Internationalisation strategies of African MNEs: a case analysis of Angolan and Mozambican enterprises

Marcus Goncalves*
Boston University/MET,
1010 Commonwealth Ave. 4th Floor
Boston, MA 02115, USA
Email: marcusg@bu.edu
*Corresponding author

Erika Cornelius Smith
Nichols College,
121 Center Road, Dudley,
MA 01571, Massachusetts, USA
Email: erika.smith@nichols.edu

Abstract: This study investigates the internationalisation strategies of Lusophone Africa multinational enterprises (LAMNEs) from Angola and Mozambique. While previous scholarship examining the investment decisions and actual investment commitments found that MNEs make choices to internationalise incrementally to reduce uncertainty, this research expands this body of scholarship by identifying Angolan and Mozambican MNEs that were born global or created to become international new ventures (INVs). Key implications of this study suggest that despite several disadvantages faced by entrepreneurs in frontier economies, particularly in Angola and Mozambique LAMNEs relied on external resources to launch themselves into international markets, utilising web-enabled digital and virtual resources, such as the Internet, social media and online professional communities of practice. In addition, most did not enter foreign markets alone and chose to rely on modes of entry that included joint ventures and partnerships, mergers and acquisitions (M&A), e-commerce, and e-business.

Keywords: internationalisation process; born global; international new ventures; INVs; Africa, Angola MNEs; Mozambique MNEs; Uppsala model; CAGE model; OLI eclectic paradigm.


Biographical notes: Marcus Goncalves is an international business and trade researcher focusing most of his research on international entrepreneurship and MNEs internationalisation modes of entry, in particularly Lusophone-African and frontier markets’ internationalisation strategies. The focus point of his research is on the impact of local macroeconomic and geopolitical contexts on internationalisation strategies of these MNEs. His recent and ongoing research
explores Lusophone-African MNEs mode of entry internationalisation within Africa and beyond. He is an Associate Professor of the Practice at Boston University/MET.

Erika Cornelius Smith is currently an Assistant Professor of Political Science and International Business and the Chair of the Political Science program at Nichols College in Dudley, MA. She is the author of several books and articles exploring the political and economic contexts in emerging and frontier economies and has lectured at professional conferences in the USA and Europe.

1 Introduction

Studies of multinational enterprises (MNEs) in advanced and emerging economies find that expansion tends to occur across national borders in a linear pattern. These companies develop from being purely domestic enterprises – and through export promotion or export development – they can take their operations globally. Rennie (1993) made the first published use of the term ‘born global’. During an investigation into ‘emerging’ Australian exporters, consultants from McKinsey & Company observed that nearly one-quarter of the enterprises in their study began exporting in substantial quantities very early on in their organisational history. Regardless of whether one embraces the Uppsala (Johanson and Wiedersheim-Paul, 1975) or the innovation-based internationalisation model (Bilkey and Tesar, 1977), most of these models observe and predict that enterprises will first develop a robust domestic base and then gradually expand internationally in discrete stages.

While the concept of born global or ‘international new ventures’ (INVs) only recently became a central focus of international business theoretical research, scholars (Knight and Cavusgil, 2004; Oviatt and McDougall, 1994; Zahra, 2005) argue that such enterprises existed well before the current wave of globalisation. Cannone and Ughetto (2014), Fan and Phan (2007) and Moen (2002) identify a series of ‘push factors’ behind the decision to move toward a born global approach – enterprises tend to originate from home markets with smaller economies. Penrose (1959) similarly found that constraints on a start-up enterprise, either in terms of available capital or managerial capacity, lead the very same enterprises to explore opportunities in their home markets and in countries with small domestic economies these enterprises may exhaust their options much more quickly.

According to the network model of internationalisation, the process of MNEs internationalisation includes the establishment, maintenance and development of links with network participants in international markets [Forsgren, 1989; Johanson and Mattsson, (1988), p.287; Turnbull, 1987]. This model stresses the importance of developing long-term interactions with entities from the international environment and characterises the internationalisation process itself as determined by the entity-diverse foreign environment and the establishment of formal and informal contacts with the entities in it. The degree of company internationalisation typically reflected by the extent to which it occupies certain positions in national or international networks and the degree of importance and integration of these positions. The position in the network often determines the relationship with other network participants and primarily results from previous interactions [Johanson and Mattsson, (1988), p.297]. A high degree of company
Internationalisation means that it has many strong links with entities from various international markets. Increasing the level of network internationalisation corresponds to increasing the number and strength of the relationships between various elements of a global network, or between branches of a global production network [Forsgren, 1989; Johanson and Mattsson, (1988), p.287; Turnbull, 1987].

