The internationalisation of South African retailers in Africa

Kathryn van Dongen

Student number: 14445582

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

09 November 2015

ABSTRACT

African markets are complex environments for foreign multinationals. The continent, which has recently attracted significant attention for its rich potential and growth prospects, presents a multitude of challenges for the South African retailers that have led retail expansion across the continent. This study seeks to gain a deeper understanding of the challenges experienced by these firms in expanding into other African markets, and how they have managed and nurtured this process.

A qualitative research approach was used to investigate the experiences of senior decision makers, with insights from industry experts, in the expansion of firms into culturally and contextually diverse African markets. Ten in-depth interviews were conducted and extensive secondary data was analysed to build on constructs identified in existing literature, and used to identify new constructs in exploring the capabilities and expansion patterns of South African retailers operating in other African markets.

This study confirmed that South African retailers have developed a variety of capabilities suitable for operating in African markets. The research further confirmed that these firms use SA Inc. as a country specific advantage in their expansion, and leverage their inter-firm networks to gain a better understanding of African markets and their consumers. The combined results from the research findings are summarised graphically to develop two strategic options for international retailers choosing to enter African markets. The study essentially provides a deeper understanding of formal retail in Africa, how South African firms have been leaders in this sector outside their home market, and how other international retailers might leverage this new knowledge.

KEYWORDS

Retail, Internationalisation, African markets, Institutional voids and SA Inc.

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

_____

Kathryn van Dongen

09 November 2015

TABLE OF CONTENTS

ABBREVIATIONS

AFS:	Annual Financial Statements
CSA:	Country Specific Advantage
CRM:	Customer Relationship Management
CEO:	Chief Executive Officer
EMNC:	Emerging Market Multinational Company
FDI:	Foreign Direct Investment
FSA:	Firm Specific Advantage
IB:	International Business
JSE:	Johannesburg Stock Exchange
LSM:	Living Standards Measure
MNC:	Multinational Company
NPAT:	Net Profit After Tax
PWC:	PriceWaterhouseCoopers
Rm:	Rand millions
SADC:	Southern African Development Community
UNICEF:	United Nations Children's Fund
UNCTAD:	United Nations Conference on Trade and Development
UNESCO:	United Nations Educational Scientific and Cultural Organisation

LIST OF FIGURES

LIST OF TABLES

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Background to the research problem

Over the past decade, Africa has become a major economic growth pole of the global economy (Vickers, 2013). The compelling "Africa Rising" narrative, which has been the subject of international attention in recent years, is underpinned by the continent's impressive economic growth, which has outstripped the global average by more than 2% year on year since 2000 (UNCTAD, 2014a). Furthermore, according to some studies, Africa boasts the fastest growing middle class in the world, which is expected to increase from the current estimate of 120 million to 1.1 billion people by 2060 (UNCTAD, 2014b) at a time when advances in technology and innovation such as the internet and mobile phones are proliferating across the continent (Moriarty et al., 2014). With Africa's true potential entrenched in its more than 900 million consumers (Mahajan, 2011), the continent offers significant growth prospects for South African retailers. Despite such exciting growth prospects, these retailers are facing daunting business challenges in considering how best to leverage this opportunity in the face of contextual complexity and rising competition.

Studies about the drivers of African firm effectiveness are disparate and limited at best (Zoogah, Peng & Waldu, 2015). This research therefore aims to contribute to an understanding of the effectiveness of South African retailers in their internationalisation in Africa by analysing their internationalisation patterns across the continent, and by examining how they are overcoming the multitude of contextual business challenges associated with African expansion.

Between 1999 and 2008, emerging market multinationals (EMNEs) grew twice as fast as those domiciled in advanced economies (Atsmon, Kloss & Smit, 2012). In 2013, developing and transition economies comprised 39 per cent of global Foreign Direct Investment (FDI) outflows, compared with only 12 per cent in 2000 (UNCTAD, 2014b). This rapid growth of EMNEs and their internationalisation has fuelled debate about whether existing international business (IB) models and frameworks are adequate predicators of EMNE strategies and their internationalisation patterns (Cuervo-Cazurra, 2012; Demirbag & Yaprak 2015; Hennart, 2012; Madhok & Keyhani, 2012; Ramamurti, 2012).

The debate is particularly relevant in the African context. Such a magnet of opportunity can obscure strategic calculations of what resources and competencies are required to succeed (Andrews, 1987), especially as the African business landscape is a culturally diverse and challenging one, characterised by small illiquid markets with little financial infrastructure and regional trade barriers (Agbloyor, Abor, Adjasi & Yawson, 2013; Games, 2012; Lischewski & Voronkova, 2012), institutional voids and decaying infrastructure (Deng, 2012; Khanna & Palepu, 2013; Lamin & Livanis, 2013; Wang, Luo, Lu, Sun, & Maksimov, 2013).

Such caveats in the Africa rising narrative are compounded by evidence that strong economic growth over the past decade may not be representative of inclusive growth, as highlighted by a 2013 Afrobarometer study finding that more than half of the Africans surveyed believed their economic conditions had worsened over that year (Hofmeyr, 2013). Further, the continent's noteworthy economic growth is being derived from a relatively low base, with the sub-Saharan African region's average GDP per capita remaining low, at about $1,400, which is roughly one-seventh of China's per capita GDP and roughly one-third of India's (Moriarty et al., 2014). Low average regional GDP per capita underpins high poverty levels as about 60% of Africa's population still survives on less than US$2 per day, whilst 70% of the Southern African population, and 75% of the Eastern and Western African populations respectively, survive on the same (UNICEF, 2014). Small market size and a constrained consumer base in most African countries present a challenge to South African retailers that must leverage their own capabilities in expanding into those markets, as the capabilities of multinational companies (MNCs) expanding into foreign markets are most efficiently exploited in host countries with larger market sizes (Hennart, 2012; Rugman, 2010).

Urbanisation is accelerating across the continent. City dwellers now comprise 40% of the population compared to just 27% in 1980 (UNICEF, 2014). UNICEF (2014) forecasts that Africa will not remain a rural continent over the longer term, with more than half of the population expected to live in urban, rather than rural, areas by the late 2030s. In conjunction with rapid urbanisation, the continent is undergoing a demographic shift at a rate considered unprecedented in human history, as rapid population growth is expected to result in almost half of the world's children being African by 2100 (UNICEF, 2014). As a result of its demographic circumstance, Africa is becoming increasingly central to the global growth agenda. Multinationals expanding across the continent currently face host country contextual variables that are dynamic and unpredictable. The high uncertainty of African market contexts (Zoogah, Peng & Waldu, 2015) makes it difficult for senior

decision makers in multinationals to plan expansion across, and operations within, African host environments.

At a market level, accurate, timely market information with valuable content is difficult to come by across the various fragmented and less structured African markets (Dakora, Bytheway & Slabbert, 2014). At a consumer level, there has historically been a dearth of information and research about African consumers, especially with regard to their needs, behaviours and attitudes (Russo, Sun-Basorun & Van Wamelen, 2012). As South African retailers have led retail internationalisation on the African continent (Dakora et al., 2010, 2014), how managers of these firms gain an understanding of both the market environments and the diverse and scarcely studied consumer behaviour within different African markets (Russo et al., 2012) requires research focus.

A further element of complexity in the opportunity for African retail expansion is the nature of retail competition in those markets. As informal trade still accounts for about 90% of the continent's retail sector (Moriarty et al., 2014), South African retailers may be required to play a complex and leading role in formalising these markets as they expand into them. This investment context may therefore result in slow firm growth and require very long-term horizons to realise a return on investment.

By virtue of their market of origin in an emerging market, South African retailers may have developed capabilities in dealing with the types of host market challenges encompassed in African markets. In fact, operating in an emerging market may make South African firm managers (as EMNE managers) more resilient (Aharoni, 2014), and drive high organisational political capabilities and adaptability, where such firm specific advantages (FSAs) serve as an advantage when competing both in other emerging markets (Wang et al, 2013) and against more established MNEs in developed markets (Cuervo-Cazurra, 2012). For example, these capabilities may include the types and levels of partnerships they develop with host country stakeholders and their use of networking to lower the risks of entering new markets (Dakora & Bytheway, 2014; Dakora et al., 2014; Dawson & Mukoyama, 2013; Elsner, 2013; Eren-Erdogmus, Cobanoglu, Yalcin, & Ghauri, 2010).

South African multinational retailers are domiciled in a country with an economic environment informed by the legacies of apartheid, where economic isolation gave rise to highly concentrated firms across various industries (Aaron, 2011). Their origins in South Africa, with its particular political and economic history, and its virtue of being the most developed country on the continent, may provide them with home country specific advantages (CSAs) (Rugman, 2010) in their expansion into African markets. Further

3

understanding is required of the CSAs that have supported the internationalisation of South African firms as this expansion remains unmatched by any other African state (Verhoef, 2011).

