DOI: 10.1002/tie.22138

RESEARCH ARTICLE

WILEY

Understanding cross-border mergers and acquisitions of African firms: The role of dynamic capabilities in enabling competitiveness amidst contextual constraints

William Y. Degbey[1] | Taina Eriksson[2] | Peter Rodgers[3] | Nnamdi Oguji[4]

[1]Department of Marketing and International Business, Turku School of Economics, University of Turku, Turku, Finland

[2]Centre for Collaborative Research (CCR), Turku School of Economics, University of Turku, Turku, Finland

[3]School of Business, University of Leicester, Leicester, UK

[4]Department of Marketing, University of Vaasa, Vaasa, Finland

Correspondence
William Y. Degbey, Department of Marketing and International Business, Turku School of Economics, University of Turku, Turun Yliopisto, Turku FI-20014, Finland.
Email: william.degbey@utu.fi

Abstract

This article builds on existing international business literature that examines the drivers of cross-border mergers and acquisitions (M&As) within emerging and developing economy contexts, theoretically exploring how dynamic capabilities (DCs) are connected to these drivers, and how African emerging multinational enterprises (EMNEs) can pursue them to achieve competitiveness. The article's contribution is the development of a DC framework and testable propositions for African EMNEs' cross-border M&As. The theoretical framework shows the division of DC dimensions—sensing, seizing, and transforming—and establishes explanations for their linkage with institutional and resource drivers for African EMNEs' cross-border M&A competitiveness. In addition, the article outlines managerial implications to this effect. Overall, the article contributes to the emerging literature on the international expansion of African EMNEs through cross-border M&As by underscoring the role of DCs.

KEYWORDS

African firms, dynamic capabilities, emerging multinational enterprises, internationalization, mergers and acquisitions

1 | INTRODUCTION

Research shows that mergers and acquisitions (M&As), especially cross-border ones, have become a fundamental international growth strategy for many firms from emerging or developing economies (Degbey & Ellis, 2017, 2019; Liou & Rao-Nicholson, 2017; Oguji & Owusu, 2017; Peng, 2012). At the same time, while African countries have experienced dramatic economic growth in recent years, international business (IB) research attention on Africa has also been growing owing to the marked rise in the cross-border economic activities of African firms (Boso, Adeleye, & White, 2016; Ibeh, Wilson, & Chizema, 2012; Oguji, Degbey, & Owusu, 2018).

Despite this progress, the extant literature on the effective management of African firms—an important source of competitiveness—has far better informed us about the challenges confronting these organizations or firms than how they actually achieve competitiveness (Mellahi & Mol, 2015). Scholars identify the *liability of Africanness* (Ngwu, Adeleye, & Ogbechie, 2015) as a challenge, which confronts internationalizing African firms as they struggle to compete with hitherto dominant Western multinationals, not only in foreign markets, but also in markets within the African continent. In addition, the IB literature identifies other challenges such as global competitiveness, limited management capabilities, and inadequate cross-cultural capabilities (Boso, Adeleye, Ibeh, & Chizema, 2018). In an exploratory study of three failed internationalization cases of South African firms, Ajai (2015) found that ineffective handling of strategy, management, and organizational issues contributed to these firms' failure rather than external factors. Furthermore, scholars identify the challenge of the global competitiveness of African firms to span the national, sectoral, and firm levels (Adeleye & Esposito, 2018). They argue that the lack of competitiveness centers on issues such as limited economies of scale and a relatively poor quality of service (Amankwah-Amoah, 2018), liabilities of smallness and newness (Ngwu et al., 2015), as well as infrastructural, skills, and regulatory deficits (Newman et al., 2016). Furthermore, research has revealed that cross-border M&As have become the most preferred internationalization mode for emerging multinational enterprises (EMNEs) (Aybar & Ficici, 2009; Liou & Rao-Nicholson, 2017). Yet, unlike the mainstream M&A literature (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009), there is a lack of research directly examining the drivers and outcomes of the internationalization of African firms (Boso et al., 2018). This again highlights that the dominant focus on the contextual constraints (or challenges) of these firms has taken our attention away from equally focusing on how they effectively manage to achieve competitiveness in international markets. Similarly, Mellahi and Mol (2015) and others (Liou & Rao-Nicholson, 2017; Zoogah, Peng, & Woldu, 2015) note that we know very little about these African firms, and consequently, theoretical explanations of what drives them to compete internationally and how they deploy their domestic competencies to operate outside their home markets remain elusive.

While the extant literature has underscored the importance and dominance of contextual constraints or challenges to African firms' competitiveness in international markets, we argue that scholars need to move from simply focusing on the challenges these African firms face to also including factors that help provide theoretical explanations for their competitiveness in international markets. We argue that while context is important to ascertain the constraints on these African firms, it is also important to explore how these firms are able to develop competitiveness amidst these challenges. We anchor our discussions in this article to the theoretical building blocks of institutions and organizational resources (Zoogah et al., 2015) and to the dynamic capability (DC) approach/conceptualization (Teece, 2007, 2009; Teece & Pisano, 1994; Teece, Pisano, & Shuen, 1997).

Zoogah et al. (2015) note that the effectiveness of organizations—which encompasses outcomes such as competitiveness—from the African environment is influenced by (a) the high uncertainty of the African context; (b) the increasing influx of diverse private, public, and nongovernmental (third-sector) organizations; (c) the interconnectedness of the formal and informal economies; and (d) a growing number of African countries transitioning from socialism to capitalism. Additionally, Lebedev, Peng, Xie, and Stevens (2015) identified the determinants of M&As in and out of emerging economies, including additional new determinants pertaining to emerging economies (i.e., institutions, national pride, and latecomer disadvantage), and that these determinants equally affected internationalizing African firms as they are transitioning and emerging economy firms. Zoogah et al. (2015) proposed institutions and organizational resources as two key theoretical building blocks to examine the effectiveness of African firms, while also noting that not all African firms can effectively match their firms' resources to absorb the learning opportunities provided in the international/developed markets (Liou & Rao-Nicholson, 2017). Similarly, from the viewpoint of M&As undertaken by emerging economy firms, Lebedev et al. (2015) identified how the new determinants noted earlier can be linked to the two theoretical building blocks of institutions and organizational resources proposed by Zoogah et al. (2015). Yet, some of these African firms pursuing cross-border M&As lack the capacity to dynamically deploy resources to take advantage of the learning opportunities in target international markets (Zoogah et al., 2015). This indicates that African firms that continue not only to survive but also to thrive require certain capabilities in order to continue to deploy their firms' resources and drive growth. Consistent with this assertion, a recent Special Issue Editorial underscores the importance of capabilities in the life of African firms and poses the following two crucial questions: "What kinds of… capabilities do African firms need to internationalize rapidly? Do African firms possess… capabilities that give them a competitive advantage over firms from outside the continent?" (Boso et al., 2018, p. 6).

We contribute to this discussion by proposing that the DC approach is needed as an additional theoretical building block to address both the African firms' contextual constraints and the M&A determinants that lead them to achieving competitiveness in their cross-border M&A endeavors. Thus, we seek to extend the theoretical building blocks of institutions and resources to effectively align them to accumulate, utilize, integrate, and reconfigure the resource base afforded in international markets (Eriksson, 2014; Teece, 2014). DCs—the ability of the firm to integrate, build, and reconfigure internal and external resource configurations to address rapidly changing environments (Teece, 2014; Teece et al., 1997)—provide theoretical explanations for the drivers of these firms' international expansion and their competitive advantage. Our approach to DCs is consistent with the seminal ideas of Teece et al. (1997), who conceptualize DCs as a focal element in facilitating the differential performance of organizations under conditions of change. Therefore, the focus on DCs in this study aligns with M&As, which are indeed characterized as change events (Degbey & Pelto, 2013, 2015). Consequently, we seek to theoretically address our core research question: *How do DCs enhance the competitiveness of EMNEs from Africa through cross-border M&As?* The growing body of literature on EMNEs purports that these firms prefer cross-border M&As as their predominant foreign direct investment (FDI) mode because it helps them in catching up with peers from mature, advanced economies (Awate, Larsen, & Mudambi, 2012; Ibeh, Uduma, Makhmadshoev, & Madichie, 2018; Mathews, 2002), and in aiding them to augment strategic assets required to build competitive advantage and enhance value creation (Degbey, 2016a;

Degbey & Ellis, 2017). While the existing literature that has focused on internationalizing African firms is limited in this regard and heavily lags behind studies on Asian and South American firms (Xie, Reddy, & Liang, 2017 for a recent review showing only two articles that focus on Africa in the context of cross-border M&As), identifying the drivers of EMNEs' internationalization through cross-border M&As within and outside the African continent is important for understanding their growth strategy. What is even more important is understanding the theoretical linkages between the drivers of these firms' cross-border M&As (i.e., their growth strategy) and the mechanisms that enable them to attain a long-term competitive advantage amidst the intense competition from the more mature and advanced economy firms. As such, in this article, we argue that to understand the competitiveness of African EMNEs in the context of international M&As, we need to analyze both the core drivers of cross-border M&As and the core dimensions of DCs in parallel (Amiryany, Huysman, de Man, & Cloodt, 2012; Ciao, 2018; Teece, 2014; Teece et al., 1997).

Our study makes two important contributions. First, it contributes to a better understanding of the international expansion of African EMNEs by providing a theoretical framework that serves as an analytical tool for both scholars and practitioners. With the proposed framework, we are better positioned to explain the capability dimensions required by African EMNEs for planning and executing M&A deals as well as the post-M&A integration process. This can help to address how such requirements for the post-M&A integration process have been considered as a DC, yet only tangentially touched upon in prior studies (Zollo & Winter, 2002). Additionally, our framework provides a hitherto overlooked theoretical linkage between the M&As of African firms and DCs. Our DC framework not only builds upon the works of Luo (2000), and of Tallott and Hilliard (2016), which examine the DCs required for international expansion, but it also extends the important theoretical building blocks of Zoogah et al. (2015). Second, it makes a contextual contribution by answering the call for studies on DCs in different (national) contexts (Easterby-Smith, Lyles, & Peteraf, 2009). Considering the characterization made by Zoogah et al. (2015) regarding the African context, coupled with the assertion that EMNEs do not typically build a substantial foundation like traditional multinationals do before venturing abroad (Liou & Rao-Nicholson, 2017), the internationalization of African firms via cross-border M&As presents an interesting context in which the role of DCs is vital to understanding how these firms attain effectiveness such as with a long-term competitive advantage. Additionally, we deem this contribution important because research suggests that firms' competitive advantage in a turbulent environment results from DCs (Teece et al., 1997) instead of from competitive positioning or industry conflict (Pavlou & El Sawy, 2011).

The rest of the article is structured as follows. First, we provide an overview and discuss the drivers of cross-border M&As of African EMNEs. Next, the DC concept is discussed. Particular attention is given to the processes that make up DCs. The DC concept is then discussed in relation to the drivers of cross-border M&As. The article ends with conclusions and suggestions for further research.

