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

**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 institutional aspects of host environments. The main criticism leveraged against the Uppsala school, when considering its appropriateness for EMNE expansion, is its inadequacies when exploring the speed of EMNE internationalisation (Gammeltoft, et al., 2010; Guillén and García-Canal, 2009; Thite et al., 2015). Mathews (2006) argues that EMNEs rarely engage in a path dependent and evolutionary strategy, and that there is little support for a staged internationalisation to psychically close markets initially only to evade the liability of foreignness. Gammeltoft, Barnard and Madhok note (2010, p.96) EMNEs are "internationalising in a different era, with different starting points and possibly very different internationalisation patterns and paths", and therefore there is scepticism as to whether traditional models cover the nuances of EMNEs.

The question of whether EMNEs require a distinct theory to support their internationalisation has been termed the Goldilocks debate by Cuervo-Cazurra (2012) with three views: firstly, EMNEs require new theory to describe their internationalisation strategy; secondly, no new theory is required to explain their internationalisation strategies; and finally, existing theory can be extended to accommodate the global rise of EMNEs. For example, Rugman (2009) argues that EMNEs exploit home country specific advantages (CSAs) when internationalising as they do not have significant firm specific advantages (FSAs) to be competitive in foreign host markets, whilst Buckley et al. (2016) debate this because it fails to explain how the CSAs available to all firms can sustainability be leveraged in international expansion.

What is increasingly recognised is the importance of the particular institutional context of emerging markets and the impact that that may have on internationalisation. In general emerging markets are characterised by more uncertain and weaker institutional milieus (often termed institutional voids) - where the rules of the game are ambiguous, infrastructure is lacking, transaction costs are high, and market counterparts have to find ways of transacting without the supporting institutions and the inefficiencies that that raises (Luiz and Stephan, 2012). These voids have been recognised as both push and pull factors within internationalisation. As regards the former, weak institutions are seen as stimuli for EMNEs to look to OFDI as an option to mitigate the transaction costs of their domestic market (Barnard and Luiz, 2018; Buckley et al., 2007; Mingo et al., 2018). And Cuervo-Cazurra (2016) motivates that home country conditions, such as political uncertainty, violence, pro-market reforms and reversals, and geographic isolation can drive a firm to escape the domestic conditions.

Buckley et al. (2016) state that despite having built up the necessary financial resources, many EMNEs lack the competitive FSAs in marketing, managerial skills and technological expertise and therefore pushed internationally to address these deficits through acquisition (also see Luo and Tung, 2007). This implies that EMNEs are given an internationalisation jolt to escape domestic conditions and seek new advantages which would suggest that EMNEs expand to stronger institutional environments or what Luiz et al. (2017) term institutional substitution. On the other hand, the domestic institutional environment can also provide EMNEs with advantages particularly when moving into other emerging markets as their knowledge of operating in institutional uncertainty can provide them with a competitive advantage - a form of institutional complementarity (Luiz et al., 2017).

Our case study allows us to explore this debate as to the nature and process of internationalisation of EMNEs and whether they follow an incremental or an accelerated pattern, and the role of host and home country institutions in affecting the location and the broader pattern of internationalisation. In the case of Naspers, we demonstrate how the company utilised its understanding of emerging markets' institutional and market complementarities, based upon its South African home country experience, to accelerate its internationalisation by exploiting new technologies.

*Disruptive innovation as a source of internationalisation for EMNEs*

Emerging economies are experiencing rapidly changing market conditions as a result of growing and changing demand and rising income levels. High growth is creating new market opportunities but these opportunities may be influenced by the particular characteristics of emerging markets and thus may be better aligned to EMNEs (Rui, Cuervo-Cazurra, and Un, 2016). Furthermore, changing global market structures, accompanied by fast-changing technologies, implies that firms increasingly need to adapt to changes in industry structures. This can be compounded in emerging markets where a new subset of consumers have specific needs requiring adaptation of legacy offerings to new markets, or innovative new product development appropriate for such markets (Agnihotri, 2015). In some sectors, new technologies are creating new market opportunities and possible disruption which may be better aligned to emerging market contexts.

