



Exploiting emerging market complementarities: Delayed, then accelerated internationalisation in a technology EMNE

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Structured Abstract

Purpose: The paper explores the delayed, then accelerated internationalisation of an emerging multinational enterprise (EMNE), with a particular focus on the media technology sector, and how it exploited complementarities between emerging markets.

Design/methodology/approach: The research is qualitative in nature and focuses on the expansion of a South African media technology EMNE case study that has a footprint in over 130 countries and has one of the largest market capitalisations of any media company outside the US and China.

Findings: EMNEs have unique capabilities in navigating uncertain institutional environments in emerging markets and are able to capitalise upon the institutional complementarities between their home and host countries. This may facilitate the recognition of market opportunities and the harnessing of new technologies to meet these opportunities in complementary markets for accelerated internationalisation.

Practical implications: EMNEs must capitalise upon the institutional complementarities between home and host country locations and use this to take advantage of identified market opportunities. This creates the possibility for a process of accelerated internationalisation. New technologies are creating particular market opportunities in emerging markets which can be exploited by EMNEs.

Originality/value: We provide a framework which illustrates how an EMNE can exploit complementarities between emerging markets to identify market opportunities, capitalise upon institutional similarities, and harness new technologies in the process.

Introduction

Multinational enterprises (MNEs) internationalising into emerging markets often find themselves having to contend with dual disadvantages, namely, coping with uncertain institutional environments and a product set that may not align with local market conditions. Emerging MNEs (EMNEs) are thought to possess certain advantages in emerging market contexts both because they may be more familiar with these types of institutional milieus and because their products and technologies may be better suited to these markets. Whilst the focus of MNE expansion has traditionally been on leveraging inherent firm or country-specific advantages (Bhaumik, Driffield, and Zhou, 2015; Hillemann and Gestrin, 2016), in emerging markets additional factors have been emphasised especially concerning the complexity of their institutional environments (Ahmadjian, 2016; Luiz and Ruplal, 2013; Narula and Kodiyat, 2016; Pananond, 2015). EMNEs do not have the benefit of coming from home countries with mature institutional and governance environments afforded to traditional MNEs (Cuervo-Cazurra and Genc, 2008) and rather come from economies characterised by weaker institutions and turbulence (Luiz et al., 2017; Marquis and Raynard, 2014). Despite this, EMNEs have accelerated their expansion to both advanced and emerging countries (Bandeira-de-Mello, Fleury, Aveline, and Gama, 2016; Contractor, Lahiri, Elango, and Kundu, 2014). This has led Guillén and García-Canal's to ask (2009, p. 25) "why have they (EMNEs) been able to expand abroad at dizzying speed, in defiance of the conventional wisdom about the virtues of a staged, incremental approach to international expansion", without a definitive response.

The purpose of this research is to explore the accelerated internationalisation of an EMNE, with a particular focus on the media technology sector, and how it exploited complementarities between emerging markets. The case of Naspers is particularly interesting, not only because it is one of the largest media companies in the world, and perhaps surprisingly is based in South Africa, but also because of its dominance within emerging markets and its major shareholdings of internet giant Tencent in China (33%) and Mail.Ru which is the largest internet business in Russia through its 100% ownership of MIH. We focus on the role that institutional factors have played in facilitating its internationalisation, identifying market opportunities, and harnessing particular technologies to internationalise in an accelerated manner. We use the term "accelerated internationalisation" even though the company took several decades before it started its internationalisation process but once the internationalisation began, it did so in an accelerated

manner reaching a footprint of 130 countries within two decades. It would therefore more accurately be described as delayed, then accelerated internationalisation.

Whilst research has shown that institutional environments can augment an EMNE's unique ability to expand internationally (Cuervo-Cazurra et al., 2017; Gammeltoft, Barnard, and Madhok, 2010; Gammeltoft, Pradhan, and Goldstein, 2010), there have been calls to contextualise these institutional factors as research has also found disadvantages for EMNEs associated with their weak domestic institutions (Cuervo-Cazurra and Ramamurti, 2015; Liou, Chao, and Yang, 2016; Narula and Kodiyat, 2016). We argue that EMNEs have distinctive capabilities in navigating uncertain institutional environments in emerging markets and are able to capitalise upon the institutional complementarities between their home and host countries. This provides them with insight into market opportunities and the embracing of new technologies can enable the exploitation of these opportunities in an accelerated process of internationalisation. We thus contribute to the understanding of how home country institutional environments affect the nature, timing, and location choices of internationalising EMNEs, and the synergies and complementarities between home and host country institutional settings. This provides nuance to research on the Uppsala model. We also contribute to the literature on accelerated internationalisation of EMNEs by contextualising that acceleration from a home country institutional perspective. Furthermore, we demonstrate the role of new technologies in allowing for the identification and exploitation of new market opportunities in emerging markets, which enables this accelerated internationalisation. We demonstrate how a technology EMNE is able to leverage off its vast platform both technologically and geographically to facilitate internationalisation and growth elsewhere on the platform.

Literature review

The internationalisation of EMNEs

The Uppsala school (Johanson and Vahlne, 1977) argues that internationalisation occurs gradually through incremental resource commitments to foreign markets as firms learn about new locations. But increasingly questions are being asked about whether internationalisation can happen at an accelerated pace with alternative forms of learning, such as through partnerships in joint ventures (Buckley and Casson, 2009), isomorphism (Salomon and Wu, 2012), and acquisition (Buckley et al., 2016). Johanson and Vahlne (2009, 2013) also updated their theory to address network capabilities which allows for learning, dynamic capabilities, and mitigating tough

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3 institutional aspects of host environments. The main criticism leveraged against the Uppsala
4 school, when considering its appropriateness for EMNE expansion, is its inadequacies when
5 exploring the speed of EMNE internationalisation (Gammeltoft, et al., 2010; Guillén and García-
6 Canal, 2009; Thite et al., 2015). Mathews (2006) argues that EMNEs rarely engage in a path
7 dependent and evolutionary strategy, and that there is little support for a staged
8 internationalisation to psychically close markets initially only to evade the liability of foreignness.
9 Gammeltoft, Barnard and Madhok note (2010, p.96) EMNEs are “internationalising in a different
10 era, with different starting points and possibly very different internationalisation patterns and
11 paths”, and therefore there is scepticism as to whether traditional models cover the nuances of
12 EMNEs.
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20 The question of whether EMNEs require a distinct theory to support their
21 internationalisation has been termed the Goldilocks debate by Cuervo-Cazurra (2012) with three
22 views: firstly, EMNEs require new theory to describe their internationalisation strategy; secondly,
23 no new theory is required to explain their internationalisation strategies; and finally, existing
24 theory can be extended to accommodate the global rise of EMNEs. For example, Rugman (2009)
25 argues that EMNEs exploit home country specific advantages (CSAs) when internationalising as
26 they do not have significant firm specific advantages (FSAs) to be competitive in foreign host
27 markets, whilst Buckley et al. (2016) debate this because it fails to explain how the CSAs
28 available to all firms can sustainability be leveraged in international expansion.
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36 What is increasingly recognised is the importance of the particular institutional context of
37 emerging markets and the impact that that may have on internationalisation. In general emerging
38 markets are characterised by more uncertain and weaker institutional milieus (often termed
39 institutional voids) - where the rules of the game are ambiguous, infrastructure is lacking,
40 transaction costs are high, and market counterparts have to find ways of transacting without the
41 supporting institutions and the inefficiencies that that raises (Luiz and Stephan, 2012). These
42 voids have been recognised as both push and pull factors within internationalisation. As regards
43 the former, weak institutions are seen as stimuli for EMNEs to look to OFDI as an option to
44 mitigate the transaction costs of their domestic market (Barnard and Luiz, 2018; Buckley et al.,
45 2007; Mingo et al., 2018). And Cuervo-Cazurra (2016) motivates that home country conditions,
46 such as political uncertainty, violence, pro-market reforms and reversals, and geographic isolation
47 can drive a firm to escape the domestic conditions.
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4 Buckley et al. (2016) state that despite having built up the necessary financial resources,
5 many EMNEs lack the competitive FSAs in marketing, managerial skills and technological
6 expertise and therefore pushed internationally to address these deficits through acquisition (also
7 see Luo and Tung, 2007). This implies that EMNEs are given an internationalisation jolt to escape
8 domestic conditions and seek new advantages which would suggest that EMNEs expand to
9 stronger institutional environments or what Luiz et al. (2017) term institutional substitution. On
10 the other hand, the domestic institutional environment can also provide EMNEs with advantages
11 particularly when moving into other emerging markets as their knowledge of operating in
12 institutional uncertainty can provide them with a competitive advantage - a form of institutional
13 complementarity (Luiz et al., 2017).
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21 Our case study allows us to explore this debate as to the nature and process of
22 internationalisation of EMNEs and whether they follow an incremental or an accelerated pattern,
23 and the role of host and home country institutions in affecting the location and the broader pattern
24 of internationalisation. In the case of Naspers, we demonstrate how the company utilised its
25 understanding of emerging markets' institutional and market complementarities, based upon its
26 South African home country experience, to accelerate its internationalisation by exploiting new
27 technologies.
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33 *Disruptive innovation as a source of internationalisation for EMNEs*