1.2   Research scope

This research is limited to South African retailers listed on the Johannesburg Stock Exchange (JSE), which have undergone internationalisation into a variety of African markets. Therefore, the scope includes only retailers with operations in two or more non-SADC African countries. The nature of the research is exploratory. It uses data gathered from various sources including senior decision makers representing the sample of five retailers selected for study, as well as leading South African retail industry experts and senior decision makers from retail support industries as relevant to the study. Publically available data in the form of published annual financial statements (AFS) and official company websites have also been utilised.

1.3   Research objectives

African markets as business environments are both complex and dynamic. South African retailers have led the internationalisation of this sector across the continent within these challenging environments (Dakora et al., 2010, 2014). There is ongoing debate as to whether existing international business theories adequately explain this outcome and there is a lack of research on African multinationals in general (Zoogah et al., 2015).

The juncture of this economic context, and this real world and theoretical problem, gives rise to the need for a better understanding of the internationalisation of South African retailers in their pursuit of opportunities in African markets, drawing on their experiences and instructive lessons in this rapidly changing continent.

This study therefore explores the internationalisation patterns of South African retailers in Africa. It provides further understanding of the challenges faced by South African retailers in expanding into African markets and how they are addressing these; how South African retail managers are accessing and using information to understand the different African markets; how they are building relationships with African host country

stakeholders; and whether they are able to leverage firm or country specific advantages in their internationalisation, derived from the nature of their South African origin.

Owing to the nature of African business contexts, it is unlikely that a single all-encompassing theory can explain the internationalisation of firms, broadly, in this context. This research therefore explores how the internationalisation of South African retailers in Africa disrupts or adds to the existing international business theory debate.

5

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter comprises five main sections which together cover academic literature most pertinent to this research study. The literature review begins by discussing the context of African markets as host business environments for multinational firms. As host environments, African markets present a myriad challenges to firms internationalising into those markets, including small market sizes, retail sector immaturity, institutional voids, a lack of infrastructure, and information voids, among others. Secondly, established internationalisation theories and retail operating models are considered, followed by the types and importance of stakeholder relationships in African host country environments. Finally the characteristics and intent of South African retailers internationalising into African markets are discussed.

2.2 African countries as host country business environments

A vibrant debate exists about how (if at all) existing IB models and frameworks adequately explain the emerging pattern of internationalisation by EMNEs (Cuervo-Cazurra, 2012; Demirbag & Yaprak 2015; Hennart 2012; Luo & Tung 2007; Madhok & Keyhani 2012; Ramamurti, 2012). Views are largely focused on how the different characteristics of EMNEs contrast with MNEs as a consequence of their countries of origin, and how this affects their internationalisation patterns (Contractor, 2013; Rugman, 2010). Deng and Yang (2014) argued that while firm characteristics and country of origin are clearly important to internationalisation strategy, an understanding of host country contextual variables and their impact on internationalisation patterns is also critical.

African markets present particular challenges as host environments for multinational firms because they are relatively unexplored, are typically small illiquid markets with little financial infrastructure (Agbloyor et al., 2013; Games, 2012; Lischewski & Voronkova, 2012), regional trade barriers, decaying physical infrastructure (Games, 2015; Hamilton & Webster, 2015; Khanna & Palepu, 2013), and, as emerging market economies, are characterised by institutional voids (Deng, 2012; Khanna & Palepu, 2013; Lamin & Livanis, 2013 Luiz & Stewart, 2014; Wang et al., 2013). Furthermore, African markets present dynamic contextual host market variables in terms of rapid urbanisation and

accelerating population growth, increasing the complexity for any retailer attempting to understand those markets and operate within them. The largely informal nature of retail in African markets (Moriarty et al., 2014) acts as a drag on the speed with which South African retailers can expand into those markets as shopping malls and related infrastructure must be built before stores can be opened. This contextual element extends the time frame over which returns on retail investment into those markets can be realised and forces competition in the space to be longer term in nature. This research therefore contributes to the existing body of knowledge and literature on the subject by assessing how the characteristics of South African retailers, and their expansion within the African business context in particular, adds to the growing body of knowledge and existing debate.

2.2.1 Market size and retail sector maturity

The African continent's average economic growth rate has outstripped the global average by more than 2% since 2000 (UNCTAD, 2014a). However, rapid economic growth is coming off a relatively low base, with poverty still rampant across the continent. This is highlighted by the stark statistic that about 60% of Africa's population survives on less than US$2 per day (UNICEF, 2014). South African retailers internationalising into the continent are therefore presented with a complex opportunity. The African markets into which they are expanding are home to the world's fastest rising middle class (UNCTAD, 2014b), coupled with some of the world's poorest neighbourhoods and fastest growing populations (UNICEF, 2014). Host country market size is an important consideration for multinationals expanding into those spaces as their capabilities are most efficiently exploited in host countries with larger market sizes (Hennart, 2012; Rugman, 2010).

A further element of complexity in their opportunity is the nature of retail competition in African markets. Informal trade remains dominant, accounting for about 90% of the continent's retail sector (Moriarty et al., 2014). This form of retail is dominated by large markets, street traders, kiosks, lock-up garage-type outlets, and Asian imports sold at the roadside (Games, 2015; Moriarty et al., 2014). Western style shopping complexes, representing formal retail penetration, amount to more than 70% of South Africa's retail trade. This is not the case in other parts of Africa. Only 5% of Nigeria's retail sector (Games, 2015) and less than 1% of the retail sectors of East African nations Rwanda, Tanzania, and Ethiopia are formal (Moriarty et al., 2014). South African retailers may

therefore be required to play a role in formalising these markets as they expand into them. This research is therefore required to gain insight into how South African retailers are addressing the concurrent opportunity and challenge of limited formal competition in African markets, where competition is limited because no formal retail competitors have successfully entered those markets before. This absence of formal competition is evidence of limited formal retail supporting infrastructure and lack of a formal retail mind set in other African markets.

Moriarty et al. (2015) analysed African country retail value propositions, split into three stages depending on the level of retail formalisation in the market, as depicted in Figure 1 below. This analysis further confirms differences in the levels of retail formalisation across a selection of African countries, and supports the view that African countries may demonstrate differences in the retail offerings most suitable to their markets as a host environment for South African retailers.

Figure 1: African retail value proposition "stages" (Moriarty et al., 2015, p.3)
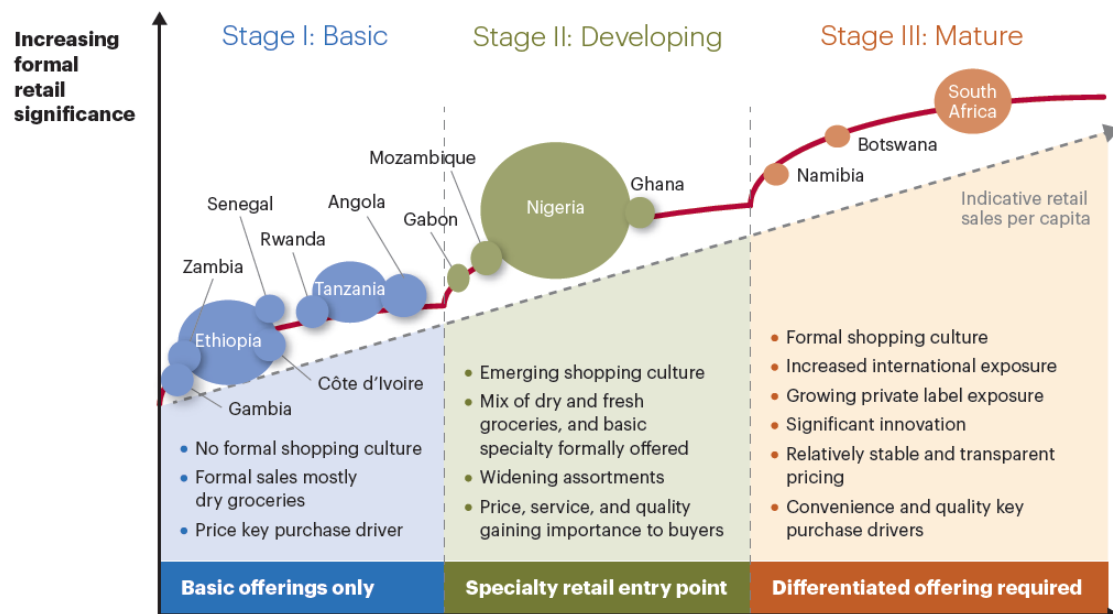
2.2.2 Institutional voids

The business contexts of African markets are characterised by institutional voids, with weak judicial systems, poor contract enforcing mechanisms and regulatory systems, and an absence of specialised intermediaries (Deng, 2012; Khanna & Palepu, 2013). These markets are further prone to political instability, red tape, corruption, political interference and discretionary law enforcement (Wang et al., 2013).