On the other hand, Hennart (2014) also identifies what could be called ‘facilitating factors’ – where opportunities in foreign markets may present fewer barriers and require fewer resources, thereby drawing enterprises to internationalise sooner (see also, Kahiya 2013). Hennart (2014, p.126) further categorises such factors into three groups:

1. selling highly differentiated niche products (hereon to comprise goods and services) to internationally dispersed customers
2. selling products which require less adaptation
3. selling products which are inherently cheaper in terms of communication and transportation costs.

Those enterprises that fall into the first group have received some attention in the literature (Aspelund and Moen, 2011; Cannone and Ughetto, 2014; Moen, 2002; Zucchella et al., 2007). Expanding on this research and extending theoretical and practical studies of born global enterprises to the African context will improve internationalisation theories as it has been suggested that contextualised explanations improve theorising in international business studies (Meyer and Peng, 2016; Welch et al., 2011). In particular, African markets provide a unique context to test international business theories empirically and develop context-specific approaches (Van de Ven and Jing, 2012). While groups two and three, selling products requiring less adaptation and inherently cheaper ones are also essential to be analysed, this paper focuses only on the first group, as highly differentiated niche products are substantially more complex to sell, especially for Lusophone-African international entrepreneurs. The ability to succeed with the first group, in theory, provides significant know-how to handle products sales for groups two and three.

Rolfe et al. (2015) argue that investment by African enterprises in Africa and elsewhere is understudied in international business literature. Their research indicates that intra-African inflows of foreign direct investment (FDI) is rising quicker than FDI inflows from any other region and has increased above 30 percent since 2007. Between 2003 and 2013, there were more Greenfield investments from African companies (994) than from Asian companies (959) (Rolfe et al., 2015). According to Goncalves (2018b), among the most prominent examples are South African MNEs, such as Dimensions Data, Massmart, Nampak, SABMiller, Shoprite, Standard Bank, MTN, and Telkom, as each has a presence in at least a dozen countries on the continent. Nigerian MNEs such as Dangote and the United Bank for Africa are also outstanding examples, expanding their footprints throughout Africa. Nigeria’s United Bank of Africa and South Africa’s MTN, as examples, already operate in 19 and 21 African countries respectively. Nigerian mobile operator Glo successfully extended its services into Benin, Ghana, and Cote d’Ivoire (McNamee et al., 2015).

In a relevant case study of one of Africa’s most successful companies, South African Breweries (SAB), Luiz et al. (2017) found that the company first sought to internationalise in countries that played to its strength, namely the knowledge of doing
business in environments of institutional uncertainty. They argue that SAB pursued an “institutional diversification strategy whereby it attempted to minimise its institutional risk exposure.” As SAB grew in size, its aspirations also increased, to the point of experiencing subsequent over-exposure to emerging market institutional risk, which led SAB to engage in institutional substitution into other emerging and advanced economies (AE). One example of it was its acquisition of the American brewer company, Miller Brewing, in 2002, forming SABMiller plc. As of 2016, SABMiller also held a 49% stake of Snow Beer, brewed by CR Snow, the largest brewing company in China (Goncalves, 2018a).

Intra-African internationalisation research in international business is still limited to these more extensive examples and cases of FDI. Our research is focused on Lusophone, or Portuguese speaking, MNEs located in African frontier economies, due to the fact not much research has been conducted in this countries on the theme (Goncalves, 2016). Also, the fact the primary researcher spoke Portuguese fluently, enhanced the ability of best understanding of emic themes during the semi-structured interview, facilitating the development of rapport with interviewees, and fostering trust. Angola and Mozambique were selected for this study based on the fact their, respectively, represent the first and second largest economies among the group of Lusophone African countries. Our research identifies drivers of internationalisation for Lusophone Africa multinational enterprises (LAMNEs) and in line with international business theory, explores whether or not African enterprises may have competitive advantages when engaging in pan-African internationalisation. In addition to the locational advantages of proximity, they are also based in similar frontier economies; that is, in countries with extreme poverty, weak institutions, large informal sectors, and burdensome regulations.