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35 Emerging economies are experiencing rapidly changing market conditions as a result of growing
36 and changing demand and rising income levels. High growth is creating new market opportunities
37 but these opportunities may be influenced by the particular characteristics of emerging markets
38 and thus may be better aligned to EMNEs (Rui, Cuervo-Cazurra, and Un, 2016). Furthermore,
39 changing global market structures, accompanied by fast-changing technologies, implies that firms
40 increasingly need to adapt to changes in industry structures. This can be compounded in emerging
41 markets where a new subset of consumers have specific needs requiring adaptation of legacy
42 offerings to new markets, or innovative new product development appropriate for such markets
43 (Agnihotri, 2015). In some sectors, new technologies are creating new market opportunities and
44 possible disruption which may be better aligned to emerging market contexts.
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52 Disruptive innovation relates to existing business models and networks of value being
53 upset by innovations that lead to discontinuous change (Bower and Christensen, 1995; Kriz and
54 Welch, 2018). In the emerging market context, MNEs need to invest in technologies that can
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support the future growth potential of the host market (Christensen, 1997), but these markets and industries may not necessarily have been proven yet. New technologies in emerging markets can exacerbate risk for MNEs and thus their operations may require business models to be fundamentally reassessed (Ramamurti and Singh, 2009). Bartlett and Ghoshal (2000) argue that firms that are able to assess the need and potential of new technology adoption are able to create business models with a global vision before the scale is obviously viable. In the context of disruptive innovation in emerging markets, EMNEs can capture markets by determining which technologies can align with the needs of the market. The result is a complex situation for MNEs looking to enter emerging economies as they need to consider the market's institutional variables, their organisational makeup, and their internal capabilities for absorbing local technology and catering to host needs (Wu et al., 2016; Lynch and Jin, 2016). Qiu and Fan (2013, p. 39) write that "as emerging markets are becoming drivers of fundamental and disruptive innovation, it involves not just redesigning products but also rethinking (the) entire business system."

If EMNEs can target markets with new technology products, and later leverage those innovations into existing markets (Lynch and Jin, 2016), there is an opportunity to generate rapid growth (Thite et al., 2015). By augmenting, transferring and leveraging technologies within their broader network, EMNEs can tailor their solutions to target disruptive technologies to offer a localised product fit, and to leverage growth to other emerging markets in an accelerated manner with limited competition. Those firms that are both open to utilizing innovation and absorbing potential failures are better positioned to capitalise on internationalisation opportunities that weaker institutional ecosystems offer (Lynch and Jin, 2016). Therefore, by pursuing strategic assets in dynamic emerging markets, EMNEs have the potential to build a competitively advantageous position where other businesses are not willing to venture.

Our case study lends itself to an analysis of how innovation and technologies can be used to identify new market opportunities in emerging markets and thereby to expedite internationalisation into these markets. Furthermore, EMNEs may have particular advantages in recognising the opportunities that this presents in other emerging markets because of the benefit of complementarity between home and host countries. The country of origin influences may strengthen the exploitation of emerging market complementarities by EMNEs and may thereby provide them with unique capabilities that they can exploit.

Research methodology

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3 A case study methodology was used to gain an in-depth understanding of the research question.
4 By utilising a retrospective view of the EMNE the research provides insight into how
5 internationalisation strategies have morphed, adapted to business model innovations, and
6 integrated disruptive aspects of institutional environments and technologies as the business
7 expanded.
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12 The opportunity that a single case study such as Naspers presents is a deeper insight into
13 accelerated expansion internationally within the broader dynamic ecosystem (Siggelkow, 2007).
14 Seventeen senior managers were interviewed - all of whom were intimately involved with the
15 launching, expansion, and growth into international markets and were key decision-makers in this
16 process (see Table 1). To maintain personal confidentiality, the respondents were assigned
17 numbers from 1 to 17, and the table provides detail regarding their position, the relationship with
18 the parent group, and where their businesses operate. Interviews were recorded with permission
19 and transcribed before thematic coding was applied – discussed below. In addition to the
20 interviews, sources of archival evidence were integrated into the research, including archived
21 company information, and information from reports and databases to provide a broader
22 perspective of the phenomena and to provide additional verification to the interviews. The
23 interviews themselves were conducted between July and December of 2016.
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33 **Insert table 1 here**
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35 A semi-structured interview process was used with an open-ended interview guide and the
36 benefit of this process is that it offers the opportunity to examine core themes but allows for richer
37 analysis with the ability to clarify answers and elaborate on contextually relevant aspects of the
38 case. Using archival data and company reports we tracked the events of the firm's
39 internationalisation in a chronological format and this retroactive longitudinal analysis allowed
40 the internationalisation process to be tracked (Yin, 2011), and provided the opportunity to
41 integrate questions that could explore the themes of the research into a semi-structured format.
42 The thematic codification enabled relevant information to be linked to the theoretical concepts of
43 internationalisation, emerging markets, institutional environments, and disruptive innovation in
44 the study. This iterative process echoes that promoted by Yin (2011) who notes that qualitative
45 data moves through a process of compiling, disassembling, reassembling, interpreting, and
46 concluding. The thematic coding and analysis of data was processed in the following manner, as
47 proposed by Creswell (2013). After the interviews were recorded and transcribed verbatim, the
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text of each interview was segmented and coded into primary themes around emerging institutional markets, accelerated internationalisation, disruptive innovation, and market gaps/competition. The texts were then further analysed to uncover secondary codes that could be related to primary themes. These codes were then analysed further and where overlap and redundancy were identified, codes were bucketed together to form a third category of reduced themes, which were specific to the business researched, but grouped into relevant data sources to be evaluated and interpreted in relation to the literature. Table 6 provides a summary of the key thematic codes which emerged together with illustrative quotes from respondents and is further discussed below.

The research integrity was maintained throughout by documenting each process and by using open questions to allow respondents to tell their experiences and to allow for maximum transparency. The entire research was documented and interactions between the various respondents were replicated in as consistent a manner as possible (Yin, 2011). After transcribing, respondents were asked to check the contents and ensure that it accurately captured their stories and responses and we were able to ask additional questions of clarification. To increase the credibility of the research, external sources were used to triangulate interviews and the findings of the research, such as archival material, company reports, media publications, and financial reports.

