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Competence and enterprise of management as drivers of early foreign listing of medium-sized emerging market multinationals (EMNEs) from Africa

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ABSTRACT

EMNEs from Africa are missing in global places and spaces, and Africapitalism is also meagrely represented within the capillaries of international investments, relative to the opportunities offered by globalisation and Africa's rich natural resource endowment. Using the Penrosian MNE growth theory, we investigate how African firms' managerial competence and entrepreneurial behaviours can be enhanced by engaging foreign executive directors during pre, early and post-internationalisation. We conduct our analysis by using data from 157 companies domiciled in 17 African countries. Our results show that whilst access to liquidity, foreign managerial know-how, and experience are key drivers of early foreign listing of African EMNEs, these factors have less effect on corporate outcomes during the 3rd and 5th year without the moderating effect of foreign executive directors. We contribute to the international business and international entrepreneurship literature by showing that African EMNEs can succeed in global spaces if they leverage the expertise of foreign executive directors as they bring idiosyncratic industry and market knowledge during early internationalisation. EMNEs intending to internationalise must use a polycentric governing board structure to reflect the intended destination country. Our results imply that early listing on the international stock markets is among the key strategies latecomers use to enter a global game they are just learning to play.

1. Introduction

The international entrepreneurship literature focusing on board characteristics and cognition in early internationalisation has become a subject of substantial interest (Acedo & Jones, 2007; Rivas, 2012; Maitland & Sammartino, 2015). Oviatt and McDougall (1994) and Knight and Cavusgil (2004) argued that international entrepreneurial firms seek to derive a significant proportion of revenue from selling products in international markets. Andersson and Wictor (2003) argued that, regardless of the type of international activities, international entrepreneurial firms exhibit a unique set of behaviours. Whilst the literature in this field has developed over the years (see Reuber et al., 2018; Tabares et al., 2021; Zucchella, 2021), studies that investigate how the 'competence and enterprise' of management significantly influence the international entrepreneurship behaviours and decisions of small and medium-sized firms operating within weak institutional contexts is non-existent.

The essential role of the board of directors in sustaining and improving both the firm's managerial and entrepreneurial competence has been highlighted by a stream of studies such as Rosenstein and Wyatt (1990) and Oxelheim et al. (2013). Due to the board's role in strategic advising, supporting, and monitoring, they function as information channels within firms (Miletkov et al., 2017; Davis & Greve, 1997). Despite the critical role of the board in firm internationalisation decision-making, past and present research on the subject is predominantly rooted in the accounting and finance literature. In addition, they are biased towards developed economies with well-functioning corporate governance systems (e.g., Bushman & Smith, 2001; Garcia-Sanchez

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et al., 2017; Lartey et al., 2021).

Whilst the executive board of directors are the ones who typically vet, approve and initiate decisions for locating major international activities abroad (Killing, 2017; Garcia-Sanchez et al., 2017; Lartey et al., 2021), empirical analysis on corporate governance structures, board outsidership and its impact on early international expansion activities in and out of Africa is generally missing. Hence, its investigation is timely for international business and management research on Africa. This study, therefore, seeks to enrich our understanding of how managerial competence improves international entrepreneurial behaviours by arguing that executive directors with relevant expertise bring idiosyncratic industry and market knowledge to firms from developing countries entering global markets for the first time.

Recent international entrepreneurship debates on the role of top management teams (TMTs) within MNEs emerged from the seminal work of Kanter (1985) who saw 'entrepreneurial management' as the repetitive process of effective administration of *existing* business operations, as well as the perception of opportunity to create '*new combinations*' in established firms. She used the 'drilled holes' or 'portfolio analogy' to depict how, similar to oil exploration, TMTs must sponsor several innovations by initiating new ventures externally. Birkinshaw (1997) customised Kanter's work using the case study approach to critically examine how new subsidiary initiatives serve as the basis for the manifestation of corporate entrepreneurship for traditional MNEs from developed economies, neglecting EMNEs from emerging and frontier economies (Meyer, 2004).

Birkinshaw (2000) re-presented the precise instrument through which entrepreneurial MNEs establish overseas subsidiaries. He demonstrated how the inside-out approach to early internationalisation offers practical, managerial, and theoretical implications for MNEs from advanced economies. This was partly because EMNEs were yet to be seen in global spaces and there was scant research on the phenomenon. Doz et al. (2001) furthered Birkinshaw's (2000) work using the metanational lens to study how entrepreneurial MNEs win in the knowledge economy. He established that a group of large global corporations from certain developed economies have from the fringes built competitive advantages under highly uncertain and improbable institutional contexts and in unexpected places. Verbeke and Yuan (2007) embraced the Penrosian growth model (1959) to re-delineate and further these works. They concluded by differentiating the '*competence of management*' and the '*enterprise of management*' as bases for early internationalisation. The competence of management refers to how the managerial function is carried out in line with the firm's current operational strength for optimal efficiency. We, therefore, refer to this process as the governance structures that support entrepreneurial decision-making. The enterprise of management, on the other hand, refers to the firms' entrepreneurial strengths which lead to incremental innovation and subsequent foreign subsidiary evolution. The Penrosian (1959) perspective of entrepreneurship within the MNE views the existence of entrepreneurial strengths as the key condition for overseas subsidiary initiatives (see Birkinshaw, 1999; 2000; Rugman & Verbeke, 2001; Verbeke & Yuan, 2007). We, therefore, contextualise this philosophy by referring to the process of '*strength*' and '*enterprise of management*' as antecedents influencing the early listing and subsequent internationalisation decisions and initiatives of African EMNEs.

We define the early internationalisation initiative of medium-sized African MNEs as a discrete, proactive undertaking that serves as a *driver* to advance 'transnationalisation' as a new way to expand resources overseas. This presents two primary research gaps and questions. Firstly, how do managerial competence, liquidity and enterprise of management influence the early internationalisation of medium-sized African EMNEs? Secondly, what are the implications of early internationalisation activities on financial performance and the long-term valuation of African EMNEs? We use reliable panel data analysis for the first, three-, five- and ten-year post-listing periods and subsequent internationalisation decisions to answer these questions. We identify consistent patterns, *drivers* and *outcomes* of early listing and internationalisation of 157 medium-sized entrepreneurial oil and gas MNEs from 17 African countries.

We contribute to the international entrepreneurship literature in two ways. Firstly, the analysis of how our sampled firms have managed to achieve firm-level success through organic expansion abroad confirms that African EMNEs can succeed in global spaces if they can leverage the expertise of foreign executive directors. Secondly, for several years MNEs from 'resource-rich Africa' have continued to grapple with the accelerated pace of change in global spaces (Amankwah-Amoah, 2014; Amankwah-Amoah et al., 2018) compared with the dragon MNEs (Mathews, 2006), multilatinas (Aguilera et al., 2017) and MNEs from other emerging economies. Our study is a response to the calls by Adams et al. (2014), Ibeh et al. (2018), Amankwah-Amoah (2018); Boso et al. (2018), Adomako et al. (2019), Boso et al. (2019), Adomako et al. (2020) and Edacherian and Panicker (2021) to enhance our understanding of the unique institutional contexts as well as how market demands shape the strategic behaviours of EMNEs from Africa – who are latecomers in the global economy (Storper et al., 1998; Verhoef, 2018).

The rest of the paper is structured as follows: section two reviews the existing literature, and section three presents the methods and data utilised in the study. Section four explains the results and findings. Section five considers the implications; section six explains the limitations and section seven concludes the paper.

2. Literature, theoretical perspectives and hypotheses

The terms 'early internationalising firms' or 'early listing firms' are used interchangeably in this study and comprise medium-sized companies based in Africa that commenced international activities during the first 3–5 years of their establishment (Knight & Cavusgil, 2004; Zucchella et al., 2007). We also define medium-sized EMNEs as enterprises based in an emerging economy that have at least 250 employees with operations in at least one other country (Accenture, 2008). Emerging markets include all the newly industrialised Asian, Latin American, African, and other emerging and fast-growing developing countries classified as such by Meyer and Grosse (2018). EMNEs defy easy classification, as they encompass a multitude of nationalities, industry sectors, complex ownership structures, and unique stages of development and adopt uncommon operating models to achieve growth (Mathews, 2006).

