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Internationalization as an integrated process: Evidence from SMEs in Lusophone Africa

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ABSTRACT

This study focuses on extant internationalization theories, attempting to elucidate the entry modes adopted by Lusophone African SMEs. It offers a critical overview of the leading frameworks, focusing on their primary attributes, challenges, and pitfalls in depicting similarities in the internationalization process and shortfalls in entry mode predictions. Based on the author's challenges when investigating 29 Lusophone African SMEs in Mozambique and Angola in 2016, an integrated and more holistic framework for internationalization is proposed. It considers advancements in ICT and business digitalization via the internet, web-enabled tools, and platforms, including social media and online professional communities of practices.

KEYWORDS

African SMEs; business digitalization in Africa; Lusophone African internationalization framework; IIAM framework; SME internationalization; internationalization framework

Introduction

Africa has increasingly become the last frontier for international business development in the past decade. Business opportunities within and beyond Africa are rapidly evolving, promoting swift infrastructure development and economic relationship transformation (Henderson, Roberts, & Storeygard, 2013; Ibeh, Wilson, & Chizema, 2012). The adoption of new integrated communication technologies (ICT) and the process of business digitalization in the region is also on the rise (Myovella, Karacuka, & Haucap, 2020; Tagne, 2021; Tomski, 2015), with several Copyright © 20XX Inderscience Enterprises Ltd. entrepreneurs taking advantage of the internet and web-enabled platforms (Buitendag, De Jager, & Van der Walt, 2012). However, the African continent is not homogenous. The sheer number of frontier economies, coupled with its characterized economies of extremes, makes it arduous to understand the process of internationalization of its enterprises using extant theories.

As argued by scholars such as Dana (2007) and Harzing and Pudelko (2013), language heritage impacts internationalization processes. The native language of entrepreneurs influences their determination to engage in a

regional or global internationalization strategy, especially when there is a mismatch between their language and that of a target market, which may underscore difficulties in cultivating social networks that mitigate barriers to internationalization (Hinds, Neeley, & Cramton, 2014; Tenzer, Pudelko, & Harzing, 2014). Although several internationalization frameworks have been proposed over the decades, sparse literature exists for Lusophone African small and medium enterprises (SMEs) entry mode selection. In general, SMEs' internationalization rationale is significantly diverse (Sharma & Erramilli, 2004). However, when focused solely on the African continent, particularly Lusophone African SMEs (LASMEs), the volume of accessible studies is scarce. Table 1 provides one measure of literature references available on Google and Google-Scholar, using a search query on 'outward foreign direct investment (OFDI) outflow investments', which included scholarly papers, articles, opinions, book reviews, conference proceedings, and the like from advanced (AE), emerging (EE), and frontier economies (FE), in which Lusophone Africa is representative.

These SMEs have received little attention in the international business literature. As argued by George, Corbishley, Khayesi, Haas, and Tihanyi (2016) and Kolk and Rivera-Santos (2018), there is a dearth of papers analyzing SMEs' internationalization in Africa, even less so in Lusophone economies. Furthermore, not much information is available regarding diversified African economies, their extreme business conditions, often fledging or unstable democracies, and how local enterprises decide to internationalize. More specifically, there is no internationalization theory focused on LASMEs.

In their seminal paper, Barnard, Cuervo-Cazurra, and Manning (2017) offer an essential review of African enterprises' challenges and opportunities. Although not focused directly on LASMEs, their research and

Table 1. Number of OFDI literature references on Google and Google-Scholar for advanced, emerging, and frontier economies, and related to themselves (see online version for colours).

	Number OFDI literature references		
	OFDI literature references in, 000s		
	G. Scholar	Google	Total reference
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

Source: Goncalves (2017). This is a "heatmap" where green represents large amount of resources while red represents scarce amount of resources. It just emphasizes the numbers in the cells, for better visualization.

Ahmad's (2008), which focused on third world multinational firms, could serve as the foundation for extending current theories and models of LASMEs' internationalization. Dana (1996), however, offers a vital exposé of the many challenges a small business faces in Mozambique after its long civil war ended, from extreme lack of infrastructure to utmost difficulty in accessing and securing financial resources and business loans notwithstanding many foreign assisted programs.

Despite noteworthy contributions of various extant internationalization theories, many show several shortcomings and flaws in explaining LASME's internationalization process (Cumberland, 2006; Ekeledo & Sivakumar, 2004). As argued by Andersen (1997), such frameworks ought to clarify with more accuracy the conditions shaping SMEs' expansion abroad in their strategy, drivers, timeframe, and assessment of what is value-added. Moreover, such frameworks should support and elucidate entry modes through a more explicit, holistic, and integrated set of functions. It should focus mainly on coordination amongst the abstract and more operational layers of an internationalization strategy. It might also attempt to regulate an information gathering scheme and subsequently aspire to adapt it within the theoretical model while improving the analytical framework through the concentration of internal, and not so much external, validity (Cumberland, 2006).

An ameliorated understanding of internationalization methods adopted by LASMEs is a critical theme for international business and investors, scholars, and policymakers seeking to invigorate this sector of the economy. Such knowledge can also be of interest to local LASME entrepreneurs aspiring to expand their markets abroad. Several scholars (Evans & Jing, 2020; Rolfe, Perri, & Woodward, 2015) have already indicated that foreign direct investment (FDI) inflows across Africa have increased exponentially, more than 30% since 2007, so more significant than anywhere else in the region. Illustrative examples include MNEs such as Telkom, MTN, Standard Bank, Shoprite, SABMiller, Dimensions Data, Massmart, and Nampak, all from South Africa and with branches in no less than twelve nations on the continent (Goncalves, 2015, 2018). Other examples are Nigerian MNEs, including the United Bank and Dangote, both operating in nearly half of all African countries (McNamee, Pearson, & Boer, 2015).