Research findings and discussion

Background to the company and respondents

Naspers was formed in 1915, when Die Burger, a daily newspaper was launched by the future President of South Africa J.B.M Hertzog. The business expanded into magazines in 1916, before moving into Pay-TV in 1985, and internet services in 1997. At the turn of the millennium, Naspers began an aggressive expansion into BRIC nations, before entering additional emerging markets in the latter part of the decade. Table 2 highlights key chronological dates related to investments in new technologies and countries for Naspers since its launch in 1915. We see four distinct phases in its expansion. In phase 1 from 1915 until the early 1990s, it is a South African focused media company growing organically by expanding its newspaper and magazine offerings resulting in it dominating the local market. This was facilitated by its close relationship with the apartheid government together with the lack of competition in the domestic market.

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4 In the 1980s it is the first company to embrace pay satellite television in Africa, initially in
5 South Africa only, before commencing phase 2 which sees its Greenfields international expansion
6 into neighbouring countries and then into the rest of sub Saharan Africa becoming the largest
7 player in this market on the continent.
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11 In 1997, three momentous events occurred for the company. First, Naspers journalists
12 apologised formally for their role in defending apartheid, which proved to be a turning point on its
13 chequered history. Second, Koos Bekker was appointed CEO of Naspers (moving from its pay
14 TV division), and third, the company launched internet services, which was the start of its
15 diversification even further from its origins in print. Phase 3 sees it becoming the dominant
16 Internet service provider in South Africa and utilising this experience in recognising the
17 opportunities in new media technologies in similar emerging markets and rapidly expanding into
18 an emerging market media giant. Some of its most notable investments included a 33% ownership
19 in Tencent in China (2001) which has rapidly established itself as one of the largest Internet and
20 technology companies, as well gaming and social media companies in the world, and similar
21 stakes in 2006 in Mail.ru which has become the largest Internet services company in Russia, and
22 Editora Abril which is a major Brazilian publisher and printing company and one of the biggest
23 media holdings in Latin America (besides some of the largest local magazines, it also holds the
24 Brazilian editions of Disney comics, Cosmopolitan, Men's Health, Women's Health, Runner's
25 World, Playboy, Brazilian MTV, etc.). In 2012 it completed its dominance of the BRICS
26 countries with a 16% stake in Flipkart in India which is the country's biggest online store in the
27 electronic commerce sector. (In 2018 it sold its share in Flipkart to Walmart for \$2.2 billion
28 netting a \$1.6 billion profit from the sale of its stake in the process.) Phase 4 sees the company
29 moving into the USA by backing new educational technology companies with worldwide
30 ambitions. These phases were affected by developments in its home country of South Africa and
31 this is further unpacked below – also see Table 5.
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46 Naspers listed in 1994 at R17.50 a share and rose rapidly reaching over R3,800 a share in
47 January 2018, making it one of the best performers on the Johannesburg Stock Exchange (JSE)
48 over this time period. Its revenue distribution by industry segment and geography are presented in
49 table 3 which illustrate a shift away from traditional media segments towards the Internet, and
50 geographically away from South Africa. By 2016 Naspers had a footprint across 130 countries,
51 with annual revenues of close to \$7 billion and an operating profit of around \$150 million per
52 annum. Its market capitalisation makes it one of the largest media companies outside the US and
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China. With the shift away from a traditional media company it reorganised its structure to align with the strategic vision of the business “aiming to win locally in a globalizing world” (Naspers, 2017) and the result is represented in table 4.¹ The table demonstrates that as a global platform operator it has embraced new digital platforms with the Internet and in particular e-commerce making up the bulk of its ecosystem worldwide. The latter includes online classifieds, electronic marketplaces, online comparison-shopping, online payment systems and e-money, online travel, online gaming, and e-ticketing systems. Furthermore, it has a very substantial positioning in the video entertainment sector ranging from satellite television to online streaming, demonstrating its exploitation of the development of Internet-based technologies over the past three decades. Lastly, it has maintained its presence in the traditional print media although this has been dwarfed by the growth of its new media investments.

Insert tables 2 – 5 here

Institutional environments and delayed, then accelerated internationalisation

Under apartheid South Africa was often isolated but post 1994, with the democratic transition, the country rapidly reintegrated into the global economy with rapid liberalisation which facilitated the internationalisation of South African companies. The institutional environment in South Africa was one of uncertainty, change, and instability and this affected the internationalisation of South African companies (see Luiz et al., 2017). Barnard and Luiz (2018) demonstrate how “institutional misalignment and contestation” resulted in the “stress, strain, and failure” of South African institutions and affected both the timing and the location choices of South African companies as they internationalised. Table 5 provides a stylised account of key socio-political and economic developments in South Africa over the past century which have affected the internationalisation pattern and timing of Naspers.

As already discussed, the company was formed soon after the declaration of the Union of South Africa. South Africa’s policy of import substituting industrialisation meant that the company was able to focus on the domestic market, which was experiencing rapid growth, largely unencumbered by international competition, thereby building up monopolistic advantages. This was further facilitated by the country’s isolation during the period of sanctions and disinvestment in the 1970s and 1980s. During apartheid, Naspers was able to grow rapidly within the domestic economy with a growing portfolio of magazines, newspapers, and printing businesses which allowed it to dominate the sector. This generated the initial funding for its moves into new media

opportunities as they arose. It recognised the opportunities provided by Pay-TV in 1985, with South African television at the time being monopolised by the state broadcasting corporation, and Naspers quickly built up a monopoly in this segment.

As the business grew, the Pay-TV market provided it with a cash-cow and expansion started to the north of South Africa with Namibia and Botswana, before numerous additional Sub-Saharan African countries were entered into in phase 2. South Africa's transition to democracy in the early 1990s facilitated this expansion into Africa as it positioned itself as a gateway into the continent. Furthermore, this was accompanied by an economic liberalisation and an easing of foreign exchange controls which enabled the internationalisation of South African companies. This expansion was initially incremental, deliberate and in line with the Uppsala model but then accelerated. By building a monopoly in Pay-TV and by dominating print media during the isolationist period, Naspers was able to minimise its expenditure in defending market share and building a strong balance sheet. This financial strength enabled the business to tap into the liberalisation post-1994, and expand into emerging markets in an aggressive and well-resourced manner. Furthermore, emerging from this isolationist period, the benefits of targeting institutionally difficult environments, where competition was minimal, became a foundation of the group's strategy going forward.

Phase 3 saw the company target new business models in new territories as it focused on the rapidly changing Internet media business and exploited opportunities in emerging economies. Presidents Mbeki's tenure saw the country embracing developing and emerging markets as he asserted South Africa's position as a leader amongst emerging markets. Improved domestic conditions saw the country being classified as a high growth potential emerging market and resulted in growing links with other emerging markets.