Disruptive innovation relates to existing business models and networks of value being upset by innovations that lead to discontinuous change (Bower and Christensen, 1995; Kriz and Welch, 2018). In the emerging market context, MNEs need to invest in technologies that can 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**

A case study methodology was used to gain an in-depth understanding of the research question. By utilising a retrospective view of the EMNE the research provides insight into how internationalisation strategies have morphed, adapted to business model innovations, and integrated disruptive aspects of institutional environments and technologies as the business expanded.

The opportunity that a single case study such as Naspers presents is a deeper insight into accelerated expansion internationally within the broader dynamic ecosystem (Siggelkow, 2007). Seventeen senior managers were interviewed - all of whom were intimately involved with the launching, expansion, and growth into international markets and were key decision-makers in this process (see Table 1). To maintain personal confidentiality, the respondents were assigned numbers from 1 to 17, and the table provides detail regarding their position, the relationship with the parent group, and where their businesses operate. Interviews were recorded with permission and transcribed before thematic coding was applied – discussed below. In addition to the interviews, sources of archival evidence were integrated into the research, including archived company information, and information from reports and databases to provide a broader perspective of the phenomena and to provide additional verification to the interviews. The interviews themselves were conducted between July and December of 2016.

**Insert table 1 here**

A semi-structured interview process was used with an open-ended interview guide and the benefit of this process is that it offers the opportunity to examine core themes but allows for richer analysis with the ability to clarify answers and elaborate on contextually relevant aspects of the case. Using archival data and company reports we tracked the events of the firm's internationalisation in a chronological format and this retroactive longitudinal analysis allowed the internationalisation process to be tracked (Yin, 2011), and provided the opportunity to integrate questions that could explore the themes of the research into a semi-structured format. The thematic codification enabled relevant information to be linked to the theoretical concepts of internationalisation, emerging markets, institutional environments, and disruptive innovation in the study. This iterative process echoes that promoted by Yin (2011) who notes that qualitative data moves through a process of compiling, disassembling, reassembling, interpreting, and concluding. The thematic coding and analysis of data was processed in the following manner, as proposed by Creswell (2013). After the interviews were recorded and transcribed verbatim, the 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.

In the 1980s it is the first company to embrace pay satellite television in Africa, initially in South Africa only, before commencing phase 2 which sees its Greenfields international expansion into neighbouring countries and then into the rest of sub Saharan Africa becoming the largest player in this market on the continent.

In 1997, three momentous events occurred for the company. First, Naspers journalists apologised formally for their role in defending apartheid, which proved to be a turning point on its chequered history. Second, Koos Bekker was appointed CEO of Naspers (moving from its pay TV division), and third, the company launched internet services, which was the start of its diversification even further from its origins in print. Phase 3 sees it becoming the dominant Internet service provider in South Africa and utilising this experience in recognising the opportunities in new media technologies in similar emerging markets and rapidly expanding into an emerging market media giant. Some of its most notable investments included a 33% ownership in Tencent in China (2001) which has rapidly established itself as one of the largest Internet and technology companies, as well gaming and social media companies in the world, and similar stakes in 2006 in Mail.ru which has become the largest Internet services company in Russia, and Editora Abril which is a major Brazilian publisher and printing company and one of the biggest media holdings in Latin America (besides some of the largest local magazines, it also holds the Brazilian editions of Disney comics, Cosmopolitan, Men's Health, Women's Health, Runner's World, Playboy, Brazilian MTV, etc.). In 2012 it completed its dominance of the BRICS countries with a 16% stake in Flipkart in India which is the country's biggest online store in the electronic commerce sector. (In 2018 it sold its share in Flipkart to Walmart for $2.2 billion netting a $1.6 billion profit from the sale of its stake in the process.) Phase 4 sees the company moving into the USA by backing new educational technology companies with worldwide ambitions. These phases were affected by developments in its home country of South Africa and this is further unpacked below – also see Table 5.