2.1. Managerial and entrepreneurial competence

As introduced above, managerial competence refers to the ability of being effective in idea execution and administration. This is often associated with firm efficiency improvement and cost reduction (Penrose, 1955). In contrast, entrepreneurial competence is the function of imagination which is often associated with firm innovations (Penrose, 1955; Lockett et al., 2011). Consequently, our research on EMNEs is based on Penrose's growth theory, according to which a firm is "a collection of individuals who have experience working together" (Penrose, 1959, p. 46) and is also an administrative entity controlling potentially valuable resources and knowledge (Penrose, 1955). Building on this concept, two firm-specific competencies - managerial and entrepreneurial competence - are essential to firm growth and performance since firm growth is limited by a firm's 'productive opportunity' (Penrose, 1955, p.31).

Whilst past literature measures managerial competence using decision-making speed (Charnes et al., 1981), more recent works including Demerjian et al. (2013) and Cho & Lee (2019) argue that the best way to measure managerial competence is by using frontier or data envelopment analysis based on the comparative efficiency of decision-making units. In this study, therefore, we measure managerial competence using return on assets (ROA) as it provides the best snapshot of decision quality and speed. A firm's managerial competence is a function of the firm's entrepreneurial competence to a large extent (Penrose, 1955). Firms with high managerial competence are more likely to realise imagination, new opportunity exploration and innovations, thus facilitating further expansion and growth. All of these result in an increase in the firm's market value.

Thus, the importance of building a diverse board and focusing on such aspects as gender diversity (McGuinness et al., 2017), outsiders on the board (Rutherford & Buchholtz, 2007), and foreign board membership (Oxelheim & Randøy, 2003) is timely for African management research. For example, McGuinness et al. (2017) examined the role of gender diversity and foreign ownership in the CSR performance of Chinese listed firms. Rutherford and Buchholtz (2007) investigated the relationship between the outsideness of the board and access to quality information for decision-making, whilst Oxelheim and Randøy (2003) argued that foreign board membership signals the willingness of the firm to expose itself to improved corporate governance to enhance its reputation in the financial markets.

Foreign board membership refers to the inclusion of foreign directors. In general, many empirical studies showed the positive impacts of foreign board membership on firm performance and value (Miletkov et al., 2017). While some studies measure foreign board membership based on the percentage of foreign directors on the board (Shin et al., 2016; Iliev & Roth, 2018), other studies use a binary variable to measure the existence and relationship between foreign board membership (Miletkov et al., 2017) and its influence on early internationalisation.

So far, the literature seems to offer three main reasons for the positive relationship. First, foreign board membership is the main driver that shows strategic commitment to bringing shareholder interests and manager interests closer together. More importantly, foreign board membership indicates a firm's growing emphasis on truth and frankness in serving its shareholders (Oxelheim & Randøy, 2003). The inclusion of foreign board members more likely leads to strict and close monitoring within the firm, thus mitigating the negative outcomes raised by managerial inertia and organisational path-dependence (Cohen & Levinthal, 1990; Spender, 1996), especially during early internationalisation.

Second, given that corporate boards are seen as resources and channels of information exchange (Horwitz & Horwitz, 2007), foreign board member participation will promote information exchange within their networks. Their unique internationalisation knowledge, experiences, and skills (Hillman et al., 2000) qualify them for an advising role. This school of thought is supported by Cyert and March (1963) who argued that imaginative and creative solutions are more likely to be proposed in firms with foreign board membership. Further, the work of Oxelheim and Randøy (2003) found that outsider Anglo-American board members were able to persuade local Scandinavian firms to initiate overseas investments and undertake long-term strategic actions. Kroll et al. (2008) also found that firms will have positive acquisition performance if the board of directors have industry-specific knowledge and acquisition experience.

Bouwman (2011) highlighted that board members with external appointments learn board arrangements and communicate such knowledge both within subsidiaries of the same firm and across different firms operating in similar industries. Shin et al. (2016) argued that foreign board members with professional experience in a foreign country where the focal practice originates are able to drive entrepreneurial initiatives by providing practical guidance on approaches to overcome institutional voids and the liability of foreignness. A similar argument was confirmed by Iliev and Roth's (2018) empirical results which showed that international board connections are a mechanism for governance convergence for firms domiciled in emerging markets. Similar studies such as Fletcher and Harris (2012) also confirmed that foreign board membership offers all kinds of foreign experiences, shares different interpretations from their own cultural backgrounds, and pushes the board to be more responsive to local environmental factors, governance changes and on-the-ground board practices (Oxelheim et al., 2013; Iliev & Roth, 2018). Further, foreign board members can bring cross-country corporate governance practices to medium-sized oil and gas African MNEs which often have a higher free cash flow and are seeking to improve the efficiency of exploiting this free cash flow (Brush et al., 2000).

Third, regarding their monitoring role, foreign board members with experience in foreign markets are more likely to drive a comprehensive understanding of foreign management and governance practices. Such comprehensive understanding often leads to superior firm performance. The inclusion of foreign board members also helps to mitigate the risk and uncertainty associated with foreign practice adoption since they have the power to decide whether certain managerial decisions can be approved (Shin et al., 2016). Risks and uncertainties associated with the liability of foreignness in the global space can be mitigated by increased mutual monitoring through diverse lenses (Kandel & Lazear, 1992). In addition, Estélyi and Nisar (2016) confirmed that foreign board membership reduces decision-making biases and improves decision-making quality. Consistent with the preceding argumentation, we hypothesise a positive association between managerial efficiency and early internationalisation decisions of EMNEs from Africa, seen as latecomers in the global economy (Verhoef, 2018).

> ***Hypothesis 1a:*** *Managerial competence (measured by returns on assets) has positive effects on early internationalisation of Africa's medium-sized EMNEs.*
> ***Hypothesis 1b:*** *There is a significant positive association between firm value and early internationalisation of African medium-sized EMNEs.*
> ***Hypothesis 1c****: Managerial competence moderates the significant positive relationship between firm value and early internationalisation of African medium-sized EMNEs.*

2.2. Early foreign listing, foreign board membership, and profitability

Although board diversity is reported in the literature (Musteen et al., 2014; Mukherjee et al., 2021), there are presently no studies that investigate how it could serve as a *driving force* that determines the success of African EMNEs' internationalisation decisions. Building on the extant research, we argue that the benefits brought by foreign board membership are the main driver for initiating foreign listing in an early manner and subsequent entrepreneurial initiatives. Therefore, we hypothesise a positive relationship between the early timing of foreign listing and foreign board membership. Justifications upon which our second hypothesis is based are examined below.

Firstly, the positive strategic implications of governance structure and early foreign listing have been identified by various studies. Given that early foreign listing provides access to more resources from international markets, improving corporate governance in terms of firm transparency, decision quality and speed signals a firm's commitment to higher disclosure standards, positive public expectations toward the firm, and public confidence (Pagano et al., 2001; Hursti & Marula, 2007). In addition, early foreign listing can facilitate a strict corporate governance mechanism (Bell et al., 2014). Similarly, Areneke and Kimani (2019) observed that foreign listing and employing foreign directors helps to mitigate managerial complexities caused by institutional and governance differences. They also argued that foreign listing and employing foreign directors are important factors that influence governance isomorphism which can complement each other. Thus, foreign listing could enhance governance structures and improve governance disclosure practices.

Secondly, early foreign listing can also improve firms' international visibility through signaling and information precision (Hasan et al., 2011), thus helping EMNEs to learn and gain legitimacy from international markets (Tupper et al., 2018). Ravasi and Marchisio (2003) found that post-IPO firms are generally more recognised, gain legitimacy and reinforce social network relationships. Furthermore, previous studies argue that IPOs, especially foreign IPOs, diversify the ownership portfolio and control structure, and then help firms accumulate core resources and capabilities. These resources and capabilities further motivate firms to undertake more corporate diversification risks, innovations, and CSR practices (Certo et al., 2009; Bosco & Misani, 2016). A foreign listing may provide a cheaper cost of capital from the international market compared with other international finance options (Purkayastha & Kumar, 2021).

