# Strategies For Success: A Systematic Review of Approaches Used by South African Companies to Expand into The African Region

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**Abstracts:** The African region presents significant opportunities for South African companies seeking to expand their operations. However, navigating the complexities of the African business environment coming up with best fit strategies can be daunting. This systematic review aims to identify the strategies used by South African companies to successfully expand into the African region. A comprehensive search of electronic databases and hand searching of relevant journals and conference proceedings was utilised for the study. The findings of this research suggest that South African companies have employed a range of strategies to facilitate expansion, including ownership, partnerships, and adaptations to local conditions. The findings of the systematic review assist multinational companies pursuing cross border expansion in evaluating and deciding on the appropriate market entry strategy and also on the timing of getting into the foreign markets. It also assists policy makers in formulating business supportive policies and creating favourable operating environment, further the study assist the academia in bridging the theories on internationalization and African business expansion.

**Keywords:** Challenges, Cultural, Eclectic Model, Growth, Internationalization, Uppsal

## 1. INTRODUCTION

South African companies that are interested in expanding their operations find the African region to be a substantial market [1]. The region offers a plethora of opportunities for businesses, as evidenced by its expanding middle class, burgeoning economic development, and expanding population [2]. Nevertheless, the regional environment's intricacies can be discouraging to navigate, as it presents challenges such as regulatory obstacles, cultural differences, and logistical inefficiencies [3].

Many South African companies have effectively expanded into the region, despite the challenges they face. For instance, MTN, Shoprite, and Standard Bank have implemented operations in numerous African nations. Nevertheless, it is imperative to have a thorough comprehension of the strategies employed by South African companies to facilitate their expansion into the African region. The objective of this systematic review is to rectify this knowledge deficit by identifying the strategies that companies employ to successfully expand into the African region. The review will offer a thorough examination of the strategies implemented by South African companies, as well as a concise summary of the obstacles and impediments encountered in the African region.

### South African Internationalisation Landscape

The political and socioeconomic transformations of the nation have been a reflection of the substantial changes in the internationalisation landscape that South African firms have encountered over the past few decades [4]. In response to the economic constraints imposed by the apartheid era and domestic political unrest, businesses in the country have historically implemented internationalisation strategies as a defensive measure [5]. The primary objectives of these strategies were to diversify market risks and secure resources that were restricted within the country. From these defensive, cautious approaches to more assertive, market-seeking strategies that were designed to explore growth opportunities in new markets, South African companies underwent a significant transformation in the post-apartheid era [5]. The increasing international presence of South African enterprises, particularly in Sub-Saharan Africa, is indicative of this transformation [4]. These enterprises capitalise on regional synergy and shared cultural and economic connections. The present phase of South African internationalisation is distinguished by a methodical pursuit of global markets that extends beyond mere survival to encompass the more ambitious objective of becoming significant global actors. South Africa's resource-based industries and technological advancements have enabled top businesses, including MTN and Sasol, to compete on a global scale. For example, Sasol has entered the international energy market by utilising its cutting-edge coal-to-liquids technologies, while MTN has capitalised on the increasing demand for global communications by expanding into a variety of Middle Eastern and African countries.

### Internationalization Opportunities

The capacity of pan-African firms to overcome institutional gaps in the challenging landscape that is characteristic of numerous African countries, as well as the advancements in private-sector development and regional integration, largely account for the expanded internationalisation of African firms. These favourable variables are expected to persist in the near future, which presents an abundance of opportunities for additional internationalisation activities.

Over the past decade, African economies have undergone substantial growth. Africa's growth rate dipped below 3% and ultimately to 1.3% in 2016 due to the recent decline in commodity prices, after reaching its peak of approximately 11.8% in 2004 [3]. It remained at approximately 5% for several years. Growth is expected to reach 3.2% in 2018 and 3.5% in 2019 as commodity markets stabilise and the two regional economic powers emerge from recession [3]. For more than a decade, the African continent has experienced substantial economic growth. Despite the rapid expansion of the private sector in Africa at the firm level, it is doing so from a low base. According to [2], 400 African companies with annual revenue exceeding $1 billion are expanding at a quicker pace and are more profitable than their global counterparts. This growth has resulted in local firms becoming domestic champions and expanding internationally. The prospects for internationalisation are favourable, as South Africa and Nigeria are anticipated to emerge from recession in 2018.