Naspers listed in 1994 at R17.50 a share and rose rapidly reaching over R3,800 a share in January 2018, making it one of the best performers on the Johannesburg Stock Exchange (JSE) over this time period. Its revenue distribution by industry segment and geography are presented in table 3 which illustrate a shift away from traditional media segments towards the Internet, and geographically away from South Africa. By 2016 Naspers had a footprint across 130 countries, with annual revenues of close to $7 billion and an operating profit of around $150 million per annum. Its market capitalisation makes it one of the largest media companies outside the US and

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 where a country's institutions were at present: *"It seems that a lot of the more developed market media businesses, are probably quite nervous to go to emerging markets. And I think the fact that, Naspers grew up in an emerging market and had to find ways to develop business models under very difficult situations that probably a lot of first world businesses wouldn't have ever come across. [They] were probably too frightened to go into those territories, which is probably what made Naspers so successful. Going into areas where other people, others fear to tread"* (Respondent 5).

Naspers entered all four BRIC markets in the 2000s, which were often deemed too risky by international competitors. The lure of high growth provided the initial pull, and their knowledge of weak institutional environments allowed them to mitigate risk. This was facilitated by South Africa's growing interconnection with other emerging markets as a deliberate policy of President Mbeki. Furthermore, the relatively unattractive institutional environment minimised largescale competition and provided entry barriers to Western players. Respondents argued that Naspers had a greater appetite for risk than foreign players because of its home environment which provided understanding of such institutional uncertainty whilst this was unattractive to competitors and thereby minimised competition during its expansion phase: *"There are a lot of parallels between these countries that you can draw on and there's some very obvious reasons why some businesses would work in the country* (Respondent 9)*. "I think 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 go into one difficult territory and may learn a lot of things about yourself and about, and about the business, from that experience"* (Respondent 9).

The parallels between South Africa and the BRIC emerging markets, mentioned by respondents, which made Naspers more willing to enter these countries and to recognise the opportunities included: 1) the rapidly growing middle class and high income groups in these countries which together with rising levels of education resulted in the demand for more choices and new products; 2) the lack of foreign competition in these markets associated with them being relatively closed in prior decades; 3) the nature of the institutional environment associated with its understanding of economies transitioning and liberalising which gave Naspers an advantage.

We find support for the notion that the weaker institutional home ecosystems gave Naspers a competitive advantage to accelerate to similarly weak environments (capitalising upon institutional complementarity) and to capitalise upon the resulting lack of competition.

Respondent 2: *"Treat it as an opportunity with limited competition because other people won't come over the wall. ... There is no competition, if you have the knowledge that nobody else has there is no competition."*

Respondent 4: *"Russia and China respectively, massive growth markets and Russia, also, a very large market and underserved market because of its isolationist past. So in some instances both of those geographies are a little bit similar to South Africa, they were not states that were part of the world community. They weren't served as well as you know other states had been by multinationals and as a result they were easier to compete in."*

The Naspers model is therefore one of capitalising upon complementarities (further discussed below in figure 1) between home and host country contexts, both in terms of institutional similarities but also in terms of market opportunities which we explore in the next section. Its significant international footprint and the breadth of its media platform allowed it to leverage from one market to another and from one experience to another in an accelerated manner.

The Naspers strategy continued to be dynamic and in 2015 it decided to invest in the US market for the first time with location-based classifieds LetGo, followed the next year by significant investments in educational technology companies. Thus Naspers shifted its position of an EMNE that solely internationalised into emerging markets, leveraging superior knowledge and the ability to navigate weaker institutional environments to a dual approach, of both developed and emerging markets (Bandeira-de-Mello et al., 2016): *"They (Naspers) get pulled into a country because of an opportunity and if they recognise that hey this is a problem we also see in other markets then it could become a push vehicle into other markets. It always starts with a pull and depending on the model, or the outcome of whatever the product, or business model, after reviews it could become a push for you going to other markets"* (Respondent 13).

The South African economy under President Zuma deteriorated rapidly as did the institutional environment which may have contributed to the search for greater institutional stability in its portfolio of investments as represented by developed markets and what Luiz et al. (2017) term an institutional substitution strategy.

