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of **BUSINESS**
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**The effect of institutional turbulence on multinational enterprises'
strategies in resource-intensive host markets**

Dissertation

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Abstract

Firms have the ability to be influenced by their institutions and in turn have to capability to influence them. This relationship can become deeply complicated and nuanced in emerging economies where the quality of institutions is low and is worsened when the country is experiencing extreme turbulence in the form of conflict. This dissertation intends to discuss how firms may be impacted by institutions in resource intensive host markets, as well as their effect on fragile conflict dynamic ecosystems that existed prior to their arrival. Mozambique is used as a case study. The northern province, where internationalisation of foreign oil firms has occurred, has been impacted by a violent insurgency, causing the firms to declare force majeure (FM).

The study aims to theoretically add to conflict dynamics in international business literature, through demonstrating the overall impact of MNEs in fragile ecosystems. The development and quality of institutions is what creates an ecosystem within a country. Therefore, focus will also be placed on the role of institutions in global strategy, and specifically how they played a significant part in determining the impact of an MNEs impact on the conflict ecosystem within Mozambique. The study concludes that the relationships in the business ecosystem are put under strain due to the unique insurgency in Mozambique, resulting in a collapse of business operations.

This research is an inductive, exploratory, qualitative study, using multiple case studies of extractive multinational enterprises (MNEs) that have been operational in the northern province of Mozambique, and have been so since the discovery of gas in the area. The findings presented in this study were based on thirteen interviews, with participants being from either the MNEs in the area, the government or experts on the matter.

There are many areas in which this research can make a significant contribution: the main are conflict dynamics, internationalisation into emerging economies, institutions within global strategy.

Keywords: Institutions, internationalisation, Mozambique, turbulent environments, emerging markets, global strategy , conflict dynamic

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1 Introduction

1.1 Research Problem and Purpose

Many firms decide to invest abroad when there is a new discovery of resources in an emerging market. In the case of Mozambique, this discovery was gas. Multinational enterprises (MNEs) from all over the world such as ExxonMobil and Total invested in multi-billion US dollar projects to take advantage of this discovery, however the unavoidable issue of security stability has halted these projects in their tracks (In On Africa, 2021). The Islamic insurgency in Mozambique, particularly in the northern region of Cabo Delgado, has resulted in these multinationals, such as Total, to call force majeure (de Beaupuy et al., 2021).

Interestingly, the root causes for the extreme turbulence and conflict in northern Mozambique is still very much up for debate. Many scholars and journalists claim that the MNEs are not completely blameless in the security issue that has resulted in recent years. Some scholars and reporters point to the dangerous escalation of violence in the northern regions of Mozambique more heavily on the international companies, and others blame Mozambican government (Langa, 2021; Makonye, 2020; Matsinhe & Valoi, 2019; Millennium bim, 2021; Vhumbunu, 2021). This dissertation intends to research how multinationals deal not only with institutional turbulence as it is occurring, but also with how they may influence the existing institutions in order adapt to the turbulence, so that they can continue their commercial objectives.

This research also aims to uncover the impacts of the bidirectional relationship between institutions and MNEs in the turbulent environment of Mozambique. Most importantly, it seeks to provide a starting point for more in depth discussions about institutional turbulence in conflict afflicted areas. The aim therefore is to contribute to conflict dynamics literature and shed light on the key themes and gaps that can be discussed in the future. The reason for the declaration of force majeure is also hypothesised in the conclusion, adding more context to the gaps in literature that need to be addressed in future studies. Finally, the purpose of this multiple case study-based research of MNEs in Mozambique is to understand the multiple perspectives and views on the turbulent environment, and to uncover important lesser known topics for discussion in the field.

The dissertation concludes by summarising the importance of understanding business ecosystems within conflict afflicted areas and the dual impact of both institutions and MNEs.

The conclusion from the entire study highlights that the insurgency as a fourth actor in the triangular ecosystem of MNEs, the government and local businesses, draws attention away from key pillars of the functioning of business. These are namely, strong relationship building between the three actors and the addressing of fundamental institutional challenges that exist in emerging economies. The dissertation recommends further research be done into FCAS regions, to understand the role MNEs play and the impact the economy has on these firms. Further research into addressing the gaps in literature of the existence of the unique ecosystems in areas of conflict will prevent the breakdown of relations that was seen in the case of Mozambique.

1.2 Research Context

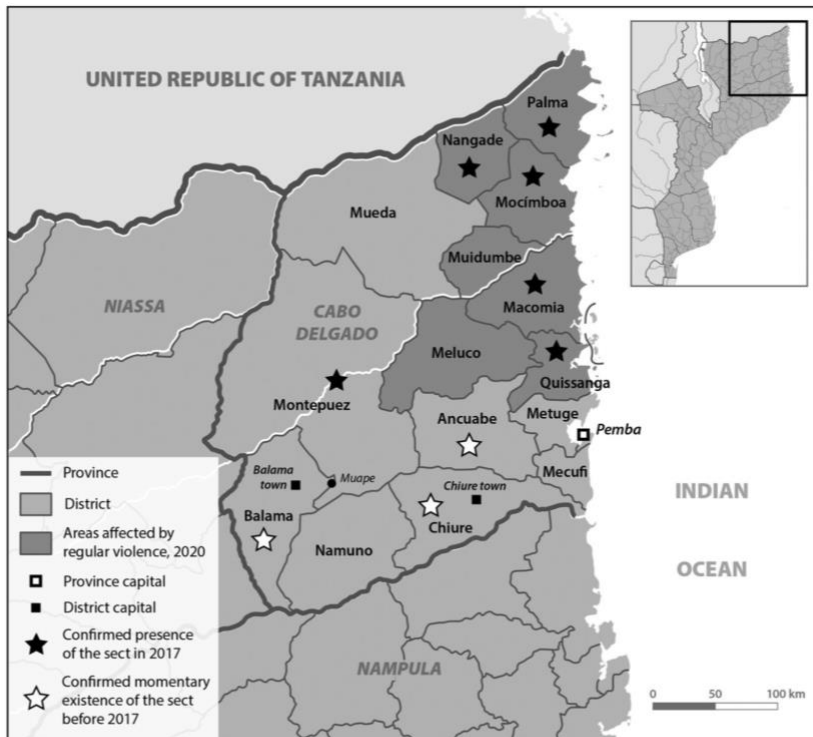
The brief research context provided in this chapter, is to guide the discussion for the literature review in Chapter 2. It primarily focuses on the origin of the insurgency in Mozambique and its progression to date. In Chapter 3, an in depth history of the discovery of natural gas in Mozambique is provided, to further colour the analysis section and the responses given by participants.

In 2010, Anadarko Petroleum Corporation discovered a large natural gas deposit in the Rovuma Basin off the coast of northern Mozambique. Recently, Mozambique saw the world's largest energy companies floating to the poorest region of the country, Cabo Delgado (Hill, 2023; Prashad, 2021; Rawoot, 2020). The energy companies, such as Total Energies, ExxonMobil, Chevron, Japan's Mitsui, and China's CNPC, began large scale liquefied natural gas (LNG) projects in this northern area of Mozambique. The three major LNG projects are being run by Total (valued at US \$20 billion), ExxonMobil (valued at US \$4.7 billion) and finally a joint project called the Rovuma LNG Project (valued at US \$30 billion) through ExxonMobil and CNCP (In On Africa, 2021). More recently, many of these projects have been put on hold indefinitely, due to the increased activity by insurgents, resulting in security stability being a major concern (Bukarti et al., 2020).

In October 2017, an Islamic militant insurgency group took control of large sections in Cabo Delgado through violent attacks (Prashad, 2021). The first town that the insurgents took control of was the town of Mocimboa de Praia. Between the years of 2018 and 2019, the militant group started making violent attacks during the day, targeting small towns, army outposts and

transport on roads. In 2019 the group declared alliance to ISIS (Islamic State of Iraq and the Levant), and ISIS took control of many of the attacks throughout 2020. Below is a map that summarises the worst attacks in 2020 (Morier-Genoud, 2020):

Figure 1: Map showing armed activities of Ansar al-Sunna in 2020



Map 1. Sect presence and armed activities in Cabo Delgado. Source: Designed by Dorian Ryser, June 2020.

(Morier-Genoud, 2020)

These attacks in the area of Cabo Delgado continued to worsen and resulted in Total Energies having to call force majeure in April 2021. Total’s decision to indefinitely suspend work on the \$20 billion LNG project in Cabo Delgado has negative economic effects for both the company and the country. This project had the potential to transform the Mozambiquan economy through export of the 13 millions tons of gas that would have been produced each year (de Beaupuy et al., 2021). This is the background of the situation in Mozambique that is necessary to look into, to understand how firms such as Total manage institutional turbulence in resource intense host markets that have a complicated conflict dynamic.

1.3 Research Questions

While there have been many studies of how multinational enterprises, hereafter referred to as MNE's, internationalise their operations into emerging markets (Cuervo-Cazurra, 2011; Gammeltoft & Cuervo-Cazurra, 2021; Luiz & Barnard, 2022; Meyer & Peng, 2019), there is minimal research on what firms do when entering a country that has potential for institutional turbulence, (Bu et al., 2022; Cuervo-Cazurra et al., 2019) or how they manage the turbulence if it occurs with little notice. Most importantly, there is a lack of research on how these multinationals can overcome institutional turbulence, like the terrorism in Mozambique, in the emerging markets in which they operate, to positively impact all those involved. This research aims to use the case study of LNG foreign firms in Mozambique to answer the overarching research question: *“How do MNEs from advanced economies manage institutional turbulence when internationalising into resource-intensive host markets?”*. This question will be explored by examining and analysing the strategies of the major foreign oil companies operating in northern Mozambique during the recent Islamic militant insurgency.

To answer this overarching and guiding research question, there are three sub-questions that are necessary to use as building blocks. The first question addresses how institutions in host markets may affect a foreign firm's strategy and operation in that country. Secondly, a question must be asked about how institutions can in turn be influenced by multinational enterprises. The third and final question asks how firms go about managing institutions through alternate actions, known as non-market strategies.

The sub-questions are as follows:

1. *How have turbulent institutional environments impacted and the affected the strategy of MNEs?*
2. *How do MNEs impact and influence turbulent institutional environments?*
3. *How do MNEs adopt non-market strategies to manage turbulences or influence institutions?*

1.4 Theoretical Context and Contribution

This research contributes to three major fields of literature. Firstly, it contributes to how firms internationalise into emerging markets. While there is significant literature surrounding this

topic, there is little research into how firms deal with institutional turbulence in the emerging markets once they are established and operational in the country (Bukarti & Munasinghe, 2020). There has been limited attention to how firms may contribute to the institutional turbulence and what they can do to prevent it in the future (Makonye, 2020). In this sense, this research can aid the theories on how firms can manage themselves during institutional turbulence and how this may affect their entry strategy into emerging markets.

Institutions in global strategy has been a popular topic in global strategy literature for many years, however the bidirectional relationship between the two pillars of formal and informal institutions and the strategies of firms, is yet to be analysed and discussed at length (Caldart & Ricart, 2006; Cuervo-Cazurra, 2011; Meyer & Peng, 2019). This research intends to discuss the role of institutions in Mozambique, by analysing existing literature on this topic and provide the relevant theory needed for an in-depth discussion on specific institutions that may be at play for the oil firms.

Finally, the link between the internationalisation of firms into resource-intensive host market and conflict dynamics is something that is increasingly becoming a prominent topic of discussion (Buckley et al., 2017; Cuervo-Cazurra et al., 2019; Cuervo-Cazurra & Ramamurti, 2014; Dau, 2016; Demmers, 2014; Doh et al., 2017; Luiz et al., 2019). There needs to be more discussion and research surrounding the impact that these huge multinationals have on local communities in emerging markets and whether or not they make a positive difference in the long run. It is often discussed in literature that if firms do not help benefit the local communities they are operating in, particularly with invasive mining and oil companies, a void is left for potential future political disruption and violence (Conceição & Faria, 2021).

1.5 Delimitations and Research Assumptions

There are limitations to the research and assumptions that can be made that can restrict the scope of the study. Firstly, the MNEs were not forward with the negative impact that they had on the local community and their indirect contribution to the worsening of violence and terrorism in the northern Mozambique province of Cabo Delgado. Due to very strict NDAs signed by all employees, a major limitation would be the data received, as no secondary information was allowed to be obtained.

Another limitation is that the insurgency is continues even as this research is being conducted. Given that there is no conclusion and limited academic literature on the situation at hand, this research may make assumptions about how the firms will continue to manage the turbulence, that could not materialise. Finally, this research is focused on the MNEs in Mozambique and how they have managed the insurgency. This success/failure does not speak to how these companies may have internationalised into other developed or merging markets and assumptions may be made.

1.6 Definition of Key Terms

Terrorism: a violent, criminal act committed by individuals or groups influenced by political, religious, ethnic or ideological purposes. Often terrorism is used to create fear in the local population (OECD, 2020). The violent attacks on local civilians by the Islamic militant group in northern Mozambique has been defined as terrorism, and therefore it is important to understand the term for the purposes of this research dissertation (Bukarti & Munasinghe, 2020).

Institutional turbulence: the external instability that firms can experience in a country due to insurgency, war or violent attacks that are often politically related (Rego et al., 2022). In other words, the term is characterised by unpredictability, uncertainty and volatility in the external environment (Bukarti & Munasinghe, 2020). This term is also related to organisational turbulence in the case of this research, given that the definition is not merely a reaction to troubling times, but also due to wider destabilising effects on organisational functioning and morale (Fischer, 2012).

Ansar-al Sunna: the name of the Islamic militant insurgency group that is operational in the Northern areas of Mozambique. In literature and reports, the group is formally referred to by this name. However, the locals of Mozambique refer to the group as '*Al-Shabaab*' (Casola & Iocchi, 2020).

Internationalisation: the creation, establishment and operation of physical, in-country assets that are sold to local customers in a foreign market. This is different to 'multinationalisation': here firms produce goods across borders that form parts of international supply chains, sell into

markets using indirect channels or portfolio flows which is taking minority or non-operating stakes in a local business (Meyer & Peng, 2019).

FCAS State: A countries or regions that has been listed by the world bank as a conflicted-affected situations (World Bank, 2023).

1.7 Ethical Considerations

Given that this research has included interviews with employees of the oil companies that started the LNG projects in Mozambique, government officials and experts on conflict. Ethical clearance was obtained from the Ethics in Research Committee at UCT. The key ethical clearance for this research include:

- i. Informed consent and voluntary participation
- ii. Confidentiality
- iii. Data management
- iv. Professional boundaries
- v. Anonymity

2 Literature Review

2.1 *Institutions in global strategy*

Institutions can also be described as ‘humanly devised constraints’ or ‘rules of the game’ that have emerged as major external contextual factors that directly drive and influence a firm’s strategy and performance (Arikan et al., 2021; Bu et al., 2022; Cuervo-Cazurra, 2011; Dau, 2016; Doh et al., 2017; Dunning & Lundan, 2008; Meyer & Peng, 2019; North, 1990). Institutions can also be described formally as the element that shapes human interaction. Institutional change, therefore, is identified as the way societies evolve through time and is essential to understanding historical change (Dunning & Lundan, 2008; North, 1990; Palepu & Khanna, 1997). In previous literature, much attention has been given to the traditional or formal institutions that are present in markets, such as laws, regulations, contracts, government policies and political regimes (Bu et al., 2022; Dunning & Lundan, 2008; Meyer & Peng, 2019; North, 1990). Often the ease of doing business is based off the quality of these formal institutions, such that countries with similar quality levels tend to do business together more often. Institutions arguably reduce uncertainty by providing a structure to everyday life (Cuervo-Cazurra et al., 2019; North, 1990; Dunning & Lundan, 2008). Most importantly, institutions in society play the role of reducing uncertainty through the establishment of stable, not necessarily efficient, structure to human interaction (North, 1990). In the case of international business literature, this interaction is mainly focused on firms in home and host markets (Dau, 2016; Estrin et al., 2009; Khanna & Palepu, 2000; North, 1990).

It can therefore be assumed that formal institutions are often created and enforced by government institutions and provide the conventional and authoritative rules of the game. Institutions play a significant role in global strategy and often strongly affect the approach that multinationals take in host markets (Dau, 2016; Estrin et al., 2009; Khanna & Palepu, 2000; North, 1990). Institutions can be described as the rules that firms have to abide by when conducting business, either abroad or in their home market. Each market will have their own institutions and they come in more than one form (Meyer & Peng, 2019). Much literature in international business states that to succeed when doing business, firms must have an initial and in-depth understanding of the formal and informal institutions that exist in their market of operations (Gammeltoft & Cuervo-Cazurra, 2021). Mostly importantly, literature often argues that institutions can constrain and restrict firms, resulting in failure, or enable them to achieve success (Meyer & Peng, 2019).

However, firms are also greatly affected by the informal institutions that exist within markets. Given that institutions guide human interaction, basic transactions can offer differ between different countries. (North, 1990). As opposed to formal institutions, informal institutions can be described as the unwritten social contract regarding rules and constraints (Arikan et al., 2021; Bu et al., 2022). Additionally, informal institutions can be further described as the unwritten rules that serve to provide collective societal expectations surrounding social interactions and behaviour (Dau et al., 2022; Dunning & Lundan, 2008; North, 1990). There is little in the way of literature surrounding informal institutions, as they are often deep-seated within communities and societies and are regulated and enforced by the people rather than the government (Bu et al., 2022; Cuervo-Cazurra et al., 2019). There is a clear gap on this literature, with a disproportionate amount of work being done on formal institutions (Dau, 2016a; Dau et al., 2022).

Informal rules largely constrain or enable the behaviour of individuals and organisations and therefore particularly require deeper insight in developing countries, where formal institutions are relatively weaker and problematic, as these informal structures will influence the strategic actions of firms. The lack of literature has been attributed to two main reasons. Firstly, the topic is relatively new to international business literature, first appearing less than two decades ago. And secondly, the possibility of researchers facing challenges in terms of measurement and conceptualisation on informal institutions, with only informal institutional distance receiving the most attention in literature (Dau et al., 2022). In developing countries, these informal institutions can be corruption, crime, and informality (Bu et al., 2022; Doh et al., 2017; John, 2011). Another way to describe informal institutions would be that they are informal rules such as culture, norms and values that largely shape a society, with control being the primary nature of institutions (Meyer & Peng, 2019).

Formal and informal institutions can also be discussed in terms of their effectiveness, convergence, and distance (Dau et al., 2022; Helmke & Levitsky, 2004). It is important to unpack these theoretical concepts of institutional quality, as they will be used to analyse and discuss the institutions present in the emerging economy of Mozambique. Effectiveness of institutions is the first aspect of quality that will be addressed. Formal institutions' effectiveness captures the extent to which these institutions are well established and enforceable in practice. Effective formal institutions encourage a high degree of compliance by players in the market, through strong enforceable mechanisms, an example of this being property rights protection.

Effective informal institutions are the extent to which the unwritten rules and expectations of behaviour are important and necessary for the functioning of the market. These formal institutions are often more effective according to the definition given, in developed markets (Dau, 2016; Dau et al., 2022; Helmke & Levitsky, 2004).