Despite the substantial progress that Africa has made in the economic sector in recent years, many of its economies are still beset by institutional voids and market imperfections, which exacerbate the transaction costs of firms and generate uncertainty ( [6]. Nevertheless, it is imperative to recognise that these institutional voids—including inadequate infrastructure, underdeveloped intermediary markets, limited access to capital markets, and a weak regulatory environment—can be a double-edged weapon. Firms that are incapable of navigating the inherent ambiguity and uncertainties of these markets face a substantial challenge or impediment to conducting business. In contrast, organisations that are capable of adapting to frequent environmental changes and navigating underdeveloped institutions may establish sustainable competitive advantages [7]. Empirical evidence in the African context substantiates this argument [8] conducted a recent study on South African breweries, which are among the most successful multinational enterprises in Africa, to illustrate the importance of "institutional complementarity" in the internationalisation of emerging-market firms. They contend that firms can leverage their experience of operating in institutionally deficient environments by effectively implementing this knowledge when they expand to countries with comparable institutional imperfections, as viewed through an institutional complementarity lens.

## METHODOLOGY

The following sources were employed to analyse the pertinent references that align with the problem statement: Science Direct, Economic Literature (Econlit), Google Scholar, Research Papers in Economics (RePEc), and the mainstream search engine of Google. This systematic review employed secondary data and the following are the foundations of data collection: systematic literature review, document analysis, and database search.

## LITERATURE REVIEW

## INTERNATIONALISATION THEORIES

Internationalisation theory says that economic activity's geographic location is influenced by resources like transportation costs and trade restrictions. In other words, corporations select sites that maximise profitability [7]. Investing in a firm outside of one's own country necessitates specialised expertise [7] in order to make informed decisions. Location relative to a market has been identified as a critical determinant in resource allocation. Location theory provides insights into the demands of communities, countries, and even regions, making them ideal locations for specific companies that may satisfy those requirements.

The three primary theories that have been identified in existing research on internationalisation tactics in emergent countries are the Eclectic (OLI) Model, the Uppsala Model, and the Resource-Based View. The Eclectic Model posits that internationalisation is a consequence of ownership, location [9], and internalisation advantages that some firms possess and exploit more than others. Conversely, the Resource-Based View is based on the premise that close competitors differ substantially and over time in terms of resources and capabilities ( [10]. The eclectic paradigm emphasises the structure of foreign direct investments, while the Uppsala Model [11] emphasises the evolution of multinational enterprises.

Managers should adopt a holistic approach to identify the most relevant location determinant for their organization [12]. Firms locate globally in stages, targeting culturally, geographically, and economically contiguous host nations. Other parameters like population, profitability, and international experience also play a role [13]. The uneven landscape of international locations makes it difficult to apply a single theoretical framework. The Uppsala Model and eclectic model are applicable in this African exploratory context, while the resource-based view facilitates corporate internationalisation [14]

### The Resource-Based View Theory

The resource-based view (RBV) suggests that a firm can achieve a sustainable competitive advantage by effectively managing its resources. This approach, unique to strategic management, focuses on the collection of valuable tangible or intangible resources, giving a firm a competitive advantage, [15]

According to [16] firm resources encompass knowledge, capabilities, attributes, and organizational processes, classified into physical, human, and organizational capital resources, enabling a company to improve and become effective.

[13] research suggests that core competencies, which involve coordinating diverse production skills and integrating technologies, are the key to a firm's competitive advantage. They argue that firms in developed countries benefit from a mature institutional environment, but when expanding to less developed countries, they lose these resources. According to [17] firms from developing nations develop their capabilities by identifying and addressing environmental gaps, which takes time and effort. This results in larger non-market resources than companies from developed nations, allowing them to transfer knowledge gained from operating in less developed conditions abroad.

### Eclectic Paradigm (OLI) Theory

The internationalisation advantage is a central component of this paradigm. The entry mode is positively correlated with the scale of the firm, according to [7] In other words, larger organisations with greater financial resources are capable of bearing the initial expense of internationalisation and will choose to maintain a greater degree of autonomy, such as being wholly owned, rather than establishing partnerships. OLI (Ownership, Location & Internalisation) is the acronym used to describe these firm-specific advantages.