In 1997 it launched an Internet service provider in South Africa and established itself as a leader in the sector. What differentiated its offerings from competitors was its exploitation of the full benefits of the Internet platform and the commercialisation of content for which it was able to charge a premium. During our interviews it became apparent how this experience in South Africa caused it to recognise the opportunities that existed in similar markets. Furthermore, it was not afraid to invest in countries with less stable institutions because it understood this environment and was able to engage in what Luiz et al. (2017) refer to as an institutional complementarity strategy. The view of Naspers was to assess the direction and trend of the institutions rather than

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3 where a country's institutions were at present: *"It seems that a lot of the more developed market*
4 *media businesses, are probably quite nervous to go to emerging markets. And I think the fact that,*
5 *Naspers grew up in an emerging market and had to find ways to develop business models under*
6 *very difficult situations that probably a lot of first world businesses wouldn't have ever come*
7 *across. [They] were probably too frightened to go into those territories, which is probably what*
8 *made Naspers so successful. Going into areas where other people, others fear to tread"*
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10 (Respondent 5).
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16 Naspers entered all four BRIC markets in the 2000s, which were often deemed too risky
17 by international competitors. The lure of high growth provided the initial pull, and their
18 knowledge of weak institutional environments allowed them to mitigate risk. This was facilitated
19 by South Africa's growing interconnection with other emerging markets as a deliberate policy of
20 President Mbeki. Furthermore, the relatively unattractive institutional environment minimised
21 largescale competition and provided entry barriers to Western players. Respondents argued that
22 Naspers had a greater appetite for risk than foreign players because of its home environment
23 which provided understanding of such institutional uncertainty whilst this was unattractive to
24 competitors and thereby minimised competition during its expansion phase: *"There are a lot of*
25 *parallels between these countries that you can draw on and there's some very obvious reasons*
26 *why some businesses would work in the country (Respondent 9). "I think there definitely is an*
27 *advantage coming out of emerging market, you start to understand what those emerging market*
28 *problems are and how to overcome them. And you go into one difficult territory and may learn a*
29 *lot of things about yourself and about, and about the business, from that experience"* (Respondent
30 9).
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41 The parallels between South Africa and the BRIC emerging markets, mentioned by
42 respondents, which made Naspers more willing to enter these countries and to recognise the
43 opportunities included: 1) the rapidly growing middle class and high income groups in these
44 countries which together with rising levels of education resulted in the demand for more choices
45 and new products; 2) the lack of foreign competition in these markets associated with them being
46 relatively closed in prior decades; 3) the nature of the institutional environment associated with its
47 understanding of economies transitioning and liberalising which gave Naspers an advantage.
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3 We find support for the notion that the weaker institutional home ecosystems gave Naspers a
4 competitive advantage to accelerate to similarly weak environments (capitalising upon
5 institutional complementarity) and to capitalise upon the resulting lack of competition.
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9 Respondent 2: *“Treat it as an opportunity with limited competition because other people won't*
10 *come over the wall. ... There is no competition, if you have the knowledge that nobody else has*
11 *there is no competition.”*
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15 Respondent 4: *“Russia and China respectively, massive growth markets and Russia, also, a very*
16 *large market and underserved market because of its isolationist past. So in some instances both of*
17 *those geographies are a little bit similar to South Africa, they were not states that were part of the*
18 *world community. They weren't served as well as you know other states had been by*
19 *multinationals and as a result they were easier to compete in.”*
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24 The Naspers model is therefore one of capitalising upon complementarities (further
25 discussed below in figure 1) between home and host country contexts, both in terms of
26 institutional similarities but also in terms of market opportunities which we explore in the next
27 section. Its significant international footprint and the breadth of its media platform allowed it to
28 leverage from one market to another and from one experience to another in an accelerated
29 manner.
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35 The Naspers strategy continued to be dynamic and in 2015 it decided to invest in the US
36 market for the first time with location-based classifieds LetGo, followed the next year by
37 significant investments in educational technology companies. Thus Naspers shifted its position of
38 an EMNE that solely internationalised into emerging markets, leveraging superior knowledge and
39 the ability to navigate weaker institutional environments to a dual approach, of both developed
40 and emerging markets (Bandeira-de-Mello et al., 2016): *“They (Naspers) get pulled into a country*
41 *because of an opportunity and if they recognise that hey this is a problem we also see in other*
42 *markets then it could become a push vehicle into other markets. It always starts with a pull and*
43 *depending on the model, or the outcome of whatever the product, or business model, after reviews*
44 *it could become a push for you going to other markets”* (Respondent 13).
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52 The South African economy under President Zuma deteriorated rapidly as did the
53 institutional environment which may have contributed to the search for greater institutional
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3 stability in its portfolio of investments as represented by developed markets and what Luiz et al.
4 (2017) term an institutional substitution strategy.
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7 *Disruptive innovation and market opportunities in complementary emerging markets*
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10 By focusing on emerging markets, Naspers was able to exploit complementarities between its
11 home and host countries and this facilitated its recognition of new market prospects and the
12 impact that new technologies would have on the media space. As it experimented with fresh
13 technologies in new media in its home country, it was able to develop products and services
14 geared to these institutional conditions and emerging consumers. Furthermore, it recognised the
15 same conditions and opportunities in other emerging markets and made investments abroad to
16 capitalise upon these similarities. We demonstrate how it was able to do so by investing in like-
17 minded companies and exploit its vast emerging market footprint and implement the learnings
18 from one market into another reinforcing the process. Our research supports the proposition that
19 “conditions of the country of origin influence learning-by-doing” (Rui, Cuervo-Cazurra, and Un,
20 2016, p. 686) and specifically how the characteristics of emerging markets affect this learning
21 process. We see Naspers engaging in intense learning-by-doing across its vast footprint of
22 businesses, technologies, and geographies and underlining the conclusion that: “Learning emerges
23 from creating complementarities in integration, from finding solutions in trial and error, from
24 avoiding mistakes in repetition, and from stretching the knowledge base in extension” (Rui,
25 Cuervo-Cazurra, and Un, 2016, p. 697).
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37 We highlight three particular areas of complementarity that were important enablers of the
38 Naspers model which partly account for why it was able to gain such a dominant emerging market
39 footprint in an accelerated manner. Firstly, its recognition of the complementarity of emerging
40 markets; secondly, its exploitation of disruptive technologies to capitalise upon these
41 complementarities; and lastly, the entrepreneurial nature of the company and its attraction to like-
42 minded companies with strong entrepreneurial teams.
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47 Both the Naspers operational model and its investment strategy are firmly rooted in its
48 experience of emerging markets and this has driven its product offerings and its investment in
49 particular technologies and local companies. Furthermore, its experiences, both successes and
50 failures, continuously feedback into both its operational and investment models by internalising
51 learnings. (We elaborate on this further in figure 1.) It creates platforms for its subsidiaries to
52 leverage off the experience and knowledge of other companies by encouraging the idea of the
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3 Naspers network as an ecosystem. Subsidiaries have access to the knowledge and expertise of any
4 other part of the multinational: *“So, it's more than just money that I think enabled these*
5 *businesses but also shared resources and shared insights and shared benchmarks and best*
6 *practice and things that made it possible”* (Respondent 9).
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11 The portfolio nature of Naspers enables businesses to piggyback off the larger operational
12 models and the facilitation of entry into the market has the benefit of minimising expenditure and
13 driving scale. For example, the country manager of a Naspers' Fintech subsidiary specialising in
14 online payment services highlighted the benefits of being part of the Naspers network and focused
15 on the fact that it was able to leverage off a larger Naspers subsidiary such as MultiChoice, which
16 is the largest Pay-TV and Internet company in Africa: *“I think we have got a very good close*
17 *relationship with the MultiChoice. MultiChoice has a very big footprint in Africa, so we leverage*
18 *off that footprint and their relationships to look at opportunities in this market”* (Respondent 8).
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25 Not only has this been instrumental to its operational model, it has also led to enhanced
26 investment strategies where Naspers has taken equity in a company and its subsidiaries have
27 followed suit and made similar investments in those companies. For example, whilst Naspers was
28 an early investor in the Indian Internet start-up Flipkart, in 2017 Tencent supported this
29 investment with its own \$700 million investment in the company utilising its knowledge within
30 Naspers. This knowledge share enables the Naspers ecosystem to gain insights about markets,
31 market opportunities, and business innovation: *“We pretty much have access to anything that*
32 *anyone does at any given time and that knowledge is shared globally and quite quickly as well*
33 *upon request, so I think that sort of umbrella mentality where yes we trust local markets to*
34 *perform but we are also fast in sharing learnings amongst the market is what makes it unique”*
35 (Respondent 11). *“I think coming from an emerging market playbook, there is that level of*
36 *understanding because the lessons are on the ground every day”* (Respondent 10).
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46 As regards the second enabler, involving disruptive technologies, despite Naspers not
47 necessarily generating specific disruptive technology itself, the business was able to adapt
48 innovations in other developed markets into emerging markets that had not yet been influenced by
49 such innovations. This was seen through the early introduction of Pay-TV, digital classifieds, and
50 more lately investments in FinTech and EduTech. The respondents underlined that the ability to
51 accelerate in emerging markets was due to the sharing of knowledge across its markets and
52 platforms. Disruptive innovations enabled new business models and new market shares to be
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3 created in emerging markets. With the focus on creating traction, Naspers has been able to scale
4 businesses in an accelerated fashion. It was stressed by respondents that merely copying and
5 pasting an innovative technology from one geography to another did not lead to accelerated
6 expansion, but rather it was important that each technology had an element of customisation to
7 suit the nuances of a new territory, its institutions, and customer base.
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12 As the business has witnessed first-hand how the media industry has been disrupted by
13 new technologies, the mindset of senior management in the business is to consistently reassess
14 how their business models may be disrupted and by what - generating intense curiosity about
15 potential sources of change (Garrison, Harvey, and Napier, 2008).
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20 Respondent 10: *“One of the core values in the Naspers group that has led to its success now, is its*
21 *continual strive and drive to adopt new technology and embrace technology into the future. That*
22 *requires a continual cycle of innovation and self-disruption ... The culture of innovation is key -*
23 *management team that has a future focused approach and an entrepreneurial spirit and an*
24 *openness and willingness to challenge the status quo.”*
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29 Respondent 12: *“I think it is a necessity to keep thinking of what will disrupt you.”*
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31 Respondent 14: *“We need to constantly reassess. ... the whole substance of this is innovation.”*
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34 Respondent 8: *“... if you are not agile, you die.”*
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37 Perhaps the most practical example of Naspers willing to embrace disruption as a catalyst
38 to expedite growth is the manner in which the business has created internal competition and
39 disruption. This follows on from the tenants of the Darwinism that Koos Bekker (Naspers
40 Chairman) is fond of referencing. Having seen first-hand how the digital and classifieds
41 industries disrupted the once monolithic print industry, Naspers has been quick to assess what the
42 threats on the horizon could be and to adapt their business models accordingly. This has resulted
43 in the company creating internal businesses that cannibalise their current market share with the
44 view that in the long term the newer technologies will surpass the legacy businesses and secure
45 markets for Naspers. Examples of this are the streaming service Showmax which competes
46 directly with the Pay-TV operation MultiChoice, and LetGo, the mobile-only classifieds app,
47 which competes with OLX, the digital classifieds multi-national. Tencent, as another example,
48 have teams working on the same products, and whoever creates the better product gets the
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3 recognition internally which carries a lot of weight in the business: *“Tencent is creating healthy*
4 *internal competition, and it’s been good for the company because it’s allowed the fire in a better*
5 *race of innovation to take place and its improved multiple products”* (Respondent 17). And the
6 benefits of this approach was expressed more generally as follows: *“Cannibalisation is a mature*
7 *way to look at the adopted model in the sense that it almost brings the need to adopt much more*
8 *forward-looking options into the planning of the business environment. You know, they are not*
9 *mutually exclusive but the one is probably a more pragmatic approach to business”* (Respondent
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17 Naspers considers market share as an important barrier to competition. The isolationist
18 period in South Africa provided a glimpse into the power of a monopolistic-like business and the
19 ability to create a high barrier of entry to businesses. Therefore, when Naspers started to assess
20 markets prime for entering, emerging markets not only ticked the boxes in terms of the macro
21 variables, but also because they had minimal international competitors with potential first mover
22 advantage. The strategic view of the business is that if one can enter a market, gain traction and
23 scale the business to “own” the market, it is far easier to continue an accelerated expansion as it
24 experienced in its home country. This, in turn, has been the result of being agile and flexible and
25 disrupting from within and committing resources to new innovations even if they disrupt existing
26 market segments: *“We have to compete with ourselves as the consumers migrate, from one*
27 *(business to) another, so that they’re migrating between Naspers businesses rather than them*
28 *migrating to a competitor”* (Respondent 1).