However, foreign listing does have significant costs. Domestic firms often suffer capital market liability of foreignness (CMLOF) which makes foreign listing costly both in terms of time and financial resources (Li et al., 2016; Tupper et al., 2018). This often requires deep and comprehensive institutional understandings, including accounting, financial regulations, disclosure procedures, and strategic adjustments in order to comply with foreign financial regulations. CMLOF also includes the expenses incurred by higher underwriting, professional, and auditing service fees (Miletkov et al., 2017).

Thirdly, although relevant studies are scant, only a handful found that foreign listing relates to board member characteristics. For example, benefiting from early foreign listing requires both the competency of management and entrepreneurial strength of management. Specifically, board members' international experience and their nationality affect both product market performance and new opportunity explorations (Oxelheim et al., 2013). Compared to firms with homogenous board members, firms including foreign board members have more knowledge and expertise to deal with the challenges resulting from CMLOF effectively. Due to the strategic role played by foreign board members in advising and monitoring at the corporate level, existing organisational routines, structures, and corporate governance practices may become more compatible with the target foreign capital market and help the firm gain legitimacy from international markets. Foreign board members may also provide expertise in terms of how to signal organisational virtue through rhetoric in foreign IPO prospectuses (Payne et al., 2013). Moreover, firms can leverage board member network relationships to address the information asymmetries associated with foreign listing (Chen et al., 2016; Shin et al., 2016; Song et al., 2021), such as finding reliable foreign brokers and underwriters.

Hearn (2015), for example, analysed 202 African IPO joint ventures and found that the more social elites are involved on corporate boards, the greater the likelihood of a successful IPO of African international joint ventures. Hence, social elite board members are critical in facilitating information processing of international joint ventures and enhancing capabilities to deal with environmental and institutional uncertainty (Peng, 2004). In sum, the earlier firms start to initiate foreign listing, the higher the costs and uncertainties are. To mitigate such uncertainties and costs, early foreign listing firms are more likely to include foreign executive directors on the board.

Fourthly, based on previous studies, foreign listing is more likely to increase the profitability and value of a firm. Foreign listing helps to build up managerial and entrepreneurial competence (Lockett et al., 2011) and improves firm profitability. For example, foreign listing can help firms transform their liability of foreignness into the advantage of foreignness by increasing their competence in managing legitimacy and institutional differences (Tupper et al., 2018; Purkayastha & Kumar, 2021). On the one hand, such an improvement in the competence of management can stimulate coordination activities across borders (Rugman & Verbeke, 2004; Pitelis & Verbeke, 2007). On the other hand, foreign listing can enhance a firm's entrepreneurial competence by exploring new opportunities and innovating in international product and capital markets (Verbeke & Yuan, 2007). Whilst foreign listing cannot improve firm profitability in all circumstances, it is more likely to strengthen firms' competence and enterprise of management because of organisational flexibility and the learning advantage of newness (Zahra et al., 2000). For firms that initiate foreign listing in a late manner, their rigid structures and routines could constrain the beneficial value of foreign listing.

Lastly, whilst an early foreign listing contributes to increased profitability, firms with strategic HRM resources, such as foreign executive directors, are more able to take greater advantage of early foreign listing and are also more likely to have better profitability. Based on the positive benefits brought by foreign executive directors as discussed above, they are categorised as strategic HRM resources and firm-specific advantages that facilitate the positive implications generated by firm internationalisation decisions, such as foreign acquisition location choice (James et al., 2020). For EMNEs demonstrating superior internationalisation performance, their differential HRM resources are very likely to play a role in enhancing firm profitability and long-term value (Chacar et al., 2010). Strategic HRM resources lead to superior HRM capabilities which provide a strong competitive advantage in international markets and can help firms address the challenges posed by significant institutional differences (James et al., 2020) and firms' liability of emergingness (Kotabe & Kothari, 2016). Therefore, we provide our next hypothesis as:

Hypothesis 2a: *The presence of foreign executive directors on the boards of African medium-sized EMNEs has a significant positive association with early foreign listing.*

2.3. Early foreign listing, liquidity and managerial competence

The phenomenon of early or accelerated internationalisation has received much attention in existing international entrepreneurship research (Musteen et al., 2014; Ahmed & Brennan, 2019) since the introduction of a variety of early internationalised firms, such as international new ventures (Oviatt & McDougall, 1994) and born globals (Rennie, 1993; Madsen & Servais, 1997; Knight & Cavusgil, 2004; Rialp et al., 2005). According to the definition by McDougall & Oviatt (2000, p.903), international entrepreneurship refers to "a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in the organisation". Early or accelerated internationalisation, which often requires innovations, proactiveness and risk-seeking, is viewed as an important kind of international entrepreneurial behaviour (Jones et al., 2011).

In existing studies, early internationalisation can promote firm learning about technology, geographical markets, and institutional differences and can stimulate firm growth (Autio et al., 2000) and improve liquidity and performance (Zahra et al., 2000). It secures better chances for firms to gain foreign market, technological and internationalisation knowledge (Fletcher et al., 2021) and to build foreign network relationships (Vahlne & Johanson, 2017). Similarly, Banalieva and Sarathy (2011) observed that internationalisation improves liquidity and firm performance for electronic firms during initial international market entries. It is further highlighted that firms initiating international activities in an early manner can exploit a learning advantage of newness and new market opportunities to develop essential capabilities which enhance their subsequent growth and survival possibility (Autio et al., 2000; Sapienza et al., 2006; Yan & Williams, 2021). Early internationalisation often begins with international marketing orientation (Knight & Cavusgil, 2005), which further leads to corporate entrepreneurial initiatives (e.g., product innovation and sustained competitive advantage) (Kuivalainen et al., 2007). Broadly, investigating the phenomenon is of great economic importance as early adopters of internationalisation have constituted one of the powerful groups driving economic growth, generating foreign revenue, and creating employment (Cavusgil & Knight, 2015).

However, early internationalisation among these prior studies is mostly relevant to the timing of product-market internationalisation. Specifically, the timing of international market entry or operation modes considered in previous literature includes exporting, licensing, joint ventures, acquisitions and FDIs (Zahra et al., 2000; Surdu et al., 2019). Product-market entry modes are important to obtain factor resources, such as technology. EMNE's use of different entry modes to leverage internal and external technology has been widely investigated. For example, Lynch and Jin (2016) provided a framework integrating effective international strategy options for EMNEs in developed countries. They contend that EMNEs can enter foreign markets not only to utilise their own technology resources but also to leverage external technology resources in host countries to promote both technical and non-technical innovations. However, timing, as an indispensable strategic entrepreneurial opportunity in accessing foreign equity markets, has been underexplored.

Consequently, in order to extend the existing early internationalisation literature, we focus on early foreign listing which is defined as "the practice of listing on a nondomestic exchange" (Sarkissian & Schill, 2016, p. 259). Early foreign listing is a crucial aspect of internationalisation activity in the international capital markets, which has been investigated by scholars from the fields of finance, entrepreneurship, and international business. Research on foreign listing is scant but the main argument is that decisions on entering international capital markets mutually interact with firm decisions on international product markets (Bai et al., 2020). For example, based on 808 IPOs of VC-backed ventures in the U.S., LiPuma (2012) found the level of exporting sales ratio is negatively associated with early access to the financial capital market. Extant literature focuses on the antecedents of foreign listing decisions, the foreign listing process, and its strategic outcomes.

While the location of listing has been investigated (Bai et al., 2020), why and when firms should start foreign listing is also an important but underexplored research stream. Following the findings from prior research that foreign listing generally provides positive implications to an international firm (Purkayastha & Kumar, 2021), an early foreign listing can be inferred as one of the strategic imperatives and international entrepreneurial behaviours for the successful internationalisation of African medium-sized EMNEs. Although the factors that drive early foreign listing timing are underexplored, the question remains that even if African EMNEs internationalise during the initial few years of their incorporation, what would be the drivers and benefits of an early listing activity?