The second dimension regarding institutions which is important to unpack is the formal-informal institutional convergence. This can be described as the degree to which formal and informal institutional outcomes intersect. In other words, convergence captures the extent to which both formal and informal institutions are aligned and reinforce each other's influence over a market (Helmke & Levitsky, 2004). When there are high levels of convergency between formal and informal institutions in a market, this means that the unwritten rules, social contract or expects of behaviour encourage compliance to the formal rules of a market (Dau et al., 2022; Helmke & Levitsky, 2004). An example would be that the formal rules state that corruption is illegal, and the informal institutions frown upon the behaviour of corruption. The term convergence, therefore, indicates how the formal and informal sets of rules, in their totality, are aligned. Firms are considered divergent when the opposite occurs, when the rules, both written and unwritten, are misaligned. It is important to note that formal institutional effectiveness and informal institutional effectiveness are not totally mutual exclusive concepts but are also not opposites of each other. They are variable concepts (Dau et al., 2022).

Lastly, institutions can also be described in terms of their distance. Institutional distance can be defined as the similarity or differences of written and unwritten rules respectively between two or more economies (Aguilera-Caracuel et al., 2013; Dau et al., 2022; Estrin et al., 2007). OLI theory proposed by Dunning (1981,1988) can be used as the lens for analysing institutional distance when a firm is considering entering a new market. The framework is made up of namely the ownership advantages (O), Internationalisation (I) theory and finally location theory (L). Another useful framework that can be applied to a firm's need to internationalise is the CAGE Framework. This approach has the presumption that there is more trade between countries that are closer to one another (Estrin et al., 2016; Meyer et al., 2009). The CAGE framework explains differences between countries in terms of cultural, administrative, geographic, and economic aspects. This framework focuses on the various distances, not just physical, that a firm may experience (Meyer & Peng, 2019). In international business, there is much literature devoted to the distances that exist between home and host markets and the role that both informal and formal institutions play in this.

What is important to note from the above summary of the literature considering this research is that informal institutions can in fact complement or substitute formal institutions in developing countries and therefore may influence foreign firm's strategies (Estrin et al., 2009). In the case of studying the oil firms in Mozambique, it is important to keep in mind that given that the area of location of the LNG projects is in the poorest part of the country, it is likely that it was largely informal institutions that governed the rules of the game and most likely allowed for the Islamic insurgency to gain a foothold in the area, negatively impacting the oil companies' activities.

2.2 Impact of Institutions on Multinational Enterprises

As mentioned above, institutions influence the strategies of firms. However, there is little literature that demonstrates the bidirectional relationship between with the two. In other words, institutions can affect the strategies of multinationals, but also multinationals are able to influence and affect existing institutions (Cuervo-Cazurra et al., 2019). This subsection will focus on the explanation of the literature that exists on the relationship between institutions and firms, so that a better understanding can be applied to the situation in Mozambique (Cuervo-Cazurra, 2011; Gammeltoft & Cuervo-Cazurra, 2021, Meyer & Peng, 2019). However, before this bidirectional relationship can be defined, theories of institutions need to be explained and clarified. In the case of this research, the most relevant theory under the broad umbrella of institutions in global strategy, is the 'relative approach' to institutions. In this approach, countries are analysed and accessed in terms of the differences and distances between the home country of operation of the firm and the new host country (Cuervo-Cazurra, 2011; Gammeltoft & Cuervo-Cazurra, 2021). This approach has the presumption that there is more trade between countries that are closer to one another and relatively large and has been analysed in global strategy under the 'CAGE' framework. The CAGE framework explains differences between countries in terms of cultural, administrative, geographic, and economic aspects, which has already been described above (Caldart & Ricart, 2006; Peng, 2003)

For this dissertation, a more specific theory can be clarified to grasp the concept of institutions effectively for the purpose of analysing the foreign oil firms in Mozambique. Under the broadly defined relevant theory for institutions, a more detailed theory is the management-based approach to institutions. This theory focuses on explaining the reaction of firms to institutions

(Cuervo-Cazurra et al., 2019). Essentially, this theory focuses on firms and the actions as well as learning mechanisms that managers use to steer their companies in the best direction (Caldart & Ricart, 2006; Peng, 2003). This theory assumes that managers of firms can analyse, understand, and learn through experience, how to operate within institutions from their exposure to them. In cases where institutions may be unstable or of lower quality, managers will aim to circumvent the existing informal rules and regulations through interpersonal relationships (Peng, 2003). This naturally leads to a situation in which informal institutions can play a role in the strategies of firms (Arikan et al., 2021; Estrin et al., 2009; Gammeltoft & Cuervo-Cazurra, 2021).

Previous literature on institutions has often focused on how country level context or institutions as defined for this dissertation, actively shapes, and influences the competition strategies of firms. However, this is little information on the importance of clarifying the role of institutions in terms of their quality and direction of relationship between the institutions and global strategy (Arikan et al., 2021; Estrin et al., 2009; Gammeltoft & Cuervo-Cazurra, 2021). Quality reflects the level of development of institutions. There are no universally accepted standards that are used to assess the quality of institutions. There are different camps of thought that define institutions, such as economics, with pro market institutions being considered more favourable (De Villa et al., 2019). The word ‘quality’ is used to describe institutions as opposed to strength or void because it rather implies having better or worse characteristics, with an overall explicit standard (Cuervo-Cazurra et al., 2019; De Villa et al., 2019). Specifying the direction of relations is another important factor, as it is often not made clear that the relationship is bidirectional, with institutions affecting global strategy, and global strategy modifying institutions (Cuervo-Cazurra et al., 2019).

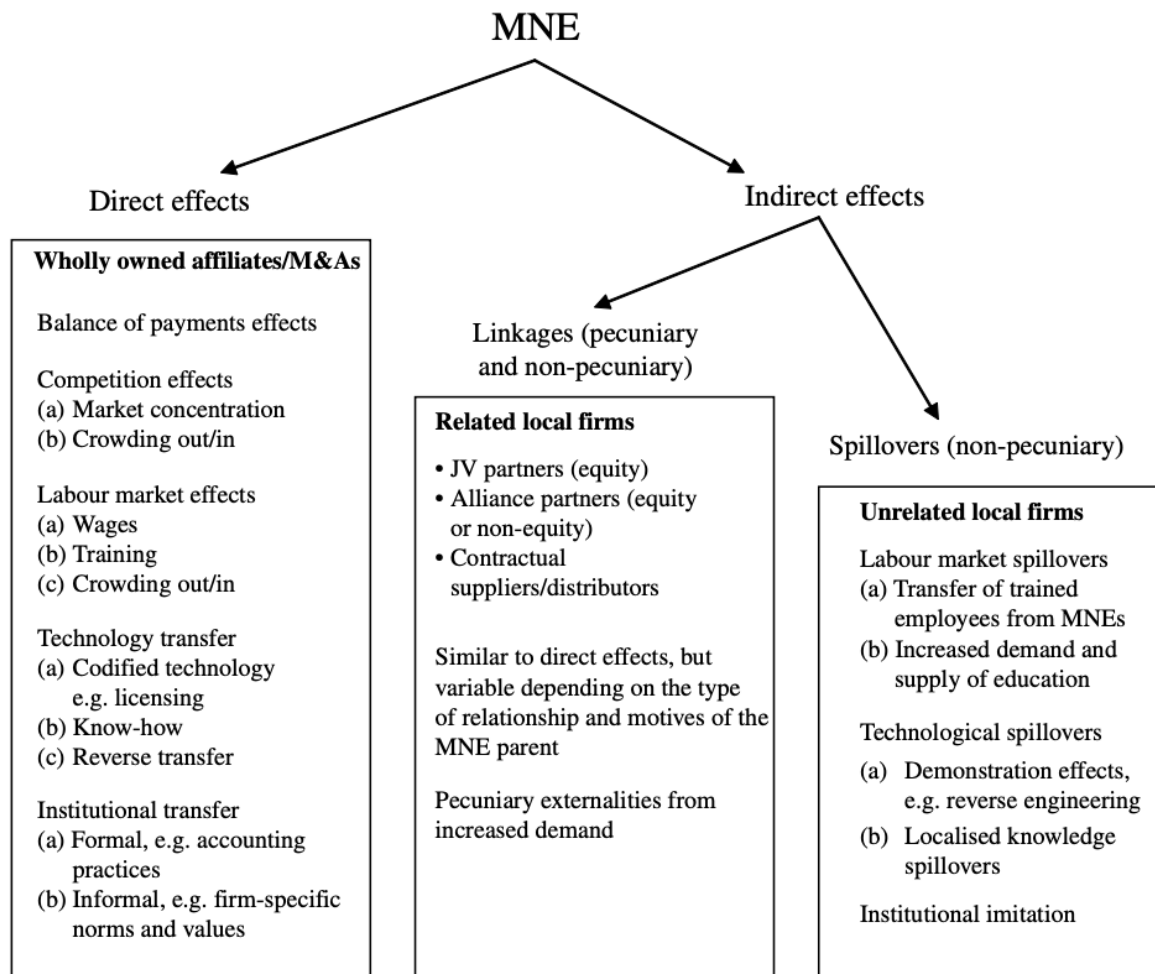
Institutions can lead firms to alter their strategies through adaption, appeal, and avoidance. Firms adapt to institutions by following what is expected of them in the location in which they operate. Firms appeal when managers aim to influence the impact of institutions on their corporate strategies (Aguilera-Caracuel et al., 2013; Lau & Ngo, 2001). This is usually done through appeal to public servants for modifications in the applications of laws and regulations (Cuervo-Cazurra et al., 2019). Finally, firms avoid institutions when managers decide that their companies are better off not engaging at all with the institutions in location. Avoidance involves trying to get around the rules and regulations, which they typically believe are not in

the best interest of their firms. This often happens in areas with low quality institutions (Estrin et al., 2007; Helmke & Levitsky, 2004)

A key decision that MNEs need to make when internationalising into a host market, particularly in emerging markets where the institutional distance may be large, is their degree of local adaption. MNE local adaption can be described as the degree to which the firm should modify and alter home country practices to meet local needs (Aguilera-Caracuel et al., 2013; Lau & Ngo, 2001). Local adaption can increase the ability to overcome the liability of outsiders and increase the chance of survival. However, this adaption may come at a cost. MNEs need to balance the potential benefits and costs when deciding the extent to their local adaption. The potential costs of local adaption include the inefficiencies involved in having to alter to a greater or lesser extent, depending on the gaps and weakness of the existing institutions (Estrin et al., 2007; Helmke & Levitsky, 2004).

MNEs and their ability to affect and influence institutions in a host market can be further discussed through their direct and indirect impacts. There are impacts that can be noted rather quickly, upon arrival in a new country and others that take a while to reveal themselves. These impacts can change a way a MNE chooses to conduct business and may result in adapting and changing their existing strategy to suit the direct and indirect effects, as and when they may occur (Dau, 2016; Dunning et al., 2008). This is an aspect of MNE internationalisation into emerging economies that has been discussed at length, however for the purpose of the dissertation, it is important to identify and name these direct and indirect effects of MNEs, to theorise the contributions of the case study in Mozambique to this literature.

Figure 2: The impact of MNE activity



(Dunning et al., 2008)

The figure above was taken from the book *'Multinational Enterprises and the Global Economy'* (Dunning et al., 2008). This figure summarizes the affects most likely to occur, both direct and indirect, when an MNE enters a host country. The figure illustrates logically how most of the direct effects from the entry of MNEs in host markets occur before the indirect effects manifest themselves. In the direct affects, there are aspects that fall largely outside the control of the MNE, for example market structure and pattern of trade. These are mostly found under the balance of payments. Conversely, the transferal of technology and institutions, as well as the effects on the labour market, are significant aspects within the scope of the MNE to control. These transfers can be both intentional and unintentional and work both ways, as has been outlined by the bidirectional relationship between institutions and MNEs. These would be direct effects. The consequences of entry are more likely to be positive, if the MNE creates

incentives for local firms to upgrade and meet the level of the MNE, such that beneficial technological transfers can occur (Dunning et al., 2008).

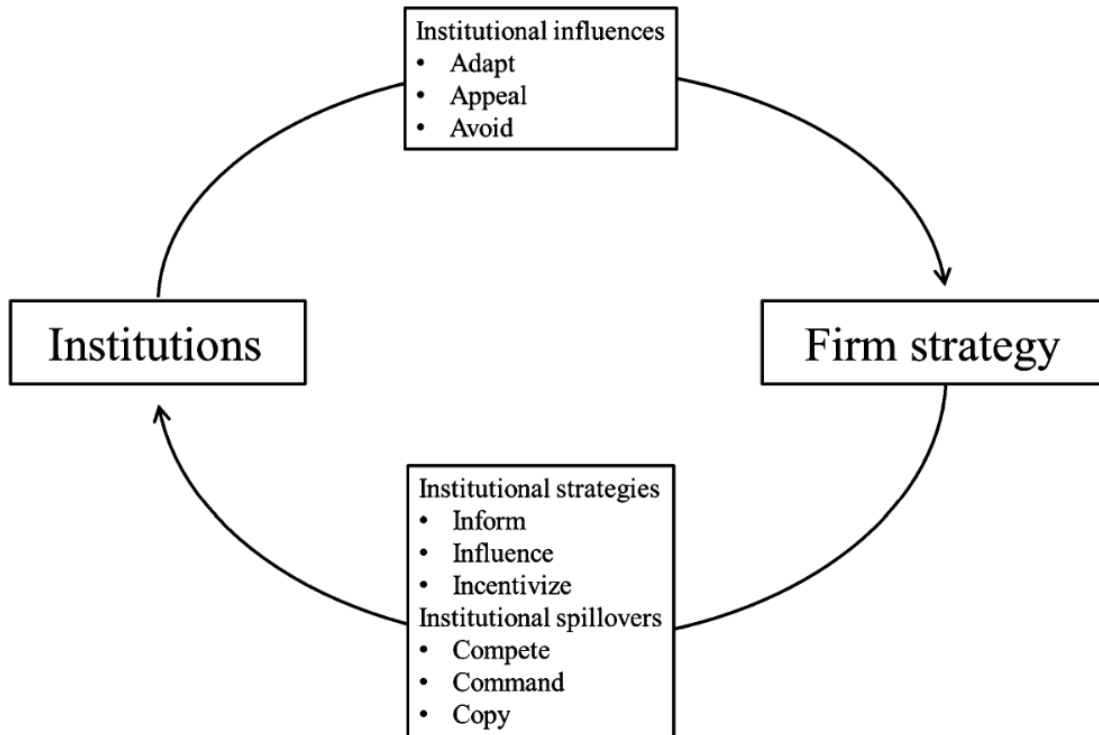
In the case of the indirect effects, this has been outlined by the figure shown as local firms that meet the MNE and those that do not. Those firms that have contact with the MNE and form direct links, the indirect effects might not be so clear. However, the figure shows that all local firms, related to the MNE, stand to gain from its presence, due to the increased demand for the product or service that they provide. In the case of firms not directly related to the MNE, they may or may not benefit from the MNE's presence in the market. Spill-over effects, which can be categorised under the umbrella as mostly indirect effects, can take a long time to materialise. The magnitude of impact, either positive or negative, will depend on the MNE's strategies and motivations in the market and the local firm's ability to absorb the technical and institutional spill-over (Dunning et al., 2008). It is important to understand and unpack the direct and indirect effects of MNEs, as this plays a role in their strategy and the response of the local firms in the market.

Although there are many other ways through which MNEs are impacted by institutions, local adaption in literature is important to examine as it is key for firms in determining how to enter a market, how to operate once they are there and finally, the costs involved for the modifications to adapt (Dau, 2016). In the case of Mozambique, local adaption and the costs involved will be key to the study and understanding how the MNEs in the area had to adapt greatly to the local circumstances.

2.3 Multinational Enterprises and their ability to influence institutions

Alternatively, firms can affect institutions through information, influence, and incentives. It is important to note that the replacement of institutions is more successfully achieved through the coalition of firms that jointly coordinate their efforts (Demmers, 2014; Estrin et al., 2009). Firms with common interests and diversity of voices are more likely to push politicians into the replacement of current, less favourable regulations and laws with more favourable ones (Cuervo-Cazurra, 2011). Below is a figure that shows how both firms and institutions influence one another, through the mechanisms explained above.

Figure 3: Bidirectional relationship between institutions and firm strategy



(Cuervo-Cazurra, 2011)

The information is a mechanism that firms can use to do achieve this goal of changing institutions. Companies can provide key decision makers with information to achieve desirable outcomes, hoping that this information will allow for a better understanding of the current laws and lead to their replacement. Firms can also influence politicians and shape their decisions using social capital as pressure to change regulations. Finally, firms can use incentives to shape regulations to their will by financially supporting politicians or supporting campaigns for politicians (Cuervo-Cazurra et al., 2019). This bidirectional relationship shows that MNEs can influence the institutions in a host market through various strategies and tactics. While the impact of institutions on MNEs has been discussed above, the ways MNEs can influence their environment, namely the formal and informal institutions will be discussed below. In the case of emerging economies, in particularly FCAS regions where the institutions may be inherently weaker than other developing markets, the influence of MNEs may be greater.

The influence of MNEs on institutions can often be traced to their strategy when arriving in a new host market. MNEs' entry into emerging economies often involves Foreign Direct Investment (FDI). FDI is a phenomenon that has been extensively studied in business literature, and therefore, several key mechanisms can be identified and explained to outline how this tool can be used to influence institutions (Lundan & Dunning, 2008; Meyer et al., 2014). FDI refers to the investments made by an MNE in a new host economy, and it is often through the creation of subsidiaries or the acquisition of local firms. This investment can bring new capital, technology and expertise to a country or region. FDI, as shown in the figure above by Dunning, can directly influence institutions. In the case of emerging economies, FDI and MNE operations can significantly affect the local business ecosystem and local institutions. The infusion of investments and resources leads to increased productivity, job creation and industrial development, resulting in economic growth. In this way, FDI can also shape and influence institutions, guiding policies, regulations and market structures (Ramamurti & Singh, 2009).

MNEs often seek a productive business environment to ensure the success of their FDI. This results in the MNEs engaging with developing countries' institutions, namely the government agencies and regulatory bodies, to advocate for favourable policies and laws that will support their operations. MNEs may exert significant influence over policy making and institutional design in some extreme cases, to ensure that changes are made by the institutions in the country which will align with the interests of the MNE (Meyer et al., 2014; Ramamurti & Singh, 2009).

The other mechanisms that MNEs use when influencing institutions in emerging economies are: political connections and lobbying, technology and knowledge transfer, cultural and institutional adaption and finally, institutional void filling (Lundan & Dunning, 2008; K. E. Meyer et al., 2014; Ramamurti & Singh, 2009). Political lobbying is seen as a way to establish and gain connections within government to influence policies, even though there is a risk of regulatory capture. Technology transfer can positively impact institutional development by creating and allowing for new channels of innovation and human capital accumulation. Although this strategy could potentially lead to the exploitation of intellectual property rights and influence the long term sustainability of the technology spill overs in the absence of effective institutions. MNEs can also use the cultural adaption strategy to influence institutions through successful integration into local business environments. This is done through aligning with the host market's cultural values, norms and societal expectations. The risk in attempting

this strategy is that it can lead to tensions with local stakeholders and may limit the MNE's longer term success in the economy.