The eclectic paradigm assumes that firms control and coordinate their own resources, while the market mechanism governs the use of other resources [18]. The internationalisation advantage is a central component of this paradigm, with entry mode positively correlated with firm size. The selection of a foreign location depends on firm-specific advantages (FSAs) and country-specific factors like natural resources, market access, and assets. Factors influencing these decisions vary among multinationals, but conducting transactions in foreign countries can have disadvantages, such as government-imposed trade barriers and a lack of understanding of business practices [19]

### The Uppsala Model Theory

The Uppsala Model's primary objective is to examine the evolution of multinational enterprises. The firm is compelled to select markets that are culturally and psychically comparable to its native market as a result of the experience it acquires through internationalisation [12]. This incremental, risk-averse, and reluctant adaptation to changes in a firm or its environment is referred to as the phased development of firm internationalisation [11]. According to [20], multinational corporations are believed to emerge only after a period of domestic maturation and home market saturation. Proponents of a staged approach contend that internationalisation occurs in a series of stages, with each stage necessitating a greater investment of resources.

The Uppsala Model is a framework that explains the development of multinational businesses by integrating entrepreneurship and uncertainty management theories [21]. It emphasizes the sequential nature of internationalisation, starting in adjacent markets before transitioning to more distant environments [22]. The model focuses on the acquisition of new knowledge, ratifying the business model, and increasing commitment decisions. It also considers three dynamic capabilities: opportunity development, internationalisation, and networking [17]

## INTERNATIONALIZATION CHALLENGES

African firms face challenges in internationalization, including global competitiveness, limited management and cross-cultural capabilities, and overcoming African liability.

### Global Competitiveness Challenge

African firms face global competitiveness challenges at national, sectoral, and corporate levels, with infrastructure, skills, regulations, limited economies of scale, and poor service quality contributing to their lack of competitiveness [23]. Internationalization of firms faces challenges due to smallness and newness, as emerging pan-African companies compete against established firms like European companies coming into Africa and other parts of the world. This competition also poses a serious threat to African firms' growth and expansion [24]

### Inadequate Cross-Cultural Capabilities and Management

[25] conducted a study that examined the unsuccessful internationalisation endeavours of three South African companies: Woolworths, Nando's, and Mocality. It implies that the primary contributors were ineffective management, strategy, and organisational issues, rather than external factors. This implies that certain organisations were able to endure and effectively manage external constraints. The export performance of smaller entrepreneurial firms is contingent upon their capacity to convert export-related assets. Nevertheless, the development of these strategic capabilities presents a challenge. Human resource management strategies that are effective are also essential. Leveraging global HR best practices, South African multinationals established a competitive advantage in Ghana. Numerous African organisations are deficient in sophisticated management systems ( [26]. Limited or no international business experience is frequently a component of the internationalisation voyage for African firms, resulting in an overstretched leadership and management bandwidth. According to [27] the development of cross-cultural management capabilities is essential but frequently overlooked, as it has an impact on HR decisions and subsidiary management in the African context.

### Overcoming the Liability of Foreignness

Cultural critics argue that African consumerism and loyalty to foreign goods are reminiscent of colonial times, with Africanness being a liability for internationalizing firms due to historical baggage, complex relationships, stereotypes, and social capital deficits [24]. A recent survey found low interpersonal trust levels in many African countries, with only 24% agreeing with the statement "most people can be trusted." If trust levels were similar to Sweden, the region's GDP per capita would increase by over 120%. More African countries should follow rare examples of corruption perception surveys.

## KEY FACTORS INFLUENCING INTERNATIONALIZATION STRATEGIC CHOICE

### Psychic Distance

[11] defined psychic distance as the collection of factors that obstruct the transmission of information from and to the market. Variations in language, education, business practices, culture, and industrial development are among the many examples. Psychic distance, a substantial factor in internationalisation decisions, can either be advantageous or detrimental to firms. More importantly, the influence of distance on internationalisation processes is contingent upon the environment's obligating, pressuring, and supporting dimensions. These subtleties must be considered in distance studies, as the significance of distinct dimensions may vary among firms [28] Novel enquiries regarding the distance dimension(s) that may have the greatest influence on internationalisation have been initiated as a result of subjective distance perceptions regarding psychic distance. An "distance paradox" was identified by [29], as cited in [17]. This phenomenon is characterised by the potential for managers to inadvertently overlook significant differences as a result of the apparent closeness between a native country and an internationalisation target.