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38 The experience of Naspers yields two conclusions regarding its success in deploying new
39 technologies in emerging markets. First, it has been more adaptable to uncertain ecosystems,
40 based upon its experience in its home country, and therefore has created a competitive advantage
41 in being flexible enough to adjust solutions to emerging market needs. Second, it has proactively
42 targeted and disrupted industries in emerging markets to minimise direct competition and build up
43 entry barriers.

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48 The final enabler of complementary markets we identified is its entrepreneurial nature and
49 its attraction to like-minded companies in similar markets. The entrepreneurial character of
50 Naspers builds on the nature of the founder of the modern company, Koos Bekker, and his belief
51 in betting on innovative companies with entrepreneurial management teams. This has been his
52 strategy in not only building up its South African, but also its worldwide, footprint. As a result,
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3 the company has betted on the management teams of its investments and has given them the
4 flexibility in structure and operations to leverage learnings from other portfolio players in the
5 same markets. This reinforces the argument of Verbeke and Yuan (2016, p.185) that MNE
6 subsidiary capabilities can be enhanced in high distance contexts as the parent company may need
7 to “reduce its level of process control and rely more on outcome control, to reduce the risk of
8 imposing inflexible processes and standards on subsidiaries and stifling requisite local adaptation”
9 whilst at the same time taking advantage of the FSAs and CSAs within the overall MNE portfolio.
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16 Respondent 11: *“Naspers always trusted local entrepreneurs to deliver on local problems which I*
17 *think is part of the DNA of the company so all investment made also has sort of a tag along with it*
18 *that says we trust the local market to know the best how to operate and navigate local*
19 *circumstance.”*
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23 A theme of backing strong founding teams with excellent knowledge appeared repeatedly
24 in responses. The motivation and strategic relevance of backing local entrepreneurs has been
25 interwoven into the business since the expansion into China. This enables Naspers to navigate
26 new regions and get first hand insight into difficult institutional environments from local
27 entrepreneurs. Relying on local teams also mitigates the potential sources of conflict that may
28 arise between the parent company and subsidiaries when the latter feel undermined in their
29 activities (Lauring et al., 2017). Businesses therefore have a smoother transition into new markets,
30 and in parallel, Naspers is able to navigate emerging markets, in an expedited fashion, through
31 localised knowledge: *“It was about identifying entrepreneurs in their markets who understood the*
32 *market well and were able to execute in those particular markets”* (Respondent 4). For example,
33 when asked about the initial Tencent investment and what drew Naspers to the company,
34 respondent 17 replied: *“What we really did like, is that there was quite a tightly lead founder*
35 *team, it wasn't just one individual but several founders, young, who really understood the Chinese*
36 *market. Very hungry, a change model. Let's back these guys, step away from operations*
37 *completely, and let them do the running and that was the model that proved in China to be very*
38 *successful for us.”*
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50 A final point worth highlighting is the self-reinforcing nature of the exploitation of these
51 complementarities. Not only did it learn from its home country knowledge to internationalise into
52 complementary emerging markets and exploit the institutional and market similarities and new
53 technologies for accelerated internationalisation, but it learnt from its experiences and its
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investments and fed these back into the overall model reinforcing its advantages through a learning process. Naspers was quick to learn from its mistakes and the introspective nature of this line of thought is integrated into the business DNA and comes from the very top with Koos Bekker, the Chairman of Naspers, continuously highlighting the manner in which a business needs to consistently reinvent itself in a Darwinian fashion, as he is quoted saying below: *“We’ve made more mistakes than anyone else. The benefit of a mistake is that you know what doesn’t work. What we typically try to do is get into something and ‘fail fast and cheaply’. We have also failed expensively. ... We’ve failed quite a lot but if you’re going to fail, get into the market quickly, fail quickly and learn from it. Since then we have learnt a few lessons”* (Koos Bekker in Atagana, 2011).