*Disruptive innovation and market opportunities in complementary emerging markets*

By focusing on emerging markets, Naspers was able to exploit complementarities between its home and host countries and this facilitated its recognition of new market prospects and the impact that new technologies would have on the media space. As it experimented with fresh technologies in new media in its home country, it was able to develop products and services geared to these institutional conditions and emerging consumers. Furthermore, it recognised the same conditions and opportunities in other emerging markets and made investments abroad to capitalise upon these similarities. We demonstrate how it was able to do so by investing in like-minded companies and exploit its vast emerging market footprint and implement the learnings from one market into another reinforcing the process. Our research supports the proposition that "conditions of the country of origin influence learning-by-doing" (Rui, Cuervo-Cazurra, and Un, 2016, p. 686) and specifically how the characteristics of emerging markets affect this learning process. We see Naspers engaging in intense learning-by-doing across its vast footprint of businesses, technologies, and geographies and underlining the conclusion that: "Learning emerges from creating complementarities in integration, from finding solutions in trial and error, from avoiding mistakes in repetition, and from stretching the knowledge base in extension" (Rui, Cuervo-Cazurra, and Un, 2016, p. 697).

We highlight three particular areas of complementarity that were important enablers of the Naspers model which partly account for why it was able to gain such a dominant emerging market footprint in an accelerated manner. Firstly, its recognition of the complementarity of emerging markets; secondly, its exploitation of disruptive technologies to capitalise upon these complementarities; and lastly, the entrepreneurial nature of the company and its attraction to like-minded companies with strong entrepreneurial teams.

Both the Naspers operational model and its investment strategy are firmly rooted in its experience of emerging markets and this has driven its product offerings and its investment in particular technologies and local companies. Furthermore, its experiences, both successes and failures, continuously feedback into both its operational and investment models by internalising learnings. (We elaborate on this further in figure 1.) It creates platforms for its subsidiaries to leverage off the experience and knowledge of other companies by encouraging the idea of the

Naspers network as an ecosystem. Subsidiaries have access to the knowledge and expertise of any other part of the multinational: *"So, it's more than just money that I think enabled these businesses but also shared resources and shared insights and shared benchmarks and best practice and things that made it possible"* (Respondent 9).

The portfolio nature of Naspers enables businesses to piggyback off the larger operational models and the facilitation of entry into the market has the benefit of minimising expenditure and driving scale. For example, the country manager of a Naspers' Fintech subsidiary specialising in online payment services highlighted the benefits of being part of the Naspers network and focused on the fact that it was able to leverage off a larger Naspers subsidiary such as MultiChoice, which is the largest Pay-TV and Internet company in Africa: *"I think we have got a very good close relationship with the MultiChoice. MultiChoice has a very big footprint in Africa, so we leverage off that footprint and their relationships to look at opportunities in this market"* (Respondent 8).

Not only has this been instrumental to its operational model, it has also led to enhanced investment strategies where Naspers has taken equity in a company and its subsidiaries have followed suit and made similar investments in those companies. For example, whilst Naspers was an early investor in the Indian Internet start-up Flipkart, in 2017 Tencent supported this investment with its own $700 million investment in the company utilising its knowledge within Naspers. This knowledge share enables the Naspers ecosystem to gain insights about markets, market opportunities, and business innovation: *"We pretty much have access to anything that anyone does at any given time and that knowledge is shared globally and quite quickly as well upon request, so I think that sort of umbrella mentality where yes we trust local markets to perform but we are also fast in sharing learnings amongst the market is what makes it unique"* (Respondent 11). *"I think coming from an emerging market playbook, there is that level of understanding because the lessons are on the ground every day"* (Respondent 10).

As regards the second enabler, involving disruptive technologies, despite Naspers not necessarily generating specific disruptive technology itself, the business was able to adapt innovations in other developed markets into emerging markets that had not yet been influenced by such innovations. This was seen through the early introduction of Pay-TV, digital classifieds, and more lately investments in FinTech and EduTech. The respondents underlined that the ability to accelerate in emerging markets was due to the sharing of knowledge across its markets and platforms. Disruptive innovations enabled new business models and new market shares to be created in emerging markets. With the focus on creating traction, Naspers has been able to scale businesses in an accelerated fashion. It was stressed by respondents that merely copying and pasting an innovative technology from one geography to another did not lead to accelerated expansion, but rather it was important that each technology had an element of customisation to suit the nuances of a new territory, its institutions, and customer base.

As the business has witnessed first-hand how the media industry has been disrupted by new technologies, the mindset of senior management in the business is to consistently reassess how their business models may be disrupted and by what - generating intense curiosity about potential sources of change (Garrison, Harvey, and Napier, 2008).