Economic benefit is a critical factor in the decision to internationalise a multinational organisation, despite the organization's internationalisation objectives. Consequently, economic distance frequently serves as the primary factor in such internationalisation decisions.

Wealth and consumer per capita income are key factors affecting distance between countries, determining potential economic benefits. Larger psychic distance leads to higher costs, risk, and lack of control, causing parent companies to reduce ownership models. Closer psychic distance allows emerging market firms to introduce suitable products and services, creating an advantage [30]

### Cultural

Business studies and cultural research have investigated the influence of psychic and cultural distance on the internationalisation of multinational enterprises, demonstrating that managers are inclined to enter new markets that are similar to their own in terms of languages, business systems, norms, and economic development [31] Executives' preferences for selecting specific geographies for internationalisation increase as they identify more similarities between the host and destination countries [17] and multinational corporations with operations in culturally similar developing markets are more likely to succeed [31]. Culture positively impacts performance and strategy, which in turn influences corporate culture. Expatriates facilitate cultural transfer and oversee interests in foreign locations. Foreign experience influences leaders' capabilities and mindset [32]

CEOs are equipped with the mindset, knowledge, and confidence necessary to choose full-control entry modes, which necessitate greater resource commitments and risks, as a result of their international experience and associated learning [33]. Expatriates who are familiar with the norms and values of their destination countries are even more valuable, as they can more readily identify commonalities. The diaspora is a highly valued resource for emerging markets multinational enterprises. In terms of tertiary education, income, technical skills, wealth, global consciousness, and network connectivity, diaspora members are significantly more advanced than their countries of origin [34]. These individuals, who are employed in managerial positions in the host countries of their origin, facilitate business transactions for multinational enterprises in emerging markets by reducing cultural distances.

### Geographic

Internationalising executives often prioritise markets that are psychologically close to their home country over other potential markets that may offer more promising opportunities, as they are confronted with uncertainty regarding various regional and internationalisation opportunities and lack the necessary knowledge and experience to effectively capitalise on them. In addition to investment returns, factors such as close psychic distance are less expensive due to their simplicity and proximity. Relevant information can be easily interpreted, allowing for easy strategy adjustments [17]. [28] discovered that distance dimensions differ at the firm level, and distance consistently has a detrimental effect on a firm's internationalisation.

Consequently, the firm's existence is conceptualised as being fundamentally dependent on its geographical location [35] Emerging market economies are not homogeneous, even within the same geographical location, due to the diverse institutional landscapes [36]. This is further exacerbated by the history of colonialism, particularly in Africa, where the psychic distances between neighbouring countries can be substantial due to the language and boundaries established by colonial ties. [35] conducted a study that posited that Indian businesses' capacity to internationalise in English-speaking countries is improved by their proficiency in the English language. The capacity of South Africans to communicate in English also facilitates the internationalisation of South African enterprises into English-speaking neighbouring countries.

**Institutional**

The convergence of institutions and enterprises is a result of market imperfections. Institutions are instrumental in the reduction of information costs, the facilitation of business transactions and growth, and the establishment of stable market conditions, thereby reducing uncertainty. Companies formulate their business strategies in accordance with the presence or absence of institutions in a specific market [36]. Consequently, the impetus for offshore FDI flows may not be solely due to domestic capital market imperfections, but also to a more favourable institutional environment [35]. Institutional voids or dysfunctional trade policies are obstacles that numerous organisations encounter when they implement an internationalisation strategy [37]. Therefore, the ability to effectively manage institutional idiosyncrasies is a critical resource that is instrumental in the internationalisation strategy of a company [13]. This becomes even more critical when the internationalisation process is implemented in emergent economies, where the institutional landscape is characterised by significant inconsistencies. Emerging market firms can effectively internationalise and compete in specific industries by transferring their institutional relationship-based competitive strengths to analogous markets that still have high government control over resource allocation [36]. An emerging market multinational firm with local government relationships as its primary resource and a market-seeking motive may desire to establish itself in a country for institutional environment-related reasons, as [13] concluded.

**Firm Resources**

The combination of central strategic resources and capabilities results in core competencies, as cited in [13]. The collective learning within the organisation, particularly the coordination of diverse production skills and the integration of multiple streams of technologies, is regarded as core competencies. In general, the research-based view/capability-based view asserts that competitive advantage is acquired through the development and deployment of resources that are unique, valuable, inimitable, and non-substitutable. Firms that operate in developed countries are able to leverage the mature institutional environment, which provides a diverse array of supporting resources, without the need to invest in their development.