2 | OVERVIEW AND DRIVERS OF AFRICAN EMNES' CROSS-BORDER M&AS

2.1 | Overview of African EMNEs' cross-border M&As

In an increasingly globalizing world, M&As taking place across international borders remain a popular strategy for firms when choosing to internationalize into foreign markets, despite the fact that the majority of them fail to reach their organizational and strategic objectives (Gomes, Weber, Brown, & Tarba, 2011; Haleblian et al., 2009; King, Dalton, Daily, & Covin, 2004; Larsson & Finkelstein, 1999). While much of this extant literature has primarily focused on MNEs based in developed economies, over the past two decades, firms based in emerging market economies have also started to increasingly engage in cross-border M&A activities (Degbey, 2016b; Deng & Yang, 2015; Peng, 2012). Such EMNEs, including those from Africa, not only undertake M&As within emerging market economies, but are also increasingly undertaking M&As involving the acquisition of assets from firms based in developed markets (Klein & Wöcke, 2007; Meyer & Thaijongrak, 2013) and they use cross-border M&As as their primary mode of investment into developed economies (Ibeh et al., 2018; Liou & Rao-Nicholson, 2017; Yamakawa, Khavul, Peng, & Deeds, 2013). Liou and Rao-Nicholson (2017) recently studied South African acquisitions in developed economies and found that colonial ties and institutional distance affect the cross-border acquisition performance of internationalizing South African firms. As mentioned earlier, reports show that in 2013, for example, cross-border M&As made by firms from emerging economies contributed 39% to the world's total value of cross-border M&As (United Nations Conference on Trade and Development [UNCTAD], 2014). Additionally, reports show that, in terms of value, cross-border M&A purchases by firms from Africa almost doubled in the year 2017 when compared to the previous year of 2016 (UNCTAD, 2018). This can be seen as an indication of accelerated internationalization to acquire much needed strategic assets such as brands and distribution channels (Makino, Lau, & Yeh, 2002), advanced technology, and managerial know-how (Li, Li, & Shapiro, 2012; Luo & Tung, 2007). Such a contribution by EMNEs to the global M&A market, together with their contribution to global FDI in general (Hoskisson, Wright, Filatotchev, & Peng, 2013), has increasingly drawn IB scholars to seek a better understanding of the contextual factors that motivate firms from emerging economies to undertake such a form of internationalization, and also to examine the extent to which EMNE M&A behavior differs from the cross-border M&A activity of firms from developed economies. Scholars have explored the motives for investments by EMNEs into foreign markets (Guillén & Garcia-Canal, 2009; Luo & Tung, 2007) and, similarly, the extent to which existing theories of internationalization adequately explain firms' foreign-entry-mode choice (Cuervo-Cazurra, 2012; Hennart, 2012; Mathews, 2006).

Furthermore, the traditional M&A literature has also identified several determining variables (though not exclusive only to MNEs in developed economies) that may influence the M&A performance such as increasing their market power (Kim & Singal, 1993), improving efficiency (McGuckin & Nguyen, 1995), reducing transaction costs (Williamson, 1985), enhancing the management of their resource dependency (Pfeffer, 1972), gaining acquisition experience (Haleblian, Kim, & Rajagopalan, 2006), improving their network position/embeddedness (Degbey, 2015; Degbey & Hassett, 2016; Yang, Lin, & Peng, 2011), and fulfilling management self-interest (Agrawal & Walkling, 1994). However, a recent review article that purposely focused on the determinants of M&As in and out of emerging economies reveals additional new factors that are unique to emerging economies—national pride, institutions, and latecomer disadvantage—and thus suggests important extensions to the established M&A drivers (Lebedev et al., 2015). We build this article on both the contextual constraints of African firms (Zoogah et al., 2015) and three important factors for cross-border M&As in and out of emerging markets (Lebedev et al., 2015), and use them in developing our arguments with respect to how DCs provide an important theoretical lens through which to improve our understanding of the cross-border M&As of African EMNEs. We organize these factors under the theoretical building blocks of institutions and resources and integrate the DC viewpoint into these building blocks. We do not in any way argue that these drivers (i.e., contextual constraints of African firms and specific emerging economy M&A factors) are exhaustive, but that they are indeed uniquely relevant to the African context and based on in-depth review findings of emerging and transitioning economies' cross-border M&As. Additionally, the choice of these drivers for our research context—African EMNEs' cross-border M&As—is also informed by the institutional logics perspective (Thornton & Ocasio, 1999; Thornton, Ocasio, & Lounsbury, 2012). According to Thornton and Ocasio (1999, p. 804), institutional logics are "socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality." In the spirit of institutional logics, we believe that the earlier drivers offer a link between individual agency and cognition and socially constructed institutional practices and rule structures (Thornton & Ocasio, 2008). The driver of national pride shows a clear linkage between an institution and an action. An action is performed by a firm (a corporation) where its source of legitimacy is expected through its establishment of its market position, while at the same time establishing the legitimacy of its nation state's democratic participation (Thornton et al., 2012). Additionally, national pride may also produce a sense of (new) identity to a nation state that is characterized by a distinct social and economic class as a result of a firm's actions being rooted in bureaucratic roles. Furthermore, the transition from socialism to capitalism in African countries, for example, as a driver, underscores the economic structures forming the foundations that will constrain or enhance the actions of internationalizing African firms to achieve their desired competitiveness. These logics provide cognitive and practical templates for organizations (in this case African EMNEs) on how to perform certain tasks and help advance the study of organizations and institutions (Thornton & Ocasio, 2008). Thus, institutional logics do advance a meta-theory, which suggests that "to understand individual and organizational behavior, it must be located in a social and institutional context, and this institutional context both regularizes behavior and provides opportunity for agency and change" (Thornton & Ocasio, 2008, p. 102). The following discussion provides a brief overview of the extant literature relating to each of these drivers that are organized under the theoretical building blocks of institutions: the uncertainty of the African context, the increasing influx of diverse organizations in Africa, formal and informal economies' interconnectedness, transitioning from socialism to capitalism in African countries; and resources: national pride versus African pride, latecomer disadvantage.

2.2 | Drivers of African EMNEs' cross-border M&As

2.2.1 | Institutional drivers

Scholars argue that institutional theories are particularly insightful for research on Africa (Zoogah et al., 2015) given the sharp contrast between African institutional contexts or frameworks and those of mature, advanced economies (Kamoche & Harvey, 2006). Generally, institutions are referred to as the "rules of the game," but are specifically defined as "the humanly devised constraints that structure human interaction" (North, 1990, p. 3). The competitiveness of African EMNEs depends on the institutional environments in which they operate. As such, institutional theories have emerged as a major perspective in IB (Meyer & Peng, 2005; Peng, 2014) and management research (Dunning & Lundan, 2008; Zoogah et al., 2015). According to Scott (1995, p. 132), institutional environments such as those in which African firms operate are "characterized by the elaboration of rules and requirements to which individual organizations must conform in order to receive legitimacy and support." Next, we elaborate briefly on some of these rules and requirements, which are referred to herein as institutional drivers (i.e., the uncertainty of the African context, the increasing influx of diverse organizations in the African context, transitioning from socialism to capitalism in African countries, and the interconnectedness of formal and informal economies: Zoogah et al., 2015) to which African EMNEs must conform or navigate to achieve competitiveness in their cross-border M&A endeavors.

Uncertainty of the African context

Scholars highlight that the African context, in comparison to other contexts such as Asia and Latin America, truly represents extremes (Michalopoulos & Papaioannou, 2015) that affect the conduct and behavior of African EMNEs. One such driver is the level of uncertainty of the African context, which is argued to be unparalleled and higher than that of other regions (Collier, 2007; Mbaku, 2004). For example, scholars have underscored that the conflicts and other related vices observed in Africa arise from strong ethnic identities (Michalopoulos & Papaioannou, 2015), which were strengthened during the colonial era (Mamdani, 1996), and that expanded due to the relative economic deprivation in the region (Robinson, 2001). Zoogah et al. (2015) added that these uncertainties are also the result of historical and traditional experiences, indicating that the African context is a configuration of external and internal stimuli that interactively affect the management of African firms. The African institutional context can "make it very difficult for the private sector to create the wealth that these countries need" due to conformity requirements (Mbaku, 2004, p. 151), despite the fact that it can also foster productive activities via uncertainty reductions (Peng, Sun, Pinkham, & Chen, 2009).

Another institutional driver relates to the *increasing influx of diverse organizations in the African context*. Zoogah et al. (2015) noted that out of more than 250 papers at the 2013 Academy of Management Africa Conference, approximately half explicitly focused on the private, public, and third sectors. This indicates the complex and dynamic attributes of the African environment and thus calls for African EMNEs' understanding of the dynamic and integrative perspective as this is required to improve their competitiveness. Other reports published by practitioner outlets such as the Economist (2011) and the McKinsey Global Institute (2010) also underscore the increasing influx of diverse organizations that has tremendous influence on how internationalizing African EMNEs can enhance their competitiveness, particularly through cross-border M&As.

Additionally, the *transition from socialism to capitalism in African countries* is also shaping the economic institutional structures, which is likely to spur more inclusive growth and competitiveness among African EMNEs, particularly through market-based policies and economic activities including investments, production, and labor acquisition (McKinsey Global Institute, 2010, 2012). Relatedly, Rwanda undertook market reforms that cut unnecessary red tape in certain sectors and thus increased the number of new firms from 700 to 3,000 one year after the reforms, with a much better potential to generate inclusive growth and improve competitiveness (McKinsey Global Institute, 2012). Gaur, Kumar, and Singh (2014) found that there are institutional resources that have an influence on EMNE internationalization. Yet, these institutional resources are typically not included in the resource-based examination and hence can be labeled as non-traditional resources. The institutional resources include, for instance, affiliation with a business group or some institutional reforms, which were found to amplify the influence of traditional resources on internationalization.

Furthermore, the *interconnectedness of formal and informal economies* is another important institutional driver. Both the formal and informal economies form part of any African country's institutions. Within the extant literature, much research has sought to examine the salience of institutions in the home and host countries as determinants impacting on the behavior and levels of value creation within cross-border M&A activities involving both MNEs from developed economies and EMNEs (Hoskisson et al., 2013; Luo & Tung, 2007; Meyer, Estrin, Bhaumik, & Peng, 2009; Meyer & Peng, 2005; Meyer & Thaijongrak, 2013). Of note, the traditional IB literature argues that large institutional distance (the difference between institutional frameworks of the home and host country) negatively impacts the ability of a firm to operate in two diverse institutional environments (Kostova, 1996, 1999; Kostova & Zaheer, 1999; Oguji & Owusu, 2017; Shimizu, Hitt, Vaidyanath, & Pisano, 2004). Consequently, it is assumed that institutional distance may act as a deterrent when choosing where to purchase a strategic asset overseas. However, recent research, focusing its attention on the behavior of EMNEs, suggests that institutional factors may impact EMNE behavior differently than that of MNEs from developed economies (Peng et al., 2009; Peng, Wang, & Jiang, 2008; Shimizu et al., 2004). Indeed, faced with "institutional voids" (Khanna & Palepu, 1997) and weak institutions in the home country (Luo & Tung, 2007), EMNEs may seek to rapidly internationalize to gain strategic assets and thus may invest in countries with better institutions to take advantage of the location-bound assets of these countries (Cuervo-Cazurra & Genc, 2008; Witt & Lewin, 2007). Conversely, other research focusing on Chinese firms has highlighted that they may choose to invest in countries with weak institutions where it is easier to negotiate and manipulate local institutional elites in order to gain access to valuable natural resources and associated economic rents from them (Collins, 2009; Quer, Claver, & Rienda, 2012).

