Well-governed companies are more likely to adapt to environmental risks, adhere to international laws and regulations and utilize resources effectively in various markets. This discovery indicates that corporate governance is not only a regulatory requirement but also a strategic asset that can be used to improve an organization's preparedness and resilience to enter the international market (Magnusson & Boyd, 2022).



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Moreover, Digital Transformation proved to be the most powerful factor of International Business Expansion. This discovery suggests that the use of digital technologies has a significant impact on firms' international market penetration capabilities, operational efficiency, customer relationship and coordination of international business operations. This finding further suggests that digital transformation is a key driver of global competitiveness and sustainable business growth in today's hyper-interconnected global economy (Banalieva & Dhanaraj, 2023).

From these results it may be deduced that Governance Mechanisms and Digital Transformation are complementary strategic resources that together increase the internationalisation capability of an organisation. Companies with effective digital innovation and good governance will be more likely to sustain their competitive advantage, perform better and expand into international markets. The study also concludes that besides market opportunities, firms have to build effective governance structures and constantly invest in digital transformation projects to guarantee innovation, agility, and global competitiveness (Sun & Guo, 2024; Meyer et al., 2023).

### **5. Recommendations**

Based on the findings of this study, the following recommendations are proposed:

- i. Owners and businesses should enhance their governance procedures, including transparency, accountability, good board oversight, and decision-making processes.
- ii. The organisations should increase their investment towards digital transformation by investing in digital technologies, automation systems, cloud technology, artificial intelligence, big data analytics, and digital communication platforms, in order to become more competitive globally.
- iii. Digital transformation should be integrated with governance to make sure that digital projects are managed effectively, monitored and correspond to the organization's goals and internationalization. Additionally, international market expansion companies should focus on digital qualities that enable global market intelligence, customer relationship management, supply chain integration, and cross-border transactions.

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