2017-05-12

Lusophone-African multinational enterprises internationalization mode: a case analysis of Angolan and Mozambican enterprises

聖若瑟大學
UNIVERSITY OF SAINT JOSEPH

LUSOPHONE-AFRICAN MULTINATIONAL ENTERPRISES INTERNATIONALIZATION MODE: A CASE ANALYSIS OF ANGOLAN AND MOZAMBICAN ENTERPRISES

A Thesis
Presented to
The Academic Faculty

by

Marcus Vinicius Amaral Gonçalves

In Partial Fulfillment of the Requirements for the Degree of
PhD in Business Administration
in the Faculty of Administration and Leadership
University of Saint Joseph, Macau

February 2017

ABSTRACT

Several internationalization theories have been developed over the past few decades that have made great contributions in explaining enterprise internationalization and their mode of entry strategy. It has been suggested that the determinants of entry mode choice of enterprises from emerging and frontier markets differ from those of comparable enterprises from advanced economies. Literature review appears to indicate that there is a need to expand the framework for entry mode strategies to accommodate the expansion issues enterprises from emerging and frontier countries face in the global marketplace. Nevertheless, not much information and acceptable conclusion has been made on how MNEs from frontier markets internationalize and what factors influence their choice of entry into those markets.

This study investigated the internationalization strategies of Lusophone Africa MNEs from Angola and Mozambique, more specifically their entry mode. Information was gathered through a survey of 29 MNE’s upper management respondents and subsequent face-to-face semi-structured interviews with 24 of them in their countries.

The results of this study suggest that most MNEs opted for equity-based investment strategies, mainly joint venture and M&E as their preferred mode of entry when internationalizing. A significant group of them opted for e-commerce/e-business strategies, and direct and indirect exports. A smaller portion of the interviewees chose Greenfield investment as a mode of entry. Many of these MNEs could be classified as born global/INV.

Finally, this study presents a conceptual framework for use in studying the entry mode choice of enterprises from Lusophone Africa frontier markets and presents research propositions for better understanding the determinants of entry mode strategies of enterprise from Angola and Mozambique.

Keywords: Internationalization, Entry Mode, Emerging Markets, Frontier Markets, Lusophone African MNEs, Angola, Mozambique

ENDORSEMENT

I certify that this report is solely my work, and that it has never been previously submitted for any academic award.

Marcus V. A. Gonçalves

I, the supervisor, believe that this thesis is ready for assessment, and reaches the accepted standard for the degree of PhD in Business Administration

José Alves

Dedication

To my forever beautiful wife, Carla, who patiently and sacrificially walked with me, again, all the way to end of this journey; to my treasured children Andrea and Joshua (in-memory, and Samir, who loved and believed in me; to my parents, Mario and Lourdes, brother and sisters, Valerius, Valeria and Luiza Helena, who offered support and encouragement; and to God, for giving me the strength to keep walking during this arduous project until the finish line, despite many difficult “life distractions” along the way.

Acknowledgments

First and foremost, I would like to thank my advisor, Dr. Jose Alves, for his unrestricted support, guiding me through this doctoral program and dissertation process, especially during times life got hard. I have been remarkably fortunate to have an advisor who gave me the freedom to explore on my own and at the same time the guidance to recover when my steps slowed down or faltered. His patience and support helped me overcome many crisis situations and finish this dissertation. I'm grateful for the fact he never let go of me, and was always ready to give me his time, knowledge, advice, and encouragement, despite the geographic distance. I will be eternally grateful for his dedication, mentorship, and long hours spent with me in person, on Skype, WeChat, and WhatsApp! I hope to one day become as good an advisor to my students as Professor Alves has been to me.

I am sincerely grateful to Dr. Brian McCoy, at Nichols College, for his words of wisdom and affirmation during the research process. Professor McCoy gave me value inputs on how to question thoughts and express ideas.

I am also indebted to many professionals at Nichols College, for their patience and flexibility with me during this research and dissertation process. I am thankful for Dr. Alan J. Reinhardt and Dr. Mauri Pelto, who gave me the support I needed to undertake my research in Angola and Mozambique, and the extended time I needed to focus on this program. I am also thankful for Dr. Erika Smith, whose friendship and encouragement were so vital, and her willingness to be a sounding board to me at times. I wish to express my gratitude to Luanne Westerling, for her unconditional support during these years and professional guidance.

I would like to thank the participants in the surveys and interviews in Luanda, Angola, and in Maputo, Mozambique, for their willingness to take time out of their busy schedules to help me better understand the issues surrounding the internationalization drivers and modes of MNEs from their countries into global markets. In particular, I'd like to thank the Brazilian Ambassador for Mozambique, Rodrigo Baena Soares, for receiving me at the Embassy and providing valuable insights into the geopolitical aspects of Mozambique. I thank also the Consul General of Angola in Macau, Sofia Pegado Silva, for meeting with me at the Angolan Consulate in Macau and providing me invaluable assistance in planning my travel to that country and the research. I'd also like to

thank Danilo Ventura, Director at CEEIA, the Community of Exporting and Internationalization of Angolan Companies (Comunidade de Empresas Exportadoras e Internacionalizadas de Angola), for all his support in helping me to connect with local MNEs.

Many friends have helped me stay sane through these arduous times. Their support and care helped me overcome setbacks and stay focused on my graduate study. I greatly value their friendship and deeply appreciate their belief in me. Friends like Alexandre Marques, Vijay Gummadi, Joseph DiBiase, David Seavey, Ed Gooch, Larry DeMovellan and Peter Rogaishio are only a few amongst many, for their prayers with me, motorcycle trips, editing my work, hosting me during my interviews, and just being great friends.

Most importantly, none of this would have been possible without the love and patience of my immediate family, to whom this dissertation is dedicated. I would like to express my heart-felt gratitude to my extended family as well, especially “mami”, Don Fernando, and all brothers and sisters in law; they are many, but each one of them have encouraged me one way or another.

Table of Contents

List of Tables

List of Figures

Chapter I - Introduction

Background

Expanding a business abroad can often represent a great opportunity for enterprises to reach new customers in a much larger range. The decision to internationalize can be dynamic, and it is not susceptible to a one size fits all method. Enterprises of all sizes, however, tend to follow certain patterns as they expand across their own borders.

As depicted in Figure 1.1, enterprises may decide to invest abroad for various reasons, mainly motivated by one or more of three economic factors: location, scale, and scope. As an enterprise expands its operations into a foreign market, its managers are usually faced with increasing risk and decreasing profits as they try to cope with the challenges imposed by internationalization. There is a learning curve that these enterprises need to follows, even with the best planning. Expertise is developed gradually, and during that process there is a high degree of uncertainty. At the same time, the need for upfront investment saps short-term profits.

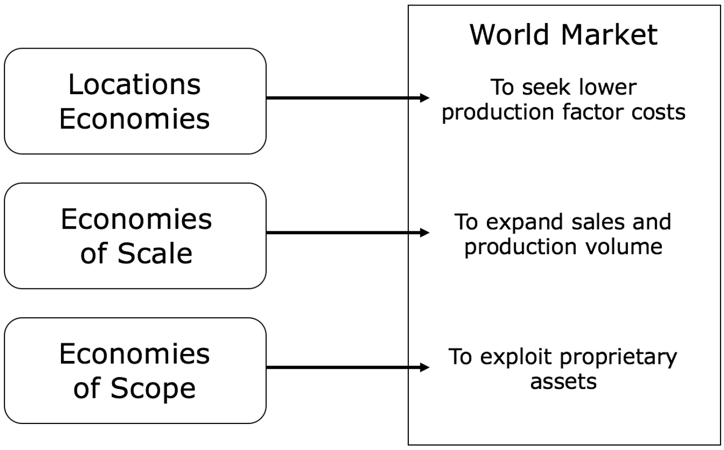


Figure 1.1 – Main motives for internationalization. Source: Adapted from Anderson & Gatignon, 1986.

The global market for foreign direct investment (FDI), as depicted in Figure 1.2 have undergone significant changes in recent years, with the increasingly important role played by emerging economies multinational enterprises (EMNEs) being one of the most important ones among them (Sauvant et al, 2009). This increase on outward FDI (OFDI) from emerging economies, however, is not new. Starting with Hymer's (1976) groundbreaking internationalization study much of the research agenda within the discipline has very much been on how enterprises, in that case from advanced economies, overcame their liability of foreignness vis-à-vis their competitors in overseas markets.

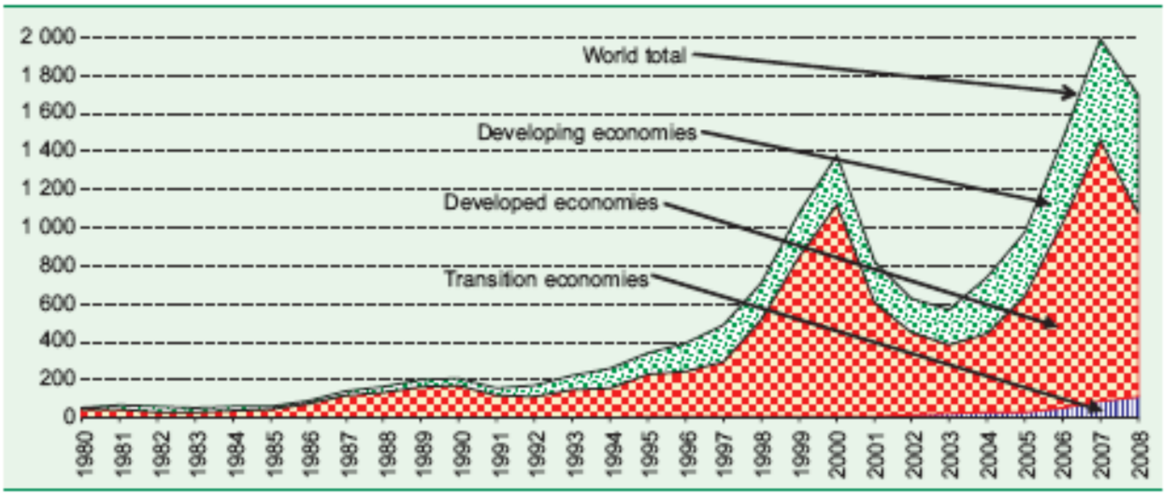


Figure 1.2 - FDI outflows, globally and by group of economies, 1980-2008 (US$ billions). Source: UNCTAD, WIR 2009.

As FDI from emerging economies continued to sharply increase over the past three decades, several scholars began to notice it since the early 1980s (Lall, 1983; Kumar, 1995; Page 1998; Aykut and Ratha, 2003, and UNCTAD, 1994, 2004, 2006, 2009, 2010, 2015). While most FDI has been from Asian enterprises establishing presence in other Asian economies, there had also been investment in advanced economies such into the European Union (EU) and the United States. Total investment by emerging countries began to steadily rise from about one percent of total foreign investment flows in the late 1970s to four percent in the mid-1980s and six percent by 1990, peaking in the 1990s before the Asian crisis, although remaining around 6-7 percent of the total (Page and Willem de Velde, 2004).

The rise in FDI outflows from Africa had a different tone, as it coincided with the reduction in the large part between emerging and advanced economies growth found in the 1970s and with a decrease, in some cases a reversal, of relative protection in advanced and emerging countries, caused by a stimulation of protectionism in the advanced economies and at the same time of liberalization in the emerging ones (Page and Willem de Velde, 2004). It also coincided with some reduction in the growth of FDI outflows to emerging countries, suggesting that the same influences were affecting flows in both directions. Hence, during that same period, South-South FDI flows were estimated to have risen from five percent in 1994 to 30 percent in 2000 of the total FDI inflows to emerging economies (Aykut and Ratha, 2003).

Noteworthy, aside from South African investments, there is little OFDI stemming from Sub-Saharan Africa, which may explain how little research exists about African outward FDI, if compared to OFDI from advanced economies and to a lesser extent from emerging ones. Notwithstanding, African OFDI global participation has increased significantly. As of 2014, as depicted in Figure 1.3, African investments total 13 percent of the total global OFDI, up from only 0.2 percent of that total in 2004 (UNCTAD WIR 2004, 2015).

Region	FDI inflows			FDI outflows		
	2012	2013	2014	2012	2013	2014
World	**1 403**	**1 467**	**1 228**	**1 284**	**1 306**	**1 354**
Developed economies	679	697	499	873	834	823
Europe	401	326	289	376	317	316
North America	209	301	146	365	379	390
Developing economies	639	671	681	357	381	468
Africa	56	54	54	12	16	13
Asia	401	428	465	299	335	432
East and South-East Asia	321	348	381	266	292	383
South Asia	32	36	41	10	2	11
West Asia	48	45	43	23	41	38
Latin America and the Caribbean	178	186	159	44	28	23
Oceania	4	3	3	2	1	0
Transition economies	85	100	48	54	91	63

Figure 1.3 - FDI flows, by region, 2012-2014. Source: UNCTAD, WIR 2015.

Over the past few decades, as depicted in Figure 1.4, investment by EMNEs, frontier and transition economies continued to grow. By 2014, EMNEs alone invested $468 billion abroad, a 23 percent increase from the previous years, a record level, particularly in emerging Asia, which now invests abroad more than any other region of the world.

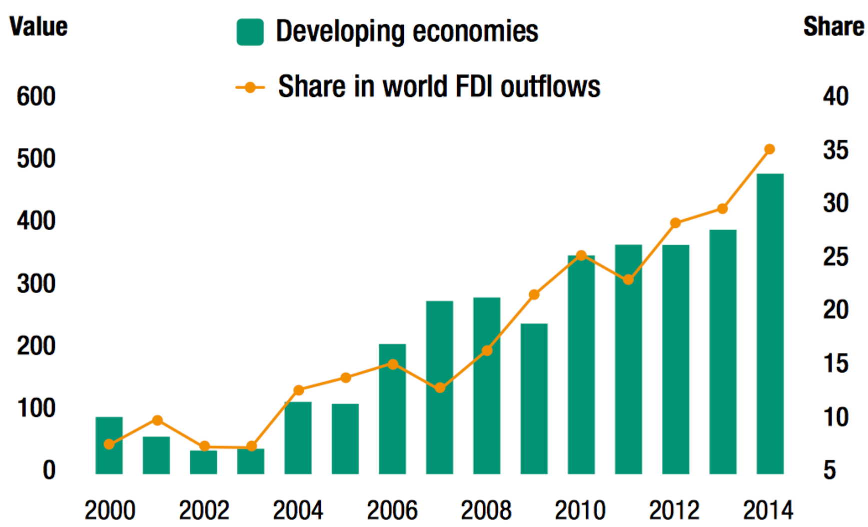


Figure 1.4 – Emerging, frontier and transition economies: FDI outflows and their share in total world outflows, 2000–2014 (Billions of dollars and percent). Source: UNCTAD, WIR 2015.

Overall, the share of EMNEs in global FDI has grown considerably over the year, reaching a record 35 percent, an increase from low five percent in 2004. Nine of the 20 largest investor countries were from emerging or transition economies (UNCTAD, 2015). These EMNEs continued to invest and acquire foreign affiliates in the advanced economies, expanding foreign operations through greenfield investments as well as cross-border merging and acquisitions (M&As). More than half of FDI outflows by EMNEs have been in equity, in contrast to advanced economies' MNEs, which continues to rely on reinvested earnings.

Among the emerging economies, EMNEs from Asia have increased their investment abroad, while EMNEs outflows from Latin America, the Caribbean, and Africa have fell. Nine of the 20 largest home economies were emerging or transition economies, namely Hong Kong (China's Special Administration Region), China, the Russian Federation, Singapore, the Republic of Korea, Malaysia, Kuwait, Chile and Taiwan Province of China (UNCTAD, 2015).

As depicted in Figure 1.5, emerging economies from Asia have become the world's largest investing group, accounting for almost one third of the total.

Overall, OFDI by EMNEs from Asia have increased by 29 percent, to $432 billion in 2014. The growth was widespread, including all the major Asian economies and sub regions. In East Asia, investment by EMNEs from Hong Kong (China) jumped to a historic high of $143 billion, making the economy the second largest investor after the United States. The remarkable growth was mainly due to booming cross- border M&A activity (UNCTAD, 2015).

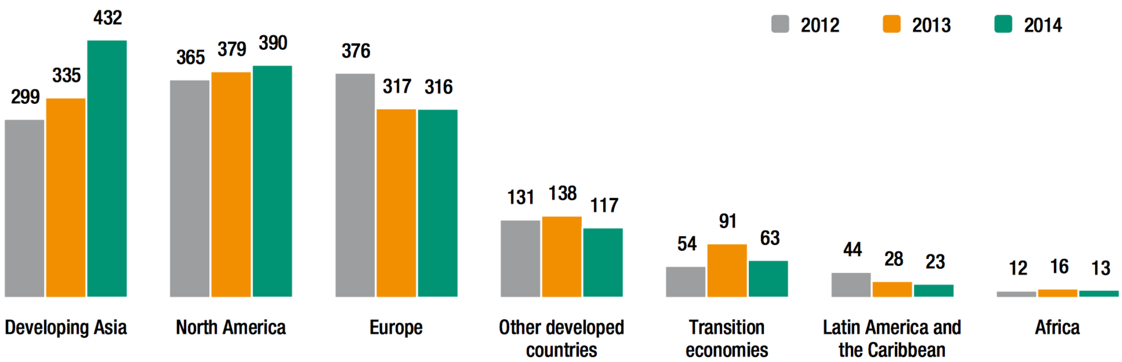


Figure 1.5 - OFDI flows, by group of economies and region, 2012–2014 (Billions of dollars). Source: UNCTAD, WIR 2015.

Standards of Comparison

The largest economies in sub-Saharan Africa (SSA), including Nigeria, South Africa and Angola, respectively, are experiencing sharp slowdowns or recessions as lower commodity prices interact with difficult domestic political and economic conditions. The picture for SSA is progressively one of varying developmental growth. While, per IMF (2016b), growth projections for 2016 and for the next few years were revised down substantially in the region, they mostly reflect challenging macroeconomic conditions in its largest economies, which are adjusting to lower commodity revenues. In Nigeria, the largest economy in SSA, economic activity was projected to contract 1.7 percent in 2016, reflecting temporary disruptions to oil production, foreign currency shortages resulting from lower oil receipts, lower power generation, and weak investor confidence. In South Africa, the third largest economy in SSA, policy uncertainty has been making the adjustment to weaker terms of trade more difficult, with GDP projected to remain flat in 2016, with only a modest recovery in 2017 as the commodity and drought shocks disperse and power supply improves.

As internationalization levels continue to increase it has led to several measures, such as lower trade barriers and higher international integration, which in turn have contributed to institutional and economic conditions for a growth strategy of MNEs around the world. Arguments as to what motivates these MNEs to internationalize tend to fundamentally be explained through the fact that such enterprises own enterprise-specific competitive advantages (Buckley and Casson, 1976 and 1998; Dunning, 1977, and Caves, 1982), which remains to be corroborated as several examples points to a greater variety of possible reasons.

For instance, in the African continent, OFDI flows is still only 3 percent of total emerging economies' foreign investments. But a notorious increase in the internationalization of enterprises within the region has been taking place, especially Africa-to-Africa internationalization, from emerging-to-emerging, as well as from emerging-to-frontier African economies.

South Africa, an emerging economy, the third largest in Africa, after Nigeria and Egypt (IMF, 2016), already has several MNCs operating across the African continent, where companies such as the mobile operator MTN, the brewer SABMiller (formerly SAB before it acquired the U.S. Miller Brewing Company in 2002), Standard Bank, Massmart and Shoprite, now have a presence in at least a dozen other emerging and frontier African countries. Nigeria, another emerging economy, the largest in Africa, counts with MNEs such as UBA, Dangote, Glo, GTBank and FirstBank already establishing a significant footprint in the sub-Sahara region (Ibeh, Wilson, and Chizema, 2012).

Ecobank, from Togo, which is considered a frontier economy in Africa, is only one of a group of Pan-African banks (PABs) expanding throughout Africa, with operations in 33 countries, most of them frontier economies. The Bank of Africa, based in Mali, another frontier economy, has operations in 14 African countries, while Kenya's Equity Bank and KCB has operations in more than four countries in the African continent (Goncalves, 2015).

African MNEs, however, are not only internationalizing within the continent, as several are also expanding their footprint outside of it. By 2012, Africans MNEs had invested a cumulative $14.2 billion in China alone, a 43 percent increase from the $9.9 billion invested by 2009 (Peng, 2006; Alves, 2013). Some of the top African investors in China came from Mauritius, South Africa, Seychelles and Nigeria (Randall, Yeung, and Zhao, 2008).

South African brewer SABMiller, mentioned earlier, produces and sells one of its brands, Snow beer, the world's best-selling beer by sales volume, only in China. The company runs the brand as a joint venture with a Chinese enterprise and produces many other popular Chinese beer brands as well. SABMiller began its expansion into China in the mid-1990s. Its first move was to negotiate with the government-backed China Resources Enterprises, for joint ownership of China Resources Snow Breweries, which is now the largest brewery in China (Li, 2015). While most foreign breweries struggle to sell their brands in the Chinese market, SABMiller has concentrated on purchasing local

Chinese breweries. SABMiller's winning strategy has been to keep on purchasing shares in local brewers and investing in the production of popular Chinese brands without involving itself in daily operations and management of the companies. Through such strategy, the company now co-owns more than 90 breweries with Chinese Resources, producing around 30 beer brands with a 23 percent market share (Li, 2015).

Tunisia's investment in China's fertilizer production has an even longer history. Initially launched as a key project of China's 8th Five-Year Plan, the Sino-Arab Chemical Fertilizers Company (SACF) was a joint initiative reached by Tunisia and China when Tunisia's late Prime Minister Mohammed Mzali visited Beijing in 1984. SACF wisely used the continuous investments in its technical reform and facility expansion in the new millennium, which significantly increased its production and quality control capacities. Widely praised as a successful South-South Cooperation model, the company has grown to become one of the largest compound fertilizer producers in China (Li, 2015).

These are only a few examples of how the establishment of a presence in foreign markets can be an important growth and competitive strategy for enterprises, not only from advanced and emerging economies, but also from frontier economies as well. This is especially true in the case of limited home markets, such as those found in emerging, and particularly in Africa's frontier economies, where the lack of domestic demand, due to markets being too small or the industry to narrow, or due to the maturity of the company's actions or even from the competitors (Andersson, 2004, 2006; Ramamurti and Jitendra, 2009).

Current Challenges and Major Trends

Indices of African frontier economies' development performance have not only been historically dismal but have also lagged persistently behind those of emerging economies. In 2013, GDP per capita for Africa was $3,221, compared to $27,249 for the Americas, $29,570 for Europe, $31,533 for Oceania, and $8,622 for Asia (World Bank, 2013).

This reality has been even grimmer for Mozambique and Angola, the two largest frontier economies in Lusophone-Africa, due to the ravage of their civil wars. Commenting on these two countries, among others of similar fate, the former UN Secretary-General, Kofi Annan remarked in a report to the UN Security Council on how "the war, destruction, famine, refugees, starvation, instability and chaos" impacted Mozambique in 1987 and Angola in 1999 at an incalculable cost" (Ayittey, 1999). From the wanton destruction they wreak, with infrastructure being reduced to rubble, as combatants bombed roads, bridges, and communication equipment, destroying houses and buildings along the way, to the uprooting of people, forcing them to flee the general atmosphere of insecurity and war. These conflicts also created an environment inimical to development and deterred foreign investments (FDI) inflows (Ayittey, 1999; Hitchens, 1994; Soyinka, 1996; World Bank 2013).

Angola's Challenges and Trends

Per the World Economic Forum (WEF, 2013[1]), Angola, with a population of 20.8 million people, had a GDP of USD$122 billion by the end of 2013, with a per capita GDP of USD$5,846. The country's economy represents only 0.15 percent of the world's total GDP in terms of purchase parity power (PPP). Nonetheless, its economic has grown substantially since 1994 and through 2008, where it slowed down a bit but continued to grow through 2013. Its growth rate scored well above SSA region averages in GDP (PPP) per capita for the entire period 1990-2013, as depicted in Figure 1.6. Unfortunately, not much reliable and complete economic data is available thereafter, except those provided by local

[1] WEF has no reliable data for the subsequent years.

economist from the Catholic University of Angola in Luanda, Alves da Rocha (2015).

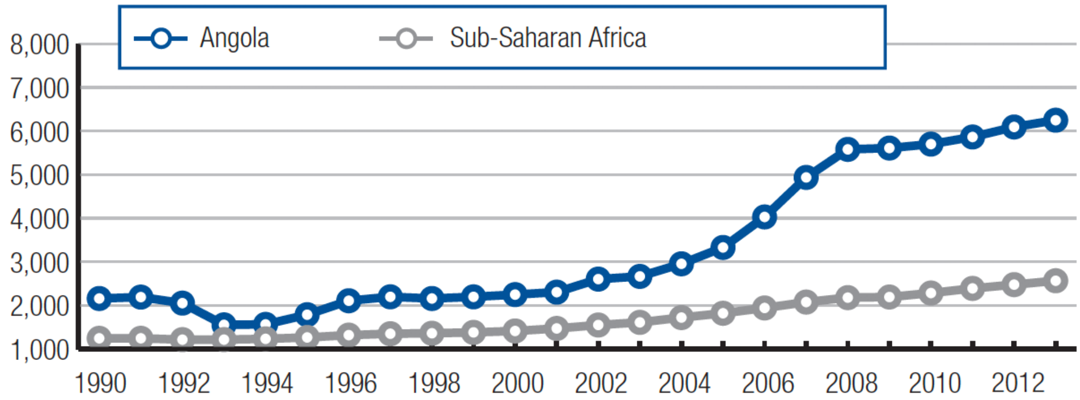


Figure 1.6 – Angola's economic growth comparison with Sub-Saharan Africa in GDP (PPP) per capita, from 1990-2013. Source: WEF, 2013[2].

Since its independence and the end of the civil war Angola's economy has performed well above the SSA average, becoming one of the fastest-growing economies in the world (White, 2012; WEF, 2013; Rocha, 2015). Sound macroeconomic policies have helped to ensure an economic growth rate of 4.5 percent in 2014, although, as mentioned earlier, growth was expected to drop to 4.2 percent by 2016 (Muzima and Mendy, 2015; Rocha, 2015). Angola is the continent's second biggest oil exporter, after Nigeria, with a much larger market size than the average SSA markets. The country also performs well in the

[2] No data is available for the subsequent years.

microeconomic environment, by comparison to other SSA nations, but it has had its share of economic challenges, especially since 2014, prompted by the steep drop in oil prices around the world. As of the end of 2013 the country ranked 140th (out of 144) in the WEF's Global Competitiveness Index (GCI), a drop from 139th place from a year earlier (WEF, 2013).

The CGI Index is the result of a factoring of 12 indicators, or pillars as designated by the WEF, including: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation.

These pillars are in turn organized into three sub-indexes, which include: basic requirements, efficiency enhancers, and innovation and sophistication factors. The three sub-indexes are given different weights in the calculation of the overall Index, depending on each economy's stage of development, as proxied by its GDP per capita and the share of exports represented by raw materials, as depicted in Figure 1.7. Appendix G presents a detailed description of each of these pillars.

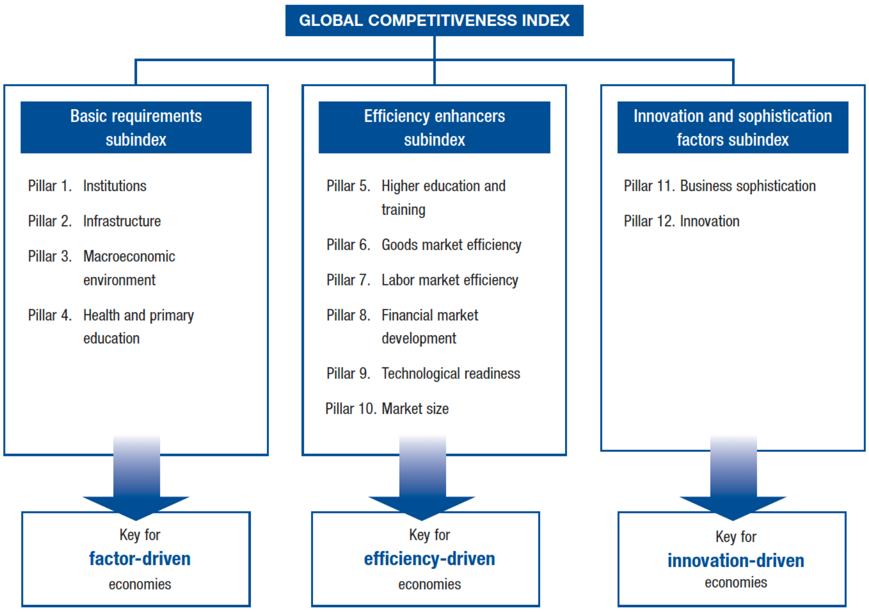


Figure 1.7 – WEF's Global Competitiveness Index framework. Source: WEF, 2016.

As depicted in Figure 1.8, while according to WEF's analysis, the country's CGI sub-scores are higher than SSA's average (from a higher score of 7), namely in macroeconomic environment (3.7) and market size (3.8), the country scores less than 3 points in several other areas including goods and market efficiency (2.9), institutions (2.6), business sophistication (2.6), financial market development (2.5), technological readiness (2.3) infrastructure (2.0), innovation (2.1), and higher education and training, the worse score (1.9). Appendix H provides a detailed list of Angola's WEF CGI's sub-indexes (2013).

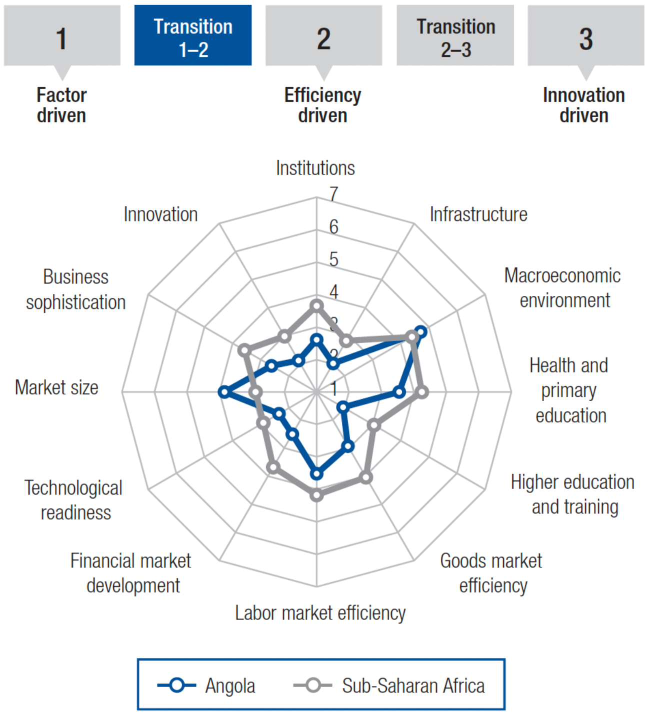


Figure 1.8 – Angola's competitive index, 2014-2015. Source: WEF, 2013.

As with its oil-exporting peers, Angola's strengths are in its macroeconomic environment and market size, but much remains to be done across the board, the 12 pillars, to build up the country's competitiveness. Given its favorable fiscal stance, Angola has a unique opportunity to invest revenues in competiveness-enhancing measures.

In this context, its poor performance across all governance indicators is worrisome. Business development faces major challenges, making it very difficult for early stage enterprises to establish themselves and grow, and even more so internationalize.

Taking in consideration only the top four major challenges listed in Figure 1.9, access to financing seem to be extremely difficult, the workforce is not adequately educated, infrastructure is very poor or inadequate--one of the least developed in the world--and both public and private institutions are characterized by widespread corruption, with inefficient government spending casting doubt on the country's ability to spend resource receipts in the most important areas (WEF, 2013).

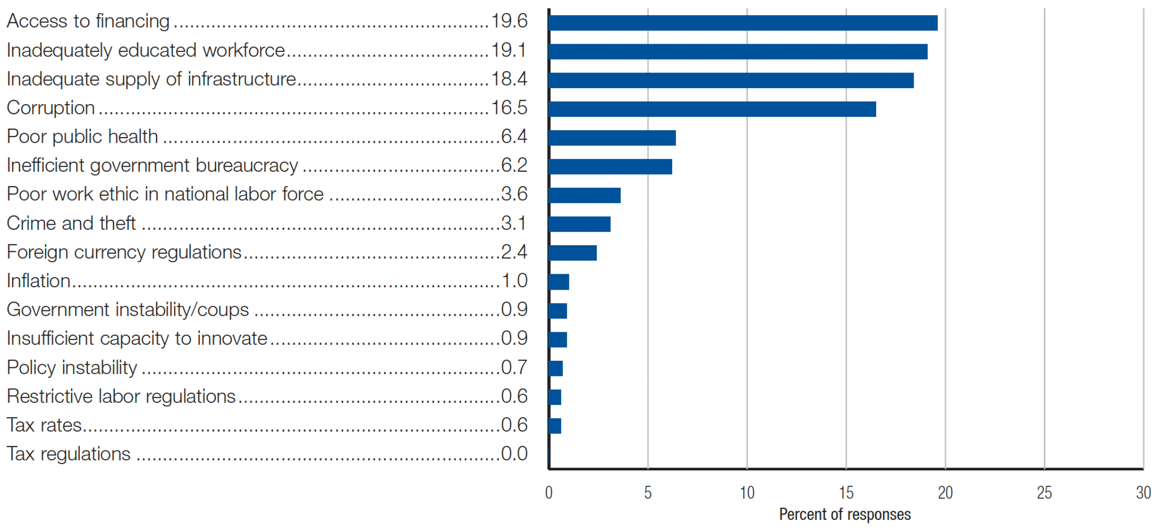


Figure 1.9 – Angola's most problematic factors for doing business. Source: WEF, 2015.

Because of the sharp drop in oil prices across the globe, Angola's economy has also been adjusting to significant reduction in oil export receipts. The economy was not expected to grow in 2016 and should experience only a weak growth in 2017 (Rocha, 2015; WB, 2015; WEF, 2015). By contrast, several of the region's non-resource exporters, including Côte d'Ivoire, Ethiopia, Kenya, and Senegal, were expected to continue to expand at a very strong pace of more than 5 percent in 2016-2017, benefiting from low oil prices and enjoying healthy private consumption and investment growth rates.

Table 1.1 provides key data for Angola's real GDP, consumer prices, current account balance, and unemployment compared to other major SSA oil exporter countries and low-income countries (highlighted), including Mozambique.

Table 1.1 - Sub-Saharan Africa: Real GDP, Consumer Prices, Current Account Balance, and Unemployment. Source: IMF, 2016b.

(Annual percent change, unless noted otherwise)

	Real GDP			Consumer Prices[1]			Current Account Balance[2]			Unemployment[3]		
		Projections			Projections			Projections			Projections	
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Sub-Saharan Africa	**3.4**	**1.4**	**2.9**	**7.0**	**11.3**	**10.8**	**–5.9**	**–4.5**	**–3.9**	. . .	. . .	. . .
Oil Exporters[4]	**2.4**	**–1.7**	**0.8**	**9.1**	**19.1**	**19.3**	**–4.8**	**–2.1**	**–1.8**	. . .	. . .	. . .
Nigeria	2.7	–1.7	0.6	9.0	15.4	17.1	–3.1	–0.7	–0.4	9.0	12.1	. . .
Angola	3.0	0.0	1.5	10.3	33.7	38.3	–8.5	–5.4	–5.4	. . .	. . .	. . .
Gabon	4.0	3.2	4.5	0.1	2.5	2.5	–2.3	–5.3	–4.7	. . .	. . .	. . .
Chad	1.8	–1.1	1.7	3.7	0.0	5.2	–12.4	–8.7	–7.8	. . .	. . .	. . .
Republic of Congo	2.3	1.7	5.0	2.0	4.0	3.7	–21.0	–8.2	–2.1	. . .	. . .	. . .
Middle-Income Countries[5]	**2.6**	**1.9**	**2.9**	**5.4**	**7.0**	**5.7**	**–4.3**	**–3.9**	**–3.6**	. . .	. . .	. . .
South Africa	1.3	0.1	0.8	4.6	6.4	6.0	–4.3	–3.3	–3.2	25.4	26.3	27.0
Ghana	3.9	3.3	7.4	17.2	17.0	10.0	–7.5	–6.3	–6.0	. . .	. . .	. . .
Côte d'Ivoire	8.5	8.0	8.0	1.2	1.0	1.5	–1.8	–1.8	–2.1	. . .	. . .	. . .
Cameroon	5.8	4.8	4.2	2.7	2.2	2.2	–4.2	–4.2	–4.0	. . .	. . .	. . .
Zambia	3.0	3.0	4.0	10.1	19.1	9.1	–3.5	–4.5	–2.2	. . .	. . .	. . .
Senegal	6.5	6.6	6.8	0.1	1.0	1.8	–7.6	–8.4	–8.2	. . .	. . .	. . .
Low-Income Countries[6]	**5.8**	**5.4**	**5.8**	**5.7**	**5.8**	**5.9**	**–10.1**	**–8.8**	**–7.4**	. . .	. . .	. . .
Ethiopia	10.2	6.5	7.5	10.1	7.7	8.2	–12.0	–10.7	–9.3	. . .	. . .	. . .
Kenya	5.6	6.0	6.1	6.6	6.2	5.5	–6.8	–6.4	–6.1	. . .	. . .	. . .
Tanzania	7.0	7.2	7.2	5.6	5.2	5.0	–8.8	–8.8	–8.8	. . .	. . .	. . .
Uganda	4.8	4.9	5.5	5.5	5.5	5.1	–9.4	–8.7	–8.9	. . .	. . .	. . .
Madagascar	3.1	4.1	4.5	7.4	6.7	6.9	–1.9	–2.3	–3.7	. . .	. . .	. . .
Democratic Republic of the Congo	6.9	3.9	4.2	1.0	1.7	2.7	–3.7	–0.8	5.2	. . .	. . .	. . .
Memorandum												
Sub-Saharan Africa Excluding South Sudan	3.4	1.5	2.9	6.7	10.2	10.4	–5.8	–4.5	–3.9	. . .	. . .	. . .

Note: Data for some countries are based on fiscal years. Please refer to Table F in the Statistical Appendix for a list of countries with exceptional reporting periods.
[1]Movements in consumer prices are shown as annual averages. Year-end to year-end changes can be found in Table A7 in the Statistical Appendix.
[2]Percent of GDP.
[3]Percent. National definitions of unemployment may differ.
[4]Includes Equatorial Guinea and South Sudan.
[5]Includes Botswana, Cabo Verde, Lesotho, Mauritius, Namibia, Seychelles, and Swaziland.
[6]Includes Benin, Burkina Faso, Burundi, the Central African Republic, Comoros, Eritrea, The Gambia, Guinea, Guinea-Bissau, Liberia, Malawi, Mali, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Togo, and Zimbabwe.

Surprisingly, despite macroeconomic challenges, or maybe because of it, Angola has today several noteworthy MNEs that have successfully internationalized, including among others Endiama, a national diamond company with presence in Israel, Belgium, and Hong Kong; Cuca Beer, a leading brewer, with presence in Portugal, Cape Verde, Mozambique, and Guinea Bissau; Angonabeiro, a leading coffee producer and exporter; Banco BAI, providing market analysis and financial services for Angolan MNEs domestically and abroad, with established presence in Portugal and other African countries; Gesteflora, a lumber company with presence abroad for a few years now, and many others. A list of the main Angolan MNE's can be found in Appendix H.

Notwithstanding, the economist Alves da Rocha (2016), professor at the Catholic University of Angola, in Luanda, argues the past couple years have been hard on the economy, with a breakdown of economic trends experienced in earlier years. The nominal GDP of about USD$135 million dollars for 2013 has dropped to USD$115 million in 2015. The per capita GDP has dropped from USD$5,210 to USD$4,599.

In addition, while inflation went up, fuel subsidies were removed or reduced, making the everyday life of corporations, and even more so the population, a lot harder. Amid skyrocketing inflation and a plunging currency, the Angolan economy has likely grown at the slowest rate in over a decade in 2016.

Its fiscal and external positions have deteriorated due to the drop-in oil prices, which has also negatively impacted investment. The kwanza has lost over 20 percent of its value year-to-date, reducing consumer purchasing power. The country also faces political uncertainty, as President José Eduardo Dos Santos recently announced his retirement before the next general election scheduled for August 2017 (FocusEconomics.com, 2016).

As oil prices began recovering in the second quarter of 2016, government revenues should improve as oil revenues constitute the bulk of Angola’s fiscal revenues, but the country’s growth prospects remain grim overall and will not be helped by political uncertainty. Analysts expect GDP to grow 1.5 percent in 2017, which is down 0.6 percentage points from Q4 2016 forecast. The economy is expected to experience a more significant growth only in 2018, forecasted to grow by 2.9 percent.

Mozambique's Challenges and Trends

According to the World Economic Forum (WEF, 2016), Mozambique, with a population of 28 million people, a GDP of USD$15.3 billion, a much smaller economy than Angola's. Its per capita GDP of USD$593, represents only 0.03 percent of the world's total GDP in terms of PPP. Contrasting it with Angola, the country's economic growth has a much lower score in GDP (PPP) per capita than SSA's average for the period 1990-2013, as depicted in Figure 1.10.

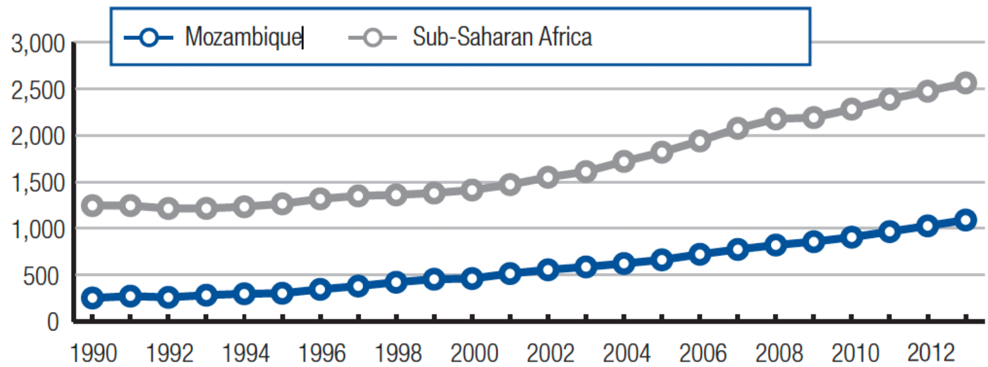


Figure 1.10 – Mozambique's economic growth comparison with Sub-Saharan Africa in GDP (PPP) per capita, from 1990-2013. Source: WEF, 2015.

Mozambique, much as Angola, has also experienced significant growth after the end of its civil war, although it still faces violent conflicts to some extent, especially in the north regions. Although the country has been riven by the war for 15 years, it is poised to become the world's biggest coal exporter within the next decade, while the recent discovery of two massive gas fields in its waters has turned the region into an energy hotspot (Smith, 2012). Consequently, in 2014 real GDP grew by 7.6 percent and growth was expected to remain strong, at 7.5 percent and 8.1 percent in 2015 and 2016, respectively, boosted by the construction, transportation and communications sectors.

Nonetheless, while in better shape than Angola, the country ranks 133rd (out of 144) in the WEF's GCI (WEF, 2015), the same rank from back in 2012 (WEF, 2013). As per WEF's analysis, the country's CGI sub-scores are lower than SSA's average (from a higher score of 7), although market size (3.1) and goods market efficiency (4.0, much better than Angola) are almost to par with other SSA economies.

As depicted in Figure 1.11, Mozambique scores lower in all other sub-scores including: macroeconomic environment (4.1), although it is much better than Angola; institutions (3.2), again much better than Angola; business sophistication (3.3); financial market development (3.1); technological readiness (2.7); infrastructure (2.4), also significantly better than Angola; innovation (2.8); and higher education and training (2.4), though low, again, a much better score than Angola's. Overall, Mozambique's economy, despite being much smaller than Angola's, it is a lot more competitive, scoring 133 versus Angola's 144 (WEF

2013, 2015). Appendix I provides a detailed list of Mozambique's WEF CGI's sub-indexes (2015).

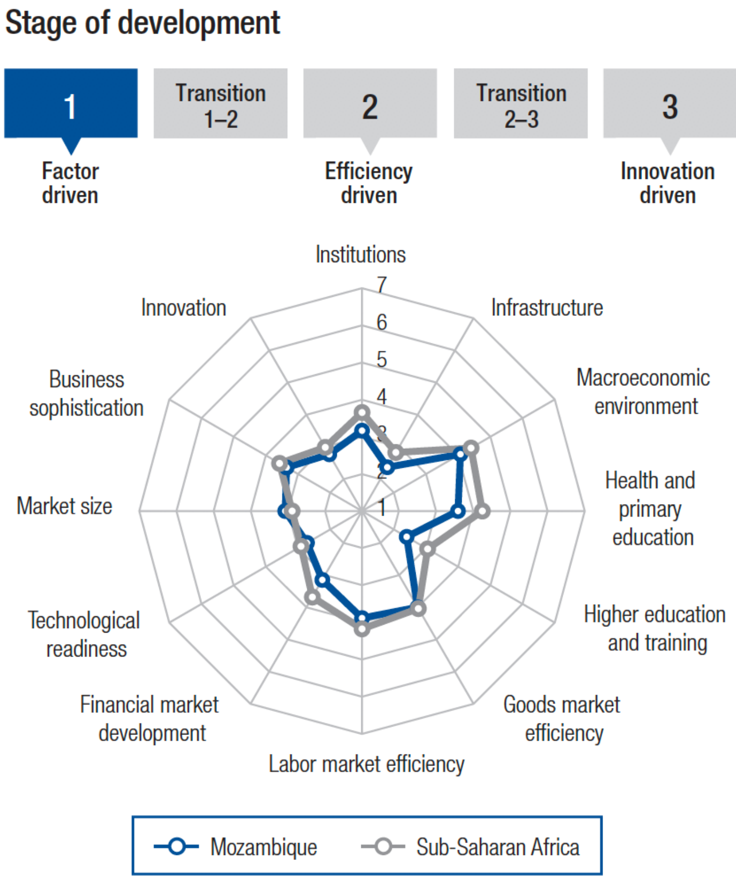


Figure 1.11 – Mozambique's competitive index, 2014-2015. Source: WEF, 2015.

Despite displaying better scores than Angola, Mozambique's poor performance across all governance indicators is also worrisome. Business development in Mozambique, much as in Angola, faces major challenges. Considering only the top four challenges listed in Figure 1.12, access to financing is extremely difficult; both for public and private institutions, which are also characterized by widespread corruption, proportionally worse than in Angola; the workforce is not adequately educated; infrastructure is very poor, and government bureaucracy is very inefficient (WEF, 2015).

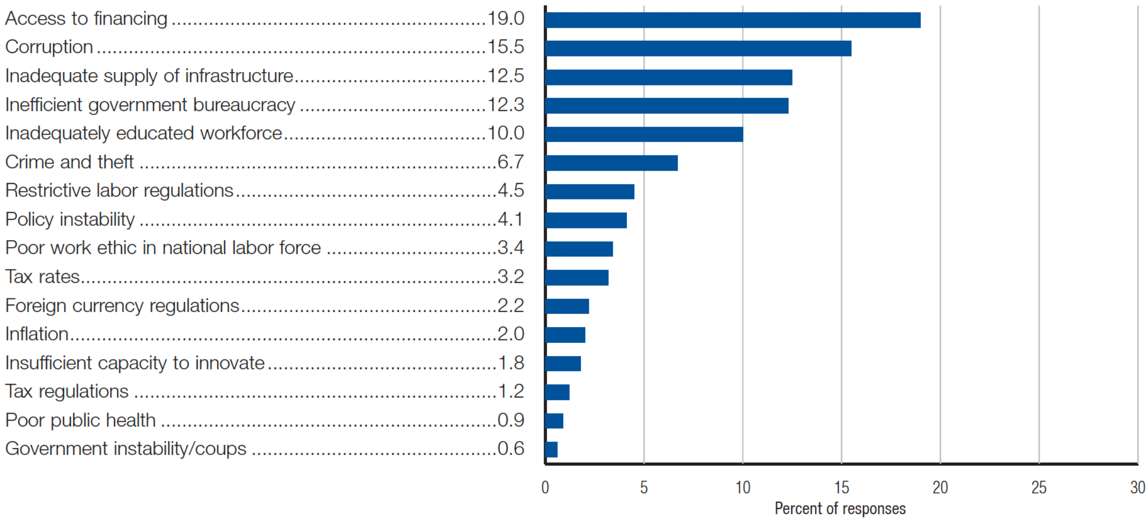


Figure 1.12 – Angola's most problematic factors for doing business. Source: WEF, 2015.

Mozambique's very low competitiveness scores imposes major challenges for MNE's internationalization, much as in Angola. Major efforts are required across many areas of governance and macroeconomics to lift its economy onto a sustainable growth and development path, particularly in view of its natural resource potential. The country's public institutions receive poor scores based on low public trust in politicians, significant red tape faced by enterprises in their business dealings, and the perceived wastefulness of government spending (WEF, 2015, 2016).

Macroeconomic stability is weak on the back of increased inflation and a high government deficit. Looking ahead, significant reform will be needed to advance the country's long-term competitiveness, including making critical investments across all modes of infrastructure, establishing a regulatory framework that encourages competition to foster economic diversification, and developing a sound financial market. Also, critical, in view of the country's rapidly growing population and high unemployment, are investing in the health care system and primary education as well as higher education and training.

Mozambique exports, however, have been growing steadily, with some 63 percent of the country's exports coming from four primary industries, namely aluminum, electricity, ores and gas, with the remaining third percent of exports coming from a wide range of industries including tobacco, wood, sugar, cashews, flour and prawns (Sutton, 2014).

Several Mozambican MNEs dominate exports in five of these industries and have internationalized. Examples include Mozal Aluminum, a major exporter of aluminum; OLAM, which accounts for one-third of cashew exports, with presence in Singapore, China, and many other countries; Fiberlinks, a telecommunications, network and cybersecurity enterprise with presence in Angola, Portugal and the United States; Mozfoods, which accounts for 40 percent of flour exports, with presence in UK, South Africa and Europe; and many other MNEs such as Krustamoz and Miradouro, which export prawns, and Xinavane and Maragra, which export sugar (Santos and Roffarello, 2015; Sutton, 2014).

Statement of the Problem

The internationalization path of MNEs from advanced economies is well researched, with theories, such as Dunning's OLI paradigm and the Uppsala school, among others, been developed as a result. To some extent, the same can be said about emerging economies, where several researchers, such as Ramamurti (2008), Singh (2008), Peng and Wang (2008), Perez-Batres and Eden (2008) among many others, have contributed seminal work theorizing and explaining the various entry modes MNEs from emerging economies may adopt when going abroad.

Little is known, however, about the mode of entry and strategies employed by frontier economies, even less so than it is known about transition economies. In the case of LAMNEs, information is very scarce, and questions have been raised about the applicability of extant theories to explain and understand their rationale and modes of entry.

For instance, Dunning's (1981) OLI investment development path predicts that FDI by countries at a higher stage of development, such as those of advanced economies, in those at a lower stage, such as those of emerging and even more so frontier economies, has the purpose of gaining access to natural resources or benefitting from low production costs. Consequently, vertical[3] FDI, as the relocation of cost-sensitive or resource-intensive parts of the value creation process, are expected to prevail over horizontal FDI (Mesquita and Lazzarini, 2008), or the relocation of the whole value creation process with the aim to serve the local market (Carr et al, 2004; Carpano et al 2003).

According to the United Nations Conference for Trade and Development (UNCTAD, 2015), the majority of MNEs are from advanced economies, which is in line with Dunning's (1980, 1981). But while, in 2010, advanced economies attracted 84.6 percent of all FDI stock in the world, the index has been decreasing since the beginning of the 1990s (UNCTAD, 2015).

---

[3] Vertical FDI occurs when an enterprise in an industrialized country lowers cost by relocating the production process to low-wage countries, while horizontal FDI refers to the type of direct investment between advanced/industrialized economies as ways to avoid trade barriers, gain better access to the local economy, or draw on technical expertise in the area by locating near other established enterprises.

Emerging and frontier economies' MNEs seem to be deviating from the pattern foretold by Dunning's (2000) OLI paradigm because cost advantages seem to still be realized in their domestic market. For instance, natural resource seeking was the leading motivation of Chinese investors in African countries during the 1990s (Asche and Schüller, 2008), whereas gaining access to additional markets for Chinese low-cost products became a major investment motive since the 2000s (Brewer, 1993; Bräutigam and Tang, 2011). While in the case of China resource-seeking, activities were mainly dominated by large state-owned conglomerates, the market-seeking strategy not only has opened the door for private Chinese enterprises and SMEs, but also from MNEs from all over the world, increasing the diversity of MNE actors in Africa as well as other emerging and frontier economies across the globe.

China's FDI investments in Africa reflects the shift towards sectoral diversification and market orientation. While African FDI destination countries may differ significantly in their location factors, these markets are either characterized by a comparatively high development stage for African standards, as is the case for countries such as Mauritius, Egypt (second largest economy in Africa) and Algeria, or strong economic growth, as in Nigeria (first largest economy in Africa), South Africa (third largest economy in Africa), Ethiopia, and Zambia.

Resource seeking may still be an important motive for FDI in resource rich countries such as Nigeria and Angola (oil), Zambia (copper), and Mozambique (iron ore and soon gas), to name a few. But production plants for consumer goods, such as home appliances and textiles, as well as investment goods, such as machinery and construction materials, have emerged more recently. The implications of these investments for local enterprises, the diversification of host economies and their integration in value chains of foreign MNEs and investors remain yet unanswered.

Globalization has become the predominant economic, strategic and political force of our century. Internationalization of businesses, large and small, its implications and side-effects—from wealth creation to climate change—are pervasive, especially at frontier markets such as LAMNEs, such as Angolans and Mozambicans, giving their current trends and challenges discussed earlier. These two countries are just random examples of what may be happening in other frontier markets, with various degrees of sophistication. In such markets, even more so than emerging and advanced ones, the direction that internationalization takes has far-reaching implications (O'Sullivan, 2015).

The rise of emerging and frontier markets, financial and economic crises in the United States and Europe, the creation of new institutions and the demise of 20th century ones, amongst other trends, point towards a more multipolar world, and the accelerated pace of internationalizations of MNEs from these markets are contributing to this multi-polarized world (O'Sullivan, 2015). Conversely, there is a narrative that points to the geopolitical risks of such a development—from regional conflicts, cyberwars and 'great power' rivalry. Understanding how enterprises internationalize in frontier markets, specially those rived with challenges such as the two countries sampled in this study.

In addition, when considering the growth of internationalization of LAMNEs, and despite of it, it is not clear which mode of entry these enterprises typically adopt and why. A priori, it is not even clear how these enterprises decide to internationalize, and how they overcome the many domestic challenges, such as gathering of international market information and selection, resources (financial, human, political, etc.), development of internationalization strategies and so forth. The literature is vague and very scarce. For instance, how location choice and bargaining power is exercised? Do formal or informal institutions matter?

Internationalization theories would argue that institutional factors determine the attractiveness of a location for FDI and the efficiency of different entry modes (Miller, 1988; Meyer and Estrin, 2001). MNEs do cope, however, with unreliable institutional environments by entering host markets via mergers and acquisitions, and joint ventures, instead of wholly-owned subsidiaries (Meyer et al. 2005, 2009; Melin, 1992). In broad terms, internationalization is at the core of globalization, which in turn refers to the increasing interdependence and integration of economies, markets, nations and cultures. It is difficult to measure, a fact that probably contributes to the wide range of interpretations that are given to it (O'Sullivan, 2015).

In general, definitions of, objections to and perspectives on internationalization modes span many fields. In many cases, it is not easy to identify whether specific problems arise because of internationalization processes, or indeed if internationalization of enterprises simply exacerbates them. Measuring internationalization of enterprises in frontier markets, the causality of its effects, is difficult, though perhaps the least problematic aspect of analyzing internationalization modes is to attempt to understand its mode and process, as well as its economic effects (O'Rourke and Williamson, 2002).

Furthermore, it seems, technological advancements, declining trade barriers, and other factors, are driving the global economy to become more and more integrated and this rapid globalization is enabling SMEs to become international in a quicker yet effective manner. It is, therefore, important to better understand the internationalization process of the frontier markets SMEs with a focus on their mode of entry and whether it can be explained but existing internationalization theories. It seems, based on the discussion above, that frontier MNEs internationalization strategies may differ from current established theories and if so, may has the potential to become a new type of internationalization strategy. It seems to deviates from existing FDI and internationalization theories, especially those focused on ownership, location and internalization alone, and those that attempt to predict the predominance of vertical FDI at early stages of the internationalization process.

The internationalization of SMEs from frontier markets and various aspects of their businesses, especially the internationalization process, has been of much attention to the scholars, academics and businesspeople during recent years. These SMEs are becoming MNEs and drawing a lot of attention of scholars, local governments and business professionals by playing an increasingly active role in international markets during recent years. Lusophone

African MNEs are rapidly expanding their businesses to international markets and using international diversification as an important strategic option to achieve growth, acquire knowhow and attain many other benefits. The topic area also brings some of the proverbial theories and models into action, particularly, it seems, the Uppsala internationalization process model, network theory, international entrepreneurship theory, as well as some other relevant topics and significant phenomenon worth verifying, such as international new ventures (INVs) or born global enterprises.

Long ago, academics explained the internationalization process by using a *stage model*, which follows a step by step process where the enterprise starts from no international activity and goes on to engage in some international activity and then ends up owning subsidiaries abroad. Such is the case of the Uppsala model proposed in 1977 by Johanson and Vahlne. Right from the beginning this model was criticized and after much criticism by scholars and other authors such as Andersen (1993), Johanson and Mattsson (1988) introduced a new model known as the Network Approach, where they explained the importance of relationships with suppliers, customers and market that can stimulate or help an enterprise internationalize. Many of these types of enterprises, however, tend to be international from inception, born to be international. McDougall and Oviatt

(1994) introduced the concept of International New Ventures (INVs) and Born Globals to explain the characteristics of such enterprises. Later, McDougall and Oviatt (2000) approached internationalization by explaining the role entrepreneurship in the process with the international entrepreneurship theory (IET).

Nowadays, technological advancements, from computers, the internet and social media, as well as declining trade barriers and other geo-political and macroeconomic factors are driving the global economy to become more and more integrated and these rapid internationalizations are enabling SMEs to become MNEs in a quicker yet effective, for the most part, ways. Consequently, a few scholars are questioning the validity of the Uppsala model and arguing that the model can no longer successfully explain the internationalization process of enterprises; especially in the cases of those born global or international new ventures (INVs).

It is inappropriate to engage in any internationalization process without formulating a strategy, an action plan that is framed and carried out to achieve a business target. Without a proper strategy, any enterprise attempting to internationalize will fail. The formulation of a strategy also requires the decision of when, how and which markets to enter. There are several market entry modes an enterprise may select from. Furthermore, any internationalization mode generates risks and uncertainties, which in turn can significantly impact the enterprise strategy.

To successfully internationalize, MNEs must attempt to reduce risks and uncertainty, and selecting the most appropriate internationalization mode can help mitigate such risks. To internationalize, management must plan for the process to be executed. International market knowledge will be an important element to consider coupled with an appropriate internationalization strategy and mode. There are also some other important factors that must be considered, including but not limited to (international) business network, previous experience and skills of the management team, financial resources, government regulation and restriction as well as any available support, maturity and size of the enterprise, international entrepreneurship skills, cultural awareness, ability to speak and understand the local language, etc.

While planning to internationalize, the enterprise will need to determine the speed and timing of the internationalization process being implemented. Hill (2007) explains the advantages and disadvantages of the entry modes: exporting, licensing, franchising, turnkey projects, joint ventures and wholly owned subsidiaries. Each one of these modes would apply to MNEs depending on their knowledge, competitive advantages, market commitment, governmental issues, financial resources, age and size of the firm, etc. All these factors need to be understood when an enterprise is internationalizing. It is not clear how enterprises from frontier markets, giving all their limitations discussed earlier, can successfully accomplish it, if they indeed are.

This is also true for emerging markets, not only frontier markets. Taken China, for example, while natural resources were the reason for it investing in several countries in Africa, these theories seem inadequate to explain the recent locations for investments. It seems that MNEs from frontier markets are following the Chinese MNEs example, where its focus on market-seeking FDI happens much earlier than expected by internationalization theories. Market size and growth potential seem to clearly increases the likelihood of such frontier MNEs to invest abroad, but the data is not conclusive.

Purpose of the Study

Despite all the macroeconomic and geopolitical challenges faced by African MNEs, particularly frontier Lusophone African MNEs (LAMNEs), this impressive growth in cross border activities, not only Africa-to-Africa but also internationalization beyond the African continent, provide an interesting opportunity to explore the mode of entry, patterns, strategies, barriers and outcomes.

The purpose of this research is, therefore, to better understand the process of internationalization of LAMNEs, more specifically from Angola and Mozambique, in an attempt to close an existing gap in literature and provide some insights on internationalization dynamics amongst frontier MNEs in Lusophone Africa. In this regard, this study seeks to answer the overarching question of whether LAMNEs follow a similar path adopted by other emerging and advanced MNEs as they internationalize. Also, are there enterprise specific variables more pertinent to Angolan and Mozambican MNEs? Does distance, per Ghemawat (2001), between two countries manifested along culture, administration, geography and economy (CAGE) still matters when developing a mode of entry strategy when internationalizing?

Standardization of Terms

For the purpose of standardizing the terms used in this research:

- Multinational Enterprises (MNEs) are being defined as companies or business corporations with operations (products and delivery of services) in more than one country (Zhang, 2008). Other equivalent terms used for MNE are multinational corporation (MNC), international, or transnational corporation. An enterprise or a company are not considered MNEs unless they have substantial investment in foreign countries and actively manage those operations and regard those operations as integral parts of the company both strategically and organizationally (Bartlett & Ghoshal, 1998).

- Advanced economies, as defined by the International Monetary Fund (IMF, 2010), is being adopted instead of "developed economies," to describe developed countries. While there is no established numerical convention to determine whether an economy is advanced or not, advanced economies have a high level of gross domestic product per capita, as well as a very significant degree of industrialization, in contrast to emerging economies. MSCI (2014) defines it as economies with per capita GDP of at least USD$25,000.
- Emerging economies, as defined by the World Bank's International Finance Corporation (IFC) in 1980, refers to what in the 1970's were known as less economically developed countries (LEDC's) when compared to advanced economies, developing countries with stock

markets that were beginning to demonstrate the features of the mature stock markets in industrial countries (Nelly, 2008).

- Frontier economies, coined in early 1990's by the World Bank's IFC refers to countries in a much earlier stage of economic development. These countries are challenging to invest and attract FDI due to their much lower market capitalization, generally higher levels of illiquid, and many lacking a securities market. These countries are expected to eventually ascend to emerging or even advanced economy status.

Chapter II - Literature Review

Background

In the 1990's, FDI became the largest single source of external finance for emerging economies, accounting in 1997 for about half of all private capital and 40 percent of total capital inflows into these markets. Trailing the virtual disappearance of commercial bank lending in the 1980's, policy makers in emerging economies eased restrictions on incoming foreign investments. Many of these economies even reversed the balance by offering special incentives to foreign enterprises, such as lower income taxes, import duty exemptions, and subsidies for infrastructure development. The rationale for this special treatment seemed to have derived from the assumption that foreign investment generates externalities in the form of technology transfer (Aliber, 1983; Aitken & Harrison, 1999; Christman & Yip, 1999; Almeida & Phene, 2004; Aulakh, 2007).

It is not clear, however, if these subsidies are always justified. Aside from the employment and capital inflows, which accompany foreign investments, there is the risk, or at least the side-effect, that MNE's activity may lead to technology transfer for the domestic enterprises. If foreign enterprises introduce new products or processes to the local market, domestic enterprises may benefit from the accelerated diffusion of new technologies (Teece, 1977, 2006).

Potentially, this phenomenon would enable domestic enterprises to increase productivity just by observing foreign MNE's operations in their local markets. Also, human resource dispersal may occur from labor turnover, as domestic employees working for foreign MNEs tend to move from these enterprises onto domestic ones. Several studies have shown that foreign MNEs initiate more on-the-job training programs than their domestic counterparts (Edfelt, 1975; Goncalves, 1986). If these benefits from FDI are not completely internalized by the incoming MNE, the internationalization may not make much sense, unless some type of subsidy can be justified.

Henceforth, as depicted in Figure 2.1, entering a foreign market requires MNEs to devise an internationalization entry strategy, which will depend on several factors, mainly the time of entry, the entry mode and the foreign market selection.

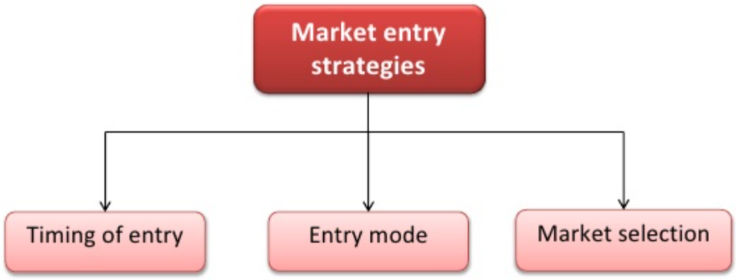


Figure 2.1 – MNE's entry market strategy.

Other factors include, but is not limited, to whether the MNEs are based on an advanced economy or emerging market, its goals and objectives, the margin of risk it can tolerate, human and financial resources, geopolitical and socioeconomic factors, etc. The following sessions is an overview of the Angolan and Mozambican economies, as these frontier markets are the main focus of this research.

A Brief Overview of Internationalization Entry Modes

Studies in international business and trade, particularly in internationalization entry modes, have been dependent largely upon economistic and advanced economies-centric theories developed predominantly in industrial and institutional economics (Buckley, 1989, 2006, 2009, 2011; Buckley and Casson, 1976, 1985, 1998; Dunning, 1988, 1993). The academic discussion on the research of FDI, both outward and inward, has substantially been drawn from enterprises deriving largely from advanced economies (Buckley & Ghauri, 2004; Buckley & Hashai, 2005; Buckley, Wang & Clegg, 2007).

While research on emerging MNEs is growing (Pananond, 2007; Pananond and Zeithaml, 1998, 2007; Ahmed et al 2002; Beausang, 2003; Ahmad, 2008; Ahmad and Kitchen, 2008; Asgari, Ahmad & Gurrib, 2010), knowledge of the nature, organization and operations of these MNEs is still in its infancy, as several questions and issues remain unanswered. Among them, are emerging and frontier MNEs different from advanced economies MNEs? Do these emerging and frontier MNEs encounter the same challenges typically faced by advanced economies' MNEs at their foreign target markets? What motivates emerging and frontier MNEs, and in the case of this research LAMNEs from Angola and Mozambique to internationalize? What are the key drivers, characteristics and successes of emerging and frontier MNEs in the internationalization realm?

Current advanced economies' FDI theories are unable to specify the causal mechanisms through which its MNEs operations are made possible. Many of the conclusions are drawn primarily from advanced economies' theories of MNEs, which may not be entirely applicable to MNEs from emerging economies, and even more so frontier ones.

In addition, established FDI theories, have rarely pondered the active role performed by local governments at targeted countries, especially in emerging and frontier economies (Zutshi and Gibbons, 1998; Yeung, 1994, 1998, 2000). According to Agarwal & Ramaswami (1992), MNEs attempting to enter a foreign market must be able to make the important strategic decision on which entry mode to use for the particular target foreign market. Internationalization entry modes differ in degree of risk they present, the control and commitment of resources they require, and the return on investment (ROI) they promise (McDonald & Dowling, 2002).

Foreign acquisitions, in the form of mergers and acquisitions (M&As), has been increasing because it is a way to achieve greater market power, which usually affects market share. Consequently, many MNEs resort to M&A strategies to achieve their greater market power, which require buying or merging with a competitor, a supplier, a distributor, or a business in highly related industry to allow exercise of a core competency and capture competitive advantage in the market (Hitt, 2009).

In fact, as a fast track of international growth strategy that is driven by diversified objectives, most OFDI from emerging economies is created through cross-border M&As. Through aggressive international acquisitions in a wide range of industries, EMNEs have attained significant strategic objectives, such as the acquisition of technology, brand names, and natural resources (Deng, 2003, 2013; UNCTAD, 2014).

As EMNEs continue a solid upward trend in OFDI, and cross-border M&As in particular, understanding of the driving forces and strategic implications of their internationalization investments deserve more examination and discussion. The internationalization framework for the mode of entry decision is, therefore, a very important, if not critical, strategic decision for any MNE planning to internationalize.

These decisions are especially important when considering the unique environmental contingencies of recent economic liberalization in many emerging and frontier markets. Table 2.1 provides a summary of the internationalization contingency framework for the mode of entry decision (Kwon & Konopa, 1993; Kumar & Subramaniam, 1997).

Table 2.1 provides a summary of the internationalization contingency framework for the mode of entry decision

	Internationalization Contingency Framework for the Mode of Entry Decision				
	Exporting	**Contractual Agreement**	**Joint Venture**	**Acquisition**	**Greenfield Investment**
Risk	Low	Low	Moderate	High	High
Return	Low	Low	Moderate	High	High
Control	Moderate	Low	Moderate	High	High
Integration	Negligible	Negligible	Low	Moderate	High

Yip, Loewe and Yoshino (1988) offer a set of guidelines for entering international markets, arguing that when an enterprise decides to expand internationally it must choose the foreign market it wants to operate in. The market selection decision involves choosing the best country market to enter based on the strategic needs and orientation of the enterprise (Papadopoulos, 1988; Kumar, Stam & Joachimsthaler, 1994). Once the enterprise has decided to enter a foreign market it should determine the nature of its operations in the foreign market, which has prompted the development of more defined theoretical models (Craig and Douglas, 1997; Dawar and Frost, 1999; Khanna and Palepu, 1997, 2000, 2006). These models offered a set of generic strategies available to enterprises from emerging economies as they responded to severe institutional changes.

Neo-classical researchers regard FDI and international capital flows as closing the savings gap in emerging economies (i.e. Chenery and Bruno, 1962; Cheng, 2006; Filatotchev et al, 2007; Stoian & Filippaios, 2008). The Heckscher-Ohlin approach to trade (Mundell, 1957), suggests FDI flows from advanced economies to emerging ones, and to a lesser degree, to frontier economies, as capital is often very scarce in these markets. Such strategy tends to lead to rewarding investment opportunities for advanced economies. Under such assumptions, however, there would not be any outflows from emerging or frontier economies (Mundell, 1957).

Realizing that there were other reasons for FDI aside a market entry strategy and the distinctions in factor endowments and factor prices, trade economists begun to embrace market selection factors. Main examples would include increasing returns, imperfect competition, and product differentiation, as well as the traditional comparative advantage paradigm, and where multinationals have been incorporated and become endogenous.

International business economists, such as Hymer (1966, 1968, 1970, 1971), noted the relevance of internalization process,[4] in the process of selecting a foreign market to internationalize their operations. His internalization theory, which argued that transactions are made within an institution if the transaction costs on the free market are higher than the internal costs, focuses on imperfections in intermediate product markets (Rugman, 1981, 2005). Two main kinds of intermediate product are distinguished: knowledge flows linking research and development (R&D) to production, and flows of components and raw materials from an upstream production facility to a downstream one.

Dunning (1980, 1981, 1993) explained the internationalization of MNEs operations by using an eclectic paradigm for FDI when selecting a foreign market. His internalization theory itself was based on the transaction cost theory, a model accounting for the actual cost of outsourcing production of products or services including transaction costs, contracting costs, coordination costs, and search costs, where the inclusion of all costs are considered when making a decision, and not just the market prices. Dunning argued that MNEs need to

---

[4] According to Hymer, Internalization theory focuses on imperfections in intermediate product markets. Two main kinds of intermediate product are distinguished: knowledge flows linking research and development (R&D) to production, and flows of components and raw materials from an upstream production facility to a downstream one.

have some enterprise specific asset that differentiates them from domestic enterprises to compensate for the extra costs in acquiring the local knowledge necessary to operate in foreign markets. But Hymer and Dunning are not alone, and other internationalization theories exist.