Institutions create the "rules of the game" (Zoogah et al., 2015, p. 13) for players operating within any market. A dearth of properly functioning institutions creates institutional voids, which increases the information asymmetries between domestic operators and foreign investors (Santangelo & Meyer, 2011). Therefore foreign entrants to African markets are likely to face increased "liability of foreignness" (Lamin & Livanis, 2013, p.580), defined as "costs arising from the unfamiliarity of the environment, from cultural, political, and economic differences, and from the need for coordination across geographic distance, among other factors" (Zaheer, 1995, p.341).

Knowledge of a foreign market decreases uncertainty for new entrants, minimising misunderstandings and risks. Therefore, locational decisions are often determined by decision makers' ability to access locally relevant information (Lamin & Livanis, 2013). However, this locally relevant information is difficult to access in African markets as market information sources are often absent or unreliable (Khanna & Palepu, 2013).

The functionality of institutions within the region is changing. In the World Bank's Doing Business Report for 2015, sub-Saharan African economies were highlighted as having implemented the largest number of regulatory reforms aimed at reducing the cost and complexity of regulatory processes and at strengthening legal institutions in 2013 to 2014 (World Bank, 2014). Firms operating within African markets are therefore faced with both a lack of institutional functionality and rapidly changing rules of the game, adding to the complexity of following operating norms formed at home and growing capabilities through experience and learning in those contexts.

Business environments characterised by underdeveloped institutions are prone to corruption (Wang et al., 2013) and, as a result, African institutional environments have been plagued by graft over the past decade (Asongu, 2012; Zoogah et al., 2015). Cuervo-Cazurra and Genc (2008) found EMNEs to be prevalent among the largest foreign firms present in the least developed countries, especially those with high levels of corruption and poor quality regulation. EMNEs and South African multinational retailers

relevant to this study may therefore be more suited to operating in difficult African trading environments than western multinationals, as they are arguably more used to operating in similar contexts which are subject to problematic governance and operational conditions (Cuervo-Cazurra & Genc, 2008).

This research is therefore required to determine how well suited South African retailers are to operating in market contexts characterised by institutional voids. Given the radical contrast between the institutional environment of African countries and developed markets (Zoogah et al., 2015), and that the effectiveness of firms depends on the institutional environment in which they operate, further research on firms operating in African markets may be particularly insightful in developing new institutional theory (Zoogah et al., 2015).

2.2.3 Lack of infrastructure

The state of infrastructure across the continent, including poor road and rail networks, is a significant constraint to African countries being able to realise their economic growth potential (UNCTAD, 2015). These infrastructure deficits present a major challenge for international retailers as it increases the time to transport consumer goods within and across the region, especially into landlocked countries, and pushes up costs (Games, 2015). This is hampering intra-regional trade (EY, 2014), resulting in slow growth of the retail sector on the continent relative to its potential, and presenting a significant challenge for companies pursuing pan-African strategies (Games, 2015).

Although retail in the rest of Africa (outside of South Africa) is dominated by the informal sector, there has been a rise in the development of shopping malls in African cities, which have historically seen very little of this type of formal retail (Games, 2015; Moriarty et al.). For example, Nigeria, with Africa's largest population of about 179 million people (Trading Economics, 2015a), had fewer than ten shopping malls in 2012 (Moriarty et al., 2014) compared to almost 1 800 in South Africa (Prinsloo, 2013), with its population of 54 million (Trading Economics, 2015b). Shopping malls can be a challenge to develop as commercial property developers are often also required to build supporting infrastructure such as power, water and sewerage connections, which are usually the responsibility of local government in more developed countries (Games, 2015; Khanna & Palepu, 2013).

Inadequate and missing infrastructure affects the full suite of operating activities undertaken by retailers, from finding appropriate spaces in which to open stores, to transporting their goods from source to the end consumer throughout the supply chain. This research explores how South African retailers are addressing infrastructural challenges which are, at first, not obvious areas of bottom-line retail business, but are a crucial part of the contextual environment and pertinent to expansion across the African continent.

2.2.4 Information voids

Market level information

Accurate, timely market information with valuable content is difficult to come by across the various fragmented and less structured African markets (Dakora et al., 2014), whilst statistics on African economies are widely considered to be inaccurate (Jerven, 2011). Available data regarding income and growth estimates of sub-Saharan African economies is considered to be particularly unreliable (Jerven, 2011).

Such market level information is not only widely inaccessible and unreliable, but can also be difficult to interpret and understand owing to its dynamic nature. African firms report regulatory and policy uncertainty as a significant obstacle to their growth owing to resultant regulatory burdens and costs of compliance, amongst other impacts (Hallward-Driemeier, Khun-Jush, & Pritchett, 2010). Such information voids add to the complexity of retail firm expansion into dynamic and largely informal African markets as such information is pertinent to retailers seeking to understand and operate within those markets.

Consumer level information

There has historically been a sheer lack of information and research about African consumers, especially with regard to their needs, behaviours and attitudes (Russo et al., 2012). However, developing a profound understanding of consumer segments as well as customer requirements and demand patterns is hugely important to retailers expanding into African countries for whom understanding the consumers they serve is a core consideration of their investments (Davis & Hodgson, 2010).

11

Addressing information voids

Collecting information that is relevant to expansion into a new country is important to multinationals as it informs their ability to assess risks in the host market and learn gradually through experimentation and, in so doing, collect and build knowledge of that market (Buckley, 2014). In a study of South African retailers that have led retail internationalisation into African markets, Dakora et al. (2014) found that South African retail managers place high importance on understanding the different markets and demonstrate self-efficacy in their ability to do so. This research is therefore needed to better understand how South African retail managers access and use information to understand complex and diverse African markets.

2.3 Internationalisation patterns and retail operating models

2.3.1 Internationalisation patterns

Established internationalisation theory

Frank Braeken, Unilever's former Executive Vice President for Africa, insists that the continent of Africa should no longer be referred to as a single entity or as one market. The countries within the African region should be viewed as different entities each with their own set of challenges and unique characteristics. He stated in an interview with EY: "Whilst every presentation about Africa starts with the statement that it is impossible to talk about Africa in general, the next thing we do is exactly that…. Let's put a halt to speeches and panels that talk about Africa, but instead drive a focus on specific countries, regions and issues." (EY, 2014, p. 36).

Africa consists of 54 countries (Dakora & Bytheway, 2014). With about 1,400 local languages (UNESCO, 2012) and more than 1,000 ethnic groups, it is the most ethnically diverse continent on the globe (Zoogah et al., 2015). Characteristic heterogeneity and diversity of countries on the continent highlights that historical IB literature, with its focus on regional versus global internationalisation, does not adequately explain the decisions of South African retailers expanding into regional markets.

For example, a dominant theory in IB literature, the three stage incremental internationalisation paradigm, broadly known as the Uppsala paradigm and introduced by Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977), is underpinned by the assumption that multinationals first expand into their surrounding

region and then into regions further afield to minimize risk. Managers first choose countries that are close in psychic distance (where psychic distance is measure of perceived differences in culture, language, education, religion, proximity and economic and administrative aspects) to their home country because they can apply their knowledge there more easily. Once they have learnt to act in psychically close markets, they can leverage their experience and internationalisation know-how to expand into markets that are further away.

However, recently multinationals have challenged this model by, for example, being "born global" (Aharoni, 2014, p.381), or by choosing to expand into countries with high market attractiveness (such as those with high numbers of consumers) and high psychic distance (with perceived dissimilar institutions and consumer characteristics) and later moving into other countries with lower market attractiveness and lower psychic distance (Cuervo-Cazurra, 2012). Spanish retailer Zara is an example of a retailer that caused a psychic distance paradox through its early success in distant markets (Bhardwaj, Eickman & Runyan, 2011).

Cyrino, Barcellos and Tanure (2010) found that Brazilian companies most frequently chose other Latin-American countries for their first international expansion but some companies chose divergent trajectories by first entering more psychically and geographically distant markets. The divergent companies shared the structural features of specific sectors in which the importance of psychic distance is considered smaller for economic transactions. In contrast, psychic distance is arguably highly important for retail sector transactions as retail customers experience the goods directly (Burt & Sparks, 2002) and, therefore, retailers' understanding of the cultural dimensions that influence customer buying behaviour is pertinent (Jonsson & Elg, 2006) no matter how geographically distant the retailer's customers are from its home base. The importance of psychic distance to retail internationalisation supports the need for further research on internationalisation in this sector at a host country, rather than regional, level, and whether this follows or diverges from existing international expansion models.