In contrast to MNEs from developed economies that seek to exploit existing firm-specific advantages, EMNEs may also use more country-specific advantages such as access to low-cost labor and capital as well as supportive government policies at home to drive their cross-border M&A activities (Mathews, 2006; Rugman, 2009). As a result of the idiosyncratic nature of institutional arrangements in their home countries, EMNEs can strategically exploit both formal and informal connections with their domestic institutions (Hoskisson et al., 2013; Peng et al., 2008). Hennart (2012), for example, differentiates the location advantages for EMNEs from those of developed economy MNEs by highlighting how EMNEs often have access to "complementary local resources," which allows such firms to shape their outward FDI strategies differently (Cuervo-Cazurra, 2012; Hennart, 2012; Kedia, Gaffney, & Clampit, 2012). There is ample evidence that EMNEs outperform other multinational competitors in less-developed nations or markets due to their know-how from similar home countries' weak institutional environments (Cuervo-Cazurra & Genc, 2008). For example, Luiz, Stringfellow, and Jefthas (2017) showed how South African MNEs (i.e., South African breweries) exploited their knowledge of a "weak" home-country institutional environment and turned it into a source of advantage as they internationalized into locations with similar institutional "weaknesses." They also leverage this know-how and over-exposure to emerging market institutional risks into internal assets to advance internationalization into advanced countries (Luiz et al., 2017). Therefore, we argue that managers of African multinationals with an in-depth understanding of weak home-country institutional frameworks (e.g., poor enforcement of legal rights, under-developed product, financial, and labor market institutions, and unpredictable regulations), possess skills that provide them with advantages for investing in more institutionally advanced nations because they have become skilled at overcoming obstacles by seeking alternative paths and creative solutions around business and institutional challenges.

TABLE 1 The key dimensions of institutional drivers

Dimensions \ driver	Manifestation of the driver in the African context	Mechanism(s) of influence on African EMNEs	African EMNEs cross-border M&A strategies in relation to the driver
Uncertainty of the African context	• Conflicts stemming from ○ Ethnic identity ○ Colonial era ○ Economic deprivation ○ Tribal ties • Institutional conformity requirements that stifle private wealth creation	• Resource allocation and/or resource selection constraints	• Scanning/sensing the environment to select the right M&A target
Increasing influx of diverse organizations in the African context	• Creating complexity, but also dynamism in the context	• Monitoring and auditing of EMNE operations • Advising available to EMNEs	• Multi-level dynamic and integrative approach to acquire and reconfigure capabilities
Transition from socialism to capitalism in African countries	• Conformity requirements • Non-traditional institutional resources	• Exerts isomorphic pressure on EMNEs • Institutional resources amplify the effect of traditional resources on EMNE internationalization	• Acquisition and reconfiguration of complementary differences
Interconnectedness of formal and informal economies	• Institutional voids and weak institutional support	• Limits EMNEs' foreign participation • Enhances EMNEs' foreign participation	• Seize institutional resources in the form of institutional reforms

Abbreviations: EMNE, emerging multinational enterprise; M&As, mergers and acquisitions.

Table 1 provides a synthesis of the key dimensions of the institutional drivers to enrich the theoretical discussion of our study. The dimensions in Table 1 indicate the manifestation of each institutional driver in the African context, its mechanism(s) of influence on African EMNEs, and the African EMNEs' cross-border M&A strategies in relation to the driver.

2.2.2 | Resource drivers

Latecomer disadvantages

In the so-called VUCA world (Bennett & Lemoine, 2014), the "latecomer disadvantage" driver brings to the fore the importance of time as a critical resource, particularly for African EMNEs that operate in varied, culturally different host countries. Recent calls for the role of time in IB research (Plakoyiannaki, Paavilainen-Mäntymäki, Hassett, Rose, & Liesch, 2019) and empirical research on merger waves and entry-timing in cross-border M&As (Fuad & Gaur, 2019) emphasize the increasing relevance of timing for firms engaging in cross-border activities, especially in uncertain, disruptive, and complex environments. While conventional incremental process theories of internationalization within the IB literature (Johanson & Vahlne, 1977, 2009) argue that firms seek to engage in internationalization activities in stages, the extant literature with respect to EMNEs highlights how, contrary to the traditional view of MNEs from developed economies, EMNEs "need to *accelerate* their pace of internationalization so as to catch up with that of incumbents" (Luo & Tung, 2007, p. 490). Commonly known within IB as the "springboard" perspective, Luo and Tung (2007, p. 481) note that EMNEs undertake aggressive M&As abroad in order to "overcome their latecomer disadvantage in the global stage." While outward FDI strategies of developed economy MNEs traditionally involve the exploitation of existing ownership advantages, in contrast, the literature on EMNEs suggests that as they often lack such capabilities (Rui & Yip, 2008), they seek to acquire "strategic assets" such as technologies or managerial competency (Child & Rodrigues, 2005; Luo & Tung, 2007; Mathews, 2006) by acquiring assets in psychically distant developed markets (Luo & Tung, 2007). While most African multinationals' M&As within Africa are motivated by market-seeking and efficiency-seeking motives in psychically and institutionally proximate African markets (Ibeh et al., 2018), there is evidence that their expansion outside the continent is to acquire strategic assets like their Asian EMNE counterparts. For example, Elsewedy's acquisition of the Spanish wind energy firm (M Torres Olvega) and Sonangol's acquisition of America Cobalt International Energy oil blocks in the USA (Ibeh, 2018). We expect these African MNEs' M&As to follow the evolutionary pattern from market-seeking to efficiency and strategic-asset-seeking motives (Giroud & Mirza, 2015).

Overall, EMNEs internalize their strategic assets via acquisitions to provide a faster route to achieving their objectives (Child & Rodrigues, 2005). Similarly, Kedia et al. (2012, p. 159), reviewing the literature on the location and entry-mode choice of EMNEs argue, "EMNEs will try to overcome their latecomer disadvantage through aggressive, proactive, and risk-taking acquisitions." Moreover, rather than the latecomer position being seen as a disadvantage, Mathews (2006) highlights that being a latecomer in today's global markets might actually bring advantages for EMNEs. Such firms are said to possess advantages such as an early awareness of competitive networks within global markets and they can certainly build on the resources made available through these linkages (Aykut & Goldstein, 2006; Organization for Economic Co-operation and Development [OECD], 2007. Also, Guillén and Garcia-Canal (2009) argue that EMNEs follow a path of fast internationalization behavior, which as a consequence of their previously limited exposure to global markets, enables EMNEs to adopt an organizational structure and strategy that aligns with the demands of the contemporary global competitive markets.

While such literature highlights how EMNEs as latecomers strive to compete within global markets by engaging in cross-border M&A activities, nevertheless, Haleblian, McNamara, Kolev, and Dykes (2012), in their theory of institutional imitation, highlight some of the dangers for EMNEs seeking to engage in aggressive and highly risky cross-border M&As. This theory refers to the idea that latecomers often blindly follow their more successful predecessors in acquiring assets in foreign markets (Haleblian et al., 2012; Maksimovic, Phillips, & Yang, 2013; McNamara, Haleblian, & Dykes, 2008). As a result of a lack of sufficient strategic planning, due diligence, and often a careless choice in terms of asset targeting (McNamara et al., 2008) involving a lack of strategic goals, these latecomer EMNEs often perform worse in value creation during the post-acquisition phase. Clearly, findings in the extant literature on the impact of this driver variable on EMNEs' cross-border M&As are mixed and inconclusive, and thus in-depth knowledge of DC concepts may theoretically help to clarify some of these mixed findings.

National pride versus African pride

National pride is defined as “the positive affect that the public feels toward their country, resulting from their national identity. It is both the pride and sense of esteem that a person has for one's nation and the pride or self-esteem that a person derives from one's national identity” (Smith & Kim, 2006, p.127). This important factor also underscores psychological attributes and perceptions of M&As (Degbey, Rodgers, Kromah, & Weber, 2020) as vital elements to explain the competitiveness of EMNEs from Africa. Researchers have investigated how, at an individual level, investors may seek pride in their investment decisions (Thaler, 1992) and how national pride can influence attitudes toward international economic issues (Müller-Peters,- 1998). Taking such studies into account, Hope, Thomas, and Vyas (2011) sought to examine the extent to which national pride plays a role in increasing the effects of individual pride and consequently leads to managers making “empire-building” decisions in relation to foreign investments. According to them, corporate governance has a less constraining effect on managerial decision-making within EMNEs (Bushman, Piotroski, & Smith, 2004; La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1997) due to low levels of corporate governance compared to developed economies. In most emerging economies such as China, managers may have or perceive to have an obligation to their given government to improve the status of their country by investing in assets from a developed market economy. This is evident in the extant literature in that Chinese state institutions often formally and informally provide capital and incentives for their multinationals to acquire strategic foreign assets that have the possibility of generating national pride (Morck, Yeung, & Zhao, 2008). This is not to suggest in any way that governments of MNEs from developed market economies do not provide support or desire that firms from their various countries engage in such prestigious or high-profile projects, but research on the internationalization of firms through M&As show them to exert a much more profound effect on EMNEs, especially those from China (Lebedev et al., 2015). While national pride may exert significant importance for Chinese MNEs' foreign acquisitions (due to massive national incentives), on the contrary, multinationals from African countries often lack such government/national-augmented resource profiles (Ibeh et al., 2018). As a result, we see African multinationals exhibit more continental pride (i.e., African pride) than national pride, as proven in their vision to create “pan-African champion MNEs”—a vision supported by founders, institutional shareholders, regional governments, and organized private sector bodies (Ibeh et al., 2018). More so, most African MNEs prefer to promote their products with African/regional labeling (African Business, 2013) than country-of-origin (COO) branding, as it helps them to overcome the negative perception of the COO effect of their products (Nnamdi & Owusu, 2014).

Table 2 provides a synthesis of the key dimensions of the resource drivers to enrich the theoretical discussion of our study. The dimensions in Table 2 indicate the manifestation of each institutional driver in the African context, its mechanism(s) of influence on African EMNEs, and the African EMNEs' cross-border M&A strategies in relation to the driver. This brief review on institutional and resource drivers in the extant literature indicates how they may affect the competitiveness of EMNEs' cross-border M&As. Building on this existing knowledge, we advocate for the consideration of a DC perspective as a means of strengthening the current understanding of institutional drivers (Thornton & Ocasio, 2008; Zoogah et al., 2015) and resource drivers (beyond simple access to or possessing valuable, rare, imperfectly imitable, and non-substitutable [VRIN] resources, for example, Barney, 1991), to also include organizational and managerial processes of coordinating/integrating, learning, and the reconfiguration of resources (Teece et al., 1997; Teece & Pisano, 1994). Our discussions in Sections 2.2.1 and 2.2.2 (synthesized in Tables 1 and 2) additionally add to one of the main findings of Gaur et al. (2014), which shows that institutional resources amplify the effect of traditional resources on EMNE internationalization. More specifically, we suggest that the effect of DC-enhanced institutional and resource drivers can further strengthen EMNE internationalization and competitiveness, especially via cross-border M&As.