For Craig and Douglas (1997), the strategic responses of emerging market enterprises could range from cost-oriented commodity approaches based on low-cost of labor and other resources on one side, such as manufacturing, to higher value-creating approaches on the other side, that could capture a greater share of the value chain. But they pointed out to the importance of culture as a potential obstacle in expanding geographical scope of enterprises' activities in foreign markets. They argued that, MNEs need to develop a deeper understanding of local cultures and their influence upon consumers' brand choice behavior and purchasing decisions (Shaw and Clarke, 1998).

Khanna and Palepu (2006) argued that enterprises when internationalizing should consider a few broad strategies focused on capitalizing the institutional voids that characterize emerging economies, as they asserted enterprises from these economies have the distinctive advantage of managing institutional voids, which could be exploited when counteracting foreign MNEs both in their local economies as well as to when expanding into foreign markets with similar institutional environment.

Per Calof and Beamish (1995), internationalization is "the method of adapting organizations' operations (resources, strategy, structure,) to foreign environments." This process comprises of the amount and geographic distance of the foreign market that is entered; the different amount of activities that are carried out in the different countries and the intensity of integration of these activities. Enterprises decide to internationalize because of their customers migrating and their competitors globalizing while some other enterprises do so as a symbol of success and progress (multinationalism idea).

Main Internationalization Process Theories

Due to the intricacy of the processes involved in internationalization of MNEs, several theories have been proposed by different scholars to enable a smoother internationalization entry into foreign markets. Amongst the many theories and their different features, as depicted in Figure 2.2, internationalization theories can be broken down, into four main school of thoughts, subdivided in based and non-based FDI, and focused on how MNEs can gain and sustain competitive advantages through their operations in foreign markets

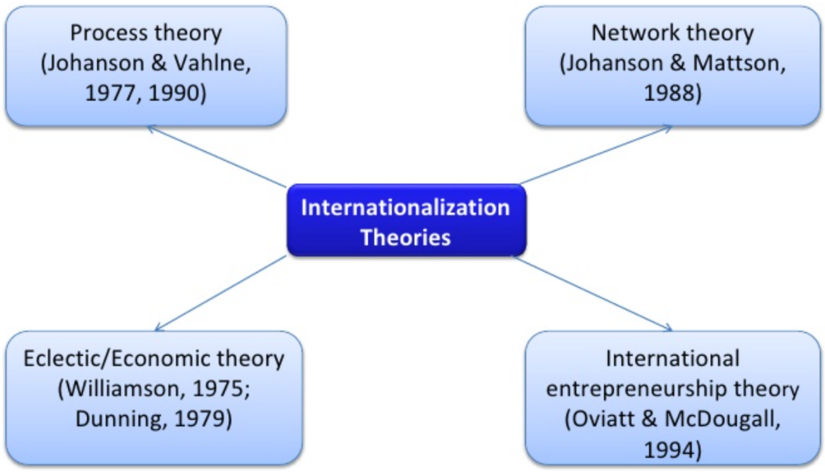


Figure 2.2 – Main internationalization process theories.

Table 2.2 provides an overview of these main paradigms, theories, and approaches, which can be primarily broken up into nine major internationalization theories that shares various constructs and explains the strategic decision-making of enterprises in order to remain successful in the international markets (Burgel & Murray, 1998; Cumberland, 2006; Sharma & Erramilli, 2004; Zhao & Decker, 2004).

Table 2.2 - Theories of internationalization process and market selection entry mode. SOURCE: Andersen, Ahmad, and Chan, (2014)

Paradigm	Theory	Explanation of the Choice of Entry	Founder
Market Imperfection Paradigm	Monopolistic Advantage Theory	If market imperfection is high, FDI will be preferred. Otherwise, licensing is adopted.	Hymer (1960)
	International Product Life Cycle Theory	In the early stage of product life cycle, exporting is preferred. In later stages, FDI is adopted.	Vernon (1966)
Behavioural Paradigm	Internationalization Theory	Due to market uncertainty, firms use sequential stages entry modes from indirect exporting to direct exporting and full ownership	Johanson & Wiedersheim-Paul
	Networks Theory	If network relations provide strong competitive advantages, FDI is preferred. Otherwise, low control modes are adopted.	Håkansson (1987)
Market Failure Paradigm	Internalization Theory	If firms face a high market failure, FDI is preferred. Otherwise, licensing is adopted.	Buckley & Casson (1976)
	Eclectic Theory (OLI Model)	If home market has (L), exporting is preferred. If (L) resides in the host market, high (I) will result in FDI. Otherwise, licensing is adopted.	Dunning (1977)
	Transaction Cost Theory (TC)	If transaction-specificity of an asset is high, firms prefer high control modes. Otherwise, low control modes are adopted.	Anderson & Gatignon (1986)
Current Approaches	Resource-based View (RVB)	Firms with strong firm-specific resources prefer high control modes. Otherwise, low control modes are adopted.	Wernerfelt (1984)
	Contingency Theory	Choice of entry mode depends on the internal and external environmental factors. Inseparable service firms prefer franchising or WOS.	Okoroafo (1990)

In an attempt to elucidate international trade activities, the international economics, international finance and international business literatures have, for several decades now, developed significantly, although concomitantly fostering a great diversity in knowledge, evidenced by the range of extant theories, as summarized in Table 2.2 above.

Theories of Internationalization Process and Mode of Entry

Over the past decade the academic and economic importance of MNEs from emerging and frontier economies has grown in importance, with numerous scholars attempting to document and explain the internationalization processes of those enterprises. Starting with Hymer in 1960, several researchers have attempted to document their mode of entry and market selection when internationalizing, including but not limited to Dunning (1981), Rugman (1981), Whitelock (2002), Zhou and Wu (2007), Zucchella et al. (2007), and others.

International business researches initially relied on economic theories from the 1930s (Buckley, 2011). Researchers then introduced the early theories of internationalization in the 1960s and 1970s. Sharma and Erramilli (2004) grouped these theories into three paradigms, namely market imperfection paradigm, behavioral paradigm and market failure paradigm. The first theories aiding the understanding of internationalization of enterprises had a microeconomic scope when trying to explain the reasons for an enterprise to internationalize.

The Market Imperfection Paradigm

An imperfect market refers to any economic market that does not meet the rigorous standards of a hypothetical perfectly competitive market, as established by Marshallian partial equilibrium models[5]. An imperfect market arises whenever individual buyers and sellers can influence prices and production, or otherwise when perfect information is not known to all market actors.

There are two internationalization theories derived from this line of thought. First is Hymer's (1960) monopolistic advantage theory, which argues that a MNE will only enter a foreign market if market imperfections are high, in which case FDI is preferred; otherwise licensing is adopted. Second is Vernon's (1966) international product lifecycle theory, which contends that a MNE will select to export as a choice of entry during the early stages of the product life cycle. The MNE would adopt FDI in later stages.

The market imperfection paradigm originated from the industrial organizational (IO) theory of the enterprise introduced by Bain (1956), in which industries that operate in imperfect markets with few competitors and high entry

---

[5] The Marshallian theory of supply and demand is an example of partial equilibrium analysis. Partial equilibrium analysis is adequate when the first-order effects of a shift in the demand curve do not shift the supply curve.

barriers are expected to provide higher returns. Market imperfections may exist in product markets (e.g. product differentiation, brand name and marketing skills) and factor markets (e.g. proprietary technology and managerial skills), or include imperfect competition caused by government policies and restrictions (e.g. tariffs) and imperfect competition due to economies of scale (Fahy, 2002; Malhotra, Agarwal & Ulgado, 2003).

According to Sharma & Erramilli (2004), in an imperfect market, the certainty of the competitive environment is higher and a enterprise obtains more market power, controls products and price, and gains higher profits. Such a enterprise is able to control the number of existing and potential rivals by different means. Hymer (1960) argued that enterprises not only try to restrict markets in their home country but also they aim to control foreign markets. Based on the industrial organizational (IO) theory, international operation is costlier than doing business in the home country.

Therefore, MNEs need to have some advantages to be able to operate in foreign markets and bear the consequent costs (Axinn & Matthyssens, 2002). The market imperfection paradigm includes the monopolistic advantage theory and the international product life cycle (IPLC) theory.

The Monopolistic Advantage Theory

The monopolistic advantage theory is an approach in international business which explain why enterprises can compete in foreign settings against indigenous competitors (O'Sullivan & Sheffrin, 2003), and is often linked with the seminal contribution of Stephen Hymer (Bürgel, 2000).

Before Hymer's doctoral thesis, theories did not sufficiently explain the reasons for enterprises engaged in foreign operations. Hymer started his research by analyzing the motivations behind foreign investment of US corporations in other countries. Neoclassical theories, dominant at the time, explained foreign direct investments as capital movements across borders based on perceived benefits from interest rates in other markets, there was no need to separate them from any other kind of investment (Ietto-Guilles, 2012).

Hymer (1966, 1968, 1970, 1971) argued that producing overseas was costly for the enterprise, due to the great amount of uncertainty regarding this operation, such as exchanges rates fluctuation, more attention needed to switching costs, and lower market knowledge. Prior to Hymer's doctoral thesis, *The International Operations of National Enterprises: A Study of foreign direct Investment*, current theories of the time did not adequately explain why enterprises engaged in foreign operations. Hymer started his research by analyzing the motivations behind FDI outflows of U.S. corporations in other foreign markets. The neoclassical theories of Hymer's time explained FDI as capital movements across borders based on perceived benefits from interest rates in other markets, and that there was no need to separate them from any other kind of investment (Ietto-Guilles, 2012). Hymer effectively differentiated FDI and portfolio investments by including the notion of control of foreign enterprises to FDI theory, which implied control of the operation, whereas foreign investment portfolios bestow a share of ownership but not control. He focused on and considered FDI and MNE as part of the theory of the enterprise (Hymer, 1976: 21).

Given these reasons, any local enterprise would have some kind of intrinsic advantages against any MNE trying to produce locally. Accordingly, Hymer suggested that a MNE should explore market and product imperfections abroad through an owned competitive advantage, related to its intangible assets. Such imperfection may refer to local producers' inefficiency to provide the market or existent unexplored opportunities. The competitive advantage for enterprises exploring foreign markets is directly correlated with product diversification (Caves, 1971) or knowledge acquired through research and development (Hirsch, 1980; Hitt et al., 2006a, 2006b).

After Hymer, different approaches have contributed to the argument about the development of MNEs, but he effectively differentiated FDI and portfolio investments by including the notion of control of foreign enterprises to FDI Theory, which implies control of the operation; whilst portfolio foreign investment confers a share of ownership but not control. Hymer focused on and considered FDI and MNE as part of the theory of the enterprise (Hymer, 1976: 21). He also dismissed the assumption that FDIs are driven by the search of low costs in foreign countries, by emphasizing the fact that local enterprises are not able to compete effectively against MNE, even though they must face foreign barriers such as cultural, political, lingual, etc., to enter the market. He suggested that enterprises invest in foreign markets as a way of maximizing their specific business advantages in imperfect markets, that is, markets where the flow of information is uneven and allows enterprises to benefit from a competitive advantage over the local competition (Hymer, 1968).

Hymer also suggested a second element for enterprises engaging in foreign operations, the removal of conflicts. When a rival company is operating in a foreign market, or is willing to enter one, a conflict situation arises. Through

FDI, a MNE can share or take complete control of foreign production, effectively removing conflict. This will lead to the increase of market power for the specific MNE, increasing imperfections in the market (Ietto-Guilles, 2012).

A final determinant for MNEs engaging in FDI is the distribution of risk through diversification. By choosing different markets and production locations, the risk inherent to foreign operations are spread and reduced. These incentives for FDI are all built based on market imperfections and conflict. An enterprise engaging in FDI could potentially reduce competition, eliminate the conflicts, and exploit its business specific advantages, making them capable of succeeding in a foreign market (Hymer, 1971, 1976).

Critique to the Monopolistic Advantage Theory

As contended by Teece (2006), the dominant form of business activities of MNEs at the time of Hymer were monopolies, and oligopolies, which affected his interpretations while the nature of international business and trade, as well as the nature and origin of MNEs, and their business strategies, have substantially changed over recent decades. If host governments follow Hymer, argues Teece (2006) and restrict FDI flows and the activities of MNEs, they would lose their access to the capabilities.

Teece (2006) argued the main problem was that Hymer had no realistic welfare criteria to assess MNEs. He considered *flawless competition* as his benchmark, which is rarely attainable in a domestic market, much less so at a global setting. In addition, Hymer's ideas were shaped based on his experiences in third world countries at the end of the colonial era with poor agriculture-based economies (Buckley, 2006). His theory, therefore, is not able to understand the international business strategies and activities in a global market landscape. Dunning (2006) maintained that the hostile approach of the governments of emerging economies towards private enterprises influenced Hymer's ideas about MNEs while nowadays the relationship between MNEs and host governments seem to be friendly.

Furthermore, MNEs supply host countries with resources, which they cannot obtain easily or should buy at a higher cost (Dunning & Rugman, 1985). The monopolistic advantage theory seems to have overlooked the role of government in shaping institutions and its responsibility for setting effective policies to support MNEs and participate in international economic development (Dunning, 2006). Hymer ignored the role of small enterprises in the world economy. He insisted on central planning by governments based on the Marxist ideology, which subsequently failed in most socialist countries (Pitelis, 2006).

According to Pitelis (2006), this theory did not pay attention to intra-enterprise conflict or intra-enterprise decision-making.

International Product Life Cycle Theory

The international product life cycle (IPLC) theory was developed by Raymond Vernon (1966, 1974) in reaction to the inability of the Heckscher-Ohlin model[6] to explain the observed pattern of international trade, even though the model is still widely used in economics and marketing. The theory proposes that early in a product's life-cycle all the parts and labor associated with that product come from the area in which it was invented. Once the product becomes adopted and used in the world markets, production gradually moves away from the point of origin. In some situations, the product becomes an item that is imported by its original country of invention (Hill, 2007).

In other words, as illustrated in Figure 2.3, products would enter a market and gradually disappear again. Per Vernon, each product has a certain life cycle that begins with its development and ends with its decline.

---

[6] The Heckscher–Ohlin model, also known as H–O model, is a general equilibrium mathematical model of international trade, developed by Eli Heckscher and Bertil Ohlin at the Stockholm School of Economics. Essentially the model suggests that countries will export products that use their abundant and cheap factor(s) of production and import products that use the countries' scarce factor(s).

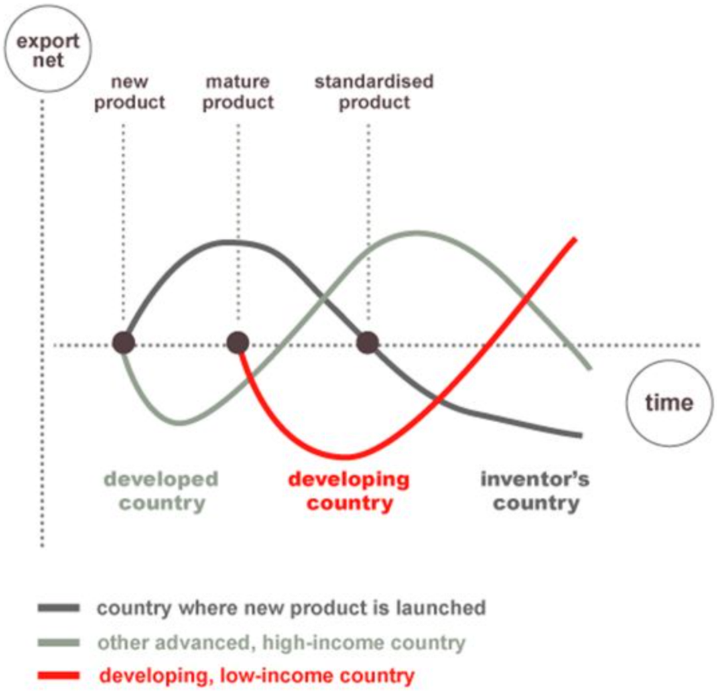


Figure 2.3 - International Product Life Cycle Theory. Source: Vernon, 1974.

This model applies to both labor-saving and capital-using products that, at least at first, cater to high-income groups. The model shows an active comparative advantage. The country that has the comparative advantage in the manufacture of the product changes from innovating countries to the emerging or frontier countries (Vernon, 1966; Cantwell, 1995, 2005).

According to this theory, there are four stages in a product's life cycle: introduction, growth, maturity, and decline. The length of a stage varies for different products. One phase of the product life cycle may last some weeks while others could last even decades (Vernon, 1966). The life span of a product and how fast it goes through the entire cycle depends on market demand and how marketing instruments are used, as illustrated in Figure 2.4.

Figure 2.4 – Vernon's international product life cycle. Source: Vernon, 1966.

Critiques to International Product Life Cycle

Although the IPLC model considers the enterprise level, its focus is mainly on the country level of trade (Mardanov, 2003). By concentrating on the location advantage of the host country, this theory elucidates why enterprises make different FDI decisions in different target markets (Kumar & Subramaniam, 1997). Toyne & Walters (1993) merged the first two stages of the IPLC model and established a three-stage model, which incorporated three stages: a new product stage, a maturity stage, and a standardization stage. Poh

(1987) had studied the correlation between IPLC and export competitiveness. Malhotra, Agarwal & Ulgado (2003) altered this three-stage IPLC model and suggested that enterprises with innovation capability in a trading bloc can benefit from the main comparative advantage that the U.S. enterprises enjoyed.

The IPLC model was also criticized as being too wide-ranging to describe the globalization patterns of all enterprises while the entry mode choice in the globalization stage is more discerning and strategic (Kwon & Konopa, 1993). The theory does not take in consideration products that are traded without experiencing all the stages of the IPLC due to technological changes and deregulation of markets (Rutashobya & Jaensson, 2004).

The main limitation of the IPLC theory is that it explains a time-dependent process and deterministic evolutionary path (Andersen, 1997; Malhotra, Agarwal & Ulgado, 2003). It seems that such a model is suitable for manufacturing enterprises rather than service ones. In addition, the IPLC model does not sufficiently describe the products with a short life cycle, and if an enterprise has previous experience in international markets, this model is not able to accurately explain the internationalization process of its new products (Mardanov, 2003).

The IPLC theory does not address the choice of different forms of exporting and joint ventures (Sharma & Erramilli, 2004). Therefore, Johansson (2005) developed an optimal entry mode matrix, in which an enterprise can decide to choose a suitable entry mode based on the stage of product life cycle or market situation and regarding the strategic attitude of the enterprise.

Behavioral Paradigm

The behavioral paradigm originated from the behavioral theories of Cyert & March (1963) as well as Aharoni (1966), which viewed internationalization as a reactive and progressive learning process, in which collective knowledge prompted enterprises to enter international markets (Blomstermo, Sharma & Sallis, 2006). The theory proposes that the market knowledge of an enterprise grows progressively over time due to the fact acquiring information has a high cost and managers have limited rationality. In an imperfect market, an enterprise seeks short-term benefits, avoids risk and instead of maximizing profit, favors contentment (Sharma & Erramilli, 2004).

For Sharma & Erramilli (2004), the behavioral paradigm proposes that investment in a foreign market increases slowly and enterprises evade inter-enterprise relationships, as it needs a high resource commitment in the long-term. It was according to this method that an internationalization theory was developed, in which an enterprises internationalization process occurs slowly and gradually. This process is driven by an enterprise's experiential knowledge, which is gained by market activity in international markets (Blomstermo, Sharma & Sallis, 2006).

The Uppsala Model

After analyzing the internationalization process of four Swedish enterprises, Johanson and Wiedersheim-Paul (1975) introduced the internationalization theory to explain the processes of international expansion made by individual enterprises over time. They contended that enterprises need an international attitude that leads them to venture abroad and that this attitude is affected by experiences that enterprises gain from international activities. When enterprises decide to enter international markets, they face countless difficulties and risks. To decrease investment risks, they need to acquire knowledge of these foreign markets.

Therefore, in their view, internationalization is a gradual process in which enterprises expand their operations into foreign markets through a stepwise process, which includes four sequential and successive stages that represent higher degrees of international involvement and resource commitment.

The internationalization theory originated from the behavioral theory of Cyert & March (1963) and Aharoni (1966). It was also influenced by the theory of the growth of the enterprise offered by Penrose (1959). Subsequent, Johanson & Vahlne (1977, 1990) introduced the Uppsala internationalization stages model, also known as the *U-model*, in which an enterprise applies high control modes when its knowledge of foreign markets is low and when it achieves more experience and maturity. This method inspired other researchers to develop the innovation-related models of internationalization or *I-models* (Andersen, 1993; Ruzzier, Hisrich & Antoncic, 2006).

The Uppsala internationalization model, as a theory, explains how enterprises gradually intensify their activities in foreign markets. This model has been one of the most discussed dynamic theories in the Nordic Schools and international business research, as it has affected many studies in the way to explain the process of internationalization of MNEs.

These Swedish researchers (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977) from the Uppsala University had numerous criticisms regarding the current theories of that time explaining international involvement. They held that most theories of that time did not considered much of the problems caused by cultural differences and ignored the internal foundations needed so that companies could handle international activities. Henceforth, they developed a new and more independent model to explain the sequential steps in the internationalization of a enterprise (Johanson & Vahlne, 1977; 1990).

As shown in Figure 2.5, the Uppsala model of Johanson & Vahlne (1977) is based on four central concepts. First, market knowledge, which is the enterprise's knowledge about the targeted foreign market and operations. It is divided into general knowledge about marketing methods and customer tastes, and market-specific knowledge about business environment, market structure and cultural patterns. Second, market commitment, which refers to the amount of resources committed to the targeted foreign market or the investment size, which may include marketing, organization, personnel and other areas. Third, current activities, which refer to the current business operations of enterprises that help them to gain experience, identify foreign opportunities, achieve the desired outcomes, and start a new business easier. Fourth, commitment decisions, which include the decisions made to commit resources to foreign operations. These decisions are made in response to market opportunities and threats.

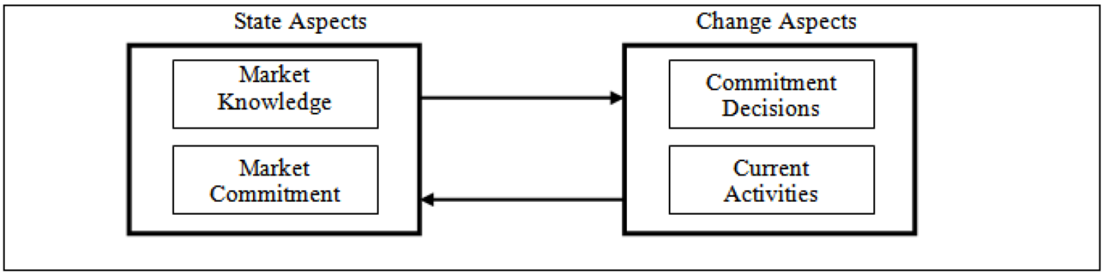


Figure 2.5 - The Basic Mechanism of Internationalization. Source: Johanson & Vahlne (1977, 1990).

As depicted in Figure 2.6, in the first stage, enterprises operate in domestic market and have no ordinary export activities. In the second stage, enterprises export their products by means of agents or intermediaries in host countries. During the third stage, enterprises establish an overseas sales subsidiary. In the final stage, enterprises locate their own production line or manufacturing units overseas.

In other words, enterprises initially enter an international market using indirect exporting as a low control entry mode and then, they switch to direct exporting and wholly owned subsidiaries as high control modes. In such a process, enterprises gradually increase their degree of involvement and resource commitment.

Figure 2.6 – Internationalization through decreasing psychic distance. Source: Johanson & Wiedersheim-Paul (1975).

As Larimo (2003) explained, before internationalizing their business operations, enterprises need to acquire know-how from their domestic market. When an enterprise has low market knowledge or faces greater psychic distance, it perceives more uncertainty. Thus, to prevent investment risk, the enterprise predominantly first enters familiar target markets with less psychic distance from its home country (Johanson & Wiedersheim-Paul, 1975).

As argued by Johanson & Vahlne (1977), psychic distance includes factors such as differences in language, education, culture, business practices and industrial development. Considering that these differentiations can hinder information flow from and to the market, enterprises perceive these psychic distances with higher level of uncertainty. To minimize market uncertainty and to exploit market opportunities, enterprises should, therefore, obtain experiential knowledge through personal experience in the specific market. Such experiential knowledge enables them to bear the risk of higher resource commitment, allowing them to enter the markets with higher psychic distance and greater geographical distance (Johanson & Wiedersheim-Paul, 1975).

As depicted in Figure 2.7, the Uppsala internationalization model distinguishes four different steps of entering an international market, which cannot be viewed independently of a company's situation, market and the market knowledge. A more detailed depiction of these four steps are shown in Figure 2.24, which includes: 1. No regular export activities (sporadic export); 2. Export via independent representative (export mode); 3. Establishment of a foreign sales subsidiary; and 4. Foreign production/manufacturing.

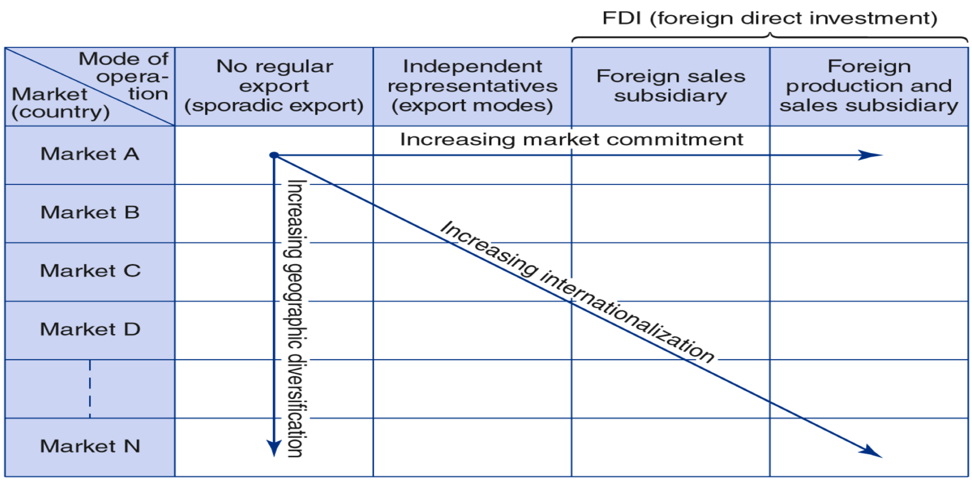


Figure 2.7 - Uppsala's incremental approach to internationalization. Source: Pearson, 2001.

Critiques of Uppsala Model

According to Cumberland (2006), the Uppsala model has been criticized for using an experimental survey method approach that was not explained in details. Consequently, it is challenging to make a logical connection between the empirical study and the theoretical concept. The model assumes that experiential knowledge is achieved through seeking and learning process. It also argues that enterprises normally prevent risk. Nevertheless, such postulations have been questioned.

Furthermore, the fundamental settings of the U-model are changed during the internationalization process, which means that the variables of the model may turn into constants. In fact, Johanson & Vahlne (2009) made some modifications in their model. Later, Santangelo & Meyer (2011) insisted that gaining experiential knowledge through the learning process helps enterprises to assess their strategies and make required changes. But the establishment chain is deterministic, meaning that once an internationalization process starts, it cannot be stopped. This claim ignores elements, such as the influence of key decision makers, who can end an internationalization process through opportunistic behavior, power games, or even corrupted behavior, which tends to be frequent in emerging and frontier economies.

The U-model's gradual nature of internationalization is also contested. According to O'Grady and Lane (1996) "Internationalization is an ongoing learning process, and immersion in the market is the only practical way to remain competitive," still, due to fairly recent changes in international business settings and exponential change in business communication (Fletcher, 2001; Freeman & Cavusgil, 2007; Sharma & Blomstermo, 2003), recently it has been suggested that enterprises are now circumventing the conventional incremental methods of exporting and beginning to export from the first days of the firm (Moen, 2002; McDougall & Oviatt, 1996; Oviatt & McDougall, 1995; Shrader, Oviatt & McDougall 2000). As Cavusgil (1994) put it, "gradual Internationalisation is dead".

Johanson and Vahlne made export the starting point of any internationalization effort, but internationalization also includes importing, licensing, and foreign direct investment. Another issue with the U-model is that it was based on research in manufacturing industries only, and neglected the services sector. It focused on individual enterprises, excluding the effects of networks, supply chains and distribution channels. Hence, the model cannot be used to make forecasts as it only provides a limited explanation, since it excluded important aspects of the internationalization process, including but not limited to technology, enterprise size, strategic considerations, economies of scale, and other economic variables as factors that may affect the internationalization process.

CAGE Distance Framework

The CAGE Distance Framework argues that even in the face of extensive globalization, distance matters. According to Ghemawat (2001) distance between two countries can manifest itself along four major dimensions: cultural, administrative, geographic and economic distance (CAGE).

Ghemawat (2001) argued that MNEs would always face difficult challenges during the process of internationalization due to enduring distance between people, mainly through CAGE (Ricart et al, 2004; Tihanyi, Griffith & Russell, 2005). Cultural distance, concerning with different ethnicities, religions, languages, and social values, can be a major barrier when internationalizing. Industries most impacted by it include food and those having linguistic content (i.e. printed or electronic media, radio, TV, etc.). Size is also a cultural factor (Americans prefer big cars, Japanese and Brazilians small ones). In the Americas, a strong demand exists for small trucks, while in Europe this does not happen.

As illustrated in Figure 2.8, enterprises considering internationalization into a new market must first consider the distance factors that separates the two countries. International market selection should be made by evaluating the market potential versus the distance factor that exist among them.

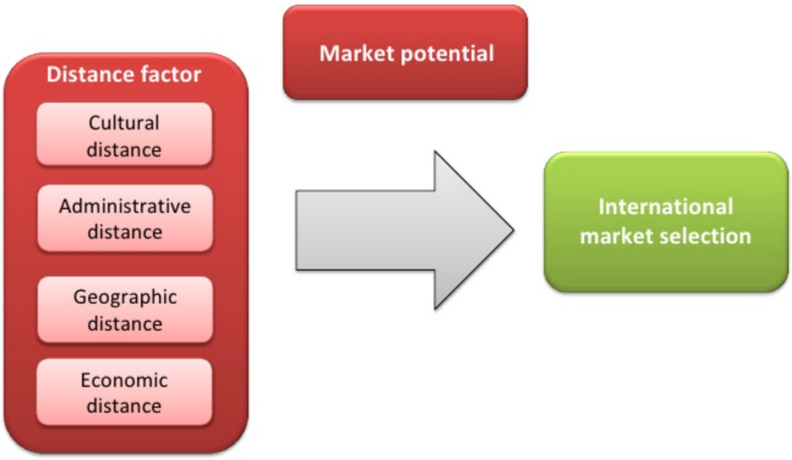


Figure 2.8 – CAGE distance framework. Source: Ghemawat (2001).

Such differences may include religious beliefs, attitude towards time, and relationship with the environment, social norms and language amongst others. Results from these studies reveal the existence of an incremental behavior feature for their internationalization (Urban, 2006). In addition, the psychic distance tends to affects the market selection process, although it is not considered a determinant factor when considering expansion abroad or the FDI destination (Urban, 2006; Li, 2003).

CAGE’s distances and differences have been demonstrated quantitatively via gravity models[7] (Anderson & van Wincoop, 2003). These models resemble Newton's law of gravitation in linking interactions between countries to the product of their sizes, usually GDP, divided by some composite measure of distance (Deardorff, 1998).

Table 2.3 provides more details on each of the CAGE categories, and how they can manifest themselves depending on whether one is comparing a pair of countries, as internationalization targets, or looking at any one in isolation. One of the distinctions between the CAGE Framework and other country analysis frameworks is its inclusion of bilateral as well as unilateral factors (Ghemawat & Siegel, 2011).

[7] The gravity model of international trade in international economics, similar to other gravity models in social science, predicts bilateral trade flows based on the economic sizes (often using GDP measurements) and distance between two units. The model was first used by Jan Tinbergen in 1962.

Table 2.3 - CAGE categories, and how they can manifest themselves depending on whether one is comparing a pair of countries or looking at one in isolation. SOURCE: Ghemawat (2001, 2007, 2011).

	Cultural Distance	Administrative Distance	Geographic Distance	Economic Distance
Country Pairs (Bilateral)	• Different languages • Different ethnicities; lack of connective ethnic or social networks • Different religions • Lack of trust • Different values, norms, and dispositions	• Lack of colonial ties • Lack of shared regional trading bloc • Lack of common currency • Political hostility	• Physical distance • Lack of land border • Differences in time zones • Differences in climates / disease environments	• Rich/poor differences • Other differences in cost or quality of natural resources, financial resources, human resources, infrastructure, information or knowledge
Countries (Unilateral / Multilateral)	• Insularity • Traditionalism	• Nonmarket/closed economy (home bias vs. foreign bias) • Lack of membership in international organizations • Weak institutions, corruption	• Landlockedness • Lack of internal navigability • Geographic size • Geographic remoteness • Weak transportation or communication links	• Economic size • Low per capita income

Networks Theory

The network model is a more recent internationalization theory (Hollensen, 2007). Originally, the International Marketing and Purchasing (IMP) project was started in the 1970s to research industrial marketing and purchasing emphasizing the networking aspect of enterprise's operations. IMP acknowledged the important role that long-term, stable relationships play in industrial markets which in turn led into the theory called the Industrial Networks Approach (Axelsson and Easton, 1992).

Organizational and industrial sociological theoretician have contended that management actions are entrenched in social networks of relationships (Acquaah & Bryan, 2007; Granovetter, 1985; Laumann, Galaskiewicz, and Marsden, 1978). Per Laumann et al. (1978), a social network can be defined as

> a set of nodes (e.g., persons, organizations) linked by a set of social relationships (e.g., friendship, transfer of funds, overlapping memberships) of a specified type. (Laumann et al., 1978: 458)

Considering such view, management researchers have argued that the social capital[8] exemplified in the development of managerial social networks and

[8] In this research, social capital is defined as the networks of relationships among people who live and work in a particular society, enabling that society to function effectively.

ties with external entities, a micro-level concept, affects an enterprise's competitive advantage and performance, a macro-level concept (Burt, 1997; Peng and Luo, 2000; Peng, 2006). Most empirical studies testing the micro-macro linkage have focused on the impact of social capital developed from the networking relationships with only the upper management of other enterprises (i.e. providers, buyers, and contenders) on organizational activities. Furthermore, although it has been argued that the value of social capital is contingent on the strategic organization of enterprise activities (Burt, 1997; Burt et al, 1994), there is no substantial investigation into how social capital is contingent on an enterprise's competitive strategic orientation.

Social networking and ties are widespread in the emerging economies of Africa—as well as the Middle East and Asia-- because of the incidence of strong collectivistic cultures. Although there have been few empirical researches investigating the effects of social capital developed from managerial networking and social ties on an enterprise's activities in emerging economies, most have been concentrated on advanced economies. The exceptions are a few studies using data from Asia (Park and Luo, 2001; Papadakis, Lioukas & Chambers, 1998; Peng and Luo, 2000; Lee, Lee, and Pennings, 2001). Peng and Luo's (2000) research, which indicates that managerial networking relationships and ties with top managers at other enterprises and government officials help improve enterprises performance in China, is the most comprehensive research of the micro-macro link in an emerging economy.

The networks theory was developed in the late 1980s. It was based on organizational sociology (Cumberland, 2006) postulating that network relationships enable enterprises to expand internationally much faster, and that the traditional models of internationalization were no longer applicable (Johanson & Mattsson, 1988; Hakansson & Johanson, 1992; Håkansson & Johanson, 1993; Hadley & Wilson, 2003; Laanti et al., 2007). This is because the nature of business activities of enterprises is collaborative, especially in service industries (O'Farrell, Wood & Zheng, 1998). In fact, competitive advantage is achieved not only by internal resources, but also through interaction and relationship with other enterprises (Coviello, Ghauri & Martin, 1998; Hutchinson, Quinn & Alexander, 2006; Johanson & Mattsson, 1988; O'Farrell, Wood & Zheng, 1998).

The enterprise and the relationships must be learnt to understand the networks (Axelsson and Easton, 1992). Johanson and Vahlne (2009) define business networks as "webs of connected relationships," meaning in practice that exchange in one relationship is linked to exchange in another (2009). Similarly, Durrieu and Soldberg (2006) define networks "as interlinked relationships both at the individual and the organizational level". These networks typically comprise of independent agents or distributors, and sales subsidiaries at later stages of exporter life, and further down the chain local dealers making business with the final customer.

Network relations result from an enterprise effort to establish long-term relationships with other firms to sustain its competitive advantage (Peng and Heath, 1996; Thorelli, 1986). Common backgrounds, such as similar ethnic, geographic, ideological, professional, or historical origins, are the most common grounds for establishing network relations (Styles and Ambler, 2003).

The role of relationships in networks can be best understood from the basic level where one enterprise has individual relationships with other enterprises. In a simplified manner, if those single relations are added together, that will provide massive opportunities for systemic structures yet the process of forming a network is not that simple or additive in a matter of fact (Easton, 1992). The inter-firm relationships can be identified and put into two main categories: the firm may either seek to exploit the complementarities of an individual partner or enter a relationship to exploit network access. This type of relationship allows control over the other organization, reducing the uncertainty and increases stability (Easton, 1992).

A model of networks developed by Håkansson and Johanson (1992) presents the basic structure of the industrial network as combination of three variables: activities, actors and resources. These elements are linked together to describe the dimensions of industrial networks. An actor can be anyone in the network who controls activities or resources. Activities occur when an actor combines, uses, develops, creates or exchanges resources in a way that creates value and finally, resources are anything that actor control.

In a network, it is typical, that the relationships between actors are invisible and fluid and they cannot be seen from the outsider so that one, such as potential competitor, is unable to gain detailed idea of the network structure. Consequently, making preparations such as pre-entry checklists to enter the new market will be less useful for outsider (Axelsson and Johanson, 1992).

Critiques of the Network Model

The network theory, aside its empirical arguments, has been criticized by several scholars. Malhotra, Agarwal & Ulgado (2003), for instance, argued the theory does not offer a predictive model, and that the network relations it outlines are intuitively ad hoc and unintentional. Also, researchers content the qualitative methodology used by this model cannot be verified, as the theory cannot explain the internationalization process of the enterprises without network relationships, or demonstrate the mechanism by which such enterprise can identify network contacts. Network relationships, as suggested by O'Farrell, Wood & Zheng (1998), are assumed as a semi-permanent system based on structured interdependence, although in some industries, these relations only survive for a few exchanges.

Salmi (2000) argued relationships in business networks are not always constant and that if an enterprise enters turbulent or conflictive business networks, it will likely deal with all sorts of ambiguities and changes, especially when attempting to access dependable information which will be difficult. The networks theory also neglects the fundamental power relations dominating business relationships of service enterprises. In fact, service enterprises are usually required to provide services and expertise that their clients cannot provide alone (O'Farrell, Wood & Zheng, 1998).

Market Failure Paradigm

The market failure paradigm (MFP) is grounded in the theory of an enterprise's nature, which was proposed by Coase (1937), who alleged that an enterprise selects between international markets and hierarchies by considering their relative efficiency. According to MFP, when a foreign market competition is perfect, low control modes, such as exporting or licensing, are very effective. If these market fails, however, an enterprise would prefer FDI and internalize its operations. Per Sharma & Erramilli (2004), this paradigm has been the major paradigm when studying internationalization entry modes since the late 1970s).

Internalization Theory

Internalization theory is a branch of economics that is used to analyze international business behavior (Rugman & Collinson, 2012). It focuses on imperfections in intermediate product markets (Rugman, 1981). The theory was first developed by Buckley & Casson (1976) as an attempt to explain the progression of American MNEs after World War II.

The internalization theory has roots in the theory of the nature of the enterprise offered by Coase (1937), which argued that the internalization of external transactions might affect the nature, survival and growth of enterprises. He suggested that the existence of enterprises is related to the transaction costs of using the price mechanism. Enterprises need to pay such costs to determine their property rights, and to negotiate, monitor and enforce business contracts (Doherty, 1999; Ekeledo & Sivakumar, 1998, 2004).

According to Quer, Claver & Andreu (2007), the internalization theory is the most significant application of transaction cost economics (TCE). Therefore, some researchers use the terms internalization theory and transaction costs theory interchangeably (see Cumberland, 2006; Doherty, 1999; Ekeledo & Sivakumar, 2004; Slangen & Hennart, 2007).

Based on the internalization theory, markets are naturally imperfect. In host markets, MNEs avoid market imperfections through internalizing their operations regarding tacit knowledge, raw materials, intermediate products and perishable goods. Nevertheless, internalization may reduce economies of scale and result in facing host government restrictions or difficulty in cross-border communication (Doherty, 1999; Fisch, 2008). As illustrated in Figure 2.9, when transaction costs in the markets for the intermediate inputs of technology and knowledge are high, FDI or hierarchical integration will be more efficient. In fact, MNEs are formed when markets are internalized across national borders (Doherty, 1999; Slangen & Hennart, 2007) in an effort to disseminate them amongst different product categories and international target markets. Through this drive to reduce costs, enterprises would attempt to select the best structures possible based on the evaluation of the costs related to each phase of production.

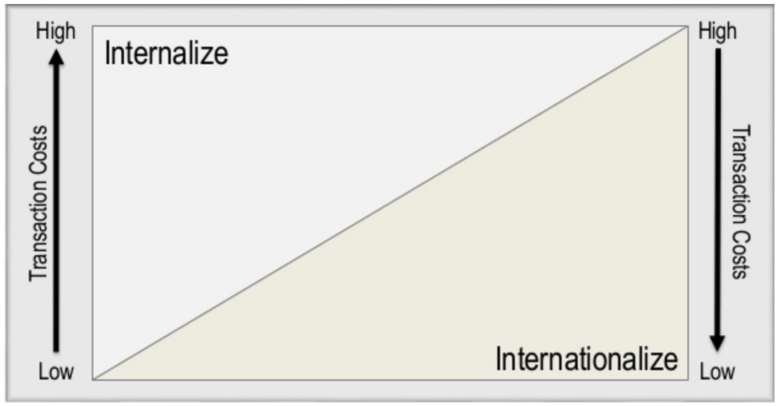


Figure 2.9 – Internalization theory. Source: Buckley & Casson (1976).

The internalization theory focuses on the relative costs and benefits of collaboration concerning the type of knowledge that partners exchange (Chen & Mujtaba, 2007). The theory distinguishes two main types of intermediate product: knowledge flows linking research and development (R&D) to production, and flows of components and raw materials from an upstream production facility to a downstream one, but most of the applications are focused on knowledge flow (Markusen, 1995).

Proprietary knowledge is easier to appropriate when intellectual property rights such as patents and trademarks are not strong or well protected, although even with strong protections enterprises often opt to protect their knowledge through secrecy. Instead of licensing their knowledge to independent local producers, enterprises exploit it themselves in their own production facilities. In effect, they internalize the market in knowledge within the enterprise. The theory claims that internalization often leads to the development of larger, more multinational enterprises, because knowledge is a public good (Buckley, 2009).

Internalization only occurs, however, when enterprises perceive the benefits to exceed the costs. When internalization leads to foreign investment the enterprise may need to sustain political and commercial risks due to unfamiliarity with these foreign environments, which are known as the costs of doing business abroad (Hymer, 1976), brought by what Zaheer (1995) called "the liability of foreignness" (Zaheer & Mosakowski, 1997). When these costs become too high, enterprises may choose to license or outsource production to a third party enterprise, to internalize it (Freeman, Cray & Sandwell, 2007), or it may decide to produce at home and export it instead.

In fact, MNEs do internalize their foreign markets for transitional products such as enterprise-specific knowledge, assuming the internalization is less costly than exporting or contractual modes of entry (Buckley & Casson, 1976; Kumar & Subramaniam, 1997). Other factors that influence the internalization decision of enterprises include the access to capital markets and the assimilation of assets under acquisition (Chen and Hennart, 2002; Hennart, 1986).

Critique to Internationalization Theory

The internalization theory has been criticized for some of its limitations. One of the main criticism argues that the theory does not show the effect of location advantages on the choice of entry mode. Others critics point out that the theory assumes that competition in foreign markets, host countries, involve a monopolistic enterprise with inferior technology that is inactive in dealing with the entrant, while in today's markets the nature of competition is dissimilar and dynamic.

In addition, critics point out that the theory's focus on cost minimization is quite restrictive, as it does not include enterprises motivation to enter a foreign market and to enhance their capabilities. Critics argue this theory only addressed the situation in which enterprises enter international markets to seek new opportunities or to gain access to a niche market (Görg, 2000; Sharma & Erramilli, 2004). In addition, the internalization theory is unable to compare FDI with exporting, as it assumes conditions that result in FDI (Ekeledo & Sivakumar, 2004).

This theory does not explain the ambiguities caused by the behavior of local partners in a joint venture or major problems regarding mergers and acquisitions (Fisch, 2008). The theory also disregards the impact of network actors on the internationalization process of enterprises (Freeman, Cray & Sandwell, 2007).

Eclectic Paradigm Theory – The OLI Model

As a theory in economics, the eclectic paradigm, also known as the OLI-Model or OLI-Framework, is a further development of the internalization theory, which in turn is based on the transaction cost theory. The premise of this theory is that transactions are made within an enterprise if the transaction costs on the free market are higher than the internal costs, which process is known as internalization (Dunning, 1979).

Integrating perspectives from these areas, Dunning [1977, 1980, 1985, 1988] proposed a comprehensive framework, which postulated that the choice of an internationalization entry mode for a target market is influenced by three types of determinant factors: Ownership advantages of an enterprise, Location advantages of a market, and Internalization advantages of integrating transactions within the enterprise (OLI).

As illustrated in Figure 2.10, the model argues that, for FDI to occur, an MNE must possess firm specific or ownership advantages (FSAs) such as trademarks, economies of scale, and technology amongst other things.

Source: Dunning (1981)		Categories of advantages		
		Ownership advantages	Internalization advantages	Locational advantages
Form of market entry	Licensing	Yes	No	No
	Export	Yes	Yes	No
	FDI	Yes	Yes	Yes

Figure 2.10 – The Eclectic Paradigm Model. Source: Dunning, 1988.

Several empirical studies have attempted to directly or indirectly use the Dunning framework in explaining choice between joint venture and sole venture (Kogut and Singh, 1988), licensing and sole venture (Caves, 1982; Davidson and McFetridge, 1985), extent of FDI (Cho, 1985; Dunning, 1980; Kimura, 1989; Sabi, 1988; Terpstra and Yu, 1988; Yu and Ito, 1988), and ratio of acquisition to total subsidiaries (Wilson, 1980).

The eclectic paradigm has been developed by John Dunning in a series of publications (Dunning 1980, 1981, 1988, 1992). There are three factors that determine the international activities of multinational enterprises (MNEs), as depicted in Figure 2.11.

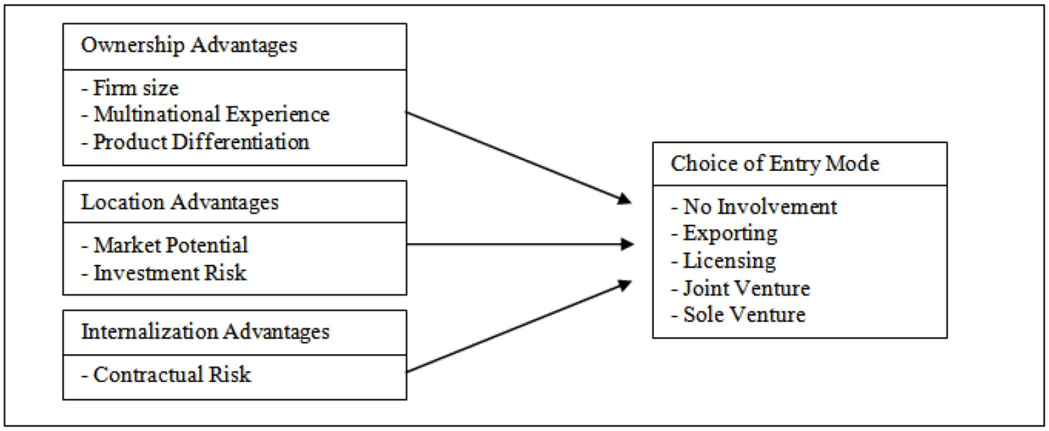


Figure 2.11 – An Eclectic Model of Entry Strategy. Source: Agarwal & Ramaswami (1992); Choo & Mazzarol (2001)

These are ownership (O) advantages, location (L) advantages, and internalization (I) advantages. Thus, the Dunning eclectic paradigm is also known as the OLI paradigm. The OLI paradigm explains outward foreign direct investment (FDI). It suggests that MNEs develop competitive O advantages at home and then transfer these abroad to specific countries (depending on L advantages) through FDI, which allows the MNE to internalize the "O" advantages. In contrast to the eclectic paradigm, internalization theory is mainly used to explain the choice of entry mode.

For instance, "I" advantages overcome the externality of knowledge as a public good, such that FDI is preferred to licensing, joint ventures, or alliances. Using Dunning's own reasoning, it is apparent that there is a close linkage between "O" and "I" advantages in that a knowledge-type "O" advantage needs to be internalized. As shown below, this process is best analyzed by transaction cost analysis at the enterprise level. In contrast, “L” advantages can be fully explained by country-level analysis.

Critique of the Eclectic Paradigm Theory

Critics point out that one of the problems with Dunning’s eclectic paradigm is that it is too eclectic, as in many ways, each of the three motives for FDI are overdetermined, especially for “O” advantages. Per Dunning, these include not only the enterprise’s intangible assets, such as knowledge, brands, organizational structure, and management skills, but also natural factor endowments; manpower; capital; the cultural, legal and institutional environment; and industry market structure (Anderson, Ahmad, and Chan, 2014).

Dunning, however, argues that such country factors can somehow be turned into O advantages. Going one step further, Dunning (1993) argued that “O” advantages could explain the ability of MNEs to form alliances. MNEs do this by taking advantage of common governance structures across borders, such that relational assets are created which allow enterprises to access resources controlled by partners. This is a form of business networks or alliance capitalism, driven by a very broad interpretation of “O” advantages.

The focus of the eclectic theory on location advantages is also criticized, especially as it may confuse the relationship between market selection and the choice of entry mode (Cumberland, 2006; Malhotra, Agarwal & Ulgado, 2003; Pan and Tse, 2000). Forssbæck & Oxelheim (2008) pointed out that this theory focuses on host countries as the markets of goods and services while they are also markets of financial capital that, in turn, motivate enterprises to undertake FDI. Subsequently, financial advantages are vital, especially for MNEs that operate in emerging, and even more so, frontier markets. The OLI model overlooks the role of networks in international expansion (Rutashobya & Jaensson, 2004).

Since the eclectic paradigm does not consider the role of decision makers in entry mode choice, Pinho (2007) added managerial-specific characteristics to his eclectic model. In addition, OLI also ignores the effect of home country factors, the nature of products, enterprise-specific resources, transportation costs and currency exchange rates on the choice of entry mode (Ekeledo & Sivakumar, 2004).

Transaction Cost Theory

Transaction Cost Theory is a cost that is incurred in creating an economic trading (which is the cost of taking part in a market, economies of scale and transportation cost). This involves all the cost incurred from the starting of a transaction to the end. This is the summation of all the expenses involved in establishing a new market in a foreign country, this include both the explicit cost and the implicit cost and it affects both the both the service provider and the customer. Normally, it is advantageous to have the external transaction costs more than the internal transaction costs, this will guarantee the company's growth but, if the internal transaction costs are more than the external transaction costs this will lead the company to a downscale by outsourcing.

The transaction cost (TC) theory or transaction cost analysis (TCA) model was introduced by Anderson & Gatignon (1986) as they attempt to explain why a enterprise decides to establish a production line or service system in a foreign market rather than licensing its operation technology or signing contracts with local enterprises (Williams, 1979; Ekeledo & Sivakumar, 2004). They applied the theory of an enterprise’s nature offered by Coase (1937) and the theory of market and hierarchies suggested by Williamson (1975) to the entry mode choice of the U.S. enterprises (Sharma & Erramilli, 2004).

With the transaction cost theory, enterprises always strive to minimize their cost at all point during their operations and decision making. Therefore, enterprises would need to consider to either entering a foreign market with their total assets or collaborating with their external partners as externalization

(Williamson, 1975). The failure of a foreign emerging market strongly depends on this decision (Williamson, 1979).

The TC model, as illustrated in Figure 2.12, is a further extension of the internalization theory, and due to their common ideas concerning the role of transaction costs in the internalization of business activities, these two views are sometimes considered as one theory (Burgel and Murray, 1998; Cumberland, 2006; Doherty, 1999; Ekeledo and Sivakumar, 2004; Shrader, 2001; Slangen & Hennart, 2007).

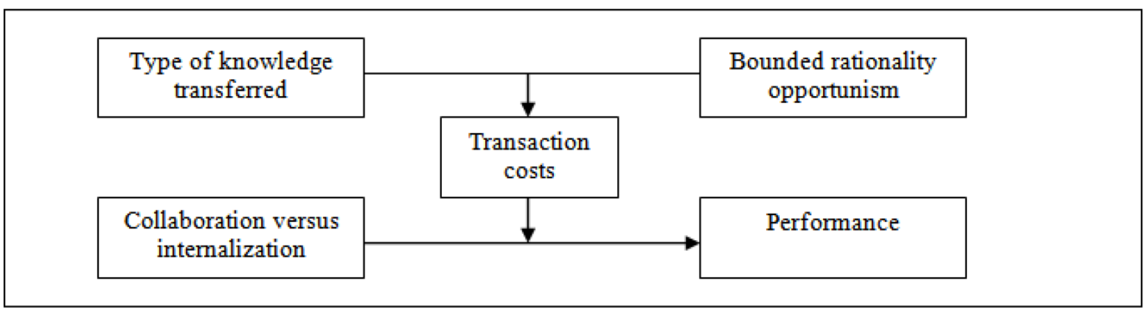


Figure 2.12 - The Effects of Transaction Costs on Collaboration Performance. Source: Shrader (2001).

A few researchers consider Williamson (1975, 1985) as the founder of the transaction cost theory because he contributed to the transaction cost economics (TCE) approach and the vertical integration of enterprises (Domke-Damonte, 2000; Reiner et al., 2008; Rutashobya & Jaensson, 2004; Shrader, 2001; Slangen & Hennart, 2007; Zhao & Decker, 2004)

Transaction cost economics arises when MNEs are more efficient than their markets and contracts in organizing interdependencies between their agents that are in different countries. It is the theory of the role and size of an enterprise. If a company plans to utilize an enterprise-specific asset in a foreign market and this utilization must be done in that market due to their localization factors for example, trade barriers, high transportation costs and some other specific factors, the company can best do this by obtaining the required license to invest abroad on their own facilities rather than using that of the foreign country's market. This is because; the more intangible the enterprise-specific assets are, the stronger its tendency of being successful would be.

Critiques of Transaction Cost theory

Critics argue that the TC theory ignores the role of location advantages and the costs related to location factors related to market potential and investment risks (Brouthers, 2002; Ekeledo & Sivakumar, 2004). Brouthers & Nakos (2002, 2004) identified the effect of nationality as a home country factor that influences entry mode choice. Taylor, Shaoming & Osland (2000) believed that the TC model is only applicable in western developed countries because it neglects the effect of institutional structure on transaction costs and partnership.

Some researchers have, therefore, added institutional factors to their models (Brouthers, 2002; Lu, 2005; Meyer, 2001; Zhao & Decker, 2004). The transaction costs theory ignores the role of strategic concern in motivating enterprises to use collaborative entry modes (Camisón & Villar, 2009; Ekeledo & Sivakumar, 2004). The theory also does not reflect the role of decision makers in internationalization process (Decker & Zhao, 2004) and overlooks the effect of entry mode choice on creating competitive advantage for enterprises (Morschett, 2006).

Other More Recent Approaches to Internationalization

The internalization theory, eclectic theory and transaction cost theory provide different views to the internationalization mode of entry perspective. Since the 1980s, researchers who criticized the existing static models of internationalization tried to offer new ideas for drawing a better framework for decision-making. Two major approaches have appeared, namely the resource-based view and the contingency theory.

The resource-based view (RBV) attempts to explain how enterprises gain competitive advantage from their resources and capabilities. It also aims to go beyond market failure by considering the choice of entry mode in all types of markets. The contingency theory approach attempts to link the decision of entry and the form of operation to the situation in which a choice is made and to the people who make the choice.

International New Ventures, Born Global

More recently, McDougall and Oviatt (1994) drew attention to a different type of MNE, those newly created enterprises that were international from the very beginning, dubbed as international new ventures (INVs), which they defined as enterprises that “from inception, seek to derive significant competitive advantage from the use of resources and the sales of outputs in several countries” (McDougall & Oviatt, 1994 p. 49). For this type of MNE, international market conditions, technological developments, such as the Internet, telecommunications and social media to name a few, as well as the skill set and competencies of the managerial team and entrepreneurs and their international network connections are important factors in assisting these enterprises becoming international from inception (Madsen & Servais, 1997). Also, very important to the creation of INVs is the international awareness the managerial team, international entrepreneurs, have about the international business opportunities and their ability to link up resources from other international markets to meet demand of markets that are inherently international (Coviello & Munro, 1992).

In such instance, enterprises that have innovative products or services, having a competitive advantage over other enterprises provide competitive advantages to MNEs to gain internationalization from inception. This occurs when the international target market has the need to have that innovative product or service.

Often INVs are defined as born global. Knight and Cavusgil (1996) argued that these are small enterprises that attempt to achieve competitive advantage based mostly on technology and from the earliest days of their foundation operate purposely in various foreign markets, although McDougall and Oviatt (1997, p. 48) contended that INVs are not "a phenomenon that occurs in a specific industry, but that can happen in a wide range of them."

To cope with the ever-changing international market landscape INVs must have flexible operating procedures, to enable them to quickly adapt and react in a timely manner to the changing environments of international markets. This often requires senior management, such as the owner or CxO executives to make business decisions on the spot. Such management dynamic is often not appropriate to most enterprises, especially large ones, as international market commitments tend to be much less likely to be influenced by organizational policies and procedures as well as internal politics (McDougall & Oviatt, 1997). Nonetheless, born global MNEs are known to be enterprises whose competitive advantage is the superior knowledge and the technologic know-how they possess, which combined with management with experience in the international markets, can enable them to more easily internationalize.

Criticism to INV Theory

According to Chetty and Campbell-Hunt (2004), the "current debate in the literature is whether Born Global is a new concept or a rehash of an old phenomenon" (Chetty & Campbell-Hunt 2004, p.57). Despite claims within the literature, Born Global enterprises are not unique to the 1990s, and have been found in countries with both large and small economies since 1947 (Bartlett & Ghosal 1987a, Bartlett & Ghosal 1987b, Andersson 2004). It is also too simplistic to identify a new type of export model merely by moving the goal posts. The Born Global concept ignores the incremental efforts of the traditional exporter in sending products to overseas agents, attending international trade fairs, establishing international networks and then finally shipping products to a foreign country. Instead if the focal point begins at the moment that the first export product actually sells, then there is arguably no difference between a traditional or a born global exporter.

Congruently, by ignoring the significant time and effort expended in establishing networks, arranging finance, contacting manufacturers and arranging production of their product and deliberately beginning to categorize a Born Global exporter only from the time that they declare their business open, there is no possibility of any similarity. This is because different standards are being applied to the definition of the term.

The majority of the Born Global studies were conducted within hi-tech and information and communication technology (ICT) industries that often require significant research and development (R&D) prior to launching the venture, and that need to capture transient windows of opportunity within global markets (Autio, Sapienza & Almeida 2000, Bell 1995, Coviello & Munro 1997, Fan & Phan 2007, Francis & Collins-Dodd 2000, Knight 1997, Laanti, Gabrielsson & Gabrielsson 2007, Loane, McNaughton & Bell 2004, Reid 1984). This risks making the findings of these studies tautological and potentially unreliable.

Resource-based View

Wernerfelt (1984) and Barney (1986, 1991) initiated the resource-based view (RBV) based on the fundamental ideas of Penrose (1959) in the theory of the growth of the enterprise and Rubin (1973) in the theory of the expansion of enterprises. The RBV believes that if an enterprise has abundant resources and can use them successfully, it will be able to compete in international markets and attain its long-term goals (Erramilli, 1996; Barney & Arikan, 2001; Sharma & Erramilli, 2004). Figure 2.13 provides a resource-based model of sustainable competitive advantage.

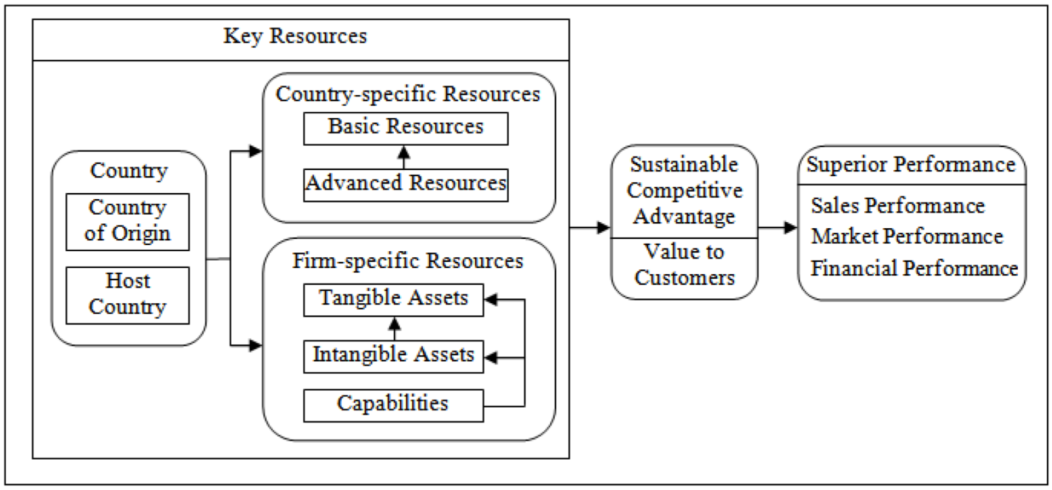


Figure 2.13 - A resource-based model of sustainable competitive advantage. Source: Fahy (2002)

The resource-based theory originated from the monopolistic advantage theory of Hymer (1960) in which the resources and capabilities available to enterprises influence their foreign operations and help them overcome the primary costs of competition in international markets. In fact, internationalization takes place through de use of resources, knowledge and capabilities (Burgel & Murray, 1998). These resources are not equally distributed across business enterprises within an industry. Each enterprise has its unique assets that are called enterprise-specific resources (Carpano, Rahman & Roth, 2003). Therefore, enterprises may benefit from the Ricardian rents, which are the economic rents caused by limited resources (Fahy, 2002).

An Enterprise owns an assortment of interrelated tangible and intangible assets that generate organizational capabilities. Such core competencies explain the enterprise's ability to carry out a specific task and increase the efficiency of its operations as well as customer value (Almor & Hashai, 2004; Barney, 1986, 1991; Camisón & Villar, 2009; Cheng, 2006; Claver & Quer, 2005; Grant, 1991; Penrose, 1959; Prahalad & Hamel, 1990; Tuan & Yoshi, 2010; Wernerfelt, 1984).

Capabilities help the enterprise to transform its resources into products or services. Capabilities are intangible but are different from intangible resources because they require tacit or implicit knowledge and skills whereas resources comprise explicit knowledge. In addition, resources are independent from the individuals and enterprises that possess them while capabilities are related to capable individuals and enterprises. Furthermore, intangible resources are usually under legal protection whereas it is difficult to protect capabilities (Camisón & Villar, 2009).

An enterprise can gain a sustainable competitive advantage if it owns an advanced unique combination of internal resources compared to its rivals that create superior capabilities and distinctive competencies. These resources should be valuable, durable, unique and complicated, and other enterprises cannot easily transfer or duplicate them (Wernerfelt, 1984; Barney, 1986, 1991; Chatterjee and Wernerfelt, 1991; Grant, 1991; Fahy, 2002; Carpano, Rahman and Roth, 2003; Almor and Hashai, 2004; Sharma & Erramilli, 2004; Ekeledo and Sivakumar, 2004; Fredericks, 2005; Cumberland, 2006; Meschi and Metais, 2006; Camisón and Villar, 2009; Wilson and Amine, 2009; Tuan and Yoshi, 2010; Ismail et al., 2010, 2012; Ripollés and Blesa, 2012).

Resources may differ, however, in terms of asset specificity, opacity, complexity and tacitness (Meschi and Metais, 2006). To make competitive advantage sustainable, enterprises should have dynamic capabilities to adjust and rearrange their resources and capabilities to identify market opportunities and respond quickly to environmental changes (Teece, Pisano and Shuen, 1997; Camisón and Villar, 2009; Knott, 2009). Based on the RBV, innovation can help the enterprise to accomplish and maintain competitive advantage (Trevino and Grosse, 2002). In addition, enterprises need an interaction between systemic knowledge, innovation and external information networks (Johannessen and Olsen, 2009).

In the RBV theory, FDI in the form of wholly owned subsidiaries is considered as the default mode of entry that is preferred by enterprises in normal conditions while in the transaction cost theory, shared-control modes are the default entry mode (Ekeledo and Sivakumar, 2004; Cumberland, 2006; Forlani, Parthasarathy and Keaveney, 2008). An enterprise with valuable resources and capabilities does not need to collaborate with local enterprises and, instead, it favors full ownership in foreign markets (Malhotra, Agarwal and Ulgado, 2003; Claver and Quer, 2005). They may also adopt joint venture as the second preferred mode (Ekeledo and Sivakumar, 2004). Figure 2.14 illustrates a modified resource-based framework.

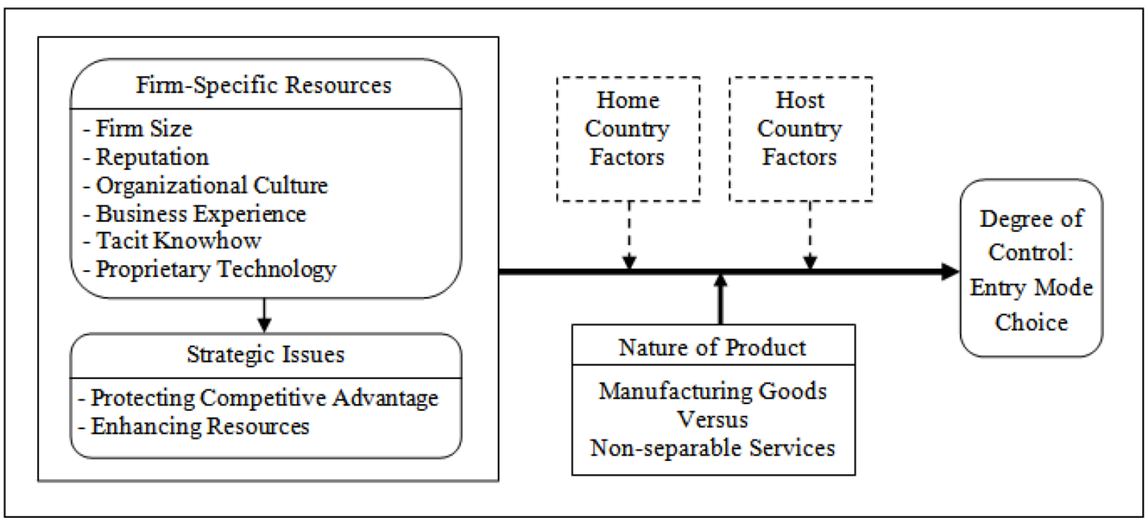


Figure 2.14 – A modified resource-based framework. Source: Ekeledo & Sivakumar (2004).

Enterprises participate in alliances to obtain knowledge, resources and complementary assets. They also aim at minimizing costs or increasing efficiency and effectiveness (Malhotra, Agarwal and Ulgado, 2003; Ekeledo and Sivakumar, 2004; Sharma and Erramilli, 2004; Morschett, 2006; Camisón and Villar, 2009).

However, alliances decrease the level of control exercised by an enterprise (Shimizu et al., 2004).

Criticism of the RBV Theory

The resource-based view has been criticized by researchers because it is static and does not explain how a specific resource can create sustainable competitive advantage while enterprises do not have enough knowledge about the productivity of each individual asset (Cumberland, 2006). In addition, the concept of enterprise-specific resources is ambiguous and it is not easy to operationalize measurement items for them (Malhotra, Agarwal and Ulgado, 2003; Cumberland, 2006; Knott, 2009).

According to the critics, the RBV is only useful if it can recognize resources that can create competitive advantage in future while many of the valuable resources develop during foreign operations (Knott, 2009), as the RBV focuses on the role of resources in creating competitive advantage but does not show the relationship between resources and capabilities (Ismail et al., 2012).

Almor and Hashai (2004) also argued that an enterprise may have some superior capabilities while it lags in other capabilities. Such disadvantages may neutralize the effect of a enterprise's competitive advantage. In such a case, the enterprise should reconfigure its resources to be able to fill the gap between its capabilities and weaknesses. This requires a long-term investment in resources that is not always possible. Therefore, enterprises should not only aim to improve their core competencies but must minimize their inferior capabilities that are related to production, marketing or R&D activities.

Contingency Theory

Contingency theory refers to any of several management theories. Numerous contingency approaches have been developed since the 1960s. These theories suggested that previous theories such as Weber's bureaucracy and Frederick Winslow Taylor's scientific management had failed because they neglected the fact management style and organizational structure were influenced by various aspects inherited to the environment: the contingency factors. Hence, there could not be any one best way for leadership or an enterprise.

A contingency theory is an organizational theory that claims that there is no best way to organize, lead, or make decisions for an enterprise. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. The literature of internationalization has offered different models for the choice of entry mode. Nevertheless, these models were content-oriented and ignored the role of decision makers (Decker and Zhao, 2004). In the early 1990s, therefore, researchers developed a contingency theory, also known as a business strategy approach (Okoroafo, 1990, 1991; O'Farrell and Wood, 1994; Woodcock, Beamish and Makino, 1994).

This theory originated in the contingency model of Fiedler (1967), who suggested that the leadership style depends on various situational factors including leader-member relationships, task structure and leader position power. In the contingency theory, managers seek a satisfactory choice not an optimal one. They make decisions under organizational and environmental constraints (Cumberland, 2006). The business strategy approach is a pragmatic view in which enterprises adopt their expansion strategies by trade-offs between many factors such as market attractiveness, enterprise-specific resources and management attitudes (Whitelock, 2002).

According to Rundh (2001), enterprises do not necessarily follow the stage models of internationalization but they may need to expand their activities into foreign markets at an early stage of their operations due to the limited domestic market. Consequently, decision makers choose the appropriate entry mode based on the enterprise's market position. Ekeledo and Sivakumar (1998) stated that there are three strategic views about decision-making, as depicted in Figure 2.15: first, the situation-specific view, in which the enterprise's decisions are related to the unique situations it deals with; second, the universal view, in which the universal strategic laws are applicable to all enterprises and in all situations; and third, the contingency view, in which there is no universal optimal choice for all enterprises and situations but the optimal choice depends on a set of organizational and environmental conditions.

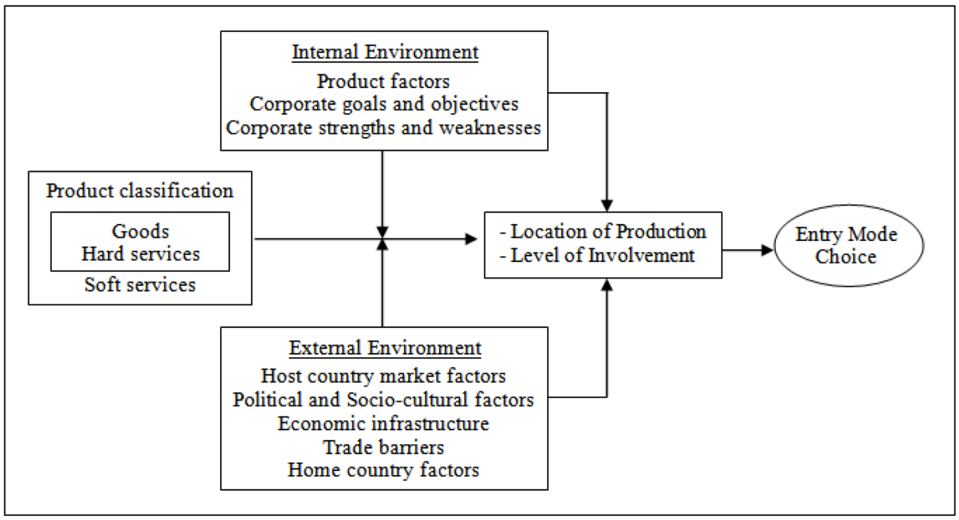


Figure 2.15 - A Contingency Model of Entry Mode. Source: Ekeledo & Sivakumar (1998).