South African retailers such as Massmart and Truworths expanded into Nigeria before expanding into the geographically closer, and less culturally diverse, country of Malawi (Fearon, 2003), which is also a member of the Southern African Development Community (SADC), an organisation that embodies regional trade integration between member countries (Massmart Holdings Limited, 2005; SADC, n.d.; Truworths, 2014). The higher market attractiveness of Nigeria is likely to have had a greater influence on this expansion decision than its lower psychic distance. The cultural diversity within

Africa clearly challenges the incremental internationalisation paradigm premise that countries within a region are close in psychic distance, as two neighbouring countries may have less in common in terms of their culture or consumer characteristics than those on opposite sides of the continent. Internationalisation strategies therefore need to seek market commonalities rather than proximity (Yellowwood, 2015).

Functional magnetism and its impact on internationalisation

African retail markets remain highly fragmented (Dakora et al., 2014) and most countries retain informal retail systems (Dakora & Bytheway, 2014). The development of shopping malls across the continent has been led by the expansion of South African retailers coupled with the availability of South African capital for commercial property development (Games, 2015). These shopping malls are being rolled out where few, if any, existed before (Wood, 2015).

As the sector formalises, retailers are agglomerating in the new shopping malls where large anchor stores act as magnets to other retailers serving similar functions, in a process known as "functional magnetism" (Putnam, Taylor & Kettle, 2014, p.104). In this way, retailers assume both symbiotic and antagonistic roles as they agglomerate in malls as competitors (Oppewal & Holyoake, 2004).

The agglomeration or co-location of South African retailers, not only in mall developments but also in specific African countries, may present opportunities for these firms to create relationships and to share locally relevant information or knowledge (Lamin & Livanis, 2013). Based on these types of relationships, South African retailers may choose their African country locational decisions by expanding first to markets where other South African retailers have a presence, as a way to compensate for their unfamiliarity with those foreign markets and, therefore, mitigate their liability of foreignness (Lamin & Livanis, 2013). The level to which such inter-firm relationships exist and are being leveraged by South African retailers requires further study.

Market entry-timing and first mover advantage

While earlier literature on market entry -timing focused on how first mover firms protect themselves from imitation and competition, and on the capabilities that enable a firm to exploit first mover advantage, more recent literature has focused on the contextual conditions of the host country environment that support or disable the effects of first mover advantage (Fosfuri, Lanzolla & Suarez, 2013). In line with this shift in focus

14

towards host country contextual variables and their impact on market entry, Steven and Dykes (2013) found that together with a firm's home country cultural attributes, the host country's cultural and political environment play an important role in determining the timing of firm entry into that host market. Such host country contextual factors are therefore important to firm internationalisation patterns in politically and culturally diverse African markets.

In expanding into a wide array of African markets, Shoprite has been very successful in seizing first mover advantage and building brand loyalty (Wood, 2015). However, the interplay between its market entry timing, host country contextual variables and the market entry timing of other South African retailers entering the same markets has not been researched. Therefore, the timing of market entry into the various African host contexts by South African retailers and how such firms' actions have made an impact on one another requires further study.

2.3.2 Retail operating models

Modes of organising

Retail internationalisation studies have historically focussed on western MNE retailers expanding into developed countries, however, given that business practices tend to vary across diverse cultures (Hofstede, 1980), EMNE retailers may demonstrate some interesting and distinctive modes of organising their foreign operations, and of building local legitimacy in African host countries (Storey & Nyathi, 2015).

There is ongoing debate about how cultural differences between the home and host countries inform a multinational firm's preferred level of control over its foreign operations (Gollnhofer & Turkina, 2015). In accordance with the argument made by Cuervo-Cazurra (2012), South African retailers might prefer a high level of control over their African operations as they originated in an emerging economy and, therefore, have a higher tendency to protect their resources and knowledge and rely less on institutions for protection. A different argument proposed that greater differences in psychic distance between the home and host country increase the perceived risk of operating in the host country and, therefore, South African retailers might prefer more flexible control mechanisms which provide a lower level of control, such as franchises, to increase flexibility and ability to exit those markets more quickly (Gollnhofer & Turkina, 2015).

Dakora and Bytheway (2014) proposed that the historical pattern of South African retail expansion across the continent has, to date, predominantly been achieved through corporate owned stores, rather than through franchises requiring host country local partners. In contrast to the above arguments, this pattern might not have been driven by a preference for increased control and might, instead, have been driven by a lack of suitably experienced host country local partners (Dakora & Bytheway, 2014), as a result of a non-existent history of formal retail in those markets (Wood, 2015).

Localisation in African markets

A major decision facing multinational firms entering new markets is the degree to which to tailor their goods and services for the host country environment (Gollnhofer & Turkina, 2015). Despite the importance of this decision, retail internationalisation literature has focused instead on globalisation strategies as pursued by large multinational retailers such as Walmart, Carrefour and Tesco, and their ability to deliver standardised retail offerings across different countries, rather than adapting or localising them to local host country environments (Coca-Stefaniak, Parker & Rees, 2010). African markets present diverse and complex institutional and cultural requirements to multinational retailers entering them. Therefore, expanding into these markets may imply greater costs in terms of adapting products and processes to the local environment, resulting in increased liability of foreignness for them (Gaur, Sarathy & Kumar, 2011).

Conclusion to retail operating models

Whether EMNEs are structuring and controlling their foreign operations in a manner that is distinct from that of traditional MNE internationalisation patterns is not well understood. Factors influencing the choice of operating models for foreign retailers such as franchises or corporate owned stores, the types and levels of partnerships with local stakeholders chosen, networking strategies in foreign operations, and level of the localisation versus standardisation used in entering these markets, requires further research focus (Dakora & Bytheway, 2014; Dakora et al., 2014; Dawson & Mukoyama, 2013; Elsner, 2013; Eren-Erdogmus et al., 2010).

16

2.4   Stakeholder relationships

International retailers are known to be agents of change in their host markets, rather than simply passive respondents to those markets (Burt, Johansson & Dawson, 2015). For example, Chidozie, Peter and Akande (2014) found that the intensification of formal retail in Nigeria is affecting traditional informal economic transactions and patterns of trading in the country, for example by diverting shoppers from traditional open air markets, which are a high source of employment of informal labour, to more formal environments. Such changes caused by the entry of powerful new international retailers into host markets can result in tensions between international retailers and traditional host market incumbents owing to intensified competition for market share, particularly for foodstuffs (Crush & Frayne, 2011). The losers in this regard tend to be local producers and small local agents (Dakora, 2012).

Retailers expanding into Africa face the challenge of balancing the sharing of value created with host country stakeholders with extracting value and profits from those markets (Chidozie et al. 2014; Yellowwood, 2015). South African retail business leaders are apparently aware of this challenge as highlighted by Pick 'n Pay's Chair, Gareth Ackerman: "We need to ensure that value creation is shared fairly, that foreign investors make a positive and sustainable socio-economic impact, and that profits are not simply stripped and repatriated from African countries, as has so often been the case in the past" (EY, 2014, p. 29).

Retailers are not separate from, but rather exist within, the context of business ecosystems (Moore, 1993) and, as such, their executives must develop strategies for forming business alliances and interacting with stakeholders such as governments, employees, customers and suppliers. Such interactions are particularly relevant in developing markets where society and the economy are co-evolving and, therefore, firm growth and market-based activities are expected to promote host country economic and social development (Mair, Marti & Ventresca, 2012; Marquis & Raynard, 2015). Such expectations placed on firms in emerging markets underpin the need for them to compete not only in product markets but also in political markets. Further research is required to understand how such firms develop market–political ambidexterity when venturing out of their home countries. Market-political ambidexterity is defined as a firm's "dynamic capabilities to manage influences from both markets and governments simultaneously" (Li, Peng & Macaulay, 2013, p.206).

Stakeholder strategies extend beyond host government relationships to those with host country local firms, suppliers, producers and workers as highlighted by four studies discussed below. Firstly, Verhoef (2011) found that South African firms SAB, Sappi and Sasol developed alliances and networks for knowledge sharing which supported their internationalisation post 1990. Secondly, forming affiliations with prestigious host country local firms can aid firms expanding into those markets in overcoming their liability of market newness by building legitimacy with local consumers (Deng & Yang, 2014). Thirdly, establishing relationships with local suppliers in host markets can lead to greater knowledge gains about the host market and, in turn, decrease psychic distance (Guercini & Runfola, 2010). Finally, a study performed by Dakora et al. (2010) highlighted the importance of Shoprite's relationships with suppliers, local producers, workers, and other stakeholders in its African expansion.