Respondent 10: *"One of the core values in the Naspers group that has led to its success now, is its continual strive and drive to adopt new technology and embrace technology into the future. That requires a continual cycle of innovation and self-disruption … The culture of innovation is key - management team that has a future focused approach and an entrepreneurial spirit and an openness and willingness to challenge the status quo."*

Respondent 12: *"I think it is a necessity to keep thinking of what will disrupt you."*

Respondent 14: *"We need to constantly reassess. … the whole substance of this is innovation."*

Respondent 8: *"… if you are not agile, you die."*

Perhaps the most practical example of Naspers willing to embrace disruption as a catalyst to expedite growth is the manner in which the business has created internal competition and disruption. This follows on from the tenants of the Darwinism that Koos Bekker (Naspers Chairman) is fond of referencing. Having seen first-hand how the digital and classifieds industries disrupted the once monolithic print industry, Naspers has been quick to assess what the threats on the horizon could be and to adapt their business models accordingly. This has resulted in the company creating internal businesses that cannibalise their current market share with the view that in the long term the newer technologies will surpass the legacy businesses and secure markets for Naspers. Examples of this are the streaming service Showmax which competes directly with the Pay-TV operation MultiChoice, and LetGo, the mobile-only classifieds app, which competes with OLX, the digital classifieds multi-national. Tencent, as another example, have teams working on the same products, and whoever creates the better product gets the recognition internally which carries a lot of weight in the business: *"Tencent is creating healthy internal competition, and it's been good for the company because it's allowed the fire in a better race of innovation to take place and its improved multiple products"* (Respondent 17). And the benefits of this approach was expressed more generally as follows: *"Cannibalisation is a mature way to look at the adopted model in the sense that it almost brings the need to adopt much more forward-looking options into the planning of the business environment. You know, they are not mutually exclusive but the one is probably a more pragmatic approach to business"* (Respondent 10).

Naspers considers market share as an important barrier to competition. The isolationist period in South Africa provided a glimpse into the power of a monopolistic-like business and the ability to create a high barrier of entry to businesses. Therefore, when Naspers started to assess markets prime for entering, emerging markets not only ticked the boxes in terms of the macro variables, but also because they had minimal international competitors with potential first mover advantage. The strategic view of the business is that if one can enter a market, gain traction and scale the business to "own" the market, it is far easier to continue an accelerated expansion as it experienced in its home country. This, in turn, has been the result of being agile and flexible and disrupting from within and committing resources to new innovations even if they disrupt existing market segments: *"We have to compete with ourselves as the consumers migrate, from one (business to) another, so that they're migrating between Naspers businesses rather than them migrating to a competitor"* (Respondent 1).

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

The final enabler of complementary markets we identified is its entrepreneurial nature and its attraction to like-minded companies in similar markets. The entrepreneurial character of Naspers builds on the nature of the founder of the modern company, Koos Bekker, and his belief in betting on innovative companies with entrepreneurial management teams. This has been his strategy in not only building up its South African, but also its worldwide, footprint. As a result, the company has betted on the management teams of its investments and has given them the flexibility in structure and operations to leverage learnings from other portfolio players in the same markets. This reinforces the argument of Verbeke and Yuan (2016, p.185) that MNE subsidiary capabilities can be enhanced in high distance contexts as the parent company may need to "reduce its level of process control and rely more on outcome control, to reduce the risk of imposing inflexible processes and standards on subsidiaries and stifling requisite local adaptation" whilst at the same time taking advantage of the FSAs and CSAs within the overall MNE portfolio.

Respondent 11: *"Naspers always trusted local entrepreneurs to deliver on local problems which I think is part of the DNA of the company so all investment made also has sort of a tag along with it that says we trust the local market to know the best how to operate and navigate local circumstance."*

A theme of backing strong founding teams with excellent knowledge appeared repeatedly in responses. The motivation and strategic relevance of backing local entrepreneurs has been interwoven into the business since the expansion into China. This enables Naspers to navigate new regions and get first hand insight into difficult institutional environments from local entrepreneurs. Relying on local teams also mitigates the potential sources of conflict that may arise between the parent company and subsidiaries when the latter feel undermined in their activities (Lauring et al., 2017). Businesses therefore have a smoother transition into new markets, and in parallel, Naspers is able to navigate emerging markets, in an expedited fashion, through localised knowledge: *"It was about identifying entrepreneurs in their markets who understood the market well and were able to execute in those particular markets"* (Respondent 4). For example, when asked about the initial Tencent investment and what drew Naspers to the company, respondent 17 replied: *"What we really did like, is that there was quite a tightly lead founder team, it wasn't just one individual but several founders, young, who really understood the Chinese market. Very hungry, a change model. Let's back these guys, step away from operations completely, and let them do the running and that was the model that proved in China to be very successful for us."*