Although internationalisation of enterprises, and as a typical first step, exporting has established itself as an important field of research within the overall international business discipline, the amount of research available remains scant. As argued by Leonidou et al. (2010), no attempt has yet been made to provide a bibliographic analysis showing how the discipline has evolved over time. Their reported the findings of a study providing a systematic analysis of the content of 821 export business-related articles published in 75 academic journals during the period 1960–2007, revealed that exporting literature has experienced a phenomenal advancement during the past decades. Yet, not much information is available for African MNEs and not at all on LAMNEs.

Dow (2017), ten years after Leonidou et al. (2010) seminal paper, argued that the limited amount of empirical investigation into why some enterprises become born global and others do not, and within that, the lack of focus on what he refers to as ‘push factors’ and ‘facilitating factors’ represents a significant gap in the literature. To examine these themes in detail, the research presented in this article utilises an in-depth case study approach to examine internationalisation modes of Angolan and Mozambican enterprises, which will allow the researchers to develop context-specific theories of internationalisation for MNEs. For example, this research revealed that more often than not, internationalising MNEs in Lusophone African countries were created with the purpose of becoming international from start (the born global/INV concept) and many rely on external resources to launch themselves into international markets via web-enabled digital and virtual resources – the internet, social media, and professional community of practices. Most did not enter foreign markets alone, relying on modes of entry that benefit from joint ventures and partnerships, mergers and acquisitions (M&A), and e-commerce, or e-business.
Despite several studies aimed at examining internationalisation modes of small and medium enterprises (SMEs), such as the more linear pattern outlined by Dunning’s (1979) eclectic paradigm and the Uppsala internationalisation model, first proposed by Johanson and Vahlne (1977), few LAMNEs followed such models. More specifically, in line with Coudounaris (1984, 2018), findings for SMEs from Manchester, UK, LAMNEs seem to follow a pattern of internationalisation pathways consisting of non-exporters, traditional small exporters, traditional medium exporters, accelerated medium exporters, born globals and declining exporters.

This paper is organised as follows. Following this brief review of the literature, the authors offer a discussion of methodology and approach to examining the LAMNEs internationalisation process. The paper then presents information obtained from surveys and interviews in each context, with a discussion of how these cases enhance understanding of born global/INV internationalisation in the Lusophone African context. In this approach, the authors present evidence that born global/INV enterprises should be treated as a distinct category of enterprise in international business scholarship and that the experience of internationalising MNEs in the African context can expand understanding of the motivations, processes, and tools adopted by these MNEs. The concluding section of this article will similarly suggest how the Lusophone African case studies presented in this work simultaneously support and challenge the Uppsala model, the eclectic paradigm, and the CAGE distance framework as standing alone, distinct theories. It will also briefly describe an alternative and more holistic, integrative framework that may prove a more useful analytical tool for future analysis of MNEs in Africa.

2 Studies of African MNE internationalisation

The global business landscape is changing rapidly with the increasing presence of MNEs, from advanced and emerging to frontier economies. The vast amount of literature on the topic suggests most outflow foreign direct investment (OFDI) take place from AEs (G-7 countries), mainly due to their large economies, high levels of available resources, which include but are not limited to human, investments, know-how, government support, etc.

Figure 1 provides information on the volume of references available on google.com, characterised by general information, which may include papers, articles, opinions, book reviews, conference proceedings, and the like. It also provides more scientific, academic, and research-oriented data from google.scholar.com, for a search query on ‘OFDI outflow investments’ from each of these economies, and among themselves showing the more significant amount of information available on AEs versus lesser information for emerging markets (EE) and much fewer availability for frontier markets (FE). As observed in Figure 1, the amount of information, expressed in thousands (K) available on both google.com and google.scholar.com regarding OFDI from AE is significantly more considerable (456 K hits) than from EE, scoring 145 K fewer hits. The amount of information on OFDI from FE is substantially less, only 95 K hits, a gap of 361 K hits less than AE and 216 K less than EE. More specifically, there is a lot more information on OFDI from AE toward another AE (348 K hits) than to EE (142 K hits), or FE, only 51 K hits.
The same pattern is relatively accurate for OFDI from EE, but significantly more information is available from EE onto EE (285 K) than from EE onto AE (153 K), suggesting the greater interest of OFDI from EE onto EE than from EE onto AE, and much less from EE onto FE (only 42 K). Information from FE OFDI seems to follow similar patterns to EEs, although the amount of information available is significantly less than that available for AE and EE. There appears to be a lot more information, and therefore interest on FE OFDI onto another FE (50 K) than onto an EE (48 K) or AE (43 K).