Contextually sensitive relationships with stakeholders in African markets as a result of their recent colonial history, raises challenges of how to structure foreign retail operations and interact with local stakeholders. Context, society and culture matter more in the case of retailers, given their direct interface with consumers and their deep engagement with consumer behaviour. The 2015 upsurge in xenophobic attacks on African foreign nationals residing in South Africa offers one such example of the complexity and sensitivity of consumer companies' relationships with stakeholders in other African countries. South African retail outlets in Malawi (Pep, Game and Shoprite) were threatened amid anti-xenophobic protests which followed the attacks (Teputepu, 2015).

The preceding discourse highlights the importance of sharing knowledge and building relationships with host market stakeholders as a means of reducing tensions in the host market environment. This research therefore seeks to understand how South African retailers build relationships with relevant stakeholders in African markets.

2.5 South African retailer advantages

2.5.1 Traditional models of multinational expansion

Dunning's OLI (ownership, location, internalisation) paradigm is one of the most widely known theories of the multinational firm (Cuervo-Cazurra, 2012; Gaffney, Kedia & Clampit, 2013). With its roots in the world-renowned, resource-based view of a firm, as popularised by Penrose in 1959, it follows the principle that a firm must possess

significant ownership advantages in the form of required capabilities and resources and use these, in conjunction with the location advantages of its investment destination, to offset its disadvantages in competing abroad (Dunning, 1988, 2000).

Recent literature challenges whether this paradigm, based on the internationalisation of largely Western-based firms internationalising before the 1990s, adequately predicates the rapid internationalisation of EMNEs over the past two decades (Aharoni, 2014; Madhok & Keyhani 2012; Wang et al., 2013). Views in support of this challenge are largely divided between those who believe that EMNEs possess significant ownership advantages, but assert that they are different from the resources and capabilities which historically benefited MNEs in their international expansion (popularly identified as strong brands and R&D, marketing prowess, and multinational system coordination capabilities) (Aykut & Goldstein, 2007; Malik & Aggarwal, 2012; Ramamurti, 2012) and those who view EMNEs as resource or capability seeking, rather than seeking to exploit, in their internationalisation activities (Goldstein & Baena, 2012; Luo & Tung, 2007).

2.5.2 South African retailers as capability and resource seeking

South African retailers may expand in order to seek resources or capabilities rather than to exploit existing ones (Goldstein & Baena, 2012; Luo & Tung, 2007). Dakora and Bytheway (2014) support this view, arguing that South African retailers' African expansion agendas have been in pursuit of accessing the rising incomes and growing numbers of consumers in newly liberalised African countries, in contrast to the highly saturated and competitive domestic market.

2.5.3 South African retailers as capability and resource exploiting

By definition, EMNEs originate from emerging market home countries. By virtue of their markets of origin, EMNEs tend to be experienced in dealing with a myriad of challenges and higher related costs of doing business early on. In fact, operating in an emerging market may make EMNE managers more resilient (Aharoni, 2014), and drive specific organisational political capabilities and adaptability. Such FSAs can be an advantage not only in competing in other emerging markets (Wang et al, 2013) but also in competing against more established MNEs in developed markets (Cuervo-Cazurra, 2012).

Despite a few pockets of excellence, emerging markets tend to be characterised by lower levels of social development, especially income, health and education. Operating in these contexts therefore induces EMNEs to generate innovations that meet the needs of low income consumers, such as those at the base of the pyramid (Prahalad, 2012). Such innovations can be used to enter other developing markets where consumers have similar needs, or through reverse innovation to meet the needs of consumers of a particular part of the market in more advanced economies (Cuervo-Cazurra, 2012).

In addition to product innovation, Goldstein and Baena (2012) argued that EMNEs demonstrate organisational innovation capabilities in their ability to access markets in new ways, underpinned by project-execution, political, and networking skills developed in their home markets. Deng (2012) further posited that EMNEs are motivated to expand into emerging markets where their FSAs are more readily applicable to markets with similar institutional settings to their home markets. Deng's argument, therefore, highlights both the importance of EMNE capabilities developed in their home market and the contextual variables (such as the institutional environment) associated with the host country environment. This research therefore seeks to gain an understanding of South African retailers' FSAs, and their dynamic interaction with African host country contextual variables, including their institutional environments.

In support of the view that EMNEs have FSAs, Verhoef (2011) proposed that South African firms such as Sappi and SABMiller leveraged their managements' excellent entrepreneurial capacity and strong capabilities in dealing with political risk in their rapid internationalisation after 1990. Such capabilities were cultivated in the difficult domestic market environment during the time of apartheid when the country was politically isolated and grappling with discriminatory government policies, cultural diversity, and social unrest and violence (Verhoef, 2011). Originating in South Africa, with its particular political and economic history, and by virtue of it being the most developed country on the continent, provides South African retailers with specific home country advantages (CSAs) (Rugman, 2010) in their expansion into African markets. These retailers are expanding from the most developed country on the continent to lesser developed nations and, in so doing, are following an established pattern of retailers preferring to enter countries which are less structurally developed than their home markets, where their know-how and capabilities (i.e. their FSAs) are valued (Eren-Erdogmus et al.,2010).

Given that South African multinational retailers are domiciled in a country with an economic environment informed by the legacies of apartheid, where economic isolation gave rise to highly concentrated firms across various industries (Aaron, 2011) and, as

20

the internationalisation of South African firms to date remains unmatched by any other African state, Verhoef's (2011) call for further analysis of FSAs and CSAs that have driven the internationalisation patterns of South African firms is compelling. This suggests further motivation for this research, which aims to better understand the FSAs and CSAs of South African retailers and how these may have been an advantage in their African expansion patterns.

2.6   Conclusion

A majority of well-known international business theories as discussed in the literature review, such as the Uppsala paradigm (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975), and Dunning's OLI paradigm (Dunning, 1988, 2000) are based on the internationalisation of largely Western-based firms internationalising before the 1990s. This study of EMNEs that have expanded across the African continent over the past 25 years is therefore important to gain a greater understanding of how such patterns of expansion challenge existing IB theories (Aharoni, 2014; Madhok & Keyhani 2012; Wang et al., 2013).

The literature review has demonstrated that African markets are complex and challenging host business environments for multinational firms (Luiz & Stewart, 2014). Retailers doing business in these contexts must address a myriad of challenges. Such challenges include small market size and retail sector immaturity (Moriarty et al., 2014), institutional voids (Deng, 2012; Khanna & Palepu, 2013), aging and inadequate infrastructure (Games, 2015), and information voids, especially regarding information pertinent to understanding culturally diverse consumers across the continent (Russo et al., 2012) and dynamic host market business environments (Dakora et al., 2014).

Managers of these firms are required to make complex decisions regarding what internationalisation patterns to follow. They can choose to follow established patterns, such as the Uppsala paradigm (Johanson & Wiedersheim-Paul, 1975); to demonstrate a psychic distant paradox through early expansion into distant markets (Bhardwaj et al., 2011); or to be born global (Aharoni, 2014). Managers of retail firms must decide how to structure and control their foreign operations and build relationships with African host country stakeholders as a means of sharing knowledge and reducing tensions in challenging host market environments (Guercini & Runfola, 2010).

21

Retail internationalisation in Africa has been led by South African retailers (Dakora et al., 2010, 2014). The success of these firms highlights the need to research the specific capabilities of South African retailers and understand how these are being leveraged in the context of their African expansion. The literature review discussed a host of current IB theories and highlighted the debate currently under way as to whether the internationalisation of South African retailers as EMNEs is adequately explained by existing theories of multinational capabilities or whether new theories are required.

As African business contexts are complex and dynamic, it is unlikely that a single all-encompassing theory could explain the internationalisation of firms within those contexts. However, the literature review has demonstrated a need for this research which aims to gain a deep understanding of the challenges faced by South African retailers in internationalising into African markets and how they are addressing these, how South African retail managers are accessing and using information to understand the different African markets, the internationalisation patterns that these firms are following, how they are building relationships with African host country stakeholders and whether they are able to leverage FSAs or CSAs in their internationalisation, derived by nature of their origin within South Africa, in new or interesting ways. Using the base of established international business theories highlighted in the literature review, the aim of this study is to further advance an understanding of how internationalisation in African markets, in particular, contributes to international business theory, as international business in these markets remains under researched.