Lastly, MNEs can play a significant role in filling institutional voids in emerging economies. Institutional voids often exist in emerging markets when there are weak formal institutions. MNEs are able to foster institutional development in emerging economies through providing essential goods and services that were previously underdeveloped due to weak institutions. By filling these voids, MNEs are able to tailor the institutional environment to suit their business operations, thus influencing the institutional economy within the country. Institutional voids can be described as reflecting the institutional condition of the market that negatively hampers the ease through which buyers and sellers interact (Doh et al., 2017). Often, they lead to higher operating costs. A table below summarises institutional voids that can exist in emerging economies. The summary of the voids identified have been captured from the five institutional void types (Khanna and Palepu, 1997):

Table 1: Summary of institutional voids

Category	Institutional Void Description	Type of Institutional Void
<i>Political and Social Systems</i>	Lack of fair, well-functioning regulatory and government bodies	<ul style="list-style-type: none"> • Corruption • Ineffective administration at regional levels • Red tape and barriers creating lags • Inconsistent levels of enforcement
<i>Openness</i>	Absence and lack of open market and functioning systems	<ul style="list-style-type: none"> • Conflict between international and regional law • Lack of effective policies in place to support international business

<i>Product Markets</i>	Lack of systems and vital intermediaries that allow products to be produced and successfully delivered to market.	<ul style="list-style-type: none"> • Lack of infrastructure in the province: roads, electricity, piping, ports, airports • Poor conditions and efficiency and reliability of existing infrastructure
<i>Labour Markets</i>	Lack of functional and constructive labour markets.	<ul style="list-style-type: none"> • Lack of highly skilled locals to fill the labour market for foreign companies to hire to fill the labour market
<i>Capital Markets</i>	Lack of effective financial markets that provide a platform for capital and financial resources.	<ul style="list-style-type: none"> • Ease of liquidity • Exchange rates to local currency • Access to capital

(Khanna and Palepu, 1997)

The table above provides a great overview for the classification of the institutional voids that can be found in emerging markets and can relate to the case study of Mozambique. In this study MNEs are able to make use of the void types outlined below to influence the market to their preferences. Overall MNEs' influence on institutions in emerging economies illustrates and showcases the complexity of the dynamic bidirectional relationship between foreign firms and the local institutional environment. The literature presented demonstrates that while MNEs can positively contribute to and influence economic development and institutional strengthening, the firms are also subject to challenges related to social and environmental responsibility (Buckley et al., 2017; Cuervo-Cazurra & Ramamurti, 2014; Lundan & Dunning, 2008; Meyer et al., 2014; Ramamurti & Singh, 2009).

The next section of the literature review shall discuss the impacts of darker institutions on MNEs when conducting business abroad. While MNEs are able to influence institutions using the mechanisms and strategies outlined above, these tools may not always been affective when the presence of a dark institution controls the institutional environment within a country. While dark institutions are not sinful and negative as the phrase may imply, they are different type of institutional weakness that may appear in economies with turbulent institutional environments.

2.4 Darker development of informal institutions

When formal institutions don't function as they are supposed to in a market, a vacuum is created, leading to informal institutions taking over, with them having a 'dark side' (Bu et al., 2022; Cuervo-Cazurra et al., 2019). It is important to discuss what happens when informal institutions are stronger than formal ones. This is particularly relevant for the case study of Mozambique because the conflict has resulted in the rising power of the Ansar al Sunna in the gas intensive, poverty-stricken region of Cabo Delgado (Caldart & Ricart, 2006).

Institutional turbulence can be defined as an external factor in the market or surrounding environment that affects a firm's ability to conduct or inhibit business activities, which is largely a result of low quality level formal institution (Silvestre, 2015). Often institutional turbulence leads to a situation where organisational learning is required to navigate the complex, dynamic and potentially dangerous external business environment. Situations exist where the external market in a country is far too complex for organisational learning to occur, in order to manage and facilitate the continuation of business activity. The environment is too unstable for firms to adjust through innovation, adaption, and sustainability changes. This is often referred to in literature as 'turbulent business environments' (Demmers, 2014; Silvestre, 2015). Institutional turbulence is often measured or associated with the degree of uncertainty a firm may face in a country or market (Caldart & Ricart, 2006).

It is argued in some literature that institutional turbulence can result from the instability of formal institutions in a market, resulting in a void of rules (Peng, 2003). This gives rise to the dark side of informal institutions. The dark side of institutions can be defined as unlawful, yet widespread, social norms that define the informal rules of the game and heavily influence firms' strategies, particularly in foreign markets (Bu et al., 2022). This presents great challenges for MNEs, because if they are not managed correctly, they inhibit or constrain the

firm's ability to operate. These dark informal institutions increase transaction costs, as the environment raises uncertainty by sabotaging the effectiveness of formal rules. In other words, institutional ambiguity is perceived by foreign companies as blocking the transparency and certainty that formal institutions provide when conducting business. Operation costs may also be increased if, for example, crime is prevalent in a market, as firms would have to take extra measures to protect their base of operations or move to sub-optimal locations where the crime rates are slightly lower (Bu et al., 2022; De Villa et al., 2019).

Essentially, institutional turbulence will increase the liability of outsidership for foreign firms. The liability of outsidership is affected in this sense as firms will be forced to incur additional costs while doing business abroad, to navigate the unfamiliar institutional turbulence that does not exist in their home market (Zaheer, 1995). These extra hazards that come with turbulent environments and illegal practices may cause firms to remove themselves from the market altogether, or seriously hinder their ability to conduct business activities in a profitable manner (Bu et al., 2022).

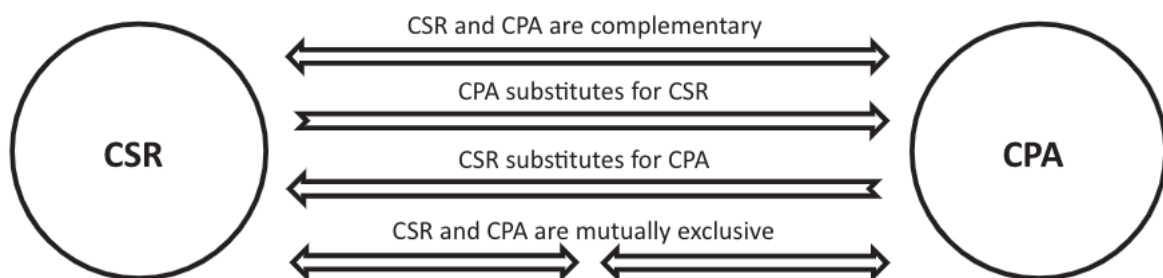
Understanding the literature behind institutional turbulence is important for the research of the oil firms in Mozambique. The resource rich area of northern Mozambique has created a breeding ground for conflict and institutional turbulence, giving room for the dark side of informal institutions, in this case Ansar al-Sunna, taking control of the market space and dictating the rules of the game. This group has taken control of the Northern area through their ideals, and they have prevented firms from operating (Casola & Iocchi, 2020; Hall, 2020; Rego et al., 2022). Hence, it is important to understand how informal institutions can develop to control the market through darker and more threatening measures. It is important to note, that an economy defined by darker institutions does not automatically make the market less than, or malicious. Rather, it simply means that the institutions that govern the rules of play are not traditional in strict definition of formal and inform institutions. Darker institutions can have reduced influence, is a stronger positive institutional hand comes into play. This can be achieved through MNEs making use of non-market strategies to influence the institutional environment.

2.5 Non-market strategies of firms

The conversation on dark informal institutions taking control of a resource-intensive market like in Northern Mozambique, naturally leads the discussion towards how firms deal with this institutional turbulence and conflict dynamics. In literature, ‘non-market strategies’ is the term used to describe how firms manage these unstable institutional situations within host markets. Non-market strategy is defined as a firm’s deliberate pattern of actions to improve its performance in a market, through managing the institutional context of economic competition (Liedong et al., 2017).

There are two major theories surrounding non-market strategies, the first is ‘corporate political activity’ (CPA) and the second is ‘corporate social responsibility’ (CSR). It is argued that a combination of these strategies in emerging countries where the market institutions are weak is useful. CPA and CSR are components of social capital theory that shows how the micro ties that the senior managers of firms establish with relevant influential politicians can allow their company to gain insider access to private information, impact government policy and reduce overall exposure to institutional risk (Frynas et al., 2017; Liedong et al., 2017). Below is a figure from Frynas et al., that shows how CPA and CSR can work together to reduce a firm’s exposure to institutional turbulence and how these strategies enable a firm to manage this type of risk in a host market (2017).

Figure 4: Interactions between CSR and CPA



(Frynas et al., 2017)

Theories of corporate political activity suggest management choices for firms in turbulent environments and is often used as a non-market strategy. Literature argues that firms’ managers are likely to not engage at all when there is an overall perception of high host country political

risk. This is a non-engaged approach to corporate political activity. The non-engaged approach is an active choice by the manager that their firm does not attempt to influence the unstable institutions, that have resulted in turbulence in the market. This opinion is described in theory as being a consequence of the distance between home and host country government relations or from host country political institutions (De Villa et al., 2019).

Although firms may take a non-engaged approach towards governments in their host market, they may be required to actively adapt their business strategy using political strategies (Frynas et al., 2017). Four are mentioned, which are, low visibility ensuring a minimal degree of attention from other role-players in the market, taking high speed actions to abide by the formal rules and rearranging the firm's structure and process for competitiveness in the foreign market. The non-engaged approach will also require analysis of the external political environment to anticipate the predication of public policy and how this may effect interest groups (De Villa et al., 2019).

Corporate social responsibility on the other hand improves legitimacy and enhances a firm's performance, which ultimately contributes to reduced risk exposure in institutional environments. CSR initiatives such as philanthropy are often positively interpreted by the broader community and therefore become more tolerated, respected, and admired in the market (Frynas et al., 2017; Liedong et al., 2017). CSR serves as a strong indicator towards a firm being well governed and is one that is more likely to be well behaved in society. Positive views that are created by CSR are expected to discourage public officials or the local communities from subjecting firms to obstacles that may prevent business activities, such as discrimination and bureaucratic red tape (Liedong et al., 2017). Although these strategies can be used to manage institutional risk and turbulence, it does not take away from the conflict dynamics that have resulted in Northern Mozambique, which will be briefly discussed in the next section.

Beyond this, MNEs are also capable of using other non-market mechanisms in the host economy. MNEs can often partner with NGOs or undertake philanthropic initiatives to contribute to the community development. Examples of these activities may be education support, and initiatives to address social challenges experienced by the locals. These initiatives are commonly chosen as non-market strategy by MNEs as they have a high success rate of positive impacts in the communities, and they also enhance the firm's reputation. MNEs are also capable of building alliances and coalitions, and this is a non-market strategy used by firms

to ensure more prosperous business operations (Frynas et al., 2017; Liedong et al., 2017). The literature on non-market strategies is extremely extensive and there is a wide range of examples. However, what is important to note is that non-market strategies in emerging economies adopted by MNEs are a direct reflection on their effort to navigate complex institutional environments. These strategies are often chosen by MNEs when the institutional environment is characterised by extreme conflict.

2.6 Conflict dynamics in host markets

The World Bank (2023), states that fragility, conflict, and violence (FCV) are the critical development challenges that threaten countries' efforts to grow and end extreme poverty in both low- and middle-income countries. It is predicted that by 2030 an estimated 59% of the global extreme poor will be in countries affected by FCV. Mozambique was categorised by the World Bank Group as one of the countries impacted by fragile and conflict-affected situations (FCAS). There are two broad indicators used to categorise countries into FCAS. FCAS can be defined as regions or states that suffer social stress that is external, and most likely will result in violence (Dunning et al., 2008; Luiz et al., 2019). The first classification identifies countries that have high levels of institutional and social fragility, identified based on indicators that measure the more quality and policy of the institutions and the resulting manifestations of fragility. The second indicator measures countries identified by violent conflict based on a threshold number of conflict related deaths relative to the population. Mozambique has been placed on the FY24 list (World Bank, 2023).

FCAS areas have a complexity network and ecosystems in the areas, and it can be difficult to define the role of business in this space. FCAS often has an intricate network of various interconnected and interacting business agendas, systems, and interests (Luiz et al., 2019). These countries often have delicate business ecosystems and countries and entering MNEs can often impact the fragile state that exists. This is often referred to in business literature as conflict dynamics (Dresse et al., 2019; Dunning et al., 2008; Fjeldstad et al., 2012; Luiz et al., 2019). Conflict dynamics therefore refer to the interplay between existing forms of conflict and economic activities in a country or region. When conflict arises, the area's economic and business activities are often largely impacted, changing the traditional ecosystems that previously existed (Fjeldstad et al., 2012; Goodhand et al., 2010). The result is the formation of unique business ecosystems that can operate in FCAS conditions and are often present in emerging

economies. The factors that often lead to the creation of the unique ecosystems are economic volatility, political instability, social unrest, poor governance (Dunning et al., 2008; Fjeldstad et al., 2012).

Conflict dynamics in resource-intensive markets is commonly studied in literature as applies to the situation in Mozambique. The discovery of gas in the poor area has resulted in conflict between many different actors regarding the distribution of the benefits of harvesting the gas (Makonye, 2020; Prashad, 2021). The relationship between mineral or resource wealth and economic development has had a turbulent history and has resulted in the theory of what is commonly known as the ‘resource curse’ (Badeeb et al., 2017).

The resource curse is the theory that mineral and fuel abundance in emerging countries creates a negative developmental outcome. Although in the long run economic growth is supposed to improve with the development of industrial activities based off the wealth brought from the resources, this is often not the case, hence the term “curse” (Badeeb et al., 2017). The discovery of such resources goes hand in hand with conflict, growth restricting forms of state intervention, corruption, and creation of a rentier state or economy. Overall, the resource curse argues that natural resource advance leads to poor governance, stagnated and poor economic growth and greater political violence (Badeeb et al., 2017; Di John, 2011). Therefore, the resource curse is common in FCAS countries, and the resulting conflict can have a large impact on business ecosystems and the operations of foreign firms in the market.

Business ecosystems themselves can be defined in FCAS countries as complex and dynamic networks of multiple organisations, institutions, and stakeholders that all interconnected within a specific geographical area and are heavily influenced by the presence of conflict. Ecosystems extend beyond individual MNEs and local firms and rather encompass all actors’ interactions and interdependencies. Examples of such actors are suppliers, governments, competitors and NGOs (Adner, 2006; Baldwin, 2012). Business ecosystems are of particular significance in FCAS regions as they play a critical role in shaping and pacing economic development and stability within the challenging environment that fragility and conflict present, and finally are an indicator for the resilience of an economy. (Breza et al., 2019; Devereux & Cook, 2000).

MNEs that enter countries in emerging economies, with a market characterised by the FCAS can have both positive and negative effects on the existing and possibly delicately maintained business ecosystem. MNEs can bring foreign direct investment (FDI), technology, managerial expertise, and access to more markets across the globe. MNEs also can build economic development, local supply chains and create job opportunities (Dresse et al., 2019a; Luiz et al., 2019). On the other hand, MNEs in FCAS regions can worsen existing conflicts and inequalities. MNEs can align with factions or governments which can be linked to the conflict through exploitation and contribution. Aside from this MNEs can further destabilise the already fragile situation. They can inadvertently contribute to resource extraction, corruption, or environmental degradation (Dresse et al., 2019a; Dunning et al., 2008; Fjeldstad et al., 2012; Goodhand et al., 2010).

There are major discussion themes in international business literature surrounding the interactions between MNEs and FCAS. The first, and most obvious interaction is risk management and adaptation. This has been covered at length, as risk management becomes a key element in maintaining delicate business ecosystems in FCAS. MNEs must navigate the unique risks that come with doing business in FCAS (Breza et al., 2019; Devereux & Cook, 2000; Dresse et al., 2019). To conduct business, MNEs must adapt their existing business models and strategies to the local region whilst protecting the FDI used. The second interaction is stakeholder engagement and social responsibility. Social responsibility, in particular corporate social responsibility, is a massive element when doing business abroad, as previously mentioned in the non-market strategies of this literature review (Devereux & Cook, 2000; Scherer et al., 2013). This interaction involves MNEs using responsible business practices, contributing to sustainable development, and fostering inclusive growth.

Finally, the last major theme of engagement is collaboration and partnerships. FCAS are extremely complex with a significant number of elements that come into play. Therefore, collaboration between the stakeholders and the local community, NGOs and international organisations becomes crucial (Shirodkar et al., 2020; Zaheer, 1995). Collaboration between these partners in a FCAS country would allow leveraging of complementary capabilities, shared challenges and capabilities can address the difficulties of the delicate business ecosystems (Adner, 2006; Baldwin, 2012; Kano et al., 2020; Scherer et al., 2013).

It is important to acknowledge and understand the literature surrounding FCAS countries and the business ecosystems that result. This will play a critical role in understanding the situation that currently exists in Mozambique, and how understanding the dynamic can help assist to the develop of research of FCAS and delicate business ecosystems. In Mozambique, it can be argued that the resource curse is prominent and the conflict dynamics that are present can also be used to further research on this topic. The conflict between the locals, firms, government, and insurgency all plays a role in the environment that the oil companies must navigate and will play a role in the strategies they have chosen to deploy in the area. Understanding conflict dynamics will help gain a deeper understanding of the strategies firms chose in Mozambique.

2.7 Conclusion

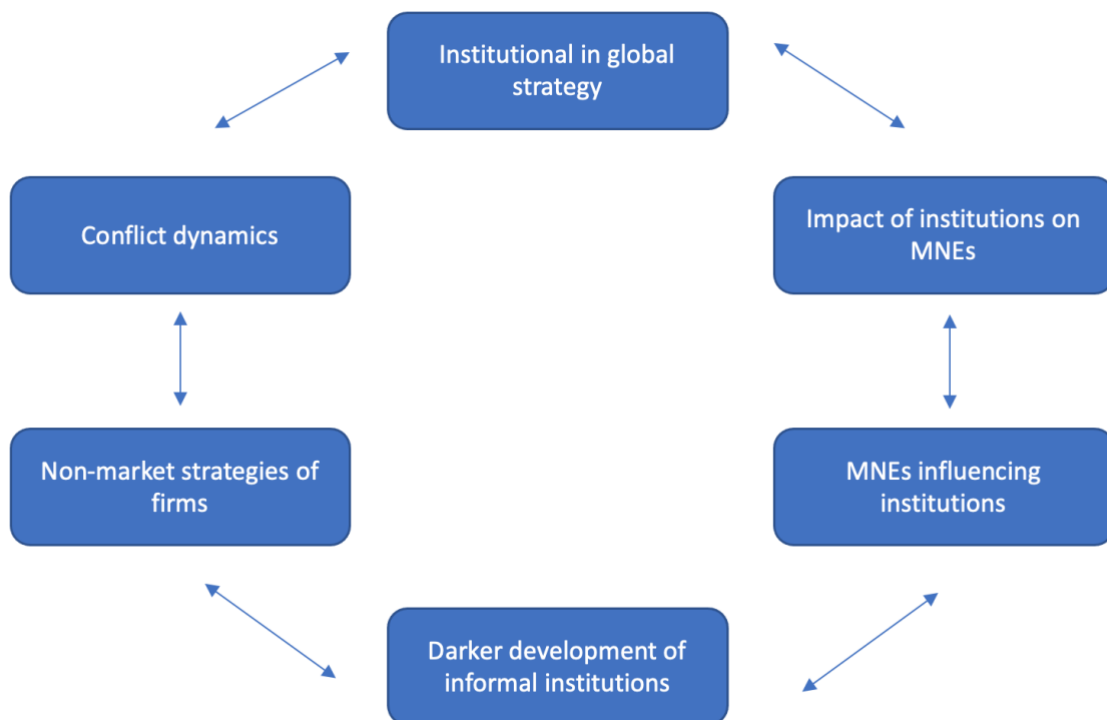
This literature review has defined, discussed, and analysed the importance of institutions for multinationals when doing business abroad, particularly in a host market where the institutional environment may be turbulent. The literature review has discussed how understanding institutions and how they might develop into dark informal institutions is critical to firms when considering doing business in developing markets abroad. It has presented literature on conflict dynamics and how this can bring an added element on complexity, when conducting business in an emerging economy. In countries defined and characterised by extreme conflict, like Mozambique, the market can have a significant impact on the functioning of MNEs and MNEs can play a notable role in influence the business network.