Figure 1  Number of OFDI literature references on Google Scholar and google.com from advanced, emerging, and frontier economies, and among themselves (see online version for colours)

As discussed earlier, there is more OFDI leaving EE and FE towards AE them, leaving AE toward EE and FE, this not considering the amount of OFDI from EE toward FE and vice-versa. Such a phenomenon has triggered the proliferation of studies regarding the internationalisation behaviour of EE multinational enterprises (EMNEs), although not much research is available on frontier economies MNEs (FMNEs), as suggested in Figure 1. Most of the available studies either focused on the MNEs from the Brazil, Russia, India, China, and South Africa (BRICS) countries (Carvalho et al., 2010; Kalotay, 2008; Sauvant et al., 2010) or the EMNE’s internationalisation to and from AE (Milelli et al., 2010; Zhang et al., 2012).

While the internationalisation path of MNEs from AEs, and to a lesser degree emerging ones, are well researched, not much is known about the mode of entry, strategies, and challenges faced by FMNEs, and even less so regarding the frontier economies of Lusophone Africa. What is well known about emerging and frontier MNEs is that compared to AEs’ MNEs, they are late globalisers. In most cases, their countries
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were slow to embrace globalisation (Ramamurti, 2008). The question of how FMNEs enter and behave in other emerging and AEs, particularly from Lusophone Africa, however, has remained almost intact, even though frontier markets seem to present added opportunities for MNE’s internationalisation.

Unlike the internationalisation of MNEs from Western states that rely on their knowledge and experience in foreign markets, EMNEs and FMNEs often lack sufficient financial and market resources, as well as business and socio-political knowledge about international markets. This fact becomes more salient with the FMNEs’ quick and risky entrepreneurial behaviour in emerging and AEs for capitalising on opportunities.

African FMNEs differs from most other EMNEs in that their competencies are developed in countries that have distinct disadvantages due to the erosion of natural resources and a lack of investment in infrastructure, both physical and human capital (Wells et al., 2003; Ramamurti, 2008). More specifically, there is a need to better understand the internationalisation process of FMNEs since these markets, due to its many macroeconomic challenges, young economies, poor or inexistent institutional framework, the rule of law, lack of market liquidity and higher overall investment risks, tend to discourage FDI inflows and private investments (Hitchens, 1994; Nelly, 2008; Ramamurti, 2008; Demirbag et al., 2010). Such challenges to inflow FDI is especially true in the case of Angola and Mozambique when considering their lack of competitive advantage, as the countries’ young MNEs invariably face several challenges. These challenges include not only different political and economic environments and new competitors, but also new laws and regulations, as well as varying quality standard demands when expanding abroad (Nelly, 2008; Santos and Roffarello, 2015; Muzima and Mendy, 2015).

Furthermore, it is argued that EMNEs, and even more so FMNEs, such as from Angola and Mozambique, do not hold the same property structure as those from AEs (Filatotchev et al., 2007; Ibeh et al., 2012), since operating in more mature home markets gives MNEs an advantage to compete abroad. Other factors may also influence the enterprise’s competitiveness, such as the education of the labour force and the access to capital, where again FMNEs face even more significant challenges (Jansson and Sandberg, 2008; Muzima and Mendy, 2015; Santos and Roffarello, 2015). These factors make it difficult for such enterprises, like those in the vast majority of African countries, to compete in a more global economy.