Considering increasing outflows of OFDI within the African continent, which suggests a rise in internationalization, this concept paper argues for the need to more closely understand how internationalization, specifically from LASMEs, is occurring. Drawing from the main extant internationalization theories and this author's investigation of the internationalization process adopted by 29 LASMEs from Angola (AO) and Mozambique (MZ) in 2016, this paper proposes an additional layer, or set of tools, of the

implicit assumptions and stereotypes regarding LASMEs. This study argues that, alone, main frameworks such as the Eclectic Paradigm, the U-model, network, resource-based, and CAGE, cannot fully explain the internationalization process of LASMEs. It proposes a more holistic internationalization framework for LASMEs that considers the extreme economic and sociopolitical realities in Lusophone frontier economies in Africa while preserving these theories but incorporating business digitalization tools and platforms through a holistic and as-needed basis.

Internationalization theories under the context of Lusophone African SMEs

Notwithstanding numerous investigations examining SME's internationalization (Aspelund & Moen, 2001; Dewhurst, Heywood, & Harris, 2012; Forsgren, 1989; Franco, Haase, & Rodini, 2020; Hymer, 1976; Johanson & Wiedersheim-Paul, 1975; O'Grady & Lane, 1996; Oviatt & McDougall, 1995; 2005; Pla-Barber, Villar, & Ghauri, 2020; Udomkit & Schreier, 2017), like Dunning's (1980, 2000) OLI framework, or Johanson and Vahlne (1977, 1990, 2003, 2009) U-model, only a few LASMEs investigated by this author (Goncalves & Smith, 2019) followed such frameworks. They attempted a similar internationalization pattern as SMEs studied by Coudounaris (2018), comprising non-exporters, conventional SME exporters, faster medium-sized exporters, decreasing exporters, and born-global. This author's investigation of 29 SMEs in AO and MZ points to a significant difference, much evident in SMEs from advanced economies: a generalized lack of resources which forces LASMEs to resort to alternative tools and processes not fully described or understood in extant internationalization theories, an argument also supported by Cannone and Ughetto (2014).

An attempt to enhance the theoretical framework may contribute to the available literature on the internationalization of LASMEs. Evidence of the increasing internationalization activity in Africa and the need for a broader understanding and analysis of LASME's internationalization process underlines this topic's growing importance. The continent offers a unique opportunity to correlate existing international business frameworks and theories through empirical observations and glocalizations, as Van de Ven and Jing (2012) observed, not to mention the several layers of more context-specific approaches to the internationalization process. As argued by several researchers (Meyer & Peng, 2016; Plakoyiannaki & Paavilainen-Mäntymäki, 2011), such contextualized descriptions may improve new international business theories research in Africa.

As summarized in Table 2, various theories aiming to explicate SMEs' internationalization have been developed and criticized over the past

Table 2. Main theories/frameworks attempting to explain the internationalization of firms.

<i>Theory/framework</i>	<i>Core concepts</i>	<i>Criticism</i>
Monopolistic advantage theory (MAT) (Hymer, 1960)	<ul style="list-style-type: none"> • Costlier overseas production due to significant uncertainties. • Attention is needed to switching costs and lower market knowledge. • OFDI on perceived benefits from interest rates in other markets. • Exploration of market and product imperfections abroad. 	<ul style="list-style-type: none"> • International operation is costlier; it requires some advantages. • Monopolies and Oligopolies are not as predominant anymore. • Overlooks government role in shaping institutions and policies.
International product lifecycle theory (IPLC), export then FDI (Vernon, 1966)	<ul style="list-style-type: none"> • All the parts/labor related to the product come from where it's invented. • Internationalized production gradually moves away from its origin. 	<ul style="list-style-type: none"> • Ignores SMEs' role in the global economy. • Focus mainly on the country level of trade. • Too wide-range globalization, entry choices are more strategic. • Excludes products traded without all the IPLC stages. • Only time-dependent processes and deterministic evolutionary path explained
Uppsala model (Johanson & Wiedersheim-Paul, 1975)	<ul style="list-style-type: none"> • Active comparative advantage. • PLC phases: introduction, growth, maturity, and decline. • Originated from behavioral theory. • Processes of SME's internationalization expansion are explained over time. • Gradual four sequential and successive internationalization stage. • Widely adopted by researchers in explaining SMEs' internationalization. 	<ul style="list-style-type: none"> • Uses an experimental survey method not defined in detail. • Fundamental settings change during internationalization. • INV/born-global SMEs circumvent the conventional method. • Based on manufacturing industries, neglects services sector.
The OLI model (Dunning, 1979)	<ul style="list-style-type: none"> • OLI influences internationalization. • FDI occurs if SME possess firm-specific or ownership advantages (FSAs) • The close linkage between 'O' and 'I' advantages in that a knowledge-type O advantage needs to be internalized. • 'L' advantages can be adequately explained by country-level analysis. 	<ul style="list-style-type: none"> • Too eclectic, FDI drives over-determined, especially for 'O'. • Focus on 'L' may confuse the relationship between market selection and the entry mode choice. • OLI overlooks the role of networks in international expansion. • Do not consider decision-maker's role in entry mode choice. • It is too static
Resource-based view (Wernerfelt, 1984; Barney 1986, 1991)	<ul style="list-style-type: none"> • Firm with abundant resources and know-how in using it more successful. • Originated from the monopolistic advantage theory of Hymer. • Capabilities help firm transform its resources into products or services. • FDI, as wholly owned subsidiaries, considered the default mode of entry. • International from the very beginning. 	<ul style="list-style-type: none"> • It does not explain how a specific resource can create sustainable competitive advantage. • Useful only if able to use resources for a competitive advantage. • Firms should not only aim to improve core competencies but minimize inferior capabilities.
<ul style="list-style-type: none"> • Born global (BG) enterprises are not unique to the 1990s. 		