## THE STRATEGIC CHOICE

[7] contended that firms establish boundaries to safeguard internal resources and capabilities from unintended spillover, and they seek partner organisations that possess substantial capability to fill gaps. International strategic decisions are multifarious, necessitating that managers identify appealing markets, select appropriate entry mechanisms, determine the timing of the entry, and consider product-service adaptations in the context of diverse market choices and external environmental conditions [31]

In the context of foreign market entrance decisions, [38] notes that two broad issues are crucial: motivation and mode of entry. Motivation pertains to the decision to enter a particular foreign market, specifically whether to capitalise on a firm's existing advantage, enhance an existing one, or foster the development of new capabilities. Conversely, mode of entry pertains to the method by which an organisation determines to access the specified market [38]. The following modalities are included: exporting, licensing, joint ventures, and sole proprietorships. The compatibility between the firm's current protocols and those required to succeed in specific foreign markets is the most critical factor in determining the mode of entry [11]

### Entry mode Types

#### Partnership

The firm may be exposed to political and commercial risks as a result of its lack of familiarity with the foreign environment when internationalisation results in foreign investment. According to [39] internalisation is only possible when firms perceive the advantages of expansion as surpassing the expenses that result from the "liability of foreignness." In essence, distance-reducing commonalities assist firms in maximising a country's potential to internationalise and enabling resource efficiency regarding when to internationalise. In the event that there are substantial psychic distances, the company employs mode of entry strategies to reduce its exposure to potential losses. Partnerships, which are entry modes with reduced levels of control and investment risk, are the consequence of an increased perceived psychic distance as perceived through individual experience [30]. Customising solutions and cultivating relationships with local collaborators are indispensable. [40] assert that success is achieved by leveraging an understanding of local consumers and production factors. Additionally, it has been observed that the tolerance of ambiguity and the effective implementation of distinctive strategies for each market are both advantageous [41]

However, [42] contend that while an in-depth market analysis presents opportunities for success, organisations that intend to enter emerging markets should anticipate challenges. Decentralisation is more probable when decisions are necessitated to be tailored to local requirements [9]. Emergent market firms rely on country-created, experience-based, and relational resources for internationalisation. Selecting an appropriate partner is crucial for local partnerships [13]

#### Ownership

The emergence of new strategic options for multinationals has been facilitated by the expanding reservoir of business capabilities, particularly in larger emerging markets. A multinational enterprise is able to introduce new products and business models that align with the evolving requirements of its customers, thereby generating a series of innovations and maintaining a competitive edge for an extended period, as a result of its ownership advantages [43]. The capacity of these firms to manage investment risks varies based on their ownership advantages. Firms may utilise sole ventures to penetrate markets that are perceived to have high contractual risks once they have enhanced their capacity to develop differentiated products. The long-term success of any foreign investment is considerably impacted by the availability of substantial managerial and financial resources, even in markets with low risks. Multinational corporations establish credibility and rectify deficiencies in their host countries through their institutional expertise and experience [7]. Nevertheless, multinational corporations from developed countries are unable to compete with emerging market companies that have experience in these markets, despite the availability of these critical resources.

Executives from developed markets struggle to operate in institutional voids due to their familiarity with mature institutional infrastructures [40]. Emerging market executives, like Chinese construction companies, benefit from strong home government support, such as financing systems and internationalization improvements. This advantage allows Chinese companies to compete primarily with other Chinese companies.

### Timing Approaches

#### First Mover

When executives focus on any similarities they perceive between their home country and the target country, their preference to enter that country sooner increases [17]. First mover advantages are advantageous to organisations that can effectively navigate the challenging circumstances of emerging economies [44]. These include pre-emptive domination of distribution and communication channels, economic advantages of sales volumes, reputation effects, and being the first participants in new product markets [36]. Companies that effectively reinvent themselves share three characteristics: they maintain a ready supply of talent, renew their capabilities, and monitor the basis of competition in their industry [45].The economic, technological, socio-cultural, legal, and competitive conditions of an emerging market should be taken into account when considering a pioneering strategy, as discovered by [42] in their research. It is imperative that businesses anticipate challenges in order to develop effective strategies for surmounting them, as well as to embrace a long-term perspective and a determination to succeed. Chinese firms benefit from the national "Going out" strategy, supported by government-backed institutions, as they can access African markets with limited budgets [18] However, they face threats like political instability and payment collection issues. South African companies like MTN, Shoprite, and Standard Bank have an advantage due to their understanding of African societies and markets. According to [46] early internationalization can mitigate foreign liability and establish legitimacy, while dynamic evolution of institutions helps multinational corporations engage in commerce and interact.