3 | DCs IN THE CONTEXT OF AFRICAN EMNES' CROSS-BORDER M&As

African firms engaged in cross-border economic activities operate in very turbulent environments, as discussed earlier. To succeed in these

TABLE 2 Key dimensions of resource drivers

Driver \ Dimensions	Manifestation of the driver in the African EMNEs	Mechanism(s) of influence on African EMNEs	African EMNEs' cross-border M&A strategies in relation to the driver
Latecomer disadvantage	• Lower degree of international operations compared to industry incumbents • Unique, but limited firm-specific resources that aid in internationalization	• Forces accelerated internationalization • Lacking capabilities for exploiting ownership advantages	• Aggressive cross-border M&As to acquire strategic assets • Building early awareness of competitive networks globally to sense and seize opportunities
National pride versus African pride	• Drive to generate African pride instead of emphasizing country of origin	• Lacking government-augmented resource profiles for enhancing national pride	• Resource and capability seeking cross-border M&As to build “pan-African champion MNEs”

Abbreviations: EMNE, emerging multinational enterprise; M&As, mergers and acquisitions.

markets, they need to be capable of mitigating the challenges of turbulent and fast-changing business environments. The firms need to have capabilities to enter foreign markets and to operate in an institutional system that is dramatically different from that of their home country (Gammeltoft & Hobdari, 2017). These kinds of capabilities have been conceptualized in the extant research as DCs (Teece et al., 1997; Teece & Pisano, 1994), where *dynamic* refers to the ability for renewal and reconfiguration (Teece et al., 1997), and *capability* refers to the organization's ability to make use of its resources (Helfat & Winter, 2011).

DCs are essentially about change and, as Teece (2014, p. 23) put it, “Doing the right things at the right time.” It may be adaptation in response to changes or a proactive approach where the firm purposefully aims at creating change. The focal argument is that in turbulent environments, MNEs' competitive advantage stems, instead of from competitive positioning or industry conflict (Pavlou & El Sawy, 2011), from DCs (Teece et al., 1997). As MNEs, and particularly EMNEs, operate in a variety of different environments, they need to adapt to different market changes and even create new markets (Teece, 2014). The explicit theoretical linkage between DCs and the dynamic phenomenon of cross-border M&As remains a black box. To take further steps toward opening up the box, the following discussion examines the components of DCs. Moreover, the phenomenon addressed calls for insights from multiple disciplines, and the DC lens has the potential to add to our understanding of cross-border M&As (Augier & Teece, 2007). The DC approach takes a more comprehensive approach than many earlier conceptualizations of the firm do (Williamson, 1990). It also addresses the proactive search for opportunities, and the selection and implementation of the course of action (Augier & Teece, 2008) (i.e., cross-border M&As in the context of this study). The DC contributions are built on the underlying assumptions of bounded rationality, managerial agency, and the heterogeneity of DCs (Schilke, Hu, & Helfat, 2018). For instance, acquisition capability as a DC is a higher-order concept that is formed of multiple second-order capabilities such as managerial skills, organizational structure, experiential learning, and knowledge transfer (Nummela & Hassett, 2016).

It is possible to analytically distinguish three dimensions of DCs: sensing capacity, seizing capacity, and reconfiguration capacity (Teece, 2009). *Sensing capacity* is about detecting opportunities to grasp, early on, through either reacting or proactively creating or shaping a change (Teece, 2007). It builds on the ability to spot changes and the ability to make sense of the changes (Pavlou & El Sawy, 2011). Thus, sensing capacity necessitates, for instance, market intelligence (Pavlou & El Sawy, 2011; Teece, 2007). Firms also need to have relevant prior knowledge, the ability to accumulate and filter information, as well as the ability to link new information with existing knowledge (Teece, 2007; Todorova & Durisin, 2007). Balancing between replication and renewal as well as between internal and external sources are prerequisites for DCs (Eriksson, 2014). These are particularly interesting in the context of this study and are therefore discussed in relation to the specific characteristics of African EMNEs' cross-border M&As in the following section. Sensing capacity has been argued to possibly be a part of the organizational design to detect different types of opportunities: While the top management must detect some opportunities, other kinds of opportunities can be sensed in other parts of the organization (Felin & Powell, 2016). In addition, detecting opportunities is not uniformly distributed across individuals or organizations (Teece, 2007). Sensing opportunities linked to cross-border M&As by African EMNEs are influenced by the drivers discussed in the previous section and the analytical connections are analyzed in the following section.

Seizing capacity is essentially about the organization's capability to grasp the identified opportunities or threats and make changes, and to capture value in the process (Teece, 2007). Hence, seizing deals with learning and preparing for change (Pavlou & El Sawy, 2011). Particularly the processes of knowledge utilization and knowledge integration are relevant to seizing (Eriksson, 2014), because seizing deals most importantly with the mobilization of resources to grab opportunities (Teece, 2007). To find out what needs to be developed, seizing must begin with the evaluation of existing resources and capabilities, and of the resources and capabilities that are needed (Wilden, Gudergan, Nielsen, & Lings, 2013). After the analysis, seizing is likely to call for investments (Helfat & Peteraf, 2009), for instance, in the

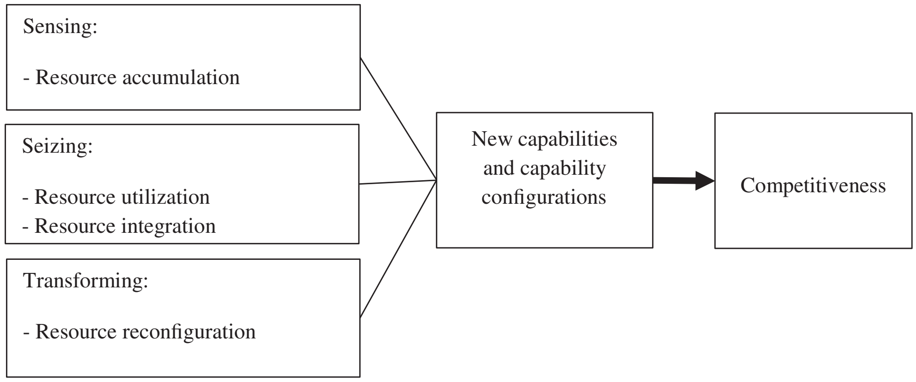

FIGURE 1 DC dimensions and competitiveness. DC, dynamic capability

form of product, service, or process development (Teece, 2007). Developing capabilities tends to be difficult, and investments in, for instance, service development, do not necessarily lead to developed service capabilities in the firm (Wilden et al., 2013). It has been argued that overly rigid, formal organizational structures may impede opportunity seizing. In contrast, decentralized and more organic structures are argued to lead to more effective seizing (Teece, 2007; Wilden et al., 2013). In a multinational enterprise, it is also critical to define who is the individual who will decide on which opportunities the firm is going to grasp and how (Felin & Powell, 2016). Seizing is particularly important in the context of MNEs, because making the necessary investment decision may be difficult. It may entail, for instance, destroying old capabilities and investing in new ones that are needed for future competitiveness (Teece, 2007). The influence of EMNEs' specific circumstances is analyzed in relation to these notions in the next section of the article.

Finally, *transforming capacity* focuses on the configuration and reconfiguration of the organization's resources and capabilities (Teece, 2007). Resource reconfiguration involves a repeated recombination of practices and it has been noted that both resource renewal and preservation are necessary. Hence, resource management becomes critical (Moliterno & Wiersema, 2007; Salvato, 2003). Transforming capacity is essentially about continuous renewal (Teece, 2007). This implies that competitive success arises from continuous development combined with the reconfiguration of the firm's assets (Augier & Teece, 2008). Transforming is also a way of managing threats as it relates to making sure that the firm is capable of responding to the current and future demands and developments (Katkalo, Pitelis, & Teece, 2010). Transformation capacity may also concern organizational structures and thus may lead to refining the firm's business model (Katkalo et al., 2010), which is particularly interesting in the context of cross-border M&As.

It is noteworthy that in addition to the organizational-level factors, the managerial-level factors have been found to be critical in connection to DCs as well as to cross-border M&As. Haapanen, Hurmelinna-Laukkanen, Nikkilä, and Paakkolanvaara (2019) argue that the manager's ability to comprehend alignments and/or disparities between the units of merging companies is a highly significant factor in the integration process, and hence, this has important implications for M&A success.

4 | DC AND AFRICAN EMNES' CROSS-BORDER M&As: A FRAMEWORK

Multinationals are dynamic by nature and, in particular, EMNEs and their cross-border M&A transactions may even be described as a double-layered dynamism. DCs have been argued to yield sustained competitive advantage in constantly changing environments (Teece et al., 1997). It can also be argued that the survival of MNEs is also influenced by other factors besides adaptations to market failures. Creating and deploying resources that are VRIN, as well as distinct processes and business models, are nowadays also critical factors (Teece, 2014).

A growing number of companies from emerging markets grasp opportunities through cross-border M&As. The ability of EMNEs to engage in cross-border M&As can be considered as a DC (Ciao, 2018). Thus, this study theoretically examines African EMNEs' ability to engage in cross-border M&As as a DC. The DC view has considerable potential to advance our understanding of EMNEs. Most importantly, it points to the significance of entrepreneurial, proactive behavior that shapes the traces the enterprise leaves in the market (Augier & Teece, 2007). A very recent study by Haapanen et al. (2019) demonstrates the significance of DCs for the success of cross-border M&As. The study argues that the microfoundations of DCs have an important impact on the success of cross-border M&As through the integration process. Similarly, Hughes et al. (2020) empirically found capability sharing in a cross-border M&A context as a key microfoundation that is positively related to organizational ambidexterity—a vital source of firms' competitiveness. DCs are most often discussed in connection with first-mover advantage (Wilden et al., 2013). However, the case for EMNEs from Africa is different, as they are mostly forced to deal with latecomer disadvantage instead. Yet, the extant literature on EMNEs' cross-border M&As indicates latecomer disadvantage as a uniquely important driver of their expansion to foreign markets (Lebedev et al., 2015). This suggests that these firms perceive that they are able to turn the latecomer disadvantage into their advantage through the vital DC ingredient.

Prior internationalization literature suggests that traditional/established MNEs expand internationally to exploit tangible resources that are vital sources of advantage, unlike EMNEs that fall short in terms of such resources (Brouthers, O'Donnell, & Hadjimarcou, 2005;

Meyer et al., 2009). Instead of tangible resources, EMNEs embark on intangible resourcefulness (i.e., the capability of doing more with less) as they go international (Mitchell, Smith, Seawright, & Morse, 2000; Yamakawa et al., 2013). In other words, EMNEs, unlike traditional/established MNEs, instead thrive in foreign (developed) markets by exploiting existing stocks of intangible resources and also by exploring the benefits of incoming resource flows (Yamakawa et al., 2013).

Therefore, while the latecomer disadvantage driver may be conceived of as a challenge to spotting opportunities in international markets, the sensing capacity of EMNEs, especially in the form of intangible resource accumulation, can be leveraged to spot opportunities for international success. This spotting of opportunities can come in the form of the early awareness of competitive networks and of building on the resources made available through these networks within global markets (Aykut & Goldstein, 2006). For example, African firms tend to rely on social capital residing in community ties or networks to gain legitimacy and improve firm performance (Acquaah, 2007). This can be regarded as an important sensing capacity to gain early awareness of competitive networks (compared to developed market MNEs) for effective reactions to change or for the proactive creation or shaping of change (Teece, 2007).