CHAPTER 3:   RESEARCH QUESTIONS

3.1   Purpose of the research

The five research questions below have been formulated based on the research objectives as described in Chapter 1 as well as the key constructs that emerged in Chapter 2. The questions have therefore been developed to enable the researcher to gain insights into:

- The key challenges faced by South African retailers internationalising into Africa and how those are being addressed;
- How managers of those firms gain an understanding of African markets;
- The internationalisation patterns demonstrated by those retailers;
- How managers of those firms build host country stakeholder relations; and
- Whether those retailers benefit from firm- or country-specific advantages in their internationalisation into the rest of Africa.

3.2   Research Question One

What are the key challenges faced by South African retailers internationalising into African countries and how are these challenges being managed and addressed?

3.3   Research Question Two

How do South African retail managers access and use information to gain an understanding of different African markets?

3.4   Research Question Three

What internationalisation patterns are South African retailers following for their expansion into other African countries?

3.5   Research Question Four

How are South African retailers building relationships with host-country stakeholders?

3.6   Research Question Five

Do South African retailers internationalise to exploit existing firm- or country-specific advantages or are their internationalisation patterns determined by the pursuit of resources, capabilities or other advantages?

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter provides details of the research methodology used for this study, and defends the methodological choices made. These include the type of methodology used, the unit of analysis, the population, the sampling method and sample size, the research instrument, data collection procedures as well as the process of analysis. The chapter concludes with a discussion of the research limitations that had an impact on this study.

4.2 Research design

The research design was qualitative and exploratory in nature. An exploratory study was conducted in order to seek new insights into the differentiated context of internationalisation into African markets (Birkinshaw, Brannen & Tung, 2011), a topic which has been under researched and is not well understood (Zoogah et al., 2015). Exploratory research is also well-suited to the qualitative method of data collection used for the study, being semi-structured interviews (Saunders & Lewis, 2012) combined with an analysis of publically available, secondary data. A qualitative design was selected to favour a depth of insights into the research topic (O'Leary, 2013) and to study real cases operating in real situations (Stake, 2013) to enable the researcher to gain a deeper understanding of the contextual challenges of the African retail business environment, and the activities and characteristics of South African retailers internationalising therein.

Five South African retailers which have internationalised into African markets were selected and analysed as multiple-case studies for this research. Case studies are used to enable the researcher to gain an in-depth understanding of a contemporary phenomenon within its real world context (Yin, 2011). The context and complex conditions relating to the phenomenon being studied are therefore considered to be integral to the study (Yin, 2011). As the contexts and conditions of different African markets as retail business environments were considered integral to understanding the internationalisation of South African retailers in those markets, case study methodology was appropriate for meeting the objectives of this research.

Case studies of a single entity may be limited in that the chosen organisation may not be typical of all similar organisations. Therefore this research incorporated multiple cases of

© University of Pretoria

a number of retailers in order to increase the likelihood that the research findings may be generalised (Saunders & Lewis, 2012). Further, using multiple case studies was appropriate for researching what was similar and what was different about the sampled retailers within the ambit of their African internationalisation experiences, to better understand the broader phenomenon under study (Stake, 2011).

The case method allows for a combination of induction and deduction to be used (Gray, 2013). In this research, deduction was used to answer Research Question Three by assessing whether the internationalisation of South African retailers in Africa aligned with or contradicted established IB theories, such as the Uppsala paradigm (Johanson & Wiedersheim-Paul, 1975) and the "born global" model (Aharoni, 2014, p.381). Induction was used to answer Research Questions One, Two, Four and Five in examining retailers expanding into African business contexts in particular, in order to derive an in-depth understanding of the key factors that influence internationalisation in these settings, and whether the sampled firms demonstrated unusual activities, characteristics or modes of organising, signalling a need for new internationalisation theory to explain such phenomena.

4.3   Population and units of analysis

The research population comprised all Johannesburg Stock Exchange (JSE) listed retailers with operations in South Africa and at least one other African country as these entities were considered to be most relevant to the research objectives as stated in Chapter 1.

The units of analysis were the past internationalisation activities of the sampled firms in the process of expansion into African countries, as well as the accumulated experiences of interviewees in retail firm internationalisation in those countries. The experiences of these individuals in aggregate were well suited to meeting the research objectives.

4.4   Sampling

4.4.1   Firm sample

Non-probability, purposive sampling (Denzin & Lincoln, 2011; Gray, 2013; Seidman, 2013) was used in selecting retailers as cases for investigation. This sampling technique was most appropriate as the researcher applied judgement in actively choosing firms that were well suited to providing answers to the research objectives as discussed in Chapter 1, and in answering the research questions as set out in Chapter 3.

Retailers with significant experience in expanding into a range of culturally and geographically diverse African countries, which retail FMCG and fashion apparel items, and which have physical store floor space (i.e. brick and mortar retailers), were considered best suited to meeting the research aims and objectives. The sample therefore excluded online retailers.

Trade between SADC member countries is supported by regional trade agreements that govern trade between member countries (SADC, n.d.). The sample therefore incorporated South African retailers that also operate in non-SADC member countries. This criterion ensured that sample firms demonstrated experience in African expansion that was not as strongly supported by inter-governmental trade agreements as expansion into other SADC member countries.

In applying these criteria, the firm sample comprised JSE listed, FMCG and fashion apparel, brick and mortar retailers, with stores operating in at least two African countries outside the SADC trade region. To establish which firms adhered to these selection criteria, the published annual financial statements (AFS) of relevant JSE listed retailers for the 2014 financial year were reviewed. These included the AFS of all firms listed on the JSE within the Food and Drug Retailers and General Retailers industry classifications as at 25 May 2015. The following five retailers met all of the above-mentioned sampling criteria and were therefore selected for study:

-        Shoprite Holdings Limited ("Shoprite")
-        Woolworths Holdings Limited ("Woolworths")
-        Truworths International Limited ("Truworths")
-        Massmart Holdings Limited ("Massmart")
-        Mr Price Group Limited ("Mr Price")

The risk was identified that a retailer relevant to the study might have been omitted from the sample as a result of being listed within a non-retail JSE industry classification. To mitigate this risk, a senior equity analyst from a private investment and advisory firm was consulted to identify all JSE listed firms which were retail in nature, and which were listed within other JSE industry classifications as at the 25 May 2015 cut-off date. The analyst identified Pepkor Holdings (Pty) Limited as the only retailer which was listed within a non-retail industry category. However, inspection of that firm's published 2014 AFS indicated that it did not operate in at least two non-SADC African countries, and therefore the sample was finalised as the five firms as listed above.

4.4.2 Interviewee sample

In selecting a sample of interviewees, a combination of three non-probability sampling techniques was used. Firstly, quota sampling was used to ensure that at least one senior decision maker was interviewed from each of the five firms selected for study (Gray, 2013). Secondly, purposive sampling (judgement sampling) was used as the researcher exercised judgement in actively choosing interviewees that were best suited to answering the research questions as set out in Chapter 3, and in meeting the research objectives in Chapter 1 (Yin, 2011). Finally, as gaining access to such senior individuals was difficult, non-probability, snowball sampling (judgement sampling) was used as interview candidates and industry contacts were able to recommend and introduce other useful candidates with experience relevant to the study (Gray, 2013; Marshall, 1996; O'Leary, 2013; Seidman, 2013).

The sample comprised ten interviewees in total, including six senior decision makers, who were, at the time of the interview, employed by the retail firms under study, two senior decision makers from relevant retail support industries, and two leading South African retail industry experts. Retail industry experts and senior decision makers from supporting industries were selected to obtain a diversity of opinion and to provide as much potential for comparison as possible (Barbour, 2008). The list of interviewees is presented in Table 2 of Chapter 5.

4.5 Data collection

4.5.1 Semi-structured, depth interviews

Information was first collected through extensive secondary sources, followed by the use of semi-structured, in-depth interviews. This type of interview was considered most appropriate in achieving the aims of the study as in-depth, probing and follow-up questions allowed for new research directions to emerge during interviews; however, some structure was incorporated in the line of questioning to ensure that all relevant topics were covered (Gray, 2013; O'Leary,2013). The chosen design also provided flexibility in terms of the addition or removal of questions as required (Saunders & Lewis, 2012). One key benefit of using an open-ended questioning approach was in seeking not only answers to the interview questions, but also the interviewee's feelings, experiences and thoughts about the challenges and contextual variables that have an impact on the internationalisation of South African retailers in other African countries (Ivey, 2012).

Due to the sensitive nature of firms' strategies and specific challenges, interviewees were assured that their comments would be presented anonymously in the research report. Being assured of anonymity can result in interviewees being more open and honest (Ivey, 2012). As only very senior decision makers were targeted as interviewees, interviews were arranged well in advance.