Therefore, to answer this important question we measure early foreign listing as the duration between firm establishment and the first listing on a foreign exchange. From the existing literature, foreign listing has financial implications for international firms (Purkayastha & Kumar, 2021). Successful IPOs on foreign exchanges provide firms with financial capital (liquidity), a relatively lower cost of capital (Palepu, 1985), and support for their subsequent strategic actions and further growth (Certo et al., 2009). In this sense, an early foreign listing can be critical to raising the necessary current assets, especially cash (liquidity), to deal with liabilities of foreignness in product markets. In other words, access to liquidity is also one of the main drivers of why firms go for early foreign listing.

Hypothesis 2b: There is a significant positive association between liquidity and early internationalisation.

3. Methodology and empirical results

3.1. Data collection and sampling

The data for the sample firms used for this study were assembled from three main sources. First, we collected our firm-level financial data from the Bloomberg database using Bloomberg equity screening sector-specific functionality to extract data on EMNEs. Second, due to the lack of ready data on company annual reports for some of our variables of interest, such as early internationalisation and the proportion of foreign executive directors on the board, we resorted to handpick data from the individual annual reports of our sampled companies in our dataset to capture these unique variables. Third, we collected our country-level data (foreign direct investment) from the World Bank database. We included foreign direct investment as a country-level control variable to contextualise the level of international trade exposures pertaining to the economies in which these companies operate. Given the limited availability of consistent and reliable data on most EMNEs operating in Africa (Ibeh et al., 2018; Beck et al., 2015; Adams et al., 2014), our variables were restricted to fourteen years from 2007 to 2020. As per standard practice in the literature on this type of study, we applied several filters to our sample data such as eliminating firms with more than 25 % missing data and winsorizing outliers at the upper and lower bottom at 5 % (see Frank & Goyal, 2008).

Previous studies such as Leone et al. (2019) have argued that robust regressions reduce bias results (in comparison to winsorizing outliers that do little in removing bias results). Consequently, we performed further robust checks on all our results. Although the Hausmann test favours the fixed effects model, our analysis included the pooled OLS regression model, the random-effects model, the generalised linear model, and the two steps system GMM model to secure robust results. In all, our final sample consisted of balanced panel data from 157 companies from 17 African countries covering the period 2007–2020 consisting of 2,198 observations.

3.2. Variable measurements

3.2.1. Dependent variable – early internationalisation

Three main approaches were used to manually handpick our dependent variable data on early internationalisation. First, our definition of early internationalisation is based on Zucchella et al., (2007) who defined early internalisation from the three-dimensional perspectives of growth, pace (timings) and precocity. We based our definition of early internationalisation on 3–5 years timings of foreign listing by the EMNEs. Second, we used a dummy variable that takes a value of 1 if the firm is listed on an overseas stock market (including Europe and or America) during the first 3–5 years of incorporation, otherwise 0 (see Table 1a for variable definitions and Table 1b for sample characteristics of the 157 medium-sized oil and gas EMNEs domiciled in 17 African countries).

3.2.2. Independent variables

Our main variables of interest are managerial competence, the proportion of foreign executive directors on the board, firm value, and liquidity. In capturing managerial competence, we use a proxy variable of return on assets which is operating income divided by total assets. Our motivation for using return on assets as a proxy for measuring managerial competence stems from the resource-based view theoretical lens that argues that firm performance is a function of how well managers build their organisations around idiosyncratic resources that are valuable, rare, inimitable, and lack substitutes (Barney, 1991; Helfat & Martin, 2015). Also, previous studies such as Ciravegna et al. (2019) argue that competent managers are mostly challenged by the need to grow their firms. Hence early internationalisation offers a prominent avenue for these managers to grow their firms.

Regarding firm value, we use Tobin's q which is measured by market value divided by the total assets' replacement value of the firm. Also, given the limited availability of data on foreign executive directors, we used a dummy variable that takes the value of 1 if there is at least one foreign executive director on the board, otherwise 0. Previous studies imply that foreign executive directors are knowledgeable, experienced, have a better global perspective and are usually not afraid to take risks associated with venturing into international markets (Veliu & Manxhari, 2017). Against this backdrop, we included foreign executive directors in our corpus of variables to examine if their presence at board level drives early internationalisation. We also included liquidity to investigate if indeed there are any linkages between liquidity and early internationalisation as well as whether there is any association between managerial competence and liquidity of EMNEs operating in Africa. We measure liquidity as current assets divided by current liabilities.

3.2.3. Control variables

Given that the companies included in our dataset varied in size and

Table 1a
Definitions of Variables.

Variable name	Definition	Source/Code
Early internationalization	We used a dummy variable that takes a value of 1 if the firm is listed on an overseas stock market (including Europe and or America) during the first 3–5 years of incorporation, otherwise 0	Handpicked-data plus Bloomberg database – Firm's stock market list
Managerial competence	We use ROA which is operating income divided by total assets as a proxy for measuring managerial competence	Bloomberg database - RRO28
Firm value	We use Tobin's Q which is the market value of a company divided by total assets replacement value in measuring firm value	Bloomberg database - RX242
Liquidity	We used current ratio as a measure of liquidity - that is current assets divided by current liabilities	Bloomberg database - RRO53
Capex (Log)	The total capital expenditure of the period	Bloomberg database - RR014
Gross Profit margin	Revenue minus cost of sales divided by revenue	Bloomberg database – RR057
Assets Turnover	Revenue divided by total assets	Bloomberg database - RR138
Foreign Directors	We used a dummy variable that takes a value of 1 if the executive board includes at least one foreigner executive director, otherwise 0.	Bloomberg database-Director's profile and biography
Control Variables		
Market cost	The total cost of goods sold for the financial year	Bloomberg database- IS021
Total Assets (log)	The size of a company is measured by the natural log of total assets	Bloomberg database – BS032
Intangibles	Total non-tangible assets including goodwill, trademarks, patent, copyrights etc.	Bloomberg database – BS 138
Cash Conversion Cycle	Calculated as Inventory Turnover Days + Account Receivable Turnover Days - Accounts Payable Turnover Days	Bloomberg database – RR798
Block-shareholding	The percentage of share ownership of the single largest owner (in terms of voting power) having shares ownership of ≥ 5 %	Bloomberg database- DY189
Foreign Direct Investment	The total foreign direct investment net inflows (balance of payment per current US dollar value US$)	IMF-World bank data

Table 1b
Sample Characteristics of Medium-Sized Oil and Gas EMNEs.

Country/Domicile	Number of Companies
Algeria	3
Botswana	2
Ivory Coast	2
Egypt	11
Gabon	16
Ghana	2
Kenya	3
Madagascar	5
Mauritius	23
Morocco	4
Mozambique	2
Namibia	33
Nigeria	35
South Africa	10
Tanzania	2
Tunisia	2
Zambia	2
Total	**157**

capability, we included a compendium of salient control variables to mitigate possible biases in our results. For instance, we used total assets to control for the differences in the size of the companies. Also, considering that early listing involves high market costs and that larger companies usually incur higher market or operational costs for their initial public offerings in comparison to smaller companies, we decided to control for market costs. Furthermore, previous studies argue that liquidity is one of the key drivers of early internationalisation (Coffee, 2002; Bris et al., 2007), so we decided to include liquidity in our corpus of control variables to test its effects on early internationalisation. Other factors, such as the single largest shareholding and intangible assets (e.g., patents, trademarks), can influence company performance. Hence, we decided to control for these in our model. Gross profit, current ratio and cash flow variables were included to control for financial health and liquidity effects on the early internationalisation process of these firms. Finally, we included foreign direct investment as a control variable to control for country level FDI effects on firms in our dataset.

3.2.4. Model estimation

We used the below baseline econometric model to test our hypothesis

$$Early\ Int_{i,t} = \alpha + \beta_1 Managerial\ competence_{i,t} + \beta_2 Firm\ value_{i,t} + \beta_3 Liquidity_{i,t} + \sum_{i=1}^{n} \beta_4 Contrvar_{i,t} + \varepsilon_{i,t} \quad (1)$$

Where $Early\ Int_{i,t}$ = Early internationalisation at time t and $\sum_{i=1}^{n} Contrvar_{i,t}$ represents our control variables at time t and $\varepsilon_{i,t}$ represents the error term at the specified time.