A final point worth highlighting is the self-reinforcing nature of the exploitation of these complementarities. Not only did it learn from its home country knowledge to internationalise into complementary emerging markets and exploit the institutional and market similarities and new technologies for accelerated internationalisation, but it learnt from its experiences and its 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.

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.

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.

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

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.

Proposition 3: The leveraging of institutional complementarities between home and host countries and the adoption of new technologies, which allow for the exploitation of market opportunities, may enable a process of accelerated internationalization of EMNEs.

**Insert figure 1 here**

Within Naspers, this complementarity extended to the nature of its global platform with various parts of the business leveraging off and learning from other parts, and markets off other markets – theme 3 from table 6. Its large portfolio structure allowed it to have businesses and technologies at different parts of their life cycles with some generating cash and others committing to frontier technologies which may yield future growth. Furthermore, as these businesses were built on technology infrastructure, the parent firm could accelerate internationalisation due to the inherent economies of scale of technology.

Whilst initially focusing on expanding into emerging markets, Naspers more recently made strategic investments in developed markets, particularly the USA, because of its belief that it needs to be present in both fast-growing emerging markets, but also where new technologies are being created. By leveraging new technologies into market gaps or segments where the business is as yet not present, Naspers is looking to disrupt the status quo of market and competitor dynamics – theme 4 from table 6. Through its investments in frontier technologies and local entrepreneurs, the business is able to identify gaps in the market and if traction is realised, heavily fund that traction in order to gain and dominate market share and create barriers to entry, and to look for synergies or complementarities with its other markets or businesses.

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 (Luiz et al., 2017). Naspers was initially driven to proximate markets incrementally with similarly weak institutions in line with the Uppsala model (Johanson and Vahlne, 1977), before moving further afield in an accelerated fashion but remaining focused on leveraging their emerging market expertise. Similar to the experience of the Multilatinas, the isolation of South Africa played a role in driving Naspers to pursue internationalisation as the home market moved towards saturation, together with the impact of economic liberalisation (Cuervo-Cazurra, 2016). EMNEs may have superior ability to learn from their mistakes and navigate risky ecosystems and to leverage knowledge between emerging markets (Cuervo-Cazurra and Genc, 2008; Deng, 2012). The case of Naspers, in addition, reveals the opportunities provided by new technologies to accelerate the processes of internationalization and to take advantage of new markets.

The research focused on the historical expansion of a single South African EMNE that has a footprint in 130 countries with the limitations that go with a case study. The choice of Naspers, as a case study, has both advantages and disadvantages in terms of limitations, both related to the home country institutional setting and to the nature of the company itself and its focus on media technology. The South African setting and its rapid liberalisation and integration into the global economy in the early 1990s has distinct parallels with emerging markets elsewhere. Its experience therefore resembles that of EMNEs in other regions such as the Multilatinas and their navigation between emerging markets. Naspers' focus on the media technology sector and its exploitation of new technologies to develop new product offerings in rapidly growing emerging markets, thereby disrupting the status quo, has boundary conditions in terms of limiting the generalisability of our findings. These technologies facilitated rapid internationalisation and the development of new product offerings and this may limit its comparison with other, more traditional sectors.