The interviews lasted for a median duration of 63 minutes and a maximum of 80 minutes. Two of the interviews were conducted at the interviewees' homes, six interviews were conducted at the interviewees' offices and two interviews were conducted telephonically. The researcher allowed the interviewee to choose the location of the interview, and therefore travelled from Johannesburg to Cape Town to conduct one interview. The interviewees generally expressed an interest in the topic and a number of interviewees requested copies of the final research write up for their own interest.

Interviewees signed an Informed Consent Letter (Appendix 1) prior to commencement of the interviews. The researcher recorded all the interviews and took comprehensive notes during the interview process so as to ensure reliability of recorded data during transcription and coding (Seale & Silverman, 1997).

4.5.2 Discussion guide development

A discussion guide was developed based on the key constructs identified in the literature review, and the research questions in Chapter 3. This discussion guide, as presented in Appendix 2, was used to conduct interviews with senior decision makers from the sampled firms. The only minor adaptation made to the guide for interviews with industry experts, was to refer to South African retailers in general rather than to a particular retail firm. Interviews conducted with senior decision makers from retail support industries followed a similar line of questioning to that of the guide. However, those interviews were less structured, with questioning more focused on areas of particular relevance to those interviewees in answering the research questions presented in Chapter 3.

A pilot interview was conducted with an interviewee with relevant retail industry experience in order to ensure the discussion guide was appropriately structured to meet the research objectives. As a result of the pilot interview, two questions aimed at gaining evidence to answer Research Question Three were removed; as it was determined that more appropriate evidence to answer that research question would be obtained from secondary data.

4.5.3 Secondary data collection

The publically available annual financial statements (AFS) of the sampled retailers were reviewed for the financial years ended 1990, 1995, 2000, 2005, 2008, 2010, 2012 and 2015, where available. This historical time span was selected to incorporate the period during which South African retailers emerged from economic isolation in 1994, to achieve rapid internationalisation during the early 2000s.

The AFS were further analysed to gain insights into: the challenges experienced at particular host country operations; the choices of entry modes across different countries such as franchise agreements, corporate stores or other partnerships; and the reasons for the closure of certain African operations or planned market entry delays which occurred over the course of those financial years. Some AFS could not be sourced for the years when the sample firms were not yet listed. In these instances the firms' corporate offices were contacted directly to provide data required to answer Research Question Three as practicable.

In line with the case study research approach in which multiple sources of data should be incorporated for purposes of triangulation (Saunders & Lewis, 2012), other forms of

publically available data (such as books, academic articles, press articles and previous case studies) were analysed to gather information regarding the sampled retailers' African expansion strategies. For the purposes of this study, triangulation was not used as a tool to achieve validation, but was instead incorporated as an alternative to validation by adding rigour and richness to the inquiry (Denzin & Lincoln, 2011). By including multiple empirical materials and perspectives in achieving the objectives of this study, a deeper understanding could be achieved of the phenomenon in question (Denzin & Lincoln, 2011).

4.5.4 Data collection summary

Data was collected to address the overall research objectives and to answer the research questions using the sources as presented in Table 1 below:

Table 1: Data collection summary

Purpose of data	Source of data
Overarching research objective presented in Chapter 1 – gaining a deeper understanding of South African retailers internationalising in Africa	• Publically available secondary data (such as books, academic articles, press articles and previous case studies); • Discussion Guide question 6.1
Research Question 1	• Discussion Guide questions 2.1; 2.2; 2.3
Research Question 2	• Discussion Guide questions 3.1; 3.2
Research Question 3	• Publically available annual financial statements (AFS) of the sampled retailers
Research Question 4	• Discussion Guide questions 4.1; 4.2
Research Question 5	• Discussion Guide questions 5.1; 5.2; 5.3

4.6 Data analysis

The researcher transcribed the interviews in person in order to become as familiar with the interview data as possible (Seidman, 2013). Analysing the data from detailed transcripts also allowed for rich interpretation, enabling the researcher to achieve contextual immersion (O'Leary, 2013; Seidman, 2013).

Atlas.ti, a computer-aided qualitative data analysis software product, was used to analyse and code the interview transcripts. Coding is used to "break data apart in analytically relevant ways in order to lead toward further questions about the data"

(Saldana, 2012, p.8), therefore, iterative coding cycles were required. Firstly, the interview transcripts were read through twice and key themes and categories were identified and categorised using focused codes (Silverman, 2011). This highlighted broad themes such as "challenges". During the second coding cycle, the initial codes were split into more granular codes representing sub-themes of the initial codes such as "challenge- finding right space". During this cycle, emotion coding (Saldana, 2012; Silverman, 2011) was incorporated to record the emotions as expressed by the interviewees, particularly "frustration", and in vivo codes were identified and applied from the data itself, being words and phrases used by the interviewees (Gray, 2013). During the final cycle, transcripts were reread and checked against the final code list to ensure consistency of codes applied across the interviews. Together, these coding cycles required approximately 120 minutes per transcript. A full list of codes used is presented in Appendix 3.

4.7   Research credibility

O'Leary (2013) posited that saturation can be used as a technique to ensure thoroughness and rigour in qualitative studies, and therefore, achieve credibility. The point of data saturation is achieved when no new themes emerge from the analysis of additional data (Guest, Bunce & Johnson, 2006).

Figure 2 below shows a frequency graph of new codes that were created in the analysis of the ten interviews. The graph highlights the fact that by the time the final interview was analysed, no new codes were created, and therefore data saturation had been achieved.

Figure 2: Code creation over the course of data analysis
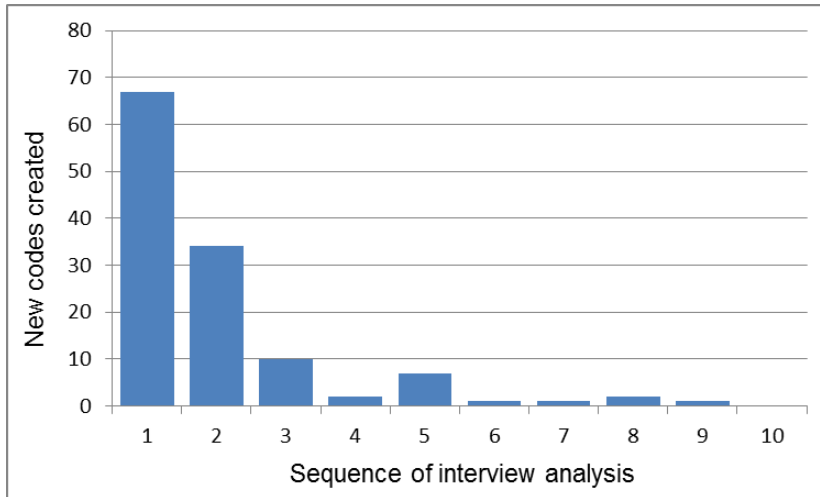
A number of processes to ensure data reliability and validity, as recommended by Searle and Silverman (1997), were followed in conducting this research. Firstly, an effort was made to ensure that undue attention was not placed on particular, rare anecdotes which supported the researcher's own arguments and biases at the expense of more common ones. Frequency counts of codes and code-quotation word counts were used as a form of quasi statistic in analysing the interview transcripts, and in answering the research questions. Code-quotation word counts were used to count all words within interview quotations to which a specific code had been applied. Secondly, during the analysis of data, instances where data contradicted the emerging themes were considered, for example whilst most interviewees cited finding appropriate store sites as a key challenge, one interviewee did not see this as a problem, and his contradiction to the emerging theme was highlighted in the discussion of results in Chapter 6. The use of Atlas.ti computer software to code and analyse the data ensured the systematic analysis of representative instances of data, mitigating researcher bias towards less representative data. Finally, capturing all interviews via audio recording and transcribing the interviews verbatim ensured the comprehensive and objective recording of the data.

The researcher identified the risk of researcher bias in conducting and analysing interviews (Corbin & Strauss, 2014; Maxwell, 2013). Therefore, every effort was made to ensure the interviews reflected interviewees' views and opinions as much as possible, rather than becoming a function of the interviewees' interactions with the researcher (Seidman, 2013). The researcher's own thoughts and experiences were therefore volunteered sparingly during the interviews as a form of self-monitoring (Maxwell, 2013).

33

4.8   Assumptions and limitations

Key limitations of the research methodology and scope are:

- An exploratory study method was used for this research. As a result, this research provided tentative answers to the research questions, where more detailed research (such as descriptive and causal quantitative analysis) may be required as a follow up to this study in order to provide more dependable answers (Barbour, 2008).

- A small, non-probability, judgement sample was used. Therefore, the sample does not represent the population statistically, and the results cannot be generalised as being representative of the population as a whole (Denzin & Lincoln, 2011; Saunders & Lewis, 2012; Silverman, 2011). Further to the issue of generalizability, the population comprised only JSE listed retailers and is, therefore, not representative of smaller or privately owned South African retailers internationalising into Africa.