The literature review has discussed how understanding institutions and how they might develop into dark informal institutions is critical to firms when considering doing business in developing markets abroad. Often developing markets lack high quality formal institutions with the rules, laws, and regulations that foreign firms rely on to support their business activities. This leaves room for informal institutions to grow and fill the gap and therefore changes the dynamics and strategies that companies need to employ, to survive let alone thrive in said developing markets. In the case of this study, this literature is particularly important as it can potentially be applied to how firms dealt with the institutional turbulence of Islamic militant insurgency in Mozambique. The relationship dynamic in an economy defined by darker institutions instead of strong traditional institutions, can impact the relationships of the major actors in an economy, and the strategy implemented by MNEs. The long-term affect MNE operation in FCAS countries has yet to be discussed by academics, and this dissertation

intends to contribute to the beginning of that discussion, by analysing the state of the market in Mozambique at the time this dissertation was written.

Below is a figure that summaries the literature review above. It shows a circular motion between the major topics of discussion. This is intended to highlight how each theme naturally feeds into one another in a clockwise direction. Each topic of discussion cannot be thoroughly presented without mention of the previous point. Institutions and their role in conflict dynamics in emerging in markets is much like this diagram, with the conversation ending at the uniqueness of business operations within countries characterised by conflict. The rest of the dissertation aims to open this discussion and continue the natural progress shown in the figure below.

Figure 5: Literature Review Summary



3 Methodology

3.1 Research approach and strategy

Qualitative research begins with theoretical frameworks that inform the research problem and address the meaning behind what individuals or groups assign to a certain issue (Creswell & Poth, 2018). Therefore, this research was a qualitative, inductive, and exploratory study with the focus of analysing how institutions and in particular, institutional turbulence affects the strategies used by multinationals (Bryman & Bell, 2011; Creswell & Poth, 2018; Hathaway, 2016).

This research was best suited to be inductive, as it intended to build from the bottom up by using theories as a base and searches for patterns in the data received, to then take these observations and move towards developing an explanation about how the strategies firms choose to take in Mozambique is influenced by institutional turbulence. The intention is not to create new theories on management of institutional turbulence but rather offer new approaches and methods for firms in the future (Bryman & Bell, 2011; Creswell & Poth, 2018). A qualitative approach was also chosen for this research because of the aim of the study; that being to understand in depth the complex events and social phenomena of institutions that require context-specific analysis and discussion (Hathaway, 2016).

This research is qualitative in nature as it follows the outline of collective case study research. This means that multiple cases were selected and studied to illustrate the above (Creswell & Poth, 2018). Multiple case study design was best suited to this study as it explores the design of logic replication. The cases selected focuses on the relationship and management practices between the relevant firms, whilst keeping similar procedures for each case (Yin, 2017). Thus, the research intends to question firms in Mozambique and therefore it would be difficult to quantify the responses of employees, given that the sub questions outlined in the interview often deal with the 'how' behind firm strategies. Strategies and responses to turbulence are also unique to each firm, ergo, it would be difficult to quantify all the complex responses that different firms may have.

The research has presupposed and assumed that global strategy theory is correct in its statement that institutions affect firms and in turn, firms can affect institutions (Cuervo-Cazurra, 2011; Cuervo-Cazurra et al., 2019; De Villa et al., 2019; Meyer & Peng, 2019; Peng, 2003).

What has been investigated closely is how firms may respond to institutional turbulence specific to a country, or in this case a resource-intensive market, and the resulting impact on the business ecosystem that exists in the country due to conflict. Therefore, only a qualitative approach could provide a detailed and holistic answer to the question of how institutional turbulence affects MNEs' strategies in the context of a reality that is torn by the tensions between different groups and interests around the primary resource of gas in Mozambique.

3.2 Research methodology and design

The research design was structured to use multi-method qualitative approach, using a collective case study. Therefore, a descriptive design was used to unpack each case study and analyse the observations that are made (Bryman & Bell, 2011; Hathaway, 2016). Multiple methods refer to gathering different forms of data, and in the case of qualitative research this is predominantly interviews, focus groups, observations, and documents, as opposed to relying on one single source of information (Creswell & Poth, 2018).

This research used a multiple case study approach. Unlike a single case study approach, multiple data sources can provide the researcher with rich insight and promote the transferability of the findings of the study (Stavros & Westberg, 2009). Collective case studies also allow for explanation, exploration, and description within each case. These can then be compared to provide lessons learned and to identify patterns. A key aspect of good case study research is the use of different and various sources of information to provide depth to each case and the overall study (Creswell & Poth, 2018; Stavros & Westberg, 2009; Yin, 2017).

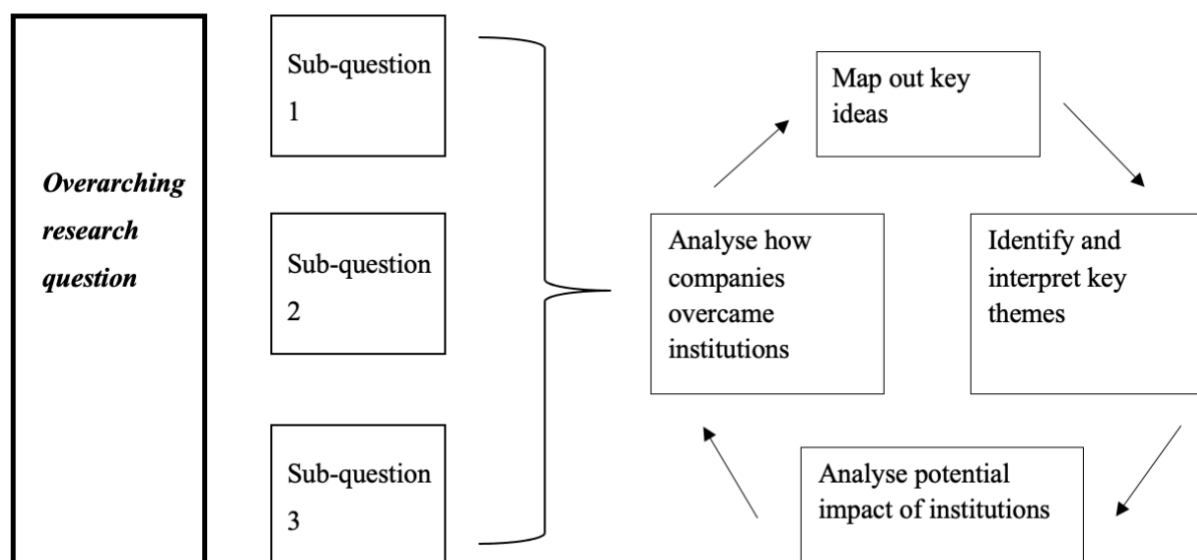
The multiple case study approach obtained qualitative data from the main oil firms that have been operational in Mozambique, the government, and experts on the matter. These firms have requested not to be named in this study but have been alluded to in the literature review (Bukarti & Munasinghe, 2020; de Beaupuy et al., 2021; Hall, 2020; Millennium bim, 2021; Prashad, 2021). Each of the participants was approached with the intention to obtain interviews, semi-structured interviews and focus groups with employees and managers who had a role in the management of the institutional turbulence in the area. This approach was used to allow for greater comparability between the firms and will allow for in depth understanding of the effects that institutional turbulence had (Creswell & Poth, 2018).

3.2.1 Developing questions

This research question is highly theoretical, therefore the interviews questions and structure required careful planning and design, to ensure that the major talking points would be reached with each participant. Questions were structured to follow the overall research design of this p dissertation and three separate interview schedules were prepared for the possibly of three different types of participants. The three types of schedules were firstly for participants from the MNEs in Mozambique, secondly for participants from the government and finally for experts in the field. Preparing three different schedules allowed for variation during this multiple case study approach to research and allowed the questions to be tailored to each participant (Creswell & Poth, 2018; Creswell & Clark, 2017).

The questions developed for each interview schedule were derived from the topic of the research dissertation, the literature review and from the three sub questions of this research problem. The figure below illustrates the thought process behind these decisions that lead to the questions that can be seen in the appendix. The process shown by the figure was repeated for the questions developed separately for the companies, government and experts in the field.

Figure 6: Conceptual illustration of development of research questions



The questions were non leading and open ended, to ensure that the participants would answer freely and with their sincere thoughts, and to prevent any unintentional planting of bias by the interviewer. A test interview was conducted with three random participants who do not have any prior knowledge on the subject, to ensure that the data gained from the actual participants of the study would be useful. Throughout the duration of the interviews, questions were modified to suit the updated research and the direction of the conversation. Lastly, common business terminology was used instead of academic theoretical terms, to ensure participant understanding and a more natural discussion between interviewer and interviewee.

3.2.2 Executing interviews

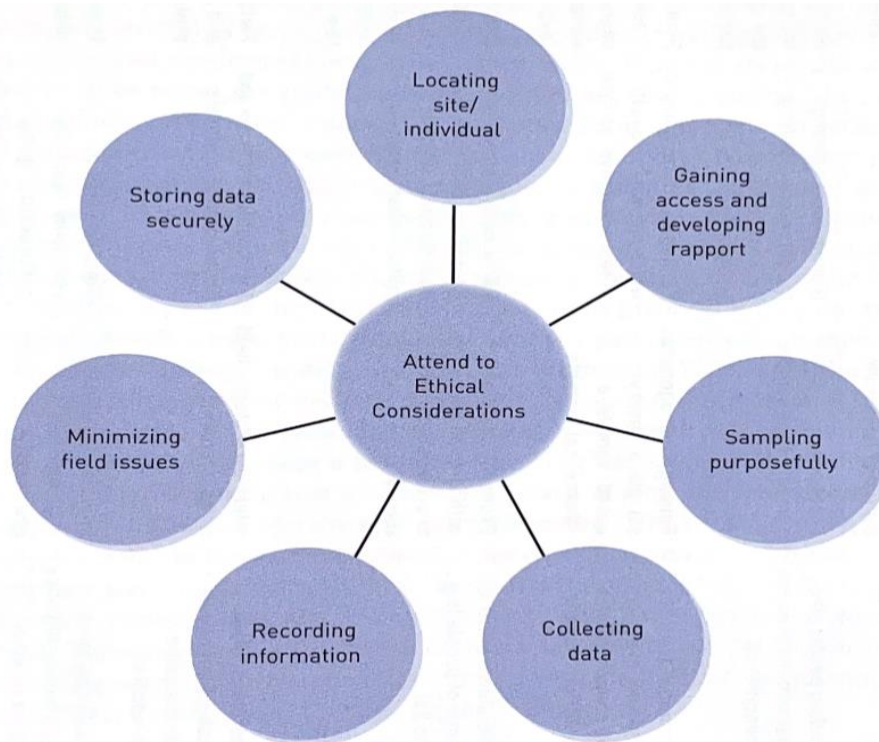
All participant interviews were conducted remotely, mostly using video conference technology such as Microsoft Teams or Zoom. However, due to connection issues in Mozambique, a handful of interviews were conducted over phone calls. Ahead of the interview each of the participants was emailed the consent form, an agenda and preview of questions, to allow the participants to prepare. Observational data was gathered for those participants who chose to have their cameras on during the interviews, as facial expressions can often supplement the data being gathered. However, it is worth noting that this is very limited in comparison to face to face conversations (Creswell & Poth, 2018).

Due to participants signing airtight NDAs and given the recent and current sensitivity of the research topic, no secondary data was provided, even when requested.

3.3 Data collection method and instruments

Creswell and Poth suggest a ‘data collection circle’ approach when attempting to accumulate qualitative data and information (2018). This circle is used to encourage the researcher to consider multiple activities, including those beyond the traditional interviews and observations often affiliated with qualitative research. Ethical considerations are placed at the centre of the circle, as without the correct ethical clearance, none of the research activities can take place. Therefore, all necessary protocols for ethical clearance were taken. A figure showing the data collection circle is shown below (Creswell & Poth, 2018)

Figure 7: Data collection circle



(Creswell & Poth, 2018)

This study used the guides for interviews and focus groups based on literature review case studies and the traditional qualitative consistency matrix to ensure the same approach occur each company (Bryman & Bell, 2011; Hathaway, 2016).

3.4 Population and sample

This study made use of purposive sampling. Multiple cases were used in a collective study to demonstrate the variation of strategy between firms when it comes to handling the institutional turbulence present in the resource-intensive area of Mozambique. Maximum variation sampling was used as a strategy, as this approach increases the likelihood that the data will reflect clear and measurable differences (Creswell & Poth, 2018). In the case of this research, the population will consist of participants purposefully chosen from the oil companies operating in Mozambique, experts in the field and finally members of government.

The sample size consisted of managers or directors of the firms that were involved in the decision making behind managing the institutional turbulence, such as Total's force majeure,

as well as government and experts on the matter. The snowball technique was used to gain referrals from participants to broaden the approach to the study and to gain as much information from each firm as possible (Yin, 2017). Given the confidentiality agreement that was signed by all participants, the names of individuals and companies will not be included. This is due to the strict NDA clauses signed by employees of the major mining firms in the area.

Table 2: A summary of interview participants

Participant Number	Role	Nationality	Current Location	Participant classification
1	Senior Manager of main supplier to a mining company	Mozambican	Mozambique	MNE employee
2	Country Manager for a mining company	Mozambican	Mozambique	MNE employee
3	Published Academic Expert	English	UK	Expert
4	Social Economic Lead for a mining company	Mozambican	Mozambique	MNE employee
5	Previous Executive Director to a mining company	Mozambican	United States	MNE employee
6	Land Access and Resettlement Manager for a Mining Company	Mozambican	Mozambique	MNE employee
7	Ex CEO of a mining company	Australia	UK	MNE employee
8	Senior Project Manager and NGO Manager for a mining company	Portuguese	Portugal	MNE employee
9	Government Minister of Mineral Resources and Energy	Mozambican	Mozambique	Government
10	Journalist	South African	Mozambique	Expert
11	Published Expert on Business in Africa	South African	Zambia	Expert
12	Ex CEO of Mining Company	South African	South Africa	Expert
13	Senior Director of Mining Company	Mozambican	Mozambique	MNE Employee

3.5 Data analysis methods

An eight-step thematic coding approach from Creswell and Clark has been used when analysing the data (2017). This approach can be outlined by the adapted figure shown below:

Figure 8: Eight-step thematic coding process

1. Data preparation	<ul style="list-style-type: none"> • Transcription and translation • Organisation of the raw data
2. Data Exploration	<ul style="list-style-type: none"> • Initial reading • Broad ideas for codes are identified
3. Precoding phase	<ul style="list-style-type: none"> • Inductively assign preliminary codes using the computer programme NVivo
4. First cycle coding	<ul style="list-style-type: none"> • Grouping of similar codes into a list • Tentative propositions of categories and themes
5. Second cycle coding	<ul style="list-style-type: none"> • Condense codes into meaningful groupings • Compile final categories and themes
6. Representing the data	<ul style="list-style-type: none"> • Display data using visual aids to find patterns and differences
7. Interpreting results	<ul style="list-style-type: none"> • Findings patterns and points and difference • Compare findings to literature review, including divergence
8. Validating data and results	<ul style="list-style-type: none"> • Validation strategies (external reviewers and reliability checks)

(Creswell & Clark, 2017).

This process was the most appropriate option for coding the data given that is used to uncover patterns and slight deviations in participants responses in terms of their understanding of the institutional context at hand (Creswell & Clark, 2017). The data went through three major phases of coding, precoding, first cycle and second cycle and then was interpreted.

During the process of the interviews, notes were taken, as reminder of early findings and to ask the correct follow up questions. The audio recordings were then transcribed within 72 hours of the interviews occurring. Once transcribed, a read through was done to ensure all points were captured. Pre-coding was also done during this phase, to identify major themes. The first and second rounds of coding were done, pulling all major themes into the master coding table. All coding was done manually. After this, categorisation and interpretation of the data was done, resulting in the creation of the major aggregate theoretical dimensions for each of the three major sub questions of this research. The themes of the coding changed as the interviews progressed, after initial themes in the coding appeared to indicate that participants simply did not understand the academic theoretical terms such as formal and informal institutions.

3.6 Limitations of research

The three sub questions proposed can have limitations. The limitations of this research are that the data is very dependent on the memories of the participants, as well as their willingness to disclose competitive sensitive information regarding management strategies. Therefore, the correct participants were chosen for the study within in the relevant companies, and it was ensured that they understood their position within the firm and any biases they may have towards the context of the events that occurred.

Important to note as another limitation is the possibility that the feedback from participants exposed to the institutional turbulence and the situation that unfolded in Mozambique, may be exaggerated, or reiterated from third party sources. It also may be a limitation if there is major discrepancy between certain answers of individuals and it is a possibility that the correct people may not be able to be contacted to verify and complete the study.

An added limitation was that it was extremely difficult to get in touch with people who work for the mining companies and government in Mozambique and get them to agree to an interview. Due to the airtight NDAs signed by all participants and the fear of negative press, given that the study is based on current and on-going events, it took months to for participants to agree to participate in this study. It also led to a limited snowball effect, with fewer referrals than hoped. The interviews themselves were therefore also limited in terms of data, as participants could not be completely open and speak about their companies' strategies. This is why there is no secondary data from any participants, and only the primary data received from interviews.

A final limitation is that given this study was collective, using multiple cases, there was little room to go in depth for each company. This was a limitation and resulted in information being missing from the study. However, the study brought to light different responses from firms and their management strategies overall, so this limitation was overcome, given this context.