Given that African EMNEs emerge from home countries characterized by factors such as high uncertainty and the interconnectedness of formal and informal economies (Zoogah et al., 2015), their sensing capacity to spot changes in their target markets in the form of market-supporting institutions, as well as a lack of support from institutions and making sense of such changes is much stronger than that of traditional MNEs that are predominantly akin to stable and often predictable institutional environments. For example, the South African brewing and beverage company, SabMiller, had to go global to circumvent governmental control over foreign exchange usage and to avoid a small domestic market (Luo & Tung, 2007). Additionally, African EMNEs driven by national and/or African pride may enter foreign markets (particularly developed markets) to achieve competitiveness when they spot an opportunity (i.e., sensing capacity) to establish their reputation. For example, the foreign operation of EMNEs in high-profile locations generates reputational benefits, as it can signal quality and credibility to vital resource providers such as customers, investors, and home-country governments (Yamakawa, Peng, & Deeds, 2008), and thus bring a sense of national or continental pride.

Overall, African EMNEs can facilitate effective management of cross-border M&As determined by latecomer disadvantage, institutions, and national and/or African pride when their sensing capacity builds on relevant prior resources (particularly intangible ones), on their ability to accumulate and filter information, as well as on their ability to link new information with existing resource bases (Teece, 2007; Todorova & Durisin, 2007). In other words, African EMNEs must consider, as a prerequisite, balancing replication and renewal, as well as the internal and external sources of (intangible) resources (Eriksson, 2014) if they aim to enhance the competitiveness of their cross-border M&As. Furthermore, as driven by latecomer disadvantage in international markets, African EMNEs can engage their seizing capacity in the form of resource utilization and integration to grasp identified opportunities and make changes to capture value in the process (Eriksson, 2014; Teece, 2007). This seizing capacity requires learning (Pavlou & El Sawy, 2011). For example, seizing capacity can come in the form of grasping early awareness of competitive networks and building on the resources made available through these networks within global markets (Aykut & Goldstein, 2006; Degbey & Ellis, 2019), as African firms have tended to rely on social capital residing in community ties (Acquaah, 2007). This suggests that latecomer African EMNEs can engage in their seizing capacity through colonization ties to provide the respective African acquirer with the needed familiarity with the target market to boost performance (Ahuja & Yayavaram, 2011; Liou & Rao-Nicholson, 2017).

In addition, as discussed earlier with respect to sensing capacity, by utilizing their seizing capacity through leveraging and integrating resources, African EMNEs can facilitate effective cross-border M&A management in a target market with market-supporting institutions by taking into account the African EMNEs' home-country characteristics, according to Zoogah et al. (2015). Furthermore, this effective seizing capacity of EMNEs emanates from a nimble organizational structure with great flexibility in terms of competing with established MNEs, in spite of their latecomer disadvantage and home institutional constraints (Liou & Rao-Nicholson, 2017; Mathews, 2006). This is consistent with the assertion that overly rigid, formal organizational structures may impede opportunity seizing (Teece, 2007; Wilden et al., 2013). Furthermore, people and/or human resource management issues such as knowledge-sharing and boundary spanning are critical for the effective management of cross-border M&As (Aklamanu, Degbey, & Tarba, 2016; Liu & Meyer, 2018), and are therefore consistent with the seizing capacity of EMNEs that requires defining the decision-maker regarding which opportunities the firm is going to grasp and how (Felin & Powell, 2016).

Transforming capacity relates to the repeated recombination of practices that recognizes both resource renewal and preservation as prerequisites (Moliterno & Wiersema, 2007; Salvato, 2003). Transforming capacity with respect to African EMNEs' cross-border M&A drivers argues for continuous development combined with the reconfiguration of both organizational and managerial processes (Teece, 2009), and this is consistent with the call for a combined focus on human and task/organizational integration processes to achieve M&A value creation (Birkinshaw, Bresman, & Håkanson, 2000). In summary, DCs consist of both managerial and organizational processes that are necessary for identifying change opportunities and for accomplishing change (Helfat et al., 2007), despite the focus in the extant literature clearly being more on organizational processes even though managerial processes are also critical (Teece, 2009).

The importance of our discussion here can be observed in prior research, although the authors did not explicitly examine the relationship explored in this article (Buckley, Munjal, Enderwick, & Forsans, 2016). Buckley et al. (2016) examined the interactions between in-house resources and experiential and non-experiential knowledge to explore how Indian EMNEs manage and exploit their knowledge base when internationalizing. They find that these firms have interface competence—that is, they combine in-house resources

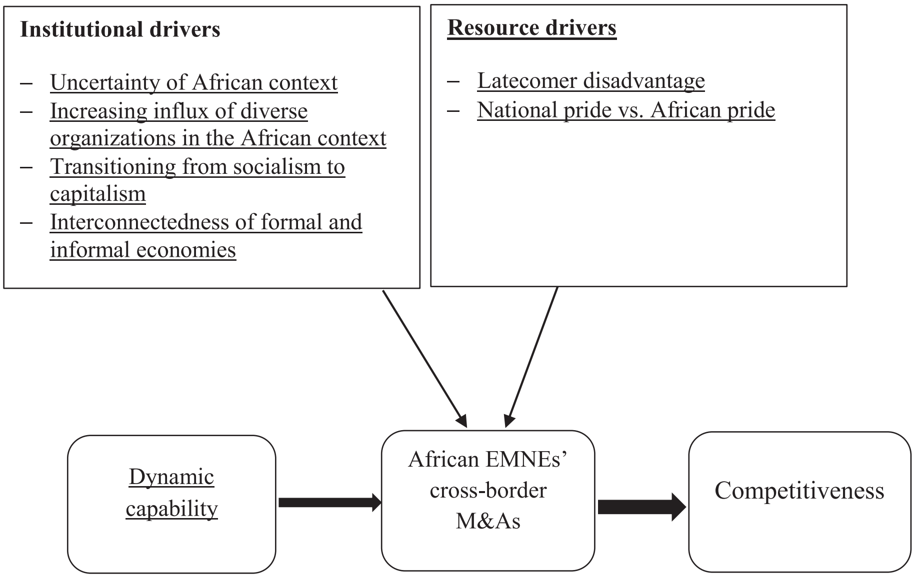

FIGURE 2 DC, drivers of African EMNEs' cross-border M&As, and competitiveness

TABLE 3 A DC framework for African EMNEs' cross-border M&As

	Sensing	Seizing	Transforming
Institutional drivers	African EMNEs accumulate tangible and intangible resources in diverse networks (e.g., through the influx of diverse organizations), which *enables* spotting opportunities with a broad scope. No/weak support from the home-country's formal institutions (but only informal institutional presence) for spotting opportunities *constrains* African EMNEs' cross-border M&As → Sensing capacity enhances spotting opportunities	Uncertainties and rapid changes in the African institutional environment *enable* operating in diverse institutional contexts and leveraging the resource base. Weak support from home-country formal institutions (but only an informal institutional presence) for grasping opportunities *constrain* African EMNEs' cross-border M&As → Seizing capacity drives African EMNEs' possibilities to grasp the spotted opportunities	Recurring transitions (e.g., socialism to capitalism) in the institutional context enforce building strong internal processes that *enable* cross-border M&As. Absence of formal institutional support (but only an informal institutional presence) for the reconfiguration of the resource base *constrains* African EMNEs' cross-border M&As → Transformation capacity drives the African EMNEs' ability to reconfigure their resources for engaging in cross-border M&As
Resource drivers	African EMNEs' pride drives the emphasis for leveraging existing resources in new contexts, and thus *enables* cross- border M&As. Latecomer disadvantage *constrains* African EMNEs' cross-border M&As as the firms may follow successful predecessors without careful evaluation of other opportunities. → Sensing capacity drives the spotting of viable opportunities.	Less constraints by corporate governance *enables* African EMNEs to mobilize tangible and intangible resources in an agile way. African EMNEs typically have to invest in development (e.g., product or process), which *constrains* cross-border M&As. → Seizing capacity enables selecting the most suitable opportunities and taking initiative to make use of those.	Flexible organizational structures *enable* quick reconfigurations of tangible and intangible resources. Latecomer disadvantage *constrains* EMNEs' feasible resource reconfigurations. → Transformational capacity drives agile resource reconfigurations for cross-border M&As.

Abbreviations: DC, dynamic capability; EMNE, emerging multinational enterprise; M&As, mergers and acquisitions.

with experiential market and externally sourced technological knowledge when undertaking cross-border acquisitions—and this finding demonstrates DC attributes of EMNEs' cross-border M&A undertakings. Figure 2 shows a diagrammatic representation of how African EMNEs' cross-border M&As are impacted by institutional and resource drivers and are further enhanced by DCs to generate competitiveness.

Table 3 expands on the proposed relationships shown in Figure 2 by decomposing DCs into three core dimensions and detailing how they connect with the various drivers to foster competitiveness of African EMNEs' cross-border M&As.

Based on the earlier outlined frameworks (Table 3 and Figure 2), we suggest the following main proposition and sub-propositions for future research to scrutinize: "The extent to which African EMNEs can develop competitiveness through cross-border M&As will be simultaneously influenced by institutional and resource drivers and DCs."

1 The higher the importance of informal institutions and related knowledge is to African EMNEs, the higher the competitiveness of their cross-border M&As in African markets will be, but the lower it will be in mature, advanced economies.
2 The latecomer disadvantage as a resource driver will increase the competitiveness of cross-border M&As for African EMNEs that accumulate an understanding from earlier cross-border M&A failures and utilize that to integrate and reconfigure their intangible resources.
3 Rapid and recurring changes in the home-country institutional environment will have a positive impact on competitiveness through cross-border M&As as they enforce agility and flexible organizational structures.
4 Rapid and recurring changes in the home-country institutional environment have a positive impact on competitiveness through cross-border M&As as they enforce the development of DCs.
5 The higher the complexity of the African organizational environment, the higher the competitiveness of their cross-border M&As will be in African markets but they will be lower in mature, advanced economies.

5 | CONCLUSIONS

Responding directly to recent calls for more of a scholarly focus on the drivers and outcomes of the international expansion of African firms (Boso et al., 2018; Liou & Rao-Nicholson, 2017), this article has explored how DCs enhance the competitiveness of EMNEs from Africa through cross-border M&As. It does so by specifically focusing on how DCs link to core drivers of M&As undertaken by African EMNEs. This is of critical importance when taking into account that while economic growth continues across the African continent, to date, research within the field of IB in the sub-field of cross-border M&As remains almost entirely focused on firms in developed economies or emerging economies in Asia and South America (Xie et al., 2017). In this article, we aim to extend existing knowledge in this area by making our core contribution, which is to develop a DC framework for African EMNEs' cross-border M&As. Within this theoretical framework, while taking into account the influence of the aforementioned M&A drivers, we purport to establish a linkage between DC core dimensions and drivers of EMNEs' cross-border M&As in the specific context of internationalizing African firms. We argue that the three DC dimensions (sensing, seizing, and transforming) theoretically advance our understanding of the drivers behind African EMNEs' cross-border M&As in the extant literature that is mainly grounded on institutions and resources as the theoretical building blocks (Table 3).