**Latecomer**

Latecomers are already at a disadvantage when they enter new markets, as they must still acquire knowledge about the regulatory landscapes, competitors, and consumer preferences of the potential host countries. In certain instances, however, being a late mover can offer the opportunity to acquire international knowledge and experience, which can be used to develop new resources and capabilities [47]. These companies achieve this by exploiting niches that are disregarded by the global players and leveraging their status as newcomers to challenge the game's norms. The chosen entry mode should optimise profits and mitigate risks. In their Linkage, Leverage, and Learning (LLL) model, [48] underscored the critical role that global value chains play in facilitating the formation of linkages for latecomer firms in emerging economies. The latecomers leverage these connections to acquire technology, knowledge, and market access, as well as to develop capabilities through sustained and recurrent learning processes. In developing markets where complementary assets are accessible in the host country, latecomer firms also implement "leapfrog" entry modes [7]. In an effort to accelerate the pursuit of international opportunities, latecomer executives of multinational enterprises operating in emerging markets are compelled to engage in risky cross-border mergers and acquisitions or greenfield investments when confronted with internationalisation pressure from the domestic market [49]. Despite the fact that Chinese firms acknowledge their late entry into foreign markets in comparison to multinationals from developed markets, they are distinguished by a lack of strategic resources and elevated investment risks. Consequently, they are more inclined to select mergers and acquisitions (M&A) as the most effective strategy for entering foreign markets in order to acquire the resources they lack at home [50]

In order to enhance their likelihood of success, latecomers implement effective capability development. A latecomer utilises dynamic capabilities, such as adaptive, absorptive, and innovative capabilities, to improve and reconstruct its fundamental capabilities in response to the changing environment [51]. [52]The organization's inherent capacity to create new products and/or markets through innovative strategic orientation, innovative behaviours, and procedures is referred to as innovative capability. multinationals' capacity to acquire external new knowledge and integrate it with their existing internal knowledge to generate new knowledge is referred to as absorptive capability. The capacity to adjust to environmental changes and align internal resources with external demand is known as adaptive capability. Learning and discovery reveal the low-hanging fruit for incrementally improving the current position. Nevertheless, intellectual endeavours result in the emergence of potential blue ocean strategies and inventions.

**Influence of strategic choice on planning and implementation**

Despite the fact that official datasets are inadequate in emerging markets, it is imperative to utilise this unreliable data and maintaining a vigilant approach to quality control. It is especially crucial to possess the capacity to critically evaluate a dataset in relation to recent economic and geopolitical events (Ernst & Young, 2013). In order to validate the reliability of a dataset, it is imperative to employ both a quantitative and qualitative approach. Ernst & Young and other organisations have created toolsets like "Growing Beyond" to address Africa's data deficits and generate practical data. It is significantly more complex to map strategic decisions against payoffs than tactic mapping, as the creator must assess the impact of each business model modification on strategy, as the ultimate payoffs are always determined by strategic interactions [53]. Executives must engage managers in the strategy development process, account for competitor reactions to the strategy, and align organisational design and capabilities with the strategy in order to successfully execute it [54]

Challenges arise when multinationals enter emerging markets through acquisition of local operations or dealing with suppliers that do not meet global standards. Ethical conduct, good corporate governance, and development are essential for companies to succeed. Good governance allows companies to acquire an invaluable reputation and protect stakeholder interests [54]. To achieve the overarching objective of entering new markets, strategic recalibration and reconsideration of strategy rollout are necessary.

Managers should test key strategic assumptions before implementing strategies, often through market research or piloting. Switching strategies can lead to costs and risks, potentially influencing multinational entities to consider alternative strategies [55]. It's crucial for companies to retain their core business propositions and avoid radical changes, as they can lose global scale and branding. High-performance companies focus on the edges, shake up at the top, and maintain surplus talent, ensuring the capabilities of the top team match the firm's organizational needs.