In the contingency theory, the unit of analysis is the decision maker, which refers to the top managers of an enterprise who make the decision of expansion and the choice of entry mode. They try to make the decision task simpler, only consider a few variables, use a hierarchical process, and decompose the problem into stable sub-systems and the environment into constant sub-systems (Cumberland, 2006).

For Cumberland (2006), the contingency theory believes that market selection and choice of entry mode are two interdependent strategic decisions.

Market selection is influenced by market opportunities and risks while the choice of entry mode is the result of enterprise resources and market characteristics (Whitelock, 2002). In addition, the nature, depth and the types of modes of interaction between supplier and client influence the choice of entry mode (O'Farrell and Wood, 1994).

Criticism to Contingency Theory

As the contingency theory is a new approach, critics argue that it needs to be better examined and supported by conducting further empirical studies. However, there are some main criticisms regarding the contingency models due to the fact there is no clear definition for the contingency variables and their operational measurements (Cumberland, 2006), as some of these factors conflict with each other, their net effect is not explained.

In addition, enterprises need to have adequate information concerning the contingency factors when making a decision (Whitelock, 2002). An important factor that the contingency approach ignores is the network relationships that a enterprise needs for its international expansion. However, the importance of this factor is not the same for all enterprises (Rundh, 2001; Whitelock, 2002).

Limitations of Internationalization Theories Applied to Frontier MNEs

As discussed earlier, numerous criticisms have been made against the various internationalizing processes and its models. Some, like Oviat and McDouglas (1994), take a modest position and refer to the partiality of these internationalization processes. They argued that just because these models cannot be applied to some conditions, it does not mean it is invalid and cannot be applied to other situations. Grady and Lane (1996), when studying psychic distance, propose some modifications to the conceptualization and measurement of the concept. There are others who are more critical. The explanatory power of the model is criticized by researchers like Millington and Balyliss (1990) and Sullivan and Bauerschmidt (1990). They reject the alleged influence of psychic distance and state that incremental internationalization fails to explain the phenomenon of internationalization. In general, the critics can be divided into two fundamental levels: One which primarily concerns the "stage theory," and the other which concerns the internationalization process models at the conceptual level (Andersson, 1993; Johanson and Vahlne, 1990).

Other scholars, such as Calof and Beamish (1995) offered new knowledge by providing a broader definition to the concept of internationalization. When discussing stage theory, they state that the research suffers from some key problems. In their view, enterprises do not necessarily follow these stages, such as with the Uppsala model. They state that studies showing a positive relation between the theory and empirical findings have a methodological problem. Internationalization is defined as "the process of adapting firms' operations," and they subsequently present a model for executives' beliefs and attitudes for changing the internationalization mode.

The Uppsala theory does not provide much insight into the costs aspects of internationalization--especially where they are hard to gather, where information is scarce or unreliable--as provided by the Eclectic Paradigm, which is an important aspect to be considered for emerging, and even more so, frontier MNEs when internationalizing.

The Eclectic theory argues that transactions are made within an institution if the transaction costs on the free market are higher than the internal costs, known as internalization (Dunning, 1980, 1988). The theory suggests that not only the structure of the enterprise is important when considering internationalization, but also three more factors, namely ownership advantages, such as trademark, production technique, entrepreneurial skills, returns to scale etc.; locational attractions, such as alternative countries or regions, for undertaking the value adding activities of MNEs; and internalization advantages by own production rather than producing through a partnership arrangement such as licensing or a joint venture (OLI). The greater the net benefits of internalizing cross-border intermediate product markets, the more likely the enterprise will prefer to engage in foreign production itself rather than license the right to do so.

Concerning the degree to which an enterprise will depend mostly on ownership, locational advantages and internalization to internationalize its activities, Eden and Dai (2010) and Lee and Slater (2007) suggest an adaptation for the specific case of EMNEs, since these enterprises often end up developing ownership advantages on foreign markets, mostly in advanced economies, due to better access of technology and knowledge.

Cuervo-Cazurra (2006a-b, 2007, 2008a-b) classified EMNEs, as well as frontier, as those seeking to develop ownership advantages abroad and those that aim to explore abroad the advantages acquired in their domestic market. Those enterprises desiring to develop new capabilities abroad would choose to settle a foreign subsidiary on advanced economies when seeking access to higher technology, or on emerging economies when aspiring to obtain access to a country's abundant resources.

To overcome their disadvantage as latecomers, EMNE, and in particular FMNEs, may opt for a daring international strategy to quickly establish their reputation among international clienteles. Strategies could include, for instance, the acquisition of strategic assets and already established brands (Luo and Tan, 1998; Luo and Peng, 1999; Luo, 2001, 2002; Luo and Tung, 2007; Bonaglia, Goldstein and Matthews, 2007; Bonaglia, Goldstein and Mathews, 2007), such as the case of SAB's acquisition of Miller in the U.S. and then SABMiller in China.

Heavy investments on research and development (R&D) and networking are also assets of major importance for a successful internationalization process by a latecomer EMNE (Yu, Lau and Bruton, 2007). Ruigrok, Amann and Wagner (2007) argued that the relationship between the degree of internationalization and the MNE's performance tend to have a S-shaped curve relationship, since an increasing internationalization on early stages of the process affects positively the enterprise performance, but a downfall in this performance may occur in mid-stages of the internationalization process when the enterprise should absorb several costs related to this increasing commitment. They further argued that MNEs on a very high degree of internationalization might have a variation of lower and higher average performance.

Regarding the psychic distance factor, Andersson (2004) asserts that its effect as market selection element varies per the MNEs entry mode. The psychic distance is more relevant when discussing exports substitution entry modes, whereas when it comes to FDI there are other elements that affect the market selection decision, turning the element of psychic distance into a partial model.

As explicated above, studies against the internationalization process models were derived from the standpoint of "amount of resources" or quantitative manifestation of measurable facts, which can be the case. Hence, changes in the investment or the enterprise are tangible changes that can be easily observed, calculated and manifested, as argued by the OLI paradigm. The aspect of intangible commitment in psychic distance, as in CAGE, is not as easy to grasp, as they are more complex, but also very present during internationalization mode selection.

To overcome such a problem, this research has adopted a combination of internationalization models, concurrently, in an attempt to incorporate the role of the tangible commitments (theory of costs, OLI paradigm) when internationalizing and subsequently attempt to capture the intangible aspects of the process (psychic distances, CAGE). This approach may expose the concept of an MNE's commitment and identify its impacts on the enterprise's behavior.

An Overview of Angola's Economy

The world economy has been displaying contradictory signals regarding its economic growth path. While it is not the first time this happens, since 2008/2009 such erratic economic trends have been displaying distinct growth trends across the globe, affecting the forecast of world GDP, in particular throughout the main regions of the globe, namely the advanced economies.

While the United States has seemed to resurface from the critical stage that it crossed during the economic recession and the financial crisis of 2009, giving indications it was preparing to resume the position of one of the "drivers" of global economic growth, the EU and the Eurozone have remained, through 2016, unable to grow its economies, mainly due to the sovereign debt crisis and budget deficits, and the effects of what has been argued excessive and exaggerated austerity, which has increased the percentage of poverty in the peripheral countries of southern Europe (Rocha, 2014).

Emerging economies are also struggling to keep up the growth levels displayed during the years prior to the financial crisis in 2007-2008. The economic growth challenge is, therefore, even more dire for frontier markets, which in large part depend on advanced and emerging economies for trade and potential inflows of FDI. China, for instance, where most of Angolan oil is exported to, has seen its average annual GDP goth fall from 10 to 7.5 percent. Brazil, another important Angolan trading partner, has been struggling with its economic growth, exhibiting growth rates of 1 and 0.3 percent in recent years, projected to stay at around 1.3 percent for 2015[9] for the most recent years (World Economic Outlook, 2015).

The African continent is no exception to this context, not only because its economy integrated within the global economy, even though it extracts very small advantages from it and suffers many inconveniences in the process, but also because the African economic integration is still a distant reality. In other words, Africa is not able to counterbalance its lack of global trade with internal Pan-Africa trade (UNECA, 2013; IMF, 2014a).

Current Angolan Economic Trends

Angola has maintained political stability since the end of the civil war in 2002. In February 2010, the Constitution established a presidential parliamentary system. Under the new system, the president is no longer elected by direct popular vote, but instead the head of the party winning the most seats in Parliament becomes president. The 2010 Constitution sets a limit of two, five-year presidential terms.

[9] www.tradingeconomics.com/brazil/gdp-growth.

Angola's economic developments during 2001-2008 have been very positive, as indicated in Figure 2.16. During that time the world oil demand and prices rose sharply and provided significant revenue to the country.

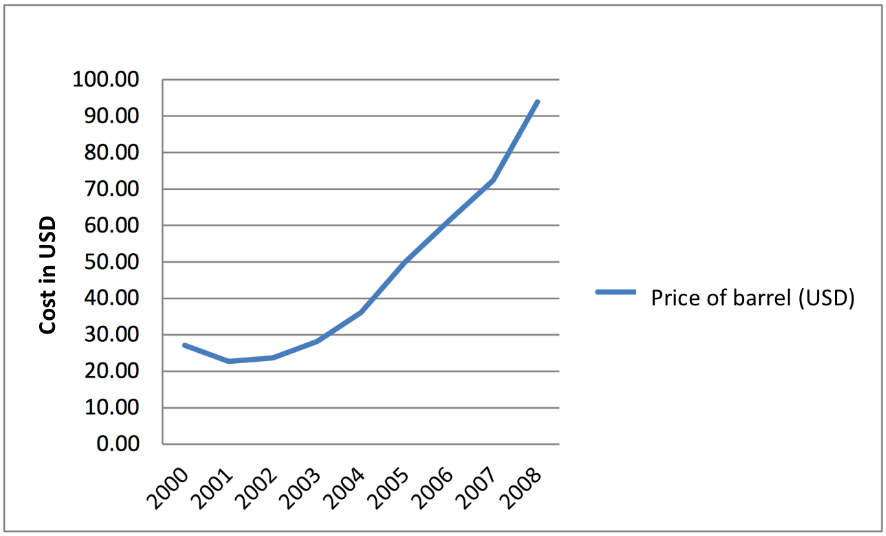


Figure 2.16 – Historic price of the barrel of oil. Source: International Monetary Fund – Angola 2014 Article IV Consultation, September 2014.

While the price of oil was high, as depicted in Figure 2.17, the government of Angola could boost the economy. It was then possible to invest in the reconstruction and/or upgrading of the infrastructure and boost several sectors of the economy, prompting the country's average annual growth to reach 9.8 percent.

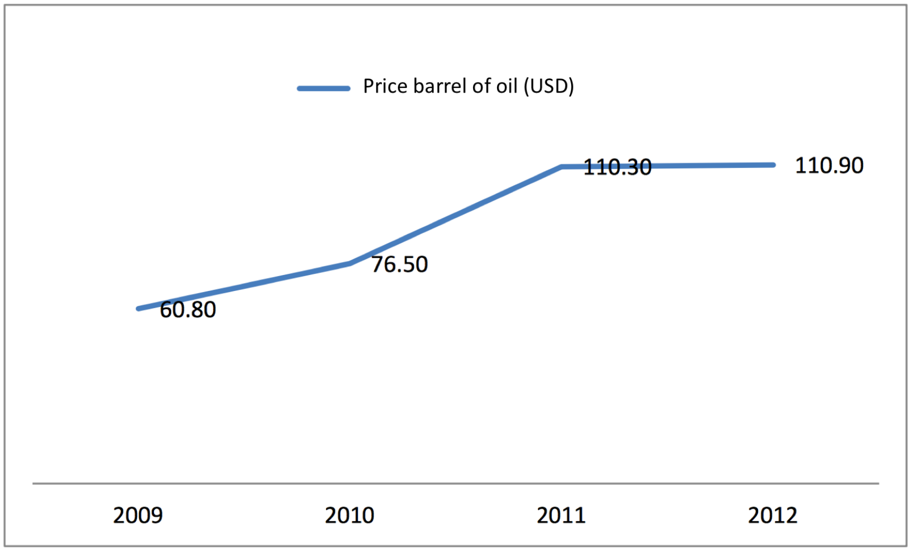


Figure 2.17 – Oil price developments between 2009 and 2013. Source: International Monetary Fund – Angola 2014 Article IV Consultation, September 2014.

Between 2000 and 2011 the average annual GDP growth for Angola was almost 10 percent. As depicted in Figure 2.18, adding the period between 2012 to 2017 the long-term trend line settles at around 8.5 percent. The loss of a growing and dynamic national economy is significant. The influence of the international financial and economic crises 2008/2009 on the country's ability to foster long-term growth is also evident during the 2009/2011 period, which was significantly aggravated by the steep drop of 38,8 percent growth rate between 2007 and 2008 (Rocha, 2014).

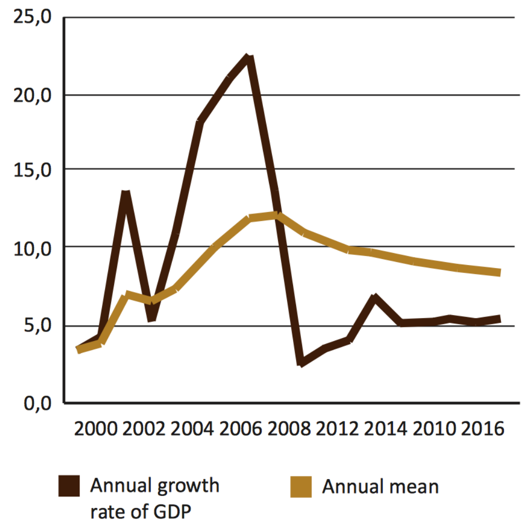


Figure 2.18 – Angolan economic trends. Source: IMF: Angola – 2012 Article IV Consultation and Post Program Monitoring.

The flattening growth trend between 2012/2016 suggests a decline in the national economy growth capacity. These signs suggest the Angolan economy is at its limits of sustainable growth (Rocha, 2014). Over few years, the Angolan economy has shown signs of slowing down as GDP growth slowed to 3 percent in 2015 and is on a 1 percent trajectory to end the year in 2016. The dropping of oil prices across the globe, an estimated drop of 35.3 percent in 2008-2009 alone, caused a major reduction of oil revenues in the country. At the same time, oil exports also declined significantly during this period, with revenues dropping from 65.3 billion to 40.1 billion dollars (Rocha, 2014).

In addition, the limited proven oil reserves underscored the need for government to contain emerging fiscal deficits, while preserve policy buffers and continue to push for the diversification of the economy. Finally, Angola was also hard hit with the global economic crisis. Annual inflation reached 35.3 percent in July 2016, and continues to accelerate, mirroring the 40 percent depreciation of the kwanza against the dollar since September 2014, and loose monetary conditions.

In September 2016, the budget was adjusted to account for lower revenue and to sustain growth. Investment spending was increased by 16 percent, resulting in an increase in the fiscal deficit (6.8 percent of GDP vs 5.5 percent initially). The revision had a negative impact on social sector expenditure, which were reduced by about 8 percent. Total public debt, including quasi-fiscal liabilities *booked* under Sonangol, has probably reached 75 percent of GDP, and debt service has increased to 15 percent of current expenditures (World Bank, 2016).

Despite these major economic constraints in such a short period, economic growth during that time (2011-2014), particularly in the nonoil sector, was still solid, and inflation was brought to historically low single digits, while external and fiscal buffers were restored (IMF, 2014b). Diamond production, the country's second largest export, grew swiftly until 2006, when production volume reached 9.2 million carats. Since then, production has fluctuated between 8.2 and 9.2 million carats, growing by 4 percent, reaching 9 million carats. The country has still high potential to expand mining, since only 40 percent of the

Angolan mining resources are known. Diamond exploration is being conducted in 13 provinces and 108 new projects are available for private investors.

By June 2016, however, the IMF (2016) reported, because of its visit to Luanda, that the economy had been severely affected by the oil price shock during the last two years. While oil prices were at an average of $110.90 dollars per barrel in 2012, by 2016 it had dropped to an average of $24 dollars, as depicted in Figure 2.19.

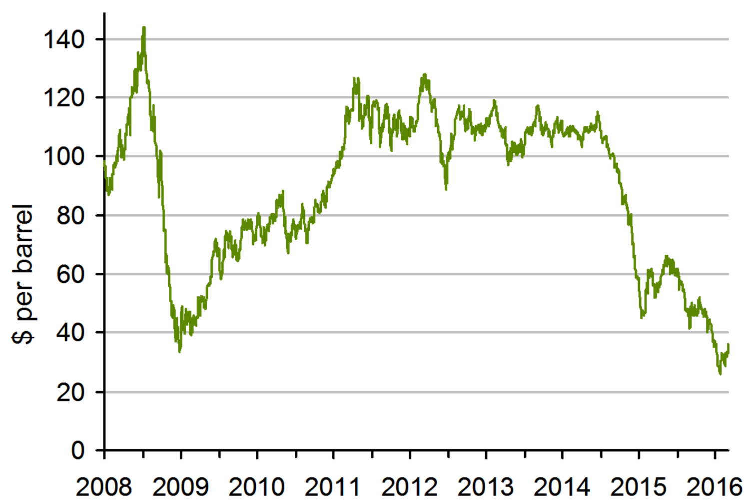


Figure 2.19 – Brent spot crude oil prices (USD$ per barrel, daily). Source: Euro Brent Spot Price FOB (Dollars per barrel), U.S. Energy Information Administration.

Such decline in oil prices caused Angola's economic growth to slow down to 3 percent in 2015 driven by a sharp slowdown in the non-oil sector as well. Inflation began to climb and accelerate, reaching (year-on-year) 29.2 percent by May 2016. Such high inflation levels were reflected on a weaker kwanza, which had depreciated over 40 percent against the U.S. dollar since September 2014, while domestic fuel prices increased, due to the removal of fuel subsidies. The external current account balance (June, 2016) at this point had moved into deficit, although international reserves have been protected and remain at relatively comfortable levels (IMF, 2016).

The IMF (2016) argues that Angola's economic outlook for 2016 remains difficult, despite the increase of oil prices in recent weeks, indicating that economic activity would likely decelerate further. The country's economy is in such a difficult situation that local economists-- namely Alves da Rocha, the renowned economist from the Centro de Estudos e Investigacao Cientifica at the Catholic University Angola-- argue the annual GDP growth attained by Angola during 2002 and 2008 are unlikely to return in the future, at least not before 2025 (Rocha, 2014).

Development challenges include reducing the dependency on oil and diversifying the economy, rebuilding its infrastructure, improving institutional capacity, governance, public financial management systems, human development indicators and the living conditions of the population. Large pockets of the population remain in poverty and without adequate access to basic services and could benefit from more inclusive development policies (World Bank, 2016).

The IMF contends that a modest recovery could materialize in 2017, if Angola's terms-of-trade continue to improve and shortages of foreign exchange that have adversely affected non-oil sector production are confronted. Adjusting economic policies, IMF maintains, is required to expedite the needed transition of the economy to the *new normal* in the international oil market. The significant fiscal effort carried out by the Angolan government in 2015 was a very important step to alleviate fiscal and public debt sustainability concerns.

Nevertheless, additional steps are still needed to reduce weaknesses in the economy. While maintaining fiscal prudence, in the run-up to the 2017 elections, will be critical, the strategy for rebalancing the foreign exchange market will need to be clearly communicated to market participants and rely on greater exchange rate flexibility supported by tighter monetary conditions to contain inflation (IMF, 2016). Angolan Minister of Geology and Mines, Francisco Queiroz, believes that economic development registered in Angola must be accompanied by a well-structured foreign policy, to Angolan enterprises find space in the international markets. Queiroz argued that these enterprises can play an extension role of the foreign policy of the State, and that "existing administrative restrictions for access to foreign exchange at the official rate, which are a drag on economic activity and diversification, will need to be phased out gradually" (Angola Press, 2015).

Other think tanks also believe emerging economies' enterprises should try to internationalize. Although it is not clear what causes these enterprises to venture abroad and how they do it, which is the subject of this research, there are catalysts that may compel these enterprises to do so. Local market economic hardship, as being experience in Angola (and Mozambique), as well as frontier markets in general may be a natural cause. But as argued by the OECD (2013), because of the financial crisis in 2008, its economies have been facing severe short-term and long-term difficulties, such as an increase in the unemployment and high sovereign debt, while emerging economies, in contrast, have experienced sustained steady economic growth. In this perspective, participation in expanding growth markets is increasingly perceived as an important strategy to re-activate growth dynamics by many governments in OECD countries.

An Overview of Mozambique's Economy

Mozambique's fast economic growth over the past decades has had only a modest impact on poverty decline, and the geographical distribution of poverty remains largely unchanged. The country still need to improve its social indicators (World Bank, 2016). The 2015 Human Development Index (HDI) place Mozambique at the bottom of the ranking (180 out of 188 countries and territories). The adult literacy rate is 56 percent, and average life expectancy at birth is 50.3 years. The country faces many other challenges, such as growing malnourishment, and stunting.

Current Mozambican Economic Trends

Malaria remains the most common cause of death, responsible for 35 percent of child mortality and 29 percent for the general population. The social progress index for access to improved sources of water and sanitation places Mozambique 128th and 119th, respectively, out of 135 countries. The country has one of the lowest levels of water consumption in the world despite being endowed with a variety of water sources. As a response to such challenges, the Mozambican authorities have considered the social sectors as top priorities and funding has been increasing for those sectors in general.

Economically speaking, the World Bank (2016) projections place the country's growth at 3.6 percent for 2016, with significant downward risks. Despite these adverse short-term prospects, long-awaited liquefied natural gas (LNG) investments should shape the economic recovery with growth projected to reach 6.9 percent by 2018 as the two Rovuma basin gas mega-projects come on stream. In addition, the World Bank (2016) forecasts FDI inflows to support the external position, with international reserves expected to recover, although at a slow pace, to 3.3 months' cover for non-mega-project imports by 2018.

After a decade of average annual economic growth above 7 percent, Mozambique saw a slowdown to 6.3 percent in 2015 as the country faces defining economic and political challenges. The slower GDP growth was due to lower than expected exports and a decrease in public expenditure and foreign direct investment.

Per Mark R. Lundell, World Bank country director for Mozambique, the discovery, in April 2016, of formerly undisclosed debt worth $1.4 billion, which amounts to about 10.7 percent of Mozambique's GDP, combined with the impact of the metical's foreign exchange rate depreciation, has led to a substantial increase in debt ratios and the debt service burden. Thus, Mozambique's fiscal position is likely to remain under stress until 2020 (World Bank, 2016). Hence reforms aimed at deep fiscal consolidation will be required and remain a priority in the medium term.

The Mozambican government faces hard choices in pursuing a recovery and reestablishing confidence. A comprehensive review of the state enterprise sector, including liquidation and sale of un-strategic assets, should be considered as an option to increase government resources and reduce fiscal risks (World Bank, 2016). Per the World Bank, reengagement with the IMF and the donor community will also be crucial in reinforcing government finances which are crippled by the country's debt burden. Concrete steps in transparency and accountability for the hidden loans would be an important milestone, including an independent international audit.

Economic and financial distress are rising as the country continues to suffer from a debt crisis and the suspension of international aid flows. Thus, GDP grew only 3.7 percent in the second quarter of 2015, which represents the smallest expansion in eight years, where the metical has lost over 50 percent of its value against the U.S. dollar since January, causing foreign debt to soar. Figure 2.20 depicts Mozambique's annual GDP growth, in percentage, from 1990 through 2013.

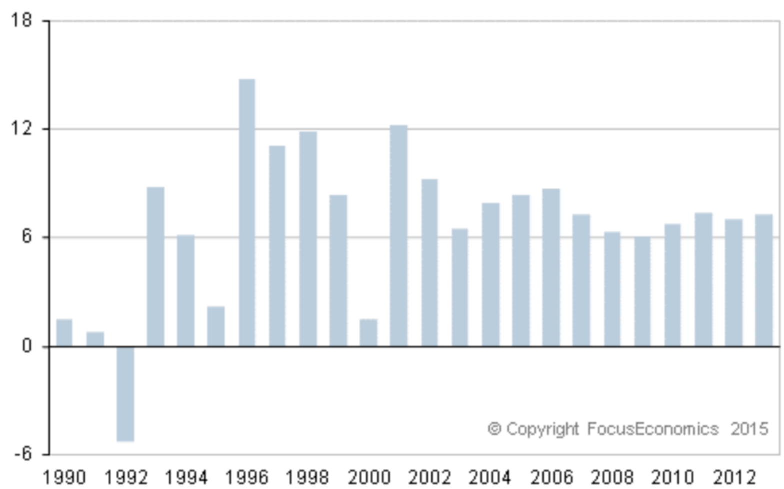


Figure 2.20 – Mozambique's annual GDP growth in percentages. Source: FocusEconomics, 2015; National Institute Statistics.

The IMF, which is expected to review Mozambique in late September, is requesting an external forensic audit of Mozambique's public debt as precondition to restart financial aid to the country (FocusEconomics, 2016).

The rise of emerging and frontier markets has been perhaps the defining feature of the global economy this century. In 2000, emerging markets accounted for just 37 percent of global GDP; in 2013 this figure exceeded 50 percent, as illustrated in Figure 2.21. Even as advanced economies recover from the recession, and emerging and frontier markets enter a period of slower growth, global economic growth will continue to be strongly influenced by emerging and frontier markets (ICEF Monitor, 2014).

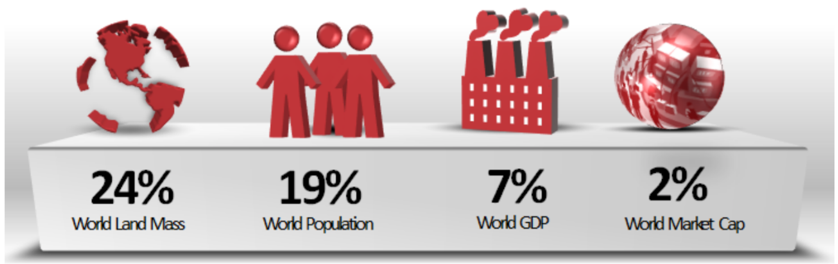


Figure 2.21 – Frontier market global indicators. Source: Hardenberg, 2016.

Frontier markets, including Lusophone ones such as Angola and Mozambique, despite their small, unpopular and illiquid economies, are prone for fast growth. Although these countries have not yet joined the global investment community, they have already joined the global economic community. Many have improved their economic and trading policies, strengthened their institutions, and, in many cases, hoarded substantial foreign exchange reserves (Goncalves, 2014).

There are significant opportunities in frontier markets, especially considering their solid capital bases, young labor pool, and improving productivity, particularly in Africa, where the sub-Saharan region will, eventually, overtake China and India. It's plausible to assume that Africa's economy will grow more than 14 times by 2050, when it could exceed current economic output of both the U.S. and the Eurozone. But we must consider the frontier markets' deepening economic ties to China, which makes it vulnerable to a slowing Chinese economy. Also, frontier markets are not without risks, as local politics are complex, and there are still several pockets of corruption and instability. Further, liquidity is scarce, transaction costs can be steep, and currency risk is real. There's also the risk of nationalization of industries (Clarke, 2012).

Empirical Literature

Defining Advanced, Emerging and Frontier Economies

Distinguishing the differences among advanced, emerging and frontier markets is very important in understanding and appreciating the internationalization process of MNEs as these enterprises have a varying amount of resources and challenges to deal with in every category. Advanced economies, for being 'advanced,' have mature markets, robust governance, infrastructure, health care systems and financial institutions, to name a few factors. Emerging markets tend to be in the process of developing these pillars, what the World Economic Forum calls the 12 pillars of development for any economy. Frontier market are early stage markets, typically lacking the very minimum resources, or pillars, as discussed earlier in chapter 1 (also present in the Appendix).

Advanced Economies

The term advanced economies have been used by the IMF to describe developed countries. While there is no established numerical convention to determine whether an economy is advanced or not, advanced economies have a high level of gross domestic product per capita, as well as a very significant degree of industrialization.

An advanced economy, often also known as a developed country, industrialized country, or "more economically developed country" (MEDC), is a sovereign state that has a highly developed economy and advanced technological infrastructure relative to other less industrialized nations. Most commonly, the criteria for evaluating the degree of economic development are gross domestic product (GDP), gross national product (GNP), the per capita income, level of industrialization, amount of widespread infrastructure and general standard of living (IMF, 2015). Which criteria are to be used and which countries can be classified as being developed are still subjects of debate.

Another characteristic of advanced economies is that they have post-industrial economies, meaning the service sector provides more wealth than the industrial sector. They are contrasted with emerging countries, which are in the process of industrialization, or frontier countries, which are pre-industrial and almost entirely agrarian. As of 2015, advanced economies comprise 60.8 percent of global GDP based on nominal values and 42.9 percent of global GDP based on PPP (IMF, 2015). In 2015, the ten largest advanced economies by GDP in both nominal and PPP terms were Australia, Canada, France, Germany, Italy, Japan, South Korea, Spain, the United Kingdom, and the United States (IMF, 2015).

Emerging Economies

An emerging market economy is defined as an economy with low to middle per capita income. Such countries constitute approximately 80 percent of the global population, and represent about 20 percent of the world's economies. The term was coined in 1981 by Antoine W. Van Agtmael of the International Finance Corporation of the World Bank.

Although the term emerging market is loosely defined, countries that fall into this category, varying from very big to very small, are usually considered emerging because of their developments and reforms. Hence, even though China is deemed one of the world's economic powerhouses, the second economy in size, it is not considered an advanced economy and lumped into the category of emerging alongside much smaller economies with a great deal less resources, like Tunisia. Both China and Tunisia belong to this category because both have embarked on economic development and reform programs, and have begun to open their markets and "emerge" onto the global scene. Emerging economies are fast-growing economies (IMF, 2015).

Originally brought into fashion in the 1980s by then World Bank economist Antoine Van Agtmael, the term signifies a business phenomenon that is not fully described by or constrained to geography or economic strength; such countries are in a transitional phase between developing and developed status. Examples of emerging markets include many countries in Africa, most countries in Eastern Europe, some countries of Latin America, some countries in the Middle East, Russia and some countries in Southeast Asia (Jain, 2006).

Frontier Economies

There is no universal definition of what constitutes the frontier market, but it essentially consists of countries that are economically even less developed than emerging market economies. Frontier markets are categorically the riskiest markets in the world in which to invest and conduct business. They often contain substantial political and currency risk. The term "frontier market" is used for developing countries with slower economies than "emerging."

A frontier market is a type of emerging country which is less developed than the least emerging countries, and with an economy too small to be generally considered an emerging market. The term is an economic term which was coined by International Finance Corporation's Farida Khambata in 1992.

Internationalizations from Advanced, Emerging and Frontier Economies

Empirical literature on internationalization of MNEs from advanced economies is relatively abundant and covers all main modes of entry, from location and degree of control to post investment performance as well as internationalization strategies. An evolution in the internationalization of MNEs from advanced economies points out the tendency of conducting R&D activities abroad, while the traditional view considered that MNEs would only reproduce abroad their methods developed on their home markets (Pearce, 1992). Currently, researchers understand that MNEs are often seeking complementary assets abroad to enlarge their ownership advantages (Serapio and Dalton, 1999; Hayashi and Serapio, 2006), meaning that EMNEs are not the only ones attempting to develop ownership advantages abroad.

In terms of competitiveness assets, it is believed that MNEs from advanced economies have an inherent advantage over EMNEs, which is the effect of the country of origin stereotype over its international branding. Thanasuta et al (2009) argued that products from highly industrialized economies usually are seen as superior in terms of quality and technology, making the country of origin effect to have a great influence over the consumers' willingness to pay. Li (1994) analyzed the internationalization strategies of 180 services MNEs from advanced economies, including the U.S., Japan and the EU, into the Asia-Pacific region between 1980 and 1986 and found no difference between the strategies employed by service and manufacturing enterprises located in the Pacific region. Barkema et al (1996) found that Dutch enterprises preferred the Uppsala model, while Spaniard MNEs preferred mergers and acquisitions as a mode of entry (Alavarez-Gil et al, 2003).

Analogously, cultural distance influenced MNEs from advanced economies differently. Li (1994) found that MNEs from U.S., EU and Japan preferred markets with a shorter cultural distance from their home country. In Greece, cultural distance was identified as a positive factor in the mode of entry, particularly for FDI performance (Kessapidou and Varsakelis, 2002) in line with Morosini et al (1998) findings for Italian MNEs. Greater cultural distance reduced the likelihood of using higher commitment entry strategies (within that growing sequence: contractual agreement, shared-ownership FDI, full-ownership FDI) for the Spanish enterprises (Quer et al, 2007).

Regarding EMNEs, as well as frontier MNEs (FMNEs), both share some common features, particularly distance. Ghemawat's distance framework (2001) is an important theoretical foundation for internationalization strategies of EMNEs and FMNEs (Malhotra et al, 2009; Sethi, 2009). Sethi (2009) argued the Uppsala model is not as relevant for EMNEs as far as mode of entry is concerned, as many of these EMNEs tend to leap-frog into FDI through joint ventures or wholly-owned subsidiaries, citing examples such as EMNEs from BRICS (Brazil, Russia, India, China, and South Africa) and Turkey (Demirbag et al, 2010). The model seems to be relevant for FMNEs, including LAMNEs, with regards to location, as mode of entry, since FMNEs internationalization tend to be regional or bi-regional (Museisi, 2013). Nonetheless, the impact of cultural distance is mixed. Lee et al (2008) argued that cultural distance was not a significant factor in determining the degree of control for Korean enterprises, but found cultural distance to be significant for inward investment than outward investment. In the same vein, Malhotra et al (2009) found that cultural distance has a significant negative impact on the number of cross-border acquisitions by EMNEs.

Knowledge Gap

The global business landscape is changing rapidly with the increasing presence of multinational enterprises across many economies, from advanced and emerging to frontier. The vast amount of literature on the topic suggests most OFDI flows take place from advanced economies (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.

Tables 2.4 a and b provide information on the number of literature references available on google.com, characterized 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. Both tables provide the same information but depicted differently for quick analysis. Table 2.4a is color coded with dark to light green for high less high incidence of information available, to light red to dark red to depict less to lesser amount of information available. Table 2.4b provides a bar chart coupled with the same hit scores from Table 2.4a for easy visualization of the larger amount of information available on advanced economies (AE) versus lesser information for emerging markets (EE) and much fewer availability for frontier markets (FE).

Table 2.4a and b – Number of OFDI literature references on google scholar and google.com from advanced, emerging and frontier economies, and among themselves.

Number OFDI Literature References			
	OFDI Literature References in ,000s		
	G. Scholar	Google	Total References
From AE	267	180	456
From EE	211	100	311
From FE	59	36	95
From AE > AE	97	251	348
From AE > EE	63	79	142
From AE > FE	26	25	51
From EE > EE	99	186	285
From EE > AE	38	115	153
From EE > FE	24	18	42
From FE > FE	33	17	50
From FE > EE	25	23	48
From FE > AE	18	25	43

Table 2.4a

Number OFDI Literature References			
	OFDI Literature References in ,000s		
	G. Scholar	Google	Total References
From AE	267	180	456
From EE	211	100	311
From FE	59	36	95
From AE > AE	97	251	348
From AE > EE	63	79	142
From AE > FE	26	25	51
From EE > EE	99	186	285
From EE > AE	38	115	153
From EE > FE	24	18	42
From FE > FE	33	17	50
From FE > EE	25	23	48
From FE > AE	18	25	43

Table 2.4b

As observed in Table 2.4a, the amount of information, expressed in thousands (K) available on both google.com and google.scholar.com regarding OFDI from AE is significantly larger (456K hits) than from EE, scoring 145K less hits. The amount of information on OFDI from FE is substantially less, only 95K hits, a gap of 361K hits less than AE and 216K less than EE. More specifically, there is a lot more information on OFDI from AE toward another AE (348K hits) than to EE (142K hits), or FE, only 51K hits.

The same pattern is relatively true for OFDI from EE, but there is a lot more information available from EE onto EE (285K) than from EE onto AE (153K), suggesting greater interest of OFDI from EE onto EE than from EE onto

AE, and much less from EE onto FE (only 42K). Information from FE OFDI seems to follow similar patterns as to EEs, although the amount of information available is very significant less than those available for AE and EE. There seems to be a lot more information, and therefore interest on FE OFDI onto another FE (50K) than onto an EE (48K) or AE (43K).

As discussed earlier, there is more OFDI leaving EE and FE towards AE them leaving AE toward EE and FE. This not considering OFDI from EE toward FE and vice-versa. Such phenomenon has triggered the proliferation of studies regarding the internationalization behavior of EE MNEs' (EMNEs), although not much research is available on FE MNEs (FMNEs), as suggested in Table 2.4a and b. Most of the available studies either focused on the MNEs from the BRICS (Brazil, Russia, India, China, and South Africa) countries (Kalotay, 2008; Carvalho, Costa and Duysters, 2010; Sauvant et al., 2010) or the EMNE´s internationalization to and from AE (Milelli, Hay and Shi, 2010; Zhang, Duysters and Filippov, 2012).

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

Unlike the internationalization of MNEs from West, which resides on their knowledge and experience on foreign markets, EMNEs, and even more so FMNEs, often lack sufficient financial and market resources, as well as business and socio-political knowledge about foreign markets. This fact becomes more salient with the FMNEs' quick and risky entrepreneurial behavior in emerging and advanced economies for capitalizing on opportunities.

African FMNEs differ 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, 2003; Ramamurti, 2008). More specifically, there is a need to better understand the internationalization process of FMNEs since these markets, due to its many macroeconomic challenges, young economies, poor or inexistent institutional framework, rule of law, lack of market liquidity and greater overall investment risks, tend to discourage FDI inflows and private investments (Hitchens, 1994; Nelly, 2008; Ramamurti, 2008; Demirbag, McGuinness, and Altay 2010). Such reality is especially true for Angola and Mozambique, when considering their lack of competitive advantage, as the countries' young MNEs invariably face several challenges, from different political and economic environments and new competitors, to new laws and regulations, as well as different quality standard demands when expanding abroad (Nelly, 2008; KMPG, 2012, 2013; 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 advanced economies (Filatotchev, et al, 2007; Ibeh, Wilson, and Chizema, 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 labor force and the access to capital, where again FMNEs face even greater challenges (Jansson and Sandberg, 2008; Santos and Roffarello, 2015; Muzima and Mendy, 2015). These factors make it difficult for such enterprises, as those in the great 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. national responsiveness, global integration (efficiency) and worldwide learning (Bartlett and Ghoshal, 1987; Malnight, 2001). Additionally, leading African frontier economies' social and regulatory environment may play a role in the development of these capabilities, as per Gomez and Sanchez (2005), a country's institutional environment and its regulatory framework, has a very powerful influence on the way an enterprise is managed.

A KPMG (2012) survey conducted with national business executives in Angola found that 59 percent of the respondents were "planning to expand into new countries or geographies". The same study conducted in Mozambique by KPMG (2013) found that 54 percent of the respondents intend to do the same. What is not known is how these executives intend to carry on with their internationalization strategies, especially considering that they would have to contend with the management and advancement of market diversity of their domestic markets brought by FDI inflows and foreign MNE, an emergent middle class with diverse demands and tastes for their products and services, and a rapidly expanding economic strength fueled by exports. These developments would mean that for FMNEs to be successful, they would need to develop, or have developed, the competencies to manage high degrees of complexity and ambiguity, capabilities that would provide an advantage when operating in different countries and national cultures (Gomez and Sanchez, 2005; Gomes et al 2010).

Given that Africans in general have a problem of trusting individuals from a culture different from their own (Finestone and Snyman, 2005), hypothetically FMNE may conduct their internationalization processes based on incremental experience, on psychic distance criteria for market selection and also on networking, but the literature seems to indicate differences when it comes to competitiveness and how these FMNEs exploit their ownership advantages, even more so in the case of LAMNEs due to their inherited overall lack of competitive advantages (Santos and Roffarello, 2015; Muzima and Mendy, 2015). But still, not much research has been conducted analyzing and attempting to explain the modes of entry of FMNEs, particularly LAMNE, when internationalizing, which is the gap this research attempts to bridge.

The intersection of internationalization modes with entrepreneurship research inspired by concepts of risk and opportunity development in cross-border business activities provides a suitable venue for investigating the FMNEs entry modes when expanding transnationally. In addition, international opportunity development, which most of the empirical studies on international entrepreneurship lacks (McMullen and Dimov, 2013; Tegtmeier and Mitra, 2013) can aid further knowledge. Within the context of business networks, another important factor in the internationalization process, the aim of this research is to investigate the internationalization modes of Lusophone-African MNEs (LAMNEs) only, more specifically, in Angola and Mozambique, by focusing on the knowledge and commitment aspects taken mainly from the researches of Johanson and Mattsson (1988, 1991) and Johanson and Vahlne's (1977, 1990, 2003, 2009, 2011), among other important ones.

While these studies have made substantial contributions to the understanding of internationalization entry mode strategies of MNEs, an important gap in the empirical literature is the issue of how the inter-relationships among the determinant factors influence MNE's entry choices[10]. The importance of examining the effects of inter-relationships derives from the fact that they may explain an enterprise internationalization strategy that cannot be captured by the independent effects of the factors. For example, an enterprise that have lower levels of ownership advantages are expected to either not enter foreign markets or use a low-risk entry mode such as exporting. However, many such enterprises have been observed to enter foreign markets, particularly those that have high market potential, using joint ventures and licensing deals (Talaga,

[10] The only significant research worth mentioning that has examined such interactions is by Gatignon and Anderson (1988), which examined the effect of interaction between asset specificity and country risk on the choice between joint venture and sole venture.

Chandran and Phatak, 1985; Taylor et al, 1998; Thomas and Grosse, 2001; Tahir and Larimo, 2004). This type of enterprise behavior can be better explained if the joint effect of ownership advantages of the enterprise and location advantages of the market is examined. A critical theme that this study pursues is the examination of several such enterprises strategies by evaluating the joint impact of a set of determinants.

The OECD (2013) also acknowledges that despite increasing research on enterprise's internationalization, insufficient information, such as current and future internationalization plans of MNE's and the destination of their goods and services, makes it hard for them to have a concrete image of high-growth markets and compare the characteristics of international enterprises, commercial system, business habits and barriers, etc. between high-growth and traditional (advanced) markets. There is, therefore, a pressing need for examination of researches to make MNE's international activity in specific countries, butter understand the perceptions of targets and barriers for internationalization between MNE's and governments, learn from good practices already in place and identify new policies which may be needed.

This research, however, focuses only on LAMNEs, specifically those from Angola and Mozambique, to better understand their mode of entry when internationalizing, since available internationalization theories seem not to apply to these countries' MNE's, and current empiric research on the topic is lacking or non-existent.

Hypothetically, significant differences in property structure, capital, distance, ownership, location and internalization, as explained by various theories of internationalization, suggest that frontier LAMNEs mode of entry cannot be compared to EMNEs', and much less from advanced economies MNEs'. Further research in this area is necessary to contemporize such hypothesis, refute it, or propose new ones. The analytical model proposed in this research should be able to enhance the understanding of the patterns, processes and pace of internationalization of LAMNEs derived from several factors outlined in the research methods section.

This research has also the potential to address the need to look beyond the international mode of entries and entrepreneurship of new ventures. Despite the increasing number and importance of Angolan and Mozambican MNEs, not much is known about their internationalization modes and their entrepreneurial activities for international opportunity development. Empirical literature on the modes of entry for FMNEs is very scarce, almost non-existent. This is predominantly so in the case of Angolan and Mozambican MNEs, where most of the information available is anecdotal, derived from mainstream printed and electronic media, or very specific to a frontier country or FMNE.

The purpose of this study is, hence, to contribute to the frontier markets internationalization modes' body of knowledge, by examining the internationalization strategies of a few LAMNEs from Angola and Mozambique, and contribute to the literature by highlighting the unique aspects of these frontier market MNEs and its influence on strategy development process of other enterprises aspiring to internationalize. The empirical findings of this research will be discussed in relation to prior research findings on emerging and frontier MNEs, and when appropriate from advanced economies' MNEs as well.

Chapter III - Research Purpose and Methods

Purpose

The aim of this research is an attempt to fill the knowledge gap stated above, there is, to better understand LAMNE's mode of entry when internationalizing, by highlighting the differences and similarities of the determinants and patterns of LAMNEs in their internationalization process using multiple case studies from LAMNEs at different levels of development. This research, however, is restricted only to Angola and Mozambique due to multiple resource constraints. While not generalizable, the outcomes of this research should provide valuable insights into the body of knowledge for the international business discipline.

Deriving from Ramamurti (2004, 2008) and Ramamurti and Singh (2009) studies on EMNEs, the research questions underlying this study and focused on LAMNEs are the following:

1. Why so many LAMNEs have come into prominence in the past decade?
2. What competitive advantages are they leveraging as they internationalize?

3. Are they distinctive in any way because of their origins from a frontier economy?
4. Are they distinctive in any way because of their origins as LAMNEs?
5. What internationalization strategies are they pursuing, and why?
6. What impact are they having on their respective global industries in those selected regions?
7. What are the modes of entry of LAMNEs when internationalizing?
8. How do locational advantages shape these internationalization processes?
9. How does internalization/ownership shape these internationalization processes?
10. How does the institutional environment and arrangements shape these internationalization processes?
11. How do LAMNEs differ from emerging and advanced MNEs when internationalizing?
12. How consistent or inconsistent is the rise of LAMNEs with mainstream international business theory?

Analytical Framework Integration

An enterprise's market knowledge, which may reflect how the enterprise learns about the opportunities and challenges in a market, may influence its decision to enter another market, domestic or foreign. While in a specific foreign market, however, for some MNEs, current activities within the market may influence decisions to commit resources into the market gradually (Johanson and Vahlne, 1977, 1990; Johanson and Mattsson, 1988, 1991).

Other enterprises may approach such internationalization by advantageously exploiting their enterprise-specific assets through the process of internalization, taking advantage of the location attractions of the host country's compared with those offered by other countries, and benefiting from the governments' role in influencing international business patterns as well as access to some relevant institutional infrastructures that may be combined to produce a non-incremental internationalization. Above all, it is not unlikely that the same MNE can exhibit any of these listed behaviors at the same time as they enter different foreign markets, for the factors in the proposed model are interrelated. It is, therefore, crucial when conducting this research, to be able to theorize on the mode of entry of LAMNEs when internationalizing, reflecting on the same lines of analysis depicted above.

While, in principle, each of the internationalization frameworks can be complementary to each other, rather than competing, an integration of the Uppsala internationalization model with the Eclectic paradigm and CAGE distance framework can be very synergetic. Alone, each falls short in providing very rich and comprehensive insights into understanding the complex behavior or actions of international marketers in various contexts. Amal et al (2010) adopted similar strategy by integrating the Uppsala framework with the Eclectic paradigm when researching intra-sector comparisons among MNEs from advanced economies and EMNEs. Museisi (2013) integrated the transaction cost framework with the Uppsala model, the eclectic paradigm, and the CAGE distance framework, when researching South African MNEs entry mode strategies in Africa.

As depicted in Figure 3.1, throughout the investigation process, this research will adopt an integrated approach that combines three frameworks, including the Uppsala model, the eclectic paradigm and the CAGE distance framework, all of which were sufficiently described in the literature review. The integration of these three frameworks might provide richer and more comprehensive understanding for the mode of entry of LAMNEs when internationalizing. This investigative frame will serve as an analytical tool throughout this research.

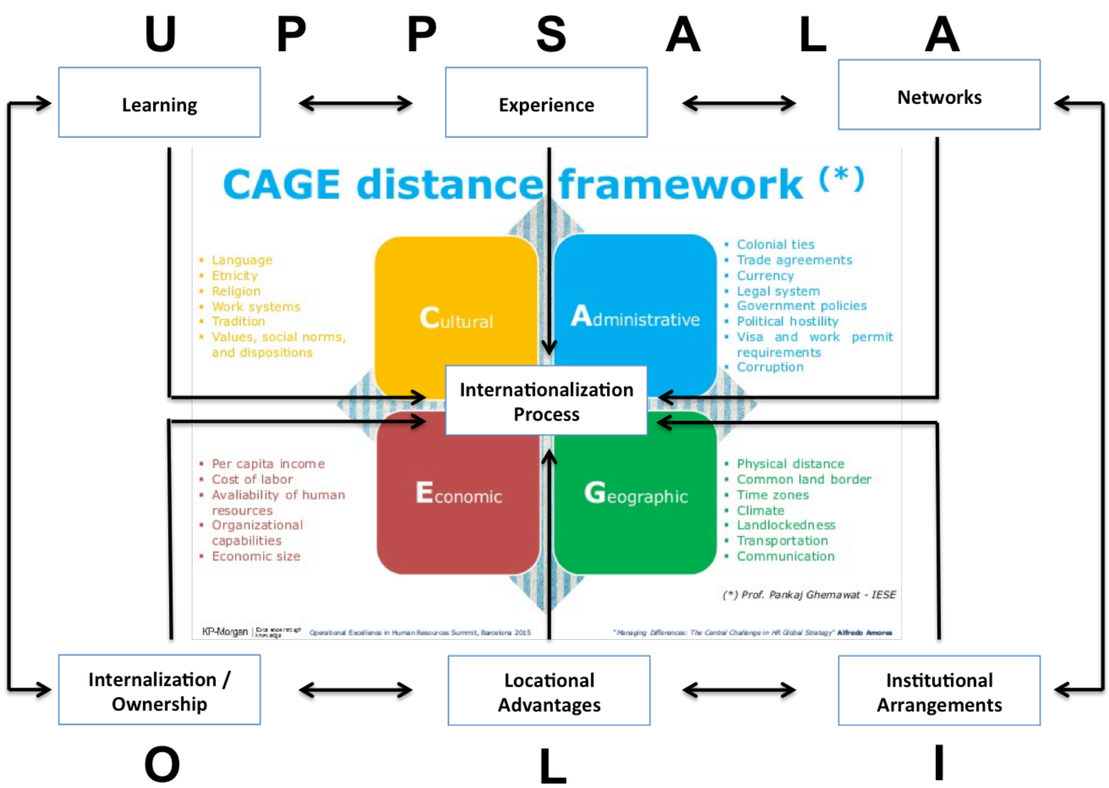


Figure 3.1 – Potential factors that may influence an enterprise's internationalization process. Source: adapted from Amal et al (2010) and Museisi (2013).

Research Methods

This research uses a qualitative approach method with an exploratory and reflexive nature (Alvesson and Sköldberg, 2009), which allows deeper cross-cultural understanding (Marschan-Piekkari and Welch 2004; Arber, 2006). The research process was descriptive and explicative in an attempt to coup with much unknown regarding the local business environment and culture, as well as market conditions in the Lusophone-Africa, namely in Angola and Mozambique

(Bencich et al, 2002). Descriptive as it 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. Eisenhardt (1989) and Chenai (2011) had previously defended the use of qualitative research in a new area in which already existent theory seems inadequate, while proposing strategies for addressing instrumentation and researcher bias.

The goal of this research was to conduct multiple case studies with at least five Angolan and five Mozambican MNEs using the type of research argued by Yin (2003) as being the preferred approach when 'how' or 'why' questions are to be addressed. Pauwels, P., and Matthyssens, P. (2004) and Ghauri (2004) argued that the strengths of a case study rely on allowing longitudinal approach and on its contextually ability, to help the researcher to explore the environment in depth. This process allows not only theory testing, but in its holism, facilitates the investigation of a phenomenon from a variety of levels.

This research method also allowed addressing questions related to the determinants and patterns of internationalization of these LAMNEs. Hence, since the focus of this research was the analysis of the differences and similarities of the determinants and patterns of LAMNEs in their adopted mode of entry in the internationalization process, the case study approach allowed for examination of contemporary and relevant events, intrinsically correlated, enabling the manipulation of a large array of evidences (Yin, 2003).

Adopting Gorden (1980) interview strategy techniques and tactics, in addition to the interviewees' answers to the interview guide, secondary data was also collected from all targeted Angolan and Mozambican LAMNEs by reading the enterprises' website, documents, press releases, articles, and other kinds of publications. A comparative analysis was conducted in order to investigate how different factors were important in each case and to highlight the substantial differences on the internationalization process of these frontier economies LAMNEs.

The investigation process was also exploratory, using data from various sources, including World Bank, World Economic Forum, IMF, UNCTAD, other documents and bibliographic sources available electronically, and most importantly, through the multiple case analyses drawn from the field research semi-structured interviews that were conducted in Angola and Mozambique (Yin, 2003). The aim of these interviews was to enable the exploration of the differences and similarities of the internationalization processes of LAMNEs with those of advanced and emerging economies.

Research Design and Methods

This research uses a qualitative online survey, semi-structured interviews, and a descriptive case study method to investigate the research questions (Yin, 2003). The use of a case study method, involving multiple sources of information rich in context, seems appropriate to the complex context (Yin, 2003; Creswell, 1998). These sources include but are not limited to reports, research findings, cases, surveys, interviews, articles, documents, and observations.

I used the method of in-depth, phenomenological interviewing (Seidman, 2006), focusing my analysis 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 internationalization process of their MNEs. I chose this method because I believe the meaning interviewees make of their own experience affects the way they carry out their experience (Blumer, 1986).

Using in-depth interviews, my goal was to have interviewees reconstruct their experience within the topic of this study (i.e. motivations for internationalization, modes of entry, foreign market's knowledge, etc.). There were three focuses that was covered during the in-depth semi-structured interviews of 60/90 minutes with each interviewee.

The first focus was on their *life history*, on their professional background, how they joined the company, and how they begun to contemplate the possibility of expanding abroad, to set their context within the object of research. The second focus was on the *details of their experience* internationalizing their business beyond their country's border, the advantages they saw, their challenges, the disadvantages, how they perceive the internationalization process, their concerns, etc. The third focus was on the *reflection of the meaning*, addressing the intellectual and emotional connections of the interviewee and the effects of the internationalization process on themselves, their staff, and their company as a whole. A list of the semi-structured interview questions can be found in Appendix C: Semi-Structured Interview Guide.

Data Collection

The sources of data in attempting to answer the questions of this research were, in no specific order or linear sequence, but rather based on data availability and discovery:

1. Articles; researches; documents and materials regarding internationalization modes of MNEs, EMNEs, FMNEs and LAMNEs,

including but not limited, to global government reports, national and international media, reports from the International Monetary Fund (IMF) and the World Bank (WB), as well as the World Economic Forum (WEF); the International Chamber of Commerce (ICC), other in-country chamber of commerce and internationalization associations (i.e. the Comunidade de Empresas Exportadores e Internacionalizadas de Angola/Angolan Community of Exporters and Internationalized Enterprises - CEEIA), international trade publications, and advocacy group documents);

2. Online survey Likert scale questionnaire responses (see Appendix B: Online Survey Questions);
3. Documents and materials from public and private institutions being studied in this research, as well as small and medium enterprise (SME) official's opinions whenever possible;
4. Transcripts of 60/90 minutes tape-recorded semi-structured interviews with a minimum of 6 and a maximum of 10 willing FMNEs from Angola and Mozambique corporate officials, senior management and/or decision-makers;
5. Field Notes that I will write down during and after my interviewing visits (memos).

Research Survey Limitations

The research survey is subject to the following limitations:

1. It investigates only MNEs from Angola and Mozambique.
2. It does not seek to elicit senior management from Angolan and Mozambican MNEs' personal views regarding ongoing political issues effecting the internationalization strategies, experience and day-to-day. Rather the study is intended to analyze and reflect the experiences and perspectives of the population surveyed solely with regards to internationalization *process*, its catalysts and challenges.
3. While the internationalization of LAMNEs are subject to various geo-political and socio-economic aspects, as well as target countries' economic, political and trading policies that may impact these internationalization strategies at a macro and micro economic levels, the data collected—for reasons previously described—was directed only at the selected population surveyed.
4. While 716 invitations were sent out via email through LinkedIn, Twitter, and corporate email venues, to Angolan MNEs' prospect corporate officials, senior management and decision-makers, and 566 to Mozambicans MNEs' inviting them to participate in the online survey and semi-structured interviews, there was no guarantee that

the great majority of them would respond, since the researcher was based in the United States and these MNEs in Africa, they did not previously to the research knew each other, or had any business or otherwise relationship. In fact, from the total of 1,282 invitations sent out at least three times in different occasion and modes (i.e. via LinkedIn at first, via Twitter whenever possible at second, via corporate email and/or introductions at third), only 29 prospects answered the online survey and 26 agreed to meet in person, both in Luanda-Angola and in Maputo-Mozambique to be interviewed. This constraint may affect the generalizability of the findings.

Online Survey Sampling Strategy

The online survey of a total of 29 MNEs, which a screenshot of the header showing the total of respondents can be seen in Figure 3.2, explored respondent's views regarding the internationalization process of their enterprises, their experiences with such process and modes of entry. Survey questionnaire were tested for construct validity in a pilot study, including mostly Likert-scale questions and one open-ended question, making sure that there were no leading questions or wording that could narrow participant's responses. The decision to use mostly Likert-scale questions was an attempt to increase the rate participation and to minimize the effects of my biases on the responses and their interpretation.

Figure 3.2 – Total number of respondents to the online AO-MZ internationalization modes survey. Source: ConstantContact.com survey engine.

Semi-Structured Interview Sampling Strategy

The selection of the semi-structured interview participants was done from a list of all online surveyed respondents that were willing to be interviewed face-to-face or over the phone. Each respondent had the freedom to choose to be interviewed and were required to indicate that on the survey as well as provide contact information, although they were all guaranteed confidentiality unless they were giving express permission to disclose their identity by providing such information in the online survey. The plan was to interview as many survey respondents as possible, but no less than six in Angola and four in Mozambique.

These follow-up semi-structured interviews, optional to all survey respondents, were digitally recorded and conducted face-to-face as much as possible (12 face-to-face interviews in Luanda, Angola, and 10 in Maputo, Mozambique), or over videoconferencing using Skype, WhatsApp, or WeChat (two with Angola and two with Mozambique) or phone (none, to avoid international calling charges) for a total of 14 interviews in Angola and 12 in Mozambique. These semi-structured interviews explored the views and experience of respondents in greater depth and allowed them to go beyond the constraints of the multiple-choice survey in discussing and reflecting on their views regarding the internationalization mode and process of their MNEs.

From the 29 survey respondents, 14 from Angola and 12 from Mozambique, agreed to be interviewed respectively. In-depth interviews of 60/90 minutes were scheduled (all interviews had a least 60 minutes of duration, with an average of 74 minutes per interview) to further explore and discuss the internationalization modes and process of the respondents MNEs, cross reference and triangulate the responses of the survey, and explore any additional information and emic themes that could arise.

The intent of the emic approach is to investigate how local interviewees think (Kottak, 2006), how they perceive and categorize the world, specifically how they select a target country for internationalization, the learning, experience and networking process (Uppsala), the role of culture, governance, geography, economy (CAGE), Dunning's OLI, and their own personal rules for international behavior, what has meaning for them, and how they imagine and explain things. All selected interviewees must satisfy the same inclusion criteria used for the survey respondents and must have opted to participate in the interview when taking the online survey.

An identifier code (see Appendix D) comprised of eleven digits was generated for each interviewee to protect confidentiality and preserve anonymity. The first five digits of the code identifies the number of MNE interviewed (e.g. MNE01, MNE02, MNE03, etc.), the second two digits identifies the rank or position of the interviewee (e.g. UM for Upper Management to include executives and CxO positions and MM for Mid-Managers), and the last four digits identifies each interviewee being interviewed per country, preceded by the country international code (e.g. AO01, AO02, for interviewees from Angola and MZ01, MZ02 for interviewees from Mozambique).

All selected interviewees must satisfy the following inclusion criteria:

a. Be a citizen or permanent resident of Angola and/or Mozambique;
b. Be willing to participate in the anonymous online survey before being willing to be interviewed and granted confidentiality;

c. Have established an enterprise presence in an international market or be in the process of doing so within the next six-twelve months from the time of answering the online survey and being interviewed;
d. Be in an executive or senior management position, or being a decision-maker within any private and local (in Angola or Mozambique) enterprise that have internationalized or is in the process of doing so within six-twelve months from the time of taking the online survey; and
e. Have read and signed the informed consent form prior to gaining access to the survey. All the respondents received the form via email to sign and return via fax or e-mail, or digitally signed it on an iPad, using their finger, and a copy was emailed back to them before the interview took place.

Participant Observation Notes

I took field notes (memos) to record my initial observations of respondents during interviews or phone conversations, their reactions and interactions, and any informal comments and exchanges during encounters with interviewees and/or visits to their MNEs. Following these visits and/or interviews, I wrote memos to record my thinking, reactions, reflections, and conceptualizations, while keeping them separate from the participant observation field notes recorded during any visits to these MNEs. I reviewed and code both field notes and memos, then entered these coded memos with the coded interview transcripts as files into NVivo software for cross-referencing with survey and interview transcripts for data analysis.

Data Analysis

The data analysis was ongoing, and the methods were a bit different for the survey and interviews. Attempts were made to condense and transform the data by coding and analyzing it throughout the data gathering process. Open coding, patterns and themes were developed, and then cross-survey/interview displays and matrices were built within NVivo. In the transcripts, themes and metaphors that interviewees used to describe or explain the internationalization process of their enterprise were captured and analyzed. I then checked for and systematically considered, and did not ignore divergent explanations that might have discontent or surprised my own views.

Survey

NVivo was used for textual data analysis and theory construction, to tally the responses to the Likert-scale questions from the survey and field observation data. Once entered, the data was coded for each respondent, to preserve the integrity of his or her responses. To code the data initially, the categories of the questions in the survey were used. I then remained open to identifying and tagging new concepts and themes that emerged from respondent's comments to the open-ended question (question 14: Are there any other factors, not mentioned in the previous questions, that you consider when you evaluate a potential internationalization strategy?). Descriptive statistical analysis of the Likert-scale online survey was conducted to provide simple summaries of the response results. Graphical displays or tabular descriptions of the data were used to summarize results and comparisons of responses. Histograms were developed to show the averages (central tendency) and statistical variability of results of the survey.

NVivo allowed me to use words, phrases, and concepts directly from the transcripts as codes. The coding allowed me to label the themes arising from the data, and sort the information into distinctive categories, which were then rank ordered from most frequently occurring value to the least (e.g., economic, administrative factors, etc.). Special attention was given to the open-ended question (number 14 cited above) responses on the survey, by identifying and cataloguing the themes that emerged in the responses and comparing these emerging themes across respondents and field observation data to identify patterns, and group them by categories. Some basic frequency/cross-tabulations on the data were performed to measure the quantifiable responses.

Interviews Transcripts

Interviews were transcribed within two weeks after the interview sessions, and then coded. I read the interview transcripts and coded first by question from the Interview Guide (Appendix C), then by open coding to tag themes that emerged. For the first cut at coding, I grouped and sorted interview responses by the main research questions. Then I performed an open coding to tag themes and insider, or *emic*, concepts that emerged on both survey responses and interview transcripts when interviewees explained or made sense of their own experience at their respective MNEs. I coded and analyzed the memos and field notes (Strauss, 1987; Strauss and Corbin 1994), as a source for substantive categories (e.g., "ownership advantages," "location advantages," "internalization advantages," "Competitive pressure," "Overproduction," "Declining domestic sales," etc.), inducing new meanings from the available data.

Preliminary results of the data analysis were summarized with data matrices, histograms or charts that organized and compressed interviewee's concepts and issues, which then was used during the data analysis process of the semi-structured interview results, to provide a way of organizing the data when interview transcripts were coded. These matrices allowed for extrapolation from the data enough to begin to discern systematic patterns and interrelationships between the interviews and the online survey results.

To deepen understanding of the online survey results and the semi-structured interviews, field notes, and research literature, surprises and contradictory statements were expected to arise. For example, while I expected indications of heavy foreign direct private equity investments into these MNEs as they internationalize, this seemed not to be the case.

Validity

By validity, for this study, I meant a broader concern for whether the conclusions being drawn from the data accurately convey the respondents' and interviewee views, and can withstand alternative explanations (Lather, 1986).

Data Validity

To ensure that the data collected accurately reflect the views of the interviewees and not the researchers' own interpretations, transcriptions of each interview were *verbatim* and outsourced to a group of graduate students in Brazil. In addition, I was alert to patterns of inter-connection in the data that may had differed from what I may had expected. Furthermore, I systematically addressed four possible types of validity threat: Reactivity, Researcher bias, Participant bias, and Misinterpretation (Lather, 1986).

a. *Reactivity* - To minimize the validity threat of my influence on the interviewees and survey respondents, I made every effort to ensure they trusted me enough and shared what they really believed. I began developing professional relationships with potential interviewees through LinkedIn.com at least six months before I met them in person when in Angola and Mozambique. I made sure to convey to each of them that our professional relationship was above and beyond this research and by no means conditioned to it. When approaching them for this research I briefed them on the purpose of this study, referred them to the research prospectus in Portuguese and English (see Appendix E and F respectively) and the bi-lingual informed consent (see Appendix A); I also emphasized that I was open to learning their views and did not have a preconceived idea or agenda;
b. *Researcher Bias* – I constantly confronted any of my own ideas, bias and pre-concepts on the research topic by developing awareness of it through memoing, sharing preliminary data with other researchers and scholars, and constantly separating out my views and emerging interpretations

from the data, reminding myself of what my opinions and impressions were coming into this research, as well as my own theory about the topic;

c. *Respondents and interviewees' biases or misunderstanding of research purposes* - To ensure that respondents and interviewees were not afraid to voice their true views, for example, because they may fear that I had a hidden agenda, I clearly conveyed to them that I did not work or represent any government institution or competitor, that I had no stake in the results of this study, except for the interest in the information that could be provided for academic reasons, and that I would protect their privacy, anonymity and confidentiality;

d. *Member checks*, as cumulative data were gathered from semi-structured interviewees, I tested it through pattern matching, and explanation building. For example, I paraphrased my understanding of something interviewees said during the semi-structured interviews and asked them to react to it or confirm that my interpretation had correctly captured their views. I also reread the survey responses and transcripts to check for support, conflicts or discrepancies with my findings and literature review.

Validity of Coding & Analytical Categories

I ensured that the conceptual framework that emerged from the views of interviewees accurately represented their understandings of the issues by analyzing the transcripted data:

a. I wrote analytic and reflective memos to record my own reactions and reflections on the interviews and kept them separate from field observations of actual interview comments and behaviors during the interviews;

b. I conducted *meaning checks* (Agar, 1980) with interviewees after I had coded the transcripts, to verify that I had correctly understood the intended meaning of their views or comments, by paraphrasing. I used some of the responses from the open-ended question from the survey (question 14) to follow-up during the interviews as a source for themes to pay attention to. This at times required me to modify some of the interview questions, or the order in which they were asked;

c. *Recurrent themes,* as well as new themes were tagged and checked for discrepancies; I paid heed to discrepancies and followed-up with a telephone call while I was still in the country, both Angolan and Mozambique (or via WhatsApp, Skype, or WeChat) to further discuss with the interviewees any clarification I needed;

d. *Coding:* To strengthen the reliability of the coding, I asked a second reader to code a transcript, and then compare the consistency and inter-rater reliability of the coding. For example, shared transcript excerpts with two prominent researchers familiar with this topic, who have agreed to advise this study: Dr. Alvim Borges, Ph.D., from the Federal University of Espirito Santo, Brazil, and Dr. Celso Malachias, Ph.D. from Fundacao Getulio Vargas, in Sao Paulo, Brazil. Both had agreed to code a transcript for internal validity.

e. *Triangulation:* was used as a separate data collection strategy to help ensure validity. I collected and analyzed data from multiple sources, including review of relevant literature, memos and notes, survey and interviews. These sources did not necessarily corroborate one another, and even conflicted, but fulfilled the two main goals of this triangulation: the confirms and completeness of data. Above all, for this study, I intended to use triangulation by consciously using multiple data sources and methods to crosscheck and validate my findings continuously. From these different data sources, I considered and did not ignore competing and disconfirming, as well as confirming, explanations.

Validity of Conclusions

Before I could draw any conclusions, I had to step back to consider what the analyzed data meant and to assess its implications for the questions of this study. The reliability and validity of the data required me to revisit the data as many times as necessary to cross-check and verify emerging conclusions. I tested the meanings emerging from the data for their plausibility and confirmability. For instance, I referred to the literature reviewed, transcripts of interviews, and a few times, contacted respondents/interviewees in Angola and Mozambique to ask for clarifications, paraphrased my assumptions and asked them to confirm if I understood what they meant (Miles and Huberman, 1994, p. 11).

Chapter IV – Data Gathering, Analysis, Results and Findings

This study provided the opportunity for a better understanding and in-depth analysis of how frontier Lusophone African MNEs (LAMNEs), specifically from Angola and Mozambique, have been internationalizing, their mode of entry. It also considered the macroeconomic determinants of these internationalizations in an attempt to close an existing gap in literature and provide some insights on internationalization dynamics amongst LAMNEs.

Major Research Question

This study sought to answer the overarching question of whether LAMNEs follow a similar path adopted by other emerging and advanced MNEs as they internationalize.

Sub questions

- Are there firm specific variables more pertinent for Angolan and Mozambican MNEs?
- Does distance, per Ghemawat (2001), between two countries manifest along culture, administration, geography and economy still matters when developing a mode of entry strategy when internationalizing?

- Why so many LAMNEs have come into prominence in the past decade?
- What competitive advantages are they leveraging as they internationalize?
- Are they distinctive in any way because of their origins from a frontier economy?
- Are they distinctive in any way because of their origins as LAMNEs?
- What internationalization strategies are they pursuing, and why?
- What impact are they having on their respective global industries in those selected regions?
- What are the modes of entry of LAMNEs when internationalizing?
- How do locational advantages shape these internationalization processes?
- How does internalization/ownership shape these internationalization processes?
- How does the institutional environment and arrangements shape these internationalization processes?
- How do LAMNEs differ from emerging and advanced MNEs when internationalizing?

- How consistent or inconsistent is the rise of LAMNEs with mainstream international business theory?

Data Gathering

The population sample identified for this study was not easy to identify and select. Due to complete lack of contacts with potential MNEs in Angola and Mozambique a long process of identification of potential MNEs for this study took place in the space of eight months.

During that time, preliminary research was conducted on the Web, market research and international management consulting firms, such as McKenzie, Boston Consulting Group, KPMG, in an attempt to identify potential leads that would meet the research criteria outline in chapter 3. Through this process, through the course of two months, from October-November of 2015, a total of 125 prospect enterprises were identified in Angola and Mozambique, most of them based in Angola. These enterprises were contacted via email after a quick research at their corporate website. Only four of them agreed to answer the online survey, three in Angola and one in Mozambique, but only two, from Angola met the criteria for this study to answer the survey and be interviewed.

Another strategy was then used in an attempt to identify potential MNEs in those countries for this research via the social professional network, LinkedIn.com. During three months, from January-March 2016, a total of 987 invitations to connect were sent to potential contacts at enterprises in Angola and 678 in Mozambique. From these, 503 from Angola and 575 from Mozambique agreed to connect. From these, a total of 26 MNEs, 14 from Angola and 12 from Mozambique agreed to be interviewed. Therefore, due to the small number of enterprises interviewed, the results of this study cannot be generalizable. A more in-depth research, with a much larger population sample would need to be undertaken. Nonetheless, the results of this research do provide some insights into the topic and hopefully may be able to serve as a springboard to further research in this area.

The interviews took place face-to-face with these executives in Luanda, Angola during July 7-20, 2016, and in Maputo, Mozambique during July 20-29. Most interviews were digitally recorded and conducted in Portuguese, except for two in English and one in Spanish. All interviews last from 70-90 minutes and confidentiality was guaranteed. The interview recordings were subsequently transcribed by graduate students in Brazil to expedite the research process, prevent my own biases, and save time.

During data check, when transcripts were read and compared to recordings for accuracy, two interview had to be excluded due to lack of clarity and data inconsistencies. Hence, a final total of 14 Angolan and 10 Mozambican MNEs were considered for analysis.