Insert table 6 about here

Conclusion

How did a South African company come to dominate the new media and Internet sectors in major parts of the emerging markets and invest in what were to become leading players within each of the BRICS? Our research points to several facets which can explain both its locational choices in terms of its internationalisation and its recognition of the opportunities provided by the Internet media sector.

First, the institutional home context of South Africa provided Naspers with certain country specific advantages which it was able to capitalise upon by choosing to internationalise into similar emerging markets – theme 1 from table 6. The isolated nature of its home country allowed it to experiment with new media (initially Pay-TV and then the Internet) and to do so relatively protected from competition – theme 2. It disrupted existing ISPs by providing a full service with the commercialisation of content and launching online selling platforms early on. Furthermore, operating in environments of institutional instability and uncertainty was part of business in South Africa and this meant that it was more willing to bet on the new emerging markets when others were more risk averse.

Second, Naspers transitioned out of post-apartheid South Africa with an entrepreneurial and innovative culture led by a relatively young CEO with an entrepreneurial mindset. This has seen the company take chances on new geographies (e.g. in Africa when few were betting on the continent) and in new technologies.

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Third, after being internationally dormant for the first six decades of its existence, as South Africa transitioned and integrated into the global economy, so the company did likewise. From the point at which it commences its internationalisation in 1991 to its current footprint in over 130 countries and dominating the emerging market space, we argue that this is an example of a delayed, but then accelerated process of internationalisation. We would also venture that this is not unique to Naspers and that many other examples of EMNEs have followed similar patterns where they have largely been internally focused whilst their host countries have been inward looking and following policies of import substituting industrialisation. Witness the rise of EMNEs from Latin America post its liberalisation in the late 80s, in India and Turkey from the early 90s, and then the more stark examples from the ex-Warsaw group of countries post the collapse of the Berlin wall. Whilst their home economies were highly regulated and closed, the firms took advantage of the lack of competition and diversified to become large business groups. The opening up of these economies and the availability of new technologies in the 1990s allowed them to rapidly expand thereafter.

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The case of Naspers demonstrates the particular role played by institutional complementarity and the recognition of the opportunities provided by these technologies in meeting new consumer possibilities. Figure 1 illustrates how the company took advantage of its home country experience and capitalised upon complementarities with other emerging markets in terms of institutional environments and market opportunities and exploited technologies that lent themselves to these markets. Furthermore, this vast ecosystem (both in terms of geographies and media technologies) which it created allowed it to leverage its learning from each investment and thereby reinforce its emerging market learning process. Three key propositions emerge from figure 1 (left to right) on the internationalization of EMNEs based upon our case study.

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Proposition 1: EMNEs can capitalize upon their knowledge and experience of institutional uncertainty in their home country to internationalize into institutionally complementary host locations.

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Proposition 2: EMNEs can capitalize upon their knowledge of changing and new consumer needs in emerging markets based on their home country experience to identify and exploit new growth market opportunities.

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3 Proposition 3: The leveraging of institutional complementarities between home and host countries
4 and the adoption of new technologies, which allow for the exploitation of market opportunities,
5 may enable a process of accelerated internationalization of EMNEs.
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9 **Insert figure 1 here**
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11 Within Naspers, this complementarity extended to the nature of its global platform with
12 various parts of the business leveraging off and learning from other parts, and markets off other
13 markets – theme 3 from table 6. Its large portfolio structure allowed it to have businesses and
14 technologies at different parts of their life cycles with some generating cash and others
15 committing to frontier technologies which may yield future growth. Furthermore, as these
16 businesses were built on technology infrastructure, the parent firm could accelerate
17 internationalisation due to the inherent economies of scale of technology.
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20 Whilst initially focusing on expanding into emerging markets, Naspers more recently
21 made strategic investments in developed markets, particularly the USA, because of its belief that
22 it needs to be present in both fast-growing emerging markets, but also where new technologies are
23 being created. By leveraging new technologies into market gaps or segments where the business is
24 as yet not present, Naspers is looking to disrupt the status quo of market and competitor dynamics
25 – theme 4 from table 6. Through its investments in frontier technologies and local entrepreneurs,
26 the business is able to identify gaps in the market and if traction is realised, heavily fund that
27 traction in order to gain and dominate market share and create barriers to entry, and to look for
28 synergies or complementarities with its other markets or businesses.
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31 EMNEs have distinctive capabilities in navigating uncertain institutional environments in
32 emerging markets and are able to capitalise upon the institutional complementarities between their
33 home and host countries (Luiz et al., 2017). Naspers was initially driven to proximate markets
34 incrementally with similarly weak institutions in line with the Uppsala model (Johanson and
35 Vahlne, 1977), before moving further afield in an accelerated fashion but remaining focused on
36 leveraging their emerging market expertise. Similar to the experience of the Multilatinas, the
37 isolation of South Africa played a role in driving Naspers to pursue internationalisation as the
38 home market moved towards saturation, together with the impact of economic liberalisation
39 (Cuervo-Cazurra, 2016). EMNEs may have superior ability to learn from their mistakes and
40 navigate risky ecosystems and to leverage knowledge between emerging markets (Cuervo-
41 Cazurra and Genc, 2008; Deng, 2012). The case of Naspers, in addition, reveals the opportunities
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3 provided by new technologies to accelerate the processes of internationalization and to take
4 advantage of new markets.
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8 The research focused on the historical expansion of a single South African EMNE that has
9 a footprint in 130 countries with the limitations that go with a case study. The choice of Naspers,
10 as a case study, has both advantages and disadvantages in terms of limitations, both related to the
11 home country institutional setting and to the nature of the company itself and its focus on media
12 technology. The South African setting and its rapid liberalisation and integration into the global
13 economy in the early 1990s has distinct parallels with emerging markets elsewhere. Its experience
14 therefore resembles that of EMNEs in other regions such as the Multilatinas and their navigation
15 between emerging markets. Naspers' focus on the media technology sector and its exploitation of
16 new technologies to develop new product offerings in rapidly growing emerging markets, thereby
17 disrupting the status quo, has boundary conditions in terms of limiting the generalisability of our
18 findings. These technologies facilitated rapid internationalisation and the development of new
19 product offerings and this may limit its comparison with other, more traditional sectors.
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28 Future research could provide comparison with other emerging markets that have seen
29 liberalisation in the last three decades, most notably the BRIC countries, to further compare
30 similarities and dissimilarities. We have provided some juxtaposition with the Multilatinas and
31 more emerging market comparative work would provide further evidence for theorisation about
32 the internationalisation of EMNEs. Furthermore, our research was embedded in a very distinctive
33 technology sector and studies on both cognate and different sectors would allow us to explore the
34 extent to which our results are driven by the peculiarities of the technology. Additionally, our case
35 was of an EMNE successfully internationalising based upon its output capabilities, which focuses
36 on the utilisation of current knowledge to its maximum extent across its network, but Awate et al.
37 (2012) warn that EMNEs' innovation catch-up is likely to be a slower and longer process, and
38 thus studying how EMNEs transition from output to innovation capabilities is an important area
39 for future research. Lastly, our focus was on institutional complementarities but Naspers
40 demonstrates important patterns related to entrepreneurial management and how it extends across
41 the EMNE networks, which should be further pursued.
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Table 1: Profile of respondents