## FINDINGS AND DISCUSSION

### Ownership-Based Model

All things being equal, cross border companies desire complete control in order to mitigate the risk of information asymmetry. Rather than licensing their knowledge to independent local producers, these firms utilise this knowledge in their own production facilities to gain a competitive edge [50]. South African companies typically initiate internationalisation in neighbouring countries due to the ease of resource transportation and the minimal psychic distances. In psychically distant locations, English-speaking markets are the most straightforward to traverse. However, growth markets offer a substantial economic opportunity for companies that invest in FDI with a controlling stake. Regrettably, these markets, including Kenya, Nigeria, and Ghana, are susceptible to both domestic and international competitors, which results in an increase in competition. A typical local executive in growth markets would not accept the notion that a European or a South African would possess and execute knowledge and skills that surpass those of locals. The necessity of local managers is rooted in their ability to adapt to the local context and gain a comprehensive understanding of the global operations. Global leaders must possess a strong affinity for people in order to comprehend the process of decision-making. They must be capable of listening, observing, and interpreting information, as well as making inferences in a respectful manner [56]. Having such sensitivities is even more crucial on the continent due to the vast diversity of cultures and religions. The operational processes of the subsidiary are directly influenced by the parent company.

Some parent companies faces challenges when using a single technology platform or group services, leading to redundant systems and slowing integration [57]. Early identification of operational gaps is crucial for resource deployment. Standardization and integration facilitate the transfer of organizational competencies across borders. Coordination of management procedures is essential for smooth transfer of firm-specific advantages. Parent company exerts influence through integrated international human resource strategies.

### Partnership-Based Model

The partnership model is appealing to companies that are convinced that their understanding of the continent is limited and would prefer to have locals manage the business. Although this may seem to be significantly simpler than the ownership-based model, it has its own set of obstacles. Consequently, companies must conduct a comprehensive due diligence process prior to implementing this strategy. In numerous African countries, the extensive array of solutions and business models that South African companies offer in South Africa may not be viable due to the fact that the majority of markets on the continent are entry-level. Nevertheless, South African companies are unable to establish their own operations in other countries unless they are willing to invest a substantial quantity of financial resources to transform the target market's landscape. It is safer to enter a market with reasonable quality products at a low price in order to mitigate the risk of a lack of local knowledge [36], particularly if it is challenging to determine the prospective market size. It is also a challenge in countries where a specific product has not yet been introduced, as the potential market for that product is not explicitly understood. The markets that exhibit substantial market potential and some level of activity present the greatest opportunity for companies to succeed. In such markets, it is business suicide for a foreigner to engage blindly. As a result, South African companies are most effectively able to monetise on business opportunities by collaborating with a local partner who is well-versed in the local markets and has connections to key stakeholders [58]

Partnerships based on similar values and business objectives empower local partners to run businesses, while South African partners provide expertise [35]. Starting with neighbouring countries helps test market potential. English-speaking markets are ideal for expanding further, and locals prefer local brands. Identifying the most suitable partner is crucial for successful business growth.

### Discussion Conclusion

Although South African businesses possess substantial assets, the literature has not explicitly addressed the nonmarket capabilities that they develop when adapting their operations to local market conditions [50]. The ownership model is employed by companies to mitigate the liability of foreignness by acquiring local businesses with ethical leadership, whereas the partnership model is employed by companies to identify partners who share similar values. In order to capitalise on the continent's potential, authorities must be resolute and dedicated to its economic advancement. Successful leaders possess the capacity to adhere to the company's values while working within the country's culture, thereby gaining the respect of regulators and clients [59]

### Further Research

As emerging economies expand, multinational corporations from emerging markets are anticipated to exert a substantial influence on the global economy. Research on South African enterprises is valuable due to the scarcity of studies that have examined the impact of strategic choice, firm resources, and psychic distance on internationalisation strategies [59]

## CONCLUSION

South African companies' expansion strategies into the African region are complex and influenced by market and context-specific factors. Successful expansions are based on strategic frameworks, local partnerships, and adaptability to regional diversities. Companies with long-term investments, understanding of local consumer behavior, regulatory environments, and cultural nuances tend to outperform competitors. South Africa's role as an economic hub remains central to these strategies.

## ACKNOWLEDGEMENTS & DECLARATIONS

This work was self-funded by the author. No external funding or support received

## CONFLICT OF INTERESTS

The authors have no pertinent financial or non-financial interests to disclose.

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DOI: https://doi.org/10.15379/ijmst.v12i1.3844