Overview of the Study and Findings

This study comprised of an online survey and in-depth semi-structured interviews. The data collected through the survey allowed for a broader population of respondents, enabling the capture of several perspectives of LAMNE senior management on the internationalization process of their enterprises, their motivation, challenges and opportunities faced. The data collected from the semi-structured interviews provided a detailed and in-depth perspective on how these internationalizations are taking place.

Online Survey Data Analysis

After introductions were made and a research prospectus were shared, a total of 126 respondents met the criteria to participate in this research but only 29 answered the online survey. In exchange for their participation in the survey all respondents were granted anonymity, although some of them voluntarily disclosed their personal identify. Therefore, all respondents are listed by company name, but without their personal information, except when permission was granted.

The online survey contained questions to measure how the MNEs rated internationalization motives and factors that were important to them when internationalizing, but also contained questions on control variables concerning the characteristics of the MNEs themselves. The control variables (selection criteria) provided information about what kind of MNE could respond the survey.

The most important part of the survey, however, was the grading of the motives for internationalization. The MNEs were asked to grade these motives on a five-point Likert-scale. The scale started with "not important" (ranking=1) to "very important" (ranking=5). The responses were analyzed for both single motives and groups of motives (details of ranking are provided in such instances).

Focus was concentrated on rankings ranging from 4-5, which indicated high importance for a motive. For each motive, all responses with a 4 or 5 rating on the Likert-scale were added and then divided by the total number of responses for that motive. This resulted in a percentage of the responders who considered the motive to be important or very important, which is defined as positive answering ratio. The results were also analyzed and compared for the five groups of motives. The positive answers (4 or 5) within each group were summarized and divided by the total number of answers for that group, providing a positive answering ratio for the whole group (refer to Figures 4.Xb).

The first part of the survey consisted of control variables. Another consideration was with the cultural, administrative, geographic, and economic (CAGE) distance framework, which helps managers identify and assess the impact of distance when internationalizing. As discussed in chapter 3, Dunning's OLI framework questions, as well as Uppsala and the Network theories were used to better understand how these LAMNEs are internationalizing.

When asked about their personal information and *position* they held at their enterprises, the online survey found that all the respondents were senior executives of managers, occupying various decision-making positions varying from Country Managers, COO, CEO, CIO, President, General Manager, Founder, CTO, Country Ops Manager, Economist, Central Auditing Director, VP of International Marketing, Commercial Team Coordinator, in addition to many undeclared, for confidentiality reasons.

When asked if they had interest in being personally interview, and after reminding them that to qualify for the interview their enterprise had to be already internationalized or in the process of internationalization, as depicted in Figure 4.1, 21 (19+2) of them agreed to be interviewed. Later, once interviews started in these countries other enterprises agreed to be interviewed, for the total of 26, while others declined for various reasons, as depicted in Figure 4.2, including but not limited to being too busy (*estou muito ocupado*), only available via email, not being the right person to be interviewed (*nao e a minha area de trabalho no banco*).

2

Do you have interest in being personally interviewed regarding internationalization modes? Remember, to qualify for the interview your�enterprise must already have a�presence abroad or are in the process of expanding abroad.Voc� tem interesse em ser entrevistado pessoalmente sobre modos de internacionaliza��o de empresas? Lembre-se, para se qualificar para a entrevista sua empresa j� deve ter uma presen�a no exterior ou estar em processo de expans�o no exterior.

Answer	0% 100%	Number of Responses	Response Ratio
Yes, please contact me.		19	65.5%
No, I have no interest.		8	27.5%
Other (View all)		2	6.8%
No Responses		0	0.0%
	Totals	29	100%

Figure 4.1 – Respondents that agreed to be interviewed after answering the online survey (19+2 other).

Comment(s) for:

2

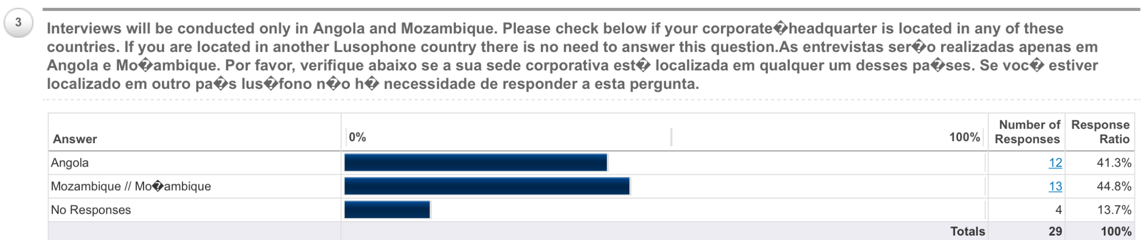
Do you have interest in being personally interviewed regarding internationalization modes? Remember, to qualify for the interview your�enterprise must already have a�presence abroad or are in the process of expanding abroad.Voc� tem interesse em ser entrevistado pessoalmente sobre modos de internacionaliza��o de empresas? Lembre-se, para se qualificar para a entrevista sua empresa j� deve ter uma presen�a no exterior ou estar em processo de expans�o no exterior.

6 Responses 10 per page Update

Answer	Respondent
A Cervejas de MoÃ§ambique nao tem experiencia de internacionalizaÃ§Ã£o como empresa. apenas exportamos os produtos para o exterior.	Anonymous
It,s always good to us to be visible on international scale and starting with an interview its morethem a pleasure.	Anonymous
NÃ£o Ã© minha Ã¡rea de trabalho no Banco	Anonymous
I have already accepted to be interviewed.	Anonymous
By email, please	Anonymous
Estou muito ocupado.	Anonymous

Figure 4.2 – Overall comments left by respondents when asked if they had interest in being interview.

A total of 29 enterprises eventually agreed to be interviewed, as depicted in Figure 4.3, with 12 declared in Angola and 13 in Mozambique. They were instructed NOT to agree to be interviewed if they were based on any Lusophone country other than Angola or Mozambique. Four others agreed to be interviewed over the phone only to maintain confidentiality, or for not being in the country at the time interviews took place. These interviews were conducted via Skype or WhatsApp.


3 Interviews will be conducted only in Angola and Mozambique. Please check below if your corporate�headquarter is located in any of these countries. If you are located in another Lusophone country there is no need to answer this question.As entrevistas ser�o realizadas apenas em Angola e Mo�ambique. Por favor, verifique abaixo se a sua sede corporativa est� localizada em qualquer um desses pa�ses. Se voc� estiver localizado em outro pa�s lus�fono n�o h� necessidade de responder a esta pergunta.

Answer	0% 100%	Number of Responses	Response Ratio
Angola		12	41.3%
Mozambique // Mo�ambique		13	44.8%
No Responses		4	13.7%
	Totals	29	100%

Figure 4.3 – Respondents that confirmed being based in Angola or Mozambique and that agreed to be interviewed.

When asked how many employees their enterprise had, as depicted in Figure 4.4, almost 52 percent of the respondents indicated 21-200, with 31 percent indicating 0-20 employees. Only 3.4 percent had more than 500 and 1000 employees respectively. These results indicate that the great majority (83 percent) of MNEs interviewed in Angola and Mozambique are very small enterprises, with less than 200 employees and a third of them with less than 20. The data is in line with the literature as, per Fjose, Grunfeld and Green (2010), more than 95 percent of all enterprises are characterized by small SMEs with less than 200 employees.

4 How many employees in your company?�Quantos empregados na sua empresa?�

Answer	0% 100%	Number of Responses	Response Ratio
0-20		9	31.0%
21-200		15	51.7%
201-500		2	6.8%
501-1000		1	3.4%
1001-5000		1	3.4%
5001-10,000		0	0.0%
More than 10,001		0	0.0%
No Responses		1	3.4%
	Totals	29	100%

Figure 4.4 – Number of employees at respondents' enterprises.

When asked to indicate which sector/industry their enterprise was part of, as indicated in Figure 4.5, 41 percent of enterprises were in the professional service industry, followed by banking (27.5 percent), and 14 percent in manufacturing. Another four percent of respondents indicated other industries not listed, such as medical diagnostics, web portals, distribution, and telecommunications infrastructure.

5 What sector/industry your company is part of?Que setor ou industria sua empresa faz parte?

Answer	0% 100%	Number of Responses	Response Ratio
Manufacturing (i.e. wheat flour; food; beverages; aluminum; petroleum products; textiles; cement; glass; and tobacco) // Manufatura (exemplo: farinha de trigo; comidas; bebidas; produtos petrol�feros; alum�nio; tecidos; cimento; vidro e tabaco)		4	13.7%
Professional services // Servi�os profissionais		12	41.3%
Retail // Comercio		0	0.0%
Banking // Bancario ou Financeiro		8	27.5%
Other (View all)		4	13.7%
No Responses		1	3.4%
	Totals	29	100%

Figure 4.5 – What sector/industry respondent's enterprise below to.

When asked if they had any personal experience with international markets or had already a presence abroad, as depicted in Figure 4.6, surprisingly, the great majority of respondents, 76 percent, already had. Only 14 percent of them did not have any experience, and one respondent did not provide an answer. Although surprising, the data is supported by the few reports on increasing OFDI from frontier markets (World Bank, 2011; Financial Times, 2014; Sauvant, 2008; Marinov and Marinova, 2012). These reports suggest that South-South FDI flows have been particularly important for Sub-Saharan Africa and frontier markets.

Figure 4.6 – Respondents with international market experience.

Feedback from respondents on their internationalization experience varied. While many chose not to share their experience, some of the responses included, but were not limited to having business partnership in Australia, having experience working for multinationals before returning to their country. One respondent wrote,

> *I have international business experience in the United States, Israel, India, China and other countries. We launched last year CBS in Cape Verde.*

Other relevant responses include,

A Fiberlink esta neste momento a expander not Mercado Africano, e a entrar capacitadamente no mercado Europeu. A grande maioria dos recursos humanos da empresa trabalham ou ja trabalharam em mercados internacionais e/ou emergentes. // Fiberlink is at the moment expanding in the African Market, and well prepared to enter the European market. The great majority of the company's human resources have worked or work at international markets and/or emerging ones.

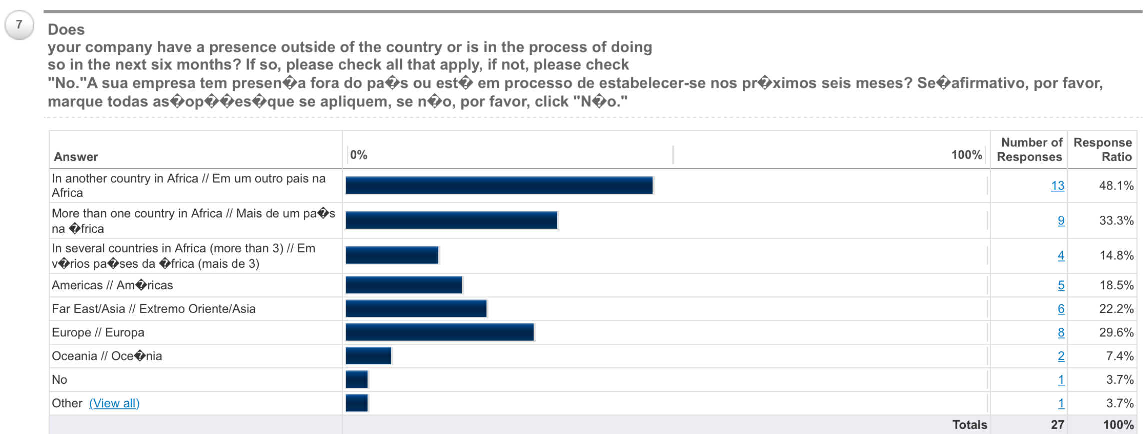
A Angonabeiro percence a um grupo ja largamente internacionalizado e a nossa principal marca Angolana (Ginga) ja tem tido algumas exportacoes para paises Africanos. // Angonabeiro belongs to a group already widely internationalized and our main Angolan brand (Ginga) has already been exported to African countries.

A TRILLMOZ them maior prestigio internacional que nacional. Recebemos o maior feedback do exterior via redes sociais. Penso que seja devido a cultura de consume do nosso territorio, que consiste em maior importacao que exportacao. // TRILLMOZ has more international prestige than national. We received most feedback from abroad, via social media. I think it is due to the consumption culture of our territory, which consists of greater imports than exports.

We have research and development company in Brazil working with innovative projects (software and equipment) for the health care markets.

I have worked and studied in the U.S. but I have never led a company in an international market. This will be the first of many to come. I am making sure that I am well surrounded by advisors and workers that have the experience that is needed.

When asked if their enterprises had a presence outside of their country or was planning in doing so in the next six months, as depicted in Figure 4.7, almost 82 percent of them indicated to have internationalized into another country in Africa, with 33 percent of them indicating internationalization had taken place into more than one country in the continent. The European and Asian regions were the second preferred destinations for these LAMNEs, with almost 30 percent of them already having a presence in Europe and about 22 percent in Asia. A few of them, 14.8 percent, already had presence in more than three countries in Africa. From the pool of respondents, very few had not internationalized yet, one company, and two others had expanded abroad to Oceania region (Australia).


7 Does
your company have a presence outside of the country or is in the process of doing
so in the next six months? If so, please check all that apply, if not, please check
"No."A sua empresa tem presen�a fora do pa�s ou est� em processo de estabelecer-se nos pr�ximos seis meses? Se�afirmativo, por favor, marque todas as�op��es�que se apliquem, se n�o, por favor, click "N�o."

Answer	0% 100%	Number of Responses	Response Ratio
In another country in Africa // Em um outro pais na Africa		13	48.1%
More than one country in Africa // Mais de um pa�s na �frica		9	33.3%
In several countries in Africa (more than 3) // Em v�rios pa�ses da �frica (mais de 3)		4	14.8%
Americas // Am�ricas		5	18.5%
Far East/Asia // Extremo Oriente/Asia		6	22.2%
Europe // Europa		8	29.6%
Oceania // Oce�nia		2	7.4%
No		1	3.7%
Other (View all)		1	3.7%
	Totals	27	100%

Figure 4.7 – Respondents MNEs who have internationalized and to which regions.

The literature provides several reasons for enterprises to seek internationalization. While the motives vary depending if an MNE is from an AE, EE or FE, several researches discussed in this study indicate they internationalize due to network and market seeking motives. The network seekers seem to expand abroad to start new collaborations and/or stay close to their main clients, customers, or suppliers. The market seekers seem to want to reach or expand into new markets and break away with the limitations of their home markets (Yeung, 2000; Hedin, 2007; Zucchella and Denicolai, 2007; Yu, Lau and Bruton, 2007, to name just a few).

When asked, which were their primary forces when deciding to internationalize, as showed in Figure 4.8, respondents motivations varied but still seem to be supported by the literature. Some of the relevant responses as to why they decided to internationalize include, but was not limited to[11]:

> *We expanded our brand value visibility in both countries.*
>
> *Lack of competition*
>
> *Necessity to expand and diverse our clients*
>
> *Market expansion*
>
> *Basic products and services designed for foreign businesses*
>
> *Expansion of the company into new business abroad*
>
> *Due to [unfavorable] local legal, political and fiscal policies environment*
>
> *Since we produce coffee, and of good quality, there is a demand on international market for our products*
>
> *Government policies [promoting] for internationalization of the economy*
>
> *To expand the business opportunities and create advantages in [our level of] competitiveness abroad*
>
> *The need to provide better resources [and services] to all clients abroad*
>
> *To attract foreign investors*
>
> *To have the ability to purchase key services and materials*
>
> *[The] traditional markets with English culture and emerging markets provide a high potential for our growth*

[11] […] are my own text after clarifying the meaning with respondents.

To expand our markets abroad

For our R&D division we need professionals with high technical skills in bio-engineering and cardiology which we could not encounter in the local market in Angola

8 Which were the primary driving forces for your decision to start exporting/internationalizing?Quais foram as principais for�as motrizes para a sua decis�o de iniciar a exporta��o / internacionaliza��o de seus produtos e/ou empresa?

25 Responses

50 per page Update

Answer	Respondent
we expanded Our Brand Value visibility in both countries	Anonymous
Lack of competition	Anonymous
Necessidade de expansão e diversificação de clientes	Anonymous
Expansao de mercado	Anonymous
Basically products and services are designed for foreign businesses.	Anonymous
Expantion of the Company and the businesess	Anonymous
Legal environment, political stability and fiscal policies	Anonymous
O produto café, sendo angolano e de boa qualidade, tem procura. A situação económica do pais tb proporciona a procura de formas criativas de retirar divisas do país e fomenta a saída de produtos que possam ser transformados em moeda forte.	Anonymous
PolÃtica do Governo de internacionalizaÃ§Ã£o da economia do paÃs e objectivos estratÃ©gicos dos accionistas do Banco.	Anonymous
Being a DFI focused on Leadt Developing Countries in the World, Norfund had to have presence in the countries they operate in by opening offices within the regions, for good project sourcing and management.	Anonymous
Nosso paÃ�'Ã'�'s pouco valoriza manifestaÃ�'Ã'�'§Ã�'Ã'�'µes culturais que nos identificam, hÃ�'Ã'�'¡ maior consumo de produtos internacionais. Esse factor obviamente nÃ�'Ã'�'£o se deve a falta de recursos mas sim por uma preferÃ�'Ã'�'ªncia que parece ser inata por artigos do ocidente.	Anonymous
definimos como missão ser-mos uma dos principais empresas de água no mundo dentro de 20 anos.	Anonymous
Grupo Rangel & Multiparques: Escala Internacional como Vantagem competitiva e Racionalização de Meios versus Beneficios. Oportunidades de Negócio.	Anonymous
The need of find better resources for the clients.	Anonymous
1. Attract foreign investors 2. Facilitate purchase of key services and materials	Anonymous
Nòs mineramos para exportar, pois sò os mercados internacionais absorvem a materia prima que fornecemos	Anonymous
Marketing expansion, new oportinitires.	Anonymous
Market expansion	Anonymous
A Fiberlink baseia os seus serviços em factores tecnologicamente inovadores, com provas dadas nos mercados onde se insere actualmente. Dentro deste âmbito, o passo lógico seguinte para a construção de um nome reconhecido globalmente será a expansão para novos mercados.	Anonymous
Mercados tradicionais de cultura inglesa e mercados emergentes de elevado potencial de crescimento bem como a diferenciacão na prestação de servicos financeiros nestes mercados.	Anonymous
Expansao do nosso mercado	Anonymous
A Fiberlink baseia os seus serviços em factores tecnologicamente inovadores, com provas dadas nos mercados onde se insere actualmente. Dentro deste âmbito, o passo lógico seguinte para a construção de um nome reconhecido globalmente será a expansão para novos mercados.	Anonymous
For the R&D division we needed professional with high technical skills in bioengineering and cardiology and we couldn't find them in Angola.	Anonymous
Expansion of our market	Anonymous
Para expandir meu mercado.	Anonymous

Figure 4.8 – Respondents responses regarding their primary driving force to internationalize.

It seems, as many Angolan and Mozambican enterprises take the step to establish themselves abroad, the motives for internationalization are many, and to have a better understanding of this phenomenon will require a broader and more in-depth research. Perhaps, despite severe market inefficiencies, their home markets are becoming saturated, presence in another country within the Lusophones or at large in Africa and beyond grants access to strategic resources or there are cluster effects to be explored in a specific region. The respondents, decision makers of these LAMNEs that are becoming, or already are, international have different experience, are in different situations and/or stages of internationalization, and consider distinctive motives before taking the step into the international market.

Most enterprises start operations domestically with value adding activities conducted within the borders of their home country only. Becoming a multinational enterprise requires a change of view and mind set (Björkman, 1990). As these LAMNEs develop their role on the global market, the knowledge transfer and international management skills of these companies become very important, so it does the level of internationalization of their industries (Zahra, 2005).

When asked how internationalized was the industry in which they were operating, as listed in Figure 4.9, respondents had different opinions, depending of their industry. Some argued their industry was not as internationalized, asserting,

> *Very little*
>
> *Pequeno mas crescendo rapido // Small but growing fast*
>
> *Very low*
>
> *A partir de Angola nao ha registro de muitas iniciativas de internacionalizacao no setor bancario // From Angola there no record of internationalization initiatives of the banking sector.*
>
> *There is not much in the food delivery industry // Nao ha muitos na industria de entrega de comida/alimentos.*

Not many competitors

Nao muito // Not much

A internacionalizacao na area de saude e bastante especifica, haja vista cada pais possuir sua legislacao e suas regras. Em Angola a quantidade de medicos nacionais e muito reduzida (pois os cursos de medicina sao muito recentes) entao a vinda de medicos de outras nacionalidades e a pratica no pais. Isso faz com que as instituicoes de saude ainda estejam em estado muito incipiente de internacionalizacao, ate mesmo quando se visualizam outros mercados africanos com grande carencia de projetos na area de saude. // The internationalization in the area of health is quite specific, since each country has its own legislation and its rules. In Angola the number of national doctors is very small (since medical courses are very recent) so the arrival of doctors of other nationalities is a practice in the country. This causes the health institutions still to be in a very incipient state of internationalization, even when viewing other African markets with great lack of projects in the area of health

Others believed their industries were already well internationalized, indicating,

Substantial

E bastante also. Ha alguns paises produtores, mas a nivel de trasnformacao o numero e substancialmente maior, oque implica bastante fluxo de mercadorias (marteria prima e produtos transformados) // It is very high. There are some producing countries, but the number of transformation level is substantially higher, which implies in a large flux of products (raw material and transformed products)

Quase todos os nossos concorrentes sao multinacionais // Almost all our competitors are multinational enterprises

It's global

Global level

Very much

I believe it is well internationalized

Bastante, com influencia de fora, principalmente de Portugal // Very much, with foreign influence, mainly from Portugal

Relativamente elevado // Relatively high

Greatly. Several banks in Africa have operations in other African countries

9 How internationalized is the industry in which you are operating?Qual o�n�vel de�internacionaliza��o�da ind�stria em que voc� est� operando?

24 Responses 50 per page Update

Answer	Respondent
we are using a international platform, we work with companies from San Fransciso and India	Anonymous
Very little	Anonymous
Pequeno mas crescendo rápido.	Anonymous
Substancial	Anonymous
I believe it's well nternationalized	Anonymous
Very low	Anonymous
É bastante alto. Há alguns países produtores, mas a nível de transformação o numero é substancialmente maior, o que implica bastante fluxo de mercadorias (matéria prima e produto transformado)	Anonymous
A partir de Angola nÃ£o hÃ¡ registo de muitas iniciativas de internacionalizaÃ§Ã£o do sector bancÃ¡rio	Anonymous
The DFI sector is internationalized with major European countries providing development finance to various countries and sectors in the least developed countries of the world.	Anonymous
A indÃ�'Ã'�'Ã'Ã'�'ºstria tÃ�'Ã'�'Ã'Ã'�'ªxtil Ã�'Ã'�'Ã'Ã'�'© de reconhecimento mundial, principalmente por prover bens de primeira necessidade. Esta indÃ�'Ã'�'Ã'Ã'�'ºstria opera em todos mercados internacionais e Ã�'Ã'�'Ã'Ã'�'© de consumo permanente, quer seja a curto ou a longo prazo.	Anonymous
quase todos os nossos concorrentes são multinacionais	Anonymous
Global	Anonymous
Natural Resources	Anonymous
There not much in the food delivery industry.	Anonymous
Nivel Global	Anonymous
Not many competitors	Anonymous
Very!	Anonymous
Relativamente elevado.	Anonymous
A larga maioria dos Bancos e os de grande dimensao sao detidos maioritariamente por Bancos de matriz estrangeira 12/29muito pouco sao os Bancos de capital totalmente angolano. Dos 17 apenas cerca de 4 têm presença e reduzida no exterior se concentrando mais plos mercados com a proximidade cultural - factor lingua e habitos (Brasil, Cabo Verde, S.Tomé, Portugal e Brasil) mas com uma presença muito insignificante em muitos casos apenas um escritorio de representação.	Anonymous
Bastante, com influencias de fora, principalmente de Portugal.	Anonymous
Relativamente elevado.	Anonymous
A internacionalização na área da saúde é bastante específica, haja vista cada país possuir sua legislação e suas regras. Em Angola a quantidade de médicos nacionais é muito reduzida (pois os cursos de Medicina são muito recentes) então a vinda de médicos de outras nacionalidades é a prática no País. Isto faz com que as instituições de saúde ainda estejam em estado muito incipiente de internacionalização até mesmo quando se visualizam outros mercados africanos com grande carência de projetos na área da saúde.	Anonymous
Greatly. Several banks in Africa have operations in other African countries.	Anonymous
Nao muito.	Anonymous

Figure 4.9 – Level of internationalization of respondent's industry/sector

The multiple and incongruent perceptions of respondents seem to vary with the industry they were inserted, but also their level of sophistication and know-how. It appears, while some viewed internationalization as a necessary challenge others saw it as a natural evolution of their industry. Oviatt and McDougall (2005) explained how MNEs with distinctive value adding resources could internationalize even with constrained finances. As mentioned earlier, however, there is scarce information available about how LAMNEs, even more so from Angola and Mozambique internationalize, and how their prior conditions, before thinking of internationalization, affected their internationalization decision and process. Such information would be useful for developing future internationalization theories for frontier markets MNEs and their success on the global markets.

When asked to list the countries in which their MNEs have already internationalized, as depicted in Figure 4.10, the list is vast. For the most part, however, most MNEs have expanded into other African countries. Many of them are Lusophone ones, which is theorized by the Uppsala school, but as many are regional, based on geographic proximity, government and political stability, and the economy, as argued by the CAGE theory.

10 Can
you list the countries you current have a presence?�Poderia listar os�pa�ses onde sua empresa tem�presen�a?�

25 Responses

50 per page Update

Answer	Respondent
austrália Mozambique	Anonymous
Nigeria, Cote d'Ivoire, Ghana, South África, Cameroon, DRC	Anonymous
Mocambique, Cabo Verde	Anonymous
Mocambique, Cabo Verde	Anonymous
Russia, Armenia	Anonymous
Cape Verde	Anonymous
Moçambique e Angola.	Anonymous
Mozambique only with plans to start in Angola next year	Anonymous
Cabo Verde Senegal Namibia	Anonymous
Angola, Portugal e NamÃbia	Anonymous
Kenya South Africa Costa Rica Mozambique Thailand Malawi Tanzania Zimbabwe Zambia Angola Myanmar El Salvador	Anonymous
Portugal, Brasil, Argélia, Angola, Cote D`Ivoir,	Anonymous
Portugal Espanha Brasil Cabo Verde São Tomé Moçambique Namíbia República do Congo	Anonymous
120 paises	Anonymous
Angola UEA (in progress)	Anonymous
R.S.A : Dubai ;	Anonymous
Cape Verde and Maputo.	Anonymous
AO, MZ	Anonymous
Angola, Moçambique e Portugal.	Anonymous
Africa do Sul, Botswana, Zambia, Zimbabwe, Mauricias, Serra Leoa, Gana, Gambia, Nigeria, Cote Ivoire, Kenia e mais tres...	Anonymous
Angola	Anonymous
Angola, Moçambique e Portugal.	Anonymous
Angola Brasil	Anonymous
Mozambique	Anonymous
Angola	Anonymous

Figure 4.10 – List of countries respondents MNEs have internationalized.

Despite the overall lack of resources in their home market and the fact Angolan and Mozambique are relatively very new economies, due to their respectively civil wars not long ago, lack of infrastructure, know-how, and economic stability, some of respondents already have presence in several countries across the globe, not so in-line with the Uppsala and CAGE internationalization models. For instance, one MNE has presence in El Salvador, Myanmar, and Zimbabwe, which are difficult to explain using Uppsala and CAGE. The Network and OLI theory may potentially explain the internationalization process, but there is not enough data, with this survey only, to ascertain that, especially considering the fact these economies, Angola and Mozambique, are new economies, lacking most of the necessary 12 Pillars established by the WEF for greater competitiveness of a country.

When asked about how many years since their MNEs have internationalized into those countries, as showed in Figure 4.11, more than half of the respondents, 55 percent, had expanded abroad for less than two years. This was yet another surprise, as newly internationalized enterprises face a lot of difficulties and most of them fail or achieve low levels of success (Hollenstein, 2005). Karagozoglu and Lindell (1998), as well as Hollenstein (2005) claim that small enterprises typically have less financial resources and international experience compared to larger enterprises, which definitely was the case for these MNEs from Angola and Mozambique.

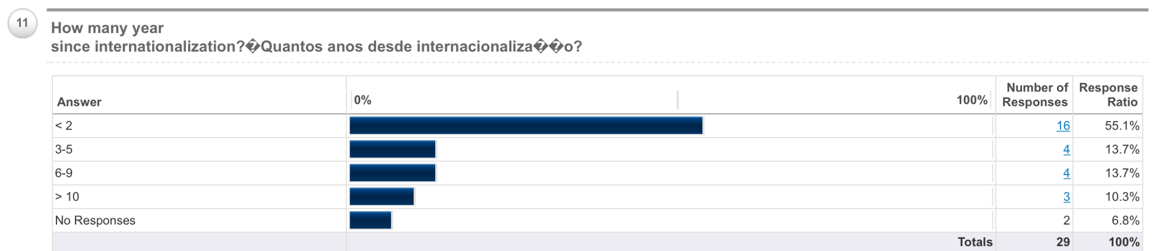
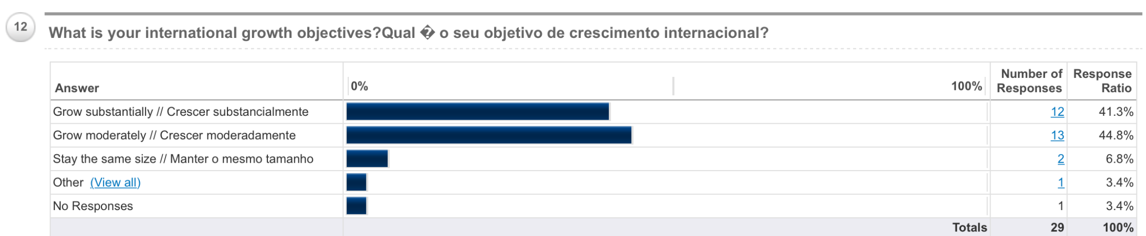


Figure 4.11 – Respondent's years of internationalization

Only 10 percent of respondents had internationalized for more than 10 years, while 13.7 percent of them had equally internationalized in the past 3-5 or 6-9 years respectively. This was yet another surprise, especially if those enterprises with more than 10 years were grouped with those with 6-9 years of internationalization, which would increase the percentage to almost one quarter of the sampled surveyed, 23.7 percent, as it would require longer levels of investments abroad. Internationalizations are more problematic for MNEs in the case of extensive international investment and commitment (Yip, Biscarri, & Monti, 2000). In the case of LAMNEs, despite scarce resources, these relatively young enterprises would, therefore, have to use a mix of strategies that would allow success in diverse international markets, as argued by Knight and Cavusgil (2004).

One way LAMNEs would have of overcoming financial constraints would be to engage in alliances with other enterprises internationally, for instance, involving collaborations with suppliers, distributors and joint-venture partners (Chen & Huang, 2004). But that would depend on the LAMNEs international business strategies.

When asked about their international growth objectives, as depicted in Figure 4.12, about 45 percent of the respondents indicated they plan to grow moderately, while 41 percent had the intention to grow substantially, and only about 7 percent did not have plans to grow, preferring to stay the same size.


12 What is your international growth objectives?Qual � o seu objetivo de crescimento internacional?

Answer	0% 100%	Number of Responses	Response Ratio
Grow substantially // Crescer substancialmente		12	41.3%
Grow moderately // Crescer moderadamente		13	44.8%
Stay the same size // Manter o mesmo tamanho		2	6.8%
Other (View all)		1	3.4%
No Responses		1	3.4%
	Totals	29	100%

Figure 4.12 – Respondent's international growth objectives.

While it is not known, based on the survey results, why some MNEs planned not to grow abroad, Buckley (1989) argued that small MNEs are in a different situation because of limited managerial experience, which in the case of the respondent's MNEs most of them indicated to have experience, which may explain why most of them plan to grow their presence abroad, some moderately and other substantially. Karagozoglu and Lindell (1998), however, suggested 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 than larger MNEs when it comes to establishing a position in a highly internationalized network, which may explain the predominance of small LAMNEs expanding abroad. Moreover, as argued by Masataka (1995), because of limited managerial experience, OFDI made by small MNEs is concentrated on AE, as indicated by survey results discussed earlier.

In addition, Buckley (1989) identified numerous key 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 minimizing capital outlay, such strategy can oftentimes 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 serious 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.

Notwithstanding, when asked if they had plans to expand into other international markets in the next 3-5 years, most of the respondents, as depicted in Figure 4.13, indicated to have an expansion strategy in place. They indicated plans to expand into a wide variety of countries in many regions of the world, as opposed to the expected SSA countries. Some of the countries listed included South Africa, Dubai, China, Kenya, Ethiopia, Mozambique, UAE, Nigeria, Congo, USA, Guine Bissau, Portugal, Ghana, Morocco, Cuba, Namibia, Spain, India, and Cape Verde.

13 Can
you list the countries you plan on having a presence in the next 3-5 years and
why?Poderia listar os pa�ses que voc� planeja ter uma presen�a nos pr�ximos 3-5 anos e por qu�?

23 Responses

50 per page Update

Answer	Respondent
South Africa, Dubai, China we believe that this markets are advanced in mobile usage and with opportunities on the android and ios business	Anonymous
Add Kenya, Ethiopia and Mozambique	Anonymous
Nos países africanos de lingua portuguesa.	Anonymous
Esta informação e confidencial.	Anonymous
UAE, Angola	Anonymous
Sao Tome Nigeria Congo Democratico USA	Anonymous
Angola	Anonymous
Congo Guiné Bissau Portugal	Anonymous
SÃ³ falando com a AdministraÃ§Ã£o do Banco	Anonymous
Ghana Ethiopia	Anonymous
Angola - por ser um paÃ�'s com semelhanÃ�'§as Ã�'©tnicas, linguÃ�'sticas e por partilhar de alguns hÃ�'¡bitos e costumes com MoÃ�'§ambique. Outro aspecto tange a economia em franco crescimento apesar das tensÃ�'µes polÃ�'ticas deste pais este tem um mercado com fortes Ã�'ndices de crescimento. Ã�'frica do Sul - primeiro por ser um paÃ�'s vizinho de MoÃ�'§ambique, serÃ�'¡ mais fÃ�'¡cil nos expandirmos neste mercado. Segundo pela sua economia desenvolvida, sendo a segunda maior de Ã�'frica seguindo NigÃ�'©ria. NigÃ�'©ria - este Ã�'© o paÃ�'s mais desenvolvido de Ã�'frica, nÃ�'£o hÃ�'¡ motivos pra nÃ�'£o querer fazer parte desse mercado, ao mesmo tempo compreendemos que serÃ�'¡ um desafio maior por haver bastante concorrÃ�'ªncia por parte das marcas nacionais e internacionais que operam naquele mercado.	Anonymous
Marrocos, pela proximidade á Argelia e a Portugal; Guiné Bissau, pela proximidade a cote D `Ivoire Cuba , a pedido de um grande cliente África do Sul, pela presença de vários cliente; Moçambique, pela presença de vários clientes; India, pela presença de um grande cliente	Anonymous
Palop's Novos Mercados em Africa	Anonymous
Nigeria South Africa Moçambique Namibia	Anonymous
Spain, China, india	Anonymous
Stay the same	Anonymous
None	Anonymous
Estados Unidos e Europa. A principal razão para o efeito tem a ver com a massificação empresarial, e a forma como os serviços inovadores que a Fiberlink presta podem ser de grande mais valia para as várias indústrias, e até para o mercado de consumo. Desta forma a FiberLink poderá proporcionar um canal de ligação entre países de maior desenvolvimento tecnológico e países em crescimento, designados emergentes, possibilitando assim troca de experiências e oportunidades de expansão para os mercados já maduros e com alguma limitação de crescimento.	Anonymous
Moçambique entretanto primeira tentativa falhada em 2014/15 por recusa do regulador plo facto do modelo Operacional e tecnologico nao corresponder aos requisitos locais. Mocambique uma vez que é um mercado estavel em termos politicos fraca competitividade do sector bancario e sofiaticação e taxa de bancarização ainda reduzida, entretanto apetecivel dada a maturidade das suas instituicoes.	Anonymous
Cabo Verde	Anonymous
Estados Unidos e Europa. A principal razão para o efeito tem a ver com a massificação empresarial, e a forma como os serviços inovadores que a Fiberlink presta podem ser de grande mais valia para as várias indústrias, e até para o mercado de consumo. Desta forma a FiberLink poderá proporcionar um canal de ligação entre países de maior desenvolvimento tecnológico e países em crescimento, designados emergentes, possibilitando assim troca de experiências e oportunidades de expansão para os mercados já maduros e com alguma limitação de crescimento.	Anonymous
Mozambique South Africa	Anonymous
No plans due to lack of resources.	Anonymous

Figure 4.13 – List of countries respondents plan to have a presence in the next 3-5 years, and why.

Oviatt and McDougall (2005) explained that with new MNEs such as these, this 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 often 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 internationalization, as it seems to be case with these LAMNEs. There has been an increased interest among researchers to better understand the significance of business networks (Yeoh, 2000; Chen, Chen and Ku, 2004; Harris and Wheeler, 2005; Lavie, 2006). Dunning (1995) had showed specific interest in alliance capital as an asset within a network, but not specifically included this among the categories of internationalization motives.

To better understand the economic factors when evaluating a new international market to enter, respondents were asked whether they considered a three economic factors (*per capita income*, *per capita consumption of products in their industries*, and *differences in consumer incomes)*, as listed in Figure 4.14, and then rank[12] them (from *irrelevant* to *very important*) by relevance to their internationalization process.

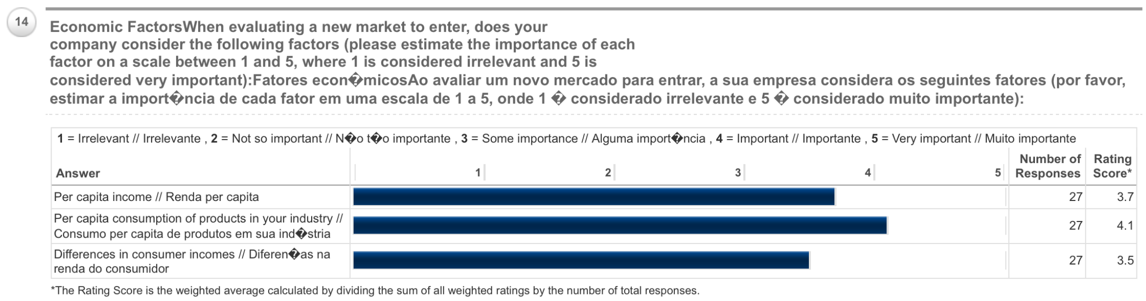


Figure 4.14 – Respondent's considerations to economic factors when evaluating a new market to enter.

According to respondents, the most important factor when evaluating a new market was the *per capita consumption of products in their industry*, which scored 4.1, out of a maximum of 5. The other two factors, *per capita income* and *differences in consumer incomes* ranked similarly, with a score of 3.7 and 3.5 respectively. While *per capita consumption of products in their industry* makes sense, a comment made by a respondent (the only comment), was surprising, as it seems to focus on the bottom of the pyramid (BoP).

> *We only operate in countries where per capita income is low and in areas which are considered as good developmental impact areas.*

[12] The ranking score is the weighted average calculated by dividing the sum of all weighted ratings by the number of total responses.

Karagozoglu and Lindell (1998) show that opportunities in foreign markets, including BoP, and inquiries from international buyers were the top two motives for internationalization, as well as insufficient domestic sales compared to R&D costs. While these results do not support the theory, it is worth investigating further.

Survey respondents were, therefore, asked to consider the differences in cost and quality of several resources, as listed in Figure 4.15a and b, whether they considered them when evaluating internationalization into a new market. They were asked to rank these factors in a scale from 1-5 (1=irrelevant to 5=very important).

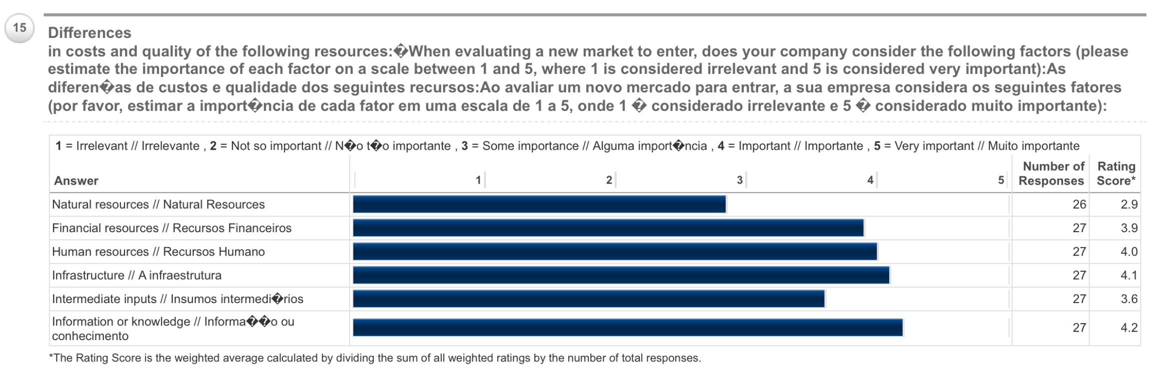


Figure 4.15a – Respondent's considerations when evaluating differences in costs and quality of resources when considering internationalization into a new market.

Details

1 = Irrelevant // Irrelevante , **2** = Not so important // N�o t�o importante , **3** = Some importance // Alguma import�ncia , **4** = Important // Importante , **5** = Very important // Muito importante

Answer	1	2	3	4	5
Natural resources // Natural Resources	4 (15%)	6 (23%)	8 (30%)	4 (15%)	4 (15%)
Financial resources // Recursos Financeiros	0 (0%)	1 (3%)	8 (29%)	11 (40%)	7 (25%)
Human resources // Recursos Humano	0 (0%)	1 (3%)	6 (22%)	12 (44%)	8 (29%)
Infrastructure // A infraestrutura	0 (0%)	0 (0%)	7 (25%)	11 (40%)	9 (33%)
Intermediate inputs // Insumos intermedi�rios	0 (0%)	0 (0%)	11 (40%)	15 (55%)	1 (3%)
Information or knowledge // Informa��o ou conhecimento	0 (0%)	0 (0%)	3 (11%)	16 (59%)	8 (29%)

1 2 3 4 5

Hold the mouse over each color of the bar to see the number of respondents.

Answer		Number of Responses	Rating Score*
Natural resources // Natural Resources	15% 23% 30% 15% 15%	26	2.9
Financial resources // Recursos Financeiros	3% 29% 40% 25%	27	3.9
Human resources // Recursos Humano	3% 22% 44% 29%	27	4.0
Infrastructure // A infraestrutura	25% 40% 33%	27	4.1
Intermediate inputs // Insumos intermedi�rios	40% 55% 3%	27	3.6
Information or knowledge // Informa��o ou conhecimento	11% 59% 29%	27	4.2

Figure 4.15b – Positive answering ratio when considering cost and quality of resources was important.

Survey responses suggest the most important resources when evaluating new markets to enter were *information or knowledge* or the market (score of 4.2), closely followed by *infrastructure* (4.1), and *human resources* (4.0). Respondents seem not to be too concerned about natural resources, possibly because most of MNEs from this sample were in the service industry or exporting to new markets, thus, not dependent to the natural resources of that market.

Dunning (1993) explains these market seekers are mainly interested on investments on foreign markets to promote or exploit new markets, either because of the sheer size of the market or an expected growth of the same, which may explain the low importance for the market's natural resources. Products and services may have to be adapted to tastes, needs and trends on a market. A direct presence on a local market may be necessary, as companies that are not close to markets may have a disadvantage in adapting services and goods. These factors may explain the importance of the three higher ranking factors. The rational becomes more evident when analyzing the details of the ranking process, as depicted in Figure 15b, where all factors were ranked important (green ranking = 4) by 40-59 percent of the respondents, whereas natural resources was only ranked important by 15 percent of the respondents. The responses to this question also suggest these MNEs are not predominantly resource seekers, as described by Dunning (1993), as they do not seem to be investing abroad to obtain resources.

The fact *human resources* ranked third in relevance (Figure 4.15a) and seem to be as equally important as the other two main factors (Figure 4.15b, green bar) may suggest surveyed MNEs may be in search of cheap and unskilled (or semi-skilled) labor, as it is an important activity for many MNEs trying to minimize costs and maximize profits. For the strategy to be successful, however, this labor force should be well motivated and exist in large numbers (Dunning, 1993).

Regardless of resource motivators, another category outlined by Dunning (1993) focuses on efficiency, as these resources, whatever nature they assume, must be able to be used or deployed efficiently. The purpose would be to rationalize structures of established OFDI in order to gain from common governance, which often can be achieved through economies of scale and scope and risk diversification. Therefore, if these LAMNES are efficiency seekers, interested in internationalization 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.

When considering such administrative factors, respondents were asked to rank on a scale from 1-5 (1=irrelevant to 5=very important), as depicted in Figure 4.16a and 4.16b, how important the *absence of shared political association*, *political hostility*, *government policies*, and *institutional weakness* were to their evaluation of new market to enter.

Figure 4.16a - Respondent's considerations when evaluating administrative factors when considering internationalization into a new market.

Details

1 = Irrelevant // Irrelevante , **2** = Not so important // N�o t�o importante , **3** = Some importance // Alguma import�ncia , **4** = Important // Importante , **5** = Very important // Muito importante

Answer	1	2	3	4	5
Absence of shared political association // Aus�ncia de comum associa��o pol�tica	5 (18%)	3 (11%)	7 (25%)	9 (33%)	3 (11%)
Political hostility // Hostilidade pol�tica	1 (3%)	0 (0%)	3 (11%)	8 (30%)	14 (53%)
Government policies // Pol�ticas governamentais	1 (3%)	1 (3%)	7 (25%)	5 (18%)	13 (48%)
Institutional weakness // Fraqueza institucional	1 (3%)	3 (11%)	4 (15%)	6 (23%)	12 (46%)

1 2 3 4 5
Hold the mouse over each color of the bar to see the number of respondents.

Answer		Number of Responses	Rating Score*
Absence of shared political association // Aus�ncia de comum associa��o pol�tica	18% 11% 25% 33% 11%	27	3.1
Political hostility // Hostilidade pol�tica	3% 11% 30% 53%	26	4.3
Government policies // Pol�ticas governamentais	3% 3% 25% 18% 48%	27	4.0
Institutional weakness // Fraqueza institucional	3% 11% 15% 23% 46%	26	4.0

Figure 4.16b – Positive answering ratio when considering administrative factors was <u>very important</u>.

Survey respondents seem to agree that the most important administrative factors when evaluating new markets to enter were whether *political hostility* existed (score of 4.3 out of 5), closely followed by *government policies* (4.0), and *institutional weakness* (4.0). Respondents seem not to be too concerned about the absence of shared political association, suggesting they were indifferent to the form of government if it did not impair their ability to conduct business in that market. The argument seems to be reinforced when analyzing how important these administrative factors were, whereas Figure 4.16b suggests they were very important, much more so than cost and quality of resources considerations. One responded provided a comment that helps understand this point,

> *Our organization mainly works with the private sector; therefore, government policies have a bearing on how we structure investments but not very critical in the overall running of projects.*

Possibly, respondents are concerned with the effectiveness of their internationalization strategy, which understandably is very important since these LAMNEs are characterized by low level of resources, in particularly financial and human resources. Such effectiveness concern is supported by the second network investment principle (Chen et al., 2004). The effectiveness principle deals with how a network actor can focus on preserving and enriching the primary existing network relationships, and political hostility can be a major threat, as well as government policies (or lack of thereof), and to a lesser extent institution al weakness.

These factors all impair the ability of networks to be effective, as primary relationships are essential for the profitability of the focal MNE and are more important than secondary relationships that can only be focused upon after dealing with the primary ones. That's why Harris and Wheeler (2005) argued that the best foundations on which to build an internationalization strategy are to build strong interpersonal relationships with counterparts in the target markets abroad. These relationships can provide and help to develop knowledge, understanding, visions, and plans for the internationalization of the enterprise. Further, through cooperative arrangements, these relationships can provide the means and mechanisms by which such internationalization efforts may be effective. Additionally, Kingsley & Malecki (2004) goes as far as stressing the importance of informal networks in the case of small and young MNEs.

Geographic factors are also very important in the internationalization process. How far apart are trading partners in physical terms, as well as the size of the country, differences in climates, and nature of infrastructure (i.e. transportation, telecommunication, roads, rail, ports and airports, etc.), and information networks must be considered. Geographic distance when it comes to internationalization should be considered as absolute, in terms of the miles or kilometers that separate an MNE from another market or supplier.

Survey respondents were asked about geographic factors when evaluating a new market to enter, they again were asked to rank these factors in a scale from 1-5 (1=irrelevant to 5=very important), as shown in Figures 4.17a and b. They ranked *physical remotenes*s as important, with a score of 3.9, followed by *weak transportation or communication links* (3.7) as the most important factors to consider in this category. Size of the country were of lesser importance, ranking 3.3. Lack of sea or river access and *differences in climate* seem not to be of much importance to them, ranking it as not so important, scoring 2.7 and 2.3 respectively.

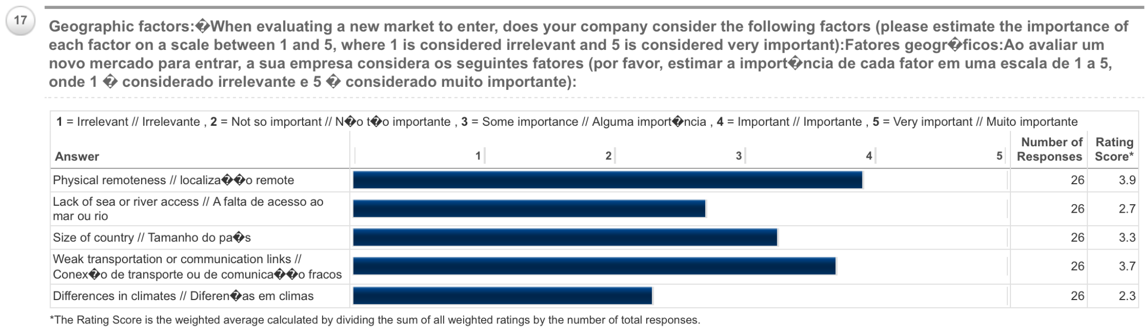


Figure 4.17a - Respondent's considerations when evaluating geographic factors when considering internationalization into a new market.

Details

1 = Irrelevant // Irrelevante , 2 = Not so important // N�o t�o importante , 3 = Some importance // Alguma import�ncia , 4 = Important // Importante , 5 = Very important // Muito importante

Answer	1	2	3	4	5
Physical remoteness // localiza��o remote	1 (3%)	1 (3%)	5 (19%)	12 (46%)	7 (26%)
Lack of sea or river access // A falta de acesso ao mar ou rio	7 (26%)	5 (19%)	6 (23%)	4 (15%)	4 (15%)
Size of country // Tamanho do pa�s	4 (15%)	2 (7%)	6 (23%)	10 (38%)	4 (15%)
Weak transportation or communication links // Conex�o de transporte ou de comunica��o fracos	2 (7%)	4 (15%)	4 (15%)	6 (23%)	10 (38%)
Differences in climates // Diferen�as em climas	11 (42%)	4 (15%)	6 (23%)	3 (11%)	2 (7%)

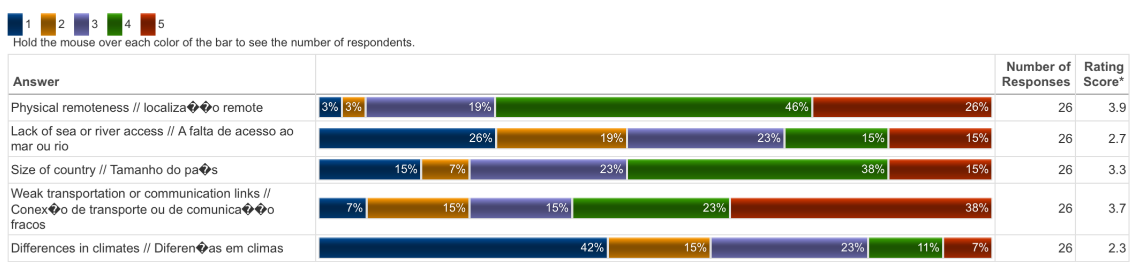


Figure 4.17b – Positive answering ratio when considering geographic factors was important.

As various researchers (O'Grady and Lane, 1996; Ghemawat, 2001; Tihanyi, Griffith and Russell, 2005; Quer, Claver and Rienda, 2007; Lee, Shenkar, and Li, 2008; Malhotra, Sivakumar, and Zhu, 2009; Bräutigam and Tang, 2012), have identified significant cultural differences among countries, and distinctive cultural distinctions have been observed on the dimensions of power distance, uncertainty avoidance, individualism, predominant values, and long-term or short-term orientation, such factors are then very important to be considered when internationalizing.

When respondents were asked to consider the influence of cultural factors when evaluating a new market to internationalize, as shown in Figures 4.18a and b, *different language* had the highest score of 3.2, denoting an important aspect of internationalization, but surprisingly, not a very important one (score of 4-5). Almost identical scores were giving to *different ethnicities* and *different social norms*, which scored 2.9 and 2.8 respectively, or not so important to the internationalization process. The aspect of different religion was of even lesser concern, scoring 2.3. Differences along these dimensions often have a negative effect on cross-border interactions, although at times differences along a limited subset of CAGE can encourage rather than discourage such interactions.

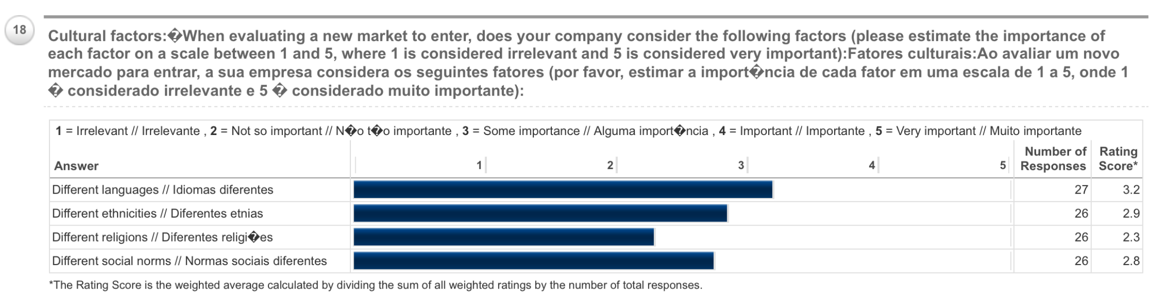


Figure 4.18a - Respondent's considerations when evaluating cultural factors when considering internationalization into a new market.

Details

1 = Irrelevant // Irrelevante , **2** = Not so important // N�o t�o importante , **3** = Some importance // Alguma import�ncia , **4** = Important // Importante , **5** = Very important // Muito importante

Answer	1	2	3	4	5
Different languages // Idiomas diferentes	5 (18%)	2 (7%)	8 (29%)	7 (25%)	5 (18%)
Different ethnicities // Diferentes etnias	5 (19%)	3 (11%)	10 (38%)	6 (23%)	2 (7%)
Different religions // Diferentes religi�es	5 (19%)	11 (42%)	8 (30%)	1 (3%)	1 (3%)
Different social norms // Normas sociais diferentes	4 (15%)	5 (19%)	11 (42%)	5 (19%)	1 (3%)

1 2 3 4 5

Hold the mouse over each color of the bar to see the number of respondents.

Answer	1	2	3	4	5	Number of Responses	Rating Score*
Different languages // Idiomas diferentes	18%	7%	29%	25%	18%	27	3.2
Different ethnicities // Diferentes etnias	19%	11%	38%	23%	7%	26	2.9
Different religions // Diferentes religi�es	19%	42%	30%	3%	3%	26	2.3
Different social norms // Normas sociais diferentes	15%	19%	42%	19%	3%	26	2.8

Figure 4.18b – Positive answering ratio when considering cultural factors was of <u>some importance</u>.

Even though the positive answering ratio of respondents when considering cultural factors was of *some importance*, available research (Ghemawat, 2001; Quer, Claver and Rienda, 2007; Malhotra, Sivakumar, and Zhu, 2009; Bräutigam and Tang, 2012) shows that cultural distance, on the other hand, shapes consumers' product preferences and should be a crucial consideration for a consumer goods or media company, although it would be a lot less significant for a cement or steel business.

When asked if there were any other factors not mentioned in the survey that respondents considered when evaluating their internationalization strategy 12 of them (out of the 29) provide some feedback, as depicted in Figure 4.19. The most relevant were

- *Yes, existence of educated population and presence of competitors*
- *Peace // Paz no pais*
- *Government policies that protect foreign investments*
- *Possible partnerships to minimize risks are important*
- *Nao, ha que focar no entanto na questao primordial do elevado know-how tecnologico acessivel a um custo mais baixo e igualmente a elevada qualidade da infra-estrutura de telecomunicacoes e transporte // No, it is important to focus, however, on the high level of technological know-how accessible at a lower cost and also on the high quality of the telecommunication and transport infrastructure [when internationalizing into an EE or AE].*
- *Prospecto de crescimento do pais // Country's growth prospect*
- *If the country economy is based on one or two products, such as Angolan oil dependency, it is a high-risk country*
- *The availability of human resources with technical experience and education, which is a challenge.*

Text answer(s) for:

19 **Are there any other factors, not mentioned in the previous questions, that you consider when you evaluate a potential internationalization strategy?�Existem outros fatores, n�o mencionados nas quest�es anteriores, que voc� considera quando avalia uma�poss�vel estrat�gia de internacionaliza��o?**

12 Responses

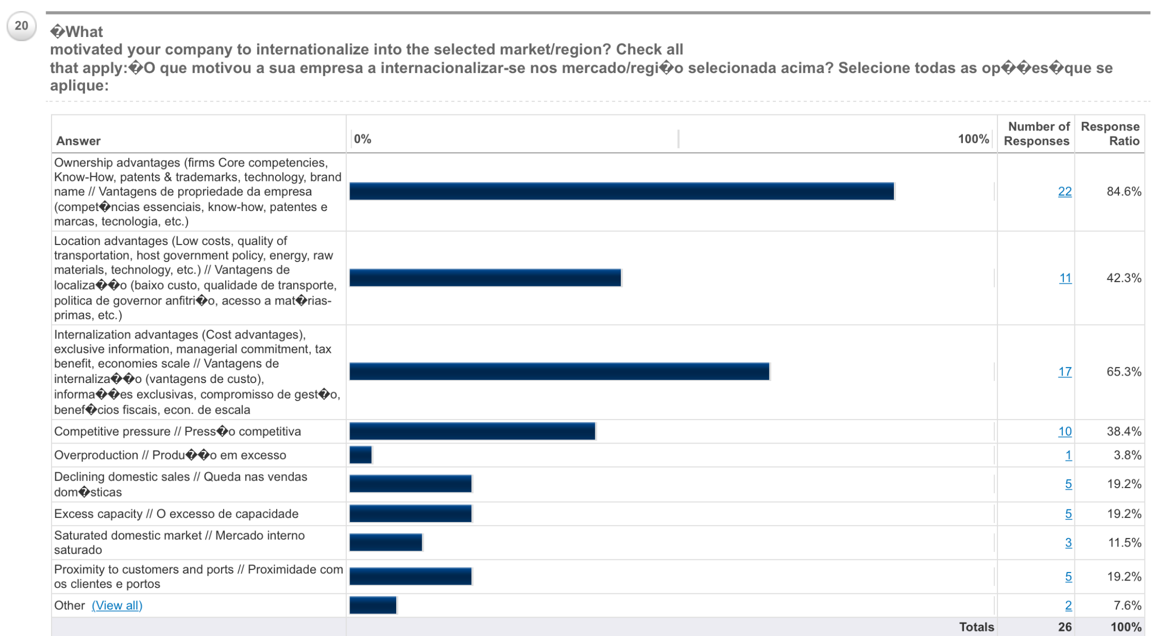
50 per page Update

Answer	Respondent
Yes, existence of educated population and presence of competitors	Anonymous
Peace/ Paz no pais	Anonymous
Não	Anonymous
Como dito acima	Anonymous
None.	Anonymous
Government policies that protects foreign investments (5)	Anonymous
Possible parnerthsips to minimize risks are important.	Anonymous
Não. Há que focar no entanto a questão primordial do elevado know-hhow tecnologico acessivel a um custo mais baixo e igualmente a elevada qualidade da infra-estrutura de telecomunicações e transportes.	Anonymous
Prospecto de crescimento do pais	Anonymous
Não. Há que focar no entanto a questão primordial do elevado know-hhow tecnologico acessivel a um custo mais baixo e igualmente a elevada qualidade da infra-estrutura de telecomunicações e transportes.	Anonymous
If the country economy is based in only 1 or 2 products (such as Angolan oil dependency). It is a high risk country.	Anonymous
The availability of human resources with technical experience and education, which is a challenge.	Anonymous

Figure 4.19 - Respondent's contributions to other factors not mentioned in the survey when evaluating internationalization strategies.

When asked, what had motivated them to internationalize into their selected markets from the alternatives provided, and allowed to select multiple alternatives, as depicted in Figure 4.20, about 85 percent of the respondents indicated *ownership advantages*, followed by *internalization advantages*, 65 percent, and *location advantages*, 42.3 percent (Dunning). In other words, the great majority of respondents indicated that the Dunning's OLI framework was a decisive factor in their internationalization strategy.

Also, *competitive pressures* scored relatively high, 38 percent, while other factors such as *declining domestic sales*, *excess capacity*, *saturated domestic market*, and *proximity to customers and ports* scored received an average of 20 percent importance in the process of internationalization. As expected, *overproduction* was not a significant factor, scoring only 3.8 percent, being an influencing factor for only one of the respondents.

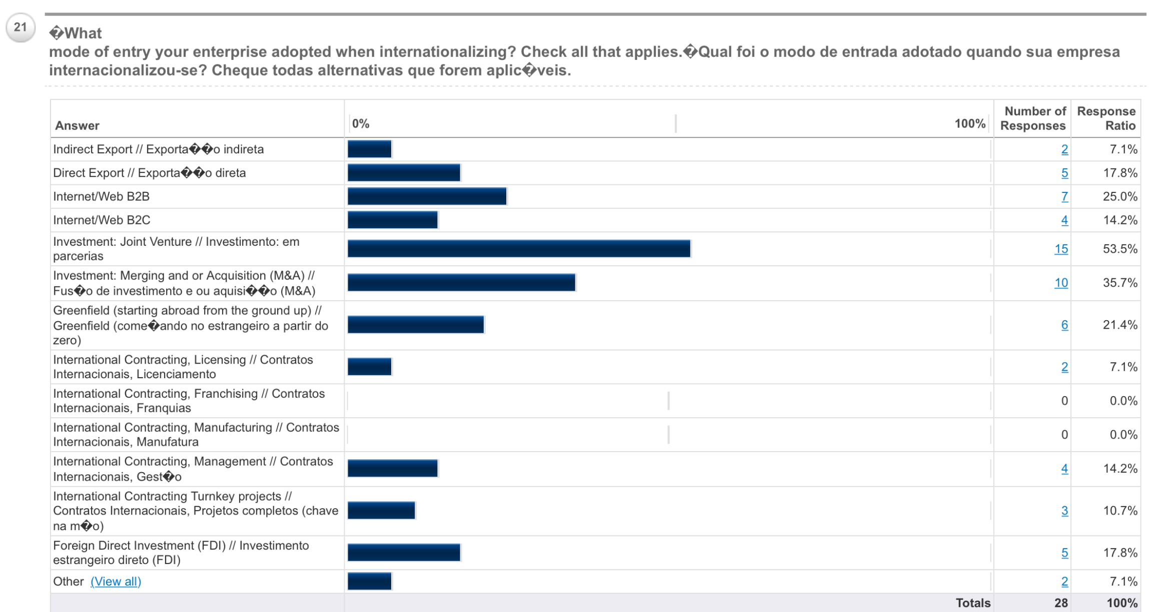


20 �What motivated your company to internationalize into the selected market/region? Check all that apply:�O que motivou a sua empresa a internacionalizar-se nos mercado/regi�o selecionada acima? Selecione todas as op��es�que se aplique:

Answer	0% 100%	Number of Responses	Response Ratio
Ownership advantages (firms Core competencies, Know-How, patents & trademarks, technology, brand name // Vantagens de propriedade da empresa (compet�ncias essenciais, know-how, patentes e marcas, tecnologia, etc.)		22	84.6%
Location advantages (Low costs, quality of transportation, host government policy, energy, raw materials, technology, etc.) // Vantagens de localiza��o (baixo custo, qualidade de transporte, politica de governor anfitri�o, acesso a mat�rias-primas, etc.)		11	42.3%
Internalization advantages (Cost advantages), exclusive information, managerial commitment, tax benefit, economies scale // Vantagens de internaliza��o (vantagens de custo), informa��es exclusivas, compromisso de gest�o, benef�cios fiscais, econ. de escala		17	65.3%
Competitive pressure // Press�o competitiva		10	38.4%
Overproduction // Produ��o em excesso		1	3.8%
Declining domestic sales // Queda nas vendas dom�sticas		5	19.2%
Excess capacity // O excesso de capacidade		5	19.2%
Saturated domestic market // Mercado interno saturado		3	11.5%
Proximity to customers and ports // Proximidade com os clientes e portos		5	19.2%
Other (View all)		2	7.6%
	Totals	26	100%

Figure 4.20 – Factors that motivated respondents to internationalize into their selected foreign markets.

Lastly, when asked about the mode of entry adopted by respondent's MNE when internationalizing, as depicted in Figure 4.21, a significant majority of them, 53.5 percent, opt for *joint venture investment*, followed by *merging and acquisitions*, with 35.7 percent. Other significant modes of entry included *Internet/Web B2B* (25 percent), *direct export* and *FDI* (17.8 percent respectively), *international contracting and management* and *Internet/ Web B2C* (14.2 percent respectively). The least internationalization mode strategy used by respondents were *indirect exports* and *other*, both scoring 7.1 percent of the total of strategies used.


21 �What mode of entry your enterprise adopted when internationalizing? Check all that applies.�Qual foi o modo de entrada adotado quando sua empresa internacionalizou-se? Cheque todas alternativas que forem aplic�veis.

Answer	0% 100%	Number of Responses	Response Ratio
Indirect Export // Exporta��o indireta		2	7.1%
Direct Export // Exporta��o direta		5	17.8%
Internet/Web B2B		7	25.0%
Internet/Web B2C		4	14.2%
Investment: Joint Venture // Investimento: em parcerias		15	53.5%
Investment: Merging and or Acquisition (M&A) // Fus�o de investimento e ou aquisi��o (M&A)		10	35.7%
Greenfield (starting abroad from the ground up) // Greenfield (come�ando no estrangeiro a partir do zero)		6	21.4%
International Contracting, Licensing // Contratos Internacionais, Licenciamento		2	7.1%
International Contracting, Franchising // Contratos Internacionais, Franquias		0	0.0%
International Contracting, Manufacturing // Contratos Internacionais, Manufatura		0	0.0%
International Contracting, Management // Contratos Internacionais, Gest�o		4	14.2%
International Contracting Turnkey projects // Contratos Internacionais, Projetos completos (chave na m�o)		3	10.7%
Foreign Direct Investment (FDI) // Investimento estrangeiro direto (FDI)		5	17.8%
Other (View all)		2	7.1%
	Totals	28	100%

Figure 4.21 – Internationalization mode on entry strategy adopted by respondents MNEs.

Semi-Structured Interview Data Analysis

As part of the semi-structured interview conducted, a total of 44 prospect senior managers of MNEs from Angola and 14 from Mozambique, for a total of 58 prospects, were invited to be interviewed. Most of the selected Angolan MNEs were members of the Community of Exporting and Internationalized Enterprises of Angola (Comunidade de Empresas Exportadoras e Internacionalizadas de Angola-CEEIA), but not all. The non-CEEIA members, as well as all the selected senior managers of Mozambican MNEs were identified through reports from KPMG, McKenzie, Boston Consulting Group and professional connections through LinkedIn.com (refer to Appendix J and K for a list of these MNEs).

From these 58 prospects, 16 were interviewed in Angola and 10 in Mozambique. Two interviews from Angola were removed from analysis due to data inconsistency, validity issues, or inability to hear the digital recordings during the transcription phase. The total number of interviews were, therefore, 24. The interview data, which were organized by category and theme, are presented in the following sections.

Categories and Themes

The codes that emerged from the interview data regarding the internationalization motives, process and mode of entry for MNEs from Angola and Mozambique are broken down into three major categories, with three to five themes within each category. The three categories are born global, Internet, and mode of entry, as depicted in Table 4.1.

Table 4.1 – Categories and themes found during semi-structured interviews

Categories	Themes
Born Global	• Organizational formation through internalization advantages • Strong reliance on alternative governance structures to access resources • Hardships with stablished international locations • Control over unique resources (e.g. know-how, innovation, partnerships)
Internet	• Social Media (e.g. Facebook and LinkedIn.com) • Internet sales • Professional online communities
Mode of Entry	• Joint ventures and international partnerships • E-Business and E-Commerce internationalization strategies • Merging and Acquisitions • Direct and Indirect Exports • Greenfield

Each of the themes listed in Table 4.1 influences the internationalization modes adopted by MNEs from Angola and Mozambique. The *born global* category is a collection of recurring themes throughout the interviews, which identifies the MNEs' structure, its characteristics, challenges, and perceived competitive advantages for expanding abroad. The *internet* category provides the main recurring themes that arise during the interviews as to the main resources, tools and strategies chosen during the process of internationalization. The *mode of entry* category identifies, in order of preference, the most recurring themes as to how these MNEs chose to internationalize.

The top five preferred modes of entry for these MNEs surveyed/enterviewed were:

- Joint venture, 53.5 percent;
- E-business, 25 percent; and e-commerce, 14.2 percent; when combined, with a total of 39.2 percent
- Merging and acquisitions, 35.7 percent
- Direct, 17.8 percent; and indirect, 7.1 percent; when combined, with a total of 24.8 percent, and
- Greenfield, 21.4 percent.

These MNE's executives were also influenced by external events to some extent, be they global economic conditions, the size of their industry or sector, the professional know-how and staff of these MNEs, or geopolitical aspects.

Many senior managers interviewed were still not fully aware of their internationalization long term goals and the challenges that may lay ahead, and how these obstacles may influence their ability to succeed in a foreign market. Some have never been abroad or were aware of any country profiling, internationalization processes, or mode of entry strategies.

Such realities are in line with basic assumption of internationalization models, whereas the lack of knowledge about foreign markets is a major hurdle to the process. But all too often barrier can be overcome through learning about foreign market conditions. The MNE's own operations are the main source of this type of learning. Since the great majority of MNEs interviewed in Angola and Mozambique were young, the assumption that these enterprises were learning-by-doing (Lindblom, 1959; and Johnson, 1988) very much applies.

Typically, investment decisions and actual investment commitments to internationalize tend to be made incrementally so to reduce uncertainty (Athreya and Kapur, 2009). But that seem not to be the case for Angolan and Mozambican MNEs. Overall, they seem to have followed a pattern were a) they were created with the purpose of becoming international (the born global concept), b) seem to have relied on external resources to launch themselves into international markets mainly resorting to electronic and virtual resources such as the Internet, social media and professional online communities, as well as reaching their customers and getting paid, and c) for the most part they did not enter foreign markets alone, relying on modes of entry that benefit from joint ventures and partnerships, M&A, and e-commerce and e-business. A few of them followed more traditional venues such as direct export, greenfield, and FDI/OFDI.

During the interviews, there were several different motives behind internationalization of these MNEs from Angola and Mozambique, indicating a diversified approach to their internationalization. But invariably, one of their most frequent motivations to expand abroad was to gain access to new and larger markets in order to achieve growth. These MNEs are expanding the market for their products and services by exporting or creating subsidiaries or joint ventures abroad. Many of the MNEs interviewed had expanded abroad to have access to know-how and technology in order to remain competitive and to reduce risk within their local markets.