The study also has clear managerial implications. For Africa, EMNE managers who operate in contexts characterized by weak institutional environments, the latecomer disadvantage, and the important role of national versus African pride, the factors identified in the framework offer important aspects for understanding how to promote African EMNE cross-border M&A competitiveness. In other words, these factors can be expected to enhance the competitiveness of the international expansion of African EMNEs. Hence, the factors also contribute to the performance of African EMNEs. In terms of DCs, it is essential to note that all three capacities are necessary for DCs to develop and operate. Building on the important insights of Degbey and Ellis's (2017) study, this article's findings demonstrate the need for practitioners across the African continent, rather than viewing heterogeneities as a challenge, viewing them instead as opportunities upon which to build managerial capabilities. Moreover, while African multinationals tend to emphasize African pride, in the future, national pride too will be important to further increase the outward direct investments of African firms, as well as to place Africa in a pivotal position within the global value chain. This has implications for talent acquisition in African MNEs. To develop national pride, these African MNEs need to move past CEOs with pan-African-centric worldviews to CEOs who embody national patriotism with a global mindset. Furthermore, while national pride may not constitute a serious integration challenge for M&As between African firms within the African continent due to their broad institutional similarities (Ibeh & Makhmadshoev, 2018), it may become a challenge when these firms acquire businesses outside of Africa due to the different institutional contexts. In this regard, firms, especially in the critical post-integration phase of an M&A, might choose to invest in cross-cultural training programs for employees in order to avoid any problems arising due to a clash of national cultures.

From a future research and limitations' perspective, this article is a conceptual one and will require future empirical probing to substantiate our theorized relationships presented in Table 3. In addition, the DC conceptual discussion here can clearly be extended to cross-border M&As of traditional MNEs from mature, developed economies. Furthermore, it would also be valuable to examine whether organizational pride may be salient in the discussion of EMNEs' cross-border M&As from a DC perspective. It will also benefit our understanding of African EMNEs and DCs to empirically examine in more detail the linkages between the competitiveness of cross-border M&As and enterprise performance, and the mediating role of DCs in this.

ORCID

William Y. Degbey https://orcid.org/0000-0001-9027-3819
Nnamdi Oguji https://orcid.org/0000-0002-5097-7878

ENDNOTES

[1]We also draw on the EMNE internationalization literature but our discussion mainly focuses on African firms' internationalizing through cross-border M&As.

[2]VUCA is an acronym that stands for volatility, uncertainty, complexity, and ambiguity.

[3]A related study exists in the context of international joint ventures of Indian life insurance companies (Roy & Khokle, 2016). Also, Nummela and Hassett (2016) address the topic of capabilities for M&A.

REFERENCES

Acquaah, M. (2007). Managerial social capital, strategic orientation, and organizational performance in an emerging economy. *Strategic Management Journal*, *28*(12), 1235–1255. https://doi.org/10.1002/smj.632

Adeleye, I., & Esposito, M. (Eds.). (2018). *Africa's competitiveness in the global economy*. Basingstoke, England, and New York, NY: Palgrave Macmillan.

African Business. (2013, November 2013). Africa's best brands: African brands go head to head with global players. *African Business*, *402*. Retrieved from http://www.brandafrica.org/Documents/BrandAfrica100-2013.pdf

Agrawal, A., & Walkling, R. A. (1994). Executive careers and compensation surrounding takeover bids. *The Journal of Finance*, *49*(3), 985–1014.

Ahuja, G., & Yayavaram, S. (2011). Perspective—Explaining influence rents: The case for an institutions-based view of strategy. *Organization Science*, *22*(6), 1631–1652.

Ajai, O. (2015). Failure of Africa-to-Africa internationalization: Key factors and lessons. In I. Adeleye, K. Ibeh, A. Kinoti, & L. White (Eds.), *The changing dynamics of international business in Africa* (pp. 148–168). Basingstoke, England, and New York, NY: Palgrave Macmillan.

Aklamanu, A., Degbey, W. Y., & Tarba, S. Y. (2016). The role of HRM and social capital configuration for knowledge sharing in post-M&A integration: A framework for future empirical investigation. *The International Journal of Human Resource Management*, *27*(22), 2790–2822.

Amankwah-Amoah, J. (2018). Why are so many African companies uncompetitive on the global stage? Insights from the global airline industry. In I. Adeleye & M. Esposito (Eds.), *Africa's competitiveness in the global economy* (pp. 195–216). Basingstoke, England, and New York, NY: Palgrave Macmillan.

Amiryany, N., Huysman, M., de Man, A.-P., & Cloodt, M. (2012). Acquisition reconfiguration capability. *European Journal of Innovation Management*, *15*(2), 177–191.

Augier, M., & Teece, D. J. (2007). Dynamic capabilities and multinational enterprise: Penrosean insights and omissions. *Management International Review*, *47*, 175–192.

Augier, M., & Teece, D. J. (2008). Strategy as evolution with design: The foundations of dynamic capabilities and the role of managers in the economic system. *Organization Studies*, *29*(8–9), 1187–1208.

Awate, S., Larsen, M. M., & Mudambi, R. (2012). EMNE catch-up strategies in the wind turbine industry: Is there a trade-off between output and innovation capabilities? *Global Strategy Journal*, *2*(3), 205–223.

Aybar, B., & Ficici, A. (2009). Cross-border acquisitions and firm value: An analysis of emerging-market multinationals. *Journal of International Business Studies*, *40*(8), 1317–1338.

Aykut, D., & Goldstein, A. (2006). *Developing country multinationals: South–South investment comes of age* (OECD Development Centre Working Paper No. 257). Paris, France: OECD.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*(1), 99–120.

Bennett, N., & Lemoine, G. J. (2014). What a difference a word makes: Understanding threats to performance in a VUCA world. *Business Horizons*, *57*(3), 311–317.

Birkinshaw, J., Bresman, H., & Håkanson, L. (2000). Managing the post-acquisition integration process: How the human integration and task integration processes interact to foster value creation. *Journal of Management Studies*, *37*(3), 395–425.

Boso, N., Adeleye, I., Ibeh, K., & Chizema, A. (2018). The internationalization of African firms: Opportunities, challenges, and risks. *Thunderbird International Business Review*, *61*(1), 5–12. https://doi.org/10.1002/tie.21977

Boso, N., Adeleye, I., & White, L. (2016). Africa-to-Africa internationalization: Emerging trends and key issues. In I. Adeleye, L. White, & N. Boso (Eds.), *Africa-to-Africa internationalization: Key issues and outcomes* (pp. 3–34). Basingstoke, England, and New York, NY: Palgrave Macmillan.

Brouthers, L. E., O'Donnell, E., & Hadjimarcou, J. (2005). Generic product strategies for emerging market exports into triad nation markets: A mimetic isomorphism approach. *Journal of Management Studies*, *42*(1), 225–245.

Buckley, P. J., Munjal, S., Enderwick, P., & Forsans, N. (2016). The role of experiential and non-experiential knowledge in cross-border acquisitions: The case of Indian multinational enterprises. *Journal of World Business*, *51*(5), 675–685.

Bushman, R., Piotroski, J., & Smith, A. (2004). What determines corporate transparency? *Journal of Accounting Research*, *42*(2), 207–252.

Child, J., & Rodrigues, S. B. (2005). The internationalization of Chinese firms: A case for theoretical extension? *Management and Organization Review*, *1*(3), 381–410.

Ciao, B. (2018). Dynamic capabilities' functioning in a private equity-backed firm. *Strategic Change*, *27*(1), 23–33.

Collier, P. (2007). *The bottom billion: Why the poorest countries are failing and what can be done about it*. Oxford, England: Oxford University Press.

Collins, D. (2009). The failure of a socially responsive gold mining MNC in El Salvador: Ramifications of NGO mistrust. *Journal of Business Ethics*, *88*(2), 245–268.

Cuervo-Cazurra, A. (2012). Extending theory by analyzing developing country multinational companies: Solving the goldilocks debate. *Global Strategy Journal*, *2*, 153–167.

Cuervo-Cazurra, A., & Genc, M. (2008). Transforming disadvantages into advantages: Developing-country MNEs in the least developed countries. *Journal of International Business Studies*, *39*(6), 957–979.

Degbey, W., & Pelto, E. (2013). Cross-border M&A as a trigger for network change in the Russian bakery industry. *Journal of Business & Industrial Marketing*, *28*(3), 178–189.

Degbey, W., & Pelto, E. (2015). Uncovering different forms of customer network changes in M&A. *Management Research Review*, *38*(11), 1191–1212.

Degbey, W. Y. (2015). Customer retention: A source of value for serial acquirers. *Industrial Marketing Management*, *46*, 11–23.

Degbey, W. Y. (2016a). Why good things may not happen in knowledge-intensive acquisitions: The neglect of acquired firm's customers. In Y. Weber & S. Tarba (Eds.), *Technology, innovation, entrepreneurship and competitive strategy: Mergers and acquisitions, entrepreneurship and innovation* (Vol. 15, pp. 151–167). Bingley, England: Emerald.

Degbey, W. Y. (2016b). *Customer retention in a cross-border acquisition: A single-case study of a knowledge-intensive firm*. Turku, Finland: University of Turku-Annales Universitatis Turkuensis.

Degbey, W. Y., & Ellis, K. M. (2017). Africa: An emerging context for value creation with cross-border mergers and acquisitions. In S. Marinova, J. Larimo, & N. Nummela (Eds.), *Value creations in international business: An MNC perspective* (Vol. 1). London, England: Palgrave Macmillan.

Degbey, W. Y., & Ellis, K. M. (2019). Diaspora networks in cross-border mergers and acquisitions. In M. Elo & I. Minto-Coy (Eds.), *Diaspora networks in international business: Contributions to management science* (pp. 407–421). Cham: Springer.

Degbey, W. Y., & Hassett, M. (2016). Creating value in cross-border M&As through strategic networks. In H. Tuselmann, S. Buzdugan, Q. Cao, D. Freund, & S. Golesorkhi (Eds.), *Impact of international business: Challenges and solutions for policy and practice* (pp. 1–10). London, England: Palgrave Macmillan.

Degbey, W. Y., Rodgers, P., Kromah, M. D., & Weber, Y. (2020). The impact of psychological ownership on employee retention in mergers and acquisitions. *Human Resource Management Review*. (Advance online publication), 100745. https://doi.org/10.1016/j.hrmr.2020.100745

Deng, P., & Yang, M. (2015). Cross-border mergers and acquisitions by emerging market firms: A comparative investigation. *International Business Review*, *24*, 157–172.

Dunning, J. H., & Lundan, S. M. (2008). Institutions and the OLI paradigm of the multinational enterprise. *Asia Pacific Journal of Management*, *25*(4), 573–593.

Easterby-Smith, M., Lyles, M. A., & Peteraf, M. A. (2009). Dynamic capabilities: Current debates and future directions. *British Journal of Management*, *20*, S1–S8.

Eriksson, T. (2014). Processes, antecedents and outcomes of dynamic capabilities. *Scandinavian Journal of Management*, *30*(1), 65–82.

Felin, T., & Powell, T. C. (2016). Designing organizations for dynamic capabilities. *California Management Review*, *58*(4), 78–96.