Despite these location problems, African FMNEs, including Angolans and Mozambicans, are managing to develop the necessary strategic capabilities to compete in the global arena, viz. domestic responsiveness, global integration (efficiency) and worldwide learning (Bartlett and Ghoshal, 1987; Malnight, 2001). Additionally, Gomez and Sanchez (2005) found that leading African frontier economies’ social and regulatory environment may play a role in the development of these capabilities. A country’s institutional environment and regulatory framework have a strong influence on the way an enterprise is managed.

3 Research methods and approach

This research uses a qualitative online survey, semi-structured interviews, and a descriptive case study method to investigate the central research questions outlined
above. The use of a case study method involving multiple sources of information rich in content is appropriate to the complex context (Creswell, 1998; Yin, 2003) and aligns with the approach of prior scholarship investigating the born-global approach (Bell et al., 2001; Bengtsson, 2004; Chetty and Campbell-Hunt, 2004; Jones, 1999). Additional sources framing the development of survey and interview questions included, but are not limited to, reports, research findings, cases, surveys, interviews, articles, documents, and observations.

Following the dissemination of the online Likert scale survey to 1,282 potential respondents (716 in Angola and 566 in Mozambique), we received 29 confirmed, complete responses and 26 respondents indicated a willingness to participate in semi-structured interviews in both Luanda and Maputo. While the small response rate impacts the generalisability of the findings, the subsequent in-depth interviews proved useful for exploring the research questions in greater depth. In-depth, phenomenological interviewing (Seidman, 2006) allowed the researchers to focusing on the language, data, and stories of the survey population targeted, including senior management officials and decision-makers from MNEs in Angola and Mozambique, as ways toward knowing and understanding the issue and context involved in the internationalisation process of their MNEs. The vast majority (83%) of MNEs interviewed in Angola and Mozambique were small enterprises, with less than 200 employees and a third of them with less than 20. This data aligns with Fjose et al. (2010), who indicated that more than 95% of all enterprises are characterised by small SMEs with less than 200 employees.

Thus, our research uses a qualitative approach method with an exploratory and reflexive nature (Alvesson and Sköldberg, 2009), to allow for deeper cross-cultural understanding (Arber, 2006; Marschan-Piekkari and Welch, 2004). The research utilised both descriptive and explicative frameworks – descriptive in its attempts to identify and describe the main strategies used by LAMNEs and explicative as it attempts to understand and justify the motivation behind the adoption of identified strategies. Research by Pauwels and Matthyssens (2004) and Ghauri (2004) have shown that the strengths of a case study approach such as this are the reliance on a ‘longitudinal approach’ and its contextual ability, to help the researcher to explore the environment in depth. Similar methodological approaches in the born global literature have also led to theory testing (Dow, 2017) – where case studies and research attempt to reconcile the phenomena and results with prominent theoretical frameworks in the field (Coviello and Jones, 2004; Madsen and Servaise, 1997; Zahra, 2005).

4 Angola’s Centrovita and Mozambique’s MyMobil/Mobitel

Located in Luanda, Angola, Centrovita, a privately held company established in 2014 by two local entrepreneurs, is an Angolan company, which operates in the area of international health, with presence also in Brazil. The company, which decided to internationalise within the first two years of operations, offers a wide range of medical services ranging from lab analysis and imaging to labour medicine and specialised medical care.

Centrovita provides the majority of its services in Angola and has already established a virtual presence, using web-enabled technologies, in Brazil and the UK. The company was able to internationalise through the internet, via telemedicine, providing remote diagnosis and treatment of patients employing telecommunications technology. Not only
they were providing services to their clients, but also relying on expert services from the international medical community in the countries they were present. At the time of the interview (2016), the enterprise was planning to expand to the United Arab Emirates and India.

A local entrepreneur established MyMobil/Mobitel, initially a privately owned company under the brand Mobitel, located in Maputo, Mozambique, in 2013. The company is a cellular phone application provider, which after internationalising into Vietnam, through a joint venture with another enterprise there, Mobitel, rebranded itself as MyMobil, right before deciding to further expand into a niche market in Australia.

Once established in Australia, MyMobil began seeking out access to new capital and human resources to remain competitive in such a broader market. This MNE then established a partnership with an Australian company, Mobitel. After a few months, the partnership between MyMobil and Mobitel turned into a joint venture, rebranding itself again into MyMobil/Mobitel. At the time of the interview, in July 2016, as Mobitel of Australia increased its investments in MyMobil, it decided to merge and then acquire all assets of MyMobil into Mobitel.