3.3. Descriptive statistics

The descriptive statistics and the correlation matrix for the study are presented in Tables 2 and 3 respectively. Several interesting findings emerged from our descriptive statistics table. First, we noted a mean current ratio (liquidity) of 1.97 (approximately 2.0) which implies a higher liquidity ratio for these firms in our dataset. Also, our summary statistics table revealed that about 64 % of our sample firms are in some way engaged in some form of early internationalisation. In terms of managerial competencies, measured using returns on assets, we noted an average return on assets value of 15 % for these firms in our sample. Also, we noted that the average gross profit margin stood at almost 12 %. This finding collaborates previous human rights and natural resource studies that argue that most EMNEs operating in Africa and other

Table 2
Descriptive Statistics.

Variable	Mean	Standard Dev.	Minimum	Maximum
Early internationalization	0.639	0.769	0.000	2.000
Managerial competencies	0.151	0.980	0.0243	0.412
Firm value	2.029	1.119	0.141	18.668
Liquidity	1.977	0.479	0.030	28.617
Intangibles	1.114	2.846	0.008	7.205
Capex (log)	0.054	0.394	0.010	0.087
Gross Profit	0.115	0.946	0.059	0.245
Assets Turn	1.685	1.549	0.000	10.211
Cash Conversion Cycle	13.172	0.899	−2.558	78.045
Block-shareholding	1.071	2.630	0.210	7.257
Market cost	4.867	2.347	2.290	10.171
Total Assets (log)	5.166	1.999	0.631	11.268
Foreign Executive Directors	0.041	0.493	0.000	1.000
Foreign Direct Investment (Balance of payment)	8.630	1.640	−2.102	7.732

Table 3
Pairwise Correlations.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(1) Early Int.	1.000													
(2) M. Competence	0.189*	1.000												
(3) Firm Value	0.175*	0.110*	1.000											
(4) Liquidity	0.206*	0.157*	−0.054	1.000										
(5) Intangibles	0.067	0.036	−0.040	−0.128*	1.000									
(6) Capex	0.199*	0.036	0.048	0.038	−0.100*	1.000								
(7) Gross Profit	0.179*	0.127*	0.075	0.299*	0.009	−0.002	1.000							
(8) Assets Turn	0.015	0.097*	0.114*	0.198*	−0.146*	0.154*	−0.247*	1.000						
(9) Cash C. Cycle	0.149*	0.238*	0.065	0.137*	0.028	0.008	−0.022	0.031	1.000					
(10) SLO	0.151*	0.120″	−0.131*	0.119*	−0.260*	−0.234*	−0.056	0.011	0.271*	1.000				
(11) Market cost	−0.169*	0.013	−0.045	−0.109*	0.181*	−0.562*	−0.090*	0.070	−0.042	−0.124	1.000			
(12) Firm size	−0.177*	0.038	−0.074	−0.083*	0.310*	−0.619*	−0.017	−0.210*	−0.019	0.024	0.822*	1.000		
(13) Foreign Board	0.902*	0.146*	0.101*	0.131*	−0.018	0.183*	0.056	0.086*	0.016	0.082	−0.135*	−0.148*	1.000	
(14) FDI	−0.038	−0.202*	0.072	0.001	0.139*	−0.010	−0.141*	−0.243*	0.157*	0.080	−0.095*	−0.016	−0.038	1.000

Please note: Early Int. represents early internationalization, M. Competence is managerial competence, Cash C. Cycle is cash conversion cycle, SLO is single largest cycle, Foreign Board is foreign executive directors on board, FDI represents foreign direct investment per balance of payment, * shows significance at the 0.05 level.

emerging economies prioritise profit maximisation at the expense of capital investment, environmental expenditure, and economic growth (Adams et al., 2019; Attah-Boakye et al., 2020; Ullah et al., 2021). This result implies that these EMNEs operating in Africa continue to achieve higher returns on their investments.

In terms of firm value, our results surprisingly revealed disparities in the firm value of our sample firms with minimum and maximum firm values of 0.141 and 18.668 respectively. Nonetheless, our findings show that the average firm value of these firms is 2.029, which is above the 1.0 threshold average firm value of EMNEs. Third, in terms of liquidity, our results revealed an average value of current assets to current liability ratio of 1.9:1.0 which implies that African EMNEs operating in the oil and gas sector are more liquid and can meet their short-term obligations almost twice. Fourth, regardless of the high liquidity situation, we noted that the average capital expenditure is a poor 5 %.

4. Findings

4.1. The relationship between managerial competencies and early internationalisation

To test our hypothesis 1a, we included return on assets in our baseline regression model in Table 4 and used it as a proxy to capture the managerial competence of firms in our sample data. Our results reveal a significant positive association between managerial competence and early internationalisation which confirms our hypothesis 1a. This finding is consistent with previous empirical studies that argue that context-specific micro-foundational factors such as managerial experience and dynamic competencies are critical drivers of early internationalisation (Helfat & Martin, 2015; Jafari-Sadeghi et al., 2021). Indeed, our result is consistent with resource-based theory and the globalisation paradigm that imply that competent managers are not only competitive in the domestic market but also have the experience and capabilities to sense and seize opportunities in the international market at the earliest opportunity (Haapanen et al., 2020; Attah-Boakye et al., 2021).

Other studies argue that managerial innovativeness and experimentation, knowledge transfusion and access to superior transnational networks opportunities that can yield a higher return on assets are critical antecedents for early internationalisation (see Schumpeter 1949; Birkinshaw, 1999; 2000; Rugman & Verbeke, 2001; Verbeke & Yuan, 2007). Supporting these arguments, the Penrosian managerial/ entrepreneurial resource base paradigm posits that competent and efficient managers have unique capabilities in identifying earlier strategic opportunities in the global market (Helfat & Martin, 2015; Adomako et al., 2016; Amankwah-Amoah & Adomako, 2021; Attah-Boakye et al., 2021).

Additionally, the presence of highly competent directors can provide knowledge and network and industry-specific experience to these firms, shaping managerial efficiency and firm performance and value (Oxelheim et al., 2013; Miletkov et al., 2017). Further, previous studies such as Nadeem et al. (2017), which used the dynamic ordinary least squares technique to examine the effects of intellectual capital efficiency and managerial assets turnover in less developed economies, argue that the idiosyncratic knowledge assets of managers have significant positive linkages to managers' abilities to translate firms' assets into sales revenue. While these two studies (Nadeem et al., 2017; Attah-Boakye et al., 2021) tie in with our findings, they did not focus on medium-sized African firms. Similarly, they used the structural equation model and dynamic OLS respectively in their estimations. Empirically, our study extends the literature by using a robust two-step system GMM analysis as well as focusing on medium-sized EMNEs from the unique context of Africa.

4.2. The relationship between firm value and early internationalisation

We tested our hypothesis 1b by examining whether higher firm value

Table 4
Baseline Regression Models and Robustness Tests.

Variables	(1) Early International Logit	(2) Early international Logit	(3) Early Int. Logit	(4) Early International GMM-2steps	(5) Early Int GMM-2steps	(6) Early Int GMM-2steps
Managerial competence	2.8701***			2.3047***		
	(0.5459)			(0.0468)		
Firm value		3.3148***			0.2183	
		(1.5062)			(0.0582)	
Mgr. Competence × FV			3.1402***			2.2314***
			(0.0096)			(0.0085)
Liquidity	0.1210*	0.1132*	0.1131*	0.1103*	0.1102*	0.1104*
	(0.0025)	(0.0028)	(0.0021)	(0.0033)	(0.0032)	(0.0023)
Intangible assets	−0.0026	−0.0036	−0.0018	−0.0001	−0.0000	−0.0001
	(0.0026)	(0.0030)	(0.0023)	(0.0004)	(0.0004)	(0.0003)
Capital expenditure	−0.0240	−0.0298**	−0.0258*	−0.0201	−0.0205	−0.0201
	(0.0034)	(0.0043)	(0.0035)	(0.0008)	(0.0010)	(0.0008)
Leverage	−0.2057***	−0.2190***	−0.2099***	0.1013*	0.1012*	0.1015*
	(0.0060)	(0.0070)	(0.0050)	(0.0004)	(0.0004)	(0.0003)
Block shares	0.2115**	0.2124**	0.2135**	0.0103	0.0102	0.0102
	(0.0080)	(0.0106)	(0.0069)	(0.0043)	(0.0016)	(0.0037)
Cash conversion cycle	0.0068**	0.2095**	0.2054**	0.2310**	0.1042*	0.1061*
	(0.0029)	(0.0039)	(0.0025)	(0.0006)	(0.0007)	(0.0006)
Constant	−2.6775***	9.2958***	−0.5541	0.2088	0.2206	0.2131
	(0.8579)	(1.9601)	(0.6728)	(0.1804)	(0.1733)	(0.1475)
Observations	197	194	194	163	163	163
Pseudo R-Square/Wald chi	0.5092	0.4972	0.4032	32	29	27