(continued)

Table 2. Continued.

<i>Theory/framework</i>	<i>Core concepts</i>	<i>Criticism</i>
International new ventures, born global (McDougall, Shane and Oviatt, 1994)	<ul style="list-style-type: none"> • International awareness and networking by managerial team. • Firms attempt to achieve competitive advantage through technology. 	<ul style="list-style-type: none"> • BGS have existed since 1947 in large and small economies. • Ignores incremental efforts of traditional exporters.
CAGE distance framework (Ghemawat, 2001)	<ul style="list-style-type: none"> • Operate purposely in various foreign. • Even in the face of extensive globalization, distance matters. • Distance manifested in four major dimensions (CAGE). • Cultural distance presents a significant barrier. • Demonstrated quantitatively via gravity models. • The nature of business activities is collaborative. • Competitiveness by internal resources, interaction, and relationships. 	<ul style="list-style-type: none"> • Internationalization must be supported by SME's resources and capabilities, regardless of CAGE analysis.
Network theory (Håkansson and Johanson, 1992; Cumberland, 2006; Johanson and Vahlne, 2009)	<ul style="list-style-type: none"> • Business networks as 'webs of connected relationships.' • Relationships among actors are invisible and fluid. • International markets' selection is based on SMEs' relative efficiency. 	<ul style="list-style-type: none"> • It does not offer a predictive model. • Network relations are intuitively ad hoc and unintentional. • The qualitative methodology used can't be verified. • Business networks are not always constant.
Internalization theory (Rugman, Collinson and Hodgetts, 2012)	<ul style="list-style-type: none"> • When a foreign market competition is perfect, low control modes, such as exporting or licensing, are very useful, else FDI and internalizations are preferred. • Markets are naturally imperfect. 	<ul style="list-style-type: none"> • It does not show the effect of location advantage. • Foreign market competitors evolve into monopolistic enterprises. • Focus on cost minimization is quite restrictive. • It only addresses firms entering international markets seeking new opportunities.

20 years. Some scholars (Oviatt & McDougall, 1995, 2005) have highlighted the subjectivity and preconceptions of these internationalization methods, suggesting that although these models may not consistently be implemented in some conditions, they may still be valid and applicable in certain situations. Through their studies on psychic distance, researchers O'Grady and Lane (1996) have proposed specific theoretical adaptations to its concepts, subject to the environment in which internationalization occurs. Others, such as Sullivan and Bauerschmidt (1990), as well as Millington and Bayliss (1990), have been somewhat astringent, subjecting Johanson and Vahlne (2011) U-model's incremental framework to criticism. Not only did they reject the purported effect of psychic distance, but they argued, instead, that a gradual internationalization strategy does not explain the phenomenon of internationalization in itself. Overall, criticisms of these theories and frameworks typically address two areas: the first affecting the internationalization process, primarily at a 'stage theory,' and the second at the conceptual level (Andersson, 2006; Johanson & Vahlne, 2011).

There are a variety of reasons for African SMEs wanting to expand abroad, but not necessarily for the same reasons or drivers of SMEs from advanced and emerging economies. To mitigate the disadvantage of being latecomers, African SMEs could, for instance, elect a riskier internationalization approach to developing brand awareness and reputation with clients abroad more swiftly (Goncalves, 2017; Goncalves & Smith, 2019). Indeed, as proposed by Luo and Tan (1998) and Bonaglia, Goldstein, and Mathews (2007), some approaches could incorporate acquisitions of strategic assets abroad or even mergers and acquisitions of well-known brands (Chung & Kim, 2020; Luo, 2001, 2002; Luo & Tung, 2007; Museisi, 2013). A stellar example of such a case is South African Breweries' acquiring Miller in the USA to become SABMiller, then acquiring Snow Beer in China, before acquiring the Brazilian-Belgian's Anheuser-Busch InBev. Another instance is South Africa's Naspers' acquisition of a 46.5% and 9.9% interest in China's Tencent Holdings and the Beijing Media Corporation, respectively, and 30% of Brazilian Editora Abril; and Russian's instant messaging service company, Mail.ru. To be clear, these are not LASMEs; they are emerging rather than frontier economies.

Internationalization theories context for Lusophone African SMEs

In the past few decades, several digital technologies and telecommunications advancements have been developed; in particular, the internet, ICTs, and business digitalization through technologies such as semantic web, social media (SM), virtual worlds, digital wallets, deep learning, augmented and virtual reality, and the evolving intelligent/emotional and soon to come

symbiotic web. Dana and Ratten (2017) argued that these advances converge and integrate global markets at a level never experienced before and reach frontier economies in Africa, including Lusophone ones. Furthermore, declining global trade barriers and other geopolitical and macroeconomic factors foster much faster internationalization strategies, enabling LASMEs to expand abroad, especially across the continent. Consequently, some scholars question the strength of extant internationalization models (Goncalves & Smith, 2017, 2019; Magnani & Zucchella, 2021).