All of the MNEs interview had adopted a proactive factor to internationalization, which was evident in the online survey and confirmed through the interviews. These MNEs, from both countries, chose to internationalize through internal means. They were interested in exploiting exclusive ideas and core competences, and to take advantage of the many opportunities that international markets, especially in SSA had to offer. 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, also considered reactive factors when deciding to internationalize. These MNEs were reacting to both internal and external competitive pressures. Since several of them have unique product/services, which makes it easier to internationalize, since international market may have interest on their product/service.

Overall, the analysis of the data gathring from the MNEs interviewed suggests that these MNEs, for the most part, except for a few of them such, namely Sonangol, Angola Cables, Banco BAI, Banco BNI, and G4S, have the characteristics of a born global, or an INV. Most of the senior management, many founders, that were interviewed had previous experience of international business activities, which enabled them to internationalize with a reasonably fast pace, with significant resource commitment during the initial stages of internationalization, event though, compared with internatonalizations from AE and EE, such resrouces were much smaller.

When considering the combined internationalization theories from the proposed framework used for this research, it seems that network theory can explains many aspects of the internationalization process, to the point it may have created a need to update pre-existing internationalization theories. This has also created a need to update pre-existing internationalization theories. The OLI framework also describes the MNEs strategies and activities quite effectively. The Uppsala model is still in use, although not as substantially; it still matters and cannot be left out. CAGE was very present as well, especially considering the fact these MNEs are part of a unique group of Lusophone African countries, where CAGE becomes very important, since Portuguese as a language is not as ubiquotoues as other languages, and the culture of these countries are very similar, despite the fact their economies vary to a wider degree. In all cases, these older theories, in line with Hollensen (2007, p. 75-81) arguments, may no longer be sufficient to describe the internationalization process, especially for frontier MNEs. More details on this argument in chapter five, the conlusion section.

Findings

The names of interviewees and MNEs were used only when permission was granted to do so, although Appendices J and K provides a list of all MNEs interviewed. All interviewees and their MNEs that have requested anonymity, or have agreed to be interviewed under the researcher's assurance of anonymity, are not mentioned by name. Some interviewees did not mind being listed as source for their interviews but did not want to be associated with any quotes taken from their interview transcripts. All interviewees are listed in Appendix M, anonymously (through an Identifier Code as depicted in Appendix L) or not. Comments in the text are not attributed to those respondents who have requested anonymity.

Born Global

A born global enterprise is defined in this study as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries (Welch and Luostarinen, 1988). Many enterprises internationalize, but that does not make them born global, as discussed earlier in chapter two. What distinguishes the nature of born global enterprises in this study from the rest of international organizations, in accordance with the literature, is that they originated with the purpose of internationalizing, or were born internationally already, as it was the case of Centrovita, Fiberlinks, MersaGroup and MersaDev in Angola, to name a few, as well as TrillMoz, MyMobil, Midal Cables, and QL Redes in Mozambique.

A significant number of senior managers interviewed, both in Angola (nine of them) and Mozambique (seven of them), indicated their enterprises were already international from inception, while others were founded with the purpose of internationalizing right from inception. Such reality seems to point to an increasingly important phenomenon that is incongruent with traditionally expected characteristics of multinational enterprises.

These "born global" enterprises, a term first used by Welch and Luostarinen (1988), are unique in nature, especially in frontier markets such as Angola and Mozambique, which may be a sign of a new tendency of frontier economies MNE's internationalization process, one that no longer complies with the incremental models of internationalization stage theory (Cavusgil 1994, Chetty & Campbell-Hunt 2004, Knight 1997, Knight & Cavusgil 2004, McAuley 1999, McDougall, Shane & Oviatt 1994, Oviatt & McDougall 1994, Rennie 1993). Since this research cannot be generalizable, however, further investigation is warranted.

Organizational Formation through Internalization Advantages

Most upper management professionals interviewed in Angola and Mozambique, seventeen out of the twenty-four, felt they had to internationalize due to some cost advantage they had, such as exclusive information, managerial commitment, tax benefits, economy of scale, etc. While interviewees didn't justify their response in such way, Dunning's eclectic framework, or OLI had already explained the process.

For them, a major theme was the internalization advantages (the I in OLI) that arose as an answer to market failure in their industry sectors in Angola and Mozambique, such as their customers (or prospects) having asymmetric information about their products and services, creating uncertainty, for example, around the quality of the transactions and the proper price. For instance, according to Alexandre Marques, Centrovita's COO,

> ***Original***: *A Centrovita presta serviço na área da saúde, nós expandimos para várias especialidades esse ano. Percebemos que existe uma demanda muito forte para pediatria e ginecologia mas os custos sao muito altos aqui ou servicos sao inexistentes, forcando o cliente a ir ao exterior para este exames; muito caro! A taxa de natalidade é absurda, e nós fomos por essa área e a parte de ortopedia que o mercado tem pedido muito. Nossa internacionalizacao dos service so de diagnostic no Brasil, reduziu muito o custo, alem de manter o padrao de qualidade bastante alto. Assim, oferecemos ums solução de telemedicina também.... Era o nosso plano de expandir a telemedicina para outras clínicas como negócio complementar em partes, mas como nós abrimos a clínica, justamente na época que a crise de agravou nós seguramos esse processo de ir nas outras clínicas, por que o processo de telemedicina depende de pagamento foar do pais. Temos que pagar nossos médicos no Brasil, toda a equipe de especialista, nós temos 60 especialistas no Brasil. Não são funcionários diretos, é tudo telemedicina. Então, eu tenho uma quantidade de especialista para analisar tomografia que é impossível ter numa clínica de médio porte, por que um profissional muito caro. Hoje, existe radiologista no Brasil que só trabalham dando laudo por telemedicina. O mundo todo está concentrando e a gente, obviamente, tem que pagar essa demanda lá. //* ***English***: *Centrovita provides service in the health area, we have expanded to several specialties this year. We realize that there is a very strong demand for pediatrics and gynecology but the costs are very high here or services are non-existent, forcing the client to go abroad for these exams; very expensive! The birth rate is absurd, and we went through that area and the orthopedic part that the*

market has been asking for a lot. Our internationalization of diagnostic services in Brazil has greatly reduced the cost, in addition to keeping the quality standard quite high. So we offered a telemedicine solution as well .... It was our plan to expand telemedicine to other clinics as a complementary business in parts, but as we opened the clinic, just at the time that the crisis escalated we held this process going in other clinics, why the telemedicine process depends on the country's payment. We have to pay our doctors in Brazil, all the specialist team, we have 60 specialists in Brazil. They are not direct employees, it's all telemedicine. So I have a lot of specialist to analyze tomography which is impossible to have in a mid-sized clinic, why a very expensive professional. Today, there is a radiologist in Brazil who only works giving a telemedicine report. The whole world is concentrating, and we obviously have to pay for it there.

Jobartis' CEO, Luis Verdeja, pointed out in his interview that a major motivation for the creation of his enterprise was the exclusive information it has has accumulated, and continues to accumulate in the human resources and job market, and more recently education industry as well (with another branch of his MNE, Educartis):

> ***Original***: *Tenemos un producto exclusivo, que es una buena comprensión del mercado de trabajo aquí en Luanda. Nuestra base de datos es propietaria, y ofrecemos una plataforma para los empleadores y buscadores de empleo en Angola, y en el extranjero, un puesto de trabajo de apertura y búsqueda de oportunidades de empleo, respectivamente. No hay tal servicio aquí y todas las compañías importantes están comenzando a realizar las ventajas que nuestros servicios proporcionan. Pero el aspecto internacional de nuestros servicios es muy importante ya que proporcionamos a los clientes internacionales un servicio sin par. Dado que nuestro negocio es totalmente virtual, confiando en Internet, también podemos evitar los problemas de infraestructura tan difundidos en Luanda. //* ***English***: *We have an exclusive product, which is a good understanding of the job market here in Luanda. Our database is proprietary, and we provide a platform for employers and job hunters in Angola, and abroad, place a job opening and search for employment opportunities respectively. There is no*

such service here and all major companies are beginning to realize the advantages our services provide. But the international aspect of our services are very important as we provide the international clients with unparalleled service. Since our business is completely virtual, relying on the Internet, we are also able to avoid the infrastructure issues so pervasive in Luanda.

Yet another example is MersaDev's Executive Director, Gil Antunes, whom agrees that internalization advantages provided his MNE with motivations for internationalization and, most important, competitive advantage:

> ***Original***: *Nós somos uma empresa de consultoria de serviços, portanto a internacionalização, é mais fácil na prátic, pois nos garante visto de viagem quando temos que ir a Europa ou outro pais, ou uma autorização de criar unidade jurídica em outro país. Vim de Portugal para criar a MersaDev aqui em Angola, como empresa Angolana, devido a estas vantagens. Eu ja tinha esta experiencia, pois já trabalhei na Europa, já trabalhei na Armênia e no Brasil. E Angola tem tudo por fazer em todas as áreas, portanto as margens de lucro em formação em consultoria são 10 vezes superiores. Há mercados maduros, como o europeu e o brasileiro, são mercados maduros que já tem muito concorrência, que tem empresas de comunidade extensiva e então a dimensão dos contratos, os volumes do contrato em cidade de trabalho são muito superiores a Angola. Uma empresa na Europa quase que se quiser consegue sobreviver e implementar sua estratégia sem informação, em Angola isso não é possível por causa das limitações do sistema educativo de base e portando nós fizemos formação aqui que nunca faríamos em Portugal, por exemplo. //* ***English***: *We are a service consulting company, therefore internationalization, is easier in practice, because it guarantees us travel visa when we have to go to Europe or another country, or an authorization to create legal unit in another country. I came from Portugal to create MersaDev here in Angola, as an Angolan company, due to these advantages. I already had this experience, because I have worked in Europe, I have worked in Armenia and Brazil. And Angola has everything to do in all areas, so the profit margins in consulting training are 10 times higher. There are mature markets, such as the European and the Brazilian, are mature markets that already have a lot of competition, which has extensive community companies and then the size of the contracts, contract volumes in work city are much higher than Angola. A*

> *company in Europe almost if you want to survive and implement your strategy without information, in Angola this is not possible because of the limitations of the basic education system and by carrying we did training here that we would never do in Portugal, for example.*

Similar arguments were expressed by MNEs in Mozambique, suggesting that internalization advantages were one of the major drivers for their internationalization. Rui Coutinho, co-founder and CEO of Mobitel in Maputo, Mozambique express similar argument, as he pointed out to Mobitel's unique expertize in mobile applications, particularly for the banking industry. He said,

> ***Original***: *A Mobitel começou em 2013, começou inicialmente como um projeto de aplicação móvel para a Austrália pois nossos custos de operação aqui eram bastante baixos comparados com os de la e tinhamos um conhecimento, um produto, que eles nao tinham. … É um projeto de telecomunicações com uma vertente de marketing digital e também bancária, por que em Moçambique grande parte da população não tem acesso a serviços bancários. E a Mobitel também identificou que as operadoras móveis conseguem ter maior desempenho em relação aos bancos, aquilo que você acessa aos seus serviços, e para tal a Mobitel a intenção se juntar a uma operadora que a Movitel. //* ***English***: *Mobitel started in 2013, started initially as a mobile application project for Australia because our operating costs here were quite low compared to those of LA and we had a knowledge, a product, that they did not have. ... It is a telecommunications project with a digital marketing and also banking aspect, because in Mozambique a large part of the population does not have access to banking services. And Mobitel also identified that mobile operators can perform better in relation to the banks, what you access to their services, and for such Mobitel intends to join a carrier that Movitel.*

Another MNE in Mozambique, Astertax, also seems to use internalization as a driver for internationalization of its services. The company is headquartered in Maputo, but has a presence in Portugal, Austria, Germany, and Dubai. Diana Ribeiro, its Managing Director argues that,

> ***Original****: A Astertax e uma empreas de consultoria. Nos ajudamos empresas internacionais a fazerem negocios aqui. Nos temos uma concecao muito boa com or orgaos governamentais, bem como o setor privado. E muito dificil fazer negocios aqui se voce nao conhece a pessoa certa, nao tem as conecoes necessarias. Nos provemos isso. Tambem ajudamos empresas locais a identificar recursos, seja humano ou financeiros, dentro e for a do pais. Ou seja, nos temos um conhecimento que nenhuma outra empresa aqui ou de fora tem. … Então se não houvesse um link permanente de pessoas que estivessem aqui permanentemente a ajudar na abertura das empresas, no estabelecimento de parcerias estratégicas, ah... no próprio business (...) e etc., Eh... seria muito difícil as empresas estrangeiras se internacionalizarem elas próprias. //* ***English****: Astertax is a consulting firm. We help international companies to do business here. We have a very good relationship with government agencies as well as the private sector. It is very difficult to do business here if you do not know the right person, you do not have the necessary connections. We prove ourselves. We also help local companies identify resources, human or financial, inside and outside the country. That is, we have a knowledge that no other company here or without. ... So if there was no permanent link from people who were here permanently to help open up businesses, establish strategic partnerships, ah ... in business itself ... and so on, uh ... it would be very difficult Foreign companies to internationalize themselves.*

All tenty-four MNEs interviewed expressed similar sentiments related to their motivations to internationalize and how they could develop competitive advantages exploiting Dunning’s internalization advantages.

Strong Reliance on Alternative Governance Structures to Access Resources

Due to the economic nature of frontier markets, scarcity of resources and power were typical of MNE's interviewed, except for the larger corporations, such as Sonangol, Banco BAI, and Banco BNI in Angola, and OLAM, EcoBank and Norfund in Mozambique, in addition to a four other SMEs that asked not to be identified. Thus, for the most part, the MNEs interviewed commonly lacked sufficient resources to control many assets through ownership, causing them to internalize, or own, a smaller percentage of the resources essential to their survival than do mature MNEs. MyMobil/Mobitel is a good example, establishing partnership with another company in Australia to strength their position in that market.

The majority of interviewees felt that to preserve resources, and therefore remain competitive as they internationalized, there was a strong need to develop network structures, which is discussed in more details later. All MNEs interviewed, except for the large ones mentioned earlier, relied on networks and depended on the social (e.g., informal) control of behavior through trust and moral obligation, instead of formal contracts. In all cases, again except for the large MNEs, collaboration took precedence over opportunism because business and personal reputations were at stake, which could have greatly impacted economic growth in and beyond business transactions.

Interviewee's MNEs gains in resources and knowledge as a result of network alliances was impressive. Yet risks were also clear. One MNE in Maputo, Mozambique, Trillmoz, failed last December 2016, five months after being interviewed. This MNE had many years of successful operations, but the parnters were not able to agree on the strategic future of the enterprise, which coupled with severe lack of financial resources caused the closure of the business, leaving both partners with weaknesses.

Another one in Talatona, Angola, is being reorganized, not to the benefit of the future of the enterprise. Nonetheless, it has not failed, and proprietary knowledge has been safeguarded and trust maintained. In other words, even though most interviewed MNEs had to rely on internalization strategies, they did so at its minimal, as a way differentiating and positioning themselves abroad, but resort even more so on the use of alternative transaction governance structures, despite the fact such structures implied much greater risks of asset expropriation by hybrid partners.

During the time of the interview, MyMobil/Mobitel in Maputo was going through similar process. The MNE was originally known as Mobitel before it established a joint venture with Movitel of Vietnam, becoming MyMobil, right before deciding to expand into a niche market in Australia. Once it established a presence in that country, this MNE was in need to access new financial and human resources in order to remain competitive. The company then established a partnership, which then turned into a joint venture with Mobitel in Australia, becoming finally MyMobil/Mobitel. At the time of the interview, in July, 2016, as Mobitel increased its investments in MyMobil, the Maputo's MNE went through a full M&A process, becoming Mobitel. When discussing this process with Co-Founder and CEO, Rui Countinho, he indicated,

> ***Original***: *A Mobitel esta se juntando a Movitel. A Mobitel é daqui [Maputo] e Movitel dos Vietnamitas. Uma vez feita a fusao nos pudemos entrar no Mercado Australiano. Depois de quase um ano operando la nos resolvemos nos unir a MyMobil, que é uma empresa Australiana. Então nós alteramos a marca e estamos operando como a MyMobil/Mobitel. Apesar destas fusoes, nos agora podemos oferecer maiores servicos de solucoes mobil. Agora temos um domínio global, pois estamos em varios mercados como a África do Sul, Australia, aqui em Mozambique, e no Vietnam. //* ***English***: *Mobitel is joining Movitel. Mobitel is from here [Maputo] and Movitel from the Vietnamese. Once the merger was made, we were able to enter the Australian Market. After almost a year of operating it we decided to join MyMobil, which is an Australian company. So we've changed the brand and we're operating like MyMobil / Mobitel. In spite of these fusions, we can now offer greater services of mobile solutions. We now have global dominance as we are in several markets such as South Africa, Australia, here in Mozambique, and Vietnam.*

In Angola, MersaDev and Proil became part of MersaGroup. By becoming a group these enterprises were able to access each other's resources, strengthen their position in the Angolan market and abroad. According to Jose Gomes, CEO of Proil, *__Original__: Como um grupo, nos temos muitas oportunidades pois a oferta de servicoes e os recursos sao bem maiores. Temos muito trabalho nas próximas duas décadas. E nossa disposição é ir atrás das oportunidades que surgirem, com outsourcing, recrutamento para petróleo seja aqui em Angola, em Moçambique uma vez que lida com a extração do gás, bem como toda a África Austral, Guiné Equatorial, África do Sul, Namíbia. // __English__: As a group, we have many opportunities because of the services and resources are much greater. We have a lot of work in the next two decades. And our willingness is to go after the opportunities that arise, with outsourcing, recruitment for oil, be it here in Angola; in Mozambique, as it deals with gas extraction; as well as all Southern Africa, Equatorial Guinea, South Africa, Namibia.*

Challenges with Established International Locations

The establishment of an international location is at the core of any internationalization strategy and part of Dunning's OLI framework. That's what distinguishes an international enterprise from a domestic one. Essentially, at least eleven of the the interviewees internationalized because they found advantages in transferring some convertible resources (e.g., final products, knowledge or expertize, intermediate products, etc.) through international border to be combined with an immovable, or less mobile, resource or opportunity, such as raw material, or a differentiated market. In fact, all MNEs interviewed had a presence in at least one foreign market, we a few of them present in more than two. What varied was their level of success in maintaining and growing their presence and business in those markets.

Any MNE conducting business abroad faces many challenges, but typically, EE and FE MNEs face even more so, as discussed in the literature review, due to their own lack of resources. For FE, and the interviewed LAMNEs from Angola and Mozambique, the resources limitations were greater, and therefore, conducting their business transactions abroad had certain disadvantages. Among those worth citing were governmentally instituted barriers to trade and an incomplete understanding of laws, language, and business practices in foreign markets (anticipated by CAGE). While AE, and to some extent EE, MNEs have often relied on the advantages of scale to overcome such obstacles, the great majority of interviewed MNEs are dealing with much greater challenges.

One of the interviewed MNEs in Angola alluded to the complexity of gathering financial resources to fund operations abroad (OFDI) stating,

> ***Original***: *A nossa incapacidade de trocar o kwanza em dias ou de forma eficiente em dólares ou euros impôs uma grande barreira às nossas operações no estrangeiro. Não podíamos pagar os nossos fornecedores e pessoal a tempo porque as transferências bancárias levavam quase um mês para ser executado, isso se fosse possível. Se você viajar para lá e queria levar o dinheiro com você, as políticas do governo definiu limites muito baixos quanto ao montante que você poderia tirar do país, mesmo se você tentasse você não conseguiria encontrar moedas estrangeiras suficientes em casas de câmbio ou bancos. Você e forçado a trocar o o dinheiro no mercado paralelo por uma taxa de câmbio muito maior. A taxa oficial [em julho, 2016] era 165 kwanzas por 1 dólar, mas no paralelo você necessitaria 400-600 kwanzas por 1 dólar. Tal politica destruia muito de nossa receita no exterior e ainda mais de nossos lucros, sem falar no fato de nao podermos pagar nossas contas la.* // ***English***: *Our inability to timely or efficiently*

exchange kwanza in dollars or euros imposed a major barrier to our operations abroad. We could not pay our suppliers and personnel on time because wire transfers were taking almost a month to be executed, if possible. If you were to travel there and wanted to take the money if you, government's policies set very low limits as to how much you could take out of the country, an even if you tried you could not find enough foreign currencies on exchange houses or banks. You were forced to exchange it on the parallel market for a much higher exchange rate. The official rate [in July, 2016] was 165 kwanzas to 1 dollar, but on the parallel you would need 400-600 kwanzas to 1 dollar. Such policy destroyed much of our revenue abroad and even more so of our profits, not to mention the fact that we cannot pay our bills.

A senior partner from a Mozambican MNE confirms the hardships imposed by foreign exchange and government policies, as experienced in Angola, as she concludes,

Original: *A moeda moçambicana está em crise e isso está a destruir o nosso negócio. Temos presença no Brasil e em Portugal, bem como na África do Sul. Nós temos problemas pagando nossos fornecedores lá porque o medical está em 165 [ao dólar, a partir de julho, 2016[13]]. As grandes multinacionais não têm problema em comprar dólares ou trocá-lo, mas somos pequenos, não temos conexões com bancos ou com o governo. É por isso que estamos contemplando uma joint venture ou aquisição no exterior. Isso torna este processo muito mais fácil. Somos pequenos demais para lutar contra isso. Além disso, não temos tempo para isso. Precisamos nos concentrar no que fazemos melhor, no nosso know-how, na nossa experiência técnica. //* ***English***: *The medical [Mozambican currency] is in crisis and this is destroying our business. We have a presence in Brazil and Portugal, as well as South Africa. We have problems paying our suppliers there because the medical is at 165 [to the dollar, as of July, 2016]. The big multinationals don't have problem buying dollars or exchanging it, but we are*

[13] My clarification.

small, we don't have connections with banks or governments. That's why we are contemplating a joint venture or acquisition abroad. It makes this process much easier. We are too small to fight it. Also, we don't have time for that. We need to concentrate on what we do best, our know-how, our technical expertise.

To counterbalance these challenges, all MNEs interviewed seem to have a unique differentiator in which they could capitalize on. Their know-how, their private knowledge, was the most observable strategy to mitigate the barriers they face in internationalizing. It seems, what enables these MNEs in Angola and Mozambique to succeed, hence to enable them to take advantage of their positioning abroad, is their great mobility of knowledge once they are able to produce and localize such knowledge or know-how in the new market, to co-located it.

In addition, the majority of the MNEs interviewed, eleven according to the survey, are taking advantage of modern communication infrastructures and the valuable knowledge, or know-how, they are able to reproduce in other markets abroad. The services they provide, for the most part, are travelling literally at the speed of light at minimal marginal cost, without their need to physically travel abroad, move physical good or raw materials across borders, or even having to deal with currency exchanges, as transactions can be done virtually, via Paypal, credit cards, and other methods.

For example, Jobartis' Luis Verdeja, in Angola, explained that he relies almost a 100 percent on the Internet for the services he offers. He pays its suppliers and gets paid for its services mostly electronically as well. He has an office in Madrid, Spain, and another in Luanda, his headquarters. But he does not depend as much on the physical exchange of currencies to pay his suppliers or get paid. The same is true for TrillMoz, in Mozambique, which relies on Facebook to capture all its customers, showcase its products (fashion apparel), and sell it over the internet. They get paid via Paypal or Western Union.

Another example is Mymobil/Mobitel, also in Mozambique, with its mobile applications. Per Rui Coutinho, its co-founder and CEO, the development of their product, their software, took some time and investment, but once developed it is now being used and commercialized in Vietnam and Australia, sold (copied) and used ad infinitum with insignificant additional costs and increasing revenues. Mymobil/Mobitel knowledge and expertise can now be combined with less mobile resources in multiple countries (e.g., smart phone factories where the mobile software is needed). The same is true for Jobartis, as they are redeploying their expertize used for the job placement market to the educational sector with Educartis. Thus, these MNE's innovation drive, their know-how and private knowledge are creating differentiation or cost advantages that overcome the advantages of indigenous enterprises in many countries simultaneously.

In Angola, the Community of Exporting and Internationalization of Angolan Companies (Comunidade de Empresas Exportadoras e Internacionalizadas de Angola –CEEIA) is an important resource to help MNEs and those enterprises in the process of internationalization provides unique support to exporters and those venturing abroad. Unfortunately, several MNEs interviewed were not a member. Also, in Mozambique, there is no a single organization to assist enterprises in their internationalization process.

It is not new that knowledge-intensive industries, such as India's focus on information systems and technology (IS&T), have been globalizing at such a rapid pace (Reich, 1991). But this trend may be the reason why interviewed MNEs, with valuable knowledge and know-how, are being thrusted to near instantaneous, rather than evolutionary, internationalization. When these MNEs, despite their frontier market drawbacks, introduce valuable innovative goods or services it signals at least the existence, if not the essence, of its special know-how and proprietary knowledge to outsiders.

Control Over Unique Resources

The first three themes under this category of born global may define the apparent necessary conditions for the drive and relative great success of these interviewed MNEs in Angolan and Mozambique, despite all odds imposed by their local economies and domestic markets. Several interviewees informed they have been able to internalize some transactions, and to find ways to bypass their local markets disadvantages by intensive use of alternative transaction governance structures. They have also been able to differentiate themselves through the control of unique resources, such as innovation, know-how and proprietary knowledge, exerting some advantage over indigenous enterprises in the international markets they now have a presence. However, these strategies are not sufficient conditions for them to be able to sustainably maintain their competitive advantage in foreign markets.

Sustainable competitive advantage for any MNE requires that its resources be unique (Barney, 1991). Unfortunately, for any knowledge-based MNE, knowledge is at least to some degree a public good. One interviewee from Angola informed that the easy dissemination of such know-how or knowledge threatens their rent-earning opportunity because this unique know-how may not remain unique for too long. Thus, the ability to reproduce and move such know-how and innovative products and services at nearly zero marginal cost, is a simultaneously beneficial and troublesome property. These MNEs must limit the use of its know-how by competitors across the globe for it to have commercial value.

Of course, if knowledge can be kept proprietary by direct means, such as patents, copyrights, or trade secrets, then these MNEs, once their internalized valuable and unique or rare know-how, and they were able to protect it, then maybe they would be able to prevent imitation and slow the development of substitutes.

However, during the interviews, a recurring theme was the lack of recourses to protect such services or products. As informed by an MNE interviewed in Angola, patent protection is not much respected in Africa, which presents a major challenge for their business abroad. He said,

> ***Original***: *Nós não temos os fundos para investir em patentes e direitos autorais. Estamos em processo de levantar uma nova rodada de financiamento, e um dos objetivos é proteger a nossa propriedade intelectual. Mas como você sabe, a propriedade intelectual é ignorada em muitos países, especialmente aqui na África. Meu socio não está de acordo comigo, mas eu prefiro muito mais unir uma organização maior e deixá-los lidar com esse problema, que tentar o impossível. Por enquanto, estamos bem, mas sei que este será um grande desafio. Precisamos encontrar maneiras de proteger nosso know-how e continuar a inovar. //* ***English***: *We don't have the funds to invest on patents and copyrights. We are in the process of raising a new round of finance, and one of the purposes is to protect our intellectual property. But as you, intellectual property is ignored in many countries, specially here in Africa. My partner is not in agreement with me, but I much prefer to merge with a bigger organization and let them deal with it then*

try the impossible. For now, we are OK, but I know this will be a major challenge. We need to find ways to protect our know-how, and to continue to innovate.

Another interviewee in Mozambique talked about management's reluctance in protecting their intellectual property and how expensive it was, despite the fact normally these protections are not respected. He indicated,

> ***Original**: Meu parceiro e eu decidimos não proteger o nosso serviço. Temos um know-how que não é fácil de imitar. Sabemos que uma grande empresa pode ser capaz de duplicá-lo, como o que fazemos é novo aqui, mas não em alguns países da Europa e nos Estados Unidos. Além disso, não teremos dinheiro para isso. Mesmo que tenhamos de proteger o nosso know-how, e mesmo que fosse respeitado, o que não é o caso aqui em Maputo, uma vez que temos uma patente, um grande concorrente pode ser capaz reverter a engenharia, para chegar a um preço mais barato, ou mesmo oferecer altetnativas, ou mesmo melhorar em nossa oferta de serviços. Preferimos mantê-lo em segredo e só operar em coutries de língua portuguesa, não tanto pela linguagem, mas porque sabemos que os competidores locais nao tem o recurso para isso. Queremos ficar quietos. Não precisamos de muito*[14]*. // **English**: My partner and I have decided not to protect our service. We have a know how that is not easy to imitate. We know a big company may be able to duplicate it, as what we do is new here but not in some countries in Europe and the United States. Besides, we fon't have the money for it. Even we were to protect our know-how, and even if it were to be respected, which is not the case here in Maputo, once we have a patent a big competitor may be able to reverse engineer it, to come up with a cheaper alternative, or even improve on our service offering. We prefer to keep it secret and only to operate in coutries of Portuguese speaking language, not so much for the language, but because we know changes are out competiros won't have the resources to chase our expertize. We want to remain quiet. We don't need much.*

---

[14] This MNE has a presence in Mozambique and Cape Verde.

An interviewee from Angola pointed out to a different strategy, focusing on developing long lasting relationship with their customers to foster loyalty, since they could not afford to protect their intellectual property. They resort to a strategy that, according to him, was much more robust, saying that,

> ***Original***: *Estamos conscientes dos riscos de alguns concorrentes imitando-nos e talvez até mesmo fazê-lo melhor. Na verdade, tivemos uma companhia de Israel que nos contatou, querendo nos comprar. Quando nos recusamos, ficamos com medo que eles iam concorrer conosco, oferecendo um serviço semelhante a preços mais baixos. Mudamos o nosso marketing e promoção devido a este risco, e comecamos a enfatizar para os nossos clientes a nossa história organizacional única aqui em Talatona [Luanda], a nossa compreensão da cultura local e as nossas raízes aqui em Angola, como africanos. Agora, nos nos certificamos de que nossos clientes também sejam nossos amigos, que tenhamos um relacionamento com eles. Enquanto nossos concorrentes podem imitar o nosso produto e serviço, é muito mais difícil para eles fingir ser nós, para compreender a nossa cultura, para serem Africanos. Nesse sentido, nosso produto não pode ser imitado. //* ***English****: We are aware of the risks of some competitor imitating us and maybe even doing it better. We actually had a company from Israel approaching us, trying to buy us. When we refused, we were afraid they were going to offer a similar service at lower prices. We changed our marketing and promotion as a result of this risk, we emphasized to our customers our unique organizational history here in Talatona [Luanda], our understanding of the local culture and oour roots here in Angola and as Africans. We now make sure that our customers are also our friends, that we have a relationship with them. While our competitors can imitate our product and service, it is much harder for them to pretend to be us, to understand our culture. In this sense, our product can not be imitated.*

An MNE is Maputo displayed a good example of network governance structure. The CEO, iqually concerned with the issues of protecting their know-how, decided to adopt a protective strategy by seeking out partnerships and joint ventures (more on this theme later), which indeed, according to Teece (1987), may limit the expropriation of venture knowledge. The CEO stated that,

> ***Original***: *Sim, sempre nos preocupamos com um grande concorrente. É por isso que decidimos estabelecer uma parceria com a empresa Vietnamita. O custo deles é mais barato do que o nosso, estávamos preocupados. Também queríamos ser mais fortes quando entrasemos na Austrália, pela mesma razão. Ao estabelecer uma aliança com eles, conseguimos complementar nossa organização e habilidades. Nós também fomos capaz de evitar o risco de expropriação ja que a nossa perda seria a perda deles também. Acredito que nosso relacionamento, e fizemos questao de torná-lo altamente pessoal, nos permitiu extrair valor econômico e proteção ao nosso know-how, porque estávamos ganhando dinheiro juntos, incrementando nosso produto juntos. Tornou-se difícil separar o que era nosso e o que era deles. Nossa alianca foi tão bem sucedida que procuramos fazer o mesmo com o nosso parceiro na Austrália. Nos somos três agora, eu acredito, estamos muito bem agora. Espero não estar errado. //* ***English***: *Yes, we have always been concerned about a major competitor. That's why we decided to establish a partnership with the Vietnamise company. They cost is cheaper than ours, we were concerned. We also wanted to be stringer when we entered Australia, for the same reason. By establishing an alliance with them we wre able to complement our organization and skillset. We also were ab le to prevent risk of expropriation as our loss would be their loss too. I believe our relationship, is we satrive to make it highly personal, enabled us to extract economic value and protection to our know-how, because we were making money together, im proving our product togtether. It became difficult to separate what was ours and ehat was theirs. It was so successful that we sought to do the same with our partner in Australia. Th three of us now, I believe, feel very good about it. I hope I am not wrong.*

Internet

The development of information systems and technology (IS&T), especially the Internet, has enabled significant changes in the operational environment of MNEs during their internationalization process. At least 37 percent of the survey respondents and eleven of those interviewed indicated in some ways or another that the internet has turned the global markets as global, uninterruptedly operating and progressively automating process of buying, selling, producing and distributing.

In addition, the developments occurred recently in Internet-based information and communication technologies (ICTs) together with the growing of a global and commonly accessible marketspace (Rayport and Sviokla, 1994) on the Internet seem to have offered these interviewed MNEs in Angola and Mozambique new opportunities of doing business abroad, which in fact has led a number of researchers to challenge existing theories relating to the internationalisation process of MNEs (Quelch and Klein, 1996; Hamill, 1997).

Paulo Santos, senior partner at Ecofirma, in Luanda, Angola, confirmed how much his MNE relies on the Internet by saying,

> ***Original****: Nós sistematicamente usamos a Internet para diminuir nosso custo de informação. Quando não podemos encontrar as informações de que precisamos sobre um mercado que estamos explorando, um concorrente, ou mesmo quando estamos à procura de um produto, sempre podemos pedir a alguém, sempre há alguém lá fora [na Internet] disposto a compartilhar informações conosco. Por causa disso [da Internet] acreditamos ter reunido informações de alta qualidade, a um custo muito baixo, o que ajudou tremendamente a nossa empresa. //* ***English****: We has systematically used the Internet to decrease our cost of information. When we can't find the information, we need about a prospect market, a competitor, or even when we are looking for a product, we can always ask someone out there [on the Internet], there is always someone willing to share the information with us.*

Because of it [the Internet] we believe we have gathered very high quality information, at very low cost, which has helped our company tremendously.

Social Media (e.g. Facebook and LinkedIn.com)

Almost all the twenty-four MNEs interviewed expressed the usefulness of social media as a competitive advantage tool in various facets of their internationalization process. Many of them use Facebook and LinkedIn for international market research, to develop new leads, announce new products and services, and even provide customer support.

The Mozambican TrillMoz's senior partner stated social media was a key strategy in their internationalization, saying,

> ***Original***: *Através da Internet eu pude reunir todas as informações e conhecimentos necessários para lancar nossos produtos no mercado exterior. Por causa disto, nós não tivemos que abrir uma loja física aqui em Maputo. Em vez de nos concentrarmos no mercado local, onde seria muito difícil competir, e onde o puder aquisitivo e bastante baixo, abrimos uma loja virtual no Facebook. Em vez de usar rádio ou jornais para a nossa publicidade, usamos a mídia social. Publicamos nossos produtos no Facebook, mas também publicamos promocoes no Twitter e Snapchat, bem como um mini-catalogo no Pinterest. Encontramos e conectamos com fornecedores e representantes no LinkedIn, e conhecemos você [o pesquisador] através do Linkedin também. Nos pudemos iniciar o nosso negócio e exportar nossos produtos exclusivamente por causa da Internet. No inicio, nos nem tinhamos nosso acesso proprio à Internet. Nós usavamos um Cybercafé aqui, perto do Hotel Avenida [em Maputo]. //* ***English***: *Through the Internet I could gather all the information and knowledge necessary to lauch our business abroad. Because of it, we did not have to open a physical store here in Maputo. Instead of focusing on the local market, where it was going to be very hard for us to compete, and the buying power is very low, we open a virtual store on Facebook. Instead of using radio or newspapers for our advertising, we used social media. We*

> *advertised our products on Facebook, but we also post pormotions on Twitter and Snapchat, as well as a mini-catalog on Pinterest. We found and connected with suppliers and representatives on LinkedIn, and we met you [the researcher] through Linkedin as well. We could start our business and export our products solely because of the Internet. At first, we didn't even have our own Internet access. We used a Cybercafe here, near the Hotel Avenida [in Maputo].*

Jose Almeida, country manager at Fiberlinks in Maputo, Mozambique, also pointed out how powerful the Internet was for his business as a tool for internationalization, indicating,

> ***Original***: *A Internet é uma ferramenta muito poderosa em nosso negócio, pois torna as informações sobre nossos clientes, fornecedores e até concorrentes muito mais acessíveis. A Internet também nos permite realizar pesquisas de mercado nos mercados internacionais, e até mesmo verificar os preços competitivos disponíveis para todos os nossos concorrentes lá fora. Podemos então posicionar-nos no mercado com base nesses resultados. //* ***English***: *The Internet is a very powerful tool in our business as it makes information about our clients, suppliers, and even competitors much more accessible. It also allows us to conduct market research on international markets, and even check competitive prices available for all our competitors out there. We can then position ourselves on the market based on these results.*

The CEO of Angolan's Alianca, Luciano Medeiros, commented on their strong reliance on Facebook for business development and customer's relations, indicating,

> ***Original***: *Ao oferecer nossos produtos, identificamos oportunidades na Internet, principalmente no Facebook. Não só temos acesso a uma base de grandes perspectivas, mas também podemos aprender muito sobre o que o mercado precisa, como a rede com os clientes potenciais e atuais atuar como embaixadores para a*

nossa empresa e nossos produtos. Acreditamos que, para criar oportunidades, nossa empresa tem que criar um forte compromisso na rede para que possamos ter melhor acesso ao que está acontecendo no mercado, o que é só vamos aprender se a nossa rede confiar em nós. // ***English****: When offering our products, we identify opportunities on the Internet, mainly on Facebook. Not only we have access to a large prospect base, but we can also learn a lot about what the market needs as we network with prospects customers and existing one's act as embassadors for our company and our products. We believe that, in order to create opportunities, our company has to create strong commitment in the network so that we can have better access into the what is going on the market, which is we will only learn if our network trust us.*

The literature on network models states that internationalization occurs when MNEs develop relationships with other enterprises which belongs to a network in a target country (Ojala 2009, p. 51). Interviewees seems to confirm such argument.

Alexandre Marques, COO at Centrovita indicated how important networking was for their internationalization process and for cultivating professional relationships, as he explained,

> ***Original****: Quando começamos a desenvolver essas relações entre a Centrovita e esses médicos no Brasil, percebemos que não estávamos operando apenas em dois países diferentes, mas também estabelecendo uma ponte para novos mercados. Percebemos que poderíamos fazer o mesmo com a Índia. //* ***English****: When we first started developing these relationships between a Centrovita and these doctors in Brazil, we realized we were not only operating in two different countries, but also establishing a bridge to new markets. We realized we could do the same with India.*

Jose Gomes, CEO of Proil, in Luanda, Angola, also indicated a similar argument, stating,

> ***<u>Original</u>****: Muitos dos nossos negócios e parcerias são desenvolvidos pela Internet. Estávamos à procura de empresas de navegação no Linkedin, e obtevemos grandes referencias. Para nós, as relações que desenvolvemos através de redes de negócios são muito importantes, especialmente quando estamos à procura de novos fornecedores, ou mesmo novos mercados para expandir. //* ***<u>English</u>****: A lot of our business and partnership are developed over the Internet. We were looking for shipping companies on Linkedin, and got great leads. To us, the relationships we develop through in business networks are very important especially when the we are looking for new suppliers, or even new markets to expand.*

Internet Sales

The way that MNEs across the globe has been exploiting the Internet has been the focus of a substantial body of scientific studies and non-academic reflection. For the LAMNEs interviewed it seems to be no different. Several of the MNEs interviewed, at least 37 percent of them, indicated their reliance on Internet sales as a strategy to mitigate sales and inventory costs, as well as to expand their market size base abroad. Through the survey and the interviews, it became clear that the Internet has affected these selected MNEs' international trade.

Nelson Neves, CEO of Fiberlinks, in Angola, indicated that the Internet has enabled his company to expand their product offerings and client base abroad, explaining,

> ***Original***: *Os avanços na tecnologia da informação expandiram enormemente a gama de produtos e serviços que nossa empresa é capaz de comercializar internacionalmente. //* ***English***: *Advances in information technology have vastly expanded the range of products and services that our company is able to trade internationally.*

Another interviewee from Angola, whom targets primarily and exclusively Lusophone countries in Africa seems to agree with Fiberlinks CEO, as he says,

> ***Orignal***: *A nossa introdução do comércio eletrônico como estrategia de vendas internacionais, de exportacao, revelou para nos novas oportunidades em termos de processo de vendas no exterior. Alem do mais, um dos principais benefícios deste comercio eletronico para nossa empresa é a possibilidade nao so de vender aos nossos clients mas tambem comprar dos nossos fornecedores, tanto dentro de Angola como nos mercados internacionais que participamos. //* ***English***: *Our introduction of e-commerce as an internationalization strategy, of exportation, has revealed to us new opportunities in terms of overseas sales process. Moreover, one of the main benefits of this electronic commerce for our company is the possibility not only to sell to our clients but also to buy from our suppliers, both within Angola and in the international markets that we participate.*

An interviewee from Maputo, in Mozambique also echoes Fiberlink's CEO, indicating,

> ***Original***: *Nossa capacidade de vender nossos produtos e serviços através da Internet tornou nosso comércio internacional muito mais fácil e muito mais eficiente do que nunca. Ele nos permitiu aumentar as vendas globalmente a um custo muito baixo. Melhor de tudo, nós somos pagos antes de enviar o nosso produto. //* ***English***: *Our ability to sell our products and services over the Internet has made our international trading much easier and a lot more efficient*

than ever. It has allowed us to ramp up sales globally at very low cost. Best of all, we get paid before we send our product.

Professional online communities

Professional online communities have been used extensively across different professions to support collaborative professional and social interactions as well as knowledge exchange among professionals with common interests, backgrounds, or both. Another theme that surfaced among the interviews with MNEs from Angola, but not so much from Mozambique, only one MNE from there, is the importance of online community of practice (CoP) as a strategy for internationalization. Overall, interviewees indicated that in these communities, members can share their ideas and experiences, ask questions, access industry information, and increase their professional exposure through social networking.

The community of internationalized and exporting enterprises of Angola (CEEIA) is a good exemplo of such CoP. According to CEEIA's web site (www.ceeia.co.ao), the organization is a

relevant part of internationalized and exporting enterprises of Angola have combined their best competences, with the intention to promote and bring credibility to Angola in the international markets. Productive capacities, know-how and acquired sensitivities congregate to, all in one, and in an innovative manner, amplify the opportunities, the advantages and the will to internationalize and export services and products, putting Angola in the front of the international ranks.

One of the Angolan interviewee, from the bank sector, a member of CEEIA, elaborated on the advantages of being a member of CoP such as CEEIA, indicating,

> ***Original***: *Eles [CEEIA] também realizam tarefas e resolvem problemas através da colaboração com colegas conhecidos e desconhecidos, o que nos ajuda no processo de internacionalização. //* ***English***: *They [CEEIA] also perform tasks and solve problems through collaboration with both known and unknown colleagues, which helps us in the internationalization process.*

Another Angolan interviewee, also from the bank sector, and a member of CEEIA, elaborated more on the benefits of a membership at CoP, especially those providing support for internationalization and exportation, as CEEIA does, by saying,

> ***Original***: *Nossa participação na CEEIA tem sido muito benéfica para nós por causa da diversidade dos membros. A comunidade é composta de várias indústrias, o que contribui significativamente para o nosso crescimento e desenvolvimento profissional através da absorção de novas idéias, a transferência de conhecimento, a resolução e prevenção de problemas em colaboração e a expansão da rede de base da comunidade, tudo sem fronteiras, mesmo que haja momentos em que nos encontramos face-a-face. //* ***English***: *Our membership with CEEIA has been very beneficial to us because of the diversity of the members. The community is made up of several industries, which contributes significantly to our professional growth and development through the absorption of new ideas, the transfer of knowledge, the solving and prevention of problems collaboratively, and the expansion of the community's base network, all in a borderless medium, even though there are times we meet face-to-face.*

Interesting enough, most of the MNEs interviewed in Angola were not members of CEEIA, although about half of them were aware of the organization and believed on the value it provides for its member. It was not clear why these MNEs were not a member of CEEIA.

Modes of Entry

As discussed earlier in chapter two, there are several modes of entry a MNE may choose to enter an international market. Often, the internationalizion mode selected will depend from various characteristics intrinsic to the enterprise, as well as the external variables determined regarding the target foreign market. Both the survey and the semi-structure interviews revealed that the predominant modes of entry for these 24 MNEs were joint ventures and international partnerships, e-business and e-commerce, merging and acquisitions, direct and indirect exports, and greenfield.

Joint ventures and international partnerships

For this study, and as defined by the MNEs interviewed, a joint venture is an entity formed by two or more independent enterprises working together, where the enteprises agree to join together sharing revenues and costs, as well as the control of the new enterprise.

From the respondents that answered the survey, 53.5 percent indicated to have chosen joint venture as their mode of entry into foreign markets. During the interviews, fifteen of the twenty-four interviewees also confirmed their preference for such mode of entry, making joint venture the preferred mode of entry for these MNE's from Angola and Mozambique.

An interviewee from Angola, whom has established a joint venture with an enterprise in Europe expressed the benfits of establishing a joint venture by saying that,

> ***Original***: *A sociedade entre as nossas empresas foi a estrutura mais viável para cada um de nós, pois complementamos as nossas competências. Outrho fator importante é que ambas as empresas conseguiram conquistar presença internacional em cada um de nossos mercados. //* ***English***: *The joint ventures among our companies was the most viable business structure set up as each of us complemented each other's skills. Another important factor is that both of our companies were able to gain international presence in each of our own markets.*

Another Angolan MNE interviewed stated how important to their MNE's internationalization strategy was to develop a joint venture with anotoher enterprise at their target maket, indicating that,

> ***Original***: *Para nós, a joint venture foi ideal, pois nos beneficiamos do conhecimento do nosso parceiro sobre as condições competitivas de seu país,*

> *cultura, linguagem e sistemas políticos e empresariais. Além disso, todos os custos e riscos são compartilhados. Teria sido muito mais caro, e provavelmente impossível, se tivéssemos tentado internacionalizar lá [Portugal] por nós mesmos. // **English**: For us the joint venture was ideal as we benefit from our partner's knowledge of their country's competitive conditions, culture, language, and political and business systems. In addition, all costs and risks are shared. It would have been much more expensive, and likely impossible, if we had tried to internationalize there [Portugal] by ourselves.*

Mozambican MNE MyMobil was able to enter Australia thanks to a joint venture with a potential competitor from Vietnam, Movitel. It's co-founder and CEO, Rui Coutinho, explained that the two enterprises, together as one, were able to enter the Australian market and share the risk. They eventually established yet another joint venture with a local, and potential competitor there, Mobitel, which later one (during the time of the interview) were in the process of merging and becoming MyMobil/Mobitel. Rui Coutinho provided more details on the advantages of his selected mode of entry, indicating,

> ***Original***: *Em alguns países, a Austrália é um bom exemplo, esta é a única maneira de entrar no mercado [como uma sociedade]. Juntos conseguimos superar alguns riscos, compartilhando-o, e mais tarde, quando estabelecemos um sociedade com a Mobitel, fomos capazes de transferir o controle de nossa tecnologia para eles e evitar riscos locais no mercado australiano, que não estávamos preparados para absorver. // **English**: In some countries, Australia is a good example, this is the only way to enter the market [as a joint venture]. Together we were able to overcome some risk, by sharing it, and later on, when we established a joint venture with Mobitel, we were able to transfer control of our technology to them and avoid local risks in the Australian market, which we were not ready to absorb.*

E-business and E-Commerce internationalization strategies

Another theme among the MNE internviewed in Angola and Mozambique was the use of e-tailing as an entry mode when internationalizing. From the respondents that answered the survey, 38.2 percent indicated to have chosen e-business (B2B) and e-commerce (B2C) as their preferred mode of entry for internationalization. During the interviews, eleven of the twenty-four interviewees also confirmed their preference for such mode of entry, making B2B/B2C the second most preferred mode of entry.

In this study, e-tailing is being defined by interviewees as did Fiore (2011), as "a company that has opened a storefront on the net." E-tailing has grown to be a vital part of the world economy, targeting both B2B and consumers B2C.

The internationalization of internet-based MNEs is accelerating (Luo, Zhao and Du, 2005). Huge globally active e-tailers such as Amazon with country specific websites in 13 countries (Amazon.com Inc, 2014) had a market cap of almost 183 billion USD on January 17th 2014 (Bloomberg, 2014). The German fashion e-tailer Zalando went in to the Swedish market in 2012 and are now backed with major investments from successful traditional fashion retailers like the Bestseller Group and investment giants Swedish Kinnevik, who owns 37 percent of Zalando (Mentor Communications AB, 2013).

Many of the MNEs interviewed, while not aware of the promising growth data such as of Amazon's are betting on e-commerce and e-business (B2B/B2C) strategies as a path to internationalization. An interviewee from Angola explained that when they decided to use e-commerce as an internationalization entry mode into Spain and other Lusophone countries, the deciding factor was the cheaper and more effective way provided by the strategy to reach those markets, he explained,

> ***Original***: *Para nós, desenvolver um website com uma interface personalizada para inglês, português e espanhol foi uma nova estratégia, muito mais barata do que abrir uma loja aqui em Luanda e tornar-se restrito apenas ao mercado local. Não foi apenas mais barato, mas também uma forma mais eficaz de servir os nossos clients aqui e internacionalmente. //* ***English***: *For us, to develop a website with the interface customized to English, Portuguese and Spanish languages was a brand-new strategy, much cheaper than opening a store here in Luanda e become restrict to the local market only. It was not only cheaper, but also a more effective way to serve our customers here and internationally.*

Trillmoz, in Mozambique, one of the smallest MNEs interviewed, explained that developing an e-commerce (B2C) strategy was the cheapest and most effecfive solution to enable them to be in various Lusophone countries at once. Although they chose to focus their business offerings on Facebook, the explains there were other more powerful options,

> ***Original***: *Decidimos usar o Facebook como nossa principal presença corporativa online devido às muitas conexões que já tínhamos lá e a ajuda de nossos amigos e familiares para divulgar a nossa pagina, o nosso negócio, vendendo roupas da*

*moda para os jovens e todas as pessaos falavam português. Isso sem falar que o Facebook traduz as paginas para voce automaticamente. Mas um amigo nosso nos contou sobre alguns prestadores de serviços que poderiam nos ajudar a expandir internacionalmente, não apenas nos países de língua portuguesa, com soluções fáceis, como a Tictail AB, uma empresa que oferece uma loja online gratuitamente e a capacidade comecar a oferecer seus produtos em apenas alguns minutos, em vários países. Nós decidimos crescer com plartform familiar do Facebook primeiro, mas podemos usar Tictail no futuro. // **English**: We decided to use Facebook as our main corporate presence online, due to the many connections we already had there and the help of our friends and family to like us and disseminate the word that we were up for business, selling cool cloths for the young and fashionable people out there that spoke Portuguese. This without mentioning that Facebook translates the pages for you automatically. But a friend of us told us about some service providers that could help us to expand international, not only in Portuguese speaking countries, with easy solutions, such as Tictail AB, a company that offers a webshop for free and the ability to start an e-tailing business in just a couple of minutes in multiple countries. We wanted to grow with the familiar plartform of Facebook, but we may use Tictail in the future.*

An interviewee from Angola explained his enterprise choice for an e-commerce internationalization entry based on how easy it is for them to suddenly change their current strategy to adapt to market conditions. He said,

*__Original__: A principal vantagem que encontramos nesta estratégia é que, como um varejista da Internet oferecendo produtos em outros países, podemos facilmente configurar uma versão específica do país once tmeos presence em nosso site e oferecer o transporte e pagamento na moeda local, especialmente considerando os problemas que estamos tendo aqui em Angola e a incapacidade de trocar kwanzas por qualquer outra moeda. Mantemos sempre uma receita no exterior, nestes mercados ode temos presenca, o que nos permite pagar fornecedores e ter uma reserva orçamentária. // **English**: The main advantage we found in this strategy is that as an Internet retailer offering products in other countries, we can rather easily set up a country specific version of our website and offer shipping and payment in their local currency, especially considering the problems we are having here in Angola and the inability to exchange the kwanza* *for any other currency. We keep the revenues from abroad in those markets, which enables us to pay suppliers and have a budget reserve.*

Merging and Acquisitions

Merging and acquisitions (M&A) seem to be the third most preferred mode of entry for the MNEs on this study, with 35.7 percent of survey responds preferring this mode. A total of ten, of the twenty-four MNEs interviewed indicated M&A as their choice of internationalization strategy.

An enterprise can undertake FDI in a host country in either one of two ways: as greenfield investment in a new facility, or acquiring or merging with an existing local enterprise. In a cross-border merger, the assets and operation of the two enterprises belonging to two different countries are combined to establish a new legal entity. In a cross-border acquisition, the control of assets and operations is transferred from a local to a foreign company, the former becoming an affiliate of the latter.

Discussing about their internationalization mode when entering Dubai, an interviewee from Angola pointed out that their internationalization mode relied on a FDI strategy by acquiring an enterprise abroad instead of opting for a greenfield operation. He argued,

Original: *A melhor alternativa para nós entrarmos no mercado em Dubai, na verdade o mais econômico, foi adquirir uma empresa estrangeira ja existente lá* *[cross-border M&A[15]]. Não queríamos formar uma nova empresa naquele país, pois havia muitas incógnitas. // **English**: The best alternative for us in entering Dubai's market, actually the most economic, was to acquire an existing foreign enterprise there [cross-border M&A]. We did not want to develop a new enterprise in that country, as there were too many unknowns.*

Another interviewee from Angola, from the banking industry, explained the advantages that a cross-border merger provided their business to access the knowledge base of their selected enterprise, as well as some relevant intellectual property. He said,

> ***Original***: *É muito importante tentar adquirir talentos e ativos complementares como o principal determinante para qualquer estratégia de M&A. //* ***English***: *It is very important to try to acquire complementary talent and assets as the main determinant for any M&A strategy.*

A few interviewees in Angola, three out of 14, indicated that they opted for a merger with smaller enterprises at the target market abroad, instead of a greenfield investment, because the fixed cost of greenfield investments was always larger than the merger cost. A banker that was interviewed explained yet another dimension of the discussion,

[15] My own clarification.

__Original__: Se o investimento in greenfield é menos lucrativo do que o exportador, as empresas locais podem se recusar a participar de uma joint venture, deixando a multinacional escolher entre M&A e exportação. // __English__: If greenfield investment is less profitable than exporting, local enterprises may refuse to participate in a joint venture, leaving the MNE to choose between M&A and exporting.

Another Angolan interviewee emphasized the fact that one of the deciding factor for them when choosing whether to merge or acquire a business concern at their target market abroad, versus a greenfield strategy, was the potential amount of synergies their FDI could offer them, indicating,

__Original__: Para nós, um fator decisivo ao considerar as fusões e aquisições e joint ventures, e como elas diferem do investimento greenfield, principalmente porque elas oferecem à empresa participante a possibilidade de realizar sinergias. // __English__: For us, a deciding factor when considering M&A and joint ventures, and how they differ from greenfield investment, is mainly because they offer the participating enterprise the possibility to realize synergies.

Direct and Indirect Exports

Exporting has been traditionally regarded as the first step to entering international markets, serving as a platform for future international expansions (Kogut and Chang, 1996). It is the most used entry mode strategy for small and medium MNEs because of the lack of resources (Dalli, 1995) and certain degree of market knowledge and experience (Root, 1994). There are direct and indirect approaches to exporting to other global markets. Direct exporting is straightforward, where the MNE makes a commitment to market overseas on its own behalf.

The motives for MNEs to choose direct/indirect exports as a mode of entry versus others varies. From the twenty-nine survey respondents, 17.8 percent preferred direct exports, and 7.1 percent preferred indirect exports as a mode of entry, making this mode fourth most used by the MNEs of this study when entering a foreign market.

A large MNE interviewed in Angola argued they chose direct export as their internationalization mode to maintain better controls over their brand and operations. He explained,

> ***Original***: *Ao recorrer à exportação directa como forma de entrada na Europa, especialmente em Portugal, permitiu-nos manter um maior controle sobre a nossa marca corporativa e as nossas operações no estrangeiro, muito mais do que se tivéssemos optado por exportar indirectamente. //* ***English***: *By resorting to direct export as our mode of entry into Europe, especially in Portugal, enabled us to retain a greater control over our corporate brand and operations abroad, much more than if we had chosen to export indirectly.*

Another interviewee in Angola offered a different alternative to exporting as an entry mode, explaining that they chose indirect exporting because they could not afford to do it directly due to the complexies of logistics and higher costs. He said,

Original*: Nos optamos por entrar na África do Sul através da exportação indireta, o que foi muito mais fácil para nós. Contratamos um agente la no país, em Johhanasburg, para lidar com a exportação em nosso nome. Era muito mais barato assim. Não poderíamos lidar com as complexidades da logística se tivessemos que exportar diretamente. Nós não gostamos do fato de que não temos muito controle sobre os nossos produtos e da imagem corporativa, e às vezes nos perguntamos se o nosso agente está trabalhando para o nosso concorrente também, mas por enquanto, isso é tudo que podemos fazer. Talvez uma vez que alcançamos um nível mais elevado de exportacao lá nós reconsideraremos a estratégia. //* ***English****: We chose to enter South Africa through indirect exporting, which was much easier for us. We hired a country agent there in Johhanasburg to handle the exporting on our behalf. It was much cheaper this way. We could not deal with the complexies of the logistics if we were to export directly. We don't like the fact we don't have much control of our products and corporate image, and we wonder at times if our agent is working for our competitor as well, but for now, that is all we can do. Maybe once we achieve a higher level of eports there we'll reconsider the strategy.*

An Angola MNE that was interviewed pointed out that for them, the main advantage for exporting into Cape Verde was to reduce costs in manufacturing their products there. He explained,

Original*: Uma vantagem para a nossa empresa exportar para Cabo Verde é que evitamos custos de produção, que sao muito mais caros lá. Naturalmente, se o custo de mao de obra e despesas gerais fossem mais baratos la, nós pderiamos mudar a fabricacao para lá, porque seria melhor para nos não ter de lidar com custos de transporte e da logística. Mas ainda assim, ha um outro benefício importante que teriamos que considerer. No momento produzimos nao so para Angola, mas para Cabo Verde tambem, que nos proporciona uma boa economia de escala, pois como estamos produzindo mais, para os dois mercados, isso nos permite reduzir custos de producao, principalmente nas matérias-primas, devido as maiores quantidades utilizadas. //* ***English****: One Advantage for ou company to exports to Cape Verde is that we avoid much more expensive manufacturing costs there. Of course, if their labor and overhead costs were cheaper we would probably move manufacturing there, as we prefer not to deal with shipping costs and* *logistics. But another benefit for us is that now we produx for Angola and for Cape Verde, which provides us with some economy of scale, as we are producing more and getting lower costs on raw materials due to higher quantities.*

Greenfield

From the respondents that answered the survey, 21.4 percent indicated to have chosen greenfield as their mode of entry into foreign markets. During the interviews, six of the twenty-four interviewees also confirmed their preference for such mode of entry, making greenfield fifth most preferred mode of entry when internationalizing.

There are two ways to gain internationalization by using this entry mode. The first one is by setting up a new operation in the host country, often referred greenfield venture, or it can acquire established firm in the host nation and use that firm to promote its products (Hill, 2007).

A large MNE from Angola explained greenfield was their preferred mode of entry in South Africa becasus they want to maintain control over their overseas operation. He indicated,

> ***Original***: *Nos tivemos que adotar o greenfield porque queriamos manter o controle sobre nossas operações no exterior. Nos tinhamos que reduzir o risco de perder o controle sobre nossas competências também. Essa foi a única maneira de manter um controle rigoroso sobre nossas operações nos países onde operamos. //* ***English***: *We had to use greenfield because we want to maintain control over our operations abroad, we had to reduce the risk of losing control over our core*

competencies as well. This was the only way for us to maintain a tight control over our operations in the countries we operate.

Another large MNE in Mozambique indicated that due to the nature and large size of their business, the only suitable choice for enterig foreign markets was greenfield, although they had tried brownfield unsuccessfuly. She explained,

> ***Original***: *Temos grandes operações em vários países da África, e a única maneira que podemos manter o controle total de nossas operações é através de greenfield. Nós tínhamos tentado investimentos do tipo brownfield, alugando algumas instalações e terrenos, que sao relativamente de menor custo do que os investimentos greenfield, mas o risco é muito maior. Tivemos uma situação onde o proprietário da instalação nos pediu para sair, que foi muito estressante. Em outro, não podiamos fazer modificações no plano de piso, e em outra situacao, em Gana, tivemos que pagar um ano inteiro de aluguel com antecedência. //* ***English***: *We have large operations in various countries in Africa, and the only way we can keep total control of our operations is through greenfield. We had tried brownfield investments, leasing some facilities and land, which is relatively cheaper than greenfield investments, but the risk is much higher. We had a situation where the owner of the facility asked us to leave, which was very stressing. In another, we could not make modifications to the floorplan, and yet another, in Ghana, we had to pay a whole year worth of lease in advance.*

Despite the challenges associated with greenfield FDI, frontier economies often tend to attract prospective MNEs with many perks, which can worth considering. An interviewee from a large MNE in Angola shared his experience,

> ***Original***: *Três anos atrás, decidimos expandir para o mercado filipino. O governo local lá oferecia grandes inventivos para um compromisso de longo prazo, que*

*incluía incentivos fiscais, subsídios e outros incentivos para que aceitássemos a criação de um novo investimento. Esta oportunidade nos permitiu reduzir nossas receitas fiscais da empresa no curto prazo e nos proporcionou alguns outros benefícios econômicos. Também nos permitiu incrementar o capital humano local, pois treinámos muitos trabalhadores locais, que acreditamos nos proporcionarão resultados muito positivos a longo prazo. // **English**: Three years ago, we decided to expand into the Philippino market. The local government there offered great inventives for a long-term commitment, which included tax breaks, subsidies, and other incentives for us to agree to setup a greenfield investment. This opportunity allowed us to lower our corporate tax revenues in the short-term and provided us with some other economic benefits. It also allowed us to enhance the local human capital, as we trained many of the local workforce, which we strongly believe will provide us with very positive returns over the long-term.*

While there may be great benefits for greenfield investments, there risks as well. An interviewee from Mozambique indicated that his company had problems with the local government in Angola when they internationalized there, explaining,

> ***Original**: Tínhamos um compromisso a longo prazo em Angola e inicialmente desfrutamos de grandes subsídios e benefícios fiscais, mas depois, ao fim de dois anos, o nosso relacionamento com o governo entrou em colapso devido à diferença de opiniões sobre os futuros investimentos. Tivemos que terminar o nosso projeto abruptamente, o que foi financeiramente devastador. // **English**: We had a long-term commitment in Angola and at first enjoyed great subsidies and tax benefits, but then, after two years, our relationship with the government collapsed due to difference of opinions about further FDI investments. We had to pull out our project abruptly, which was financially devastating.*

Chapter V – Conclusions, Recommendations, and Further Research

The drawback of this study is the low number of participating MNEs, 29 in total that were surveyed, only 24 interviewed. However, it points out the direction and may act as an indicator to how these MNEs internationalize and their mode of entry. The findings, it is hoped, will be useful to better understand the driving forces of LAMNEs from Angola and Mozambique internationalizations, most of them small and young enterprises, but also some large ones. Time constraint was the first limitation that had to be overcome. I was only able to spend one month in Africa surveying 14 MNEs in Angola and 10 in Mozambique. This study cannot, therefore, be generalized, as I cannot affirm with certainty that my findings are true for all MNEs from those countries, much less from Lusophone African countries and any other frontier market in Africa and elsewhere.

In addition, many other factors that influence LAMNE's internationalization process were not considered, such as geopolitical trends, global risks, industry, economic and political conditions of home countries and international markets, infrastructure, public health[16], products/services and so on. Considering all the limitations regarding time and the amount of empirical data, however, I believe this study provides significant insights into the internationalization process of Lusophone African MNEs, in this case from Angola and Mozambique, which hopefully may be considered as a springboard to further, and considerably more extensive, research on the theme.

Conclusions

The online survey and semi-structured interviews conducted produced data that allow some conclusions to be drawn regarding the internationalization modes of LAMNEs, specifically from Angola and Mozambique. Consistent with the literature (Anderson, and Gatignon, 1986; Okoroafo, 1990) the findings show the main reasons these LAMNEs internationalized were for profit, expansion, market opportunity and to achieve growth, taking advantage of OLI framework, mainly location and internalization advantages.

A surprise in this study was the realization that all LAMNEs studied had several similarities in their internationalization process, although the MNEs were not the same. Despite the fact they were based in two distinct countries, with

[16] There was a yellow fever pandemic in Angola while I was there conducting this research, with more than 3,100 creported cases and 340 reported deaths. Health crisis such as this can significantly disrupt business.

same language, they have very different economies and political structure, and some of the MNEs in the group, such as Sonangol, Banco BAI and Banco BNI in Angola, and EcoBank and OLAM in Mozambique, are very large compared to the rest. Essentially, all of them decided to internationalize so that they could generate profits, grow or expand their markets, and seek out new business opportunities. Another major similarity was their level of motivation, which is a very important factor for enterprises seeking to internationalize, especially considering the overall lack of resources, distinctive of a frontier market; without motivation, there would not be any accomplishment. Lastly, while psychic distant is not relevant for the typical born-global enterprise, and while most of the MNEs studied did display characteristics of a born-global MNE, many of them prefered to internationalize into countries where they could find comparable culture and environment.

The study findings also indicate that both Angolan and Mozambican enterprises considered domestic market position to be important even if they were categorized as born global, as some of the interviewed MNEs did. While for typical born global MNEs psychic distance is not as important, the great majority of the LAMNEs from this study, 20 out of 24, still preferred to internationalize starting with the foreign markets that provided low psychic distance, more specifically to other Lusophone countries in Africa, to Portugal, and to Brazil. In contrast with the typical born global MNE, which tend to accumulate high volume of sales from international markets with reasonably high degree of resource commitments in those markets, this was not the case for the Angolan and Mozambican MNEs, even when considering those that chose e-commerce/e-business (B2B/B2C) internationalization modes, as there was no evidence that they considered any strategy formulation or internationalization process to be that important. They basically, just went abroad.

Preferred Internationalization Modes

The internationalization entry modes of these LAMNEs, the overarching focus of this study, differed in degree of risk perceived, the control and commitment of resources required and the return on investment (ROI) that was anticipated. Of the two main types of entry modes, equity, which includes joint venture and wholly owned subsidiaries, and non-equity, including exports and contractual agreements (Penge, 2008), equity was by far the most preferred choice. Most the MNEs studied, 89.2 percent, preferred equity mode, while the remainder 10.8 percent adopted a non-equity internationalization mode of entry.

From those MNEs that chose equity mode, as analyzed in chapter four, 53.5 percent sought out joint ventures with the objective to enter a new market, share risks, technology and joint product development, and to better conform to government regulations. Other benefits included political connections and distribution channel access that may depend on relationships, as anticipated by the literature (Foley, 1999).

The remaining 35.7 percent of the MNEs pursued M&A opportunities. At the outset, inorganic growth mode of M&E seem to have been the motivation of such strategy, which is corroborated by organization and strategy literature (Gorton, Kahl, and Rosen, 2009; Perez-Batres and Eden, 2008; Weston, Chung, and Hoag, 1998). In the case of these studied MNEs, these mergers seem to have occured due to economic, regulatory and technology shocks in their domestic markets, Angola and Mozambique, which is also supported by the literature (Coakley, Fu, and Thomas, 2010; Gugler, Mueller, and Weichselbaumer, 2012). In the case of MyMobil/Mobitel of Mozambique, for example, the key drivers were market and efficiency motived, as well as taking advantage of undervalued target during bad times.

Another major internationalization mode adopted by theses LAMNEs was B2C/B2B strategies, which seems to have been driven mostly by a) the relative easiness of entering a foreign market compared to other internationalization modes; b) speed of implementation, as it is faster to enter a new international market in this way than via conventional brick-and-mortar ways, such as introducing a whole new product line, brownfield or greenfield ventures, etc.; c) presence in an already established B2C/B2B market, such as those of Europe; d) market reach, as B2C/B2B is able to reach more potential customers; and e) set a base for absolute growth opportunities by having the possibility to serve a lot more customers in other countries.

Direct and indirect exports was also one of the preferred ways LAMNEs studied chose to internationalize. Analyzing what affects the choice of these enterprises when selecting an internationalization mode, they can sell their product abroad by relying on a local intermediary, such as trade facilitators or wholesalers, or exporting directly to international parties, or even by setting up a production facility to serve the local market, as being closer to consumers means lower marginal but higher sunk cost of investments. Based on the data, there is no evidence on sorting to indirect trade from home sales only, however strong evidence is found for sorting into direct exporting. Both TrillMoz and Tupuca sold mainly to foreign markets, almost on demand.

Other Relevant Observations

The emergence of born global/INVs MNEs, presents a unique challenge to stage theory. It supposedly best applies to the early stages of internationalization with only three exceptions (Johanson and Vahlne, 1990). First, enterprises with large resources, such as Sonangol, Banco BAI and Banco BNI in Angola, and OLAM and EcoBank in Mozambique, likely took large steps toward internationalization than all other smaller enterprises when internationalizing. Second, in situations where international market conditions are stable and homogeneous, gathering information about them is typically much easier, but in such a dynamic and volatile world of trade we live in, this is not the case, so larger enterprises are likely the only ones able to gather enough vital information necessary for their successful internationalization. Third, when enterprises have considerable experience with international markets that are likely to become a newly targeted market, previous experiences may be generalizable to the new venture, there are synergies. Yet none of the exceptions seem to apply to born global/INVs or smaller MNEs interviewed, only to the larger ones mentioned above. If any MNE is not large enough, resources will be constrained by their young age and usually by their smaller size. Hence, their internationalization process can be volatile. Indeed, several of the MNEs studied appear to contribute to industry volatility.

The larger LAMNEs mentioned earlier clearly adopted an internationalization entry mode very different from the other MNEs interviewed. Unlike its larger counterparts, Jobartis and Tupuca in Angola, and TrillMoz in Mozambique intensively capitalized on Internet resources and CoP, arguably, being born global, from its inception. Others, such as GS4, MersaDev, Fiberlinks, Proil, MersaGroup, Centrovita, Angola Cables, in Angola, and QL Redes, MyMobil/Mobitel, Astertax, and Fiberlinks in Mozambique relied on a more staged process and capitalized on internalization advantages, even more so than all other MNEs interviewed. These diversities of internationalization modes of entry and their motivations to internationalize, especially considering such small sample group suggests at least two factors: first, that LAMNEs are able to successfully internationalize, proving that multinationals are not exclusivity of countries in advanced stages of industrialization, such as advanced economies and emerging markets; second, that the theories of internationalization modes, which were developed from more traditional MNEs, need to be enhanced, at least upgraded, as it has been happening with the Uppsala model, because these theories seem not able to explain the international modes of LAMNEs, only partially. It is no wonder that the international business discipline has been attracting attention of many scholars such as Klaus E. Meyer, Li Dai, Afonso Fleury, Lourdes Casanova, Mauro Guillén, and Ravi Ramamurti, to name a few.

Just like any MNE that seeks to internationalize, the LAMNEs interviewed face a great disadvantage, the liability of foreignness, but even more so, of being from a frontier market, characterized for lack of business resources and, very important, lack of support for internationalization. In Angola, surprisingly enough, CEEIA exists to support internationalization and exports, because of recent government directives to motivate the internationalization of local enterprises.

Additionally, the LAMNEs interviewed suffer from limited access to technology and lack of infrastructure in their local markets, Angola and Mozambique. However, as highlighted by several scholars (Ramamurti, 2004; 2008; Sauvant, Maschek, and McAllister, 2009; Sethi, 2009), when referring to emerging markets multinationals (EMMs), and I'd argue, LAMNEs as well, they have some advantages when compared to their competitors in most industrialized countries, namely country-specific advantages (CSAs) and firm specific advantages (FSAs). For instance, MNEs from countries rich in natural reserve, such as Sonangol in Angola, and OLAM in Mozambique, have easy access to these resources; due to the low-cost of labor in Angola and Mozambique, LAMNES benefit from the availability of it, whether qualified or not. Each MNE or country owns idiosyncratic characteristics that lead to idiosyncratic advantages.