Fuad, M., & Gaur, A. S. (2019). Merger waves, entry-timing, and cross-border acquisition completion: A frictional lens perspective. *Journal of World Business*, *54*(2), 107–118.

Gammeltoft, P., & Hobdari, B. (2017). Emerging market multinationals, international knowledge flows and innovation. *International Journal of Technology Management*, *74*(1–4), 1–22.

Gaur, A. S., Kumar, V., & Singh, D. (2014). Institutions, resources, and internationalization of emerging economy firms. *Journal of World Business*, *49*(1), 12–20.

Giroud, A., & Mirza, H. (2015). Refining of FDI motivations by integrating global value chains' considerations. *The Multinational Business Review*, *23*(1), 67–76.

Gomes, E., Weber, Y., Brown, C., & Tarba, S. Y. (2011). *Mergers, acquisitions and strategic alliances: Understanding the process*. London: Palgrave Macmillan.

Guillén, M. F., & Garcia-Canal, E. (2009). The American model of the multinational firm and the "new" multinationals from emerging economies. *The Academy of Management Perspectives*, *23*, 23–35.

Haapanen, L., Hurmelinna-Laukkanen, P., Nikkilä, S., & Paakkolanvaara, P. (2019). The function-specific microfoundations of dynamic capabilities in cross-border mergers and acquisitions. *International Business Review*, *28*(4), 766–784.

Haleblian, J., Devers, C. E., McNamara, G., Carpenter, M. A., & Davison, R. B. (2009). Taking stock of what we know about mergers and acquisitions: A review and research agenda. *Journal of Management*, *35*, 469–502.

Haleblian, J., Kim, J. Y., & Rajagopalan, N. (2006). The influence of acquisition experience and performance on acquisition behavior: Evidence from the US commercial banking industry. *Academy of Management Journal*, *49*(2), 357–370.

Haleblian, J. J., McNamara, G., Kolev, K., & Dykes, B. J. (2012). Exploring firm characteristics that differentiate leaders from followers in industry merger waves: A competitive dynamics perspective. *Strategic Management Journal*, *33*(9), 1037–1052.

Helfat, C. E., Finkelstein, S., Mitchell, W., Peteraf, M. A., Singh, H., Teece, D. J., & Winter, S. G. (2007). *Dynamic capabilities: Understanding strategic change in organizations*. Malden, MA: Blackwell.

Helfat, C. E., & Peteraf, M. A. (2009). Understanding dynamic capabilities: Progress along a developmental path. *Strategic Organization*, *7*(1), 91–102.

Helfat, C. E., & Winter, S. G. (2011). Untangling dynamic and operational capabilities: Strategy for the (N) ever-changing world. *Strategic Management Journal*, *32*(11), 1243–1250.

Hennart, J. F. (2012). Emerging market multinationals and the theory of the multinational enterprise. *Global Strategy Journal*, *2*, 168–187.

Hope, O. K., Thomas, W., & Vyas, D. (2011). The cost of pride: Why do firms from developing countries bid higher? *Journal of International Business Studies*, *42*(1), 128–151.

Hoskisson, R. E., Wright, M., Filatotchev, I., & Peng, M. W. (2013). Emerging multinationals from mid-range economies: The influence of institutions and factor markets. *Journal of Management Studies*, *50*(7), 1295–1321.

Hughes, P., Hughes, M., Stokes, P., Lee, H., Rodgers, P., & Degbey, W. Y. (2020). Micro-foundations of organizational ambidexterity in the context of cross-border mergers and acquisitions. *Technological Forecasting and Social Change*, *153*, 119932. https://doi.org/10.1016/j.techfore.2020.119932

Ibeh, K. (2018). Why do African multinationals invest outside their home region? Should they? *Transnational Corporations*, *25*(1), 43–72.

Ibeh, K., & Makhmadshoev, D. (2018). Post-acquisition integration behavior of nascent African multinational enterprises. *Journal of Business Research*, *93*, 255–267.

Ibeh, K., Uduma, I. A., Makhmadshoev, D., & Madichie, N. O. (2018). Nascent multinationals from West Africa: Are their foreign direct investment motivations any different? *International Marketing Review*, *35*(4), 683–708.

Ibeh, K., Wilson, J., & Chizema, A. (2012). The internationalization of African firms 1995–2011: Review and implications. *Thunderbird International Business Review*, *54*(4), 411–427.

Johanson, J., & Vahlne, J.-E. (1977). The international process of the firm: A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, *8*(1), 23–32.

Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, *40*(9), 1411–1431.

Kamoche, K., & Harvey, M. (2006). Knowledge diffusion in the African context: An institutional theory perspective. *Thunderbird International Business Review*, *48*(2), 157–181.

Katkalo, V. S., Pitelis, C. N., & Teece, D. J. (2010). Introduction: On the nature and scope of dynamic capabilities. *Industrial and Corporate Change*, *19*(4), 1175–1186.

Kedia, B., Gaffney, N., & Clampit, J. (2012). Emerging market multinationals and knowledge-seeking FDI. *Management International Review*, *52*(2), 155–173.

Khanna, T., & Palepu, K. (1997). Why focused strategies may be wrong for emerging markets. *Harvard Business Review*, *75*(4), 41–51.

Kim, E. H., & Singal, V. (1993). Mergers and market power: Evidence from the airline industry. *The American Economic Review*, *83*(3), 549–569.

King, D. R., Dalton, D. R., Daily, C. M., & Covin, J. G. (2004). Meta-analyses of post-acquisition performance: Indications of unidentified moderators. *Strategic Management Journal*, *25*(2), 187–200.

Klein, S., & Wöcke, A. (2007). Emerging global contenders: The South African experience. *Journal of International Management*, *13*(3), 319–337.

Kostova, T. (1996). *Success of the transnational transfer of organizational practices within multinational companies* (Unpublished doctoral dissertation). University of Minnesota, Minneapolis, MN.

Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review*, *24*, 308–324.

Kostova, T., & Zaheer, S. (1999). Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review*, *24*, 64–81.

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. W. (1997). Legal determinants of external finance. *The Journal of Finance*, *52*(3), 1131–1150.

Larsson, R., & Finkelstein, S. (1999). Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: A case survey of synergy realization. *Organization Science*, *10*, 1–26.

Lebedev, S., Peng, M. W., Xie, E., & Stevens, C. E. (2015). Mergers and acquisitions in and out of emerging economies. *Journal of World Business*, *50*(4), 651–662.

Li, J., Li, Y., & Shapiro, D. (2012). Knowledge seeking and outward FDI of emerging market firms: The moderating effect of inward FDI. *Global Strategy Journal*, *2*(4), 277–295.

Liou, R. S., & Rao-Nicholson, R. (2017). Out of Africa: The role of institutional distance and host–home colonial tie in south African firms' post-acquisition performance in developed economies. *International Business Review*, *26*(6), 1184–1195.

Liu, Y., & Meyer, K. E. (2018). Boundary spanners, HRM practices, and reverse knowledge transfer: The case of Chinese cross-border acquisitions. *Journal of World Business*, *55*(2), 100958. https://doi.org/10.1016/j.jwb.2018.07.007

Luiz, J., Stringfellow, D., & Jefthas, A. (2017). Institutional complementarity and substitution as an internationalization strategy: The emergence of an African multinational giant. *Global Strategy Journal*, *7*(1), 83–103.

Luo, Y. (2000). Dynamic capabilities in international expansion. *Journal of World Business*, *35*(4), 355–378.

Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, *38*(4), 481–498.

Makino, S., Lau, C., & Yeh, R. (2002). Asset-exploitation versus asset-seeking: Implications for location choice of foreign direct investment from newly industrialized economies. *Journal of International Business Studies*, *33*(3), 403–421.

Maksimovic, V., Phillips, G., & Yang, L. (2013). Private and public merger waves. *Journal of Finance*, *68*(5), 2177–2217.

Mamdani, M. (1996). From conquest to consent as the basis of state formation: Reflections on Rwanda. *New Left Review*, *216*, 3–36.

Mathews, J. A. (2002). Competitive advantages of the latecomer firm: A resource-based account of industrial catch-up strategies. *Asia Pacific Journal of Management*, *19*(4), 467–488.

Mathews, J. A. (2006). Dragon multinationals: New players in 21st century globalization. *Asia Pacific Journal of Management*, *23*, 5–27.

Mbaku, J. M. (2004). *Institutions and development in Africa*. Trenton, NJ: Africa World Press.

McGuckin, R. H., & Nguyen, S. V. (1995). On productivity and plant ownership change: New evidence from the longitudinal research database. *The Rand Journal of Economics*, *26*(2), 257–276.

McKinsey Global Institute. (2010). *Lions on the move: The progress and potential of African economies*. Retrieved from http://www.mckinsey.com/insights/africa/lions_on_the_move

McKinsey Global Institute. (2012). *Africa at work: Job creation and inclusive growth*. Retrieved from http://www.mckinsey.com/insights/africa/africa_at_work

McNamara, G., Haleblian, J., & Dykes, B. J. (2008). The performance implications of participating in an acquisition wave: Early mover advantages, bandwagon effects, and the moderating influence of industry characteristics and acquirer tactics. *Academy of Management Journal*, *51*(1), 113–130.

Mellahi, K., & Mol, M. J. (2015). Africa is just like every other place, in that it is unlike any other place. *Africa Journal of Management*, *1*(2), 201–209.

Meyer, K. E., Estrin, S., Bhaumik, S. K., & Peng, M. W. (2009). Institutions, resources, and entry strategies in emerging economies. *Strategic Management Journal*, *30*(1), 61–80.

Meyer, K. E., & Peng, M. W. (2005). Probing theoretically into Central and Eastern Europe: Transactions, resources, and institutions. *Journal of International Business Studies*, *36*(6), 600–621.

Meyer, K. E., & Thaijongrak, O. (2013). The dynamics of emerging economy MNEs: How the internationalization process model can guide future research. *Asia Pacific Journal of Management*, *30*(4), 1125–1153.

Michalopoulos, S., & Papaioannou, E. (2015). On the ethnic origins of African development: Chiefs and precolonial political centralization. *Academy of Management Perspectives*, *29*(1), 32–71.

Mitchell, R. K., Smith, B., Seawright, K. W., & Morse, E. A. (2000). Cross-cultural cognitions and the venture creation decision. *Academy of Management Journal*, *43*, 974–993.

Moliterno, T. F., & Wiersema, M. F. (2007). Firm performance, rent appropriation, and the strategic resource divestment capability. *Strategic Management Journal*, *28*(11), 1065–1087.

Morck, R., Yeung, B., & Zhao, M. (2008). Perspectives on China's outward foreign direct investment. *Journal of International Business Studies*, *39*(3), 337–350.

Müller-Peters, A. (1998). The significance of national pride and national identity to the attitude toward the single European currency: A Europe-wide comparison. *Journal of Economic Psychology*, *19*, 701–719.

Newman, C., Page, J., Rand, J., Shimeles, A., Söderbom, M., & Tarp, F. (2016). *Made in Africa: Learning to compete in industry*. Washington, DC: Brookings.

Ngwu, F., Adeleye, I., & Ogbechie, C. (2015). Africa-to-Africa internationalization: Rhetoric, reality and risks of intra-African regional expansion. In S. Nwankwo & K. Ibeh (Eds.), *The Routledge companion to business in Africa* (pp. 9–31). London, England, and New York, NY: Routledge.