Future research could provide comparison with other emerging markets that have seen liberalisation in the last three decades, most notably the BRIC countries, to further compare similarities and dissimilarities. We have provided some juxtaposition with the Multilatinas and more emerging market comparative work would provide further evidence for theorisation about the internationalisation of EMNEs. Furthermore, our research was embedded in a very distinctive technology sector and studies on both cognate and different sectors would allow us to explore the extent to which our results are driven by the peculiarities of the technology. Additionally, our case was of an EMNE successfully internationalising based upon its output capabilities, which focuses on the utilisation of current knowledge to its maximum extent across its network, but Awate et al. (2012) warn that EMNEs' innovation catch-up is likely to be a slower and longer process, and thus studying how EMNEs transition from output to innovation capabilities is an important area for future research. Lastly, our focus was on institutional complementarities but Naspers demonstrates important patterns related to entrepreneurial management and how it extends across 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 | Phase 3: Internationalisation into emerging markets worldwide |
| 2006 | Internet services | Russia | Mail.RU investment | |
| 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 | | | | | | | | | |
| C2C | B2C | | | | | DTT | DTH | Other | |
| 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

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

| **Time period** | **Socio-political context** | **Economic context** |
|---|---|---|
| 1910-1948 | • 1910 - South Africa formally becomes a country as a single union with Dominion status within the British Empire | • Despite the two world wars, South Africa experiences relatively high growth, low inflation, and a focus on industrialisation. |
| 1948 – 1970 | • 1948 - National Party comes to power on an Apartheid mandate<br>• The UK Prime Minister highlights UK discomfort with SA's racial policies with his "winds of change" speech.<br>• SA becomes a republic and withdraws from the Commonwealth.<br>• Prime Minister Verwoerd bans the ANC and other black political organizations. | • The 1950s and 60s see a period of relatively high economic growth, low inflation, controlled fiscal spending, and increasing industrialization.<br>• A policy of import substituting industrialization is promoted.<br>• "Separate development" along racial groupings is administered through the Homeland system. |
| 1970-1980 | • Fourteen heads of African states release the Lusaka Manifesto in which they pledge support for banned anti-Apartheid organizations.<br>• Various countries suspend cultural and sports agreements with SA.<br>• Killings of anti-Apartheid activists increase. | • The oil crisis of 1973 results in labor unrest.<br>• The macro-economic costs of apartheid become more apparent with a growth slowdown.<br>• Macroeconomic conditions worsen. |
| 1980 – 1989 | • Mass civil society unrest occurs as anti-Apartheid actions are increasingly well-coordinated.<br>• 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. | • The rising economic costs of apartheid put pressure on the fiscus with increasing debt levels.<br>• South African business enters talks with exiled ANC.<br>• International sanctions and disinvestment.<br>• Macroeconomic conditions deteriorate substantially. |
| 1989 – 1994 | • President De Klerk unbans the ANC and frees Mandela after 27 years in prison.<br>• Negotiations about ending Apartheid.<br>• The global community starts reengaging with SA. | • Economic collapse is imminent as result of an economic slowdown and rapidly increasing debt levels. |
| President Mandela 1994 – 1999 | • The ANC wins the first democratic elections with close to a two-thirds majority.<br>• SA rejoins international bodies. | • Reintegration of South Africa into the global economy and liberalization of the economy.<br>• Economic focus on meeting basic needs of those |