Implications for Theory

Reflecting on the main internationalization theories covered in this study, it is important to note that the network theory, proposed later, after the Uppsala model, has been widely criticized, as it seems, the INV or born global MNEs concept, seem to internationalize based on a fusion of both models (Moen and Servais, 2002; Sharma and Blomstermo, 2003; Knight, Madsen, and Servais, 2004; Laanti, Gabrielsson, and Gabrielsson, 2007). This study provides some evidences that network has the power to foster relationships, which in turn can be a source of business opportunities that an MNE can take advantage when considering a mode of entry abroad, and when carefully committing available resources to achieve growth.

Based on the findings, it is reasonable to assume that both the Uppsala and the network models were often used hand-on-hand by the LAMNEs. It also seems that international entrepreneurship theory is also valuable in describing some of the born global phenomenon displayed by most of the LAMNEs interviewed.

In addition, with regards to the Uppsala model, when considering ecommerce/ebusiness mode of entry, the findings suggests that in the motivation for internationalization such as economies of scale, first mover advantages and risk management are not driving factors of internationalization. But the original Uppsala model is still very intact in this mode of entry and in this industry, as when it comes to country selection and as MNEs start with physically and culturally close markets when expanding their business internationally. Formal business networks facilitate and help expansions, but are not driving forces behind country selection.

To some extent, B2B/B2C has many of the elements of born global research, but there is a contradiction that the Uppsala model would have so much influence over the country selection if the MNEs in fact were born global. This can be explained by the fact B2B/B2C (e-tailers) MNEs share the same motivational forces and reasoning behind internationalization as born global/INVs, due to the relatively easy expansion to international markets. Nevertheless, due to the nature of these MNEs business, marketing investments needed to be profitable in each market, and growth within a country, these MNEs cannot afford to consider the whole world as their market. Consequently, they must first aim for markets with similar preferences as their home market.

It has been observed in the literature that MNEs from different industries have distinct methods and strategies to internationalization. The size of an MNE, as well as how long it has been in business tend not to be relevant when considering internationalization, especially when it comes to born global or

INVs. However, internationalization theories play a significant role in describing the process undertaken by MNEs while going abroad. It is not unreasonable to state that there is no right theory to adopt, but the mixture of them, which makes the process easier.

Role of Theories and MNE's internationalization Process

Theories and models provide tools to plan the internationalization process of MNEs. There are many variables that shape and influence the internationalization process of LAMNEs, which came from all the theories that have been discussed in this study, some more than others.

From the Uppsala model, psychic distance and market knowledge are still able to elucidate some behaviors expressed by the process of internationalization of LAMNEs. Nonetheless, while the great majority of the MNEs seem to base their internationalization endeavor on networking, for gathering market knowledge and information; MNEs seem to have relied substantially on network relationships.

Enterprise and management's opportunity seeking behavior is another driving force for international expansion with an essential element of this activities coming from previous foreign experience of owners or senior management, or entrepreneurs. Overall, in describing the internationalization processes of these LAMNEs, it seems to be necessary to apply a combination of at least three or four theories, as anticipated during the literature review and research planning, where a framework combining the OLI framework, with the Uppsala, network and CAGE was developed to drive the survey and semi-structured interviews for this study. None of the theories covered in this study are able to explain the whole internationalization processes alone, and in most cases, while OLI is able to explain the motives for internationalization, the MNEs' behavior still fits into the Uppsala model (despite of a lot of criticism in the literature suggesting its obsolesce), as well as the network and CAGE.

Important Characteristics of Relevant Theories

There is enough evident in this study to argue that some characteristics of the Uppsala model are still very useful to MNEs during their internationalization process. Although none of the MNEs in this study follow all recommended steps defined by the Uppsala model, the most important aspect of it is the psychic distance, which seemed to be of great consideration. Almost all the MNEs considered it to be important and tend to choose international markets with low psychic distance since they target these markets during their early stages of internationalization, some did it even prior to internationalizing.

Market knowledge is important for all enterprises and many other activities in the internationalization process are reliant on the available market knowledge, such as amount of resource commitment, internationalization speed etc. The MNEs tend to commit a low degree of resources and preferred to go on a slow but constant pattern during their early stages of internationalization. These behaviors are all reflected on the Uppsala model.

Regarding the network theory, it seems to be in the center of the internationalization process of all MNEs studied. These enterprises rely greatly on their networks for various activities during their internationalization process; especially when considering gathering international market information. Network is also seen as a source of opportunity; particularly for the entrepreneurial/smaller enterprises. Most of the interviewed MNEs thought that it is essential for enterprises to be able to create a business network as part of the internationalization process. In Angola, CEEIA, the organization for enterprises in the process of internationalization or exports, was acknowledged by many of the MNEs interviewed, both members and non-members.

Some characteristics of the born global or international entrepreneurship theory were also important for all MNEs, even if they were not characterized as such. Most of the MNEs in this study concurred that the internationalization process becomes easier if the management has had prior international experiences. The MNEs consider growth and market opportunities, as well as managerial motivation to be the driving forces to initiate the internationalization. Entrepreneurial activities and risk seeking behavior of entrepreneurs and management were also important for some MNEs, the smaller ones, since these factors or activities help them recognize opportunities to expand into foreign markets.

Problems in the Application of Internationalization Theory to LAMNEs

Adopting a network approach to internationalization opportunity process of LAMNEs, findings suggest, portrait the enterprise in its competitive context which was not fully anticipated by the Uppsala model. Instead of gradual acquisition of market knowledge through its own experience, LAMNEs seem to have used different approach to knowledge acquisition strategies to obtain the necessary information fast and to reduce the uncertainties of operating in an international market. Concurrently, the emergent nature of one time opportunities forced these enterprises to decide on market entry in a very short time despite the lack of market knowledge.

The MNEs interviewed represented a case which seems to lie at the intersection internationalization and international entrepreneurism literature centering on opportunity development process. The majority of internationalizations in this study didn't fit the gradual step approach to internationalization, not exactly. For instance, Banco BAI entering Portugal with a high commitment and high risk mode, greenfield, earlier than its rivals exhibited a different internationalization of an LAMNE even though the enterprise had no previous experience in operating abroad.

Empirical data showed that LAMNEs might be affected by their age, size, capabilities and prior knowledge in their internationalization. During the years in the domestic market, Banco BAI, seem to have developed important production capabilities, technical and industrial specific knowledge. Prior general business knowledge of the enterprise helped it to recognize opportunities in nearby markets, putting this different types of knowledge into use in different combinations. After all, entrepreneurship is about the usage of even general knowledge for the pursuit of business opportunities (Kirzner, 1973). The literature also supports the fact that these enterprises combined its general knowledge under a successful mixture by merging its capabilities with the experience. After the market entry, importance of the market and institutional knowledge became clear for these MNEs. Resource seeking motive was the main reason in the initial stages of internationalization. But within the time process, as the home country market became more saturated, market seeking motive became more apparent. This development needed a network position that the enterprise was not a part before.

Stage theories of the MNEs and the typical emphasis on organizational stages as important competitive advantage in the international arena seem to be inappropriate to explain LAMNE internationalizations, especially those that instantly became international, such as TrillMoz in Mozambique and Jobartis in Angola. While the literature suggest that MNEs undergo an evolution, progresses through stages, from domestic maturation and home market saturation (Caves 1982; Porter 1990) before thinking of internationalization, empirical researchers have found that large, mature MNEs and small exporters go through distinct stages in their internationalization process. They begin perhaps with an unsolicited foreign order, proceed sometimes through exporting and the development of an international division, and occasionally advance to the establishment of a fully integrated, global enterprise (Aharoni 1966; Bilkey and Tesar 1977; Czinkota and Johnston 1981; Stopford and Wells 1972).

Nonetheless, this staged development of MNE internationalization, often described as an incremental, risk-averse and reluctant adjustment to changes in an enterprise or its environment, as argued by Johanson and Vahlne (1977, 1990), was not observed with the LAMNEs interviewed in this study. In the case of the MNEs studies here, their internationalization process seemed to preserve routines that emphasized their need for organizational alliances, and the recognition of the difficulty in gaining knowledge about international markets.

Consequently, most of these MNEs chose to internationalize through joint ventures. Differences in language and culture and, in the past, the slow speed of communication and transportation channels between countries have inhibited the gathering of information about international markets and have increased the perceived risks of operations abroad. With a logical explanatory theory and repeated empirical confirmation, stage models of MNE development were transformed from descriptive models, and were applied prescriptively by consultants, academics, and managers alike (Bartlett and Ghoshal, 1991, p. 31). Nonetheless, such models do not seem to apply to the LAMNEs interviewed, except again for the larger ones, as a few of them chose to mitigate the language and cultural disparities with the use of the internet and web technologies, internationalizing through the web (B2B/B2C), and relying of web technologies for language co-locations. These theories, it seems, will need review and consultants and academics must be aware of such evolutions in LAMNEs internationalizations.

In addition, Caves (1982) proposed that MNEs must experience an extended evolutionary process when he directly contrasted MNEs with "newly organized firms." However, when considering the LAMNEs from this study, some contradictions arise. For example, most of the interviewed MNES seems to have skipped important internationalization stages and were involved with unexpected speed in direct foreign investments, contradicting the main stream theories of internationalization. This is not an isolated case, however, as Welch and Loustarinen (1988) discussed reports of small English enterprises, Australian start-ups, and even established Swedish enterprises that had also skipped many internationalization stages. The Uppsala model (Johanson and Vahlne, 1990) is aware of such discrepancies and dismisses it as simply indicative of the need for adjustment to their internationalization model.

This study suggests, however, that the emergence of these born global MNEs, as Jobartis and Tupuca in Angola, and TrillMoz in Mozambique, presents a unique challenge to the internationalization stage theory. Based on the results of this study, it seems, at least in Angola and Mozambique, that there is an emerging phenomenon of born global/INV internationalization mode, and that some current theories of MNE internationalization do not describe it well. Most important, it seems, the studied MNEs have integrated the traditional MNE concepts of internalization and the location and internalization advantages (OLI), with recent entrepreneurship research on alternative governance structures and with developments in strategic management on the requirements for sustainable competitive advantage.

For most of the studied MNEs, except the larger ones, their internationalization occurred at inception, largely because competitive forces precluded a successful domestic focus, or because they had the support provided by joint venture structures. Their emphasis on controlling rather than owning assets seem to be due to resource scarcity in their domestic markets and common among new organizations.

The results of this study also suggest that empirical investigators interested in born global/INV LAMNE will find that it may be motivated in industries where international competition for unique knowledge is a dominant characteristic. The MNEs participating in this study can mainly be regarded as market seekers and network seekers. The findings also indicate that the respondents in this study were not efficiency, resource, nor strategic resource seekers.

MNEs Size Considerations

It has been argued that enterprise size and international business experience play a critical role in determining enterprise performance when internationalizing (Bonaccorsi, 1992; Ali and Camp, 1993 and 1996; Abdullah and Saroni, 1996; Nadkarni and Perez, 2007; Abdul-Talib et al, 2011). Larger enterprises with greater resources and capabilities tend to better compete more efficiently and effectively than smaller enterprises, while more experienced enterprises tend to have deeper understanding and knowledge about international markets.

Smaller MNEs, especially in their early phase of internationalization, suffer from a lack of experience operating in the international markets (Nadkarni and Perez, 2007). In turn this limits the MNEs opportunities to learn from the internationalization process and exposes them to higher uncertainty levels compared to more established MNEs. It is, therefore, as suggested by the literature and observed in this study, common to see small and medium MNEs move towards internationalization of their operation by starting with an entry mode of a lower commitment, or smaller scale, such as B2C/B2B and direct/indirect exports, and then progress to entry modes of a higher commitment or greater scale, such as joint ventures, M&A, brownfield and greenfield. This process was already explained by the Uppsala model, also known as the incremental approach to internationalization (Johanson and Vahlne, 1977).

This more traditional route provides smaller MNEs with the time to learn and acquire enough information regarding their foreign market before moving into a greater scale of entry or higher commitment mode of entry. However, increased access to international markets and the availability of information about such markets, enabled partly by technological advancements, in particular the internet and web-based technologies such as social media, virtual community of practices, e-commerce and e-business technologies, has raised the question of whether the traditional route for an enterprise to enter international markets is still relevant. While certain enterprises can internationalize from inception, the so-called born global, many of these enterprises are not at par with their larger, more resource-rich counterparts. One of the often-highlighted reasons is the resource capability of the MNE required in the process of going international.

The size of the LAMNE is often linked to the enterprise's resource capabilities, and it has been argued that enterprise size is an important factor in determining their level of competitiveness (Ali and Camp, 1996). Furthermore, Rundh (2007) also noted that lack of resource and lack of knowledge act as important barriers to internationalization. Other than managerial, experience and belief in the MNE's competitive advantage, intention to internationalize is also influenced by the MNE's readiness to export and to face associated risks of internationalization. Commitment to internationalization then requires the MNE to devote their resources as well as management capabilities to fulfill their strategic intention (Douglas and Craig, 1989). Hence, the theory of enterprise size proposes that larger enterprises are better off compared to their smaller counterparts because of their greater resource availability in such areas as management, finance, research and development, and marketing (Caloff, 1994). It is contended that smaller MNEs are not able to compete effectively with larger and more resourceful ones. In fact, the theories of internationalization propose that direct international involvement requires an enterprise to fulfill basic considerations, one of which is resource availability (Johanson and Vahlne, 1977; Welsch and Loustrarinen, 1988).

While much has been written in the literature suggesting that enterprise size is an important factor for MNEs entering international markets, this study findings suggest, otherwise, that enterprise size do not have any significant impact on MNE's internationalization process, especially so on exporting and B2C attitudes. The interviewees in most the exporting MNEs in this study expressed a positive attitude towards exporting activities (e.g. exporting, or B2C, was perceived as an important activity in entering the international market). This is in line with previous studies, which found the same results (see Ali and Swiercz, 1991); Caloff, 1994; and Rundh, 2007). Such findings may suggest that size of MNEs is not necessarily a limitation for enterprises wishing to internationalize, specially in exporting and B2C (B2B requires more complex resources).

Another interesting finding from this study, which to some extent also impacts current internationalization theories was that while the difference in exporting and B2C attitude among surveyed MNEs was not significant, smaller MNEs demonstrated a more positive attitude toward exporting and B2B/B2C strategy compared to their larger counterparts. In fact, all MNEs interviewed, especially small and medium ones, seemed ready for and optimistic about the opportunities and benefits that internationalization activities may bring, despite the difficulties they faced.

For instance, the great majority of small MNEs interviewed stated that they have plans to increase their exports or B2C operations abroad, and all of them had plans to expand their operations at the markets they already had a presence as well as into other markets. All MNEs believed that they have exportable products/services to offer international markets, perceived that internationalization could make a major contribution to their growth, and viewed internationalization, exporting, as a desired task. On the other hand, the larger MNEs interviewed expressed a somewhat pessimistic outlook on the future opportunities of their exporting activities by contending that exporting and operating abroad was no different from doing business domestically, in Angola or Mozambique. The fact that they are not necessarily actively exploring the idea of expanding in international markets suggests that these larger MNEs are perhaps at a later stage of the internationalization process. But a deeper analysis is needed to better understand their lack of interest in further expansions.

Apart from MNE size, an enterprise's international experience is also argued to have a significant impact on internationalization performance. The finding of this study did not support this argument either. Despite the insignificant effect of experience on exporting/B2C, this finding should not be interpreted as meaning that international experience has no relevance at all to internationalization attitudes. All MNEs interviewed, regardless of length of international experience, favorably perceive internationalization as an important activity. This suggests that international experience does matter to all MNEs. As such, the result is consistent with current literature that has documented the significance of experience on internationalization (Ali and Camp, 1993; Katsikeas and Morgan, 1994).

Very important to methodological and policy implication is the insignificant effect of the length of international involvement of the MNEs interviewed. The findings clearly suggest that the length of international involvement does not necessarily reflect international experience. If, indeed, international experience is an important factor in determining internationalization activity and behavior as suggested, the MNEs with less experience internationally would have demonstrated a less positive or less favorable attitude toward internationalization, even through exporting. But this was not evident from this study. From the policy point of view, this emphasizes the importance of more aggressive and active support and assistance from relevant government and non-government agencies in promoting internationalization efforts by both new and experienced MNEs.

The findings of this study suggest the size of an MNE may be a moderating, but not determining factor. Admittedly, such conclusion it is still crude and could be improved, but a start has been made. Future research on size of LAMNEs, and their internationalization, needs to emphasize on size measurement construction. Policy makers could work with MNEs in Angola and Mozambique to help to determine unique capabilities and simultaneously examine international markets to identify those that might be interested and benefit most from their country's products and services.

The Importance of Network-based Theories

As evidenced in this study, researchers have been using different theories to explain the internationalization of MNEs. As discussed earlier in the literature review, transaction cost theory (Anderson, 1986; Lee, Koh, and Heo, 2011), resource-based view (Mariz-Pérez and García-Álvarez, 2009; Sharma, 1999; Westhead and Wright, 2001), Uppsala model (Johanson and Mattsson, 1991;

Johanson and Vahlne, 2009), network theory (Elo, 2005; Fletcher, 2008) and sometimes, a combination of them (Schwens and Kabst, 2009) are only a few of them. Recent studies have recommended to apply a holistic approach to explain the internationalization due to its iterative nature (Crick and Spence 2005), and insufficiencies of existing theories like RBV, networking and even contingency theory to clarify it (Axinn and Matthyssens, 2002; Crick and Spence, 2005). In fact, a single theory cannot fully explain and justify the internationalization strategies and process (Crick and Spence, 2005).

Even though the use of networking in internationalization context needs precise strategies because of its concurrent negative and positive impacts (Tang, 2011), over the last decade, researchers have increased their attention to justify the internationalization by applying a network approach. There are two main streams about applying networking in the context of internationalization. While some studies use of network perspective as their framework theory (Elo, 2005; Fletcher, 2008; Fletcher and Barrett, 2001; Sydow et al., 2010), others just consider the network relationship as a variable, which may influence the internationalization in different ways (Coviello and Munro, 1997; Kontinen and Ojala, 2011; Zain and Ng, 2006).

The findings of this study suggests that network theories and perspective provides the best explanation for the internationalization of the LAMNEs interviewed. The literature also suggests that most recent internationalizations, which have focused on higher level of technologies, such as the Internet, the web, and social media, have relied on some aspect of networking (Overby and Min, 2001). Notwithstanding the consistency of network perspective to explain internationalization of MNEs such as born global/INVs, current internationalization theories have failed to provide a comprehensive framework of the effects of networking and network relationships on the internationalization process, specially the role of the Internet, the web, and social media. Therefore, designing a holistic picture for understanding the role of networking in internationalization is very difficult (Musteen et al., 2010). Researchers claim that the internationalization is happened in an interactive environment that is conducted by a network of enterprises, which includes of focal and external actors (Awuah, Gebrekidan, and Osarenkhoe, 2011). Interaction of these actors in networks, can help MNEs to acquire activities, resources and information that are necessary for internationalization (Awuah et al., 2011).

Various researchers imply to several applications and benefits of networking and network relationships in the context of internationalization modes. Awuah et al. (2011) pointed out to selecting foreign market, mode of entry and the level of resource commitment in international markets as some outcomes and dimensions of internationalization that are depended on the interaction of focal enterprises with external actors. Jones (1999) added another dimension of internationalization that can be justified by networking: speed of internationalization. Sharma (2003) exerted that the best model for explaining the internationalization of born global MNEs is the network approach.

These mentioned justifications are just some important applications of the network approach in internationalization. *Relationship approach* is a limited domain theory that developed for a very narrow target, which relies on selecting the best international partner. Therefore, it is used to explain selecting international market and entry mode based on choosing a proper international partner (Andersen 2002). *Social network approach* and its concepts such as weak and strong ties, and social capital have broadly applied in the context of small entrepreneurial enterprises. Researchers have used them to justify the international opportunity recognition by entrepreneurial companies (Kontinen and Ojala, 2011), selecting an international market by born global enterprises (Sharma, 2003), international performance of new ventures (Han, 2007), and their internationalization speed (Kiss and Danis, 2010). *Countertrade* is a form of internationalization that links an import activity to an export one as a continues process, which bring mutual benefits to both parties (Fletcher, 1996). The most useful perspective to explain the countertrade internationalization is the networking view (Fletcher, 1996).

As briefly discussed here, network-based theories are becoming very important in explaining the internationalization process of MNEs, specially those adopting the Internet, the web, and social media strategies. There are several network-based theories that are applied in internationalization context for examining internationalization process and some aspects or outcomes of the process. The most important original network theories that are developed by European researchers are IMP Interaction Approach, ARA-Model, and Network Embeddedness. It seems that these models and approaches are more suitable in for some kinds of internationalization like countertrade and life cycle internationalization, 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. In fact, these approaches are applied to bring out a more holistic analysis of internationalization strategies by MNEs. Hence, in contrast with these theories that are originally developed in the context of networking and then are implemented by internationalization researchers, some internationalization-based theories seem to have been designed by applying networking perspective in their justification logic. The most important theories of this kind are network-based internationalization model and the revised Uppsala model. These theories try to describe the whole process of internationalization, which seem to have most fitting to explain the internationalization of the LAMNEs interviewed.

In summary, as other researchers (Axinn and Matthyssens, 2002; Crick and Spence, 2005) have recommended to apply several framework theories such as RBV, theory of cost (OLI) and networking to provide a comprehensive understanding of internationalization, this study extends this recommendation to sub-theories of networking framework. In fact, 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 internationalizations' aspects.

Nonetheless, this study is very limited in scope and was not set out to investigate the merits of networking internationalization 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, specially LAMNEs, and try to determine their dominant internationalization mode and compare them with these identified theories. Another important limitation of this study is the number of internationalization theories. In fact, this study just considered a few networking theories. Future investigations should explore more theories and review their applications in the empirical studies of internationalization. One of the final conclusions of this study was about combining selecting theories to explain the internationalization process or some aspect of the process. Therefore, researchers can propose some implications and recommendation about synthesizing these theories in the context of LAMNEs or MNEs internationalization.

The Role of Internet and the Web on Internationalization of MNEs

The literature suggests that widespread use of the Internet and the establishment of trust relationships with large, well-known companies lead to a born global and early stage MNEs to rapid internationalization (Gabrielsson and Kirpalani, 2004). The born global/INV MNEs lacks resources compared to the requirement of reaching international markets. Further, the extant internationalization theories may not be adequate to indicate viable channel alternatives for these born global/INV MNEs, as the conventional way of pledging personal assets, raising resources, and expanding internationally is slow, which adds to the usual business risks. The findings of this study suggest that major imperatives emerge that the born global/INVs must utilize large channels provided by larger MNEs, often from AE, as well as networks, and/or the Internet to receive substantial revenues and cash flow rapidly. These venues also seem to have provided smaller MNEs interviewed with learning, technology, and evolutionary growth. The literature however, does not provide much information on the principles, processes, and tools that LAMNE entrepreneurs can actually use to accelerate their enterprise internationalization from inception. This is an area that needs further research, but the following are some of the observations from the findings of this study.

The literature's recent efforts to understand what factors drive rapid internationalization of MNEs from their inception focus on how these enterprises develop a mutual dependency with those international professionals and organizations (e.g. CoP, market research firms, social media such as LinkedIn.com, Facebook, Twitter, Instagram, and a few others) that can most benefit them from quickly solving a specific problem observed in various geographical locations (Bailetti, 2012). Direct interactions due to this mutual dependency seem to amplify the MNEs tacit knowledge in directions that add significant value to those international customers who can most benefit from a solution to a problem.

The literature also suggests that rapid internationalization is a knowledge-intensive activity that involves explicit and tacit knowledge. Explicit knowledge can be readily documented and explained. Tacit knowledge is difficult to articulate (Goncalves, 2012a, 2012b). Often, born global/INV entrepreneurs are not aware of the knowledge they possess or how this knowledge can be of value to potential customers. Tacit knowledge can only be observed through practice in each context and transmitted through social networks (Schmidt and Hunter, 1993). In the context of a born global/INV MNE, tacit knowledge of international markets and technology enables entrepreneurs to recognize and exploit global opportunities. Consequently, potential customers, partners, and investors place a value on the tacit knowledge of entrepreneurs.

The Role of the Internet

Internationalization theories generally see enterprises developing their internationalization strategies in a linear pattern, from purely domestic to gradual export development, and ultimately to full global operations. A parallel viewpoint is that companies develop expertise locally, and then seek to exploit this further on an international scale, beginning with exports to close markets or ones with which the entrepreneur has some experience, before expanding more broadly. These ideas, of an orderly and gradual internationalization process, derive from pre-Internet times. In today's world, some would question these ideas, arguing for example that an enterprise with a web site in effect is immediately an international enterprise, since customers around the world are just a click away from being able to do business with them. In this way, smaller MNE's resource shortcomings are much less critical than in the past. Research, prospecting, communication and transactions can all be supported via the

Internet. In this respect, the Internet is said to have leveled the playing field between major corporations.

While considerable literature exists on this theme (Donovan and Rosson, 2015), for the most part, academic researchers have shield away from empirically examining the Internet and its internationalization modes. Given the potentially freeing nature of the Internet for smaller MNEs, in particularly those interviewed in this study, it is surprising that few researches have examined its impact on internationalization modes of MNEs in general, even more so LAMNEs.

The effect of the Internet on company internationalization has yet to be scientifically explored, despite the fact Quelch and Klein (1996) had already predicted that MNEs would become global marketers faster owing to the Internet's low cost communications and ease of access to international markets. Hamill (1997) is of similar mind, seeing improved communication and access as permitting MNEs to overcome many of the traditional barriers they faced in international marketing. Consequently, he argues Internet- enabled MNEs to pursue international sales at earlier stages in their development. However, access to international markets and customers is a double-edged sword. Sawnhey and Mandal (2000) argued that the Internet exposes companies to global competition from the beginning. This puts pressure on companies to consider/pursue international sales very early in their development.

As the Internet becomes more global, the opportunities for international sales will increasingly become apparent. As in other spheres of international business, the conventional wisdom is that first-movers can derive substantial advantages through scaling their operations globally and erecting barriers that will be difficult for latecomers to overcome. However, the dot.com implosion has demonstrated that being first is no guarantee of success. Many MNEs have been disappointed with their aggressive international expansion strategies.

The findings of this study reveal general patterns that help to illuminate how LAMNEs have developed their internationalization strategies relying on the Internet. It is apparent that many of the LAMNEs interviewed were adapting to the internet and the web and interviewees have embraced the potential of cyberspace in reaching and servicing new customers abroad. All the MNEs interviewed, large and small, have sought to experiment and deliver to a new market using the Internet. The technical infrastructure and skills have not been obstacles to participating as most of them have been able to partner with specialized providers or have brought the skills in-house, and effectively managed the change and risks involved.

All of the smaller LAMNEs were actively engaged in international sales, exporting and international marketing are important aspects of their internationalization strategy. The Internet was seen as both an entry channel and service platform for MNEs, greatly enhancing their ability to enter and build international markets. These MNEs have adopted an international marketing approach rather than a global one. This multi-domestic strategy sees markets as sufficiently different to warrant a unique marketing approach for each.

Nonetheless, *accessing* these international markets via the Internet does not equate to *reaching* their customers and being successful abroad. Most interviewees confirmed that internationalization via the Internet is not realistic for them unless they have access to international market research, information on local markets, trends, competitive challenges and advantages. Opening a web site does not automatically open the door to international markets. Bringing people to the site and then encouraging them to buy requires great effort and this has not been sufficiently attractive for the interviewed MNEs in Angola and Mozambique to pursue. The application layer providers, such as MyMobil in Mozambique and Jobartis in Angola, where common standards have created a global market, are the exception. Yet even with these MNEs, personal sales efforts are still required to offset the geography. The potential of global Internet commerce is there, yet the practical realities will take some time to realize. These LAMNEs interviewed in Angola and Mozambique have all adopted a multi-domestic marketing approach, adjusting and adapting their marketing strategies on a market-by-market basis. National and regional differences remain and must be properly addressed with a web site and overarching strategy.

Internationalization theories, therefore, continue to be challenged and modified as international entrepreneurs and MNEs adjust to changing environments. A larger scale and more diverse investigation of the internationalization process in Internet-based internationalization would be beneficial. Another gap in the theory is for research that examines export situations where the market opportunities are less clear-cut than those of advanced economies, such as those from EE and FE.

In a changing and rapidly evolving environment, theories of internationalization are being challenged. Just as born global/INV theories have been advanced to explain high technology markets, new models focusing on Internet commerce and the development of CoP online are overdue. The reduced barriers and time to market question extant models, including stages theory. MNEs are expanding and selling abroad from their inception, often with no direct experience or assistance. Further study and theorizing is necessary, to inform private sector actions and public sector policy.

More scientific research, therefore, is warranted in this important area. Key questions that might be tackled include the following: How has this new internationalization mode affected MNEs' international strategy and decision-making? As the Internet appears to change the role of geography (impacting internationalization theories such as CAGE and Uppsala), has the process of internationalization changed? Do international entrepreneurs envision an international market from the beginning?

The Role of Social Media

In this study, social media is being defined as the use of mobile and web technologies through which professionals and communities of practice (CoPs) share, co-create, discuss, and modify user-generated content (Kietzmann et al., 2011). It is important to note that many social media networks exist. Hence, this study is focusing only on those that provide a network, where strong communities of practices, and interest, can be observed (Wenger, 1998), where groups of people, mostly professionals, use these forums and blogs to discuss common interests or professional practices. These communities can also be found embedded within larger social networks, such as circles within Google+ (plus.google.com), or ResearchGate.com, for example. These CoPs that use online forums and blogs evolve much like conventional communities, complete with etiquette and normative rules of conduct. These communities develop formal or informal hierarchies that are generally acknowledged across the membership. The contributions of some forum participants will be more widely acknowledged than others, based on their status in the social hierarchy. In this context, hierarchy represents the volume of a member's voice in the community. Every member, by membership itself, begins with a volume setting which is adjusted over time depending on their contributions to the community and interactions with other community members. Discussion forums populated by communities of users who are interested in a subject matter offer an opportunity for entrepreneurs to create and capture value. Membership affords an instant overlap between the entrepreneur and other community members. Membership confers a stakeholder status to entrepreneurs. An entrepreneur can demonstrate their tacit knowledge via contributions to the community. Establishing credibility through contribution confers status, which in a community of professional users, can lead to opportunities for value creation and capture.

Many professional communities occupy space in online social media. Most these communities have some sort of discussion forums where members share perspectives, ideas, advice, and tools relating to their professional interest in a field. Membership provides the entrepreneur with an immediate connection with the other members of the community. In effect, there is no such thing as a cold call in this type of environment. If customers recognize entrepreneurs as experts who can solve their problems, they will be more likely to buy from them, to interact with them. Membership in a social media community made up of professional international users offers the entrepreneur the means to interact with potential customers, partners, and other stakeholders at little or no cost. Entrepreneurs demonstrate their tacit knowledge directly to community members through the contributions they make to the community. These contributions include solutions to pervasive problems, tools, or specialized services.

Fuerst (2010) describes the rapid internationalization of Dewak S.A., a Colombian born global MNE founded in 2008. Dewak's five Colombian founders could quickly convert their tacit knowledge of the Kayako help desk software into a global enterprise that develops custom applications. In just two years this MNE's international customers accounted for about 80 percent of its revenue. As of 2010, the source of 95 percent of Dewak's business was international. The founders used online forums to engage with a community of professional users. They provided free advice and developed free tools for community members to demonstrate their tacit knowledge directly to potential customers and partners. The MNE gained expert status within the community, created trust relationships with other community members, and earned them a reputation for being professional, effective, and efficient. As Dewak's business grew, its founders continued to use forums and created their own forum to capture customer feedback about their work.

In similar fashion, most of the interviewed LAMNEs used social media networks to rapidly internationalize their MNEs from inception. They seem to have leveraged social media networks where international users sought to solve problems, such as in the cases of Jobartis, Centrovita, Tupuca, TrillMoz, MyMobil, for example. At inception, a MNE's most valuable asset is the tacit knowledge of its founders. Social media networks seem to provide the MNEs with immediate access to a large international community of potential customers, partners, employees, and competitors. The greater the number of interactions interviewees had with others professionals and prospects online, the greater the likelihood of significant amplification of their tacit knowledge.

Online networks such as social media and COP may be an important low-cost channel to the internationalization of LAMNEs, as well as MNEs from EE and even AEs. International entrepreneurs, such as the ones interviewed for this study, can use social media networks to develop mutual dependencies with customers and partners as well as amplify their tacit knowledge and quickly convert it into products and services for which customers are willing to pay. These international customers can select suppliers based on their contributions to solving problems of interests to community members. MNEs, such as the LAMNEs interviewed, can reduce their marketing and sales costs by offering solutions to the problems discussed in the online forums and blogs.

Born global/INVs are a phenomenon that is increasingly being observed around the globe. Yet, few studies exist that research born global internationalization strategies. The findings of this study suggest that standardization of different elements of internationalization strategies and its mode of entry are highly important, but not well defined, requiring further investigation. There are clear limitations in the current internationalization theory regarding its applicability in its current form to analyze the mode of entry of LAMNEs in specific the small born global/INV enterprises.

Social media and other online networks introduce substantial and pervasive changes to communication between MNEs, communities, and professionals. This presents an enormous challenge for MNEs, as many established management methods, and internationalization theories, are ill-suited to deal with customers who no longer want to be talked at; instead, customers want enterprises to listen, appropriately engage, and respond.

Nonetheless, the implications for theory found in this study, although not significant, may be important for three reasons. Firstly, it suggests that the Internet and the web space are nothing like the physical and brick-and-mortar space. If the Internet is indeed a major driver of early and rapid globalization of MNEs, as the findings of this study suggest, how relevant are internationalization theories pointing to the challenges posed by home-host diversity to management teams of young MNEs, such as in the case of the Uppsala model, CAGE, and OLI? Further research needs to take place to expand on the theory.

Also, as argued by Bailetti (2012) international entrepreneurship is a growing area of research, and there is an attempt in the theory of internationalization to try to explain early and rapid international entrepreneurship. Scholars have creatively used bricolage principles to construct concepts from a diverse range of abstractions published in the entrepreneurship, international, and strategic management journals (Gabrielssona and Kirpalani, 2004; Kietzmann et al, 2011; Doz and Wilson, 2012; Maltby, 2012; Bailetti, 2012; Schmidt and Hunter, 2016). What is becoming increasingly common is the focus on the entrepreneur at the individual level and objective opportunity at the MNE level. Results in this study suggest that collective international entrepreneurship may, such as demonstrated by members of CEEIA in Angola, be a better abstraction than the conventional entrepreneur at the individual level abstraction. The study found instances where MNEs grow rapidly internationally because they, as CoPs, link suppliers, customers, and partners in ways that enable them all to act entrepreneurially. The study also suggests that a portfolio of ever-changing opportunities may be a better abstraction than the conventional one objective opportunity abstraction.

Based on the literature reviewed and the findings of this study, it seems, current internationalization theories are still at an early stage of understanding how MNEs can leverage social media networks to accelerate the internationalization of their enterprises from inception, as a born global/INV.

Policy Implications

Internationalization has become increasingly important to the competitiveness of enterprises of all sizes all over the globe. In today's global business environment, MNEs that start with a global strategy can move quickly to take advantage of cross-border activities, which provides opportunities not only for revenue growth but also the exchange of knowledge and the enhancement of capabilities, thereby strengthening the long-term competitiveness of the enterprise. This is particularly so for frontier market MNEs, regardless of their mode of entry, be it intermittent exports, exports via agents, licensing or franchising and foreign direct investment in international market.

The international entrepreneurism ecosystem generally includes micro, small and medium sized enterprises, larger multinational corporations, local chambers of commerce, associations, cooperatives, embassies and consulates abroad, and network of individuals. It also includes local government, universities and other research organizations, banks and financial systems. For the whole system to function well, trust is a key component. For maximum benefit, these sectors need to work together in a coherent and collaborative way.

Policy Recommendations

Public policy at local, regional and national levels can play a significant role in encouraging international entrepreneurship and MNE internationalization by tackling various market failures which can occur. While there are multiple actors and many potential areas for action, there are no standard policy, products or approaches that will work in every circumstance in supporting MNEs internationalization. As a first step, data is needed about the MNEs population in Angola and Mozambique before the appropriate actions or policies can be developed. Once the MNEs are identified, they should be segmented, not just per size and industry, but also per growth orientation.

Further assessment is then required to determine the needs of those groups of MNEs. At that stage, it is important to reach out to the existing MNEs in Angola and Mozambique, which encompasses a much larger list than the one provide in this study, and to hear directly from them regarding the challenges and opportunities they face. Effective dialogue between policy makers in those countries and MNE's upper management can be a major challenge, as these

MNEs have varying needs and management have limited time. Support and interventions therefore need to be both targeted and of good quality.

Government support, as well as support of many other counterparts such embassies, community of practices, business enterprises and entrepreneurs, to name a few, in the quantitative as well as the qualitative sense, can assist MNEs, with lower productivity and scarce management resources, to enter high-growth markets with more serious entry barriers. Without such support, only limited large MNEs can enjoy the benefits of internationalizing into high-growth markets. In fact, supports of MNEs business in high-growth markets are regarded as an important policy by many policy makers in OECD member countries, indicating that such support has become a policy priority since the global financial crisis of 2007.

There are several areas in which actions can be taken to reduce the barriers to internationalization of MNEs and, in fact, many efforts are already in place or being tested in various countries and regions. Below is a short, but important list of main areas for action and associated policy recommendations for addressing the market gaps that impede the internationalization of MNEs.

The Role of Local Government and its Agencies

Local governments and development agencies in Angola and Mozambique should be very active in the design and delivery of international entrepreneurship programs, including but not limited to promoting exports and internationalization. Given their proximity to MNEs, local governments in these countries should be empowered by national governments to take the appropriate, targeted actions for promoting the growth and internationalization of their MNEs. The work of specialized agencies geared towards supporting and promoting MNEs also plays a very important role in MNEs internationalization. These agencies should be able to supply valuable information, provide critical networking platforms and allow for the exchange of ideas and best practice, a role CEEIA is playing in Angola, but one that does not exist in Mozambique.

Frontier market MNEs, especially those studied here from Lusophone countries, which have internationalized into high-growth markets, such as emerging economies including the BRICS (Brazil, Russia, India, China, and South Africa), the CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey, and South Africa) countries are larger and more productive than MNEs which have exclusively internationalized into other frontier or early emerging economies. Overall, policy makers agree these high-growth markets are perceived to have higher entry barriers than traditional markets (Ramamurti, 2010; Goncalves,

Alves, and Arcot, 2015). In the same way, the interviewed MNEs believe non-OECD countries to have higher entry barriers than advanced markets, many preferring to internationalize into Portugal than other Lusophone countries, such as Brazil, and among themselves in Angola and Mozambique, which CAGE, networks and Uppsala models would support.

Public policies are critical to providing the right environment and incentives at the national, regional and local levels for these MNEs through their process of internationalization. The role of the government should, however, be facilitative, not dictatorial, and public financial support should never be more than 50 percent, as most top-down prescriptions do not yield the intended results. Also, too much public financial support, without co-investment by the private sector or market, can hinder rather than help by creating possible market distortion. These MNEs must be market-driven and competitive. If they are overly dependent upon public support, they surely will not be sustainable.

The international business environment is constantly changing as are the opportunities for MNEs. Governments, specialized agencies, academia and others supporting MNEs also need to modify approaches as necessary, being entrepreneurial themselves, based on the changing context otherwise their efforts end up addressing problems of the past and therefore inefficient in dealing with current and future issues.

Fostering an Open Economy

Opportunities for internationalization in the emerging, and even more so frontier markets come with their own set of challenges. Government interference, backward infrastructure, and a lack of skilled workers is at the top of the list, requiring a lot of patience, perseverance, and specialized assistance (e.g. such as those provided by CEEIA in Angola). For instance, often lack of education of the workforce translates into thwarted growth being curbed by a lack of a skilled workforce. Other challenges that arise are legal frameworks regarding trade policies, which may be absent or underdeveloped, or tendencies for political paternalism or blatant interferences, which was observed in both Angola and Mozambique, but very present in India and Latin America.

Compare the above to the advanced economies. When looking at the EU, the 27-member countries allow for labor mobility and a free flow of goods without tariff or nontariff restrictions. Furthermore, the workers in many EU countries are highly educated and have conferred great reputations for their economies. Local governments and its agencies should take heed and follow that example.

Frontier economies tend to be very prone for protectionism of its state-owned enterprises, the free flow of capital and goods, and their own economies.

Foreign investors become confused and frustrated with these types of patriarchal decisions. Although many nations have transitioned from autocratic rule to democracies with free markets, some continue to dabble in market interference. Take Angola as an example, where President Jose Eduardo do Santos, to prevent a run on the kwanza by Angolan, and expats, working in the country, has put strict currency controls in place. It is not wonder that in an annual World Bank study titled Doing Business (2017), out of 190 countries surveyed, Angola and Mozambique ranked 182 and 137 respectively.

Reducing Corporate Tax Burdens

Properly developed, effective taxation systems are crucial for a well-functioning society. In most economies taxes are the main source of federal, state and local government revenues that are needed to fund projects related to health care, education, public transport and unemployment benefits, among others. The corporate tax burden has a direct impact on investment and growth. And tax administration efficiency is as important to businesses as effective tax rates. A low cost of tax compliance and efficient tax related procedures are advantageous for local MNEs. Overly complicated tax systems, especially when dealing with foreign markets revenue, is associated with high levels of tax evasion, large informal sectors, more corruption and less investment (Djankov et al, 2010). Tax compliance systems should be designed so as not to discourage MNEs in their internationalization process or participating in the formal economy.

Fortunately, Angola's government has recently enacted reforms to lower tax costs for businesses. The government has reduced profit tax rates, allowed more corporate expense deductions, and higher fixed asset tax depreciation. Angola increased the tax deduction for bad debt provisions from 2 percent to 4 percent (WTO Doing Business, 2017).

Creating Openness to Internationalization

To create a culture of internationalization there needs to be a positive attitude towards international markets. Angolan and Mozambican public institutions should play a key role in influencing attitudes and motivations by providing information and incentives. By developing specialized agencies, public-private partnerships and other support mechanisms can create a context of social cohesion, which can positively contribute to building and sustaining an entrepreneurial and internationally focused environment.

Pioneers or champions that have internationalized can play a significant scouting role, which can often later be leveraged by the whole local system. In addition, role models are important for changing attitudes and raising awareness. Examples should be made and publicized of local entrepreneurs who have been successful in internationalizing. Greater government support should be given to CEEIA in Angola to expand its program in promoting internationalization and exports. Similar association should be created in Mozambique for the same purpose.

This study showed that strategy formulation in small enterprises considering internationalization tends to be a less formal and less comprehensive process, with key decision makers taking contingency-based decisions derived from the practical knowledge they hold, which often is not significant, as they tend to be relatively new to the industry. Therefore, programs specifically focused on further developing the international orientation of leaders and key decision makers in MNEs could be extremely valuable (Lloyd- Reason et al. 2004). Encouraging entrepreneurs to learn foreign languages is also critical. Without the ability to communicate, there is little chance that any business can be conducted across borders.

Facilitating International Trade with Information and E-Solutions

MNEs need to know how and where to access basic information about exporting and international trade. Providing easily accessible information regarding specific information on tax, regulations and finance in international markets is, therefore, very important in fostering a broader pool of MNEs who wants, and decide, to internationalize.

In addition, the focus of global trade policy and reforms has now shifted from trade tariffs to trade facilitation, largely due to the progress made in tariff reduction worldwide over the last several decades. Improvements in this area is also very important in facilitating internationalization of MNEs, as improved logistics performance in the trade sector is strongly associated with trade and economic growth, and export diversification (Arvis et al, 2013), which directly benefits enterprises considering internationalization through their OLI.

In 2013, World Trade Organization (WTO) member countries signed the Trade Facilitation Agreement (TFA) committing to implement border management policies that make it easier to export and import goods across borders. Angola and Mozambique have been a member of WTO since 1996 and 1995, respectively. A recent study suggests that, if the TFA is fully implemented by all member countries, the time spent in customs would be reduced by an average of 1.6 days for imports and two days for exports. By the time of the TFA's full implementation the estimated global welfare gain is expected to be $210 billion per year, with estimates ranging from $16 to $33 annually for each resident of WTO member countries (Hillberrry and Zhang, 2015).

Several WTO member's countries have made trading across borders easier by improving their existing electronic systems for both imports and exports, reducing the cost and time of documentary and border compliance. Argentina, for example, introduced a new Import Monitoring System for products qualified for automatic licenses which is less restrictive and faster than the one previously used. Georgia reduced document processing times by enhancing its electronic document processing system as well as introducing an advanced electronic document submission option. The latter allows electronic registration of containers shipped by sea, eliminating the outdated process of manual registration of containers. Kosovo reduced the time and cost of documentary and border compliance for exporting by advancing its automated customs data management system, streamlining customs clearance processes and implementing the Albania-Kosovo Transit Corridor.

Equal Opportunity for Women

There is ample evidence that economies that have integrated women more rapidly into the workforce have improved their international competitiveness by developing export-oriented manufacturing industries that tend to favor the employment of women (Gonzalez et al, 2015). From the 24 MNEs, only one woman was interviewed, and she lamented the lack of opportunities for professional women in the local markets, including support from banks and other financial institutions. She stated

> ***Original***: *A situação para nós mulheres, como empresarias, é tal que em muitos países da África Austral, uma mulher casada como eu não pode sair de casa sem a permissão do marido, e é isso que a lei diz. Naturalmente, a maioria de nós não obedece, e eu realmente não acho que esta lei realmente pode ser forçada, mas ainda assim, reduz o nosso poder de influencia dentro de casa e pode dificultar a nossa capacidade de prosseguir um empreendimento empresarial. //* ***English***: *The situation for us women, as business professionals, is such that in many countries of the Austral Africa, a married woman like me cannot leave the house without their husband's permission, and this is what the law says. Of course, most of us do not obey it, and I really don't think this law can really be enforced, but still, it reduces our bargaining power within the household and can undermine our ability to pursue a business venture.*

For the most part, legal gender disparities have been shown to have a strong link with female labor force participation. Studies have also shown a clear link between economic growth and development and female labor force participation (Gonzales et al, 2015).

Promoting Financial Support and Incentives

Public sector agencies should develop programs and tools to provide grants and incentives for the international commercialization of products and services, as well as financial and insurance support. Government should consider providing export credit insurance, as well as other traditional types of trade-related support, such as assisting prospect MNEs in the participation of international fairs and trade missions in partnership with embassies and consulates (OECD, 2010).

Governments should also consider developing policy measures to support export consortia and syndicates, making available special funds to finance MNEs internationalization process and presence in international markets. It should also favor access to credit on favorable conditions for international MNE activities.

Lastly, government should consider the development of policies that can support the development of a vibrant financial and venture capital community, which is critical to the long-term sustainability of MNEs, specially those seeking high-growth strategies abroad. Most important, measures should be taken to address the primary funding gap, which is at the seed or early stage of new ventures. Almost all MNEs interviewed, both in Angola and Mozambique, were seeking capital for expansion or to continue to fund their internationalization process.

The Role of Higher Education Institutions

Higher education institutions in Angola and Mozambique should develop educational programs to assist in preparing business professionals and their MNEs, regardless if they work there or are part of the upper management team, to access and be successful in international markets. Public authorities should recognize the importance of developing competitiveness and productivity through training, modernization of productivity tools and production equipment and methods, and technology transfer.

Education plays a key role, both in the immediate technical and managerial training. The World Employment Report (ILO, 2001) highlights the increasing importance of "a variety of foundation skills, such as the ability to learn, to communicate and to analyze and solve problems, all of which are essential to work environments that rely on rapid innovation, and the interpersonal exchange and creation of knowledge."

It is recommended, therefore, that governments and universities place educational reform with a focus on international entrepreneurism and international business high on their agendas. Already for some time now, universities in Europe are experiencing tremendous change through the implementation of the Bologna agreement which is creating more standards between institutions of higher education. However, curriculum content must be rapidly overhauled as well and geared towards developing problem-solving skills which are greatly needed in today's knowledge based economy.

In addition, technical and scientific universities should establish contacts with the private sector to build partnerships and links to promote technology transfer and the spin out of new enterprises. Business schools are also increasingly integrating business people and entrepreneurs in their activities. Noteworthy is Angolan's government engagement with the prestigious Fundacao Getulio Vargas, from Sao Paulo, Brazil, on the development of these skills in local professionals and executives in Luanda.

The Role of the Community of Practices

There should be a variety of support measures to assist MNEs from Angolan and Mozambique in linking up with and engage in joint activities and ventures with overseas partners. Some of these services should include corporate matchmaking services, which Jobartis to some extent already provides; customized market research intelligence, which at a macroeconomics level the Catholic University of Angola, spearheaded by the economist and Professor Alves da Rocha provides for Angola through its Relatorio Economico de Angola (Angola's Economic Report) annually; and assistance with standards and quality issues. In these areas, there is a whole lot more that needs to be developed in Angola, and even more so in Mozambique.

Moreover, the creation of networks, communities of practice, in which entrepreneurs interested in internationalizing can come together for advice and mutual support is important. CEEIA in Angola does a good job with that, but it can benefit from greater financial resources from the government and its membership, to provide enhanced opportunity for shared learning about successes, failures and best practices for internationalization and exports.

Regional development agencies and other related organizations should also play important roles in initiating opportunities for MNEs to establish cross border networks, partnering with embassies and consulates abroad, as well as chapters of these CoPs. For instance, the Project Management Institute, based in the United States, acts as a CoP that provides not only networking services for its members, but also a project management standard, the PMBOK (Project Management Body of Knowledge), and various certification programs (e.g. PMP, ACPM, PgMP, and a few others) to improve the efficiency and effectiveness of its members. It has chapters all over the world, to the benefit of its members, and to foster a consistent project management best practices.

Possible CoP policies to promote alliances and networks among MNEs may include:

- Encourage the co-operation between all stakeholders, from MNE associations and public agencies, to intermediary organizations.

- Greater MNE involvement in existing public-private partnerships, including regional, national, and international.
- Identify and promote best practice policies which support enterprise innovation through cluster development by exchange experiences at the national and international levels.
- Enhance MNEs access to information about networking opportunities locally and abroad.
- Increase the participation of MNEs in research and innovation networks.
- Strengthen international linkages between national and regional hubs of relevant information flows.
- Support the emergence and maintenance of innovative clusters, such as stimulating collaboration between public and private research institutions, improving the availability of market information, strengthening cooperation among enterprises.

The Role of International Entrepreneurship

International Entrepreneurship is about creativity, innovation and growth beyond international borders. It is, by its very nature, a bottoms-up approach. A widely-used definition from Harvard Business School is "entrepreneurship is the pursuit of opportunities beyond the resources you currently control" (Stevenson 1983, 1985; Stevenson and Jarillo, 1991). International entrepreneurship can be facilitated by creating an environment which provides incentives for entrepreneurs and reduces the barriers to starting and growing their enterprises with the focus of internationalizing.

Entrepreneurial economies are the result of multifaceted systems for nurturing high-impact entrepreneurship. Real opportunities arise from enterprises with new ideas that add unique value (Schramm 2004). Innovative entrepreneurs come in all shapes and forms, whether they start companies, grow existing firms, innovate within large companies or establish social enterprises. These are creative, proactive people pursuing a vision and galvanizing the necessary resources along the way to make that vision a reality.

International entrepreneurship is becoming one of the most important drivers of local economic development across the globe, especially since the global financial crisis of 2007, and the fact that advanced economies are having a hard time to cope with immense amount of debt. New enterprise formation and the activities of MNEs help drive job creation and economic growth through accelerating innovation and promoting the full use of human, financial and other resources. The vitality of the new and small enterprises sector is therefore a major determinant of local competitiveness, which in turn influences national economic performance (OECD, 2005).

Better dissemination of management education and business tools has enhanced the competitiveness and quality of businesses across the spectrum. The reduction of language barriers and lower cost of travel have also facilitated internationalization.

These factors provide substantial international opportunities for entrepreneurial professionals, which often have greater flexibility and are better able to internalize market information than large corporations (Liesch and Knight 1999).

Entrepreneurs should also access social media networks and take advantage of the fact that large number of international experts seek to solve problems, and their tacit knowledge may be able to help solve these problems. They should be aware, however, that not all social media are born equal. Network communities that focus on discussing a potpourri of issues offer fewer opportunities to international entrepreneurs for value capture. Communities with few international users limit tacit-knowledge amplification. Centrovita, Fiberlinks, Jobartis, Tupuca, and a few others, use of Facebook and LinkedIn forums gave them access to a global user community made up entirely of people looking for solutions towards which their tacit knowledge and the products and services they offer could contribute.

Based on the findings of this study, international entrepreneurs can use social media networks to their advantages in various ways. They can locate international professionals and enterprises that can most benefit from having a problem solved by their products or services. They can interact with international customers and prospects, partners, and other stakeholders to amplify their tacit knowledge and convert it into marketable products and services. They can provide real-time evidence of the value provided by their solutions and develop trust relationships with potential customers and partners. They can also learn about other go-to-market channels and continuously innovate to meet the demands of their customers.

The Role of MNEs

Improved internet and web technologies and communications have made it easier for enterprises of all sizes and in various locations to do business with each other across the globe. The globalization of large enterprises and service providers has provided increased opportunities for MNEs to participate in different parts of the value chain of those big multinational corporations (OECD, 2004). New and innovative corporate approaches, including more network-oriented operating models, are providing more opportunities for MNEs to establish business with larger enterprises abroad.

Certainly, those MNEs which are growth oriented can benefit tremendously from pursuing larger and new international niche markets, exploiting scale and technical advantages, upgrading of technologies or lowering and sharing costs, including R&D costs. Pursuing international opportunities is also a way of spreading risk and can also improve access to finance. Substantial knowledge and capabilities are also gained in the process, greatly enhancing the competitiveness of the MNE.

Despite the trends facilitating internationalization, many barriers still exist, both internally to the enterprise and externally. External factors impeding the internationalization of MNEs include national and international administrative rules and burdens as well as formal and informal trade barriers. The role of local government, as discussed earlier, is very important in facilitating the internationalization process of MNEs, beginning by lowering or removing barriers.

Internal barriers for MNEs trying to internationalize can include cultural differences, lack of information or skills, insufficient networks, language barriers and lack of access to necessary finance. A survey conducted by the European Commission (2004) identified the high cost of the internationalization process as the highest barrier faced by MNEs. Such costs include those associated with doing market analysis abroad, purchasing legal consulting services, translation of documents, adaptation of products to foreign markets, and travel expenses, in addition to the higher business and financial risk incurred. Seeking out joint ventures or partnerships could, therefore, be a viable strategy for MNEs from frontier markets, from Angola and Mozambique, to reduce such barriers.

The enterprise size appears to be a factor as well. The European Commission (2003) survey showed that fewer enterprises under 50 people are capable of internationalizing. Because most of the MNEs interviewed in this study, 19 of them, had less than 50 employees, it is in fact amazing that most of them have been very successful in through the internationalization process. Very likely, such success can be attributed to smart strategies adopted by the MNEs, including the use of CoP, the power of the Internet, the web, and social media (e.g. LinkedIn, Facebook, Pinterest, WhatsApp, WeChat, Skype, etc.) and the joint ventures and partnerships they sought out from very early stages.

Further Research

To test whether the results of this study are replicable, future surveys and research could include similar questionnaires but use a more extensive set of sample enterprises. The researcher could also contact the selected enterprises directly by phone or email to hopefully accomplish a better response rate than this study was able to attain. A similar result with more responses and higher response rate would make recommendations much more reliable.

In my opinion, network seeking motives should be kept as a separate category and investigated more closely, especially with regards to joint ventures and international partnerships. The findings of this research, I believe, reflect the importance of networks as motives of internationalization and joint venture as the main entry mode. Simultaneously, the results point out some aspects of born global/INV to be very important to the internationalization process, whereas some seem to have no importance at all. Perhaps, future investigators can point out additional issues that are important to young and small enterprises aspiring to internationalize and how network and joint ventures can support these internationalization processes.

Nonetheless, this study can also generate many other possibilities for further research. It would be interesting to investigate the internationalization process of LAMNEs in different industries and countries separately. In this study a mixture of different types of MNEs from Angola and Mozambique were interviewed due to the lack of time and resources. It would be very interesting to categorize LAMNEs, across Lusophone countries, and then study their internationalization process to see if the internationalization theories can describe and explain the internationalization modes and behaviors of those specific groups of MNEs. It is recommended that broader study be conducted, which should include in depth face-to-face interviews with a larger number of MNEs, from various Lusophone countries, across various industries, and with the support of local government and community of practices, which would enable to acquire greater amount of data in a more reliable and conclusive way.

Globalization is a reality, not a trend or a fad, and it is driving internationalization in all markets, all sectors and industries, including at the local level. The expansion of international business through globalization brings new challenges but also provides unprecedented opportunity to rejuvenate old businesses, grow new ones and to create new jobs (Kanter, 1995). There are many challenges in selecting a mode of entry when deciding to internationalize, but the risks are even greater for Angolan and Mozambican governments, as well as potential local MNEs to wait for globalization, and the incursion of multinationals from advanced and emerging markets, to reach their domestic market and having to deal reactively with the consequences.

Appendix A – Bi-lingual Informed Consent

University of Saint Joseph

Informed Consent Form

"Modos de Internacionalizacao de Empresas Multinacionais na Africa Lusofona"

Ph.D. Candidate Investigator: Dr. Marcus Goncalves, Ed.D.

Faculty Advisor: Professor Jose Alves, Ph.D.

Objetivo

O objetivo desta pesquisa é a tentativa de compreender melhor o modo de internacionalizacao de empresas multinacionais de paises lusofonos na Africa (LAMNE), destacando as diferenças e semelhanças dos determinantes e padrões de LAMNEs no processo de internacionalização, através de múltiplos estudos de caso de empresas multinacionais, em diferentes níveis de desenvolvimento. Esta pesquisa, no entanto, é restrita apenas a Angola e Moçambique, devido a limitações de recursos. Enquanto não generalizáveis, os resultados desta pesquisa deverao fornecer informações valiosas sobre o tema para a disciplina de negócios internacionais.

Você está sendo solicitado a participar nesta pesquisa por estar envolvido com as operações e/ou administração /coordenação de empresas em Angola e/ou Moçambique que ja tem presenca fora do pais ou estão em processo de internacionalização (no próximo ano). A sua participação é bastante apreciada, e envolvera completar uma pesquisa confidencial online (opcional) perguntando sobre a forma como o

"Lusophone-African Multinational Enterprises Internationalization Modes "

Ph.D. Candidate Investigator: Dr. Marcus Goncalves, Ed.D.

Faculty Advisor: Professor Jose Alves, Ph.D.

Purpose

The aim of this research is an attempt to better understand LAMNE's mode of entry when internationalizing, by highlighting the differences and similarities of the determinants and patterns of LAMNEs in their internationalization process through the use of multiple case studies from MNEs at different levels of development. This research, however, is restricted only to Angola and Mozambique due to resource constraints. While not generalizable, the outcomes of this research should provide valuable insights into the body of knowledge for the international business discipline.

You are being asked to participate on this research because you are involved with the operations and/or administration/coordination of enterprises from Angola and/or Mozambique that have or are in the process of internationalization (within the next year). Your participation in this study would be appreciated, and would involve completing a confidential online survey (optional) asking your views on how the internationalization processo de internacionalização da sua empresa (ou onde trabalha) está ocorrendo e/ou planeja implementar no próximo ano. Haverá também uma entrevista semi-estruturada opcional realizada via telefone ou pessoalmente (em local/hora a sua escolha em Angola e/ou Moçambique). A pesquisa não durara mais que 5/8 minutos para ser concluída online, e a entrevista, nao mais de 60/90 minutos, senão menos.

Este estudo quase nao tem risco nenhum para você. As perguntas feitas não serão de charater pessoal. Você permanecera anônimo, com identidade completamente confidencial, se assim o preferir. Seu e-mail será usado apenas para acessar a pesquisa online. Não haverá nenhuma correlação entre o seu e-mail e suas respostas. Se concordar com a entrevista, gravarei a sessao, e tomarei notas, mas permanecera anonimo; durante a transcricao so eu ouvira a gravaçao e depois as descartarei.

Você pode se retirar desta desta pesquisa a qualquer momento. Se decidir retirar-se nenhuma outra informação será coletada. Nesse ponto, irei perguntar se os materiais já coletados na pesquisa podem ser usados, com o entendimento de que você pode desejar que nao sejam.

Riscos: A sua participação neste pesquisa não envolve riscos físicos ou emocionais.

Benefícios: A sua participação neste estudo pode ajudar no aumento da compreensão de como LAMNEs estão se internacionalizando, potencialmente ajudando ao desenvolvimento de políticas governamentais que apoiam este processo, ou melhores práticas para serem usadas por empresas que procurem a internacionalização de seus negócios.

Alternativa: Você tem a alternative de

You will remain anonymous, and your identity will be kept completely confidential and coded if you so choose. Your e-mail address will be used only to access the survey online. There will be no correlation between your email address and your responses. If you agree to be interviewed, I will tape record the interview, and may take some notes, but you will remain anonymous; only I will listen to the recordings when transcribing it, but only for private anonymous transcription purpose. Recordings will be discarded after transcription. You may choose not to complete the survey and/or the interview at any point.

You may decide to withdraw from this research at any time. If you decide to withdraw from the research, no further information will be collected from you. At that point, I, the investigator, will ask if the materials already collected in the research can be used, with the understanding you may wish for them not to be.

Risks: Your participation in this study does not involve any physical risk or emotional risk.

Benefits: Your participation in this study may aid in an increased understanding of how LAMNEs are internationalizing, potentially aiding the development of government policies that support this process, or best practices to be used my companies looking for the internationalization of their business.

Alternative: You have the alternative to choose not to participate in this research.

Confidentiality: Results of this study may be used for publication. Upon your request, if you have disclosed your identity, it will be protected by using a pseudonym rather than your real name or other identifying information. The optar por não participar da pesquisa.

Confidencialidade: Os resultados deste estudo podem ser usados para uma publicação. A seu pedido, se tiver revelado sua identidade, esta será protegida usando um pseudônimo em vez de seu nome real ou outras informações de identificação. O nome de sua instituição pode ser protegido tambem se você assim o decidir, através de um código não identificável para fins de relatório.

Sua participação nesta pesquisa nao tera nenhum custo para você. Você não será pago por sua participação nesta pesquisa, mas os resultados estarao disponíveis para você, para seu benefício e sua empresa.

Os seus direitos: A sua participação nesta pesquisa é voluntária e você é livre para retirar-se a qualquer momento. Você é livre para optar por não responder a perguntas específicas, se você não quiser.

Consentimento: Eu concordo em participar da pesquisa descrito acima. Vou receber uma cópia deste formulário de consentimento depois que eu assinar este formulario.

name of your institution may be protected as well if you so decide, using a unidentifiable code for reporting purposes.

Your participation in this research will involve no cost to you. You will not be paid for your participation in this research, but the results of it will be available to you, for your benefit and your enterprise.

Subject's Rights: Your participation in this research is voluntary and you are free to withdraw at any time. You are free to choose not to answer particular questions if you do not want to.

Consent: I agree to participate in the research described above. I will receive a copy of this consent form after I sign it.

__________________________ ____________

Enterviewee's Name **Date**
Nome do Entrevistado

____

Enterviewee's signature
Assinatura do Entrevistado

Marcus V. A. Goncalves ____________

Researcher's name (printed) **Date**
Nome do Pesquisador

____

Researcher's signature

Appendix B: Online Survey Questions

The online survey questionnaire as indicated below, was comprehensive and broken down by a theoretical construct where each was operationalized into 5-10 indicators, as suggested by Hair et al. (2005) to avoid single measures of constructs.

Note: the subset labels of each theoretical construct (i.e. Proactive, reactive, etc.) DID NOT appear in the online questionnaire; it is shown here as reference. Please see Appendix on survey results for actual questionnaire and results.

---

1. Your name (optional, may remain confidential)
   ____
2. Your title or role at company
   ____
3. Name of the company (optional, may remain confidential)
   ____
4. # of Employees:
   - ☐ 0-20 –
   - ☐ 21-200 –
   - ☐ 201-500 –
   - ☐ 501-1000 –
   - ☐ 1001-5000 –
   - ☐ 5001-10,000 –
   - ☐ More than 10,001
5. Industry:
   - ☐ Manufacturing (may include wheat flour; food; beverages; aluminum; petroleum products; textiles; cement; glass; and tobacco)
   - ☐ Professional services
   - ☐ Retail
   - ☐ Banking
   - ☐ Other: _____________.
6. Country: _____AO or _____MZ
7. Do you have any personal experience with international markets? ____
   ____
8. Does your company have a presence outside the country or is in the process of doing so in the next six months? If so, please check all that apply, if not, please check "No."
   - ☐ No
   - ☐ In one country in Africa –
   - ☐ More than one country in Africa –
   - ☐ In several countries in Africa (more than 3) –

- ☐ Americas
- ☐ Far East
- ☐ Europe
- ☐ Other _________

9. Can you list the countries you current have a presence? ____

• ____

10. Year since internationalization –
    - ☐ < 2
    - ☐ 3-5
    - ☐ 6-9
    - ☐ > 10
11. International growth objectives
    - ☐ Grow substantially
    - ☐ Grow moderately
    - ☐ Stay the same size
12. Can you list the countries you plan on having a presence in the next 3-5 years and why? ____

    ____

13. When evaluating a new market to enter, does your company consider the following factors (please estimate the importance of each factor on a scale between 1 and 5, where 1 is considered irrelevant and 5 is considered very important):

1 (irrelevant) 2 (not so important) 3 (some importance) 4 (important) 5 (very important)

Economic factors:

- Per capita income - 1 2 3 4 5

- Per capita consumption of products in your industry - 1 2 3 4 5

- Differences in consumer incomes - 1 2 3 4 5

Differences in costs and quality of the following resources:

- Natural resources - 1 2 3 4 5
- Financial resources - 1 2 3 4 5
- Human resources - 1 2 3 4 5
- Infrastructure - 1 2 3 4 5
- Intermediate inputs - 1 2 3 4 5
- Information or knowledge - 1 2 3 4 5

Administrative factors:

- Absence of shared political association - 1 2 3 4 5
- Political hostility - 1 2 3 4 5
- Government policies - 1 2 3 4 5

- Institutional weakness - 1 2 3 4 5

Geographic factors:

- Physical remoteness - 1 2 3 4 5
- Lack of sea or river access - 1 2 3 4 5
- Size of country - 1 2 3 4 5
- Weak transportation or communication links - 1 2 3 4 5
- Differences in climates - 1 2 3 4 5

Cultural factors:

- Different languages - 1 2 3 4 5
- Different ethnicities - 1 2 3 4 5
- Different religions - 1 2 3 4 5
- Different social norms - 1 2 3 4 5

14. Are there any other factors, not mentioned in the previous questions, that you consider when you evaluate a potential internationalization strategy? ____

____

15. What motivated your company to internationalize into that market/region? Check all that apply:

- **PROACTIVE** (This label was hidden from respondents online, not to influence their response)
  - ☐ **Ownership** advantages (enterprises Core competencies, Know-How, patents & trademarks, technology, brand name
  - ☐ **Location** advantages (Low cost & high quality of transportation, favorable host government policy, Energy, access to raw materials, technology & human capital Profit advantage)
  - ☐ **Internalization** advantages (Cost advantage from vertical and horizontal integration, due to transaction cost caused by market failure) // Exclusive information // Managerial commitment // Tax benefit // Economies scale

REACTIVE (This label was hidden from respondents online, not to influence their response)

- ☐ Competitive pressure
- ☐ Overproduction
- ☐ Declining domestic sales
- ☐ Excess capacity
- ☐ Saturated domestic market
- ☐ Proximity to customers and ports
- ☐ Other: Please specify: ________________________________

16. What mode of entry your enterprise adopted? Check all that applies.

- ☐ Indirect Export

- ☐ Direct Export
- ☐ Internet/Web B2B
- ☐ Internet/Web B2C
- ☐ Investment Joint Venture
- ☐ Investment Merging and or Acquisition (M&A)
- ☐ Greenfield (starting abroad from the ground up)
- ☐ International Contracting Licensing
- ☐ International Contracting Franchising
- ☐ International Contract Manufacturing
- ☐ International Contracting Management
- ☐ International Contracting Turnkey projects
- ☐ FDI
- ☐ Other. Please specify: ____

Appendix C: Semi-Structured Interview Guide

Sample of the questions asked to interviewees:

I. Stages of internationalization of different markets

1.1 What are the most important cornerstones/stages of your company's history? Why?

1.2 What does your business model look like?

1.3 What is your core business?

1.4 Who are your target customers?

1.5 Which are your primary competitors?

1.6 Which are your most important suppliers?

1.7 What is your role and position in the value chain in your industry?

1.8 What kind of strengths and weaknesses does your company have?

1.9 What would you consider to be your competitive advantage?

1.10 Which were the primary driving forces for your decision to start exporting/internationalizing?

1.11 How much do you export in relation to your total sales volume and to where?

1.12 How internationalized is the industry in which you are operating?

1.13 On which foreign/export markets are you present and active?

1.14 How did you internationalize, what was your mode of entry?

1.15 What was your major strength(s), and how did you take advantage of it?

1.16 What was your major weakness(es), and how did cope with it?

1.17 What was your major opportunity(ies), and how did you take advantage of it?

1.18 What was your major threat(s), and how did cope with it?

1.19 What do you export (products, services, know-how, etc.)?

1.20 When did you start exporting to or operating in these markets?

1.21 How is your export share (in percent) between the different export/foreign markets you have a presence?

II. Establishing new business relationships on export/foreign markets

2.1 How did you become aware of the opportunities to export/internationalize to these markets?

2.2 Where and how did you learn about these opportunities? What were the sources of information?

2.3 What kind of preparations did you make?

2.4 How did you get information about the export markets?

2.5 What kind of contacts did you establish to learn about the export markets?

2.6 Did you get any kind of help or assistance in establishing those contacts?

2.7 Did you get any kind of help in finding out about the export markets?

2.8 What kind of risks/uncertainties did you experience? How did you solve them?

2.9 What kind of insights reduced your risks/uncertainties?

2.10 How did you make these insights?

2.11 With whom did you establish contact on the export market?

2.12 What did you talk about? How frequently did you have contacts? What were the conclusions thereof?

2.13 What was your counterparts' major interest in terms of your products/services? Why did they want to do business with you?

2.14 What did you offer to them? What could you do for them?

2.15 What do you think was the major benefit/usefulness for the counterpart?

III. Developing the new business relationships

3.1 Did you have to make any adaptation(s) when internationalizing? If yes, to what extent?

3.2 Did you have to make any new investments? How much?

3.3 What have you learned about the foreign counterpart? How?

3.4 What have they learned about you? How?

3.5 What have you learned together? How?

3.6 Did you get any kind of help or assistance in developing new business relationships in the foreign market(s)?

IV. Maintaining the new international business relationships

4.1 How often are you in contact with the foreign counterpart? How? Where?

4.2 What is the content of your discussions? Has the content changed over time? If yes: How?

4.3 How often do you deliver products or services (including know-how and expertize) to the foreign counterpart? Has this changed over time? If yes: how and why?

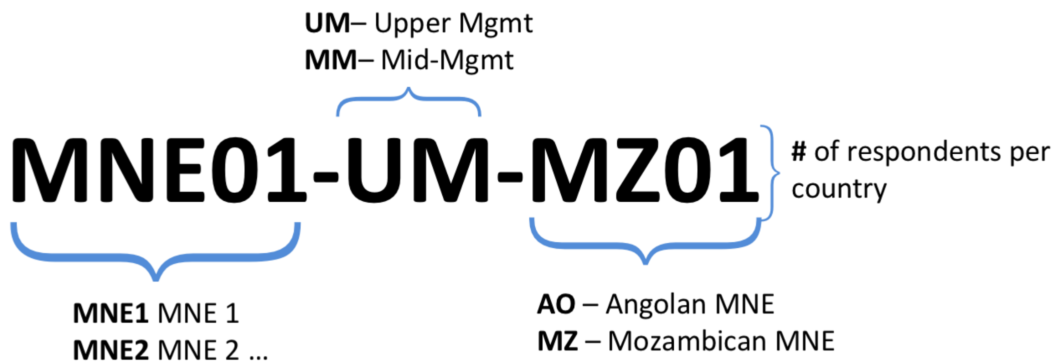
4.4 How do you make sure that the advantage/usefulness of what you are delivering to the foreign counterpart is further developed?