3.7 Research criteria

It is important that research meets a standard of 'trustworthiness' in qualitative studies to be considered worth any rigor in the academic world. This trustworthiness is based on five main criteria, which are credibility, transferability, dependability, confirmability and finally,

authenticity (Creswell & Poth, 2018; Lincoln & Guba, 1985). Below is a table that summarises these five main perspectives for the tactics and strategies that are used to ensure viability and truthfulness.

Table 3: Validity research criteria

Criterion	Definition	Strategies
<i>Credibility</i>	The level and extent to which the findings are valid, truthful, and plausible	<ul style="list-style-type: none"> • Suitable participants for the study • Accurately reflecting participations' accounts of the situation
<i>Transferability</i>	The extent to which results can be applied or transferred to different settings.	<ul style="list-style-type: none"> • Consistent use of frameworks and theory application • Purposeful sampling
<i>Dependability</i>	How stable the findings will be overtime, and if they can be replicated with similar conclusions drawn.	<ul style="list-style-type: none"> • Use case study protocol • Clear train of data manipulation • Multiple rounds of coding • Creation of a chain of evidence through recordings and transcription of interviews and focus groups
<i>Confirmability</i>	The extent to which that the findings are based on the data and participant's inputs rather than the research's own biases	<ul style="list-style-type: none"> • Following protocols for all interviews cross the various firms (date, location, and time) • Note taking during interviews • Full disclosure of themes to be shared with participants
<i>Authenticity</i>	The extent to which the research has prompted action.	<ul style="list-style-type: none"> • Be truthful and credible with intentions regarding the study to all participants • Creation of an environment that allows for all participants voices to be equal

		<ul style="list-style-type: none"> • Ensure and interactive research process
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(Creswell & Poth, 2018; Lincoln & Guba, 1985)

It is important to note however, that validation is interpretative within qualitative research, with the ‘goodness’ of a piece of research being based on judgement of viable aspects, such as the researcher themselves or perhaps the dialogue with participants. Therefore, interpretations of trustworthiness and validity on qualitative studies are temporal, located and always open to reinterpretation (Angus, 2000).

The methods outlined above in the able were used throughout this study to maximise credibility in the data gathering process and to mitigate all possible risks. In the case of this research, risks were managed through the audio recordings of all participants’ interviews to ensure that no information was missed. Notes were taken during interviews; a pilot interview was conducted to ensure that the questions were non-leading and open ended and finally all documents were backed up online.

3.8 Methodology summary

To summarise, this inductive study made use of collective study, using a multi-method qualitative approach. Structured and semi-structured interviews were conducted on participants based off purposive sampling. The interview questions were developed prior to the interviews, with a pilot interview being conducted to ensure that the questions were non leading and open ended. The interviews were executed using conference and audio recording technology and were transcribed within 72 hours. Transcriptions from interviews were then manually coded using the eight-step coding process to identify major themes. These themes were used to create aggregate theoretical dimensions used for the discussion and analysis.

4 Research Findings, Analysis and Discussion

The results of this study are presented and structured according to the three sub questions that were listed in Chapter 1 and developed in the research methodology of Chapter 3. The intent of this analysis is first to present the how the major firms in the area managed the institutional environment of Mozambique and demonstrate how this affected their strategy and operation. More significantly, this analysis is ultimately aimed at gaining an understanding of how this case study can contribute to the existing literature in FCAS and conflict dynamics. The second aim of the findings is to then unpack and present how the MNEs changed the institutional environment during their operations by identifying and filling the institutional voids. Finally, the research analyses how the MNEs in the area had to adopt non-market strategies, which can be directly linked to risk management, and links this to the capabilities that they have built as a result.

4.1 Research Setting

To understand the analysis of the business ecosystem that exists in Mozambique as a FCAS, it is important to unpack the history behind the discovery of natural gas in the country. This background will provide the context needed to understand the interviews of participants who have experience and expertise in Mozambique. Although the conflict and current violence in recent times has been dealt with in Chapter 1 of this dissertation, the section here will rather focus on the discovery of gas and the timeline surrounding the arrival of MNEs in the area.

To understand the landscape in which gas was discovered in Mozambique, it is important to explore the demographics and economics of the country. After gaining independence from Portugal, the country experienced a long and devastating civil war, which ended in 1992. This struggle heavily impacted the development of the economy, and its scars can still be seen today. The population is currently at 33 million (in 2022), and the country is one of the poorest in the world, with most of its GDP coming from agriculture (O'Neill, 2022). Below is a table that briefly summarises and outlines the key insights into the Mozambican economy. It will shed some light on the extent to which the country has been hindered by severe poverty, and why the discovery of gas and potential wealth was a pivotal moment for the region (The World Bank, 2023).

Table 4: Key Development Indicators of Mozambique

Indicator	Figure
GDP	14.03 billion USD
GDP per capita	488.84 billion USD
Unemployment rate	3.98%
Inflation rate	5.69%
Export of goods	8.33 billion USD
Imports of goods	0.51 billion USD
Life expectancy at birth	61.69 years
Human capital index	0.36

(The World Bank, 2023)

The World Bank also provides statistics on the key economic and demographic indicators of the country. In 2020, Mozambique experienced its first economic contraction in three decades, with around 250 000 to 300 000 more people now falling into extremely high poverty levels. Overall, around 60% of the population live in extreme poverty and over 1 million people have been displaced by the insurgency in Cabo Delgado. The lack of basic services in education and health as well as the weak labour market and low productivity have been worsened by the insurgency. The World Bank recommends structural reforms to the private sector as well as diversifying the economy away from capital-intensive projects and low productivity subsistence agriculture (The World Bank, 2023). This overview shows that the country was already experiencing economic and demographic development challenges before the discovery of gas and the insurgency. The conflict has only worsened the existing issues, leaving larger obstacles for MNEs to overcome. The next element to understand is the development and history of the LNG project and how it came to be in poverty-stricken area of Cabo Delgado.

In the early 2000s, many large MNE oil companies began searching for natural gas deposits in the Rovuma Basin off the coast of Northern Mozambique. These large and influential companies began looking for gas in this area, due to several geological prospects that had raised optimism about the successful discovery of natural gas (de Beaupuy et al., 2021; Narula, 2014; Prashad, 2021). The Rovuma Basin is in an area surrounded by a hydrocarbon-rich region with attractive geological characteristics. During the early 2000s, there had been discoveries of large natural gas reserves in neighbouring Tanzania. The growing demand for natural gas deposits

for cleaner energy sources, as well as the favourable environment encouraged international firms to investigate the district for gas reserves (Bukarti & Munasinghe, 2020; Elston, 2020; Hall, 2020; Langa, 2021). At the time, the Mozambican government also demonstrated to global players that it was committed to attracting FDI in the oil and gas sector, through attractive fiscal and regulatory terms for any companies wishing to explore the region. The earliest player in the exploration of gas in the area was Anadarko Petroleum Corporation, the American multinational energy company (Rawoot, 2020).

Anadarko collaborated a successful research venture with its partners in the Rovuma Basin and a large deposit of natural gas was discovered in Mozambique in 2010, just off the coast in Cabo Delgado province. The partners were a British oil and gas exploration company, Cove Energy, a Japanese conglomerate Mitsui & Co and finally a state owned oil and gas company of Mozambique, Empresa Nacional de Hidrocarbonetos (ENH). The discovery was estimated to hold around 180 trillion cubic feet of natural gas, which was a massive amount of natural gas and was a huge breakthrough for the industry (Elston, 2020; Rawoot, 2020; Regional Organisations & SADC, 2021).

Following the discovery made by Anadarko, other oil and gas MNEs began expressing interest in exploring the region. These included Italy's ENI, which also consequentially discovered a large deposit of gas in the area and ExxonMobil, an American oil and gas corporation. These two major players joined Anadarko in further exploration and investment in area of the Rovuma Basin. By this point in time, it was midway through 2010, and the MNEs began planning the formation of liquefied natural gas (LNG) projects in order to start monetising the gas reserves that had been discovered (Bukarti & Munasinghe, 2020; Langa, 2021). These projects had the sole goal of establishing export facilities to supply the gas to international markets. Below is a map of the area showing the regions where the natural gas reserves were found in the Rovuma Basin and the zones where the LNG projects were formed (Elston, 2020).



Figure 9: Map of Rovuma Basin showing LNG Projects and Natural Gas Discoveries
(Elston, 2020)

After the formation of the LNG projects by Anadarko and their partners, ExxonMobil and ENI, the projects saw little to no disruption for more than 6 years. The situation changed in 2017 when the Islamic insurgency discussed in Chapter 1 emerged as a major threat to not only the region and civilians, but also the projects. Ansar al-Sunna began actively carrying out violent attacks in the area and the insurgency went on to escalate in subsequent years (Conceição & Faria, 2021; Hall, 2020; Matsinhe & Valoi, 2019). This led to major security concerns for the MNEs operating in the area. However, despite these security concerns, in 2019 Total Energies acquired Anadarko’s assets in Mozambique, most notably the company’s stake in the Mozambican LNG project. This acquisition meant that Total Energies became the sole operator and controller of the project and therefore a significant player in the area (Elston, 2020; Rawoot, 2020).

It was from this standpoint that Total Energies joined Anadarko’s previous partners in developing the LNG project throughout the insurgency and the project that is seen to date. Most notably, Total Energies declared force majeure (FM) in 2021 due to the extreme escalation of violent attacks in the area. The attack considered to be the tipping point in reaching this decision was the raid of a nearby town by the insurgents which killed dozens of people (Kreeft, 2023; Rawoot, 2020).

In the subsequent years, there has been much debate surrounding the restarting of the project. Total Energies sent out their own expert to evaluate the situation and assess whether it would be safe to begin work again. This report, referred to by participants in this study as the Rufin report, presented positive findings that the project could continue, based on a renewed approach, focusing on sustainable socio-economic actions led by all those involved in the Mozambique LNG (Total Energies, 2023; Rufin & Glowacki, 2023). The framework that should be applied and implemented into Mozambique to allow for the lifting of FM, should be humanitarian emergency and security driven logic. In other words, the LNG project must now have an additional aim as great and equal to the removal and transport of gas to international markets, and that is to improve the living conditions of the population now also in the area (Rufin & Glowacki, 2023). It is also important to note that the Rufin report acknowledges that the conflict in the Cabo Delgado area of Mozambique predates the discovery of natural gas and the formation of the projects in the area. Conflict that pre-exists the LNG project finds its roots in humanitarian issues and socio-economic underdevelopment (Rufin & Glowacki, 2023).

As of June 2023, Total Energies has announced the continuation and revival of the LNG project in Mozambique. The company is now reviewing the project after nearly 2 years, after the assistance of neighbouring countries, and the rebel numbers have significantly lessened, resulting in a sense of peace for the region. Although Total has not officially confirmed a timeline for a restart of the project, security has been reinforced at the site, suggesting that an announcement is imminent. The most notable event, however, is Total's promise to create a \$200 million foundation to accelerate development in the province of Cabo Delgado. This is Total's attempt to compensate for the fragile state of Mozambique and encourage positive development (Hill, 2023).

Below is a table that summarises and outlines all the players and significant events leading up to the situation in Mozambique today. The history behind the development of the country since the discovery of gas and the players involved will paint a clear picture of FCAS business ecosystem of Mozambique.

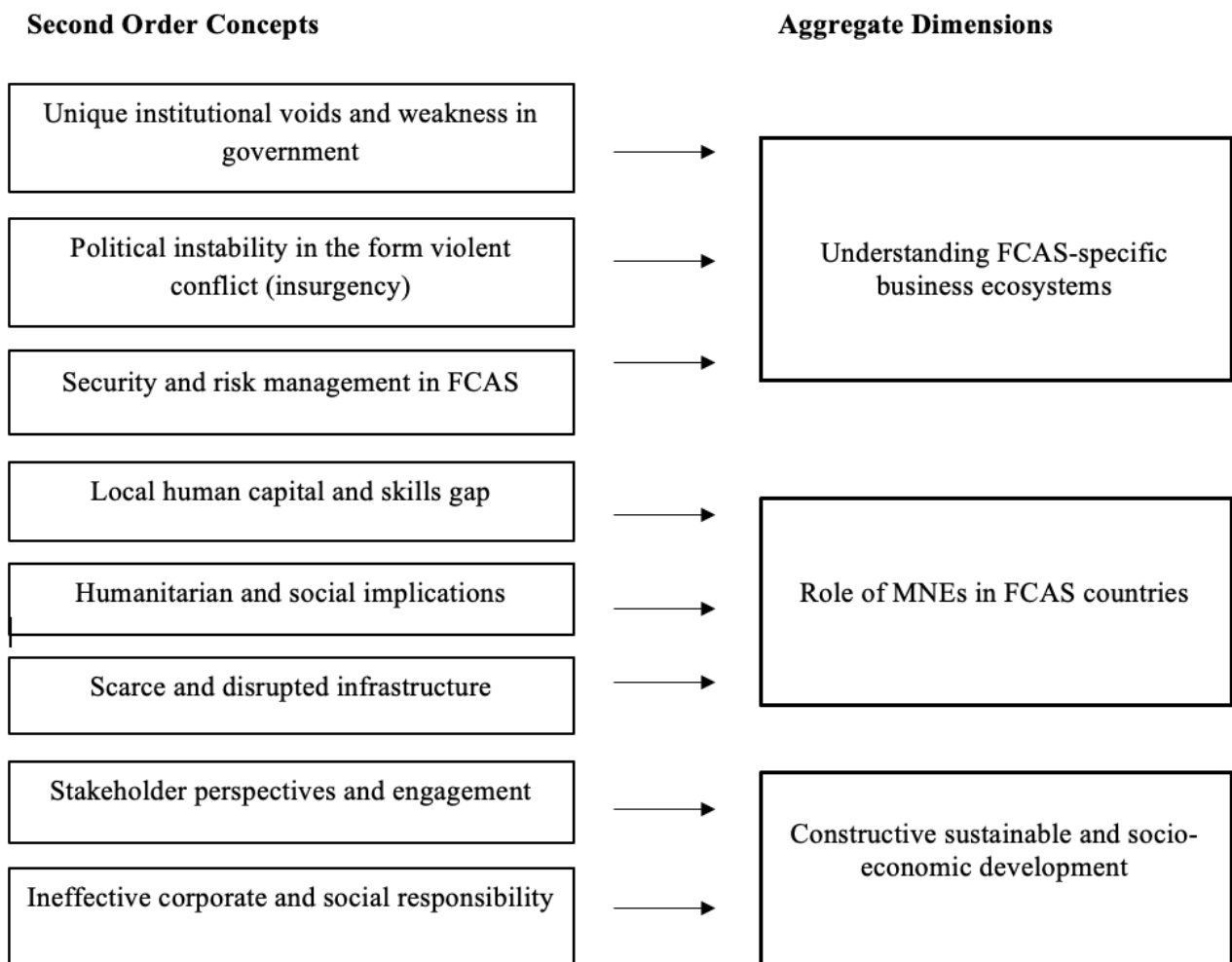
Figure 10: Table Summarising Discovery of Gas in Mozambique

Year	Event	MNEs involved
Early 2000s	Early Exploration of the Rovuma Basin	Anadarko Petroleum Corporation & partners
2010	<ul style="list-style-type: none"> - Major Discovery of natural gas reserves - Further exploration and investment - Formation of LNG projects 	Anadarko Petroleum Corporation & partners, ENI, ExxonMobil
2017	Start of insurgency and attacks	Anadarko Petroleum Corporation & partners, ENI, ExxonMobil
2018	Delays and security concerns surrounding projects	Anadarko Petroleum Corporation & partners, ENI, ExxonMobil
2019	Total acquires Anadarko	Total Energies and Anadarko Petroleum Corporation
2021	Declaration of Force Majeure	Total Energies
2023	Discussions of restarting project with foundation	Total Energies

The above research setting will lay the foundation for the analysis of the interviews given by participants on the situation in Mozambique. The rest of the discussion and analysis will focus on how the presence of the MNEs over time has affected the business ecosystem in Mozambique, given that it is a FCAS state. This analysis will therefore use the history of the discovery of gas in the Mozambique to demonstrate the development and change of the ecosystem to adapt to MNE presence whilst being heavily affected by conflict and contribute more knowledge on business in FCAS.

Below is a figure that outlines how the analysis has been conducted from the interviews and presents the major themes as second order concepts and the aggregate dimensions as the umbrella under which all the concepts will be unpacked. This figure has been created using the research setting provided above, the literature review and the primary research conducted in the form of interviews. The three crucial aggregate dimensions that resulted from analysis are shown below as: understanding FCAS specific business ecosystems, the role of MNEs in FCS countries and finally, constructive sustainable and socio-economic development. These aggregate dimensions indicate the gaps in conflict dynamics literature and institutions within international business, that this case study could contribute to. The figure below uses the second order concepts derived from quotes by participants to gather information about the business ecosystem that exists within the FCAS country of Mozambique. The three aggregate dimensions intend to show how MNEs in turbulent environments like Mozambique fit into the realm of conflict and where this case study can add value to the existing literature.

Figure 11: Second order concepts and aggregate dimension



4.2 Theme 1: Understanding FCAS-specific business ecosystems

Most literature in conflict dynamics within international business looks at FCAS regions as one group and does not consider that each of these states have unique challenges that can impact business ecosystems and influence institutions. These impacts can often be seen in the form of informal institutions, local business networks and impacts of conflict on the MNE itself (Dresse et al., 2019; Fjeldstad et al., 2012; Luiz et al., 2019). This theme therefore has the purpose of answering the first sub question listed and outlined in chapter 1, namely *'how have turbulent institutional environments impacted and affected the strategy and operation of MNEs?'*

This question focuses on how the FCAS region in Mozambique and existing institutional environment is impacting the foreign oil firms in Mozambique. Understanding how FCAS specific business ecosystems exist and function within Mozambique is an answer to this question, and can contribute to the literature surrounding conflict dynamics, through the analysis done on the interviews conducted.

To gain insight into the understanding of FCAS business ecosystems, questions surrounding the day-to-day functioning of the MNEs, and the challenges they face, were posed to interview participants. The questions were centred around uncovering the main obstacles surrounding conducting business as usual, and participants were able to individually express their opinions on the problems they face at each of their respective MNEs, as a government official, and NGO or expert on the matter. After this process had been conducted, coding and analysis revealed the three major themes that participants expressed as a problem in the business network in Northern Mozambique. Surprisingly, the insurgency was not the first point mentioned, but rather the second major theme to come out of the coding and analysis. The first major theme was weakness in government, then the insurgency and finally, security and risk management. Although all these themes can be linked and connected to one another, for the purpose of answering the sub question of how MNEs are impacted by FCAS and turbulent regions, they will be discussed separately.

4.2.1 *Unique institutional voids and weakness in government*

Understanding FCAS business ecosystem within Mozambique has been analysed through the second order concepts that were derived from interviews with participants. The first of these concepts is unique institutional voids and weakness in government. Participants were very vocal about their opinion of the Mozambican governing party Frelimo, and this is extremely significant as it helps to paint a clear picture of institutional voids created by weak governance in Mozambique. Institutions and their weakness will be different in each FCAS (Dau et al., 2022; Dunning et al., 2008; Dunning & Lundan, 2008; Luiz et al., 2019). In Mozambique, the weakness of the governing party is something that will influence the business ecosystem and will influence the strategies of the MNEs.