Please Note: Early international or Early Int represents early internationalisation. Models (1) – (3) represent our baseline regression models and models (4) – (6) represent our robustness test. Mgr. Competence represents managerial competence (we used ROA as a proxy for measuring managerial competence). FV represents firm value measured by Tobin's Q. Model (1) examines the effects of managerial competence on early internationalisation, model (2) tests for the effects of firm value on early internationalisation and model (3) examines the moderation effects of managerial competence and firm value on early internationalisation. Models (4) – (6) use the two-steps system GMM approaches to test for robustness for models 1, 2 and 3 respectively. Standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

serves as a driver of early internationalisation of African medium-sized EMNEs. Our results in Table 4 revealed a significant positive association between firm value and early internationalisation. This finding concurs with the Penrosian resource-based theory and our hypothesis 1b which argue that higher performing firms usually have access to a panoply of valuable idiosyncratic knowledge and assets that can yield competitive advantages to these firms within a well-regulated external market. Further, other empirical studies such as D'Amato and Falivena (2020) contend that the liability of newness of early listing firms in international markets can be mitigated if the listing firm has higher firm value and stronger managerial competencies. Also, extant work indicates that most prospective investors are risk averse and will consider firm-specific factors such as managerial competencies and firm value as part of their investment decisions.

Our findings in Table 4 are consistent with the extant work that argues that although resources and knowledge accumulation are key drivers of early internationalisation, early listing firms usually have the capabilities and resources (higher firm value) to embark on such ventures. In other words, although equipment and other physical resources represent key drivers of early internationalisation, knowledge accumulation, organisational capabilities, and financial resources are even more important. It is worth mentioning that firms that embark on early internationalisation usually require the capacity and capabilities to succeed in this venture. Therefore, our study contributes to the early internationalisation debate by providing empirical evidence from EMNEs operating in Africa (Zucchella et al., 2007).

4.3. Moderation of managerial competence between firm value and early internationalisation

To test our hypothesis 1c we moderated managerial competence with firm value to investigate if that has any effect on EMNE's early internationalisation. We noted from our findings that managerial competence significantly moderates the positive effects between firm value and early internationalisation confirming hypothesis 1c. Our result concurs with the upper echelon theory and the Penrosian resource-based view premising that executives' knowledge, experience, values, and personalities significantly influence their strategic orientations and firm value (Hambrick, 2007). Thus, managerial competencies and experience influence managerial judgement, discretion and decision making which significantly moderate their strategic choices and firm value (Hambrick, 2007; Attah-Boakye et al., 2021).

Similarly, previous studies have argued that knowledge accumulation, managerial experience and international networks coupled with firm financial resources capabilities are major drivers of early firm internationalisation (Autio et al., 2000; Sapienza et al., 2006; Zucchella et al., 2007; Yan & Williams, 2021). Our study extends the upper echelon argument by using empirical evidence from EMNEs operating in Africa as a premise for elucidating how managerial competencies moderate the significant positive linkages between firm value and early internationalisation.

4.4. Relationship between the presence of foreign executive directors on boards and early internationalisation

We used Table 5 to investigate hypothesis 2a. Our results revealed that the presence of foreign executive directors in the top management team (TMT) of our sample firms has a significant positive association with early international listing. This confirms our hypothesis 2a. Studies such as Foucault and Frésard (2012) and Iliev and Roth (2018) argue that to be able to extract higher dividends from globalised economies, especially from highly competitive global markets, the inclusion of experienced and knowledgeable foreign executive directors should be considered. Correspondingly, our study's point of departure from the above-cited studies and others is that we used handpicked data (see Table 1a) in capturing the presence of foreign executive directors and early foreign listing with a specific focus on medium-sized entrepreneurial African firms. Our results imply that their early listing on international stock markets is among the key strategies latecomers use to enter into a game they are just learning to play. As such, their early internationalisation or listing decisions may be driven by the quest to utilise the knowledge and experience of foreign executive directors.

Table 5
Logit and Probit Regression Results Showing Drivers of Early Internationalisation and Inclusion of Foreigners in Corporate Governance of Oil and Gas MNEs in Africa.

Variable	(1) Logit INT[3yrs]	(2) Logit INT[5yrs]	(3) Probit INT [10yrs]	(4) Probit INT[5 yr]	(5) Logit FRG[IPOs]	(6) Probit FRG[IPOs]	(7) Probit FM × 3yrs	(8) Logit FM × 3yrs
Foreign Executives	3.943***		2.114***		3.038**	1.698**		
	(0.802)		(0.396)		(1.395)	(0.759)		
Liquidity	3.885***	2.923**	1.760***	1.388**	4.792**	2.653**	0.496	0.806
	(0.549)	(1.034)	(0.419)	(0.506)	(1.345)	(1.106)	(0.328)	(0.547)
Intangible Assets	−0.002	−0.007	−0.001	−0.004	0.003	0.001	0.011***	0.012***
	(0.004)	(0.009)	(0.002)	(0.005)	(0.007)	(0.003)	(0.000)	(0.001)
Capex	0.005	0.012	0.004	0.007	0.013	0.006	−0.000	−0.000
	(0.011)	(0.024)	(0.006)	(0.013)	(0.017)	(0.009)	(0.003)	(0.005)
Gross profit margin	0.002	0.182*	0.009	0.098**	0.204***	0.116***	0.029**	0.048**
	(0.037)	(0.091)	(0.019)	(0.048)	(0.075)	(0.041)	(0.013)	(0.021)
Asset's turnover	1.857***	3.154**	0.932***	1.759**	1.410	0.803	0.245	0.396
	(0.578)	(1.160)	(0.302)	(0.599)	(1.514)	(0.833)	(0.193)	(0.321)
Cash conversion Cycle	−0.020**	−0.017	−0.010*	−0.009	−0.086*	−0.047*	−0.001	−0.002
	(0.010)	(0.028)	(0.005)	(0.015)	(0.052)	(0.027)	(0.004)	(0.007)
Block-shareholding	0.019	0.042	0.011	0.023	−0.015	−0.007	0.001	0.001
	(0.013)	(0.030)	(0.007)	(0.017)	(0.022)	(0.012)	(0.005)	(0.008)
Market Cost	−0.002	−0.001	−0.001*	−0.001	0.003	0.002	−0.011**	−0.010**
	(0.001)	(0.002)	(0.001)	(0.001)	(0.003)	(0.002)	(0.000)	(0.000)
Total Assets (log)	0.280	0.508	0.155	0.306	1.987**	1.132**	0.059	0.103
	(0.585)	(1.163)	(0.281)	(0.667)	(0.667)	(0.525)	(0.135)	(0.224)
Foreign Direct Investment	−0.012***	−0.013*	−0.012***	−0.010**	0.004	0.006	0.007	0.005
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Constant	−7.693**	−12.659*	−3.784**	−7.066*	−17.968**	−10.245***	−1.845*	−3.113*
	(3.709)	(7.204)	(1.745)	(4.021)	(7.146)	(3.884)	(0.993)	(1.672)
Observations	157	76	157	76	146	146	157	157
Pseudo R-squared	0.532	0.562	0.506	0.552	0.532	0.521	0.557	0.563
Number of ids	23	23	23	23	23	23	23	23