This author's research in AO and MZ (2017) showed that progressively staged models could not effectively elucidate internationalization modes adopted by LASMEs, predominantly considering some international new ventures (INVs) or born-globals. An amalgamation of OLI, Uppsala, CAGE, and the network theory, as represented in Figure 1, was implemented by this author as an alternative approach when investigating the 29 LASMEs in MZ and AO. This interwoven model was an attempt to illustrate the internationalization of these LASMEs best, as none of the leading theories, by themselves, were able to explicate the entire process when expanding abroad. This author observed that OLI could justify the initial motives for a LASME's internationalization in most cases. The U-model was suitable for explaining the early market expansion abroad. Similarly, this author encountered indispensable factors envisaged in CAGE, heavy dependence on network theory and online community of practices (CoPs). These frameworks,

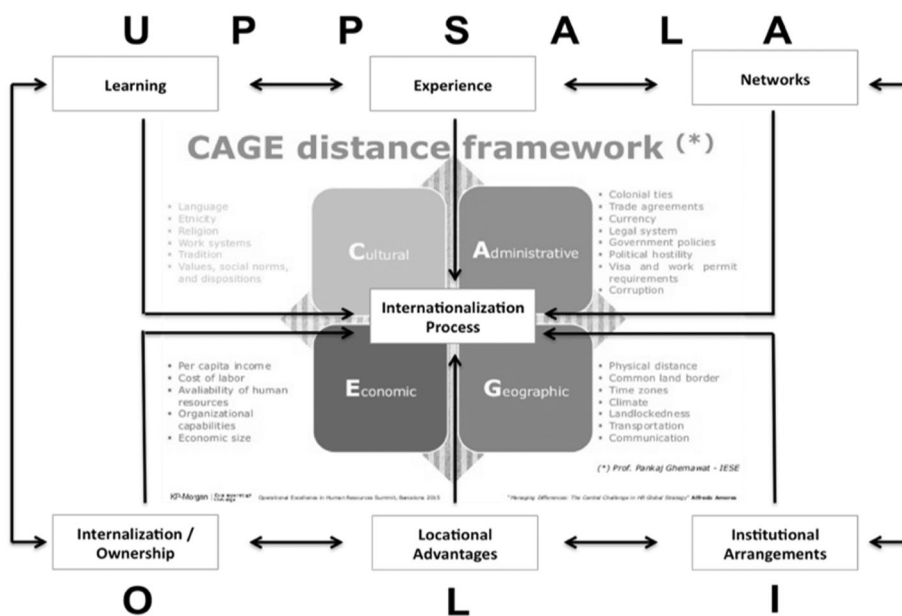


Figure 1. Potential factor which could influence LASME's internationalization.
Source: Adaptation of Amal and Rocha Freitag Filho (2010) and Museisi (2013).

however, did not anticipate the adoption of the internet, ICTs, and business digitalization through web services, CoPs, and SM.

This author found that the internationalization process of these 29 LASMEs in MZ and AO deviated from OLI's predictions as these SMEs were still capitalizing on their cost advantages locally. The motives for internationalizing varied from one LASME to another, depending on time, domestic and economic conditions, and other factors inherent to each of them. Several researchers, including Miller (1988), Meyer and Estrin (2001), Eden and Dai (2010), and more, recently Szunomár (2020), have also argued that several institutional factors and ideal strategies must be considered when entering a market and determining optimal market selections abroad for FDI.

Whereas the literature suggests SMEs undertake an evolutionary path, progressing through incremental stages (Caves, 1982; Porter, 1990; Turnbull, 1987), empirical research, such as Gurau and Dana (2020), has shown that nowadays, SMEs may bear distinct stages and strategies through their internationalization. This author's findings suggest that stage models of internationalization were unsuitable for elucidating how these LASMEs investigated in MZ and AO internationalized, particularly for the INV/born-globals. Most LASMEs investigated failed to embrace extant methods fully, as several sought the formation of joint ventures or partnerships overseas, which finds support in Gurau and Dana (2020) research. Others selected the INV/born-global path, and still, others opted to institute virtual SMEs and engage in e-commerce, mainly B2C exports, as Goncalves and Smith (2019) reported.

Network theory attempts to explain how SMEs progress through their readiness to foster connections in a new market abroad (Elo, 2005; Fletcher & Barrett, 2001; Hilmersson, Johanson, Lundberg, & Papaioannou, 2021; Morrish & Earl, 2021; Sydow, Windeler, Wirth, & Staber, 2010). However, this author found that networking did not fully apply to the LASMEs investigated in MZ and AO due to a general lack of industrialization initiatives, combined with economic hardships, weak governance, low academic education and research, and other socioeconomic factors.

Recent studies (Crick & Spence, 2005; Dana & Dumez, 2015; Goncalves, 2017; Goncalves & Smith, 2017, 2018, 2019) have recommended applying a holistic and all-inclusive framework to explain the internationalization of SMEs. The typical nonintegrated process of internationalization strategies, as argued by Axinn and Matthyssens (2002) and Crick and Spence (2005), coupled with existing framework inefficiencies as discussed earlier, suggests no single internationalization framework can fully describe and validate the internationalization processes.

Similar arguments can be made regarding LASMEs when considering the challenges this author encountered studying these 29 SMEs' internationalization process. An argument can be made that the adoption of

digitalization and ICT tools for business inexorably drove the internationalization process of LASMEs. The role of SM (Maltby, 2012) and the reliance on mobile technologies and web services for membership in CoPs have enabled these SMEs to interact with a wide range of peers in Africa and abroad, sharing experience and contacts, as well as best practices. This phenomenon has been observed by Kietzmann, Hermkens, McCarthy, and Silvestre (2011). Several SMEs were able to engage in co-creation and collaboration projects, online discussions about potential target markets, and product and services selections. Other contributing factors were development efforts and reliance on professional interest groups domestically and internationally via many CoP online platforms such as LinkedIn.com professional groups, Facebook, and other SM outlets such as Twitter, Pinterest, Tik Tok, and Instagram. These online platforms could fast-track the internationalization process by instantly providing information, professional networking, and solving problems in various geographical locations across the globe, inexpensively.