Respondent Position	Relationship to Group	Industry	Region	Gender
1. Strategy and Research Analyst	Parent Company	N/A	130+ Countries	Male
2. Head of Business Development	Parent Company	N/A	Asia	Male
3. Senior Product Manager	Subsidiary	Ecommerce	South Africa and Namibia	Male
4. Head of Analytics	Parent Company	N/A	130+ Countries	Male
5. CEO	Subsidiary	Video Entertainment	Sub-Saharan Africa	Male
6. Head of Legal: MandA	Parent	N/A	130+ Countries	Male
7. Head of Group Strategy	Parent	N/A	130+ Countries	Male
8. Country Manager	Subsidiary	FinTech	EMEA	Female
9. Head of Performance Marketing	Parent	N/A	130+ Countries	Male
10. General Manager	Subsidiary	Media	Sub-Saharan Africa	Female
11. Chief Technology Officer	Subsidiary	Classifieds	MEA	Male
12. Head of Strategy and Operations	Subsidiary	Classifieds	MEA	Male
13. Divisional CEO	Subsidiary	Ecommerce	South Africa and Namibia	Male
14. Head of Business Development and Operations	Subsidiary	Media	Sub-Saharan Africa	Male
15. SVP Product	Parent	N/A	130+ Countries	Male
16. Strategic Initiatives Lead	Subsidiary	Fintech	EMEA	Female
17. Group CEO	Listed Assets	Multiple	Asia / Eastern Europe	Male

Table 2: Chronological growth, technology expansion, and internationalization of Naspers, 1915 to 2016

Date	Industry	Region	Activity	Phases of internationalisation
1915	Newspapers	South Africa	Die Burger / Naspers launched	Phase 1: South Africa focus. Close relationship forged with the apartheid rulers.
1916	Magazines	South Africa	Huisgenoot launched	
1980s	Media	South Africa	Print media portfolio expands	
1985	Pay-TV	South Africa	Pay-TV launched	
1991	Pay-TV	Namibia, Botswana	Expansion	Phase 2: Internationalisation into Sub-Saharan Africa.
Mid-1990s	Pay-TV	Sub-Saharan Africa	Expansion	
1997	Internet services	South Africa	Launched	
2001	Internet services	China	Tencent investment	
2006	Internet services	Russia	Mail.RU investment	Phase 3: Internationalisation into emerging markets worldwide
2006	Media and publishing	Brazil	Abril investment	
2009	Ecommerce	Poland, Brazil	Allegro / BuscaPe investments	
2010	Classifieds / FinTech	UAE, South America, India	Dubbizle / OLX / PayU investments	
2012	Ecommerce	India, CEE, UAE	Flipkart / NetRetail / Souq investments	
2013	Ecommerce / Classifieds / Travel	Nigeria / Russia / India	Konga / Avito.RU / redBus investments	
2014	Classifieds / Business Intelligence	South-East Asia / Eastern Europe / Israel	OLX expansion / Similarweb acquisition	
2015	Video streaming	Eastern Europe / Middle East / Africa	Showmax launch	
2016	Educational technology	Worldwide	Code Academy / Udemy investments	Phase 4: Internationalisation into the USA

Source: Naspers, 2017

Table 3: Naspers' revenue per industry segment and geographic region 2002-2016 (as a % of total)

	Revenue 2002	Revenue 2008	Revenue 2016
Industry segment			
Video entertainment	57%	45%	28%
Print media	28%	35%	5%
Internet	10%	20%	67%
Other	5%		
	Revenue 2008		Revenue 2016
Geographic area			
South Africa	61%		23%
Rest of Africa	13%		9%
Europe	7%		15%
Asia	6%		49%
South America	11%		2%
Other	2%		2%

Source: Naspers, 2017

Table 4: Naspers group profile and structure stylised, 2016

Global platform operator									
Internet						Video entertainment			Print
Ecommerce						DTT	DTH	Other	
C2C	B2C								
Classifieds	Etail and marketplaces	Online comparison shopping	Payments	New ventures	Listed				
Examples									
OLX – 40 countries	Takealot – South Africa	Buscapé – Latin America	PayU – 17 emerging markets	Movile – Latin America	Mail.ru - Russia	GoTV - Africa	DSTV - Africa	Showmax – 65 countries	Media 24 – Africa but mainly South Africa
Avito - Russia	eMAG – Eastern Europe			Ibibo Group - India	Tencent - China		Multichoice - Africa	Irdeto – Netherlands worldwide	Novus holdings - southern Africa
Dubizzle – MENA region	Fashion Days – Eastern Europe				MakeMyTrip - India		Supersport - Africa		
	Flipkart – India				DeliveryHero – 40 countries				

Source: Naspers, 2017

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Table 5: Socio-political and economic context of South Africa, 1910-2017

Time period	Socio-political context	Economic context
1910-1948	<ul style="list-style-type: none"> 1910 - South Africa formally becomes a country as a single union with Dominion status within the British Empire 	<ul style="list-style-type: none"> Despite the two world wars, South Africa experiences relatively high growth, low inflation, and a focus on industrialisation.
1948 – 1970	<ul style="list-style-type: none"> 1948 - National Party comes to power on an Apartheid mandate The UK Prime Minister highlights UK discomfort with SA's racial policies with his "winds of change" speech. SA becomes a republic and withdraws from the Commonwealth. Prime Minister Verwoerd bans the ANC and other black political organizations. 	<ul style="list-style-type: none"> The 1950s and 60s see a period of relatively high economic growth, low inflation, controlled fiscal spending, and increasing industrialization. A policy of import substituting industrialization is promoted. "Separate development" along racial groupings is administered through the Homeland system.
1970-1980	<ul style="list-style-type: none"> Fourteen heads of African states release the Lusaka Manifesto in which they pledge support for banned anti-Apartheid organizations. Various countries suspend cultural and sports agreements with SA. Killings of anti-Apartheid activists increase. 	<ul style="list-style-type: none"> The oil crisis of 1973 results in labor unrest. The macro-economic costs of apartheid become more apparent with a growth slowdown. Macroeconomic conditions worsen.
1980 – 1989	<ul style="list-style-type: none"> Mass civil society unrest occurs as anti-Apartheid actions are increasingly well-coordinated. The United Democratic Front is established to coordinate the actions of churches, civic associations, trade unions, student organizations, sports bodies and others to oppose Apartheid. 	<ul style="list-style-type: none"> The rising economic costs of apartheid put pressure on the fiscus with increasing debt levels. South African business enters talks with exiled ANC. International sanctions and disinvestment. Macroeconomic conditions deteriorate substantially.
1989 – 1994	<ul style="list-style-type: none"> President De Klerk unbans the ANC and frees Mandela after 27 years in prison. Negotiations about ending Apartheid. The global community starts reengaging with SA. 	<ul style="list-style-type: none"> Economic collapse is imminent as result of an economic slowdown and rapidly increasing debt levels.
President Mandela 1994 – 1999	<ul style="list-style-type: none"> The ANC wins the first democratic elections with close to a two-thirds majority. SA rejoins international bodies. 	<ul style="list-style-type: none"> Reintegration of South Africa into the global economy and liberalization of the economy. Economic focus on meeting basic needs of those

Time period	Socio-political context	Economic context
	<ul style="list-style-type: none"> SA’s progressive constitution is signed into law. 	<p>previously deprived under apartheid.</p> <ul style="list-style-type: none"> Some improvement is seen in macroeconomic conditions.
President Mbeki 1999 – 2008	<ul style="list-style-type: none"> Mbeki focuses on a technocratic state and improving state capacity but the first major post-Apartheid corruption scandal is exposed, an arms deal championed by Mbeki. Mbeki attracts widespread criticism for his AIDS denialism. Zuma, the deputy-president, is implicated in corruption charges. 	<ul style="list-style-type: none"> The GEAR (Growth, Employment and Redistribution) policy with a focus on stabilization, reduction of debt, and market reforms are implemented. Macroeconomic conditions improve substantially.
President Zuma 2009 – 2017	<ul style="list-style-type: none"> The Nkandla scandal highlights Zuma’s use of state funds for the development of his private residence. Growing corruption and problems of governance within state-owned enterprises is experienced. The Marikana massacre takes place. 	<ul style="list-style-type: none"> Rise of populist agendas. Large-scale electricity blackouts take place. South Africa is severely affected by the economic crisis worldwide with deteriorating macroeconomic conditions.