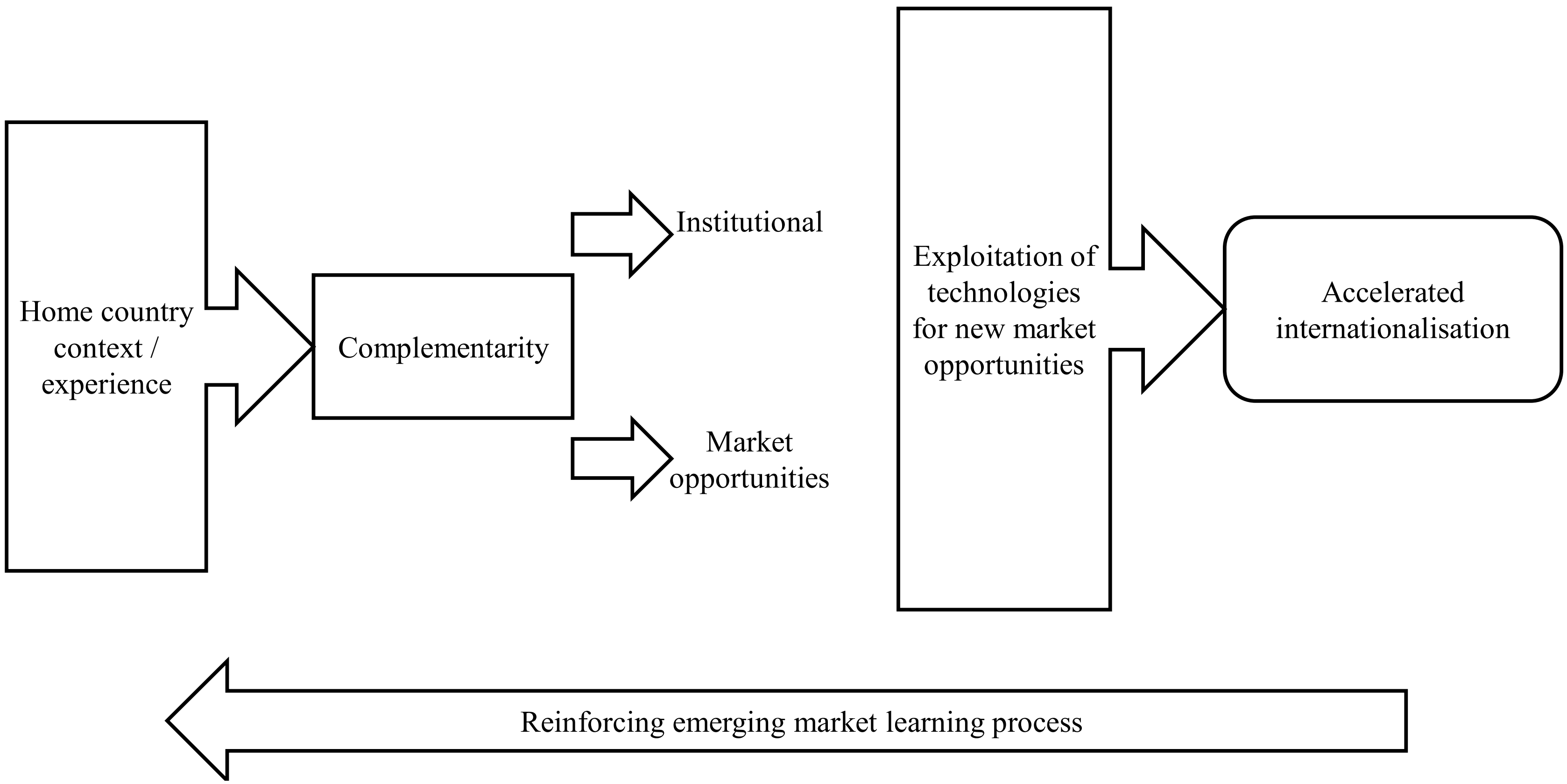
| Time period | Socio-political context | Economic context |
|---|---|---|
| | • SA's progressive constitution is signed into law. | previously deprived under apartheid.<br>• Some improvement is seen in macroeconomic conditions. |
| President Mbeki 1999 – 2008 | • Mbeki focuses on a technocratic state 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.<br>• Zuma, the deputy-president, is implicated in corruption charges. | • The GEAR (Growth, Employment and Redistribution) policy with a focus on stabilization, reduction of debt, and market reforms are implemented.<br>• Macroeconomic conditions improve substantially. |
| President Zuma 2009 – 2017 | • The Nkandla scandal highlights Zuma's use of state funds for the development of his private residence.<br>• Growing corruption and problems of governance within state-owned enterprises is experienced.<br>• The Marikana massacre takes place. | • Rise of populist agendas.<br>• Large-scale electricity blackouts take place.<br>• South Africa is severely affected by the economic crisis worldwide with deteriorating macroeconomic conditions. |

Source: Adapted from Barnard and Luiz, 2018.

**Table 6: Illustrated data from themes emanating from interviews**

| **Themes** | **Illustrative quotes** |
|---|---|
| 1. Internationalising off institutional complementarity | "Definitely it helps a lot to have a company from an emerging market going into another emerging market" (respondent 1).<br>"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).<br>"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).<br>"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). |
| 2. Capitalising upon the lack of competition | "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).<br>"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).<br>"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).<br>"… went into emerging markets because there wasn't as much rivalry" (respondent 14). |
| 3. Leveraging off Naspers as an ecosystem | "… get into the market through another company that is already established or through networks that you already have" (respondent 1).<br>"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). |
| 4. Embracing disruptive innovation for new market opportunities | "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).<br>"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).<br>"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). |

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



[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.