Such digital strategies are corroborated by other researchers (Bailetti, 2012; Goncalves & Smith, 2018; Hurmelinna-Laukkanen, Haapanen, & Holma, 2020), among others. Barreto (2013) and Hurmelinna-Laukkanen et al. (2020) observed that such an internationalization approach relying on digital technologies, the internet, SM, web services, and ICTs such as Skype, Microsoft Teams, Zoom, and WebEx allowed SMEs interested in new markets abroad to participate and operate through online platforms in unprecedented ways. Twenty-three of the 29 Mozambican and Angolan LASMEs studied by this author not only maintained contact with other professionals in their industries across the globe through these digital platforms, but they also gathered invaluable information regarding market opportunities, challenges, and global events, which led to valuable exchanges of information about business opportunities, new markets, and the competitive landscape. Gelbuda, Kazlauskaite, and Venciute (2015) argue that the same drivers are also manifest in prospective consumers. They can query other consumers via SM for feedback on goods and services through platforms such as Facebook, Instagram, Qzone, Weibo, Tagged, Twitter, YouTube, and RenRen.

No SME should attempt an expansion abroad without articulating an internationalization strategy. Without it, any endeavoring beyond international borders will likely fail. Internationalization strategies present several risks and are capable of considerably impacting the SME's expansion abroad, especially from frontier economies. Finding an internationalization model capable of better illustrating how LASMEs are expanding overseas is relevant. In particular, one that considers the latest internet working and digital technologies advancements, and the rapid digitalization of the

world's markets, especially after the global COVID-19 pandemic. The ability to explain LASMEs' expansions abroad can increase internationalization efficiencies and assist local governance in developing suitable policies to incentivize local SMEs to expand overseas.

Research methods and approach

This paper relies on an investigation conducted by the author (Goncalves, 2017) using a qualitative online survey. In the field, semi-structured interviews were conducted with selected LASME's executives in MZ and AO, and a descriptive case study method investigated the overarching research question as to how LASMEs internationalize. This author also relied on additional sources for framing the development of the survey and interview questions, as detailed in various publications on the results' subsets of the research (Goncalves, 2017, 2018; Goncalves & Smith, 2017, 2018, 2019), including secondary data from reports, research findings, cases, surveys, interviews, articles, documents, and observations.

During that research, following the distribution of an online Likert scale survey to 1282 potential respondents (716 in Angola and 566 in Mozambique), 29 thoroughly answered the survey, and 26 indicated their willingness to engage in semi-structured interviews in both Luanda (AO) and Maputo (MZ). While the low response rate impacts the findings' generalizability, the subsequent in-depth interviews and a comprehensive SME's comparative case analysis (Dana & Dumez, 2015) proved indispensable for exploring the research questions in more significant detail. In-depth phenomenological interviewing and analysis of emic themes enabled a focus on the language, data, and stories told by the interviewees, including senior management and executives, as ways toward knowing and understanding the issue and context involved in the internationalization process of their LASMEs. Such methodology for entrepreneurship research finds support from scholars such as Dana and Dana (2005), who have long advocated for the use of case analysis, and not only online surveys and interviews, for a more holistic understanding of the entrepreneurial process.

Of the SMEs interviewed in Angola and Mozambique, 83% were small enterprises with less than 200 employees, and a third of them with less than 20. The research also utilized both descriptive and explicative frameworks – descriptive in its attempts to identify and describe the main strategies used by LASMEs and explicative as it attempts to understand and justify the motivation behind the adoption of identified strategies. Researchers (Dana & Dana, 2005; Ghauri, 2004; Pauwels & Matthyssens, 2004) have argued that the strengths of a case study approach such as this

lies in the reliance on a longitudinal approach and its contextual ability to help the researcher on a more in-depth exploration of the environment.

A complete summary of this study, including research methods, survey findings, and semi-structured interviews, is available (Goncalves & Smith, 2017). While it is beyond this paper's scope to include results from all questions utilized in the survey and semi-structured interviews conducted, it is essential to highlight the challenges encountered by this author when trying to explain the internationalization model of these LASMEs through the lenses of extant theories. This author had to combine four juxtaposed distinct frameworks to explain best how these LASMEs internationalized. Notwithstanding, such a strategy still did not fully explain the internationalization path taken by these LASMEs, primarily due to their use of the internet, the adoption of business digitalization strategies, and ICTs in general.

A proposed reconceptualized integrated internationalization approach method (IIAM)

The inability of any given internationalization framework to wholly explain the internationalization process of LASMEs implies that existing frameworks may not consider the challenging realities of attempting to build competencies or select an ideal partner. That is true both locally and abroad, not to mention the increasing reliance on the internet, ICTs, CoPs, SM, and other business digitalization tools. As argued by Li and Meyer (2007) and more recently Freixanet and Renart (2020), those competence building challenges, by comparison, diverge from one SME to another, contingent on distinct factors; particularly how internationalization drivers manifest, as more experienced SMEs have business and operation capabilities not evident in earlier stage SMEs.

In an attempt to overcome some of the gaps in current internationalization theories, scholars such as Gannon (1993) and Li (2007) have proposed inclusive or more cohesive models to explicate the rationale influencing SMEs' internationalization process. Not much progress has been attained thus far, however. This paper introduces a reconceptualized and more integrated approach; one mainly focused on LASMEs, which necessitates examining existing internationalization frameworks and how adaptable these are to Lusophone African economies' geopolitical, socioeconomic, and entrepreneurial contexts.