The first quote shown below speaks to the surprising theme of participants not raising the conflict in Mozambique as the primary concern in conducting business. FCAS literature often directly points to the conflict being the primary issue for the functioning of business ecosystems, using the conflict as a homogeneous blanket statement for why the economy is fragile (Buckley, 2016; Narula & Verbeke, 2015; Scherer et al., 2013; Zeng et al., 2019).

“And I think the biggest mistake the government made, was thinking that the problem was the armed conflict itself, right?” (1)

“So what I’m trying to say is there is no way that these companies will trust the government anymore, right? It’s just, so, the fact that our president keeps saying everything is safe and secure but after that...” (2)

These quotes show that the participants felt that it was the inherent weakness within government as a formal institution in the economy, and they did not understand the root cause as to why the business ecosystem and network, are struggling to function. They also felt that government was not effective in helping to resolve the problem. Therefore, a major impact of turbulent environments like FCAS regions, such as Northern Mozambique, is experienced by MNEs in the form of weak formal institutions like government. This sentiment was expressed through interviews with participants and is shown in the quotes below.

“Government has to be true in government. The policies should be in place. Government has to lead in this process and this is what fails.” (4)

“So, it’s not our role to develop Mozambique. Our role is to contribute to Mozambique but it is government role, me, as Mozambican, it’s my government’s role to ensure that every penny that I spend or that the company spends, it’s well spent in my country.” (13)

“So, and I think this is important, because you need to understand why this has happened – it’s not just because of what Total or Exxon or whoever it maybe have done or not done – it’s because of what the government in Mozambique has done or not done.” (6)

These first order concepts from participants show that the under development of Mozambique due to a lack of effective implementation of policies by the ruling party Frelimo, can be pointed as a significant contributor to the fragility of the existing business ecosystem in the country. While the formal institutions are weak, there are elements of informal and cultural aspects that play into the weakness exhibited by the government as a formal institution. Participants expressed that because the government is weak, cultural aspects begin to contribute to the fragility of the ecosystem that exists within the country. The informal aspects that begin contributing to the replacement of government can be seen here. In the case of Mozambique, this can be seen in the form of darker institutions, namely corruption.

“But as you go away from sort of the strongholds of the governing party, you are now entering into this area where you can have elected officials and they have their own agenda, and you have civil servants who are appointed from a central level who have somewhat of a different agenda. And it’s difficult for them as well, you know, because they are trying to keep their masters and their people happy while there is a counterforce coming at them from another direction.” (8)

“So the fact that, you know, we weren’t prepared to pay bribes, I think also slowed things down. I think it sort of funnily enough, there’re sort of perverse consequences of this whole sort of bribery, through the context and that is that – and that’s another reason for some people, some bureaucrats not to make decisions, they sort of felt that, you know, if they were to make a decision that was sort of suggestive that they’ve taken a bribe, because it was so sort of culturally unpopular, to make a decision it would sort

of suggest that we made this decision why did you do that, there must've been some money involved.” (7)

The analysis showed that a key aspect of understanding and reacting to the FCAS business ecosystem in Mozambique is acknowledging that the formal institution of government is weak, but it is the informal and darker institutions that are currently controlling and contributing to the business network at present. Cultural and darker aspects form a large part of the current reality of the business environment, a key and crucial point to understanding how MNEs might be affected by the FCAS country of Mozambique.

“I put a large measure of the blame on the government whose responsibility it is to provide the environment and manage the constituencies in which investment is made, because this reflect worse on Total any, or anybody else, or does it reflect badly on the government in Mozambique? I’m afraid I’ll have to point my finger at the latter, because it’s, that’s their primary responsibility – is to ensure the operating environment.” (11)

“But if you’ve actually got a government which has not, which has completely distorted that environment to begin with and filled it with all sorts of other elements, you know, not very good elements, and then because of its relationship with the locals, has exacerbated all underlying tendencies, then it’s another thing altogether.” (9)

“The keys are with the Mozambique government and the ruling party, Frelimo. That’s the reality” (3)

FCAS regions like the northern province of Mozambique can also be unique in the aspect of responsibility. Many of the participants in this study, as seen by the quotes above, feel that this is the ruling party. While this study does not intend to apportion blame, it does intend to discuss all aspects of both formal and informal institutions and how they can contribute to the functioning of business ecosystems and networks in fragile states. Each FCAS country is unique, and while the aspect of darker institutions and informal institutions playing a more significant role than formal institutions is common in emerging economies, the informal aspect of participants feelings can be unique and complex (Bu et al., 2022; Caldart & Ricart, 2006; De Villa et al., 2019; Estrin et al., 2009). This has an impact on the functioning of MNEs, as

no matter the quantity or quality of policies or CSR initiatives, part of the blame will be pointed at the government, and the government itself will prevent a healthy and effective business ecosystem.

Therefore understanding the inherent weaknesses that exist in the Mozambican economy is important when answering the questions about how MNEs are impacted by the FCAS. It shows that the MNEs will have to adjust to the lack of government structures and policies, which will be unpacked in theme 2. However, the quotes shown above make it clear that participants believe poor governance is the root cause of the next problematic aspect, namely is the insurgency.

4.2.2 Political instability in the form of violent conflict

The next crucial aspect to analyse and discuss is participants' experience of the insurgency and how it has affected all stakeholders in Mozambique, and the business ecosystem. It is this conflict, that has caused much disruption and is one of the major reasons behind Mozambique's classification as FCAS state (World Bank, 2023).

The insurgency impacts the functioning of a traditional business ecosystem usually found in developed economies that do not experience conflict and leaves a delicate network of businesses trying to survive. The insurgency has impacted the MNEs in the LNG projects in Cabo Delgado directly, due to violent attacks of civilian towns nearby. As mentioned previously, the insurgents have acted by way of carrying out guerrilla warfare, making it extremely difficult for authorities to identify and prevent attackers (Casola & Locchi, 2020; Langa, 2021; Makonye, 2020; Regional Organisations & SADC, 2021).

The sentiment surrounding participants in this study, is in line with what is presented in literature. Those interviewed feel as though the poverty of the area is the reason why the insurgency has gained such traction. Although it was disputed by some, most participants believe that it was the discovery of gas that triggered the attacks. The reasons participants give for the insurgency were poverty and discovery of the natural gas resources.

“Mozambique for instance, is a country, under-developed country I would say, it's difficult to have resources to fight this kind of, or to face these kind of situations like

the insurgencies and others that might rise, because of the discovery of the natural resources in-country.” (3)

Total, having purchased the LNG project after the beginning of the insurgency was aware that this may disrupt the development and functioning of the project, however participants seem to indicate that they were unaware of the severity of the attacks. This could be due to the government concealing the severity or a lack of pre-research and planning from the MNEs, either way, the interviews revealed that the companies were unaware or ignorant to the depths of the situation.

“And you have the impression that everything, it’s under control, but if you go the field and if you get, trying to get information from different sources, then you realise that the problem is not over at all.” (2)

“I think this was the biggest issue because when they disrupted us, they said this would be for a year, I remember. So it’s been going on I don’t know, maybe two years now” (5)

The quotes above outline the sentiment that those on the ground seemed to understand the intensity of the situation and those removed did not. These quotes show that the conflict is very complicated and that the impact for each party involved has many levels to it. However, this insurgency is something that the participants feel they can, and will continue to, do business in. This is shown by the quote below.

The insurgence in general, I’m not sure if it will end but I think we’re going to be living in a mode where we’re going to operate and we’ll secure, you know, bigger area than just the land that we have the project. (4)

The insurgency is one of the key factors in the business ecosystem and understanding that it will affect all aspects of business is key in understanding the structures that make up the networks and the extra transaction cost of operating during conflict. However, participants believe that despite the impact they will be able to operate and continue as normal, once they modify their strategic plans to accommodate the insurgency in the FCAS region of Northern Mozambique.

4.2.3 Security and risk management

The last major theme to be discussed is how the conflict in Mozambique impacted the MNE and its ability to conduct business in the country. The conflict in the country has a direct impact on the functioning on the MNEs and has resulted in the firms having to declare force majeure, due to the jeopardy of human life. The insurgency has had a major impact on the country and could have many probable causes (Casola & Iocchi, 2020; Conceição & Faria, 2021; Hall, 2020; Makonye, 2020; Matsinhe & Valoi, 2019; Morier-Genoud, 2020). The goal of the insurgents, as many believe, was to disrupt the LNG project. This is seen as a westernised project, with little benefit to the country (Hill, 2023). Given that the conflict had this political aspect attached to it, as well as violent attacks, the firms and government chose to collaborate, according to participants who took place in the study.

“So, we have Burundi’s troops there. We have Mozambican troops there. We are located – they liaise with the projects to ensure that the distribution is accurate, you know, we support all that initiatives. And then, that created another problem. You know? We secure the region – the project region but we didn’t secure the province”.
(4)

“So if you go to Pemba and you land at the airport as I did a couple of months ago, at one end of the airport is the SADC Force, at the other end in the airport is essentially a private army which is the Rwandans, operating on a completely separate, non-multinational, it’s multinational end it’s Rwanda, and the government of Mozambique, a completely separate contract, and the two literally, physically don’t talk to each other.” (11)

The quotes above show the number of players that are involved in attempting to project and manage the LNG project from the insurgency. The violence and government weakness resulted in all parties having to bring in security to ensure that no more innocent lives were lost. This is a large added cost to project for the MNEs and a significant impact on the day to day running of the project. Participants explained that this is, aside from the insurgency itself, the largest added cost of operating in this particular FCAS country.

“But of course, you know, there is no way around the human element. Meaning that the first thing they will have to do, and that’s what costs money, is prevent any further deaths, right?” (1)

Participants were uniformly clear that the need to prevent human deaths was a major concern and obstacle for the MNEs, and a top priority for them. The interviews revealed a unique aspect to the FCAS region of Mozambique, which was that by law, only government or officials of the government are allowed to carry firearms. This posed a great problem for the MNEs as they were unable to get their own armed security details. This proved interesting as it resulted in the MNEs having to work closely with the weak institutions of government to attempt to control the insurgency. In many ways, this was another way of forced alliance between the MNEs and government and impacted the company’s ability to protect their project.

“One thing I know, that the previous operators and probably Total have been, it’s been a very difficult point for the security, from a security aspect since the beginning of this violence – is that in Mozambique the laws – for historic reasons – are very strict about what type of weapon, any private security company is allowed to carry. Like basically you’re not allowed any semi-automatic or automatic weapon in Mozambique, unless you are a member of the police or the army. So they’ve had to rely on the government providing them security.” (10)

Finally the most important aspect that the coding and analysis revealed and a key factor to understanding FCAS countries is that participants revealed that they believed the insurgency was nothing more than a deterrent to get the MNEs out of the area. The reason being, that the poor town of Mocimboa da Praia, and the poor province were a gateway for drugs and illegal materials and human trafficking. This was not an aspect that many participants wanted to speak about, however those that did, mentioned that this might be the reason that the MNEs have experienced such resistance in the form of the insurgency.

“So, Mocimboa da Praia, okay so basically is happening is that Mozambique is gateway – it’s gateway for drugs, it’s gateway for, so the main things that’s happening is it’s a gateway for drugs going to and from Asia. It’s a gate, and it’s a gateway for the illegal export of raw materials and gemstones from Africa, and it’s also the gateway for human trafficking.” (5)

The possibility of Mocimboa da Praia being a gateway for drugs into Africa is an important discovery for conflict literature, as it opens up the conversation about what happens to FCAS countries when MNEs enter to conduct business, and the possible ramifications of that. FCAS environments have fragile ecosystems and the possibility of a darker ecosystem that is in place, can cause difficulties for MNEs when conducting business. Conflict literature in business could expand further on this, and build understanding as to how firms balance and manage these two fragile business networks both before entering a country and whilst operating there.

4.2.4 Theme 1 conclusion

Overall, it can be concluded that the analysis showed that understanding the FCAS specific ecosystems, the insurgency, and the infrastructure outlines the depths of the turbulent environment experienced by the MNEs. The discussion of this theme has shown how MNEs may not fully understand the complexity of FCAS regions, and that each fragile ecosystem will require a strategically planned and uniquely tailored approach. Minimising the impacts of weak institutions within fragile countries like Mozambique requires firms not only to extend their planning and research surrounding conflict mitigation to business, but also requires knowledge of how these institutions play into the ecosystems of business.

Therefore, it can be concluded that understanding these themes can help MNEs further improve the negative impacts experienced by turbulent environments. The impacts of the weak institutions directly affected the MNEs and their ability to effectively function in the fragile network of business transactions. Understanding how this weakness impacts business is something to be further explored in the business literature. The insurgency is a special case too, while conflict in FCAS regions may not be. The insurgency came to be for a multitude of reasons, according to participants, and therefore has a distinctive effect and impact on the MNEs and their operation. Finally, the cost of security and risk management is an aspect that is unique in of itself. All the themes generated through coding reveal that FCAS countries cannot simply be grouped together in how they may impact firms. Therefore, this specific case can add greatly to the understanding of businesses in FCAS regions.

4.3 Theme 2: Role of MNEs in FCAS countries

Building on the first theme, MNEs can have massive roles in FCAS countries and as is shown, they can play a role in the development of key resources, such as infrastructure, within the country. The complexity of the FCAS business ecosystem of the area that was analysed in Theme 1, the role of MNEs was discussed with participants in the interviews.

Business literature clearly outlines that MNEs have the capacity to impact and shape the environment in which they conduct business. As outlined in Chapter 2, MNEs can influence the institutions around them to create a more favourable business environment (Caldart & Ricart, 2006; Doh, Rodrigues, et al., 2017; Estrin et al., 2009; Khanna & Palepu, 1997; Meyer & Peng, 2019; Peng, 2003). To answer the sub question in Chapter 1 that deals directly with this phenomenon, *'how do MNEs impact and influence institutional environments'*, participants were questioned about the impact they believed they had on the area of Mozambique that the LNG is operational in. Given the complexity of the role the MNEs may have had and the depths to either positive or negative effects, the questions were left open ended.

A key aspect to note in this section of the analysis is that many of the participants made mention of their NDAs and felt that they could not speak freely on this topic. This is a crucial aspect to bring up in this section of the analysis, as the role of MNEs may not have been fully or truthfully depicted by participants. Both the MNEs and government are loathe to admit the negative effects that the LNG project has had on the country. However, despite the NDAs, participants gave their personal opinions on the impacts, and these were organised into three major themes during the coding process. Therefore, the role of MNEs in this case study are divided into three points of: the skills gap in the country, the humanitarian and social implications and finally security and infrastructure.

The role of the MNEs in Mozambique is extremely complex and the call for force majeure by Total, was the overwhelming result of the impacts to and from the firms the conflict area. The quotes below demonstrate this intensity and will lead the discussion onwards to the themes that intend to discuss answers to the sub question posed, in more detail.

4.3.1 Local human capital and skills gap

Analysis of the interviews illustrated a consistent theme of participants feeling as though one of the least successful outcomes the MNEs have had in the area, is in process of bridging the human capital and skills gap of the locals. Participants expressed in the interviews that while the MNEs had brought around positive infrastructural changes, which will be discussed in Theme 3, there was a lack of skills development of the locals. Participants were acutely aware that given the extreme poverty, infrastructure for the LNG project was not the way to uplift the community.

The quote below indicates the extent to which the locals live in poverty. It shows that their primary way of supporting themselves is using the local resources and that there is a lack of education in the area.

“Yes, I think the 200 million can hopefully go a long way in helping people in Cabo Delgado. Because I mean, one of the biggest problems that the province has faced, even before independence, is they’re just like extremely poor, like people have very little. They kind of just catch fish, grow crops and that’s how they live.” (10)

In the case of the answering how the FCAS has impacted the area in the towns of Palma and Mocimboa da Praia there was little possible impact on building the skills gap between the locals and the jobs created by the MNEs. As discussed in Chapter 2, it is possible for MNEs to influence weaker institutions like this in an economy through the transferal of knowledge and development of skills, in order to uplift the community (Dau, 2016; Doh et al., 2017a; Lundan & Dunning, 2008). However, before the force majeure, it seems that this was not a priority for the companies, according in to participants. The analysis also revealed that the entry strategy of the MNEs in Mozambique, often choose not to bring in a local partner. This is considered to be a unique choice from the MNE and could arguably be the reasons that the firms have had little to no bridging of the skills gap in the area.

“We were very leery of bringing in a local partner.” (7)

“I tend not to believe in joint ventures with local companies, and the reason being, is that there were a number of sort of well-educated, good, English speaking people who

discovered that this is an easy way to sort of get a foot in, into a project without necessarily providing a lot of addition to a company. “ (8)

“Otherwise, if the investor comes and they do, they want things, they have their security companies, they do for instance, the fence around the area, they can take everything and go away and the local people will not benefit anything – the local companies, if, you know what I mean?” (2)

Participants expressed that they felt bringing in a local partner would have negative effects on the companies' goals and aspirations. The analysis of this theme through the coding was interesting as it appears that the MNEs did not want to have a role in the upliftment of the local businesses. This is not to say that the MNEs did not invest in the communities and local areas in other ways, which will be discussed next, however they did not choose to play a role in the local businesses that already existed in the FCAS ecosystem. This analysis leads naturally onto the discussion regarding the resource curse in conflict afflicted areas, raised in Chapter 2 of this study (Badeeb et al., 2017; Cuervo-Cazurra & Ramamurti, 2014; Di John, 2011). The impression therefore obtained through the discussions with participants is that the MNEs in extractive sector intends to remain extractive.

However this is not to say that the participants felt that it was impossible for the local businesses to create beneficial partnerships. The quote below illustrates a common sentiment towards the role and impact of MNEs on the FCAS regions. Many participants feel that the communities have the ability to influence the role the companies will play throughout the duration of the LNG project with the correct guidance. Securing the right kind of investment that goes beyond the initial start-up costs of the firms in Mozambique will allow, over time, for the communities to bridge the skills gap that exists.

“I think at the end of the day, the Africans, they should be more smart and make sure that that partnership that is the subject between the investors and the government, the entities, should conduct to a situation that all parts benefit.” (9)

“But to recommend those companies to invest in capacity building. If you invest in capacity building, then we will have people in the medium/long term, we have people prepared just to work with them in the same, at the same level.” (2)

Other participants also expressed that they felt that using and training locals would have been a better entry strategy, which is more in line with the literature presented in Chapter 2.

“So I would be strongly recommending to companies that you go very lightly on the foreigners. If you need a foreign involvement or you need your people, bring them in as a short term consultant” (9)

This quote from a participant shows that there is a way to bring in the expertise and skills needed while the local human capital in the area is being brought up to speed. While the role of MNEs in FCAS countries in terms of knowledge, technology and skills transfer is a recommended avenue for managing the delicate ecosystems, bringing in short term consultants who have the correct expertise and skills to manage the project is crucial.

The analysis of the section showed that in terms of contributing to the FCAS ecosystem in Mozambique, the MNEs played a minimal role in bridging the skills and human capital gap that exists in the poor province of Cabo Delgado. The analysis revealed that the MNEs had other focuses when entering the country. There is much to be said about the role MNEs have in emerging economies that experience institutional turbulence, especially in the case of Mozambique. This analysis brings a new perspective on the choice not to include local firms in partnerships.