MyMobil/Mobitel’s management, in their internationalisation process, were acting as network seekers as they sought to expand abroad to start new collaborations and stay close to their major clients, customers, and suppliers. They were also market seekers as they attempted to leverage their investment by expanding into new markets, breaking away from the telecommunication’s market limitations of Mozambique. Such a strategy is well documented in the born global literature (Yeung, 2000; Yu et al., 2007; Zucchella et al., 2007, to name just a few).

Both Centrovita’s COO and MyMobil/Mobitel’s senior partner had experience with international markets before starting their companies. Centrovita’s COO worked in Brazil, UK, and Namibia, before founding the company in Angola, and MyMobil/Mobitel’s senior partner worked in South Africa before starting his company in Mozambique. Both enterprises begin internationalisation immediately after their inception, seeking out capital, broader markets, and skilled technical resources. Such responses were typical of most MNEs interviewed in this study, both in Angola and Mozambique, with only 14% of them indicating not having any international experience. The data is supported by the few reports on increasing OFDI from frontier markets (World Bank, 2013; Sauvant et al., 2010; Marinov and Marinova, 2012).

Despite the overall lack of resources in their home market and the fact that both Angola and Mozambique are relatively very new economies, ravaged by civil wars in the recent past, lack of infrastructure, expertise, and economic stability, Centrovita and MyMobil/Mobitel were able to internationalise. Such a phenomenon is not in-line with the Uppsala and CAGE internationalisation models, making this enterprise’s internationalisation process challenging to explain using such models. Neither Centrovita or MyMobil/Mobitel management used a linear and incremental approach, characteristic of the Uppsala model, nor did they considered or were deterred by the cultural, administrative, geographic, and economic (CAGE) differences or distances between their home country and the three very distinct continents they expanded their business.

Essential to their internationalisation process was their ability to obtain clients and professional services that could be outsourced in their telemedicine practices, as in Centrovita’s case, and through the professional community of practices and network, in the case of MyMobil/Mobitel. Also, both enterprises relied on the use of social media,
such as Linkedin.com and Facebook, in their expansion abroad. Nonetheless, while the network theory of internationalisation and OLI (eclectic paradigm) theories may potentially explain these two enterprise’s internationalisation processes, there is not enough data from this study to ascertain it.

Centrovita, and MyMobil/Mobitel, as well as 55% of the MNEs interviewed in Angola and Mozambique, had expanded abroad in less than two years since its inception. This fact was yet another surprise, as newly internationalised enterprises face a lot of difficulties, and most of them fail or achieve low levels of success (Hollenstein, 2005). Small enterprises typically have fewer financial resources and international experience compared to larger ones (Hollenstein 2005; Karagozoglu and Lindell, 1998), which was the case for both MNEs showcased here, particularly so for MyMobil/Mobitel, asCentrovita was able to raise some local capital, as a seed investment. One strategy for MNEs to overcome financial constraints during internationalisation is to engage in alliances with other enterprises abroad (Chen and Huang, 2004) through collaboration with suppliers, distributors, and joint-venture partners. This approach was readily implemented by Centrovita and MyMobil/Mobitel, although the latter had sought out resources abroad in Vietnam and Australia, which contributed to their swift internationalisation.

When Angolan and Mozambican interviewed MNEs were asked to list the countries in which their MNEs had already internationalised, as depicted in Table 1, the list is vast.

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For the most part, however, while most MNEs have expanded across other African countries, they have remained in the continent. Many of them are Lusophone ones, which is theorised by the Uppsala school, but many were also are regional, based on geographic proximity, government and political stability, and the economy, as argued by the CAGE distance framework theory.

When asked about their international growth objectives, Centrovita and MyMobil/Mobitel indicated they plan to grow moderately and do not have aggressive plans due to
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their lack of resources and more in-depth expertise in foreign markets. Karagozoglu and Lindell (1998) support this tendency for moderate growth abroad, arguing that small MNEs do have some advantages when it comes to speed and flexibility on the market compared with larger enterprises. For example, smaller MNEs are usually more flexible and versatile than larger MNEs when it comes to establishing a position in a highly internationalised network, which may explain Centrovita’s and MyMobil/Mobitel’s case.