To accomplish such a task would require considerable effort. This paper is merely a first step, a work in progress as it were, and a collaboration call to the international business research community for more extensive theoretical analysis and empirical investigations. As depicted in [Figure 2](#), this conceptual paper proposes a more holistic framework that relies on what

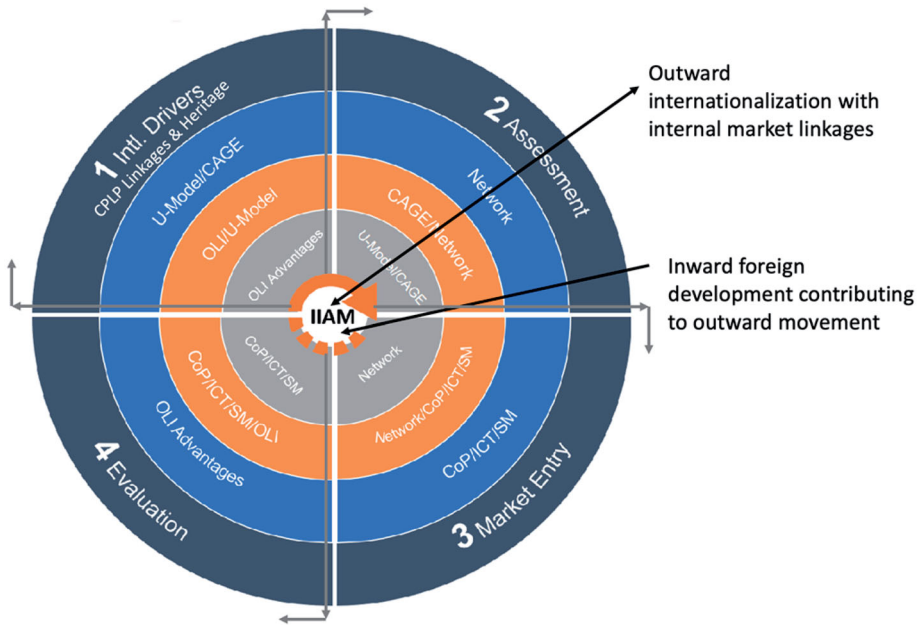


Figure 2. Proposed IIAM (see online version for colors).

this author dubs an *IIAM*, incorporating an integration of the main internationalization frameworks discussed earlier, and important distinctive considerations LASMEs face when developing an internationalization path. These are important considerations when attempting to analyze the internationalization process taken by LASMEs, including, but not limited to, the enterprise’s organizational and market environment factors, both endogenous and exogenous.

The *IIAM* framework potentially might be expedient not only for LASMEs but also SMEs across Africa as a viable lens to best understand the internationalization process when similar environmental scanning is considered. Further study and validation need to be carried out, as this proposed method still requires much empirical support and a broader investigation. Each construct in the proposed framework consists of presets from four internationalization frameworks – OLI, U-model, network, and CAGE – and the adoption of a business digitalization strategy through the internet and the convergence of ICTs, CoPs, and SM, all of which takes into consideration variables and various dimensions.

In the first quadrant depicted in Figure 2, the *international drivers phase*, internal factors are considered potential internationalization drivers, including more specific resources required by LASMEs, such as market expansion among the Community of Portuguese Language Countries (CPLP) as a historical link and common language heritage, internationalization strategy development and products or service’s attributes. Among enterprise-specific

resources, Ekeledo and Sivakumar (2004) and, more recently, Ding and Shi (2021) observed examples of tangible assets to include LASME's maturity level and size, competitive intelligence, and its overall financial health and profitability. Models of intangible assets could be incorporated into LASME's organizational culture, standing reputé, and brand awareness. The LASME's competencies, as supported by Quer, Claver, and Andreu (2007) and Ding and Shi (2021), may comprise knowledge of targeted international markets, global business acumen, digital literacy, and tacit know-how of international operations management, and potentially privately-owned technology and other forms of intellectual property. These internationalization drivers are developed through an outward process with internal market linkages.

During the earlier stages of the *internationalization drivers phase* (while in the domestic market position), in an outward effort to internationalize, all 29 LASMEs studied by this author considered OLI advantages but relied on the U-model as a way of evaluating potential drivers in this process, from exporting and licensing, to FDI. During this initial phase, the historical links and common language heritage of the CPLP group and the CAGE framework (Ghemawat, 2001, 2007, 2011) also become fundamental in providing early-stage knowledge about the foreign market. Both assist in determining the psych distance, as common language tends to reduce such distances, and related factors to be weighed before stepping into the second, subsequent IIAM phase: *assessment*. Johanson and Vahlne (1977) observed that a more mature and experienced SME would have a broader range of options than earlier and less experienced ones in developing their internationalization strategy. Chetty, Eriksson, and Lindbergh (2006) corroborate this theory. SMEs can best recognize and utilize OLI advantages and, as predicted by the U-model, consider a more gradual internationalization process in line with its ability to support the strategy.

Indeed, most of the LASMEs investigated by this author internationalized through joint ventures abroad, which in its nature required an intense two-way relationship with the partnering enterprises, creating between the parent enterprise, as supported by Luo (1999) and Hennart (2014), a jointly interdependent link. Twenty-three of the 29 LASMEs were unable to assess potential joint venture opportunities and commit to such a relationship until they understood the potential foreign market (through OLI) and their partners. Its business contexts (through OLI/U-model) assess capabilities and reputation and build enough trust to evaluate such opportunities (U-model/CAGE). Tacit knowledge is necessary, however, which could be obtained through experience or feedback from online CoPs and a network of expert professionals in areas being sought out. This knowledge could provide preliminary and ongoing information, including the role of

language in the internationalization of these SMEs. Although globalization has led to a convergence of practices, LASMEs' responses have diverged due to local conditions, a process described as glocalization (Green, 1999). That is to say, the success of the entrepreneurial attitude might be found abroad, and to remain relevant and active, the local language is of primary importance. When internationalizing, LASMEs are then confronted with a dilemma to either transform and adapt to the language spoken in the target market or keep the local language as the primary language of communication and instruction. This first step, broken up into a three-stage process (first quadrant), is vastly more integrated than other internationalization frameworks have depicted.