Although force majeure was declared for the LNG project due to the insurgency and conflict, it is possible that this decision and strategy may have contributed to the conflict an obstacle that could not be overcome. Therefore, a lot can be uncovered based on the role the MNEs play in developing and partnering with local businesses in an environment where the business networks are fragile and where conflict is a daily obstacle and risk to others.

4.3.2 Humanitarian and social implications

The next major role that MNEs have in FCAS countries heavily impacted by conflict, like Mozambique, is their role in humanitarian and social implications. The analysis and coding of this second order concept proved to be very interesting as participants were descriptive about the impacts, both positive and negative. The NDAs resulted in participants not being entirely

forthcoming about the extent of the negative impacts. However, participants were very vocal about the role and impact MNEs had on the humanitarian aspects surrounding the LNG projects.

“But, like one thing that really struck me when I visited the project in March, was that this community that’s at the centre of the project, Quitupo, has still not been moved, which is insane. They were supposed to have been moved back in 2019 at the latest. And when I visited that community in June 2018, even then they were complaining about everything being up in the air and not knowing what is going on, no one is telling them what is happening. If they’re going to be moved can they please just move them and get it over with so they can get on with their lives. And like, five years after that, they still haven’t been relocated.” (10)

The participants shared interesting insights on the role the MNE can have on communities and how to minimise the disruption. One of the major impacts of the LNG project in Mozambique was that many communities had to be relocated so that the plants could be built in those areas. Participants acknowledged that the MNEs can gain a lot of support and play a role in bettering the community through what may initially seem like an inconvenient relocation, to in time become the start of a better life for the local population.

“So you start off with by saying, okay guys I know I’m going to cause problems. I know how we’ll be impacting. I know what, you know, people will be losing as a result of that. I’ll be responsible. I will deal with that. When you start the project – there’s a huge intensity, you know, in managing your negative impacts. But then it slows down throughout time as you implement your management plans and then your benefit sharing, your social investment starts picking up, you know, but what does never change is your dialogue. It remains, you have to have dialogue with people.” (6)

The coding demonstrated that participants feel that the MNEs should act as a consistent voice of reason throughout the process and continue the conversation with the community throughout the life cycle of the project. In many ways, the participants involved in the social and humanitarian aspects of the LNG project argued that by taking responsibility for the negative impacts up front and continuing the conversation throughout this process, the role of the MNEs in the communities was more positive and better received. In countries like Mozambique that

experience such violent terrorism and conflict, having a consistent voice of reason from an MNE proved to be a significant positive role in the fragile business ecosystem.

“So the community becomes your shield, you know, because they want the company to prosper. They gain by having the company, you know, prospering.” (4)

The quote above illustrates that if the communities are kept in the conversation, that can help MNEs navigate the conflict and protect the projects. In this way, the role that MNEs play in building a strong and consistent relationship with the community will largely impact how they will conduct business in the country and if they will see the lifecycle of the project through. Participants also noted that in these underdeveloped countries like Mozambique, this conversation does not take the form of a contract, or of presents that would be shown in the boardroom. Rather it is an unwritten social contract. The verbal agreement is what the communities in these FCAS areas believe to hold true:

“You know, it’s not a written document. It’s more of, you know, a psychological contract.” (6)

Another key point raised by participants was that they believed the best role the MNE could have in a FCAS region, is to understand what the communities need. The communities in Mozambique are made up of people who turn into terrorists one day and then disappear back into the crowds the next, easily influenced by the prospects offered by guerrilla activity, if the MNEs are not fulfilling the needs that the people are indicating.

“Then also, I mean the report does talk about the issue of electricity in the resettlement communities, where they built, they built electrified houses but no one uses the electricity because you have to pay for it. So one of the recommendations of the report, and they’ve never, like they’ve never had electricity, so they’ve never had to pay for it, so it’s like, it’s a foreign concept to a lot of people and then, now the, one of the recommendations of the report is to just put the whole, all the resettlement communities on solar, which people won’t then have to pay for.” (10)

“We provided water for about five villages. Developed water programmes, wells and then water distribution. Water distribution within the villages and it was very sort of satisfying and something that was really – really appreciated by the community” (7)

The above two quotes illustrate the contrast of the approaches taken by MNEs in the communities surrounding the LNG project. The first shows how the community did not fully appreciate the concept of electricity and its related cost, with the result that it did not benefit them at all. They would have preferred to keep using the time-consuming and labour intensive methods that they always had, with no perceived monetary expense. On the other hand, the water distribution programme was greatly appreciated by other communities, who no doubt saw a great saving in the physical labour and time required to collect water using previous methods. Participants therefore articulated the importance of understanding the area and how the MNEs can truly play a role in uplifting the community out from under the cloud of conflict.

4.3.3 Scarce and disrupted infrastructure

Another key aspect that affects the way MNEs operate in turbulent environments is understanding how each country has unique challenges that will, in turn, uniquely impact business operations. In the case of the province of Cabo Delgado, one of the major challenges for operating the LNG projects, is the lack of infrastructure in the province (Bukarti & Munasinghe, 2020; Conceição & Faria, 2021; Hall, 2020; Neethling & Luis Bazán, 2021; Prashad, 2021). Research and literature review shows that Cabo Delgado and the towns of Palma and Mocimboa da Praia, which are closest to the project had little to no infrastructure before the discovery of gas and the development of the LNG project. Aside from experiencing the brunt of the Jihadist conflict in the country, they have also been subject to extreme poverty (Hill, 2023; John, 2011; Langa, 2021).

The quotes below reflects one of many mentions the participants made in the interviews, expressing the severe levels of poverty and lack of infrastructure in the province where the LNG projects operate.

“Meaning that they have to build a port, they have to build the roads, they have to build all that to be able to build the L&G plans” (1)

“It’s more than 2,000 kilometres from the capital Maputo, where most of development is concentrated and very little of the State budget flows to Cabo Delgado, outside of the military deployment” (7)

This element was a major factor that the MNEs had to adjust to when adapting their business plans to the FCAS state of Mozambique. Interviews with participants revealed interesting insights upon analysing, showing that the MNEs decided to work together to build up the province. The lack of infrastructure directly impacted firms’ abilities to carry out basic business operations for the project and resulted in the MNEs having to collaborate to develop the area to a point that would benefit all parties. Therefore, the towns near to the LNG projects, received joint investments from the MNEs so that they could build infrastructure and develop the province. The quotes below from participants illustrate the collaboration of MNEs in this FCAS country.

“We will share common facilities like roads, morphs, jetties, you know, like all these things that enable us to build our energy plant. But, those we call common facilities, shared facilities that we share 50-50%, and then there’s exclusive facilities which is the proper trains and so on.” (4)

“So, because we are in the same area, we are – and the communities are the same and the people are the same, general interest is the same.” (2)

“The amounts of money involved on this project, it’s huge and this is one project that it’s really extremely, I’ll not say important, but it’s extremely important for the development of the country” (3)

Participants expressed that the only way to adjust to the impacts the fragile business system had to offer in terms of complete lack of infrastructure, was to work together towards the common interest of developing the region. While it might be common in international business literature that firms will have to invest in infrastructure while doing business abroad, the analysis revealed that unique situations, like those in Mozambique may result in MNEs working together to be able to assess the same resource. Literature often focuses on entry strategies for singular firms being the first mover, or analysing competitors in the market (Dunning et al., 2008; Khanna & Palepu, 1997, 2000; Zeng et al., 2019). However, this case

showed firms sharing funds to build infrastructure resources. This is a unique strategy in of its own and will be a great contribution to conflict and business literature in emerging economies.

4.3.4 Theme 2 conclusion

The analysis of the roles of MNEs in FCAS countries revealed key aspects that conflict literature could develop on further. The cause in the collapse of business operations, can be attributed to the role the MNEs had in the Mozambique economy. This is deduced from participants responses in MNEs impact little impact on local human capital skills and humanitarian and social aspects. While the MNEs were able to work together to overcome the infrastructure issues in northern Mozambique, this was not enough of a positive impact to ensure the longevity of the project. In FCAS countries where MNEs are likely the dominant actor in the business ecosystem it is crucial that they address the fundamental challenges in the economy and play an active role in filling the institutional voids. There is much to be said about the role the MNE has as a pseudo government by fulfilling these roles, and participants were clear in the interviews that this role is essential in the development of the country. The complexity of the role of MNEs in Mozambique, where there is such an impactful conflict, leaves much to be desired, and this role should be expanded upon in future literature.

4.4 Theme 3: Constructive sustainable socio-economic development

The final aggregate dimension to discuss, is sustainable development as an answer to the final research question of this dissertation. The question posed is '*How do MNEs adopt non-market strategies to manage turbulences or influence institutions?*'. Through the interview process, participants were asked about how the firms adapted to the turbulent environment in Mozambique and how successful or unsuccessful they felt these strategies were. While there is literature on non-market strategies, which is laid out in Chapter 2, there are strategies and gaps in the literature that need to be addressed. In the case of this study, these two aspects are stakeholder perspectives and engagement and ineffective corporate social responsibility.

Discussions with participants showed that they felt that there were many parties involved in the complicated and dangerous business ecosystem that the LNG was functioning in, in Mozambique. The adaption strategies were implemented as and when they were needed. However, participants and the coding analysis process showed that these strategies could be broken down into the two key themes mentioned above.

4.4.1 Stakeholder perspectives and engagement

Stakeholder perspective and engagement is significant tool available to MNEs, as it can be used as a conflict resolution mechanism. Although this has been researched, it is easy to overlook the perspectives of all stakeholders in the project, most importantly, local stakeholders, such as communities, civil society organisations and government (Narula & Verbeke, 2015; Scherer et al., 2013). This section of the analysis aims to unpack and present participants' sentiments towards understanding perceptions, expectations and experiences of stakeholders surrounding the MNE LNG project activities in FCAS of Mozambique.

In the case of Cabo Delgado and the MNEs that have opened operations in the province, there are many stakeholders that they answer to. The company itself has investors, international standards, and the public to keep happy to ensure the project continues. However, given that there are multiple MNEs in the area, with multiple stakeholders to answer to, each MNE acts like an institution in the environment.

“So the offshore characteristic of most of this makes it almost divorced from the political and social realities that you’re faced with in these countries. And this makes them operate very much like a sort of a separate country. You know, we’ve got the Republic of Total., the Republic of Exxon, the Republic of Ani or Agip, or whatever you want to call it, operating out there somewhere and so it happens to be in a Mozambican investment.” (11)

The quote above illustrates that the power and resources of one MNE are more than that of the government in Mozambique, therefore making each MNE's influence a significant factor in the business ecosystem. The result can be that the perspectives of those who may not have as much power can be overshadowed by the large presence of each MNE. The participants believe that.

An interesting development in the coding of this theme was surrounding the stakeholders from the MNEs perspectives on the humanitarian aspect of the investment. The largest concern from the MNEs stakeholders was the loss of human life that was being tied to their name. the quote below is an example of many similar discussions that were had:

“So the investment, investors need to guarantee that you know what, if I put my money in, it needs to be in something that you know, I’m not killing people or contributing for that. So, all this apparatus, it’s because of the type of investment that we are seeing here. It’s just huge.” (1)

This brings an interesting perspective on how the mutual goal of preventing the violence from the insurgency may be a priority amongst stakeholders, but for different reasons. Upon further analysis it can be deduced that in while stakeholders may have common goals, the outcome to achieve these goals may not benefit all involved. In this case, the MNE’s adapted and change their strategy to reduce the amount of lives been lost by declaring force majeure but this did not actually benefit the surrounding community. This leaves a gap in the some of the literature that has been presented on the topic and there is more that can be discussed in conflict dynamics.

Finally the last significant aspect to unpack was the participants voicing they feel a collaboration between all stakeholders is the best solution. Participants articulated that they felt that all stakeholders working individually would not address the complexity of the violence and would not yield positive results.

“They have to combine efforts either from the investor and the government itself in order to find a way to solve the problem because otherwise it will be impossible. Even with that, we still have, it will still be a challenge to face this problem.” (13)

The themes of collaboration and equal discussions were the major factors raised by participants regarding stakeholder involvement in the country. Future researchers can analyse how businesses can include and work with local communities, government and non-government organisations to actively address the challenges of the insurgency, or other issues FCAS countries may experience, to create peaceful resolutions.

4.4.2 Ineffective corporate and social responsibility

The last major aspect to unpack is a theme that came up frequently throughout interviews with participants is the corporate and social responsibility (CSR) taken by MNEs in Mozambique.

CSR was raised in Chapter 2 as a non-market strategy taken by MNEs to influence and adapt to the weak institutions surrounding them (Shirodkar et al., 2020). Participants expressed in the interviews that they felt like the initiatives taken by MNEs were not effective in helping the communities. This analysis sectioned revealed that there are no long-term implications that have been discussed in literature, if MNEs fail to operate with best practices or fail to implement effective CSR.

The quotes below demonstrate the participants' feelings towards the attempts made by MNEs to use CSR in Mozambique. The analysis showed that there was a general sentiment among participants that the types of initiatives were done with little focus on the longer implications.

“They are providing five years’ plan, you know, the cycle of being politic and being in the mandate [indistinct] that they can provide, you know, benefits to communities. But if you really care, you’re going to look into how can I improve livelihoods of these people?” (6)

“Basic service first. The second will be income generation. How can you provide some opportunities for income generation, you know?” (4)

“There is always ways to continue to do business. But, ja, my desire – I have a strong desire to see my country to develop of course. I will say to the companies that, please come and develop your project because we’ll manage – we’ll solve the problem. But if you say to me that this is easy? No, not at all.” (2)

The above three quotes show the importance of having effective social practices in FCAS countries. In the case of this study and the analysis completed, participants showed that the kind of CSR that the communities surrounding the LNG require goes beyond simple philanthropic initiatives. The way to develop a country affectively goes beyond the simple CSR measures that are taken to conduct business or that are done to show to the public that the MNEs are having a positive influence on the area.

“We do have structures to receive any company to Mozambique but and it’s – there’re a lot of resources. The key thing is the companies should position themselves with best practices. That’s it.” (8)

The analysis demonstrated that participants felt that it is possible to have a functioning ecosystem and relationship in a country like Mozambique, if the companies are willing to go the extra mile.

4.4.3 Theme 3 conclusion

Overall, this final topic of the analysis has demonstrated the length to which the participants felt that the MNEs needed to adapt and change their strategy in the FCAS economy. Participants indicated that they felt MNEs should have handled the different demands from all stakeholders with more equality. The analysis revealed that the need for best practices is imperative for maintaining relationships in FCAS economies and MNEs need to ensure that these practices are effective. Participants felt that if the CSR and stakeholder relationships had been managed better by the MNEs, the insurgency would have not played such a large role in operation disruptions or swaying of the community members.

The final element of this discussions outlines the impact that firms can have on their environment and the significance of building relationships. It also demonstrates how focusing efforts into the correct areas can allow for positive results.

5 Research Conclusion

5.1 Summary of Findings

This research sought to discover and map out how MNEs operating in host emerging economies, were affected by institutional turbulence in conflict-ridden areas and in turn, how they impacted the region. The study has demonstrated through both literature and analysis, that influencing institutions in FCAS countries takes a unique and in depth understanding of the history of the country, and the main institutional actors navigating the business ecosystems.

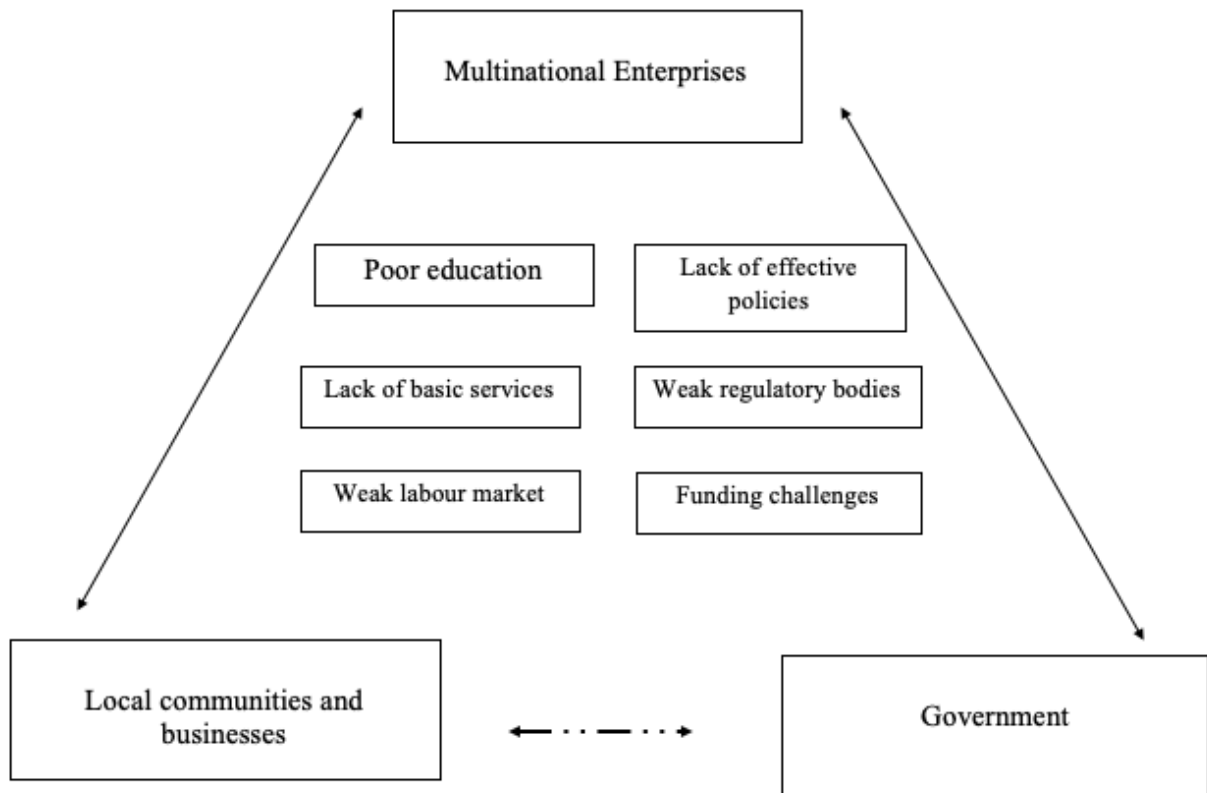
The study used the literature on the topic of institutions, global strategy, emerging markets and conflict dynamics to gain qualitative data in an exploratory and inductive study. Interviews of thirteen participants involved in natural gas discovery in Mozambique were conducted, analysed and coded to reveal the dynamics between MNEs in FCAS countries. The questions posed to interviewees were based on the three main sub questions in this study, which focused on the impact of FCAS business ecosystems on MNEs, MNEs impact on FCAS ecosystem, and finally, the adaption strategies on MNEs in this turbulent environment.