Also, Buckley (1989) identified numerous critical areas in which small MNEs are different than larger ones typical of AE and even EE, suggesting that these differences could be both constraints as well as advantages. If these LAMNEs without plans to expand abroad are focused on minimising capital outlay, such strategy can frequently lead to less than optimal effects. In raising capital, these MNEs face problems of how to search for and raise capital without disclosing its competitive advantage secrets. The shortage of skilled management in such MNEs is also a severe liability as they often do not have specialist executives to manage their international operations, nor do they possess a hierarchy of executives and managers through which complex decisions can be passed.

In agreement with Oviatt and McDougall (2005), both Centrovita’s and MyMobil/Mobitel’s expansion strategy into other international markets seeks to obtain a significant competitive advantage from the use of resources and the sale of outputs in multiple countries. These young MNEs demonstrate significant and observable commitment of resources – such as material, people, financing, time, etc. – in more than one nation. As anticipated by Freeman et al. (2006), however, there is a need for better understanding of the possibilities associated with these MNEs’ business relationships and how they use networks to achieve early and rapid internationalisation. There has been an increased interest among researchers to better understand the significance of business networks (Chen and Huang, 2004; Harris and Wheeler, 2005; Lavie, 2006; Yeoh, 2000). Dunning (1995) had shown specific interest in alliance capital as an asset within a network, but not specifically included this among the categories of internationalisation motives.

Regardless of resource motivators, another category outlined by Dunning (1993) focuses on efficiency, as these resources, whatever nature they assume, must be available and/or deployed efficiently. The purpose would be to rationalise structures of established OFDI to gain from shared governance, which often can be achieved through economies of scale and scope and risk diversification. Therefore, if Centrovita’s and MyMobil/Mobitel are efficiency seekers, interested in internationalisation as a way of gaining from the differences of factor endowments, cultures, institutional arrangements, and economic systems, etc., administrative factors are very important to be considered.

5 Findings

During the interviews, there were several different motives behind the internationalisation of these MNEs from Angola and Mozambique, indicating a diversified approach to their internationalisation. However, invariably, one of their most common motivations to expand abroad was to develop new opportunities and enter broader markets to achieve growth. These MNEs are expanding the market for their products by exporting or creating subsidiaries or joint ventures abroad. Many of the MNEs interviewed had expanded overseas to have access to know-how and technology to
remain competitive and to reduce risk within their local markets. Centrovita and MyMobil/Mobitel, internationalised in pursuit of profit, expansion, market opportunity, and to achieve growth consistent with findings in research by Anderson and Gatignon (1986) and Okoroafo (1990). They took advantage of the OLI framework, mainly location and internalisation advantages.

Beyond the two case studies discussed above, all of the LAMNEs interviewed adopted a proactive approach to internationalisation, which was evident in the online survey and confirmed through the interviews and the list of countries they already have a presence, as depicted in Table 1. These MNEs chose to internationalise through internal means. They were interested in exploiting particular ideas and core competencies, as well as the advantages of the many opportunities that international markets had to offer, particularly in Sub-Sahara Africa (SSA). The senior management of these MNEs demonstrated a desire, drive, enthusiasm, and commitment to the international market and motivation, despite all the challenges of being from a frontier economy and all the difficulties it brings.

Most of MNEs interviewed, except for two large MNEs in Angola and one in Mozambique, considered reactive factors when deciding to internationalise. These MNEs were reacting to both internal and external competitive pressures since several of them have unique product/services, which makes it easier to internationalise, since the international market may have an interest on their offerings.

Overall, the analysis of the data gathering from the MNEs interviewed suggests that these MNEs, in general, have the characteristics of a born global/INV. Most of the senior management interviewed had previous experience of international business activities, which enabled them to internationalise with a reasonably fast pace. They did so with significant resource commitments during the initial stages of internationalisation, although in comparison to internationalisations from AEs and emerging markets, such resources were much smaller.