Note: Since the dependent variable takes a dummy value of either 0 or 1, we used logistic regressions in analysing the drivers of early internationalisation. We then used Probit as part of our robustness to validate our results. We used Table 5 above to ascertain the drivers of early international firms' listing by African oil and gas MNEs. INT[3yrs] represents early international listing during the first three years of incorporation (please refer to the variable definitions in Table 1). FRG[IPOs] represents foreign initial public offerings. FM × 3yrs represents the interactions of foreign executive directors × international listing during the first three years of incorporation. Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

4.5. The relationship between liquidity and early internationalisation

To investigate hypothesis 2b, we used regression Table 5. We noted a significant positive association between liquidity and early internationalisation. Our findings confirm hypothesis 2b and concur with previous empirical studies that imply that early international listings by local firms improve liquidity (Coffee, 2002; Bris et al., 2007). Interestingly, we recorded consistent results in both our regression tables 4 and 5. Our findings contribute to the international cross-listing drivers argument by providing empirical evidence revealing that liquidity is a key driver for early firm internationalisation by EMNEs operating in Africa. Similarly, studies such as Domowitz et al. (1998) argue that since most international markets are transparent and efficient, high-performing domestic firms that have competent managers can access significant additional capital to support their operations. Therefore, we argue that, in comparison to domestic stock markets in Africa which are usually less transparent and mostly saddled with corruption and administration ineptitude (Hamilton, 1979; Domowitz et al., 1998), overseas markets are well regulated, transparent and offer a better alternative to firms that need to inject more liquidity into their operations.

In addition, it has been argued in the literature that firms listed on international stock markets improved their reputation, both at home and abroad (Coffee, 2002). Nevertheless, our study argues that improved performance is closely connected to the higher level of scrutiny and disclosure that characterise international stock markets. This is simply because the information asymmetry problems faced by early listing firms that are mostly inexperienced in global spaces (African EMNEs) may be mitigated by enhanced access to superior market information at the global level. Another point of departure from previous studies is that we used combinations of country-level data, unique handpicked data, and firm-level financial (14-year panel) data from 17 oil and gas producing African countries in our analysis to uncover and predict their entrepreneurial intent and behaviours. Hence our findings extend the literature by showing that liquidity is a key driver for entrepreneurial medium-sized firms from emerging markets.

4.6. Test for robustness

Our findings are robust and consistent across alternative regressions. For example, we included pooled OLS regression as a baseline and tested for alternative/ comparative measures using the generalised linear model (GLM), the random effect model and the fixed effect model. It is worth mentioning that, although our Hausman test results favour the fixed effect, we noted that our results are consistent across different regression modules that examine the OLS assumptions for endogeneity and multicollinearity. Consequently, we decided to report these findings to demonstrate the consistency and robustness of results across different regression settings that test the OLS assumptions. It is worth mentioning that the logistic regression model is suitable for our analysis given the dichotomous nature of our dependent variable of early internationalisation. Whilst the underlying linear regression assumptions might have biased our results, we used logistic regression as our baseline model. We proceeded to using two-step system GMM to control for potential endogeneity and multicollinearity problems. Also, we use probit estimation in Table 5 as a test of robustness for our baseline logistic regression. Our findings were consistent using both the logit and probit regressions in Table 5. Also, probit and logit models are popular estimations used in examining and/or validating dichotomous independent variables in similar empirical studies (Zucchella et al., 2007; Jiang et al., 2016). All our results passed the variance inflation (VIF) test.

Overall, our results are robust to alternative measures, sample selections problems, multicollinearity, and potential endogeneity. Since system GMM (two-steps) is appropriate for the continuous dependent variable, we followed previous studies such as Wintoki et al. (2012) by using two-step system GMM to control for potential endogeneities, simultaneities, and firm-specific heterogeneity concerns in our main regression. Further, our results meet the two-step system GMM robustness standard test threshold: AR (2) tests for second-order autocorrelation and Hansen tests for instrumental validity.

5. Discussion and implications

5.1. Theoretical contributions

Our research makes some key contributions to theory, practice, and policy in the ways we study MNEs from countries that are latecomers to the global economy (Storper et al., 1998; Verhoef, 2018). Three of the key papers reviewed in this study are re-stated as they are critical in evidencing our contribution in three main ways including (a) the uniqueness of the research context (b) the reformation of governance structures to reshape corporate identity, minimise the liabilities that come with the 'acculturation' process of operating in a global space by acquiring idiosyncratic knowledge and (c) the uniqueness of the sample.

Firstly, Birkinshaw (2000) demonstrated how early internationalisation offers practical and managerial implications for MNEs from advanced economies. Doz et al. (2001) also used the metanational lens to study how MNEs win in the knowledge economy. Verbeke and Yuan (2007) revisited the findings of Birkinshaw (1997; 2000) and Doz et al. (2001) re-examined entrepreneurial MNEs. Basing their arguments upon the Penrosian (1959) perspective of entrepreneurship within MNEs, they uncovered the differences between the 'competence of management' and the 'enterprise of management' as drivers for early internationalisation. Expectedly, the contexts of these studies were based on traditional MNEs from advanced economies as MNEs from emerging markets (e.g., the dragon multinationals and multilatinas) were yet to be seen in global spaces and given any scholarly attention. Moreover, at the time of these studies, most African countries were busy dealing with wars, famine, and the repercussions of the AIDS epidemic and so almost all MNEs operating on the African continent were foreign-owned. Therefore, the scant research on the phenomenon left serious gaps in our understanding of how African MNEs could internationalise.

Consequently, our first empirical contribution is a contextual one as we refocus and repurpose the existing literature on the African setting in asserting that there is an undisputedly strong relationship between the ability to close the knowledge gap (by 'buying' foreign board members to increase the '*strength/competence and enterprise of management')* and the early internationalisation performance of African EMNEs. This is a pivotal contribution with practical implications because African firms that intend to internationalise can either 'make' or 'buy' foreign executive directors or use the polycentric corporate governance system (see Isidor et al., 2011; Arregle et al., 2016; Gatignon & Capron, 2020) to reflect their intended destination countries. This would enable them to gain the necessary knowledge and networks to drive their early internationalisation agenda, gain global experience, and improve firm performance and long-term market value.

Secondly, whilst our result is consistent with the Penrosian knowledge-based theory and previous empirical studies that suggest that enhancing the 'competence' and 'enterprise' of management can influence international entrepreneurial decisions, we follow the work of Birkinshaw (2000), Rugman and Verbeke (2001) and Verbeke and Yuan (2007) by teasing out the implications for EMNEs from Africa who are latecomers to the global economy (Verhoef, 2018). Our findings proved interesting and suggest opportunities for future research. Thus, African EMNEs that follow the strategy of strengthening their managerial and entrepreneurial competence by involving foreign executives in pre-, early and post-internationalisation initiatives usually increase the entrepreneurial capabilities or competence of the board. This approach seems to encourage African firms to take both inside-out and outside-in approaches to improve the existing corporate governance system as they explore opportunities in global markets. This finding further extends the work of Hambrick (2007) who examined the influence of top management teams on governance and firm performance.

The present study is unique as it presents how outward-looking entrepreneurial EMNEs sustain firm performance by buying competence, not only from outside the organisation but also from outside the country of origin. Thus, the presence of foreign executive directors provides a potential channel through which more diverse, forward-looking international corporate governance practices can be propagated for better decisions, acceptance on the global stage and improved firm value in the long term. These antecedents seem to rate high among the factors affecting the growth and expansion of African firms (see Ibeh et al., 2018; Boso et al., 2019).

Thirdly, African firms that begin their internationalisation mission through foreign listing on international stock markets acquire knowledge by learning from foreign directors, not only from those within the firm but also through knowledge spillovers from formal and informal networks outside the firm, as well as outside the domestic market. More crucially, given the burgeoning trend of de-globalisation and the emergence of new forms of near-sourcing, re-shoring, offshoring and outsourcing activities used as strategic competitive posturing by MNCs in general (Adams et al., 2018), the idiosyncratic industry-level knowledge and experiences of foreign directors can offer significant transaction cost advantage for EMNEs that are struggling to navigate cost-efficient ways of operating in advanced countries or within unpredictable markets.