In the second quadrant, the *assessment phase*, the relative relevance of this phase varies with the degree of access LASMEs have to information concerning a potential internationalization process gathered in the first stage of *internationalization drivers* (through U-model/CAGE). In this phase, external factors such as industry and local and international market factors are assessed. CAGE enabled these 29 LASMEs in MZ and AO to determine their psychic distance level concerning target markets, especially ones associated with dissimilarities among the local and international target markets relative to the culture (e.g., linguistic dissimilarities, religion, customs), administrative (e.g., government policies, taxes, tariffs), geographic (e.g., infrastructure, accessibility), and economics. As confirmed by Gatignon and Anderson (1988), Hill, Hwang, and Kim (1990), and various other researchers over the decades, SMEs typically can assess business processes and practices that could influence their selection. Indeed, as Elango and Sambharya (2004) observed, and this author would argue, such due diligence at this phase is paramount, as CAGE offers valuable support. Kwon and Konopa (1993) and, more recently, Asiedu (2006) have already remarked that local or international government restraints, political unpredictability and corruption, the ineffective legal system, and tariffs can potentially increase risks for the internationalization strategy and quickly turn the investment inviable.

During this phase, industry-specific factors are assessed, including, as contended by Mpoyi and Vol (2003) and Elango and Sambharya (2004), considerations regarding the industry and market size, current demands, and potential growth projections. More specifically, as maintained by Erramilli and Rao (1993) and Gannon (1993) and Zhang (2007), such industry factors are correlated to the industry's current structure, including capital-intensive versus labor-intensive requirements, and the level of competitiveness in the targeted industry. As Chang (1995) has observed, such factors are essential, as the degree and speed of internationalization might influence the entry mode selection. For all 29 LASMEs investigated

by this author, network relations were essential to assess such industry-specific variables for the inception of the enterprise structure abroad, its memberships in CoPs, and engagement with SM and networks. LASMEs followed prospective and current customers within the African continent and into overseas markets. LASMEs sought to offer their unique products and services abroad and sought other resources complementary to theirs.

In the third quadrant, the *market entry* phase, the reliance of the LASMEs pertains to networking, both CoPs and SM, substantially expanded, as they helped the investigated LASMEs to enter international markets in various ways. Developing relationships with foreign partners remained a challenge due to a lack of financial resources, local government incentives, and infrastructure. Once present in a foreign market, LASMEs continued to rely on the internet, CoPs, and SM as an affordable and versatile way to cope with challenges. Meetings were conducted predominantly over the internet via Zoom, Skype, WhatsApp, Signal, Telegram, WeChat, and Line. Products and services were showcased and traded via platforms over the internet, such as eBay, Taobao, Alibaba, Facebook, Sina Weibo, Renren, Youku/Tudou, Instagram, Wish, and a plethora of others. Web scraping tools such as Python and Octoparse were used to gather market and customer data over the internet and feed big-data systems, which identified accurately niche markets, customers, and opportunities using data analytics.

These digital technologies and the digitalization of business could significantly accelerate knowledge accumulation and sharing very inexpensively, including the gathering of limited intelligence specific to target markets abroad. Without a reliable reference about the quality of data gathered over the internet, however, at this third stage, these investigated LASMEs mainly relied on a reputable and well-established network of international business professionals familiar with foreign markets and the internationalization process, which is supported by Knight and Kim (2008). All 29 LASMEs were able to collect business intelligence from various global markets, empowering them to assess market opportunities best independently. In this phase, these LASMEs expanded their knowledge-gathering beyond U-model/CAGE to rely more heavily on network and CoPs. Access to the internet, SM, and CoPs became a significant competitive advantage at this stage. Geringer and Hebert (1991) and Luo and Peng (1999) support these findings, arguing that professionals with international business experience can offer newly internationalized firms potential benefits from networks they have formed to evaluate potential partnerships and the development of relationships able to foster a mutually advantageous joint venture.

The fourth quadrant, the *evaluation* phase, is a critical stage in the IIAM framework, as scholars (Antonsson & Arrhenius, 2011; Slager, 2005) have already argued that during internationalization, SMEs tend to experience a

reduction in performance, although other studies suggest the opposite, a positive impact, especially for banks or other financial institutions (Hejazi & Santor, 2005; Sullivan, 1994). No extant internationalization framework offers an explicit phase where SMEs can evaluate their international strategy. All 29 LASMEs studied observed that the internationalization process's impacts were broad and diverse across performance measures and variables. Although internationalization may result in a positive return on assets (ROA), earnings before provision and tax margins (EBPTM), and net profit margin (NPM) across financial institutions, which is supported by Barua, Khan, and Barua (2016), on average, the net effect of internationalization can be detrimental resulting in a net burden on operations and costs, as observed by Antonsson and Arrhenius (2011). Therefore, LASME's internationalization process must be evaluated, relying not only on technical and quantitative data, such as financial reports, profit and loss statements, and revenue forecasts, but also through substantial amounts of information, both quantitative and qualitative, and tacit knowledge available through CoPs, social networks and think tanks. This author also observed that more mature LASMEs had mechanisms and business processes to evaluate the results effectively, but most did not. While such information may not be scientific, it can signal early warnings that a particular data set from vetted venues may not be accurate. LASMEs can access such CoPs and industry-specific SM to explore information further to understand the international market opportunities fully and subsequently seek scientific evidence.