A surprise in this study was the realisation that all LAMNEs studied had several similarities in their internationalisation process. Such commonalities were real despite their different industries, relative size, market, and other endogenous conditions. Essentially, these MNEs decided to internationalise so that they could generate profits, grow or expand their markets, and seek out new business opportunities. Another significant similarity was their level of motivation, which is a critical factor for enterprises seeking to internationalise, especially considering the overall lack of resources, distinctive of a frontier market; without motivation, there would not be an accomplishment.

Lastly, while several scholars would argue psychic distance is not relevant for the typical born-global/INV enterprise, a topic not much explored in this paper, In agreement with Coudounaris (1984), the findings of this study indicate that psychic distance does have an impact on the market entry of knowledge-intensive LAMNEs interviewed. However, as Coudounaris (1984) also argued there are other factors, such as market size, opportunity seeking behaviour, and actions taken by LAMNE management, which make the effect of psychic distance less visible in macro-level quantitative analyses. Hence, while most of the MNEs studied did display characteristics of a born-global/INV MNE, many of them preferred to internationalise into countries where they could find comparable culture and environment. Further in-depth studies in this area, however, could be relevant.
6 Recommendations

As briefly discussed in this study, network-based theories are becoming very important in explaining the internationalisation process of MNEs, especially those adopting the Internet, the web, and social media strategies. Several network-based theories are applied in the internationalisation context for examining the internationalisation process and some aspects or outcomes of the process. European researchers developed the essential original network theories of the IMP interaction approach, ARA-model, and network embeddedness. It seems that these models and approaches are more suitable for some kinds of internationalisation like countertrade and life cycle internationalisation, as well as those of LAMNEs interviewed in this study, which seemed to have adopted some of these network-based theories, but also relied on some other aspects of OLI and Uppsala. There approaches are applied to bring out a more holistic analysis of internationalisation strategies by MNEs. Hence, in contrast with these theories that are initially developed in the context of networking and then are implemented by internationalisation researchers, some internationalisation-based theories seem to have been developed by relying on networking perspectives in their logic. The most relevant theories, in this case, are the network-based internationalisation model and the most recent revision of the Uppsala model, which attempts to describe the whole process of internationalisation. These two theories, along with CAGE, seem to be the most fitting to explain the internationalisation of the LAMNEs interviewed.

The literature also suggests that most recent internationalisations, which have focused on the higher level of technologies, such as the Internet, the web, and social media, have relied on some aspect of networking (Overby and Min, 2001; Goncalves and Cornelius Smith, 2018). Notwithstanding the consistency of network perspective to explain internationalisation of the LAMNEs studied, such as born global/INVs, current internationalisation theories have failed to provide a comprehensive framework of the effects of networking and network relationships on the internationalisation process, especially the role of the internet, the web, and social media. Therefore, designing a holistic picture for understanding the role of networking in internationalisation is very difficult (Musteen et al., 2014). Researchers claim that internationalisation happens in an interactive environment that is conducted by a network of enterprises, which includes focal and external actors (Baffour Awuah and Amal, 2011). Interaction of these actors in networks can help MNEs to acquire activities, resources, and information that are necessary for internationalisation (Baffour Awuah and Amal, 2011).

In summary, as other researchers (Axinn and MatthysSENS, 2002; Crick and Spence, 2005) have recommended applying several framework theories such as RBV, the theory of cost (OLI) and networking to provide a comprehensive understanding of internationalisation, this study extends this recommendation to sub-theories of networking framework. The findings of this research suggest that researchers should employ one or more suitable theories based on their research goals to gain a complete picture of their determined internationalisations’ aspects.

Nonetheless, it is important to caution that this study is very limited in scope and does not investigate the merits of networking internationalisation theory versus the many others. While the findings suggest the importance of network theory in combination with the Uppsala model and OLI, it lacks empirical data. Further studies should empirically investigate the international MNEs, especially LAMNEs, and try to determine their
dominant internationalisation mode and compare them with these identified theories. Likewise, a limitation of this study is the number of internationalisation theories, and the fact it only examined a small number of relevant networking theories. Future investigations should explore more theories and review their applications in the empirical studies of internationalisation, which may lead international business research to combine theories when analysing the internationalisation process or a specific aspect of the process. Such an approach might allow international business scholars to propose some implications and recommendation about synthesising these theories in the context of LAMNEs or MNEs internationalisation.

References