4.5 Do you get any kind of help or assistance in maintaining and developing established business relationships?

V. Wrapping

5.1 Is there any other comments you would like to make regarding your internationalization strategy, from mode of entry to political, economic, social, or technological aspects that may have facilitated, or imposed barriers in your efforts to expand abroad?

Appendix D: Interviewee Code Legend



Appendix E: Research Prospectus in Portuguese

Sumario de Pesquisa: Estrategias de Internacionalizacao de EMN de Paises Lusofonos Africanos

Dr. Marcus Goncalves

Marcus.goncalves@nichols.edu or marcus.goncalves@usj.edu.mo - +1-508-353-1885, Boston, MA, USA

Objetivos desta Pesquisa

Expandir um negócio no exterior muitas vezes pode representar uma grande oportunidade para as empresas em atingir novos clientes em uma escala muito maior. O aumento dos níveis de globalização têm causado a uma série de medidas, tais como rebaixamento de barreiras comerciais e maior integração internacional, que criaram condições institucionais e econômicas para uma estratégia de crescimento das empresas multinacionais (EMN) em todo o mundo. De acordo com a Conferência das Nações Unidas sobre Comércio e Desenvolvimento (UNCTAD, 2015), a maioria das empresas multinacionais são de economias avançadas. Mas, enquanto, em 2010, as economias avançadas atrairam 84,6% de todo estoque de Investimento Estrangeiro Direto (IED ou FDI) no mundo, o índice tem vindo a diminuir desde o início da década de 1990.

Por outro lado, na última década, as saídas de IED de economias emergentes têm crescido a uma média anual superior a dos países avançados (Gonçalves et al, 2015). Durante o mesmo período a quota mundial de IED provenientes de economias emergentes duplicou, tornando estes paises importantes atores globais (UNCTAD, 2015; Andersson, 2004; Filatotchev et al, 2007). Apesar de que um entendimento mais profundo do processo de IED das economias de fronteira na África precisam ser melhor compreendido, o objetivo desta pesquisa é focada exclusivamente nos *modos de entrada* de empresas multinacionais de fronteira quando estas se internacionalizam, que pode ou não incluir a saída de IED, em vez de entradas.

No continente Africano, vem existindo um aumento notório na internacionalização de empresas na região, especialmente na internacionalizacao de empresas Africanas dentro da Africa. Empresas sul-Africanas, tais como a operadora móvel MTN, a cervejaria SABMiller, o Standard Bank, a Massmart e a Shoprite têm agora uma presença em pelo menos uma dúzia de países africanos. Empresas nigerianas como o UBA, a Dangote, a Glo, o GTBank e o Firstbank estão estabelecendo uma presença significativa na região (Ibeh, Wilson, e Chizema, 2012). O Ecobank, com sede em Togo, é apenas um de varios outros do grupo de bancos pan-Africano (PABs) que continuam se expandindo em toda a África, com operações em 33 países. O Banco da África, com sede em Mali, tem operações em 14 países africanos, enquanto Equity Bank do Quénia e KCB tem operações em mais de quatro países do continente (Gonçalves, 2015).

EMNs africanas, no entanto, não estão apenas internacionalizando-se dentro do continente, com várias delas também se expandindo fora da Africa. Em 2012, EMNs Africanas ja haviam investido um acumulado de mais de US$14,2 bilhões na China, um aumento de 43% dos US$9,9 bilhões investidos em 2009 (Peng, 2006; Alves, 2008). Alguns dos principais investidores africanos na China vieram de Mauritius, África do Sul, Seicheles e Nigéria (Randall, Yeung, e Zhao, 2008).

O investimento da Tunísia na produção de fertilizantes na China tem uma história mais longa. Inicialmente lançado como um projeto-chave do Plano 8ª Quinquenal da China, a Sino-Árabe Chemical Fertilizers Company (SACF) foi uma iniciativa conjunta estabelecida pela Tunísia e China durante a visita do primeiro-ministro da Tunísia, Mohammed Mzali, em Pequim em 1984. A SACF sabiamente usou uma estrategia de investimento contínuo em sua expansão e reforma de suas instalacoes técnica para o novo milênio, o que aumentou significativamente as suas capacidades de produção e controle de qualidade. Amplamente elogiada como um modelo de cooperação Sul-Sul bem sucedida, a empresa cresceu e se tornou uma das maiores produtoras de adubo composto na China (Li, 2015).

Estes são apenas alguns exemplos de como o estabelecimento de uma presença no mercado externo pode promover crescimentos significativos e promover importante estratégias competitiva para as empresas. Esta estrategia e bastante real no caso de mercados limitados, tais como aqueles encontrados nas economias emergentes, e em particular nas economias fronteiriças da África, onde a falta de procura e demanda interna, devido aos mercados serem demasiado pequenos ou as indústrias ainda em fase de desenvolvimento, ou devido ao nivel de maturidade dos planos de execucao das empresa, ou até mesmo dos concorrentes (Andersson, 2004; Ramamurti e Jitendra, 2009).

Os indices de desenvolvimento e desempenho das economias de fronteira Africana não só têm sido historicamente bastante pequeno, mas têm também sido bem mais lento que os das economias emergentes. Em 2013, o PIB per capita para a África foi de US$ 3.221, comparado com US$ 27.249 para as Américas, US$29.570 para a Europa, US$31.533 para a Oceania, e US$ 8.622 para a Ásia (World Bank, 2013). Esta realidade tem sido ainda pior para Moçambique e Angola, ainda que estas sejam as duas maiores economias fronteiriças da África Lusófona, devido à devastação de suas guerras civis. Comentando sobre estes dois países, entre outros semelhantes, o ex-secretário-geral da ONU, Kofi Annan comentou em um relatório ao Conselho de Segurança das Nações Unidas sobre como "a guerra, a destruição, a fome, os refugiados, a instabilidade e o caos" que impactaram Moçambique em 1987 e Angola em 1999, com um custo incalculável "(Ayittey, 1999). Desde a destruição arbitrária causada pelas guerras, com infra-estrutura sendo reduzida a escombros, devido a bombardeamenot de combatentes nas estradas, pontes e equipamentos de comunicação, casas e edifícios ao longo do caminho foram destruidos, desalojando e forcando o deslocamento de seus habitantes, obrigando-os a fugir do clima geral de insegurança e guerra. Estes conflitos também criaram um ambiente hostil ao desenvolvimento e dissuadio investimentos estrangeiros (IED) (Ayittey, 1999; Hitchens, 1994; Soyinka, 1996; Banco Mundial, 1989).

Desde então, porém, a economia de Angola vem experienciando um bom desempenho, acima da média Africana, tornando-se uma das economias de mais rápido crescimento no mundo (White, 2012). Políticas macroeconómicas sólidas têm ajudado a garantir uma taxa de crescimento económico de 4,5% em 2014, embora este crescimento deva cair para 4,2% em 2016 (Muzima e Mendy, 2015). Angola tem hoje várias empresas multinacionais notáveis que se internacionalizaram com êxito, incluindo a Endiama, empresa nacional de diamantes com presença em Israel, Bélgica e Hong Kong; Cuca Beer, a cervejaria líder, com presença em Portugal, Cabo Verde, Moçambique e Guiné-Bissau; e alguns outros.

Moçambique também tem experimentado um crescimento significativo. O país, dilacerado por uma guerra civil de 15 anos, está prestes a se tornar o maior exportador de carvão do mundo na próxima década, enquanto que a recente descoberta maciças de dois campos de gás em suas águas esta transformando a região em um hotspot de energia (Smith, 2012). Em 2014 o PIB real cresceu 7,6% e este crescimento deverá manter-se forte, a 7,5% e 8,1% em 2015 e 2016, respectivamente, impulsionado pela construção, transportes e o sector das comunicações. As exportações de Moçambique tambem vem crescendo de forma constante, com cerca de 63% das exportações do país vindos de quatro indústrias primárias, incluindo o alumínio, eletricidade, minérios e gás, com o restante das exportações provenientes de uma ampla gama de indústrias, incluindo tabaco, madeira, açúcar , castanha de caju, farinha e camarões (Sutton, 2014). Várias empresas multinacionais moçambicanas dominam as exportações em cinco destas indústrias e têm se internacionalizado. Exemplos incluem Mozal, um grande exportador de alumínio; OLAM, que responde por um terço das exportações de caju, com presença em Singapura, China e muitos outros países; Mozfoods, que responde por 40% das exportações de farinha, com presença no Reino Unido, África do Sul e na Europa; e muitas outras empresas multinacionais, tais como Krustamoz e Miradouro, que exportam camarões, e Xinavane e Maragra, que exportam açúcar (Santos e Roffarello de 2015; Sutton, 2014).

Apesar de todos os desafios macroeconômicos e geopolíticos enfrentados por empresas multinacionais africanas, particularmente as de países de fronteira Lusófonas (LAMNEs), este crescimento impressionante nas actividades transfronteiriças não só do tipo África-para-África, mas também a internacionalização fora do continente Africano, proporcionam uma oportunidade interessante de exploração do modo de entrada, padrões, estratégias, barreiras e resultados destas internacionalizações O caminho da internacionalização das empresas multinacionais nas economias avançadas é bem pesquisado, com varias teorias, como a da Uppsala e o Paradigma Eclectic que foram desenvolvidos. No entanto, pouco se sabe sobre o modo de entrada e estratégias empregadas pelas LAMNEs, e varias questões ja foram levantadas sobre a aplicabilidade das teorias existentes para explicar e compreender o processo de internacionalização e modos de entrada destas multinacionais destes países lusófonos e de fronteira.

O objetivo desta pesquisa é, portanto, uma tentative de compreender melhor o processo de internacionalização das LAMNEs, mais especificamente de Angola e Moçambique, bem como seus determinantes macroeconômicos, na tentativa de preencher uma lacuna existente na literatura e fornecer alguns insights a outros empresários e instituições governamentais, sobre a dinâmica de internacionalização destas empresas de países de fronteira na África lusófona. Neste sentido, este estudo procura responder à questão geral de saber se estas LAMNEs seguem um caminho semelhante adotado por multinacionais de países emergentes e avançados quando estas se internacionalizam. Além disso, existem algumas variáveis específicas mais pertinentes as empresas multinacionais angolanas e moçambicanas? Será que a distância, de acordo com Ghemawat (2001), entre dois países manifesto ao longo cultura, administração, geografia e economia ainda é importante no desenvolvimento de um modo de estratégia de entrada quando se considera a internacionalização?

Objetivos e Metodos de Pesquisa

O objetivo desta pesquisa é uma tentativa de preencher a lacuna de conhecimento dito acima, para melhor entender o modo em que LAMNE utilizam quando se internacionalizam, destacando as diferenças e semelhanças entre os determinantes e padrões de LAMNEs em seu processo de internacionalização através do uso de vários estudos de caso de empresas multinacionais em diferentes níveis de desenvolvimento. Esta pesquisa, no entanto, é restrita apenas a Angola e Moçambique, devido as limitações de recursos. Enquanto não generalizáveis, os resultados desta pesquisa deve fornecer informações valiosas sobre o corpo de conhecimento para a disciplina de negócios internacionais.

As questões de pesquisa subjacentes a este estudo são as seguintes:

1. Por que tantas multinacionais de países LAMNEs tem entrado em destaque na última década?
2. Que vantagens competitivas estão incentivando estas empresas a se internacionalizarem?
3. Sao estas empresas distintas em alguma maneira por terem suas origens em uma economia de fronteira?
4. Sao estas empresas distintas em alguma maneira por terem suas origens como LAMNEs?
5. Que estratégias de internacionalização estão sendo utilizadas, e porquê?
6. Qual o impacto que estas internacionalizações exercem sobre suas respectivas indústrias a nível global e nas regiões selecionadas?
7. Quais são os modos de entrada destas empresas LAMNEs quando se internacionalizam?
8. Como as vantagens de localização moldam esses processos de internacionalização?
9. Como os fatores de internalização/propriedade moldam esses processos de internacionalização?
10. Como o ambiente institucional e suas políticas moldam esses processos de internacionalização?
11. Como empresas LAMNEs diferem das de países emergentes e avançados quando se considera os processos de internacionalização?
12. Quais as consistência ou inconsistências das ascensões de empresas LAMNEs com relação as teoria de negócios internacionais quando considerando as principais teorias sobre internacionalização?

Appendix F: Research Prospectus in English

Summary Research Prospectus: Lusophone-African MNEs Internationalization Strategies

Dr. Marcus Goncalves

Marcus.goncalves@nichols.edu or marcus.goncalves@usj.edu.mo - +1-508-353-1885, Boston, MA, USA

Research Background

Expanding a business abroad can often represent a great opportunity for enterprises to reach new customers in a much larger range. Increasing globalization levels have led to a number of measures, such as lower trade barriers and higher international integration, which have created the institutional and economic conditions for a growth strategy of multinational enterprises (MNEs) around the world. According to the United Nations Conference for Trade and Development (UNCTAD, 2015), the majority of MNEs are from advanced economies. But while, in 2010, advanced economies attracted 84.6 percent of all Foreign Direct Investment (FDI) stock in the world, the index has been decreasing since the beginning of the 1990s.

Conversely, in the last decade, FDI outflows from emerging economies have been growing at a higher year average than from advanced countries (Goncalves et al, 2015). During the same period, emerging economies have actually doubled its share on the World's FDI flows, becoming important global players (UNCTAD, 2015; Andersson, 2004; Filatotchev et al, 2007). Although a deeper understanding of FDI into frontier economies in Africa is worth consideration, the objective of this research is focused solely on the modes of entry of frontier MNEs when internationalizing, which may or may not include outflow FDI, instead of inflows.

In the African continent, a notorious increase in the internationalization of enterprises within the region has taken place, especially Africa-to-Africa internationalization. South African companies such as the mobile operator MTN, the brewer SABMiller, Standard Bank, Massmart and Shoprite now have a presence in at least a dozen African countries. Nigerian firms such as UBA, Dangote, Glo, GTBank and FirstBank are establishing a significant footprint in the region (Ibeh, Wilson, and Chizema, 2012). Togo based lender, Ecobank is only one of a group of pan-African banks (PABs) expanding throughout Africa, with operations in 33 countries. The Bank of Africa, based in Mali, has operations in 14 African countries, while Kenya's Equity Bank and KCB has operations in more than four countries in the continent (Goncalves, 2015).

African MNEs, however, are not only internationalizing within the continent, as several are also expanding their footprint outside of it. By 2012, Africans MNEs had invested a cumulative $14.2 billion in China alone, a 43 percent increase from the $9.9 billion invested by 2009 (Peng, 2006; Alves, 2008). Some of the top African investors in China came from Mauritius, South Africa, Seychelles and Nigeria (Randall, Yeung, and Zhao, 2008).

Tunisia's investment in China's fertilizer production has an even longer history. Initially launched as a key project of China's 8th Five-Year Plan, the Sino-Arab Chemical Fertilizers Company (SACF) was a joint initiative reached by Tunisia and China when Tunisia's late Prime Minister Mohammed Mzali visited Beijing in 1984. SACF wisely used the continuous investments in its technical reform and facility expansion in the new millennium, which significantly increased its production and quality control capacities. Widely praised as a successful South-South Cooperation model, the company has grown to become one of the largest compound fertilizer producers in China (Li, 2015).

These are only few examples of how the establishment of a presence in foreign markets can be an important growth and competitive strategy for enterprises. This is especially true in the case of limited home markets, such as those found in emerging economies, and in particular in Africa's frontier economies, where the lack of domestic demand, due to markets being too small or the industry to narrow, or due to the maturity of the company's actions or even from the competitors (Andersson, 2004; Ramamurti and Jitendra, 2009).

Indices of Africa frontier economies' development performance have not only been historically dismal but have also lagged persistently behind those of emerging economies. In 2013, GDP per capita for Africa was $3,221, compared to $27,249 for the Americas, $29,570 for Europe, $31,533 for Oceania, and $8,622 for Asia (World Bank, 2013). This reality has been even grimmer for Mozambique and Angola, the two largest frontier economies in Lusophone-Africa, due to the ravage of their civil wars. Commenting on these two countries, among others of similar fate, the former UN Secretary-General, Kofi Annan commented in a report to the UN Security Council on how "the war, destruction, famine, refugees, starvation, instability and chaos" impacted Mozambique in 1987 and Angola in 1999 at an incalculable cost" (Ayittey, 1999). From the wanton destruction they wreak, with infrastructure being reduced to rubble, as combatants bombed roads, bridges, and communication equipment, destroying houses and buildings along the way, to the uprooting of people, forcing them to flee the general atmosphere of insecurity and war. These conflicts also created an environment inimical to development and deterred foreign investments (FDI) inflows (Ayittey, 1999; Hitchens, 1994; Soyinka, 1996; World Bank 1989).

Since then, however, Angola's economy has performed well above the African average, becoming one of the fastest-growing economies in the world (White, 2012). Sound macroeconomic policies have helped to ensure an economic growth rate of 4.5 percent in 2014, although growth is expected to drop to 4.2 percent by 2016 (Muzima and Mendy, 2015). Angola has today several noteworthy MNEs that have successfully internationalized, including Endiama, a national diamond company with presence in Israel, Belgium, and Hong Kong; Cuca Beer, a leading brewer, with presence in Portugal, Cape Verde, Mozambique, and Guinea Bissau; and a few others.

Mozambique has also experienced significant growth. The country, riven by civil war for 15 years, is poised to become the world's biggest coal exporter within the next decade, while the recent discovery of two massive gas fields in its waters has turned the region into an energy hotspot (Smith, 2012). In 2014 real GDP grew by 7.6 percent and growth is expected to remain strong, at 7.5 percent and 8.1 percent in 2015 and 2016, respectively, boosted by the construction, transportation and communications sectors. Mozambique exports has been growing steadily, with some 63 percent of the country's exports coming from four primary industries, namely aluminum, electricity, ores and gas, with the remaining third percent of exports coming from a wide range of industries including tobacco, wood, sugar, cashews, flour and prawns (Sutton, 2014). Several Mozambican MNEs dominate exports in five of these industries and have internationalized. Examples include Mozal Aluminum, a major exporter of aluminum; OLAM, which accounts for one-third of cashew exports, with presence in Singapore, China, and many other countries; Mozfoods, which accounts for 40 percent of flour exports, with presence in UK, South Africa and Europe; and many other

MNEs such as Krustamoz and Miradouro, which export prawns, and Xinavane and Maragra, which export sugar (Santos and Roffarello, 2015; Sutton, 2014).

Despite all the macroeconomic and geopolitical challenges faced by African MNEs, particularly frontier Lusophone African MNEs (LAMNEs), this impressive growth in cross border activities, not only Africa-to-Africa but also internationalization beyond the African continent, provide an interesting opportunity to explore the mode of entry, patterns, strategies, barriers and outcomes. The internationalization path of MNEs from advanced economies is well researched, with theories such as the Uppsala and Eclectic paradigm developed as a result. However, little is known about the mode of entry and strategies employed by LAMNEs, and questions have been raised about the applicability of extant theories to explain and understand their rationale and modes of entry.

The purpose of this research is, therefore, to better understand the process of internationalization of LAMNEs, more specifically from Angola and Mozambique, as well as its macroeconomic determinants in an attempt to close an existing gap in literature and provide some insights on internationalization dynamics amongst frontier MNEs in Lusophone Africa. In this regard, this study seeks to answer the overarching question of whether LAMNEs follow a similar path adopted by other emerging and advanced MNEs as they internationalize. Also, are there firm specific variables more pertinent for Angolan and Mozambican MNEs? Does distance, according to Ghemawat (2001), between two countries manifest along culture, administration, geography and economy still matters when developing a mode of entry strategy when internationalizing?

Research Purpose and Methods

The aim of this research is an attempt to fill the knowledge gap stated above, there is, to better understand LAMNE's mode of entry when internationalizing, by highlighting the differences and similarities of the determinants and patterns of LAMNEs in their internationalization process through the use of multiple case studies from MNEs at different levels of development. This research, however, is restricted only to Angola and Mozambique due to resource constraints. While not generalizable, the outcomes of this research should provide valuable insights into the body of knowledge for the international business discipline.

The research questions underlying this study are the following:

1. Why so many LAMNEs have come into prominence in the past decade?
2. What competitive advantages are they leveraging as they internationalize?
3. Are they distinctive in any way because of their origins from a frontier economy?
4. Are they distinctive in any way because of their origins as LAMNEs?
5. What internationalization strategies are they pursuing, and why?
6. What impact are they having on their respective global industries in those selected regions?
7. What are the modes of entry of LAMNEs when internationalizing?
8. How does locational advantages shape these internationalization processes?
9. How does internalization/ownership shape these internationalization processes?
10. How does the institutional environment and arrangements shape these internationalization processes?
11. How do LAMNEs differ from emerging and advanced MNEs when internationalizing?
12. How consistent or inconsistent is the rise of LAMNEs with mainstream international business theory?

Appendix G: WEF Global Competitiveness Index Methodology

Year 2016-2017

This appendix presents a short description of each pillar of the Global Competitiveness Index 2016–2017 (GCI) and of the application of the concept of stages of development to weight the Index. For a more detailed description and literature review for each pillar, refer to Chapter 1.1 in *The Global Competitiveness Report 2014–2015*.[a] The appendix also presents the detailed structure of the GCI and explains how the Index is computed.

THE TWELVE PILLARS OF COMPETITIVENESS

We define *competitiveness* as the *set of institutions, policies, and factors that determine the level of productivity of a country.* The level of productivity, in turn, sets the level of prosperity that can be reached by an economy. The productivity level also determines the rates of return obtained by investments in an economy, which in turn are the fundamental drivers of its growth rates. In other words, a more competitive economy is one that is likely to grow faster over time.

This open-endedness is captured within the GCI by including a weighted average of many different components, each measuring a different aspect of competitiveness. The components are grouped into 12 categories, the pillars of competitiveness:

1st pillar: Institutions

The institutional environment of a country depends on the efficiency and the behavior of both public and private stakeholders. The legal and administrative framework within which individuals, firms, and governments interact determines the quality of the public institutions of a country and has a strong bearing on competitiveness and growth. It influences investment decisions and the organization of production and plays a key role in the ways in which societies distribute the benefits and bear the costs of development strategies and policies. Good private institutions are also important for the sound and sustainable development of an economy. The 2007–08 global financial crisis, along with numerous corporate scandals, has highlighted the relevance of accounting and reporting standards and transparency for preventing fraud and mismanagement, ensuring good governance, and maintaining investor and consumer confidence.

2nd pillar: Infrastructure

Extensive and efficient infrastructure is critical for ensuring the effective functioning of the economy. Effective modes of transport—including high-quality roads, railroads, ports, and air transport—enable entrepreneurs to get their goods and services to market in a secure and timely manner and facilitate the movement of workers to the most suitable jobs. Economies also depend on electricity supplies that are free from interruptions and shortages so that businesses and factories can work unimpeded. Finally, a solid and extensive telecommunications network allows for a rapid and free flow of information, which increases overall economic efficiency by helping to ensure that businesses can communicate and decisions are made by economic actors taking into account all available relevant information.

3rd pillar: Macroeconomic environment

The stability of the macroeconomic environment is important for business and, therefore, is significant for the overall competitiveness of a country. Although it is certainly true that macroeconomic stability alone cannot increase the productivity of a nation, it is also recognized that macroeconomic disarray harms the economy, as we have seen in recent years, conspicuously in the European context. The government cannot provide services efficiently if it has to make high-interest payments on its past debts. Running fiscal deficits limits the government's future ability to react to business cycles. Firms cannot operate efficiently when inflation rates are out of hand. In sum, the economy cannot grow in a sustainable manner unless the macro environment is stable.

4th pillar: Health and primary education

A healthy workforce is vital to a country's competitiveness and productivity. Workers who are ill cannot function to their potential and will be less productive. Poor health leads to significant costs to business, as sick workers are often absent or operate at lower levels of efficiency. Investment in the provision of health services is thus critical for clear economic, as well as moral, considerations. In addition to health, this pillar takes into account the quantity and quality of the basic education

received by the population, which is increasingly important in today's economy. Basic education increases the efficiency of each individual worker.

5th pillar: Higher education and training

Quality higher education and training is crucial for economies that want to move up the value chain beyond simple production processes and products. In particular, today's globalizing economy requires countries to nurture pools of well-educated workers who are able to perform complex tasks and adapt rapidly to their changing environment and the evolving needs of the production system. This pillar measures secondary and tertiary enrollment rates as well as the quality of education as evaluated by business leaders. The extent of staff training is also taken into consideration because of the importance of vocational and continuous on-the-job training—which is neglected in many economies—for ensuring a constant upgrading of workers' skills.

6th pillar: Goods market efficiency

Countries with efficient goods markets are well positioned to produce the right mix of products and services given their particular supply-and-demand conditions, as well as to ensure that these goods can be most effectively traded in the economy. Healthy market competition, both domestic and foreign, is important in driving market efficiency, and thus business productivity, by ensuring that the most efficient firms, producing goods demanded by the market, are those that thrive. Market efficiency also depends on demand conditions such as customer orientation and buyer sophistication. For cultural or historical reasons, customers may be more demanding in some countries than in others. This can create an important competitive advantage, as it forces companies to be more innovative and customer-oriented and thus imposes the discipline necessary for efficiency to be achieved in the market.

7th pillar: Labor market efficiency

The efficiency and flexibility of the labor market are critical for ensuring that workers are allocated to their most effective use in the economy and provided with incentives to give their best effort in their jobs. Labor markets must therefore have the flexibility to shift workers from one economic activity to another rapidly and at low cost, and to allow for wage fluctuations without much social disruption. Efficient labor markets must also ensure clear strong incentives for employees and promote meritocracy at the workplace, and they must provide equity in the business environment between women and men. Taken together these factors have a positive effect on worker performance and the attractiveness of the country for talent, two aspects of the labor market that are growing more important as talent shortages loom on the horizon.

8th pillar: Financial market development

An efficient financial sector allocates the resources saved by a nation's population, as well as those entering the economy from abroad, to the entrepreneurial or investment projects with the highest expected rates of return rather than to the politically connected. Business investment is critical to productivity. Therefore economies require sophisticated financial markets that can make capital available for private-sector investment from such sources as loans from a sound banking sector, well-regulated securities exchanges, venture capital, and other financial products. In order to fulfill all those functions, the banking sector needs to be trustworthy and transparent, and—as has been made so clear recently—financial markets need appropriate regulation to protect investors and other actors in the economy at large.

9th pillar: Technological readiness

The technological readiness pillar measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries, with specific emphasis on its capacity to fully leverage information and communication technologies (ICTs) in daily activities and production processes for increased efficiency and enabling innovation for competitiveness. Whether the technology used has or has not been developed within national borders is irrelevant for its ability to enhance productivity. The central point is that the firms operating in the country need to have access to advanced products and blueprints and the ability to absorb and use them. Among the main sources of foreign technology, FDI often plays a key role, especially for countries at a less advanced stage of technological development.

10th pillar: Market size

The size of the market affects productivity since large markets allow firms to exploit economies of scale. Traditionally, the markets available to firms have been constrained by national borders. In the era of globalization, international markets have become a substitute for domestic markets, especially for small countries. Thus exports can be thought of as a substitute for domestic demand in determining the size of the market for the firms of a country. By including both domestic and foreign markets in our measure of market size, we give credit to export-driven economies and geographic areas (such as the European Union) that are divided into many countries but have a single common market.

11th pillar: Business sophistication

Business sophistication concerns two elements that are intricately linked: the quality of a country's overall business networks and the quality of individual firms' operations and strategies. These factors are especially important for countries at an advanced stage of development when, to a large extent, the more basic sources of productivity improvements have been exhausted. The quality of a country's business networks and supporting industries, as measured by the quantity and quality of local suppliers and the extent of their interaction, is important for a variety of reasons. When companies and suppliers from a particular sector are interconnected in geographically proximate groups, called *clusters,* efficiency is heightened, greater opportunities for innovation in processes and products are created, and barriers to entry for new firms are reduced.

12th pillar: Innovation

The last pillar focuses on innovation. Innovation is particularly important for economies as they approach the frontiers of knowledge, and the possibility of generating more value by merely integrating and adapting exogenous technologies tends to disappear. In these economies, firms must design and develop cutting-edge products and processes to maintain a competitive edge and move toward even higher value-added activities. This progression requires an environment that is conducive to innovative activity and supported by both the public and the private sectors. In particular, it means sufficient investment in research and development (R&D), especially by the private sector; the presence of high-quality scientific research institutions that can generate the basic knowledge needed to build the new technologies; extensive collaboration in research and technological developments between universities and industry; and the protection of intellectual property.

The interrelation of the 12 pillars

Although we report the results of the 12 pillars of competitiveness separately, it is important to keep in mind that they are not independent: they tend to reinforce each other, and a weakness in one area often has a negative impact in others. The detailed structure and methodology used to compute the GCI are presented at the end of this appendix.

Appendix H: Angola's Global Competitiveness Index Rank

Ranking 140 out of 144 countries (WEF, 2014*)

	INDICATOR	VALUE	RANK/144
	1st pillar: Institutions		
1.01	Property rights	2.5	141
1.02	Intellectual property protection	2.3	138
1.03	Diversion of public funds	1.8	139
1.04	Public trust in politicians	1.8	135
1.05	Irregular payments and bribes	2.4	136
1.06	Judicial independence	2.1	137
1.07	Favoritism in decisions of government officials	2.0	140
1.08	Wastefulness of government spending	2.8	93
1.09	Burden of government regulation	2.7	128
1.10	Efficiency of legal framework in settling disputes	2.3	140
1.11	Efficiency of legal framework in challenging regs.	2.0	141
1.12	Transparency of government policymaking	2.9	137
1.13	Business costs of terrorism	4.8	96
1.14	Business costs of crime and violence	3.6	114
1.15	Organized crime	3.5	128
1.16	Reliability of police services	2.8	129
1.17	Ethical behavior of firms	2.6	144
1.18	Strength of auditing and reporting standards	2.6	141
1.19	Efficacy of corporate boards	2.7	143
1.20	Protection of minority shareholders' interests	2.5	142
1.21	Strength of investor protection, 0–10 (best)*	5.3	68
	2nd pillar: Infrastructure		
2.01	Quality of overall infrastructure	2.2	141
2.02	Quality of roads	2.3	138
2.03	Quality of railroad infrastructure	N/Appl.	n/a
2.04	Quality of port infrastructure	2.7	121
2.05	Quality of air transport infrastructure	3.3	117
2.06	Available airline seat km/week, millions*	130.5	74
2.07	Quality of electricity supply	1.7	138
2.08	Mobile telephone subscriptions/100 pop.*	61.9	132
2.09	Fixed telephone lines/100 pop.*	1.0	126
	3rd pillar: Macroeconomic environment		
3.01	Government budget balance, % GDP*	−1.5	42
3.02	Gross national savings, % GDP*	18.2	80
3.03	Inflation, annual % change*	8.8	130
3.04	General government debt, % GDP*	26.6	29
3.05	Country credit rating, 0–100 (best)*	35.8	91
	4th pillar: Health and primary education		
4.01	Malaria cases/100,000 pop.*	18,251.2	61
4.02	Business impact of malaria	1.4	76
4.03	Tuberculosis cases/100,000 pop.*	316.0	130
4.04	Business impact of tuberculosis	2.8	143
4.05	HIV prevalence, % adult pop.*	2.3	125
4.06	Business impact of HIV/AIDS	2.5	143
4.07	Infant mortality, deaths/1,000 live births*	99.5	143
4.08	Life expectancy, years*	51.5	137
4.09	Quality of primary education	2.0	143
4.10	Primary education enrollment, net %*	85.7	115
	5th pillar: Higher education and training		
5.01	Secondary education enrollment, gross %*	31.5	135
5.02	Tertiary education enrollment, gross %*	7.5	121
5.03	Quality of the education system	2.1	142
5.04	Quality of math and science education	1.9	143
5.05	Quality of management schools	2.3	140
5.06	Internet access in schools	2.4	132
5.07	Availability of research and training services	2.5	144
5.08	Extent of staff training	2.8	141
	6th pillar: Goods market efficiency		
6.01	Intensity of local competition	2.6	144
6.02	Extent of market dominance	2.2	144
6.03	Effectiveness of anti-monopoly policy	2.0	144
6.04	Effect of taxation on incentives to invest	3.5	89
6.05	Total tax rate, % profits*	52.1	120

	INDICATOR	VALUE	RANK/144
	6th pillar: Goods market efficiency *(cont'd.)*		
6.06	No. procedures to start a business*	8	93
6.07	No. days to start a business*	66.0	134
6.08	Agricultural policy costs	3.2	118
6.09	Prevalence of trade barriers	2.9	144
6.10	Trade tariffs, % duty*	9.3	100
6.11	Prevalence of foreign ownership	2.9	138
6.12	Business impact of rules on FDI	2.6	141
6.13	Burden of customs procedures	1.8	143
6.14	Imports as a percentage of GDP*	38.9	92
6.15	Degree of customer orientation	2.4	144
6.16	Buyer sophistication	2.3	138
	7th pillar: Labor market efficiency		
7.01	Cooperation in labor-employer relations	3.2	142
7.02	Flexibility of wage determination	4.1	122
7.03	Hiring and firing practices	2.6	137
7.04	Redundancy costs, weeks of salary*	31.0	132
7.05	Effect of taxation on incentives to work	4.0	41
7.06	Pay and productivity	2.5	141
7.07	Reliance on professional management	2.2	142
7.08	Country capacity to retain talent	3.7	53
7.09	Country capacity to attract talent	3.8	50
7.10	Women in labor force, ratio to men*	0.83	66
	8th pillar: Financial market development		
8.01	Availability of financial services	2.3	143
8.02	Affordability of financial services	3.2	128
8.03	Financing through local equity market	1.4	144
8.04	Ease of access to loans	2.2	122
8.05	Venture capital availability	2.3	98
8.06	Soundness of banks	4.1	115
8.07	Regulation of securities exchanges	1.2	144
8.08	Legal rights index, 0–10 (best)*	3	113
	9th pillar: Technological readiness		
9.01	Availability of latest technologies	3.2	139
9.02	Firm-level technology absorption	2.9	143
9.03	FDI and technology transfer	3.9	117
9.04	Individuals using Internet, %*	19.1	104
9.05	Fixed broadband Internet subscriptions/100 pop.*	0.2	119
9.06	Int'l Internet bandwidth, kb/s per user*	2.0	140
9.07	Mobile broadband subscriptions/100 pop.*	12.1	94
	10th pillar: Market size		
10.01	Domestic market size index, 1–7 (best)*	3.5	69
10.02	Foreign market size index, 1–7 (best)*	4.8	56
10.03	GDP (PPP$ billions)*	130.1	63
10.04	Exports as a percentage of GDP*	62.3	32
	11th pillar: Business sophistication		
11.01	Local supplier quantity	2.4	144
11.02	Local supplier quality	2.2	144
11.03	State of cluster development	2.6	141
11.04	Nature of competitive advantage	2.6	135
11.05	Value chain breadth	2.6	144
11.06	Control of international distribution	3.5	118
11.07	Production process sophistication	2.4	137
11.08	Extent of marketing	2.9	135
11.09	Willingness to delegate authority	2.4	142
	12th pillar: Innovation		
12.01	Capacity for innovation	2.7	142
12.02	Quality of scientific research institutions	1.9	142
12.03	Company spending on R&D	2.1	141
12.04	University-industry collaboration in R&D	2.0	142
12.05	Gov't procurement of advanced tech products	2.6	135
12.06	Availability of scientists and engineers	2.5	144
12.07	PCT patents, applications/million pop.*	0.0	119

(*) – No data available for 2015 or 2016

Appendix I: Mozambique's Global Competitiveness Index Rank

<u>Ranking 133 out of 140 countries (WEF, 2015)</u>

	INDICATOR	VALUE	RANK/140
	1st pillar: Institutions		
1.01	Property rights	3.5	116
1.02	Intellectual property protection	3.0	126
1.03	Diversion of public funds	2.4	123
1.04	Public trust in politicians	2.6	91
1.05	Irregular payments and bribes	3.0	114
1.06	Judicial independence	2.6	122
1.07	Favoritism in decisions of government officials	2.6	106
1.08	Wastefulness of government spending	2.7	94
1.09	Burden of government regulation	3.4	75
1.10	Efficiency of legal framework in settling disputes	3.3	94
1.11	Efficiency of legal framework in challenging regs.	2.9	111
1.12	Transparency of government policymaking	3.5	111
1.13	Business costs of terrorism	4.3	117
1.14	Business costs of crime and violence	3.4	118
1.15	Organized crime	3.4	125
1.16	Reliability of police services	2.9	124
1.17	Ethical behavior of firms	3.2	126
1.18	Strength of auditing and reporting standards	3.9	111
1.19	Efficacy of corporate boards	4.3	107
1.20	Protection of minority shareholders' interests	3.4	119
1.21	Strength of investor protection, 0–10 (best)*	5.2	85
	2nd pillar: Infrastructure		
2.01	Quality of overall infrastructure	2.7	128
2.02	Quality of roads	2.3	137
2.03	Quality of railroad infrastructure	2.3	82
2.04	Quality of port infrastructure	3.6	89
2.05	Quality of air transport infrastructure	3.2	116
2.06	Available airline seat km/week, millions*	39.8	104
2.07	Quality of electricity supply	2.9	117
2.08	Mobile telephone subscriptions/100 pop.*	69.7	128
2.09	Fixed-telephone lines/100 pop.*	0.3	135
	3rd pillar: Macroeconomic environment		
3.01	Government budget balance, % GDP*	–8.4	134
3.02	Gross national savings, % GDP*	12.4	116
3.03	Inflation, annual % change*	2.3	1
3.04	General government debt, % GDP*	55.4	90
3.05	Country credit rating, 0–100 (best)*	29.1	107
	4th pillar: Health and primary education		
4.01	Malaria cases/100,000 pop.*	27,774.0	69
4.02	Business impact of malaria	3.6	62
4.03	Tuberculosis cases/100,000 pop.*	552.0	135
4.04	Business impact of tuberculosis	4.1	122
4.05	HIV prevalence, % adult pop.*	10.8	133
4.06	Business impact of HIV/AIDS	3.6	132
4.07	Infant mortality, deaths/1,000 live births*	61.5	131
4.08	Life expectancy, years*	50.2	136
4.09	Quality of primary education	2.1	138
4.10	Primary education enrollment, net %*	87.4	111
	5th pillar: Higher education and training		
5.01	Secondary education enrollment, gross %*	26.0	139
5.02	Tertiary education enrollment, gross %*	5.2	127
5.03	Quality of the education system	2.8	119
5.04	Quality of math and science education	2.5	133
5.05	Quality of management schools	2.8	136
5.06	Internet access in schools	3.1	122
5.07	Availability of specialized training services	3.2	129
5.08	Extent of staff training	3.3	125
	6th pillar: Goods market efficiency		
6.01	Intensity of local competition	4.6	108
6.02	Extent of market dominance	3.3	100
6.03	Effectiveness of anti-monopoly policy	3.1	123
6.04	Effect of taxation on incentives to invest	3.5	82
6.05	Total tax rate, % profits*	36.6	68

	INDICATOR	VALUE	RANK/140
	6th pillar: Goods market efficiency *(cont'd.)*		
6.06	No. procedures to start a business*	9	104
6.07	No. days to start a business*	13.0	74
6.08	Agricultural policy costs	3.3	109
6.09	Prevalence of non-tariff barriers	4.2	89
6.10	Trade tariffs, % duty*	7.4	87
6.11	Prevalence of foreign ownership	4.6	63
6.12	Business impact of rules on FDI	4.6	60
6.13	Burden of customs procedures	3.5	106
6.14	Imports as a percentage of GDP*	74.2	29
6.15	Degree of customer orientation	3.7	126
6.16	Buyer sophistication	2.8	120
	7th pillar: Labor market efficiency		
7.01	Cooperation in labor-employer relations	3.7	123
7.02	Flexibility of wage determination	3.9	125
7.03	Hiring and firing practices	3.5	93
7.04	Redundancy costs, weeks of salary*	37.5	131
7.05	Effect of taxation on incentives to work	3.9	60
7.06	Pay and productivity	3.0	129
7.07	Reliance on professional management	3.4	124
7.08	Country capacity to retain talent	3.5	71
7.09	Country capacity to attract talent	3.7	51
7.10	Women in labor force, ratio to men*	1.04	2
	8th pillar: Financial market development		
8.01	Availability of financial services	3.7	119
8.02	Affordability of financial services	3.6	117
8.03	Financing through local equity market	2.7	116
8.04	Ease of access to loans	1.9	126
8.05	Venture capital availability	2.2	116
8.06	Soundness of banks	4.4	95
8.07	Regulation of securities exchanges	3.6	111
8.08	Legal rights index, 0–12 (best)*	1	129
	9th pillar: Technological readiness		
9.01	Availability of latest technologies	3.9	118
9.02	Firm-level technology absorption	4.2	99
9.03	FDI and technology transfer	4.2	82
9.04	Individuals using Internet, %*	5.9	129
9.05	Fixed-broadband Internet subscriptions/100 pop.*	0.0	134
9.06	Int'l Internet bandwidth, kb/s per user*	7.8	108
9.07	Mobile-broadband subscriptions/100 pop.*	3.0	130
	10th pillar: Market size		
10.01	Domestic market size index, 1–7 (best)*	2.8	97
10.02	Foreign market size index, 1–7 (best)*	3.6	109
10.03	GDP (PPP$ billions)*	31.1	108
10.04	Exports as a percentage of GDP*	35.2	79
	11th pillar: Business sophistication		
11.01	Local supplier quantity	3.9	120
11.02	Local supplier quality	3.3	132
11.03	State of cluster development	3.5	92
11.04	Nature of competitive advantage	2.8	117
11.05	Value chain breadth	3.3	117
11.06	Control of international distribution	3.3	105
11.07	Production process sophistication	3.0	120
11.08	Extent of marketing	4.0	95
11.09	Willingness to delegate authority	3.2	119
	12th pillar: Innovation		
12.01	Capacity for innovation	3.5	110
12.02	Quality of scientific research institutions	3.0	109
12.03	Company spending on R&D	3.0	89
12.04	University-industry collaboration in R&D	3.3	89
12.05	Gov't procurement of advanced tech products	3.3	73
12.06	Availability of scientists and engineers	3.1	124
12.07	PCT patents, applications/million pop.*	n/a	n/a

Appendix J: List of Main MNEs of Angola

The 14 highlighted enterprises were interviewed for this study.

ALIANCA	This is a professional development and training enterprise, focused on project and operations management. The company has internationalized to Brazil. This enterprise is not associated with CEEIA.
ANGOLA CABLES	This enterprise is a telecommunications operator driven by its shareholder's vision and Angolan's government strategy in turning Angola into a major African telecommunication hub. It has projects in Brazil and United States and a few African countries. This enterprise is not associated with CEEIA.
ANGONABEIRO	Angonabeiro is the market leader for roasted coffee in Angola, spreading the benefits of coffee and contributing positively to the development of the coffee industry in Angola. Angonabeiro is a founding partner of CEEIA.
BANCO BAI	An Angolan bank, focused on efficiency and personalization in the market approach. The bank has internationalized in Europe and other African countries. Banco BAI is an effective member of CEEIA.
BANCO BIC, S.A.	An Angolan bank, aimed at serving the national market and collaborate in the development of economic relations. The bank provides a global financial service that adapts to the needs of each client, both individuals and corporations. It has internationalized in Africa, Europe and Latin America. Banco BIC is a founding partner of CEEIA.
BANCO BNI	An Angolan bank, focused on efficiency and personalization in the market approach. The bank has internationalized to other African countries. This enterprise is not associated with CEEIA.
BANCO PRIVADO ATLÂNTICO	An Angolan bank, with a European platform based in Portugal, operating in a mixed typology of investment banking and relational banking. The bank has extensive financial expertise and in-depth knowledge of the local market. Banco Privado Atlantico is a founding partner of CEEIA.
BANCO TOTTA	An Angolan bank, focused on efficiency and personalization in the market approach. The bank has internationalized in Europe and other African countries. Banco BAI is an effective member of CEEIA.
Central Business Solutions, CBS-ANGOLA	This is an information systems and technology enterprise providing services in the areas of ERP, mobility and security. This enterprise is planning for internationalization in the next six months into Lusophone-African markets.

	This enterprise is not associated with CEEIA.
CENTROVITA	This enterprise is active in international health sector. It provides a wide range of medical services. The company has presence in Angola and Brazil. This enterprise is not associated with CEEIA.
CIPRO GROUP	Cipro is an enterprise positioned in the 'luxury' construction segment. It has presence in Europe and other African countries. Cipro is an effective member of CEEIA.
COCA-COLA Angola	This enterprise has Angolan capital but it is also partially owned by SABMiller Group, of South Africa. It produces all Coca-Cola Company branded products. The enterprise has presence in South Africa, Mozambique and Namibia. Coca-Cola Angola is an effective member of CEEIA
COMFABRIL, Companhia Fabril e Comercial de Angola SA	This enterprise commercializes agricultural tools, tractors, agricultural implements, and engine parts. The enterprise has presence in Brazil. Comfabril is a founding partner of CEEIA.
CUCA, BGI	CUCA is an enterprise in the beverage industry sector, belonging to the BGI group. It is the main beer manufacturer in Angola, distributing its products in the country, several African countries and Europe. CUCA is an effective member of CEEIA.
ECOFIRMA	This enterprise is focused on granting concessions, as well as development of environmental projects. This enterprise has a presence in Portugal and Brazil, with plans to expand in other countries in Europe and the Americas. This enterprise is not associated with CEEIA.
ENDIAMA	Endiama is a national enterprise in the prospection, exploration, cutting and commercialization of diamonds of Angola. The enterprise is present in Israel, Netherlands and Hong Kong. This enterprise is not associated with CEEIA.
FIBERLINKS NETWORKS	This enterprise is specialized in telecommunications, networks and IT security. This enterprise has presence in Mozambique, Portugal, and several markets in Asia and Europe. This enterprise is not associated with CEEIA.
G4S	G4S the largest private sector employer and largest security company in Africa, with operations in more than 26 African countries and more than 124 000 employees on the continent. G4S Angola combines internationally acclaimed experience with local knowledge to provide the following in-country security services: This enterprise is not associated with CEEIA.
GESTEFLORA	This enterprise operates in the lumber industry and its reforestation. It exports wood to the European market. The company is an effective member of CEEIA.
GRUPO ARENA	This Group operates in the sector of thematic fairs.

	The company is an effective member of CEEIA.
GRUPO BARTOLOMEU DIAS	This enterprise operates in the sector of agriculture, hospitality and tourism, as well as civil construction, industrial, horticulture, long haul maritime shipping, and logistics of port terminals. It has internationalized in Europe and Asia. The Group is a founding partner of CEEIA.
GRUPO BONGANI	This is a diversified Group with interests in different sectors such as general trading, real estate and construction, waste management, forestry, heavy equipment, manufacturing, beverages, food and farming, imports and exports and investments consultancy. The Group currently has presence in South Africa, Namibia and UAE. This enterprise is a founding partner of CEEIA.
GRUPO CHICOIL	This Group operates in the agropecuarian (farming) sector. The enterprise has internationalized in Africa. This enterprise is an effective member of CEEIA.
GRUPO CSENNA	This enterprise provides strategic consulting and cutting-edge technology in the areas of video, sound, light, multimedia in the organization and planning of a variety of public and private events. The enterprise has presence in Portugal. This enterprise is not associated with CEEIA.
GRUPO GEMA	The Group is a holding company and engages in construction, banking, commerce, oil, agriculture, entertainment, and mining. The Group has presence in several African countries. The Group is an effective member of CEEIA.
GRUPO OPAIA	The Group operates in the energy and water, environment, civil construction, agriculture and livestock, real estate, hospitality and tourism, education and information technology and financial investments sectors. It Group has internationalized in Africa, Latin America, Europe, and Asia. The Group is a founding partner of CEEIA.
JOBARTIS	Jobartis is the first employment portal of Angola. It has presence in Spain. This enterprise is not associated with CEEIA.
LAMILON	This enterprise operates in the wood industry sector. Its main activity is the logging and the export of wood to the European market. This enterprise is a founding partner of CEEIA.
M.A.J., COMERCIO GERAL	This enterprise provides transports and logistics services in several African countries. This enterprise is an effective member of CEEIA.
MERSADEV	This is a management consulting enterprise, focused on project and operations management. This enterprise has internationalized to Portugal and few African markets. This enterprise is not associated with CEEIA.
MERSAGROUP	This is a management consulting enterprise, focused on project and operations management, parent company of MersaDev. This

	enterprise has internationalized to Middle East, Portugal and few African markets. This enterprise is not associated with CEEIA.
MIRACEL	This enterprise is focused on different investments, highlighting the education project "My Kamba" (manufacture of portable school computers, in partnership with the Portuguese group JP). It has internationalized in the European and Latin American markets. This enterprise is a founding partner of CEEIA.
NOVAGROLIDER	This enterprise is focused in the fruit and vegetable production sector, as well as the agro-industrial sector. This enterprise has internationalized in several African markets. This enterprise is an effective member of CEEIA.
ORGANIZAÇÕES JOSÉ VERÍSSIMO	This enterprise operates in the lumber, agriculture and tourism sector. It exports wood to some countries in Europe and Asia. It has internationalized in Africa. This enterprise is a founding partner of CEEIA.
POMOBEL	This enterprise is specialized in the marketing and distribution of soft drinks, juices, water and alcoholic beverages. The enterprise exports its products to the African and European continent. This enterprise is a founding partner of CEEIA.
PROIL	This enterprise operates in the professional services and management consulting for the oil and gas industry. The company is present in Portugal and other African markets. This enterprise is not associated with CEEIA.
REFRIANGO	This enterprise specializes in the production and distribution of soft drinks, juices, water and alcoholic beverages. The company exports its products to the African and European continent. This enterprise is a founding partner of CEEIA.
S. TULUMBA	The Group is a holding company and engages in sales of automobiles, constructions, hoteling, and, transportation. The Group has presence in several African countries. The Group is an effective member of CEEIA.
SONANGOL	This is a state-controlled (parastatal) enterprise responsible for the management of oil and gas reserves in Angola and a leader in the continuing drive for the development of the country. The company is present in various markets in Africa, Europe and the Americas. This enterprise is not associated with CEEIA.
TORITÁBUA	This enterprise is present in the wood/lumber and construction sectors, supplying a large part of the national market and exporting to European market. This enterprise is a founding partner of CEEIA.
TUPUCA	This enterprise offers restaurant food delivery and takeaway service in Luanda, and is in the process of internationalizing in Mozambique. This enterprise is not associated with CEEIA.
VIDRUL	This enterprise operates in the glass industry. It is the largest glass

	producer in Angola and has already exported to 11 African countries. It produces bottles for many of the most well-known brands of domestic and international beers and soft drinks. This enterprise is a founding partner of CEEIA.
VISAMAR	This enterprise is present in the agriculture, fishing and industrial sectors. This enterprise has presence is several African markets. This enterprise is a founding partner of CEEIA.
WORLD WIDE INTERNATIONAL	This enterprise operates in the fishing, mining and tourism sector. It exports fish to the Asian markets. This enterprise is a founding partner of CEEIA.

Appendix K: List of Main MNEs of Mozambique

The 10 highlighted enterprises were interviewed for this study.

OLAM	This enterprise is active in the supply chain management of agricultural commodities including palm, rubber, almond, coffee, cocoa, peanut, rice, dairy plantations, as well as the development of tropical forest concessions and a fertilizer manufacturing plant. OLAM is present in Australia, U.S., Tanzania, Ethiopia, Laos, Indonesia, Argentina, South Africa, Nigeria, Uruguay, Russia, the Republic of Congo, and the Republic of Gabon.
AMARAMBA INVESTIMENTOS	This is an investment and advisory enterprise operating in Southern Africa. It offers advisory and investment banking services in the areas of project finance, corporate finance, capital raising, capital markets and real estate focusing on large and middle market organizations and providing advice to both private and public institutions.
ZOONA	This enterprise operates in money-transfer sector, providing cutting-edge technology to bring safe and reliable money transfers to underserved communities all over Africa.
MYMOBIL/MOBITEL SOLUTIONS	This enterprise, MyMobil, provides mobile telecommunication services. At the time of interview this enterprise was in the process of merging with Mobitel of Australia, where it has a presence.
ECOBANK/BANCO PROCREDIT	EcoBank is a regional commercial bank operating in many African countries. It was found in Maputo, Mozambique as Banco Procredit, which was formally known as NovoBanco, offering specialized finance and banking services for small and medium enterprises in fishing and agriculture. The company serves over 67,000 clients via its 14 business outlets.
FIBERLINKS NETWORKS	This enterprise is specialized in telecommunications, networks and IT security. This enterprise has presence in Angola, Portugal, and several markets in Asia and Europe.
NORFUND	Norfund is a private equity company established by the Norwegian Storting (parliament) in 1997 and owned by the Norwegian Ministry of Foreign Affairs. The fund receives its investment capital from the state budget. Its head office is in Oslo with local offices in Thailand, Costa Rica, Kenya, Mozambique and South Africa.
ASTERTAX	ASTERTAX Consulting is a Mozambique registered enterprise, located in Maputo working directly with the Confederation of Business Associations and the Investment Promotion Center in Mozambique to facilitate business relationships through their extensive contact network in Mozambique.
NEUCE INDUSTRIA	This enterprise is in the paint manufacturing and distribution

DE TINTAS MOZAMBIQUE	business. The company is in the process of internationalizing into South Africa.
SEGURADORA INTERNACIONAL	This enterprise provides life and non-life insurance products as well as non-life insurance products include workmen's compensation, personal accident and health, fire and natural disasters, motor, marine, air, transport, general third party liability, and sundry insurance. It was formerly known as Impar - Companhia de Seguros de Mocambique and operates as a subsidiary of Banco Internacional de Moçambique, with presence in Portugal.
EGIDOVAZ STRATEGIES	This is a management consulting enterprise focused on strategic information, communication, media management and public relations; governance and development. The enterprise plans to internationalize in the next six months.
QL REDES	This is a small IT enterprise with presence in South Africa.
MIDAL CABLES INTERNATIONAL	This enterprise is focused in the aluminum and electrical transmission industry. It has presence in Bahrain and Australia.
TRILLMOZ	This is a men's and women's clothing manufacturing enterprise. The company has presence in South Africa. .

Appendix L: Interviewees Alphabetically Listed by MNE Name

Code	Interviewee[17]	Position	MNE Name[18]
MNE01-UM-AO01	Luciano Medeiros	CEO	Alianca
MNE02-UM-AO02	MNE02-UM-AO2	CEO	MNE02-UM-AO2
MNE03-UM-MZ01	Diana Ribeiro	Managing Director	Astertax
MNE04-MM-AO03	MNE04-MM-AO03	Dept. Chief	Banco BAI
MNE05-UM-AO04	MNE05-UM-AO04	Executive Director	Banco BNI
MNE06-UM-AO05	Alexandre Marques	COO	Centrovita
MNE07-UM-MZ02	MNE07-UM-MZ02	Intl. Relations Mgr	Ecobank
MNE08-UM-AO06	MNE08-UM-AO06	Executive Director	Ecofirma
MNE09-UM-AO07	Nelson Neves	CIO	Fiberlinks Networks
MNE10-MM-MZ03	Jose Almeida	Country Manager	Fiberlinks Networks
MNE11-MM-AO08	MNE11-MM-AO08	Accounts Manager	MNE11-MM-AO08
MNE12-UM-AO09	Luis Verdeja	CEO	Jobartis
MNE13-UM-AO10	Gil Antunes	Executive Director	MersaDev
MNE14-UM-AO11	Shahid Merali	CEO	MersaGroup
MNE15-UM-MZ04	MNE15-UM-MZ04	Executive Director	Midal Cables Intl.
MNE16-UM-MZ05	Rui Countinho	Co-Founder/CEO	Mymobil/Mobitel Sol.
MNE17-UM-MZ06	Tanyazi Chirwa	Senior Partner	Norfund
MNE18-UM-MZ07	MNE18-UM-MZ07	Trade Director	OLAM
MNE19-UM-AO12	Jose Gomes	CEO	Proil
MNE20-UM-MZ08	MNE20-UM-MZ08	Sr. Partner	QL Redes
MNE21-UM-MZ09	MNE21-UM-MZ09	Sr. Partner	Seguradora Intl.
MNE22-UM-AO13	MNE22-UM-AO13	MNE22-UM-AO13	Sonangol
MNE23-UM-MZ10	MNE23-UM-MZ10	MNE23-UM-MZ10	Trillmoz
MNE24-UM-AO14	Eugene Danilenko	CTO	Tupuca

[17] Interviewees who requested anonymity had their names replaced with an Identifier Code which was created for every interviewee, as listed in Appendix D.
[18] For interviewees who requested for their name and enterprise to remain anonymous the Identifier Code is used for both their names and school names.

Appendix M: Interview Guide

Sample questions asked to interviewees:

I. Stages of internationalization of different markets

1.1 What are the most important cornerstones/stages of your company's history? Why?

1.2 What does your business model look like?

1.3 What is your core business?

1.4 Who are your target customers?

1.5 Which are your primary competitors?

1.6 Which are your most important suppliers?

1.7 What is your role and position in the value chain in your industry?

1.8 What kind of strengths and weaknesses does your company have?

1.9 What would you consider to be your competitive advantage?

1.10 Which were the primary driving forces for your decision to start exporting/internationalizing?

1.11 How much do you export in relation to your total sales volume and to where?

1.12 How internationalized is the industry in which you are operating?

1.13 On which foreign/export markets are you present and active?

1.14 How did you internationalize, what was your mode of entry?

1.15 What was your major strength(s), and how did you take advantage of it?

1.16 What was your major weakness(es), and how did cope with it?

1.17 What was your major opportunity(ies), and how did you take advantage of it?

1.18 What was your major threat(s), and how did cope with it?

1.19 What do you export (products, services, know-how, etc.)?

1.20 When did you start exporting to or operating in these markets?

1.21 How is your export share (in percent) between the different export/foreign markets you have a presence?

II. Establishing new business relationships on export/foreign markets

2.1 How did you become aware of the opportunities to export/internationalize to these markets?

2.2 Where and how did you learn about these opportunities? What were the sources of information?

2.3 What kind of preparations did you make?

2.4 How did you get information about the export markets?

2.5 What kind of contacts did you establish to learn about the export markets?

2.6 Did you get any kind of help or assistance in establishing those contacts?

2.7 Did you get any kind of help in finding out about the export markets?

2.8 What kind of risks/uncertainties did you experience? How did you solve them?

2.9 What kind of insights reduced your risks/uncertainties?

2.10 How did you make these insights?

2.11 With whom did you establish contact on the export market?

2.12 What did you talk about? How frequently did you have contacts? What were the conclusions thereof?

2.13 What was your counterparts' major interest in terms of your products/services? Why did they want to do business with you?

2.14 What did you offer to them? What could you do for them?

2.15 What do you think was the major benefit/usefulness for the counterpart?

III. Developing the new business relationships

3.1 Did you have to make any adaptation(s) when internationalizing? If yes, to what extent?

3.2 Did you have to make any new investments? How much?

3.3 What have you learned about the foreign counterpart? How?

3.4 What have they learned about you? How?

3.5 What have you learned together? How?

3.6 Did you get any kind of help or assistance in developing new business relationships in the foreign market(s)?

IV. Maintaining the new international business relationships

4.1 How often are you in contact with the foreign counterpart? How? Where?

4.2 What is the content of your discussions? Has the content changed over time? If yes: How?

4.3 How often do you deliver products or services (including know-how and expertize) to the foreign counterpart? Has this changed over time? If yes: how and why?

4.4 How do you make sure that the advantage/usefulness of what you are delivering to the foreign counterpart is further developed?

4.5 Do you get any kind of help or assistance in maintaining and developing established business relationships?

V. Wrapping

5.1 Is there any other comments you would like to make regarding your internationalization strategy, from mode of entry to political, economic, social, or technological aspects that may have facilitated, or imposed barriers in your efforts to expand abroad?

References

Abdul-Talib, Asmat-Nizam , Salleh, Mohd Faisol Md, Shamsuddin, Faridahwati Mohd, and Ashari, Hasbullah (2011). The Effects of Firm Size and International Business Experience on Export Attitudes, ACR, Vol.19 (1&2).

Abdullah, I., & Saroni, J. (1996). Export behavior of small Malaysian firms. Paper presented at The Small and Medium Enterprise Workshop 1996, 27th – 29th August 1996, Delima Resort Langkawi, Malaysia.

Acquaah, M., & Bryan, J.M. (2007). Managerial social capital, strategic orientation, and organizational performance in an emerging economy. Strategic Management Journal, 28: 1235-1255.

Agar, M. (1980). The Professional Stranger: An Informal Introduction to Ethnography. New York: Academic Press.

Agarwal, S., & Ramaswami, S. N. (1992). Choice of foreign market entry mode: Impact of ownership, location and internalization factors. Journal of International Business Studies, 23 (1), 1-27.

Aharoni, Y. (1966). The foreign investment decision process. Division of Research, Harvard Graduate School of Business Administration, Boston, MA.

Ahmad S. Z., and Kitchen P. J. (2008). 'Transnational corporations from Asian developing countries: the internationalisation characteristics and business strategies of Sime Darby Berhad', International Journal of Business Science and Applied Management, Vol. 3 (2), pp.21-36.

Ahmad, S. Z. (2008). The internationalization process of third world multinational firms: A study of Malaysia government-linked corporations. International Journal of Business Research, 8 (5), 35-47.

Ahmed, Z. U., Mohamad, O., Tan, B., & Johnson, J. P. (2002). International risk perceptions and mode of entry: A case study of Malaysian multinational firms. Journal of Business Research, 55 (10), 805-813.

Aitken, B., & Harrison, A. (1999). Do domestic firms benefit from direct foreign investment? Evidence from Venezuela. American Economic Review, 89: 605-618.

Alavarez, M. J., Cardone, C., Lado, N., and Samartin, M. (2003), "Financial Service Firms' Entry Mode and Cultural Diversity: Spanish Companies in Latin America", International Journal of Bank Marketing, Vol. 21 No. 3, pp 109-121.

Aldrich, Howard, and Martin Ruef. (2006). Organizations evolving. Sage Publications Ltd.

Ali, A., & Camp, R. (1993). The relevance of firm size and international business experience to market entry strategies. Journal of Global Marketing, 6(4), 91-111.

Ali, A., & Camp, R. (1996). Firm size and international business experience: Their impact on export behavior. Advance Competitive Review, 4(1), 143-162.

Ali, A., & Swiercz, P. M. (1991). Firm size and export behavior: Lessons from Midwest. Journal of Small Business Management, 29(2), 71-78.

Aliber, R. (1983). Money, Multinationals and Sovereigns. In C. P. Kindleberger & D. B. Audresch (Eds.), The multinational corporation in the 1980s, (pp. 278-334). Cambridge, MA: MIT Press.

Almeida, P., & Phene, A. (2004). Subsidiaries and knowledge creation: The influence of the MNC and host country on innovation. Strategic Management Journal, 25: 847-864.

Almor, T., & Hashai, N. (2004). The competitive advantage and strategic configuration of knowledge- intensive, small- and medium-sized multinationals: A modified resource-based view. Journal of International Management, 10: 479-500.

Alves, Ana Cristina (2013) China's 'win-win' cooperation: Unpacking the impact of infrastructure-for-resources deals in Africa, South African Journal of International Affairs, 20:2,207-226, DOI: 10.1080/10220461.2013.811337.

Alvesson, M., & Sköldberg, K. (2009). Reflexive methodology: New vistas for qualitative research (2nd ed.). London, England: Sage.

Amal, M.; Raboch, H.; Awuah, G.B., and Andersson, Svante (2010) The Internationalization of Multinational Companies (MNCs): An intra-sector comparison among firms from developing and developed countries, XXXIV Encontro da ANPAD, UGRGS, Brazil.

Andersen, O. (2002). "ScienceDirect.com - International Business Review - Firms' internationalization and alternative approaches to the international customer/market selection." International Business Review.

Anderson, E., & Gatignon, H. (1986). Modes of entry: A transaction cost analysis and propositions. Journal of International Business Studies, 17 (3), 1-26.

Anderson, J.; van Wincoop, E. (2003). "Gravity with Gravitas: A Solution to the Border Puzzle". American Economic Review. 93: 170–192.

Anderson, P., Ahmad, S. Z., and Chan, W. M. (2014) Revisiting the theories of internationalization and foreign market entry mode: a critical review, International Journal of Business and Commerce Vol. 4, No.01: Sep 2014[37-86], www.ijbcnet.com, ISSN: 2225-2436.

Andersson, S. (2004) Internationalization in Different Industrial Contexts, Journal of Business Venturing, 19, pp. 851-875.

Andersson, S. (2004), 'Internationalisation in Different Industrial Contexts', Journal of Business Venturing, vol. 19, no. 6, pp. 851-875.

Andersson, S. (2006) International growth strategies in consumer and business-to-business markets in manufacturing and services sectors, Journal of Euromarketing, 15(4), pp. 35- 56.

Andersson, S. & Wictor, I. (2003), 'Innovative Internationalisation in New firms: Born Globals-the Swedish Case', Journal of International Entrepreneurship, vol. 1, no. 3, p. 249.

Angola Press (2015). Internationalization of companies is the key to development, http://www.angolamonitor.co.ao/en/news/economics/987-internationalization-of-companies-is-the-key-to-development.html, last accessed on October 17, 2017.

Arber, A. (2006) Reflexivity: A challenge for the researcher as practitioner? Journal of Research in Nursing, 11, 147-157. doi:10.1177/1744987106056956

Arvis, Jean-François, Duval, Yann, Shepherd, Ben, and Utoktham, Chorthi (2013) Trade Costs in the Developing World: 1995–2010, Policy Research Working Papers, World Bank Group.

Asche, H. & Schüller, M. 2008. China's Engagement in Africa – Opportunities and Risks for Development. Eschborn: gtz

Asgari, M., Ahmad, S. Z., & Gurrib, M. I. (2010). Explaining the internationalization process of Malaysian service firms. International Journal of Trade, Economics, and Finance, 1 (1), 68-73.

Aulakh, P.S. (2007). Emerging multinationals from developing economies: Motivations, paths, and performance. Journal of International Management, 13: 235-240.

Autio, E. E. (2005), 'Creative Tension: The Significance of Ben Oviatt's and Patricia McDougall's article `Toward a Theory of International New Ventures.'', Journal of International Business Studies, vol. 36, no. 1, p. 9.

Autio, E. E. & Yli-Renko, H. H. (1998), 'New, Technology-Based Firms in Small Open Economies - An Analysis Based on the Finnish Experience', Research Policy, vol. 26, no. 9, p. 973.

Autio, E., Sapienza, H. J. & Almeida, J. G. (2000), 'Effects of Age at Entry, Knowledge Intensity, and Imitability on International Growth', Academy of Management Journal, vol. 43, no. 5, pp. 909-924.

Awuah, Gabriel Baffour, Desalegn Abraha Gebrekidan, and Aihie Osarenkhoe. (2011). "Interactive (networked) internationalization: the case of Swedish firms." European journal of marketing 45(7/8):1112–1129.

Axelsson, B., & Easton, G. (1992). Industrial networks: A new view of reality. London: Routledge.

Axinn, Catherine N, and Paul Matthyssens. (2002). "Limits of internationalization theories in an unlimited world." International Marketing Review 19(5):436–449.

Ayittey, George B. (1999) Economic Impact of Africa's Conflicts, 8th Annual African Studies Coalition Conference, University of California, Sacramento, CA from May 2-5, http://freeafrica.org/wp-content/uploads/2014/02/ECONOMIC-IMPACT-OF-AFRICA.pdf.

Bailetti, T. (2012). What Technology Startups Must Get Right to Globalize Early and Rapidly. Technology Innovation Management Review. October 2012: 5-16.

Banco Nacional de Angola, 2012.

Barkema, H. G., Bell, J. H. J, and Pennings, J. M. (1996), "Foreign Entry, Cultural Barriers, and Learning", Strategic Management Journal, Vol. 17, pp 151-166.

Barney, J. B. (1986). Strategic factor markets: Expectations, luck, and business strategy. Management Science, 32 (10), 1231-1241.

Barney, J.B. (1991). Firm resources and sustained competitive advantage. Journal of Management, 17(1): 99-120.

Barney, J.B., & Arikan, A.M. (2001). The resource-based view: Origins and implications. In M.A. Hitt, R.E. Freeman, & J.S. Harrison (Eds.), Handbook of strategic management: 124-188. Oxford, U.K.: Blackwell.

Bartlett, C. A. C. & Ghoshal, S. S. (1987a), 'Managing across Borders: New Organizational Responses', Sloan Management Review, vol. 29, no. 1, p. 43.

Bartlett, C. A. C. & Ghoshal, S. S. (1987b), 'Managing across Borders: New Strategic Requirements', Sloan Management Review, vol. 28, no. 4, p. 7.

Bartlett, C. A., & Ghoshal, S. (1998). Managing Across Borders: The Transnational Solution. 2nd ed. Boston: Harvard Business School Press.

Bartlett, C.A. and Ghoshal, S. (1987) Managing Across Borders: New Strategic Requirements. Sloan Management Review pp. 7-17. - Summer:

Bartlett, C.A., & Ghoshal, S. (1989). Managing across borders: The transnational solution. Boston, MA: Harvard Business School Press.

Bartlett, C.A., & Ghoshal, S. (2009), Transnational Management: Text, Cases and Readings in Cross-Border Management. 5th Ed., McGraw-Hill Higher Education,

Beausang F., (2003), Third world multinationals: engine of competitiveness or new form of dependency? Palgrave Macmillan, Basingstoke.

Bell, J. (1995), 'The internationalization of Small Computer Software Firms', European Journal of Marketing, vol. 29, no. 8, pp. 60-75.

Bencich, C., Graber, E., Staben, J., & Sohn, K. (2002). Navigating in unknown waters: Proposing, collecting data, and writing a qualitative dissertation. College Composition and Communication, 54, 289-306.

Björkman, Ingmar (1990). Foreign direct investments: an organizational learning perspective. The Finnish Journal of Business Economics, vol. 4, 271-294.

Blumer, H. (1986) Symbolic Interactionism: Perspective and Method, University of California Press.

Bonaccorsi, A. (1992). On the relationship between firm size and export intensity. Journal of International Business Studies, 23(4), 605-36.

Bonaglia, F., Goldstein, A., & Mathews, J. (2007). Accelerated internationalization by emerging markets’ multinationals: The case of the white goods sector, Journal of World Business, 42, pp. 369-383.

Bonaglia, Federico and Goldstein, Andrea and Mathews, John A. (2007). Accelerated Internationalisation by Emerging Multinationals: The Case of the White Goods Sector. Available at SSRN: http://ssrn.com/abstract=960240 or http://dx.doi.org/10.2139/ssrn.960240, last accessed on 01/16/2016.

Bräutigam, D., & Tang, X. 2012. Economic statecraft in China’s new overseas special economic zones: soft power, business or resource security? International Affairs, 88(4), 799-816.

Brewer, T. (1993) FDI in Emerging Market Countries. In Oxelheim, L., editor, The Global Race for FDI: Prospects for the Future, Springer-Verlag, Berlin.

Brouthers, K. D. (2002). Institutional, cultural and transaction cost influences on entry mode choice and performance. Journal of International Business Studies, 33 (2), 203-221.

Brouthers, K. D., & Nakos, G. (2004). SME international entry mode choice and performance: A transaction cost perspective. Entrepreneurship Theory & Practice, 28 (3), 229-247.

Buckley P. J., and Casson M. C., (1985), The Economic Theory of the Multinational Enterprise, The Macmillan Press: Basingstoke and London.