The study had intentions of demonstrating the significance of institutions, formal, informal, and dark, in emerging economies that are held hostage by conflict. It can be concluded from the findings that conflict plays a significant role with business ecosystems and, in the case of Mozambique, that is characterised by a violent extreme insurgency, the impacts can be clearly mapped out. The figures below are used to compare emerging economies to FCAS economies and show how the situation in Mozambique can be used to contribute to the development of conflict dynamics in international business literature.

The first figure below demonstrates the simplified relationship between MNEs and the bidirectional relationship of institutions in emerging economies. The MNE is placed at the top, as in emerging economies with weak institutions, they will likely be dictating the rules of play. The outer triangle demonstrates the relationships an MNE will have with the two other main actors in a traditional emerging economy. They will need to establish relationships with the local communities and business, and the government. These relationships would create a solid line between all three parties, if the MNE was successful, representing a fruitful relationship. The relationship between the communities and governments is shown in as a dotted line, as the inherent weak institutions of emerging economies needs to be visually represented. This

weakness of state is also represented by the challenges found within the triangle. Challenges like these are often a MNEs direct target of institutional influence to ease the process of conducting business and bettering the host environment. While this is a simplified version of relationships, it demonstrates the key players that make up the ecosystem, and key issues that are addressed upon MNE entry to reduce negative impact. From this simplified ecosystem, one can derive the FCAS business ecosystem that can be found in Mozambique. Below is the adapted version of the emerging economy depicted above, that can be derived after the interviews and analysis of all research.

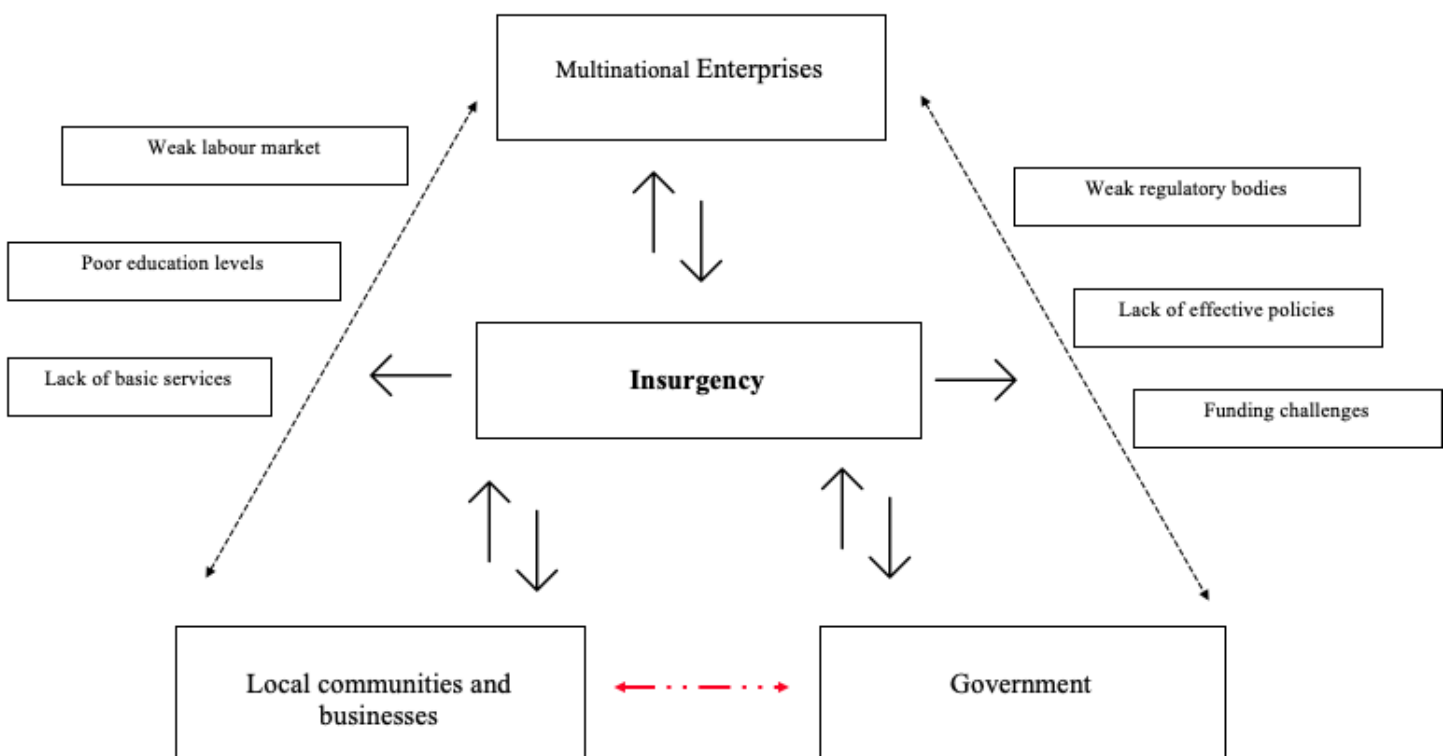
Figure 12: MNEs in Emerging Markets



The second figure below, highlights a key new player at the centre of the triangle, which is the insurgency. This is a new actor that would not exist in emerging markets, as seen by the first figure created. The conflict or in this case the Islamic insurgency, exerts pressure on all three main players of the original triangle, in each direction. It impacts the relationships of MNEs and locals, MNEs and governments and governments and their people. This pressure is so great, that it pushes the original challenges created by the weak institutions out of the direct target line of MNEs. The priority then becomes addressing the insurgency, instead of the root

problems that would have otherwise been dealt with. The problems are therefore placed outside of the triangle, as they become removed from the discussions and relationships between all three parties, whereas initially, they may have been the focus. This worsens situations, as the conflict continues to distract parties and exert more pressure on all relationships. The relationship between the government and the local communities and business is then changed to red, depicting how actor of the insurgency and an entering MNE combined, can worsen relations between the people and their officials. This is seen through participants expression of poor policies to manage the MNEs, weak governance and little effective action to prevent the insurgency. These challenges have been derived and simplified from the second order concepts outlined in the analysis, for the sake of the figure.

Figure 13: MNE in FCAS emerging economy of Mozambique



In the case of Mozambique and the insurgency that is occurring in the poor northern province where the projects are situated, companies were forced to declare force majeure. This can be attributed to the impact the insurgency had on the MNEs efforts to build relationships with the

two other significant actors in the ecosystem, resulting in its collapse. It can therefore be concluded, that there is a significant gap in the conflict dynamics literature in international business, and that an increase in study on the unique FCAS countries of the world, will likely improve the outcomes of MNE ventures and investments. While in the case of Mozambique, the collapse of business between the actors can be attributed to the conflict diverting attention from the existing challenges and the need to build strong relationships between all three parties, this may not be the case in other economies. It is therefore vital that other FCAS economies are studied, as the cause of collapse in business operations may be found elsewhere in the triangular ecosystem presented.

5.2 Implications

5.2.1 Implications for and contribution to literature

This research contributes to three major fields of literature. Firstly, this research contributes to how MNEs internationalise into emerging host markets. This research has explored how firms can internationalise into environments where there is external turbulence and inherently weak institutions and institutional voids (Bukarti & Munasinghe, 2020). There has previously been limited attention to this topic of how firms may contribute to the institutional turbulence and what they can do to prevent it in the future (Makonye, 2020). In this sense, this research can aid the theories on how firms can manage themselves during institutional turbulence.

Secondly, this study contributes to the global strategy concept of institutions and how there is a bidirectional relationship between firms and institutions (Bu et al., 2022; Cuervo-Cazurra, 2011; Cuervo-Cazurra et al., 2019; De Villa et al., 2019; Gammeltoft & Cuervo-Cazurra, 2021; Peng, 2003). This research has shown through multiple case studies that it is possible for firms to enact this bidirectional relationship, although it may not always be successful initially, as is seen with Mozambique. Institutions in global strategy has been a popular topic in global strategy literature for many years, however the bidirectional relationship has yet to be analysed and discussed at length (Caldart & Ricart, 2006; Cuervo-Cazurra, 2011; Meyer & Peng, 2019). This research contributes to that discussion through the case study of northern Mozambique, by analysing existing literature on this topic and providing an analysis of qualitative primary data, from those who have experienced the turbulence in the country.

Finally, the link between the internationalisation of firms into resource-intensive host market and conflicts dynamics an aspect that is increasingly becoming a prominent topic of discussion. This research contributes to this discussion through the analysis of the MNEs, government and local communities to the Islamic insurgency in northern Mozambique. The impact that both the insurgency and the MNEs have had local communities in emerging markets has been presented in this study and most importantly, whether or not the MNEs can make a positive difference in the long run (Badeeb et al., 2017; Dresse et al., 2019c; Dunning et al., 2008; Luiz et al., 2019). This research has demonstrated the often discussed yet taboo fact that firms do not help benefit the local communities they are operating in, particularly with invasive mining and oil companies, a void is left for political disruption and violence (Conceição & Faria, 2021). The research provided in this dissertation hopefully addresses this topic and can begin to provide a road map to impactful and effective solutions.

5.2.2 Implications for internationalising business

This study presents to the internationalising business community that each emerging market in Africa is different to the next. Each market has its own version of weak institutions and voids and those with turbulent external environments and conflict dynamics, are even more complex and unstable to manage.

This research shows that is possible to enter into operations in an African country with existing conflict dynamics, provided that it is carefully thought out, and executed properly. The study shows that if MNEs plan very careful and take time to build relationships, they will be able to uncover and perhaps even address the root causes behind the turbulent environment. As is shown with the case study of Mozambique, the insurgency experienced in the northern part of the poorest province is not the cause for instability. Rather it is a symptom of the much deeper issue of inherent weak state and communities that have had no help from their government over many decades. If MNEs are to succeed in emerging African economies like this one, managers can use the elements discussed in the findings as a framework for managing the institutions in their unique environment. Hopefully, this will allow them to make a positive change for the better.

5.3 Research limitations and future research directions

There are limitations to the research and assumptions that have restricted the scope of the study. Firstly, the oil companies were not forthcoming in looking at their impact on the communities and their NDAs inhibited them from discussing the situation at length. This did not allow the research to go in depth on each country's experience and left a lot to be assumed in interviews.

Another limitation is that the insurgency is currently still ongoing as this research is being conducted. Given that there is no conclusion and limited academic literature on the situation at hand, some assumptions have been made about how the firms will continue to manage the turbulence, given their behaviour thus far and the taking the content of the interviews into account. Finally, this research is focused on the oil companies in Mozambique and how they have managed the insurgency. This success/failure does not speak to how these companies may have internationalised into other developed or emerging markets and assumptions may be made.

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Appendices

Appendix I: Interview protocol

Introduction:

Good morning/afternoon and thank you so much for taking the time to meet with me today.

As I mentioned before, I am a master's student in business management from the University of Cape Town's Graduate School of Business and I am currently on exchange at the London School of Economics.

My dissertation has the focus of trying to understand firm's strategies in turbulent environments, and how they manage and implement these strategies. More precisely, I hope to uncover the what is needed to successfully do business in Africa when the environment is tense and dangerous, and who is most important in creating this prosperous environment.

I have chosen Mozambique as my case study, given the insurgency that is happening in the North, namely Cabo Delgado, and how the multinationals, government and communities were affected by this. I have interviewed employees from both Total and Exxon trying to understand strategies they have employed to make the area safe again for business. Matthew mentioned to me that you might be able to assist with your experience and in depth knowledge on the matter.

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I understand this is an extremely sensitive situation, so everything will be kept anonymous in my study. I will only need about 30 minutes of your time, and would simply like to unpack any thoughts you have on the situation in Mozambique.

Are there any questions you have for me? If not I will begin the interview and start recording.

Body of questions (as per interview schedule according to categorisation of participant)

- i. Warm up
- ii. Body of questions
- iii. Cool down

Closing remarks

Thank you very much for your time today, this is the end of the interview. I appreciate you sharing your thoughts with me and I found them very useful and interesting. Your contribution will help immensely to my report.

If there is anything else that you think is relevant to my study or if you have anyone else I could speak to, that would be greatly appreciated.

Thank you.

Appendix II: Interview schedules

Interview Schedule A: Multinationals

Opening protocol

Warm up questions:

- i. What role do you play in your company and how long have you been working with X?
- ii. What role did you play in the company's move to open operations in Mozambique?
- iii. How long has the company been operational in Mozambique?

Follow up questions:

- iv. Please explain the full process and proceedings of investing and starting a project in Mozambique?
 - a. What was different about conducting business in Mozambique compared to your company's home market?
 - b. What provisions were made for these differences?
- v. To what extent were you personally aware of the insurgency at the time of the set-up of operations in Northern Mozambique?
- vi. Was the company aware of the insurgency, or possibility of insurgency before beginning the project? If so, to what extent?

Main body of questions:

1. What do you believe was the state of the government's control in Mozambique when the company arrived?
 - 1.1 Following this, do you believe that the arrival of the company may have had an impact on the locals of the area? Please elaborate.
2. What were the main commercial goals of the project in Mozambique?
3. What sort of community engagement did the company have in place beforehand (before project set up) and how did it manifest during the insurgency?
 - 3.1 Following this, will the company adapt the community engagement and do it differently going forward?
4. When the insurgency broke out, what were the first causes of concern for the company and what was the internal and external response to this?

5. Did the company have any long-term plans to mitigate the insurgency? If so, please explain.
6. What were the overarching short-term strategies in the company that lead to force majeure or closing of operations? Are there discussions surrounding strategies in the future.
7. Do you believe that the company could have prevented the extreme levels of violence that insurgency reached in Cabo Delgado? If so, how.

Cool down questions:

- vii. What would the company recommend to other multinationals looking to invest in the Northern area of Mozambique?
 - a. Probing questions surrounding government involvement, JV with local business and local hiring
- viii. What could have the company done differently in this project in Mozambique?

Follow up questions:

- ix. How do you personally feel about the insurgency and the role of company and Mozambican government.
 - a. Do you believe enough has been done? If not, explain what could be done?
- x. Do you believe there is an end to this insurgency? Explain
- xi. Do you believe that this insurgency is a direct result of lack of formal institutions in Mozambique? Could the company create formal institutions? If so, how?

Closing protocol

Interview Schedule B – Mozambican Government

Opening protocol

Warm up questions:

- i. What position do you have in the Mozambican government and what is your link to the government structure in Cabo Delgado?
- ii. How long have you been in your position and what do your day-to-day duties entail?

Follow up questions:

- iii. How involved are you in managing the foreign oil mining projects in Cabo Delgado?
What is your role?
- iv. How long have you been aware of the foreign projects in Mozambique?

Main body of questions:

1. What do you believe are the strengths of the Mozambican government with regards to managing foreign business entities?
2. What are the weaknesses of the government in foreign business management and where do you believe they could improve?

2.1 Probing questions:

2.1.1 Resources, capabilities, and ability to enforce the law.

3. To what extent did the government know about the insurgency before it began? What was done to stop it?
4. To what extent do you believe that the government contributed to the insurgency and the violent conflict that has erupted in Cabo Delgado?
4.1 Following this, to what extent do you believe that the foreign mining companies contributed to the insurgency in Cabo Delgado?
5. What are the plans of the government now to slow down or stop the insurgency in Cabo Delgado?
6. What have agreements with foreign mining companies made with the government that may have altered or changed the existing landscape of formal or informal institutions (rules and laws), within the country? Has this had a large impact? Explain.
7. Do the foreign companies that operate in the area have a role to play in stopping the insurgency? If so, explain.

8. Do you believe that the foreign mining companies have intentions to uplift the area they operate in? If not, or if so, please explain why.
9. Do you believe the presence of the foreign firms in the area has had a positive or negative impact? Please explain your answer.
 - 9.1 Do you believe the presence of the foreign mining companies has allowed the insurgency to grow? If so, please explain why.

Cool down questions:

- v. What do you believe the government can do with the aid of foreign companies to prevent the insurgency?

Follow up questions:

- vi. How do you believe that there is a way the government of Mozambique, the local people, and the foreign companies to thrive? If so, please explain.

Closing protocol

Interview Schedule C: Experts (Academics and Consultants)

Opening protocol

Warm up questions:

- i. What is your area of expertise surrounding global strategy?
- ii. What is the extent of your knowledge in investing in emerging economies, particularly African economies?
- iii. What are your thoughts surrounding the formal and informal institutions that exist in Mozambique?

Follow up questions:

- iv. Are you aware of the foreign oil companies that invested in northern Mozambique? If so, explain.
- v. To what extent are you aware of the insurgency that has occurred in Mozambique?
 - a. What is your knowledge of the oil companies' response to the insurgency?
- vi. What is your analysis of the Mozambican economy, with the lenses of an oil company wishing to invest (5 forces)?
 - a. Do you believe the companies analysis was successful? If so, or if not please explain.

Main body of questions:

1. What do you believe the oil companies could have done whilst operating in Mozambique to manage or prevent the insurgency?
 - 1.1 Following this, do you believe that the companies may have had a role to play in the development of the insurgency? If so, explain?
2. Do you believe that the Mozambican government are solely responsible for managing the insurgency? If so explain?
3. Do you believe that the foreign oil companies could have worked together to prevent the insurgency? If so, explain.
 - 3.1 Following this, do you believe the influence and development of formal and informal institutions by the MNEs has been positive or negative?
4. What do you believe are the non-market strategies that may have been used by the MNEs in Northern Mozambique?
 - 4.1 Do you believe these strategies have been successful, if so, why?

Cool down questions:

- vii. What advice would you give to a company wishing to enter the emerging market of Mozambique, given the strategies of the oil companies and the insurgency?

Follow up questions:

- viii. How would you recommend that the government deals with foreign companies in the future?
- ix. Do you believe that the situation in Mozambique is salvable, even though many companies have declared force majeure? Please explain.

Closing protocol

Appendix III: Consent Form

(CEMS) MASTER'S IN INTERNATIONAL MANAGEMENT

INTERVIEW CONSENT FORM:

Participant name:

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I volunteer to participate in a research project conducted by **Frances Hope Butcher** as partial fulfilment of the requirements for the MPhil Degree at the Graduate School of Business. I understand that the research is designed to gather information about *'the effect of institutional turbulence on multinational enterprises' strategies in resource intensive host markets* and that I will be one of approximately 15 of people being interviewed for this research.

Background and purpose of the research

This research intends to analyze the strategies used by the oil companies in northern Mozambique whilst managing the institutional turbulence in the area, due to the insurgency in Cabo Delgado.

Ethics approval

Ethical consent for the study has been approved by the *UCT Commerce Faculty Ethics in Research Committee*

Participation and confidentiality

I understand that my participation in this research is voluntary, that I will not be compensated and that I may withdraw at any time.

The interview will take approximately 45 - 60 minutes to complete and will be audio recorded.

I understand that I will not be identified by name in any reports using information obtained from this interview and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.

Should you have any questions or concerns please contact me.

Student: Frances Hope Butcher, btcfra001@myuct.ac.za

Supervisor: Professor John Luiz, john.luiz@uct.ac.za

Consent

I consent to participate in this interview, based on the terms outlined above and subject to the following additional condition of my own (if any).

Signed by interviewee

Date



22/02/2023

.....
.....

Signed by Student

Date

END