Source: Adapted from Barnard and Luiz, 2018.

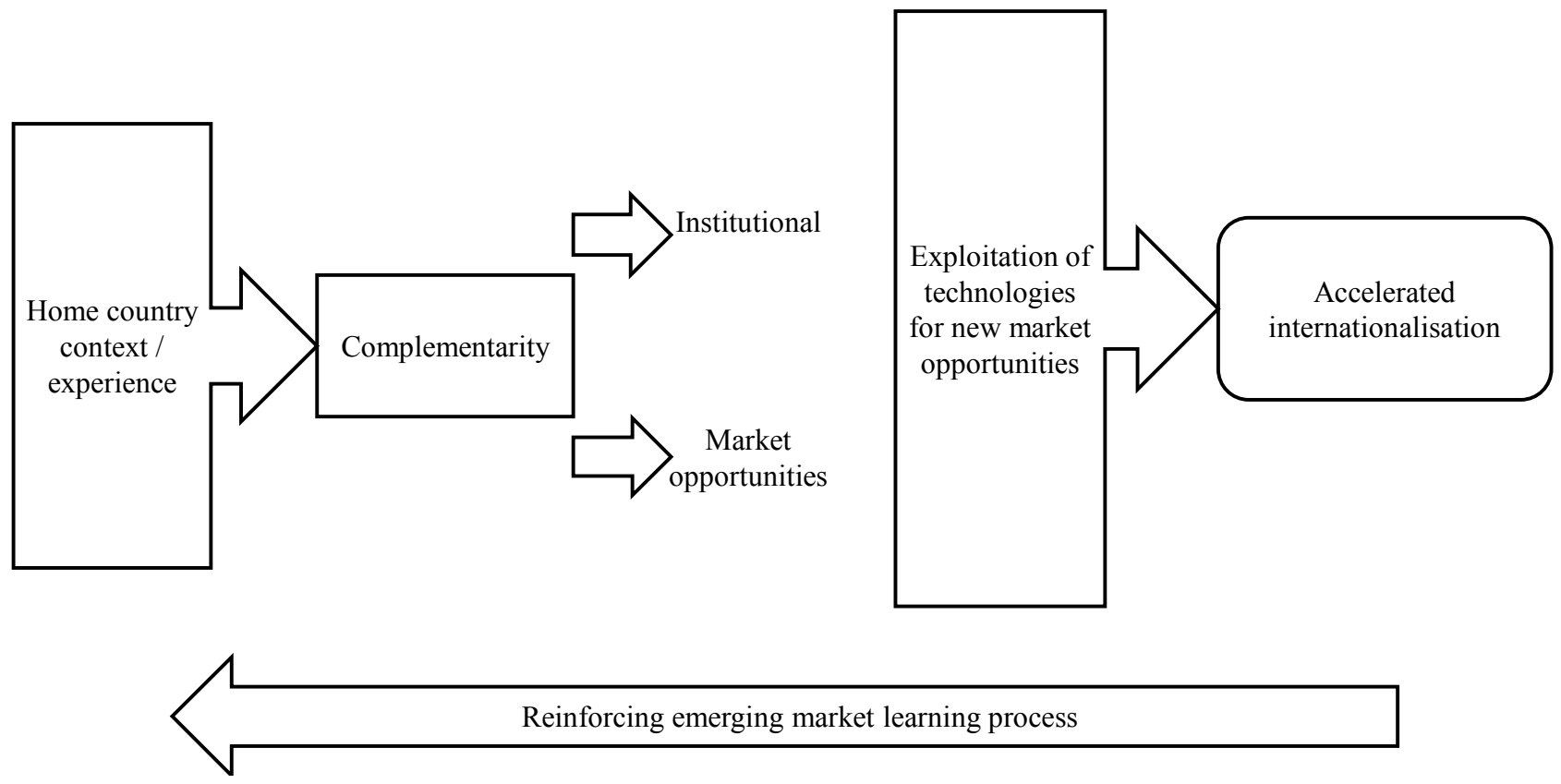
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Table 6: Illustrated data from themes emanating from interviews

Themes	Illustrative quotes
1. Internationalising off institutional complementarity	<p>“Definitely it helps a lot to have a company from an emerging market going into another emerging market” (respondent 1).</p> <p>“I think it's risk appetite, so they know that they're going into market where there's substantial risk but I think there's also a certain level of flexibility which a Western conglomerate could not afford” (respondent 3).</p> <p>“There definitely is an advantage coming out of emerging market, you start to understand what those emerging market problems are and how to overcome them. And you know you go into one difficult territory and may learn a lot of things about yourself and about the business from that experience. First world businesses never experienced those problems; some people just don't know how to overcome them” (respondent 5).</p> <p>“I think Naspers guys were sort of brought up tough, you need to have slightly robust approach when you invest in emerging markets and we were open to that you know. ... We've had a lot of experience in emerging markets we've learned how to be quite flexible and creative and adapting to those environments” (respondent 6).</p>
2. Capitalising upon the lack of competition	<p>“So because emerging markets are high risk and the level of corporate investments is sometimes a little lower than into established markets; so the makeup of the competitors will generally be smaller and more entrepreneurial types in those emerging markets than the bigger corporates” (respondent 3).</p> <p>“A key part of that as well is that they had started the expansion into the internet early enough. You know that was kind of mid to late 90's, 97 around there and in internet terms that was very early days still. So obviously the first mover advantage there was significant” (respondent 4).</p> <p>“I think first-mover advantage is aggressiveness, being able to go deep and invest for the long term because it takes a lot of time in these emerging markets” (respondent 7).</p> <p>“... went into emerging markets because there wasn't as much rivalry” (respondent 14).</p>
3. Leveraging off Naspers as an ecosystem	<p>“... get into the market through another company that is already established or through networks that you already have” (respondent 1).</p> <p>“Moving into a few other countries I think it's usually beneficial having been part of the wider group ... The benefit of a larger group is that you can depend on each of the other entities and you could look for certain areas of synergy and areas that you can centralize” (respondent 8).</p>
4. Embracing disruptive innovation for new market opportunities	<p>“One thing is given is that the way consumers behave today it's not going to be the way consumers behave tomorrow and tomorrow is one year, five years, ten years from now. Wouldn't it be great if you can manipulate that time span and the only way to do that is to allow one to disrupt yourself?” (respondent 13).</p> <p>“I mean our industry is in a complete state of flux. There is huge unknowns, huge uncertainties. What we do know is that you know great content needs to live somewhere ... We need to own distribution because it is a key to the revenue. But within that itself, it is the problem because then you face off against the platform of Google and Facebook which is the sort of like, I name it or call it the Elephant in the Room. It is sort of like in your face kind of scenarios and once we have acknowledge this, we still believe that if you create the right utility, you know something will resonate” (respondent 14).</p> <p>“I think the decision initially for investing in some of things was not necessarily so much tied to any specific technology but rather the broader impact of a technology in a number of manifestations that it is going to affect” (respondent 15).</p>

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Figure 1: EMNE exploitation of complementarities and technologies for accelerated internationalisation



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¹ Whilst table 4 provides a stylised summary, the full detail on the global corporate structure and subsidiaries with its worldwide investments and shareholdings, and its complex organogram are available from the authors upon request and not included because of space constraints.

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