As shown in [Figure 2](#), as LASMEs evaluate their internationalization strategies during the IIAM's fourth quadrant, CoP and industry-specific SM can generate a lot of insight and raw data regarding the SMEs' performance. At the second stage in this phase, OLI can be an excellent framework to reassess LASMEs' performance abroad. Positive results will motivate the reinforcement or expansion of LASMEs' position overseas or detract. This process is an ever-evolving and non-linear one. LASMEs would continuously assess internal factors and domestic markets against motivations and opportunities to expand abroad, establishing outward internationalization with internal market linkages.

Discussion

This concept paper argues that when considering LASMEs and potentially SMEs from frontier economies in Africa, instead of relying on stage models of internationalization, an integrated and holistic framework, such as the proposed IIAM, would be more appropriate. Using this author's 29 LASME's study, this paper depicts such internationalization as an intricate process. Concepts inherent in stage models and the network perspective are

evident but do not fully explain the process. Internationalization contains too much breadth and depth to be defined exclusively or examined by anyone's theoretical framework.

LASMEs are challenged with various internationalization deliberations simultaneously, often with few resources to tap. Entrepreneurs also have difficulty recognizing themselves in extant approaches. When it comes to Lusophone Africa, the abstractions that literature presents for internationalization drivers defy reality in cases where numerous motivational advantages are not adequately addressed. The IIAM approach's contributions propose a framework constructed by identifying several motivational drivers and tensions that may explain the outcomes of actual LASMEs' internationalization process: from endogenous to exogenous drivers, to strategic intent, assessment and execution, and tactical and strategic considerations.

The IIAM approach offers practical implications for the method in a new reconceptualized framework, assisting scholars and LASME managers to recognize the multifaceted arrangements of internationalization driver's best and, consequently, arrive at a more representative narrative of what essentially induces LASMEs to embrace a specific internationalization strategy. Through IIAM, unlike staged models such as the U-model (Johanson & Vahlne, 1977), LASMEs can develop internationalization strategies more aligned with other frameworks relying primarily on the specific factors eliciting a particular internationalization approach and in the specific phase in which a firm may find itself along the internationalization process.

The most significant academic implication this reconceptualized framework offers is the evocation of a more innovative and integrated analysis when investigating the internationalization of LASMEs. Unlike the staged models, which omit that entrepreneurs have a strategic choice, and the operation mode decision is not only determined by a single influence factor, the IIAM framework acknowledges that the internationalization drivers are often composed of multilateral inward and outward drivers. Furthermore, both LASMEs aspiring to internationalize and policymakers can likewise benefit from this conceptual framework by acquiring a more significant understanding of the pathways they can embark on and reconcile any dissimilarities in perspectives approaches.

Limitations of the model

This reconceptualization of internationalization frameworks and the proposed IIAM model is constructed mainly on the findings of this author's analysis of 29 LAMNEs in MZ and AO in 2016, which cannot be generalized, being likely biased, notwithstanding limitations in scope. These two countries are relatively small compared to leading economies in Africa,

such as Nigeria, South Africa, Kenya, and Egypt, and do not represent the much broader African SME landscape. Further research must be developed to broaden the reach and scope of this concept paper. Also, every qualitative case-based research analysis tends to introduce doubt related to the generalizability of its results. The same is true for this paper, not only for the vast number of existing LASMEs across Lusophone Africa – members of the Portuguese-speaking African countries, in addition to Angola and Mozambique, include São Tomé and Príncipe, Guinea-Bissau, Equatorial Guinea, and Cape Verde and more broadly, to other African SMEs across the continent.

Despite these limitations, the proposed IIAM framework favors a more holistic and integrated approach to understanding LAMNEs internationalization offering insightful inferences for international business researchers and practitioners. Although heavily reliant on this author's 2016 research due to the lack of other available compatible studies, this paper may offer an alternative framework of analysis of the inadequacies of various internationalization frameworks unable to explain LASME internationalizations' advantages and its critiques.

Recommendations for research

The IIAM framework, as a new concept, offers alternative lenses for future research on the internationalization of LASME. International business researchers considering the adoption of the IIAM framework may benefit from its methodical and emergent process, which contributes favorably to the body of interdisciplinary knowledge development and conceptual refinement from a three-pronged approach: firstly, it contributes to the extant internationalization process literature through the development of a reconceptualized and more integrated taxonomy of internationalization processes; secondly, it attempts to expand the current understanding of LASME internationalization by adopting a more integrated and process-oriented method and development of new taxonomy in the LASME research context; lastly, it contributes to the interdisciplinary debate through the framing of a set of testable conjectural propositions intended to direct further empirical studies.

Perhaps the most critical contribution this paper offers is a re-affirmation that all available internationalization frameworks, inclusive of the scholarly information of these modes of entry, must be adopted as context-specific except when enough empirical indication exists to support its generalizability. Besides, no matter how significant one framework or theory's effects, it may not apply to another. Thus, international business scholars must be willing to promote, together, a more systematic comparative research design and

replication studies in their research agendas. This concept paper does not directly address any governmental policy aspects. International business scholars conducting future research on the internationalization of SMEs in Africa, however, in particular LASMEs, should be mindful of the rising trend in pan-African SMEs' internationalization, not to mention the ever-increasing necessity to comprehend more richly how these internationalizations take place and their mode of entry selection. The IIAM framework can be instrumental in this process.

Notes on contributor

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