Buckley, P. J. (1988). The limits of explanation: Testing the internalization theory of the multinational enterprise. Journal of International Business Studies, 19 (2), 181-184.

Buckley, P. J. (1989). Foreign direct investment by small-and medium-sized enterprises: The theoretical background. Small Business Economics, 1 (2), 89-100.

Buckley, P. J. (2006). Stephen Hymer: Three phases, one approach? International Business Review, 15 (2), 140-147.

Buckley, P. J. (2009). Internalization thinking: From the multinational enterprise to the global factory. International Business Review, 18 (3), 224-235.

Buckley, P. J. (2011). The theory of international business pre-Hymer. Journal of World Business, 46 (1), 61-73.

Buckley, P. J. and Casson, M. C. (1976), The Future of the Multinational Enterprise. London: Macmillan.

Buckley, P. J., & Casson, M. C. (1998). Analyzing foreign market entry strategies: Extending the internalization approach. Journal of International Business Studies, 29 (3), 539-562.

Buckley, P. J., & Hashai, N. (2005). Firm configuration and internationalization: A model. International Business Review, 14 (6), 655-675.

Buckley, P. J., Wang, C., & Clegg, J. (2007). The impact of foreign ownership, local ownership and industry characteristics on spillover benefits from foreign direct investment in China. International Business Review, Vol. 16 (2), 142-158.

Buckley, P.J., & Ghauri, P.N. (2004). Globalization, economic geography, and the strategy of multinational enterprises. Journal of International Business Studies, 35(2): 81-98.

Buckley, Peter J (2009). "The internalization theory of the multinational enterprise: A review of the progress of a research agenda after 30 years". Journal of International Business Studies 40 (9): 1563–1580 CA: Sage.

Buckley, Peter J. (1989). Foreign Direct Investment by Small and Medium Sized Enterprises: The Theoretical Background. Small Business Economics, vol. 1:2, pp. 89-100.

Burgel, O., & Murray, G. C. (1998). The international activities of British start-up companies in high-technology industries: Differences between internationalisers and non-internationalisers. In P. D. Reynolds (Ed.), Frontiers of Entrepreneurship Research (pp. 449-463). Wellesley, MA: Babson College.

Bürgel, Oliver (2000). The internationalisation of British start-up companies in high-technology industries. Hymer (1976); Hymer's original thesis was completed in 1960, but it was only after his death, in 1976, that it was published by the MIT. By that time, his ideas had already found widespread acceptance. Springer (Zentrum für Europäische Wirtschaftsforschung). p. 48.

Burt, R.S. (1997). The contingent value of social capital. Administrative Science Quarterly 42: 339-365.

Burt, R.S.; Gabbay, S.M.; Holt, G; Moran, P. (1994). Contingent organization as a network theory: the culture-performance contingency function. Acta Sociologica 37: 345-370.

Calof, Jonathan L., Beamish, Paul W. (1995) Adapting to foreign markets: Explaining internationalization, International Business Review, 1995, vol. 4, issue 2, pages 115-131.

Caloff, J.L. (1994). The relationship between firm size and export behavior revisited. Journal of International Business Studies, 25 (Quarter), 367-387.

Camisón, C., & Villar, A. (2009). Capabilities and propensity for cooperative internationalization. International Marketing Review, 26 (2), 124-150.

Cantwell, J.A. (1995). The globalization of technology: What remains of the product cycle model, Cambridge Journal of Economics, 19(1): 155-174.

Cantwell, J.A., & Mudambi, R. 2005. MNE competence-creating subsidiary mandates. Strategic Management Journal, 26(12): 1109-1128.

Carpano, C., Rahman, M., & Roth, K. (2003). Resources, mobility barriers, and the international competitive position of an industry. Journal of International Management, 9 (2), 153-169.

Carr, D.L., Markusen, J.L. & Maskus, K. (2004). Competition for Multinational Investment in Developing Countries: Human Capital, Infrastructure, and Market Size. In R.E. Baldwin & L.A. Winters (Eds.), Challenges to Globalization: Analyzing the Economics (pp. 383-409). Chicago, University of Chicago Press.

Carvalho, F., Costa, I. & Duysters, G.M. (2010). Global Players from Brazil: Drivers and challenges in the internationalization process of Brazilian firms. UNU-MERIT Working Papers 016. Maastricht: UNU-MERIT, Maastricht Economic and Social Research and Training Centre on Innovation and Technology.

Caves, R. E. (1971). Industrial corporations: The industrial economics of foreign investment. Economica, 38 (1), 1-27.

Caves, R. E. (1982), Multinational Enterprise and Economic Analysis. Cambridge: Cambridge University Press.

Cavusgil, S. T. (1994). Born Globals: A Quiet Revolution Among Australian Exporters, Journal of International Marketing, vol. 2, no. 3, p. 4.

Chatterjee, S., & Wernerfelt, B. (1991). The link between resources and the type of diversification: Theory and evidence. Strategic Management Journal, 12: 33-48.

Chen, D., Park, S.H., & Newburry, W. (2009). Parent contribution and organizational control in international joint ventures. Strategic Management Journal, 30(11): 1133-1156.

Chen, H. & Chen, T.J. (1998). Network linkages and location choice in foreign direct investment. Journal of International Business Studies, 29(3): 445-468.

Chen, Hsiu-Li & Huang, Yophy (2004). The Establishment of Global Marketing Strategic Alliances by Small and Medium Enterprises. Small Business Economics, vol. 22, pp. 365–377.

Chen, S. F. S., & Hennart, J. F. (2002). Japanese investors' choice of joint ventures versus wholly owned subsidiaries in the US: The role of market barriers and firm capabilities. Journal of International Business Studies, 33 (1), 1-18.

Chen, Tain-Jy, Chen, Homin & Ku, Ying-Hua (2004). Foreign direct investments and local linkages. Journal of International Business Studies, vol. 35: 4, pp. 320-333.

Chenail, R. J. (2011). Interviewing the investigator: Strategies for addressing instrumentation and researcher bias concerns in qualitative research. The Qualitative Report, 16(1), 255-262. Retrieved from http://www.nova.edu/ssss/QR/QR16-1/interviewing.pdf

Chenery, Hollis B., Bruno, Michael, (1962). Development Alternatives in an Open Economy: The Case of Israel“, Economic Journal, vol. 72, no. 285, pp 79-103.

Cheng, Y. M. (2006). Determinants of FDI mode choice: Acquisition, Brownfield and Greenfield entry in foreign markets. Canadian Journal of Administrative Sciences, 23 (3), 202-220.

Chetty, C. & Campbell-Hunt, C. (2004) 'A Strategic Approach to Internationalisation: A Traditional Versus a "Born-Global" Approach', Journal of International Marketing, vol. 12, no. 1, pp. 57-81.

Chetty, S., and D. Blankenburg Holm. (2000). “Internationalisation of small to medium-sized manufacturing firms: a network approach.” International Business Review 9(1):77–93.

Cheung, S. N. S. (1987), “Economic Organization and Transaction Costs”, the New Palgrave: A Dictionary of Economics, Vol. 2, pp 55–58.

Cho, Kang Rae. (1985). Multinational banks: Their identities and determinants. Ann Arbor: UMI Research Press.

Christman, P., Day, D.L., & Yip, G.S. (1999). The relative influence of country conditions, industry structure, and business strategy on MNC subsidiary performance. Journal of International Management, 5: 241-265.

Clarke, Duncan (2012) Africa's Future: Darkness to Destiny, Profile Books, London.

Coase, R. (1937) The Nature of the Firm. Economica, 4, November, pp. 386-405.

Coviello, N, and H. Munro. (1997). Network relationships and the internationalisation process of small software firms. International Business Review 6(4):361–386.

Coviello, N. & Munro, H. (1997), 'Network Relationships and the Internationalisation Process of Small Software Firms', International Business Review, vol. 6, no. 4, p. 361.

Coviello, N. E., Ghauri, P. N., & Martin, K. A. M. (1998). International competitiveness: Empirical findings form SME service firms. Journal of International Marketing, 6 (2), 8-27.

Craig, C.S., & Douglas, S.P. (1997). Executive insights: Managing the transnational value chain – Strategies for firms from emerging markets. Journal of International Marketing, 5(3): 71-84.

Creswell, J.W. (1998) Qualitative inquiry and research design: choosing among five traditions. London: Sage.

Crick, D, and M Spence. (2005). "ScienceDirect.com - International Business Review - The internationalisation of 'high performing' UK high-tech SMEs: a study of planned and unplanned strategies." International Business Review.

Cuervo-Cazurra, A. (2006a). Business groups and their types. Asia Pacific Journal of Management, 23: 419- 437.

Cuervo-Cazurra, A. (2006b). Who cares about corruption? Journal of International Business Studies, 37: 807- 822.

Cuervo-Cazurra, A. (2007) Sequence of value-added activities in the multinationalization of developing country firms, Journal of International Management, 13, pp. 258-277.

Cuervo-Cazurra, A. (2008a). Better the devil you don't know: Types of corruption and FDI in transition economies. Journal of International Management, 14: 12-27.

Cuervo-Cazurra, A. (2008b). The Internationalization of developing countries MNEs: the case of Multinationals. Journal of International Management, 14(2), 138 154.

Cuervo-Cazurra, A., & Genc, M. (2008). Transforming disadvantages into advantages: Developing-country MNEs in the least developed countries. Journal of International Business Studies, 39: 957-979.

Cuervo-Cazurra, A., Maloney, M.M., Manrakhan, S. 2007. Causes of the difficulties in internationalization. Journal of International Business Studies, 38: 709-725.

Cullen, J.B. & Parboteeah, K.P. (2011). Strategic international management (5th ed.), South-Western Cengage Learning.

Cumberland, F. (2006). Theory development within international market entry mode - An assessment. The Marketing Review, 6 (4), 349-373.

Cyert, R. M., & March, J. G. (1963). A behavioral theory of the firm. Englewood Cliffs, NJ: Prentice-Hall.

Czinkota, Michael, Ronkainen, Ilkka A., Ortiz-Buonafina, Martha (2004). The Export Marketing Imperative, Texere.

Davidson, William H. & Donald G. McFetridge. (1985). Key characteristics in the choice of international transfer mode. Journal of International Business Studies, 16 (Summer): 5-22.

Dawar, N., & Frost, T. (1999). Competing with giants: survival strategies for local companies in emerging markets. Harvard Business Review, 119-129.

Deardorff, Alan (1998). Determinants of Bilateral Trade: Does Gravity Work in a Neoclassical World?, The Regionalization of the World Economy.

Decker, R., & Zhao, X. (2004). SMEs' choice of foreign market entry mode: A normative approach. International Journal of Business and Economics, 3 (3), 181-200.

Demirbag, M., McGuinness, M., and Altay, H. (2010), "Perceptions of International Environment and Entry Mode", Management International Review, Vol. 50, pp 207-240.

Deng, P. (2003). Foreign investment by multinationals from emerging countries: The case of China. Journal of Leadership and Organizational Studies, 10(2): 113-124.

Deng, P. (2013). Chinese outward direct investment research: Theoretical integration and recommendations, Management and Organization Review, 9 (3) (2013), pp. 513–539.

Deng, Ping (2015). Cross-border mergers and acquisitions by emerging market firms: A comparative investigation, International Business Review, Volume 24, Issue 1, February 2015, Pages 157–172.

Dimitratos, Pavlos & Plakoyiannaki, Emmanuella (2003). Theoretical Foundations of an International Entrepreneurial Culture. Journal of International Entrepreneurship, vol. 1: 2, pp. 187-215.

Djankov, Simeon, Tim Ganser, Caralee McLiesh, Rita Ramalho and Andrei Shleifer. 2010. "The Effect of Corporate Taxes on Investment and Entrepreneurship." American Economic Journal: Macroeconomics, 2(3): 31-64.

Doherty, A. M. (1999). Explaining international retailers' market entry mode strategy: Internalization theory, agency theory and the importance of information asymmetry. International Review of Retail, Distribution and Consumer Research, 9 (4), 379-402.

Donovan, Kevin, Rosson, Philip (2015). The Internet and Internationalization: Nova Scotia SMEs, Centre for International Business Studies at Dalhousie University, Halifax, Nova Scotia.

Doz, Yves L. and Wilson, Kelley (2012). Managing Global Innovation: Frameworks for Integrating Capabilities around the World, Harvard Business Review Press, Boston.

Dunning, J. H. (1977). Trade, location of economic activity and the MNE: A search for an eclectic approach. In B. Ohlin, P. O. Hesselborn & P. M. Wijkman (Eds.), The international allocation of economic activity (pp. 395-418). London: Macmillan.

Dunning, J. H. (1980). Toward an Eclectic Theory of International Production: Some Empirical Tests, Journal of International Business Studies, 11, pp. 9-31.

Dunning, J. H. (1993). The globalization of business. London: Routledge.

Dunning, J. H. (1995). Reappraising the eclectic paradigm in an age of alliance capitalism. Journal of International Business Studies, 26 (3), 461-491.

Dunning, J. H. (1998). Location and the multinational enterprise: A neglected factor? Journal of International Business Studies, 29 (1), 45-66.

Dunning, J. H. (2001). Global business at bay. London: Routledge.

Dunning, J. H., & Rugman, A. M. (1985). The influence of Hymer's dissertation on the theory of foreign direct investment. The American Economic Review, 75 (2), 228-232.

Dunning, J., & Narula, R. (1996) The investment development path revisited: Some emerging issues, In: Dunning, J., and Narula, R. Foreign Direct Investment and Governments. Catalysts for economic restructuring, London: Routledge.

Dunning, J.H. (1981). Explaining the international direct investment position of countries: towards a dynamic or developmental approach. Weltwirtschaftliches Archiv, 117(1), 30-64.

Dunning, J.H. (1988). The Eclectic Paradigm of International Production: a Restatement and Possible Extensions, Journal of International Business Studies, 19, pp. 1-31.

Dunning, J.H. (2000). The eclectic paradigm as an envelope for economic and business theories of MNE activity, International Business Review, 9(1).

Dunning, John H. (1988). The Eclectic Paradigm of International Production: A Restatement and some Possible Extensions. Journal of International Business Studies, vol. 19: 1, pp. 1-31.

Dunning, John H. (1993). Multinational Enterprises and the Global Economy. Addison Wesley Publishing Company.

Dunning, John H. (1995). Reappraising the Eclectic Paradigm in an Age of Alliance Capital. Journal of International Business Studies, vol. 26: 3, pp. 461-491.

Dunning, John H. (2000). The eclectic paradigm as an envelope for economic and business theories of MNE activity. International Business Review, vol. 9: 2, pp. 163-190.

Durrieu, F. and Solberg, C. A. 2006. Access to Networks and Commitment to Internationalisation as Precursors to Marketing Strategies in International Markets. Management International Review. Vol. 46. Iss. 1. pp. 57-83. ABI/INFORM Global.

Easton, G. (1992). Industrial networks: a review. Axelsson B. and Easton G. Industrial Networks: a New View of Reality. London: Routledge pp. 3-34.

Eden, L. and Dai, L. (2010) "Rethinking the O in Dunning's OLI/Eclectic Paradigm", Multinational Business Review, Vol. 18 Iss: 2, pp.13 – 34

Eden, Lorraine and Dai, Linda (2010). Rethinking the O in Dunning's OLI/Eclectic Paradigm, Multinational Business Review 18(2):13-34.

Edfelt, Ralph B. (1975). Direct Investment in a Developing Economy: Towards Evaluating the Human Resource Development Impact in Brazil. Ph.D. dissertation, University of California, Los Angeles, 1975.

Eisenhardt, K. (1989) Building Theories from Case Study Research, Academy of Management Review, 14(4), pp. 532-550.

Ekeledo, I., & Sivakumar, K. (1998). Foreign market entry mode choice of service firms: A contingency perspective. Journal of Academy of Marketing Science, 26 (4), 274- 292.

Ekeledo, I., & Sivakumar, K. (2004). International market entry mode strategies of manufacturing firms and service firms: A resource-based perspective. International Marketing Review, 21 (1), 68-101.

Elo,Maria. (2005). SME internationalisation from a network perspective.

Erramilli, M. K. (1996). Nationality and subsidiary ownership patterns in multinational corporations. Journal of International Business Studies, 27 (2), 225-248.

Eurostat Report (2017) Foreign direct investment statistics, ISSN 2443-8219, http://ec.europa.eu/eurostat/statistics-explained/index.php/Foreign_direct_investment_statistics.

Fahy, J. (2002). A resource-based analysis of sustainable competitive advantage in a global environment. International Business Review, 11 (1), 57-78.

Fan, T. & Phan, P. (2007), 'International New Ventures: Revisiting the Influences behind the 'Born-Global' Firm', Journal of International Business Studies, vol. 38, no. 7, pp. 1113-1131.

Fiedler, F. E. (1967). A theory of leadership effectiveness. New York: McGraw-Hill.

Filatotchev, I., Strange, R., Piesse, J., & Lien, Y. (2007) FDI by firms from newly industrialised economies in emerging markets: corporate governance, entry mode and location, Journal of International Business Studies, 38, pp. 556-572.

Fina, E. and Rugman A. (1996). A test of internalization theory and internationalization theory: the Upjohn Company. Management International Review, v.36, n. 3, p. 199-213, 1996.

Finestone, N. and Snyman, R. (2005), "Corporate South Africa: Making Multicultural Knowledge Sharing Work", Journal of Knowledge Management, Vol. 9 No 3, pp 128-141.

Fisch, J. H. (2008). Internalization and internationalization under competing real options. Journal of International Management, 14 (2), 108-123.

Fjose, S., Grunfeld, L, and Green, C. (2010). SME and growth in sub-Saharan Africa: identifying SME roles and obstacles to SME growth, MENON Business Economics, 14/2010, Oslo, Norway.

Fletcher, R. (1996). "Network theory and countertrade transactions." International Business Review 5(2):167–189.

Fletcher, R. R. (2001). A Holistic Approach to Internationalisation', International Business Review, vol. 10, no. 1, p. 25.

Fletcher, R., and N. Barrett. (2001). "Embeddedness and the Evolution of Global Networks:: An Australian Case Study." Industrial MarketingManagement 30(7):561–573.

Fletcher, Richard. (2008). "The internationalisation from a network perspective: A longitudinal study." Industrial Marketing Management 37(8):953–964.

FocusEconomics (2016). Mozambique Economic Outlook, http://www.focus-economics.com/countries/mozambique, last accessed on 10/16/2016.

Foley, James (1999). The Global Entrepreneur: Taking Your Business International, Dearborn Trade, Chicago.

Francis, J. & Collins-Dodd, C. (2000), 'The Impact of Firms' Expert Orientation on the Export Performance of High-Tech Small and Medium-Sized Enterprises.' Journal of International Marketing, vol. 8, no. 3, pp. 84-103.

Francis, June & Collins-Dodd, Colleen (2000). The Impact of Firms' Export Orientation on the Export Performance of High-Tech Small and Medium-Sized Enterprises. Journal of International Marketing, Vol. 8: 3, pp. 84-103.

Fredericks, E. (2005). Infusing flexibility into business-to-business firms: A contingency theory and resource-based view perspective and practical implications. Industrial Marketing Management, 34 (6), 555-565.

Freeman, C. (2015) Handbook on China and Developing Countries, Edward Elgar Publishing, UK.

Freeman, S. & Cavusgil, S. T. (2007). Toward a Typology of Commitment States Among Managers of Born-Global Firms: A Study of Accelerated Internationalization', Journal of International Marketing, vol. 15, no. 4, pp. 1-40.

Freeman, S., & Sandwell, M. (2008). Professional service firms entering emerging markets: The role of network relationships. Journal of Services Marketing, 22 (3), 198-212.

Freeman, S., Cray, D., & Sandwell, M. (2007). Networks and Australian professional services in newly emerging markets of Asia. International Journal of Service Industry Management, 18 (2), 152-166.

Freeman, Susan, Edwards, Ron & Schroder Bill (2006). How Smaller Born-Global Firms Use Networks and Alliances to Overcome Constraints to Rapid Internationalization. Journal of International Marketing, Vol. 14: 3, pp. 33–63.

Fürst, Sascha (2010) Global Marketing Strategy: The Case of a Born Global Software Firm in Colombia, Revista Ciencies Estrategics, vol. 18, 24, July/December, pp271-286, Universidad Bontificia Bolivariana, Medellin, Colombia.

Gabrielssona, M. Kirpalani, V.H. (2004) Born globals: how to reach new business space rapidly, International Business Review, Volume 13, Issue 5, October 2004, Pages 555–571

Gatignon, Hubert A. & Erin Anderson. (1988). The multinational corporation's degree of control over foreign subsidiaries: An empirical test of a transaction cost explanation. Journal of Law, Economics and Organization, 4(2): 305-36.

Ghauri, P. (2004) Designing and Conducting Case Studies in International Business Research, in Marschan-Piekkari, R., and Welch, C., Handbook of Qualitative Research Methods in International Business, Cheltenham, Northampton: EdwardElgar, pp.109-124.

Ghemawat, Pankaj (2001). Distance Still Matters: The hard reality of global expansion. Harvard Business Review, 79(8): 137-147.

Ghemawat, Pankaj (2007). Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter, Harvard Business School Press, 2007, p.41

Ghemawat, Pankaj, and Siegel, Jordan (2011). Cases about Redefining Global Strategy, Harvard Business Review Press, Chapter 2.

Gomes, E., Cohen, M., and Mellahi, K. (2010), "When Two African Cultures Collide: A Study of Interactions between Managers in a Strategic Alliance between two African Organizations" Journal of World Business, Vol. 46, pp 5-12.

Gomez, C. and Sanchez, J.I. (2005) HR's Strategic Role within MNCs: Helping Build Social Capital in Latin America. International Journal of Human Resource Management 16:12, pp. 2189-2200.

Goncalves, Marcus (2012a) Learning Organizations: Turning Knowledge into Actions, ASME Press, New York.

Goncalves, Marcus (2012b) The Knowledge Tornado: Bridging the Corporate Knowledge Gap, 2nd Edition, ASME Press, New York.

Goncalves, Marcus (2014). Frontier markets bring all-new opportunities and challenges, Worcester Business Journal, http://www.wbjournal.com/article/20140331/PRINTEDITION/303279983.

Goncalves, Marcus (2015) The Pan-African Banks Phenomenon, Financial Nigeria Journal, pgs. 28-30.

Goncalves, Reinaldo (1986). Technological Spillovers and Manpower Training: A Comparative Analysis of Multinational and National Enterprises in Brazilian Manufacturing.” Journal of Development Economics, July 1986, 11(1), pp. 119–32.

Gonzales, Cristina, Jain-Chandra, Sonali, Kochhar, Kalpana, Newiak, Monique, and Zeinullayev, Tlek (2015). Catalyst for Change: Empowering Women and Tackling Income Inequality, IMF Staff Discussion Note, https://www.imf.org/external/pubs/ft/sdn/2015/sdn1520.pdf, last accessed on 02/02/2017.

Gorden, R. I. (1980). Interview strategy techniques and tactics. Homewood, IL: Dorsey.

Görg, H. (2000). Analyzing foreign market entry: The choice between Greenfield investment and acquisitions. Journal of Economic Studies, 27 (3), 165-181.

Granovetter M. 1985. Economic action and social structure: the problem of embeddedness. American Journal of Sociology 91: 481 -510.

Granovetter, M. (1985). “Economic action and social structure: the problem of embeddedness.” Readings in economic sociology 63–68.

Grant, R. M. (1991). The resource-based theory of competitive advantage: Implications for strategy formulation. California Management Review, 33 (3), 114-135.

Hadley, R. D., & Wilson, H. I. M. (2003). The network model of internationalization and experiential knowledge. International Business Review, 12 (6), 697-717.

Hadley, Richard D, andHeather I M Wilson. (2003). “The network model of internationalisation and experiential knowledge.” International Business Review 12(6):697–717.

Hair, J., Anderson, R., Tatham, R., and Black, W. (2005). Multivariate Data Analysis. Prentice-Hall International, New Jersey, USA.

Håkansson, H., & Johanson, J. (1993). Networks as a governance structure. In G. Grabher (Ed.), The embedded firm: The socio-economics of industrial networks (pp. 35-51). London: Routledge.

Hakansson, H., and Johanson, J., (1992). A Model of Industrial Networks. Stockholm: Almquist & Wiksell International.

Hakansson, Hakan, and Jan Johanson. (1992). A Model of Industrial Networks. Routledge.

Hakansson, Hakan. (1982). International marketing and purchasing of industrial goods. JohnWiley & Sons Inc.

Halinen, A, and J.Å. Törnroos. (1998). “The role of embeddedness in the evolution of business networks.” Scandinavian Journal of Management 14(3):187–205.

Hamill, J. (1997), “The Internet & International Marketing,” Scottish Exporters Virtual Community, <www.sevc.com/sevcab.html> (November 22, 2000).

Hamill, J. (1997). The internet and international marketing, International Marketing Review, 14 (5), pp.300-23.

Han, Mary. (2007). “Developing social capital to achieve superior internationalization: A conceptual model.” Journal of International Entrepreneurship 4(2-3):99–112.

Hardenberg, Carlos (2016) Frontier Markets in Focus: 2016 and Beyond, http://www.advisorperspectives.com/commentaries/2016/01/13/frontier-markets-in-focus-2016-and-beyond, last accessed 10/15/2016.

Harris, Simon & Wheeler, Colin (2005). Entrepreneurs’ relationships for internationalization: functions, origins and strategies. International Business Review, vol. 14, pp. 187–207.

Hayashi, T. and Serapio, M. (2006) Cross-Border Linkages in Research and Development: Evidence from 22 U.S., Asian, and European MNCs, Asian Business and Management, 5(2).

Hennart, J. F. (1986). Internalization in practice: Early foreign direct investments in Malaysian tin mining. Journal of International Business Studies, 17 (2), 131-143.

Hill, Charles (2007). International Business Competing in the Global Marketplace 6th ed. McGraw-Hill. p. 168.

Hillberry, Russell H. and Zhang, Xiaohui, Policy and Performance in Customs: Evaluating the Trade Facilitation Agreement (March 10, 2015). World Bank Policy Research Working Paper No. 7211. Available at SSRN: https://ssrn.com/abstract=2576527

Hirsch, S. (1980). An International Trade and Investment Theory of the Firm. The Determinants of Foreign Direct Investment: Relevant Aspects for Assessing the Role of Investment Inventive. OECD, Paris.

Hitchens, Christopher (1994). "Africa Without Pity," Vanity Fair, November: 43-52.

Hitt, A. (2009), Strategic Management Competitiveness and Globalization, Nelson Education Ltd.

Hitt, M.A., Ahlstrom, D., Dacin, M.T., Levitas, E., Svobodina, L. (2004). The institutional effects on strategic alliance partner selection in transition economies. Organization Science, 15(2): 173-185.

Hitt, M.A., Bierman, L., Uhlenbruck, K., & Shimizu, K. (2006a). The importance of resources in the internationalization of professional service firms: The good, the bad, and the ugly. Academy of Management Journal, 49(6): 1137-1157.

Hitt, M.A., Hoskission, R.E., & Kim, H. (1997). International diversification: Effects on innovation and firm performance in product-diversified firms. Academy of Management Journal, 40: 767-777.

Hitt, M.A., Tihanyi, L., Miller, T., & Connelly, B. (2006b). International diversification: Antecedents, outcomes, and moderators. Journal of Management, 32(6): 831-867.

Hollensen, S. (2007). Global Marketing - A Market-Responsive Approach, London: Prentice Hall.

Hollenstein, Heinz (2005). Determinants of International Activities: Are SMEs Different?, Small Business Economics, vol. 24, pp. 431-450.

Holme, Idar Magne & Solvang, Bernt Krohn (1997). Forskningsmetodik. Second edition. Lund: Studentlitteratur.

Hooi, L. W. (2006). Implementing e-HRM: The readiness of small and medium sized manufacturing companies in Malaysia. Asia Pacific Business Review, 12 (4), 465–485.

Hutchinson, K., Quinn, B. and Alexander, N. (2006) 'The role of management characteristics in the internationalisation of SMEs', Journal of Small Business and Enterprise Development, 13(4), pp. 513–534.

Hymer, S. H. (1966). Direct foreign investment and the national interest. In P. Russell (Ed.), Nationalism in Canada. Toronto: McGraw-Hill.

Hymer, S. H. (1968). The multinational corporation: An analysis of some motives for international business integration. Revue Economique, 19 (6), 949-973.

Hymer, S. H. (1970). The efficiency of multinational corporations. American Economic Review, 60 (2), 441-448.

Hymer, S. H. (1971). The multinational corporations and uneven development. In J. Bhagwati (Ed.), Economics and world order (pp. 113-140). New York: World Law Fund.

Hymer, S. H. (1976). The International Operations of National Firms: A Study of Direct Foreign Investment. PhD Dissertation, Published posthumously, The MIT Press, Cambridge, Mass.

Ibeh, Kevin; Wilson, Juliette; and Chizema, Amon (2012) The internationalization of African firms 1995–2011: Review and implications, Thunderbird International Business Review Special Issue: Renascent Africa Volume 54, Issue 4, pages 411–427, July/August 2012, Wiley Periodicals.

ICEF Monitor (2014). The growing role of emerging markets in shaping global demand, http://monitor.icef.com/2014/03/the-role-of-emerging-markets-in-shaping-global-demand/, last accessed 10/14/2016.

Ietto-Gillies, G. (2012). Transnational Corporations and International Production. Trends, Theories, Effects, 2nd edition, Cheltenham, UK and Northampton, MA, USA: Edward Elgar.

IMF (2014a). World Economic and Financial Surveys: Regional Economic Outlook, October 2014, Sub-Saharan Africa: staying the course.

IMF (2014b). Angola: 2014 article IV consultation, IMF Country Report No. 14/274.

IMF (2016a). IMF Staff Team Completes Visit to Angola, Press Release 16/283, June 14.

IMF (2016b). World Economic Outlook: subdue demand, symptoms and remedies, World Economic and Financial Surveys, Washington, October.

Ismail, A. I., Rose, R. C., Abdullah, H., & Uli, J. (2010). The relationship between organizational competitive advantage and performance moderated by the age and size of firms. Asian Academy of Management Journal, 15 (2), 157-173.

Ismail, A. I., Rose, R. C., Uli, J., & Abdullah, H. (2012). The relationship between organizational resources, capabilities, systems and competitive advantage. Asian Academy of Management Journal, 17 (1), 151-173.

Jansson, H., & Sandberg, S. (2008) Internationalization of small and medium sized enterprises in the Baltic Sea region. Journal of International Management, 14: 65-77.

Johanson J. and Mattsson, L.G. (1988) Internationalization in Industrial Systems- A Network Approach. In: Hood, N. and Vahlne J-E. (eds) Strategies in Global Competition. London: Croom Helm

Johanson, J. & L-G. Mattson (1988), "Internationalization in Industrial Systems: A Network Approach," In Hood, N. & Vahlne, J.E.(eds), Strategies in Global Competition, London: Croom Helm.

Johanson, J. & Vahlne, J.E. (1977). The Internationalisation Process of the Firm – A model of knowledge development and increasing foreign market commitment. Journal of International Business Studies, 8(Spring/Summer), pp.23-32.

Johanson, J. & Vahlne, J.E. (1990). The mechanism of internationalisation. International Marketing Review, 7(4): 12-24. Kell, G., & Ruggie J. G. (1999). Global markets and social legitimacy: the case of the "Global Compact" available at http://www.unglobalcompact.org/NewsandEvents/articles_and_papers/global_markets_social_legitimacy_york_university.html.

Johanson, J. & Vahlne, J.E. (2003). Business Relationship Learning and Commitment in the Internationalization Process. Journal of International Entrepreneurship, Vol. 1 Issue 1, pp.83-101.

Johanson, J. & Vahlne, J.E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. Journal of International Business Studies, pp. 1411 – 1431.

Johanson, J. and Mattsson, L.G. (1991) Network Positions and Strategic Action: An Analytical Framework. In: Axelsson, B. and Easton, G. (eds) Industrial Networks: A New View of Reality, London: Routledge

Johanson, J., & Vahlne, J.-E. (2011). Markets as networks: Implications for strategy making. Journal of the Academy of Marketing Science, 39 (4), 484-491.

Johanson, J., and L.G. Mattsson. (1988). "Internationalization in industrial systems-a network approach" edited by P. J. Buckley and P. N. Ghauri. The internationalization of the firm: a reader 303–321.

Johanson, Jan and Wiedersheim-Paul, Finn (1975). The internationalization of the firm — four Swedish cases, Volume 12, Issue 3, Pages 305–323.

Johanson, Jan, and Jan-Erik Vahlne. (2009). "The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership." Journal of International Business Studies 40(9):1411–1431.

Jones, M.V. (1999). “The internationalization of small high-technology firms.” Journal of International Marketing 15–41.

Kalotay, K. (2008). Russian transnationals and international investment paradigms. Research in International Business and Finance, Elsevier, vol.22(2), pp. 85-107.

Karagozoglu, Necmi & Lindell, Martin (1998). Internationalization of Small And Medium-Sized Technology-Based Eirms: An Exploratory Study. Journal Of Small Business Management, vol. 36: 1, pp. 44-59.

Katsikeas, C., & Morgan, R. (1994). Differences in perceptions of exporting problems based on firm size and export market experience. European Journal of Marketing, 28(5), 79-85.

Kessapidou, S., and Varsakelis, N. C. (2002), “The Impact of National Culture on International Business Performance: The Case of Foreign Firms in Greece”, European Business Review, Vol. 14 No. 4, pp 268- 275.

Kessapidou, Sevasti and Varsakelis, Nikos (2002). The impact of national culture on international business performance: The case of foreign firms in Greece, European Business Review 14(4):268-275.

Khanna, T., & Palepu, K. 1997. Why focused strategies may be wrong for emerging markets. Harvard Business Review, 75: 41.

Khanna, T., & Palepu, K. 2000. The future of business groups in emerging markets: Long-run evidence from Chile. Academy of Management Journal, 43(3): 268-285.

Khanna, T., & Rivkin, J.W. 2006. Inter-organizational ties and business group boundaries: Evidence from an emerging economy. Organization Science, 17(3): 333-352.

Kietzmann, Jan H., Hermkens, Kristopher, McCarthy, Ian P. and Silvestre, Bruno S. (2011). Social media? Get serious! Understanding the functional building blocks of social media, Business Horizons, Elsevier, 54, 241—251.

Kimura, Yui. (1989). Firm specific strategic advantages and foreign direct investment behavior of firms: The case of Japanese semi-conductor firms. Journal of International Business Studies, 20 (Summer): 296-314.

Kingsley, Gordon & Malecki, Edward J. (2004). Networking for Competitiveness. Small Business Economics, vol. 23, pp. 71–84.
33

Kiss, Andreea N, and Wade M Danis. (2010). "Social networks and speed of new venture internationalization during institutional transition: A conceptual model." Journal of International Entrepreneurship 8(3):273–287.

Knight, G. (1997), Emerging Paradigm for International Marketing: The Born Global Firm, PhD Thesis, Michigan State University.

Knight, G. A. & Cavusgil, S. T. (1996), 'The Born Global Firm: A Challenge to Traditional Internationalization Theory', Advances in International Marketing, vol. 8, pp. 11 - 27.

Knight, G. A. G. & Cavusgil, S. T. (2004), 'Innovation, Organizational Capabilities and the Born-Global firm', Journal of International Business Studies, vol. 35, no. 2, p. 124.

Knight, G. G., Madsen, T. T. & Servais, P. P. (2004), 'An Inquiry into Born-Global Firms in Europe and the USA', International Marketing Review, vol. 21, no. 6, p. 645.

Knight, Gary A. and Cavusgil, S. Tamar (2004). Innovation, organizational capabilities, and the born-global firm. Journal of International Business Studies, vol. 35, pp. 124–141.

Knott, P. (2009). Integrating resource-based theory in a practice-relevant form. Journal of Strategy and Management, 2 (2), 163-174.

Kogut, B. and Singh, H. (1988), "The Effect of National Culture on the Choice of Entry Mode", Journal of International Business Studies, Vol. 19 No. 3, pp 411-32.

Kontinen, T, and A. Ojala. (2011). "Network ties in the international opportunity recognition of family SMEs." International Business Review 20(4):440–453.

Kottak, Conrad (2006), Mirror for Humanity, New York, NY: McGraw Hill, ISBN 978-0-07-803490-9.

KPMG (2012) Confronting Complexity: Mozambique, http://www.kpmg.com/Africa/en/KPMG-in-Africa/Documents/MC8290%20Complexity%20Report_Mozambique.pdf, last accessed on 02/12/2016.

KPMG (2013) Confronting Complexity: Angola, http://www.kpmg.com/Africa/en/KPMG-in-Africa/Documents/MC8290%20Complexity%20Report_Angola.pdf, last accessed on 02/12/2016.

Kumar, N. (1995), “Changing Character of Foreign Direct Investment From Developing Countries: Case Studies from Asia”, Intech Discussion Paper 9516, UN Intech.

Kumar, V., & Subramaniam, V. (1997). A contingency framework for the mode of entry decision. Journal of World Business, 32 (1), 53-72.

Kumar, V., Stam, A., & Joachimsthaler, E. (1994). An international multicriteria approach to identifying potential foreign markets. Journal of International Market- ing, 2(1): 29-52.

Kwon, Y. C., & Konopa, L. J. (1993). Impact of host country market characteristics on the choice of foreign market entry mode. International Marketing Review, 10 (2), 60-76.

Laanti, R., Gabrielsson, M. & Gabrielsson, P. (2007), 'The Globalisation Strategies of Business-to-Business Born Global Firms in the Wireless Technology Industry', Industrial Marketing Management, vol. 36, no. 8, pp. 1104-1117.

Lall, S. (1983). The new multinationals: The spread of third-world multinationals. New-York: John Wiley.

Lather, P. (1986). Issues of validity in openly ideological research: Between a rock and a soft place. Interchange, 17, 63-84. doi:10.1007/BF01807017.

Laumann EO, Galaskiewicz J, Marsden PV. (1978). Community structure as inter-organizational linkages. Annual Review of Sociology 4: 455-484.

Lavie, Dovev (2006). The Competitive Advantage of Interconnected Firms: an Extension of the Resource-Based View. Academy of Management Review, vol. 31: 3, pp. 638–658.

Lee, C., Lee, K., Pennings, J.M. (2001). Internal capabilities, external networks, and performance: a study of technology-based ventures. Strategic Management Journal, June-July Special Issue 22: 615-640.

Lee, J., & Slater, J. (2007). Dynamic capabilities, entrepreneurial rent-seeking and the investment development path: the case of Samsung. Journal of International Management, 13:241-257.

Lee, J., & Slater, J. 2007. Dynamic capabilities, entrepreneurial rent-seeking and the investment development path: the case of Samsung. Journal of International Management, 13:241-257.

Lee, S-H., Shenkar, O., and Li, J. (2008), “Cultural Distance, Investment Flows, and Control in Cross-Border Cooperation,” Strategic Management Journal, Vol. 29, pp 1117-1125.

Lee, Seoki, Yoon Koh, and Cindy Yoonjoung Heo. (2011). "Research note: Internationalization of US publicly traded restaurant companies – a transaction cost economics perspective." Tourism Economics 17(2):465–471.

Li, Bo (2015) Africans also investing in China, Africa Renewal, http://www.un.org/africarenewal/magazine/august-2015/africans-also-investing-china, last accessed on 01/17/2016.

Li, J. (1994), "Experience Effects and International Expansion: Strategies of Service MNCs in the Asia Pacific Region", Management International Review, Vol. 34 No. 3, pp 217-234.

Li, P. (2003) Toward a Geocentric Theory of Multinational Evolution: The Implications from the Asian MNEs as Latecomers, Asia Pacific Journal of Management, 20, pp. 217-242.

Lin, K.H., and I. Chaney. (2007). "The influence of domestic interfirm networks on the internationalization process of Taiwanese SMEs." Asia Pacific Business Review 13(4):565–583.

Loane, S., Bell, J. D. & McNaughton, R. (2007), 'A Cross-National Study on the Impact of Management Teams on the Rapid Internationalisation of Small Firms', Journal of World Business, vol. 42, no. 4, pp. 489-504.

Loane, S., McNaughton, R. B. & Bell, J. (2004), 'The Internationalization of Internet-Enabled Entrepreneurial Firms: Evidence from Europe and North America', Canadian Journal of Administrative Sciences, vol. 21, no. 1, pp. 79-96.

Lu, J. W., & Hébert, L. (2005). Equity control and the survival of international joint ventures: A contingency approach. Journal of Business Research, 58 (6), 736-745.

Luo, Y. (2001). Determinants of local responsiveness: Perspectives from foreign subsidiaries in an emerging market. Journal of Management, 27: 451-477.

Luo, Y. (2002). Capability exploitation and building in a foreign market: Implications for multinational enterprises. Organization Science, 13(1): 48-63.

Luo, Y., & Peng, M.W. (1999). Learning to compete in a transition economy: Experience, environment, and performance. Journal of International Business Studies, 30(2): 269-296.

Luo, Y., & Tan, J.J. (1998). A comparison of multinational and domestic firms in an emerging market: A strategic choice perspective. Journal of International Management, 4(1): 21-40.

Luo, Y., & Tung, R. (2007) International Expansion of Emerging Market Enterprises: A springboard perspective, Journal of International Business Studies, 38, pp. 481-498.

Malhotra, N., Agarwal, J., & Ulgado, F. (2003). Internationalization and entry modes: A multi-theoretical framework and research propositions. Journal of International Marketing, 11 (4), 1-31.

Malhotra, S., Sivakumar, K., and Zhu, P. (2009), "Distance Factors and Target Market Selection: The Moderating Effect of Market Potential", International Marketing Review, Vol. 26 No. 6, pp 651-673.

Malnight, T.W. (2001) Emerging Structural Patterns within Multinational Corporations: Toward Process-based Structures. Academy of Management Journal 44:6, pp. 1187-1210.

Maltby, T. (2012). Using Social Media to Accelerate the Internationalization of Startups fromInception. Technology Innovation Management Review.October 2012: 22-26.

Mariz-Pérez, Rosa, and Teresa García-Álvarez. (2009). "The Internationalization Strategy of Spanish Indigenous Franchised Chains: A Resource-Based View." Journal of Small Business Management 47(4):514–530.

Markusen, J. R. (1995). "The Boundaries of Multinational Enterprises and the Theory of International Trade". Journal of Economic Perspectives 9 (2): 169.

Marschan-Piekkari, R., & Welch, C. (2004) Qualitative Research Methods in International Business: The State of the Art, in Marschan-Piekkari, R., and Welch, C., Handbook of Qualitative Research Methods in International Business, Cheltenham, Northampton: Edward Elgar, pp.5-24.

Masataka, Fujita (1995). Small and Medium-sized Transnational Corporations: Trends and Patterns of Foreign Direct Investment. Small Business Economics, vol 7: 3, pp. 183-204.

McDonald, F.; Burton, F.; Dowling, P. (2002), International Business, Cengage Learning EMEA.

McDougall, P. P. (1989). International versus domestic entrepreneurship: New venture strategic behavior and industry structure, Journal of Business Venturing, Vol. 4, pp. 387-400.

McDougall, P. P. and Oviatt, B. M. (1996). New Venture Internationalization, Strategic Change, and Performance: A Follow-Up Study, Journal of Business Venturing, vol. 11, no. 1, pp. 23-40.

McDougall, P. P. and Oviatt, B.M. (1994). Toward a Theory of International New Ventures, Journal of International Business Studies, Vol. 25, No. 1, pp. 45-62.

McDougall, P.P., and Oviatt, B.M., (1997). Challenges for the Internationalization Process Theory: the case of International New Ventures, Management International Review, Special Issue 2, pp. 85- 99.

McDougall, P.P., and Oviatt, B.M., (2000). International entrepreneurship: The intersection of two research paths, Academy of Management Journal, Vol. 43, pp. 902– 908.

McDougall, P.P., and Oviatt, B.M., (2005). Defining international entrepreneurship and modeling the speed of internationalization, Entrepreneurship Theory & Practice, pp. 537-553.

McDougall, P.P., Shane, S., and Oviatt, B.M., (1994). Explaining the formation of international new ventures: The limits of theories from international business research, Journal of Business Venturing, Vol. 9, pp. 469–487.

McMullen, J.S. & Dimov, D. (2013). Time and the entrepreneurial journey: The problems and promise of studying entrepreneurship as a process. Journal of Management Studies, 50(8), pp.1481-1512.

Melin, L. (1992). Internationalization as a strategy process. Strategic Management Journal, 13 (S2), 99-118.

Meschi, P. X., & Metais, E. (2006). International acquisition performance and experience: A resource-based view. Evidence from French acquisitions in the United States (1988–2004). Journal of International Management, 12 (4), 430-448.

Mesquita, L.F., & Lazzarini, S.G. (2008). Horizontal and vertical relationships in developing economies: implications for SMEs' access to global markets. Academy of Management Journal, 51(2): 359-380.

Meyer, K. E., & Estrin, S. (2001). Brownfield entry in emerging markets. Journal of International Business Studies, 32 (3), 575-584.

Meyer, K. E., & Estrin, S. (2001). Brownfield entry in emerging markets. Journal of International Business Studies, 32 (3), 575-584.

Meyer, K.E., & Nguyen, H.V. (2005). Foreign investment strategies and sub-national institutions in emerging markets: Evidence from Vietnam. Journal of Management Studies, 42(1): 63-93.

Meyer, K.E., Estrin, S., Bhaumik, S.K., & Peng, M.W. (2009). Institutions, resources, and entry strategies in emerging economies. Strategic Management Journal, 30: 61-80.

Milelli, C, Hay, F & Shi, Y. (2010). Chinese and Indian firms in Europe: characteristics, impacts and policy implications. International Journal of Emerging Markets, Vol. 5, No. 3/4, pp. 377-397.

Miles, M.B. and Huberman, A.M. (1994) An Expanded Sourcebook; Qualitative Data Analysis 2nd edition, Sage Publications, Thousand Oaks, CA

Miller, D. (1988). Relating Porter's business strategies to environment and structure. Academy of Management Journal, 31: 280-308.

Moen, Øystein and Servais, Per (2002) Born Global or Gradual Global? Examining the Export Behavior of Small and Medium-Sized Enterprises. Journal of International Marketing: Fall 2002, Vol. 10, No. 3, pp. 49-72.

Morosini, P., Shane, S., and Singh, H. (1998), "Managing Cultural Difference: Effective Strategy and Execution across Cultures in Global Corporate Alliances", Oxford Press, New York, NY.

Morschett, D. (2006). Firm-specific influences on the internalization of after-sales service activities in foreign markets. Journal of Services Marketing, 20 (5), 309-323.

Museisi, N.M. (2013) South African MNEs Entry Strategies in Africa, World Academy of Science, Engineering and Technology International Journal of Social, Behavioral, Educational, Economic, Business and Industrial Engineering Vol:7, No:1.

Musteen, M, J Francis, and D.K. Datta. (2010). "The influence of international networks on internationalization speed and performance: A study of Czech SMEs." Journal ofWorld Business 45(3):197–205.

Muzima, J.D. and Mendy, F.R. (2015) Angola: country notes, African economic outlook, http://www.africaneconomicoutlook.org/en/country-notes/southern-africa/angola/, last accessed on 01/10/2016.

Nadkarni, S., & Perez, P.D. (2007). Prior condition and early international commitment: The mediating role of domestic mindset. Journal of Business Studies, 38(1), 160-176.

Nakos, G., & Brouthers, K. (2002). Entry mode choice of SMEs in Central and Eastern Europe. Entrepreneurship Theory and Practice, 27 (1), 47-63.

Nelly, David C. L. (2008) The Rise of Africa's "Frontier" Markets, Finance and Development Magazine, International Monetary Fund, September 2008, Volume 45, Number 3, http://www.imf.org/external/pubs/ft/fandd/2008/09/nellor.htm, last accessed on 01/18/2016.

Newenham-Kahindi, A. (2010), "Human Resource Strategies for Managing Back Office Employees in Subsidiary Operations: the Case of Two Investment Multinational Banks in Tanzania", Journal of World Business, Vol. 46 (2011), pp 13-21.

O'Sullivan, Arthur; Sheffrin, Steven M. (2003). Economics: Principles in Action. Upper Saddle River, New Jersey 07458: Pearson Prentice Hall. p. 551.

O'Farrell, P. N., Wood, P. A., & Zheng, J. (1998). Regional influences on foreign market development by business service companies: Elements of a strategic context explanation. Regional Studies, 32 (1), 31-48.

O'Grady, S., & Lane, H.W. 1996. The psychic distance paradox. Journal of International Business Studies, 27(2): 309-333.

O'Rourke, K. and Williamson, J. (2002). When Did Globalization Begin?, European Review of Economic History, vol. 6, p. 24.

O'Sullivan, Michael (2015). The end of globalization of a more multipolar world?, Credit Suisse Research Institute, https://doc.research-and-analytics.csfb.com/docView?document_id=x657558&serialid=CKNMlWfHjw7rZyk%2BUGmvnQWrpsyCCwGev4oQ/ngdrE8%3D, last accessed on 10/15/2016.

OECD (2013). Fostering SMEs' Participation in Global Markets: Final Report, http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=CFE/SME(2012)6/FINAL&docLanguage=En, last accessed on 10/15/2017.

Okoroafo, S. C. (1990). An assessment of critical entry factors affecting modes of entry substitution patterns in foreign product markets. Journal of Global Marketing, 3 (3), 87-104.

Okoroafo, S. C. (1991). Modes of entering foreign markets. Industrial Market Management, 20 (4), 341-346.

Overby, Jeffrey W, and Soonhong Min. (2001). "International supply chain management in an Internet environment: A network-oriented approach to internationalization." International Marketing Review 18(4):392–420.

Oviatt, B. M. & McDougall, P. P. (1995). Global Start-Ups: Entrepreneurs on a Worldwide Stage, Academy of Management Executive, vol. 9, no. 2, pp. 30-43.

Oviatt, Benjamin M. and McDougall, Patricia Phillips (2005). Toward a theory of international new ventures. Journal of International Business Studies, vol. 36, pp. 29–41.

Page, S. (1998), "South-North Investment by Developing Countries in the EC: A sign of the Emergence of New Investors", in Hickman, B.G. and L. Klein, Link 1991-1992 Proceedings, World Scientific.

Page, Sheila and Willem de Velde, Dirk (2004) Foreign Direct Investment by African Countries, Overseas Development Institute, London, Papers prepared for InWent / UNCTAD meeting on FDI in Africa 22-24 November 2004, UNECA, Addis Ababa, Ethiopia

Pananond P., (2007), 'The changing dynamics of Thai multinationals after the Asian economic crisis', Journal of International Management, Vol. 13, pp. 356-75.

Pananond P., and Zeithaml C. P., (1998), 'The international expansion process of MNEs from Developing Countries: a case study of Thailand's CP group', Asia Pacific Journal of Management, Vol. 15 (2), pp. 169-84.

Papadakis, V.M.; Lioukas, S.; Chambers, D. (1998). Strategic decision-making processes: The role of management and context. Strategic Management Journal, 19: 115-147.

Papadopoupos, N. (1988). Inventory, taxonomy and assessment of methods for international market selection. International Marketing Review, (Autumn): 38-5 1.

Park, S.H.; Luo, Y. (2001). Guanxi and organizational dynamics: organizational networking in Chinese firms. Strategic Management Journal 22(5): 455-477. Peng MW, Heath PS. 1996.

Pauwels, P., & Matthyssens, P. (2004) The Architecture of Multiple Case Study Research in International Business, in Marschan-Piekkari, R., and Welch, C., Handbook of Qualitative Research Methods in International Business, Cheltenham, Northampton: Edward Elgar, pp.125-143.

Pearce, David (1992) "Economic valuation and the natural world," Policy Research Working Paper Series 988, The World Bank.

Peng M.W., Luo, Y. (2000). Managerial ties and firm performance in a transition economy: the nature of a micro-macro link. Academy of Management Journal 43(3): 486-501.

Peng, M.W. (2006). Making M&A fly in China. Harvard Business Review 84(3): 26-27.

Peng, Mike W. and Heath, Peggy Sue (1996). The Growth of the Firm in Planned Economies in Transition: Institutions, Organizations, and Strategic Choice, The Academy of Management Review, Vol. 21, No. 2 (Apr., 1996), pp. 492-528.

Peng, W. Mike. (2008). Global Business. Cengage Learning.

Penrose, E., (1995). The Theory of the Growth of the Firm (3rd ed.). Great Britain: Oxford University Press.

Penrose, Edith (1959) The Theory of the Growth of the Firm, Oxford University Press.

Peteraf, M.A. (1993). The cornerstones of competitive advantage: A resource-based view. Strategic Management Journal, 14(3): 179-192.

Petersen, B., & Pedersen, T. (1999). Fast and slow resource commitment to foreign markets: What causes the difference? Journal of International Management, 5(2): 73-91.

Pinho, J. C. (2007). The impact of ownership, location-specific advantages and managerial characteristics on SME foreign entry mode choices. International Marketing Review, 24 (6), 715-734.

Quelch, J. & L. Klein (1996), "The Internet & International Marketing," Sloan Management Review, 37 (3), 60-83.

Quelch, J. A., & Klein, L. R. (1996). The Internet and international marketing. Sloan Management Review, 37, Vol. 3, 60–75.

Quer, D., Claver, E., and Rienda, L. (2007), "The Impact of Country Risk and Cultural Distance on Entry Mode Choice: An Integrated Approach", Cross-Cultural Management: An International Journal, Vol. 14 No. 1, pp 74-87.

Ramamurti, R. (2004). Developing Countries and MNEs: Extending and enriching the research agenda. Journal of International Business Studies, 35: 277-283.

Ramamurti, R. (2008) What Have We Learned about EMNEs, In Ravi Ramamurti and Jitendra Singh (eds.) Emerging Multinationals from Emerging Markets, Cambridge

Ramamurti, R. and Singh, J. V. (2009) Emerging Multinationals in Emerging Markets. New York: Cambridge University Press.

Randall, Mork; Yeung, Bernard, and Zhao, Minyuan (2008) "Perspectives on China's outward foreign direct investment." Journal of International Business Studies 39.3 (2008): 337-350.

Reich, Robert B. (1991). The work of nations. New York: Alfred A. Knopf.

Reid, S. (1984), 'Information Acquisition and Export Entry Decisions in Small Firms', Journal of Business Research, vol. 12, no. 2, pp. 141-157.

Reid, S. (1985, summer). Exporting: Does sales volume makes a difference? – Comment. Journal of International Business Studies, 16(2), 153-155.

Ricart, J.E., Enright. M.J., Ghemawat, P., Hart, S., & Khanna, T. (2004). New frontiers in international Strategy. Journal of International Business Studies, 35(3): 175-200.

Ripollés, M., & Blesa, A. (2012). International new ventures as small multinationals: The importance of marketing capabilities. Journal of World Business, 47 (2), 277-287.

Rocha, Alves (2014). As perspectivas de crescimento económico de angola até 2020, Centro de Estudos e Investigacao Cientifica, Universidade Catolica de Angola, working paper No 2, November.

Rocha, Alves (2015). Relatorio Economico de Angola 2015, Centro de Estudos e Investigacao Cientifica, Universidade Catolica de Angola, Angola Catholic University Press.

Root, F. R. (1987). Foreign market entry strategies. New York: American Management Association.

Rosson, Philip (2000), "The Internet and SME Exporting: Canadian Success Stories," Halifax: Centre for International Business Studies Discussion Papers, Dalhousie University.

Rubin, P. H. (1973). The expansion of firms. Journal of Political Economy, 81 (4), 936-949.

Rugman, A. (1981) Inside the Multinational: The Economics of Internal Markets. Columbia University Press: New York.

Rugman, A. (2005). The Regional Multinationals: MNEs and Global Strategic Management. Cambridge: Cambridge University Press.

Rugman, A. M. (2010) Reconciling internalization theory and the eclectic paradigm. Multinational Business Review, 18 (2). pp. 1-12. ISSN 1525-383X doi: 10.1108/1525383X201000007 Available at http://centaur.reading.ac.uk/6112/

Rugman, A., (1979) International diversification and the multinational enterprise. Lexington, MA: Lexington Books.

Rugman, A.M., & Verbeke, A. (1992). A note on the transnational solution and the transaction cost theory of multinational strategic management. Journal of International Business Studies, 23(4): 761-771.

Rugman, A.M., & Verbeke, A. (2004). A perspective on regional and global strategies of multinational enterprises. Journal of International Business Studies, 35(1): 3-18.

Rugman, Alan M., Collinson, Simon (2012). International Business, Pearson.

Ruigrok, Winfried, Amann, Wolfgang, Wagner, Hardy (2007) MIR: Management International Review, Vol. 47, No. 3, Internationalization and Firm Performance, pp. 349-368. Springer.

Rundh, B. (2001). International market development: New patterns in SMEs international market behaviour? Marketing Intelligence and Planning, 19 (5), 319-329.

Sabi, Manijeh. (1988). An application of the theory of foreign direct investment to multinational banking in LDCs. Journal of International Business Studies, 19 (Fall): 433-48.

Santos, A.A. and Roffarello, L.M. (2015) Mozambique: country notes, African economic outlook, http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2015/CN_data/CN_Long_EN/Mozambique_GB_2015.pdf, last accessed on 01/10/2016.

Sauvant K. P., Pradhan J.P., Chatterjee, A. & Harley B. (2010). The Rise of Indian Multinationals: Perspectives on Indian Outward Foreign Direct Investment, Cheltenham: Palgrave Macmillan.

Sauvant, K.P., Maschek, W. A., and McAllister, G. (2009) Foreign direct investment by emerging market multinational enterprises, the impact of the financial crisis and recession and challenges ahead, OECD, Global Forum on

International Investment, http://www.oecd.org/investment/globalforum/44246197.pdf.

Sawhney, M. & S. Mandal (2000), "Making the Web World Wide: A Roadmap for Globalization of E-Commerce," Northwestern University Working Paper, <http://www.mohansawhney.com/ Registered/Content/TradeArticle/Globalization.pdf> (September 20, 2000).

Schmidt, Frank L. and Hunter, John E. (2016). Tacit Knowledge, Practical Intelligence, General Mental Ability, and Job Knowledge, Elsevier, Current Directions in Psychological Science, Vol 2, Issue 1, pp. 8 - 9.

Schwens, Christian, and Ruediger Kabst. (2009). "Early internationalization: A transaction cost economics and structural embeddedness perspective." Journal of International Entrepreneurship 7(4):323–340.

Seidman, I. (2006) Interviewing as qualitative research: a guide fo researchers in education and the social sciences (3rd edition), New York, Teachers College Press.

Serapio, M and Dalton, D. (1999) Globalization of Industrial R&D: An Examination of Foreign Direct Investments in R&D in the United States. Research Policy, 28(2-3): 303-16.

Sethi, D. (2009), "Are Multinational Enterprises from Emerging Economies Global or Regional?" European Management Journal, Vol. 27, pp 356-365.

Sharma, D. D., & Blomstermo, A. (2003). The internationalization process of born global: A network view. International Business Review, 12 (6), 739-753.

Sharma, DD. (1999). Globalization and Its Managerial Implications - Google Books.

Sharma, DD. (2003). "ScienceDirect.com - International Business Review - The internationalization process of Born Globals: a network view." International Business Review.

Sharma, V. M., & Erramilli, M. K. (2004). Resource-based explanation of entry mode choice. Journal of Marketing Theory and Practice, 12 (1), 1-18.

Shaw D.S., Clarke I. (1998). Culture, Consumption and Choice: Towards a Conceptual Relationship, Journal of Consumer Studies and Home Economics, 1998. – Vol. 22, pp. 163-168.

Shrader, R. C. (2001). Collaboration and performance in foreign markets: The case of young high-technology manufacturing firms. Academy of Management Journal, 44 (1), 45-60.

Shrader, R. C., Oviatt, B. M. & McDougall, P. P. (2000). How New Ventures Exploit Trade-Offs among International Risk Factors: Lessons for the Accelerated Internationalisation of the 21st Century, Academy of Management Journal, vol. 43, no. 6, pp. 1227-1247.

Slangen, A., & Hennart, J. F. (2007). Greenfield or acquisition entry: A review of the empirical foreign establishment mode literature. Journal of International Management, 13 (4), 403-429.

Smith, David (2012) Boom time for Mozambique, once the basket case of Africa, http://www.theguardian.com/world/2012/mar/27/mozambique-africa-energy-resources-bonanza, last accessed on 01/16/2016.

Soyinka, Wole (1996). The Open Sore of a Continent. New York: Oxford University Press.

Stoian, C., & Filippaios, F. (2008). Dunning's eclectic paradigm: A holistic, yet context specific framework for analysing the determinants of outward FDI: Evidence from international Greek investments. International Business Review, 17 (3), 349-367.

Strauss, A. L. (1987) Qualitative Analysis for Social Scientists. Cambridge: Cambridge University. Press.

Strauss, A.L., and Corbin, J. (1994). Grounded theory methodology: An overview. In: Denzin, N., and Lincoln, Y., eds. Handbook of Qualitative Research. Thousand Oaks, CA: Sage Publications, pp. 273-285.

Styles, Chris and Ambler, Tim (2003). The Coexistence of Transaction and Relational Marketing: Insights from the Chinese Business Context, Industrial Marketing Management 32(8):633-642.

Sutton, John (2014) An enterprise map of Mozambique, International Growth Centre, London Publishing Partnership, London.

Sydow, J, A Windeler, C Wirth, and U. Staber. (2010). "Foreign market entry as network entry: A relational structuration perspective on internationalization in television content production." Scandinavian Journal of Management 26(1):13–24.

Tahir, R., & Larimo, J. (2004). Understanding the ownership structure choices of Finnish firms in Asian countries. European Business Review, 16 (5), 494-510.

Talaga, James, Rajan Chandran & Arvind Phatak. (1985). An extension of the eclectic theory of foreign direct investment. A paper presented at the Annual Meeting of the Academy of international Business, New York.

Tang, Y K. (2011). “The Influence of networking on the internationalization of SMEs: Evidence from internationalized Chinese firms.” International Small Business Journal 29(4):374–398.

Tavoletti, E. (2011). “The Internationalization Process of Italian Fashion Firms: Looking for an Analytical Generalization.” SOUTH ASIAN JOURNAL OFMANAGEMENT 18(2):7–29.

Taylor, C. R., Shaoming, Z., & Osland, G. E. (2000). Foreign market entry strategies of Japanese MNCs. International Marketing Review, 17 (2), 146-163.

Taylor, C. R., Zou, S., & Osland, G. E. (1998). A transaction cost perspective on foreign market entry strategies of US and Japanese firms. Thunderbird International Business Review, 40 (4), 389-412.

Teece, D. J. (1977). Technology Transfer by Multinational Firms: The Resource Cost of Transferring Technological Know-how. Economic Journal, June 1977, 87(346), pp. 242–61.

Teece, D. J. (2006). Reflections on the Hymer thesis and the multinational enterprise. International Business Review, 15 (2), 124-139.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. Strategic Management Journal, 18 (7), 509-533.

Tegtmeier, S. & Mitra, J. (2013). Towards a Process View on Opportunity Development: Internal Versus External Stimulation. In: Proceedings of Institute for Small Business and Entrepreneurship (ISBE) 29th National Conference, Cardiff, 12th-13th November, 2013, available at: http://www.isbe.org.uk/content/assets/Business_Creation-_Silke_Tegtmeier.pdf (accessed on September 10, January 2016).

Terpstra, Vern & Chwo-Ming Yu. (1988). Determinants of foreign investment of U.S. advertising agencies. Journal of International Business Studies, 19 (Spring): 33-46.

Thanasuta K., Patoomsuwan T., Chaimahawong V., Chiaravutthi Y. (2009). Brand and country of origin valuations of automobiles. Asia Pacific Journal of Marketing and Logistics, Vol. 21, No. 3, 355–375.

Thomas, D.E., & Grosse, R. (2001). Country-of-origin determinants of foreign direct investment in an emerging market: the case of Mexico. Journal of International Management, 7(1): 59-79.

Thorelli, Hans B. (1986) Networks: Between Markets and Hierarchies, Strategic Management Journal, Vol. 7, 37-51.

Tihanyi, L., Griffith, D.A., & Russell, C.J. (2005). The effect of cultural distance on entry mode choice, international diversification and MNE performance: a meta-analysis. Journal of International Business Studies, 36(3): 270-283.

Tuan, N. P., & Yoshi, T. (2010). Organizational capabilities, competitive advantage and performance in supporting industries in Vietnam. Asian Academy of Management Journal, 15 (1), 1-21.

UNCTAD. (1994). World Investment Report: Transnational Corporations and Competitiveness. New York and Geneva: UN.

UNCTAD. (2004). World Investment Report: India's outward FDI: a giant awakening? Geneva: United Nations.

UNCTAD. (2006). World investment report: FDI from developing and transition economies: Implications for development. Geneva: United Nations.

UNCTAD. (2009). World investment report: Transnational Corporations: Agricultural Production and Development. 2009, United Nations: Geneva.

UNCTAD. (2010). World Investment Report: Investing in a Low Carbon Econom", www.unctad.org/wir, 14/01/2011.

UNCTAD. (2014). World investment report 2014: Investing in the SDG: An action plan.

UNCTAD. (2015). Website from the United Nations Conference for Trade and Development. Available at http://www.unctad.org

UNECA (2013). Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation, Economic Report on Africa, United Nations Economic Commission for Africa.

United Nations Conference on Trade and Development (2006). World Investment Report 2006. (electronic). Demands Adobe Acrobat Reader. Available: <http://www.unctad.org>. /Digital Library/World Investment Report 2006/Downloads/Annexes

Urban, T. (2006) O Processo de Internacionalização de uma Multinacional Brasileira. São Paulo: USP.

Vahlne, J.E., I Ivarsson, and J. Johanson. (2011). "The tortuous road to globalization for Volvo's heavy truck business: Extending the scope of the Uppsala model." International Business Review 20(1):1–14.

Vernon, R. (1966). International Investments and International Trade in the Product Cycle. Quarterly Journal of Economics, 80, pp. 190-207.

Vernon, R. (1974). The location of economic activity. In J. H. Dunning (Ed.), Economic Analysis and the Multinational Enterprise (pp. 89-114). London: Allen and Unwin.

WEF (2015). Global Competitiveness Index 2015-2016 edition, Geneva.

WEF (2016). Global Competitiveness Index 2016-2017 edition, Geneva.

Wells Jr, L.T. (Brewer, T.L., Young, S. and Guisinger, S.E. eds.) (2003) Multinationals and the Developing Countries. The New Economic Analysis of Multinationals: An Agenda for Management, Policy and Research pp. 106-121. Edward Elgar Publishing Limited, Cheltenham.

Wenger-Trayner,Etienne (1999). Communities of Practice: Learning, Meaning, and Identity, Cambridge University Press; 1 edition.

Wernerfelt, B. (1984) A resource-based view of the firm. Strategic Management Journal, 5(2): 171-180.

Wernerfelt, B. (1984). A resource-based view of the firm. Strategic Management Journal, 5 (2), 171-180.

Westhead, P, and M Wright. (2001). "ScienceDirect.com - Journal of Business Venturing – The internationalization of new and small firms: A resource-based view." Journal of Business Venturing.

White, David (2012) Economy: One of the fastest-growing places on earth, Financial Times, http://www.ft.com/intl/cms/s/0/a6e6a758-c6b9-11e1-95ea-00144feabdc0.html#axzz3yfburdaI, last accessed on 01/02/2016.

Whitelock, J. (2002) Theories of Internationalisation and their Impact on Market Entry, International Marketing Review, 19(4), p. 342-347.

Whitelock, J., (2002). Theories of Internationalization and Their Impact on Market Entry. A Journal of International Marketing Review. 7th February, 342-344.

Williams, O., (1979). Transaction Cost Economics: The Governance of Contractual Relations, Journal of Law and Economics. 3rd February, pp. 233-262.

Williamson O. E. (1981), "The Modern Corporation: Origins, Evolution, Attributes," Journal of Economic Literature, Vol. 19, pp 1537-1568.

Wilson, Brent D. (1980). Disinvestment of foreign subsidiaries. Ann Arbor: UMI Press.

Wilson, R. T., & Amine, L. S. (2009). Resource endowments, market positioning, and competition in transitional economies: Global and local advertising agencies in Hungary. International Marketing Review, 26 (1), 62-89.

Wocke, A., Bendixen, M., and Rijamampianina, R. (2007), “Building Flexibility into Multi-National Resource Strategy: A Study of Four South African Multinational Enterprises”, the International Journal of Human Resource Management, Vol. 18 No. 5, pp 829-844.

Woodcock, C. P., Beamish, P. W., & Makino, S. (1994). Ownership-based entry mode strategies and international performance. Journal of International Business Studies, 25 (2), 253-273.

World Bank (2013). Sub-Saharan Africa: From Crisis to Self-Sustainable Growth. Washington, D.C.: World Bank.

World Bank (2016). Mozambique: Country Economi Outlook, http://www.worldbank.org/en/country/mozambique/overview, last accessed on 10/16/2016.

Yeoh, Poh-Lin (2000). Information Acquisition Activities: a Study of Global Star-up Exporting Companies. Journal of International Marketing, vol. 8: 3, pp. 36-60.

Yeung H. W-C., (1998), 'Transnational economic synergy and business networks: the case of two-way investment between Malaysia and Singapore', Regional Studies Association, Vol. 32 (8), pp. 687706.

Yeung, H.W.C. (1994). Third world multinationals revisited: A research critique and future agenda. Third World Quarterly, 15: 297-317.

Yeung, H.W.C. (2000). The globalization of business firms from emerging economies. Chetenham, UK.: Edward Elgar.

Yin, R. K. (2003). Case study research: Design and methods (3rd ed.). Thousand Oaks.

Yip, G., Loewe, P., & Yoshino, M. (1988). How to take your company to the global market, Columbia Journal of World Business, 23(4):37-48.

Yip, George S., Biscarri, Javier Gomez & Monti Joseph A. (2000). The Role of the Internationalization Process in the Performance of Newly Internationalizing Firms. Journal of International Marketing, vol. 8: 3, pp. 10-35.

Yu, Chwo-Ming & Kiyohiko, Ito. (1988). Oligopolistic reaction and foreign direct investment: The case of the U.S. tire and textile industries. Journal of International Business Studies, 19 (Fall): 449-60.

Yu, D.; Lau, C. and Bruton, G (2007) International Venturing by emerging economies firm: the effects of firm capabilities, home country networks, and corporate entrepreneurship, Journal of International Business Studies, 38, 519 540.

Zaheer, S. (1995). Overcoming the liability of foreignness. Academy of Management Journal, 38 (2), 34-63.

Zaheer, S., & Mosakowski, E. (1997). The dynamics of the liability of foreignness: A global study of survival in financial services. Strategic Management Journal, 18(6): 439-464.

Zahra, Shaker A. (2005). A theory of international new ventures: a decade of research. Journal of International Business Studies, vol. 36, pp. 20–28.

Zain, Mohamed, and Siew Imm Ng. (2006). “The impacts of network relationships on SMEs' internationalization process.” Thunderbird International Business Review 48(2):183–205

Zhang, F. (2008). Corporate Social Responsibility in Emerging Markets: The Role of Multinational Corporations; An Initial Paper for the Launch of the Foreign Policy Centre Project on “Corporate Responsibility in Emerging Markets” in association with Coca-Cola Great Britain.

Zhang, Y., Duysters, G. & Filippov, S. (2012). Internationalization through acquisitions and strategic alliances: implications from Chinese firms entering Europe. The Journal of Science and Technology Policy in China, 3(2), pp. 102-123.

Zhao, X. M., & Decker, R. (2004). Choice of foreign market entry mode: Cognitions from empirical and theoretical studies. Discussion Paper No. 512, Bielefeld, Germany: Department of Business Administration and Economics.

Zhou, L., Wu, W., & Luo, X. (2007) Internationalization and the performance of born-global SMEs: the mediating role of social networks, Journal of International Business Studies, 38, pp. 673-690.

Zucchella, A, Palamara, G., & Denicolai, S. (2007) The Drivers of the Early Internationalization of the Firm, Journal of World Business, 42, pp. 268-280.

Zutshi R. K., and Gibbons P. T., (1998), "The internationalisation process of Singapore government-linked companies: a contextual perspective", Asia Pacific Journal of Management, Vol. 15(2), pp. 21946.