Nnamdi, O., & Owusu, R. (2014). Africa as a source location: Literature review and implications. *International Journal of Emerging Markets*, *9*(3), 424–438.

North, D. C. (1990). *Institutions, institutional change, and economic performance*. New York, NY: Cambridge University Press.

Nummela, N., & Hassett, M. (2016). Opening the black box of acquisition capabilities. In A. Risberg, D. R. King, & O. Meglio (Eds.), *The Routledge companion to mergers and acquisitions* (pp. 98–116). New York, NY: Routledge.

Oguji, N., Degbey, W. Y., & Owusu, R. A. (2018). International joint ventures research on Africa: A systematic literature review, propositions, and contextualization. *Thunderbird International Business Review*. (Advance online publication). https://doi.org/10.1002/tie.21993

Oguji, N., & Owusu, R. A. (2017). Acquisitions entry strategies in Africa. The role of institutions, target-specific experience, and host-country capabilities: The case acquisitions of Finnish multinationals in Africa. *Thunderbird International Business Review*, *59*(2), 209–225.

Organization for Economic Co-operation and Development (OECD). (2007). *Business for development: Fostering the private sector*. Paris, France: OECD.

Pavlou, P. A., & El Sawy, O. A. (2011). Understanding the elusive black box of dynamic capabilities. *Decision Sciences*, *42*(1), 239–273.

Peng, M. W. (2012). The global strategy of emerging multinationals from China. *Global Strategy Journal*, *2*(2), 97–107.

Peng, M. W. (2014). *Global business* (3rd ed.). Cincinnati, OH: Cengage Learning.

Peng, M. W., Sun, S. L., Pinkham, B., & Chen, H. (2009). The institution-based view as a third leg for a strategy tripod. *The Academy of Management Perspectives*, *23*(3), 63–68.

Peng, M. W., Wang, D. Y., & Jiang, Y. (2008). An institution-based view of international business strategy: A focus on emerging economies. *Journal of International Business Studies*, *39*(5), 920–936.

Pfeffer, J. (1972). Merger as a response to organizational interdependence. *Administrative Science Quarterly*, *17*(3), 382–394.

Plakoyiannaki, E., Paavilainen-Mäntymäki, E., Hassett, M. E., Rose, E. L., & Liesch, P. W. (2019). Special issue call for papers. Time matters: Rethinking the role of time in international business research. Retrieved from https://www.journals.elsevier.com/journal-of-world-business/call-for-papers/time-matters-rethinking-the-role-of-time

Quer, D., Claver, E., & Rienda, L. (2012). Political risk, cultural distance, and outward foreign direct investment: Empirical evidence from large Chinese firms. *Asia Pacific Journal of Management*, *29*(4), 1089–1104.

Robinson, J. A. (2001). Social identity, inequality and conflict. *Economics of Governance*, *2*, 85–99.

Roy, K., & Khokle, P. (2016). Staged development of dynamic capabilities: A study of international joint ventures in India. *Thunderbird International Business Review*, *58*(6), 537–554.

Rugman, A. (2009). Theoretical aspects of MNEs from emerging markets. In R. Ramamurti & J. V. Singh (Eds.), *Emerging multinationals from emerging markets* (pp. 42–63). Cambridge, England: Cambridge University Press.

Rui, H., & Yip, G. S. (2008). Foreign acquisitions by Chinese firms: A strategic intent perspective. *Journal of World Business*, *43*(2), 213–226.

Salvato, C. (2003). The role of micro-strategies in the engineering of firm evolution. *Journal of Management Studies*, *40*(1), 83–108.

Schilke, O., Hu, S., & Helfat, C. E. (2018). Quo Vadis, dynamic capabilities? A content-analytic review of the current state of knowledge and recommendations for future research. *Academy of Management Annals*, *12*(1), 390–439.

Scott, W. R. (1995). *Institutions and organizations*. Thousand Oaks, CA: Sage.

Shimizu, K., Hitt, M., Vaidyanath, D., & Pisano, V. (2004). Theoretical foundations of cross-border mergers and acquisitions: A review of current research and recommendations for the future. *Journal of International Management*, *10*, 307–353.

Smith, T. W., & Kim, S. (2006). National pride in comparative perspective: 1995/96 and 2003/04. *International Journal of Public Opinion Research*, *18*(1), 127–136.

Tallott, M., & Hilliard, R. (2016). Developing dynamic capabilities for learning and internationalization: A case study of diversification in an SME. *Baltic Journal of Management*, *11*(3), 328–347.

Teece, D. (2007). Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, *28*(13), 1319–1350.

Teece, D. (2009). *Dynamic capabilities and strategic management*. Oxford, England: Oxford University Press.

Teece, D., & Pisano, G. (1994). Dynamic capabilities of a firm: An introduction. *Industrial and Corporate Change*, *3*(3), 537–556.

Teece, D., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, *18*(7), 509–533.

Teece, D. J. (2014). A dynamic capabilities-based entrepreneurial theory of the multinational enterprise. *Journal of International Business Studies*, *45*(1), 8–37.

Thaler, R. H. (1992). *The winner's curse: Paradoxes and anomalies of economic life*. New York, NY: The Free Press.

The Economist. (2011, December 3). The hopeful continent: Africa rising. *The Economist*. Retrieved from http://www.economist.com/node/21541015

Thornton, P., & Ocasio, W. (2008). Institutional logics. In R. Greenwood, C. Oliver, K. Sahlin-Andersson, & R. Suddaby (Eds.), *Handbook of organizational institutionalism* (pp. 99–128). Thousand Oaks, CA: Sage.

Thornton, P. H., & Ocasio, W. (1999). Institutional logics and the historical contingency of power in organizations: Executive succession in the higher education publishing industry, 1958–1990. *American Journal of Sociology*, *105*(3), 801–843.

Thornton, P. H., Ocasio, W., & Lounsbury, M. (2012). *The institutional logics perspective: A new approach to culture, structure and process*. Oxford, England: Oxford University Press.

Todorova, G., & Durisin, B. (2007). Absorptive capacity: Valuing a reconceptualization. *The Academy of Management Review*, *32*(3), 774–786.

United Nations Conference on Trade and Development (UNCTAD). (2014). Investing in the SDGs: An action plan. *World Investment Report*. New York, NY, and Geneva, Switzerland: United Nations.

United Nations Conference on Trade and Development (UNCTAD). (2018). *Investment and new industrial policies*. Retrieved from https://unctad.org/Sections/dite_dir/docs/WIR2018/WIR2018_FDI_Africa_en.pdf

Wilden, R., Gudergan, S. P., Nielsen, B. B., & Lings, I. (2013). Dynamic capabilities and performance: Strategy, structure and environment. *Long Range Planning*, *46*(1–2), 72–96.

Williamson, O. E. (1985). *The economic institutions of capitalism*. New York, NY: Free Press.

Williamson, O. E. (1990). Chester Barnard and the incipient science of organization. In *Organization theory: From Chester Barnard to the present and beyond*. New York, NY: Oxford University Press.

Witt, M. A., & Lewin, A. Y. (2007). Outward foreign direct investment as escape response to home country institutional constraints. *Journal of International Business Studies*, *38*, 579–594.

Xie, E., Reddy, K. S., & Liang, J. (2017). Country-specific determinants of cross-border mergers and acquisitions: A comprehensive review and future research directions. *Journal of World Business*, *52*(2), 127–183.

Yamakawa, Y., Khavul, S., Peng, M. W., & Deeds, D. L. (2013). Venturing from emerging economies. *Strategic Entrepreneurship Journal*, *7*, 181–196.

Yamakawa, Y., Peng, M. W., & Deeds, D. L. (2008). What drives new ventures to internationalize from emerging to developed economies? *Entrepreneurship Theory and Practice*, *32*(1), 59–82.

Yang, H., Lin, Z., & Peng, M. W. (2011). Behind acquisitions of alliance partners: Exploratory learning and network embeddedness. *Academy of Management Journal*, *54*(5), 1069–1080.

Zollo, M., & Winter, S. G. (2002). Deliberate learning and the evolution of dynamic capabilities. *Organization Science*, *13*(3), 339–351.

Zoogah, D. B., Peng, M. W., & Woldu, H. (2015). Institutions, resources, and organizational effectiveness in Africa. *The Academy of Management Perspectives*, *29*(1), 7–31.

AUTHOR BIOGRAPHIES

William Y. Degbey (william.degbey@utu.fi) is currently a Lecturer in international business at the University of Turku, Finland. He holds a Doctor of Science degree in Economics and Business Administration from the University of Turku, Finland. He has previously worked in the financial sector, specifically in mutual fund management (Ghana) and in the telecommunication sector in Nokia (Finland). He has also performed consortium project assignments on mergers and acquisitions (M&As) and joint ventures, including large- and medium-sized Finnish companies funded by Academy of Finland and Business Finland. His current research projects include value creation in African M&As, customer and employee retention, diaspora networks, resilience in teams, and organizational ambidexterity. His articles have been published in *Industrial Marketing Management*, *International Journal of Human Resource Management*, *International Marketing Review*, *Human Resource Management Review*, *Technological Forecasting and Social Change*, *Applied Psychology*, *Thunderbird International Business Review*, *Journal of Business and Industrial Marketing*, and *Management Research Review*.

Taina Eriksson (taina.eriksson@utu.fi) works as a Research Manager at Turku School of Economics, University of Turku. She defended her doctoral thesis on dynamic capability in value net management (in the field of international business) in 2013. Her research interests revolve around dynamic capabilities, organizational change, innovation capabilities, and management capabilities. Her work has been published in *International Business Review*, *Journal of International Management*, *Scandinavian Journal of Management*, *Baltic Journal of Management*, and *Journal of Small Business and Enterprise Development*

Peter Rodgers (pwr3@leicester.ac.uk) is an Associate Professor of Strategy at the University of Leicester's School of Business. His research interests include non-market strategies, small firm internationalization, informal work and informal entrepreneurship, and business-state relations in Russia and the former Soviet Union. His work has appeared in *Journal of Business Research*, *Work, Employment and Society*, *Human Resource Management Review*, *Global Networks*, *Industrial Relations Journal*, *Environment and Planning C*, *European Urban and Regional Studies*, and *Employee Relations*.

Nnamdi Oguji (nnamdi.oguji@gmail.com) obtained a bachelor's degree in Physics from Federal University of Technology, Owerri, Nigeria. Thereafter, Nnamdi obtained a master's degree in Business and Technology from Tampere University of Technology, Finland, and a second master's degree in Logistics and Information Service Management from Aalto University, Finland. Nnamdi obtained his PhD in 2015 from the University of Vaasa, Finland, and his research interests are in supply chain management, foreign direct investments, internationalization, and African business. Currently, Nnamdi works as a Business Development Expert for KONE Industrial Limited, Finland, and currently affiliated with the University of Vaasa, Finland.

How to cite this article: Degbey WY, Eriksson T, Rodgers P, Oguji N. Understanding cross-border mergers and acquisitions of African firms: The role of dynamic capabilities in enabling competitiveness amidst contextual constraints. *Thunderbird Int. Bus. Rev*. 2020;1–17. https://doi.org/10.1002/tie.22138