Fourthly, our study extends existing MNE entrepreneurship and early internationalisation literature by specifically bringing the concept of early foreign listing of EMNEs from Africa into the fray for further studies. Thus, we know about foreign listing from the traditional FDI countries. However, one of our key contributions also lies in the application of the precise concept of early foreign listing in the unique context of Africa. Although Adams et al. (2017), Boso et al. (2019) and Ibeh et al. (2018) reported that contextual differences within African countries affect firm behaviour, this study finds that EMNEs seeking to go abroad pursue a consistent approach to enhancing managerial competence by involving foreign executive members on the board. Moreover, whilst we know that the ability of medium-sized EMNEs to leverage foreign listing is a fundamental strategic move for emerging market firms trying to internationalise, we explore the timing of their listing activities. Thus, we trace how pre-, early and post-listing affect long-term market value by undertaking a painstaking handpicked data scrutiny of the comparative relationships between their pre- and initial listing periods and a decade after (i.e., zero, three, five and ten years) and their corresponding financial performance.

Fifthly, early internationalisation and its strategic implications have received much attention in the extant literature (Musteen et al., 2014; Ahmed & Brennan, 2019). However, it has not been widely scrutinised to see whether it is a value-adding kind of international entrepreneurial behaviour due to the financial outlays comprising innovation, proactiveness as well as uncertainty across borders (Oviatt & McDougall, 2005; Jones et al., 2011). However, early internationalisation in extant research mainly refers to early access to international product/geographical markets. For example, common measures include the timing of the first exporting activity and of reaching a certain level of exporting intensity. In contrast, our research starts with the argument that early access to international capital markets is an indispensable part of international entrepreneurship behaviour yet this has been underexplored in both the advanced and emerging markets contexts. Moreover, while we know a lot about the antecedents and implications of foreign listing, our study is the first to explore the role of the timing of foreign listing. Specifically, we find that early foreign listing contributes to firm liquidity and profitability for African EMNEs.

In addition, foreign listing does have significant costs. Domestic firms often suffer from capital market liability of foreignness (CMLOF) which makes foreign listing costly both in terms of time and financial resources (Li et al., 2016; Tupper et al., 2018). Therefore, a polycentric governing board structure mitigates the associated risks and enables internationalising EMNEs to understand the institutional complexities in host countries (Isidor et al., 2011; Arregle et al., 2016; Lubell & Morrison, 2021) This often requires deep and comprehensive institutional understandings, including accounting, financial regulations, disclosure procedures, and strategic adjustments, in order to comply with foreign corporate governance systems, financial reporting systems and key industry regulations (Adomako et al., 2019; Elmghaamez et al., 2021).

5.2. Practical contributions

Our study has three main implications for management practice. Firstly, according to our analysis and findings, medium-sized EMNEs from Africa may perhaps consider recruiting and retaining experienced and knowledgeable foreign and expatriate executives for pre-, early and post-internationalisation activities. Secondly, as our sample firms operate within the oil and gas sector, adherence to principles of ethics and environmental social governance disclosure is important as they are increasingly becoming an important measure for social and financial sustainability for MNEs in general. Several institutional and private investment firms use ESG metrics to determine which firms qualify for long-term investments. Given that global warming and the natural resource curse affect Africa in diverse ways, securing sustainable financial performance and firm value must be pursued whilst preparing for the challenges of the net-zero commitments currently pursued by oil and gas MNEs from advanced economies.

Thirdly, managers of medium-sized oil and gas companies in Africa could prioritise the financial health of their companies by investing in capital assets that are carbon neutral, encouraging knowledge sharing to generate innovative ideas through training and development of top and middle managers of African descent. This would strengthen knowledge assets and social-network capital, which is also adjudged as a critical measure to sustain the financial performance and firm value of traditional MNEs.

5.3. Policy implications

For many years, government policy in most African countries has singularly focused on attracting inward FDI with little success (Cleeve, 2008; Adams et al., 2015). Given that our results confirm that the moderating effect of the presence of foreign executive directors on boards has a significant positive association with early foreign listing and improved liquidity and long-term profitability, the newly established African Continental Free Trade Area (AfCFTA) with its current headquarters in Ghana could support African businesses from all 54 countries to invest in global spaces. The establishment of the African Growth and Opportunity Act (AGOA) between the USA and Sub-Saharan Africa has failed to live up to expectations (Phelps et al., 2009). Therefore, AfCFTA should re-develop and disseminate the strategic frameworks for strengthening the internationalisation activities of African medium-sized firms. This could deliver the inclusive and sustainable development that Africa has continued to seek for many years.

6. Conclusions

There is an evident paucity of studies investigating how board structures influence EMNE's international entrepreneurial behaviours when crossing borders (see Adomako et al., 2018; Verbeke & Ciravegna, 2018; Aguilera et al., 2019). Therefore, we began our study by asking two key questions: (a) how do *competence and enterprise of management* influence the early internationalisation of medium-sized African EMNEs (b) what are the early listing implications (i.e., outcomes) of such activities on financial performance and long-term firm value? So far, we have presented an insightful analysis of some of the key drivers. In particular, we focused on how *managerial competence* and *enterprise* can be 'bought' or 'made' to minimise the liability-of-origin and improve firm performance through incremental internationalisation activities of EMNEs from Africa.

Firstly, our study shows that although access to liquid funds, foreign managerial know-how and experience are key drivers of early internationalisation, these factors have less effect on corporate outcomes during the initial, third and fifth year of the early foreign listing without the moderating effect of foreign executive directors. In addition, whilst firm listing has been widely explored in both the financial and MNE entrepreneurship literature (Purkayastha & Kumar, 2021), the drivers of early foreign listing and how firms perform after initiating early foreign listings have been unheard of in the African context. Our results confirm that gaining liquidity, improving profitability, and integrating foreign managerial and entrepreneurial competence are the main drivers of early foreign listing among African medium-sized EMNEs.

Secondly, from our literature review and other studies, we know foreign listing has both benefits and costs. The literature shows that early foreign listing tends to have more costs, risks, and uncertainties than benefits. However, our results show a positive relationship between early foreign listing and improved liquidity, firm profitability, and long-term market value for African EMNEs, if managerial competence is enhanced. Moreover, whilst the diffusion of knowledge and firm-specific advantages attained by early internationalising entrepreneurial EMNEs from other regions reported in the literature applies to EMNEs from Africa, the approach needed to overcome the liability of newness and foreignness (Li et al., 2016) in global markets is uniquely different. Therefore, to mitigate the negative effects of early foreign listing reported in the literature, our results highlight the importance of maintaining openness to and leveraging foreign managerial and entrepreneurial competence before, during, and after listing on a foreign stock exchange and even for undertaking further internationalisation investments.

6.1. Limitations and future research directions

Our study has some limitations which also provide opportunities for new areas for future research. First, our study utilised only 14 years of data due to the difficulty of access to data from Africa. This implies that it was not possible to investigate the events that happened after the period. Crucially, whilst several countries in Africa produce oil in commercial quantities, most of the data available consisted of MNCs from the traditional FDI countries. Finally, although we had a larger sample from the various databases at the beginning of the data analysis, not all of them had used early foreign listing as one of their internationalisation strategies. Consequently, after cleaning our data and checking for consistency of narrative, we were able to base our analysis on no more than the 157 companies currently operating within 17 out of the 54 African countries. Despite these issues, we used an additional database from the World Bank and handpicked data from their annual reports.

As our study solely focused on early access to international capital, early access to international product markets is worthy of further exploration in the future. Also, using a larger sample size from other African countries would help establish the generalisability of our findings across all 54 African countries. In addition, it would be interesting to handpick more data from these firms such as background information of TMT/ board members to understand the demographic composition of the board. Doing so would enhance our understanding of how board diversity and board outsidership drive the early internationalisation of African EMNEs.

CRediT authorship contribution statement

Kweku Adams: Writing – review & editing, Writing – original draft, Validation, Supervision, Software, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization.

Rexford Attah-Boakye: Writing – review & editing, Writing – original draft, Validation, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization. **Honglan Yu:** Writing – review & editing, Writing – original draft, Investigation, Formal analysis, Data curation, Conceptualization. **Irene Chu:** Writing – review & editing, Writing – original draft, Validation, Investigation. **Maria Ishaque:** Writing – original draft, Methodology, Conceptualization.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

Data will be made available on request.

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