- Using case study methodology required the researcher to be closely exposed to the study, which may have biased the findings (Saunders & Lewis, 2012). Exploratory research, by its nature, is subjective and reflects the perspective of the researcher, which may therefore have resulted in researcher bias (Corbin & Strauss, 2014; Maxwell, 2013; Saunders & Lewis, 2012). As the study was conducted ex post facto, subjectivity risk may further have been introduced by interviewees in their narration of their past experiences and how they chose to communicate these (Miller, Birch, Mauthner & Jessop, 2012).

- Only senior decision makers from South African firms were interviewed. To gain greater understanding of the topic, it would have been beneficial to also interview relevant stakeholders within the host countries. Such increased variety in the experiences of interviewees might guide deeper exploration of the data and increase the comparability of interviewee experiences (Corbin & Strauss, 2014).

- Although a variety of techniques was applied with the aim of supporting the reliability and validity of the research, these cannot solve all the issues of reliability and validity, and therefore this issue has been noted as a limitation (Searle & Silverman, 1997).

CHAPTER 5: RESULTS

5.1 Introduction

In this chapter, the results of the study are presented in accordance with the research questions raised in Chapter 3. The results were derived from analysis of publically available secondary data and from in-depth interviews. The research sample consisted of ten interviewees including eight senior decision makers in either the sampled retail firms or retail support industries, and two retail industry experts. The list of interviewees is presented in Table 2 below.

Table 2: Interviewee list

Type	Name	Firm	Current role and relevant experience
Sampled firm	Gerhard Fritz	Shoprite	• General Manager: Africa • 35 years in the retail industry of which 20 years were in current role
Sampled firm	Brian Leroni	Massmart	• Group Corporate Affairs Executive • Over 20 years in the retail industry
Sampled firm	Peter Arnold	Massmart	• Group Food Retail Manager • 34 years in the retail industry: - 1 year OK Bazaars - 30 years Pick 'n Pay - 2 years Massmart
Sampled firm	Nigel Payne	Mr Price	• Chairman • 9 years in the retail industry
Sampled firm	Fred du Plessis	Truworths	• Operations Executive • 34 years in the retail industry
Sampled firm	Ralph Buddle	Woolworths	• Director: Strategy and Business Development • 15 years in the retail industry
Retail industry expert	Allan Yates	N/A – private consultant	• Career retail merchant generalist with 40 years' retail experience across fashion and general merchandise • Previous roles include: - International / Franchise Executive at Mr Price Group Limited (7 years) - Various roles at South African retailers including Edgars, Massmart and The Hub
Retail industry expert	Dianna Games	Africa at Work	• Chief Executive Officer of Africa at Work, an advisory company focusing on African business • Leading commentator on business issues and trends in Africa • Published author on topic of South African retail in the

			book "Africans Investing in Africa" (Games, 2015) • Honorary CEO of the South Africa-Nigeria Chamber of Commerce • CDM Fellow at the Gordon Institute of Business Science
Retail support industry	Pieter Prinsloo	Hyprop Investments Limited ("Hyprop")	• Chief Executive Officer • 25 years in the retail property development industry • Hyprop is a listed property development company with experience in mall development in African markets
Retail support industry	Kamal Patel	Thomson Reuters South Africa ("Thomson Reuters")	• Head of Strategy and Operations – Africa • Thomson Reuters is a provider of business intelligence information with a presence is a number of African countries

The interviewees had a combined total of 187 years' experience in the retail industry as well as 25 years' experience in retail property development. Combined revenues of the five sampled retail firms for the 2014 financial year amounted to R248 billion or about US$22,9 billion (using the average ZAR/USD exchange rate for the 2014 calendar year).

For the purpose of data presentation in this chapter, interviewees were labelled in the order in which the interview transcripts were analysed from Interviewee 1 (**I1**) to Interviewee 10 (**I10**). This labelling system bore no relationship to the ordering of the interviewee list as presented in Table 1 above, which was ordered by types of interviewees. A lack of relationship between Table 1 above and interviewee labelling was incorporated so as to ensure the anonymity of interviewee quotations presented. Where quotations were obviously related to a specific retailer, interviewee labelling was omitted. Anonymity was further preserved by replacing interviewees' firm names with [Firm x] where relevant within quotations. Interviewee quotations have been italicised and are labelled consecutively with **#number** for ease of reference to specific quotations in Chapter 6. Frequency counts of codes presented within this chapter amount to values greater than the number of interviewees included as some topics were discussed more than once by individual interviewees.

5.2   Study context of JSE listed retailers

The objective of the study was to gain a better understanding of the internationalisation of South African retailers in Africa. A sample of five South African retailers was purposively selected for the study as they were judged to have significant experience in internationalising into African countries as result of their expansion into at least two non-SADC African countries.

The net profit after tax (NPAT) of these sample firms for the 2014 financial year, as a contribution to the total NPAT of all JSE-listed FMCG and fashion apparel, brick and mortar retailers was assessed as presented in Appendix 4. The contribution amounted to 65%. The firms that were not selected for study (representing the remaining 35% NPAT contribution) had operations in at least three African countries outside of South Africa. However, less than two of those were non-SADC countries.

This analysis therefore highlights that all JSE listed, brick and mortar, FMCG and fashion apparel retailers have experience in internationalising into Africa. Senior decision makers interviewed in the study manage retail firms which operate within a highly competitive and saturated home market, have expanded to countries in other regions of Africa, and are the most experienced in the industry in such activities.

5.3   Results for Research Question One

This research question aimed to gain an understanding of the key challenges faced by South African retailers internationalising into African countries, and how those challenges are being managed and addressed.

5.3.1 Identifying and ranking key challenges

Table 3 below presents a frequency count of the key challenges faced by South African retailers in internationalising in Africa as most frequently discussed by the sample firm interviewees and retail industry experts, i.e. excluding the retail support industry interviewees. In preparation of this frequency table, all codes that began with the prefix "Challenge –" were counted, except for the codes "Challenge – consumer info (prompted q3)", "Challenge – understanding consumer (prompted q3)" and "Challenge – understanding markets (prompted q3)". These three codes were omitted as the researcher had prompted discussion on these issues later on during the interviews whilst

raising questions about information voids in African markets (see Appendix 3 for a full list of all codes used to analyse the interview transcripts). Table 3 therefore depicts a representation of challenges volunteered by the interviewees themselves without researcher intervention. Frequency counts of codes presented in Table 3 amount to values greater than the number of interviewees included as some challenges were discussed more than once by individual interviewees.

Table 3: Frequency count of challenges

Frequency rank	Key challenge	Frequency
1	Finding the right store space	28
2	Logistics	24
3	Legal / regulatory issues	21
3	Import tariff / ban	21
5	Corruption	20
6	Local partner in country	16
7	Price points general	15
8	Costs general	13
8	Ports	13
8	Bureaucracy	13
11	Infrastructure	11
11	Market size	11
11	Understanding markets	11
14	Complexity	10
14	Localisation	10
16	Building costs	9
16	Land	9
16	Brand awareness	9
16	Currency repatriation	9
16	Rental costs	9

When asked to rank the challenges in order of importance to their firm's expansion into Africa, the interviewees all ranked their top three key challenges differently. However, four interviewees ranked "finding the right store space", which is discussed further below, as the most important challenge, which was also the most discussed challenge in terms of code-quotation word count (as described in Section 4.7) and frequency, where the results of the frequency count are included in Table 3 above.

The challenges highlighted in Table 3 largely refer to three broad themes of retail operations in Africa which were identified during analysis of the interviews: finding store

space, supply chain issues and navigating the host country regulatory environments in conducting day-to-day business activities. The key challenges as highlighted by interviewees are therefore discussed in terms of those three themes below.

Finding the right store space

Finding the right store space is difficult owing to a lack of shopping malls, which are non-existent in many parts of Africa. Malls can be very expensive to build in markets where building components and suitably qualified construction professionals must be imported as a result of a lack of available resources in country. Such resources are often sourced from South Africa. In many cases it is necessary for mall developers to build the supporting infrastructure as well, such as sewerage systems, which is usually the responsibility of government in more developed countries. South African property developers are currently the most active firms in African mall development, as they have the required capital and experience, and partner with South African retailers as anchor tenants for the developed space.

Mall development is also much slower in most African markets than in South Africa. Interviewees expressed the need for a long-term outlook when conducting retail and property development business in other African countries as progress is generally slow, and in many cases South African retailers must formalise those markets in order to expand into, and operate within them. However, two interviewees expressed the view that levels of development are improving as African governments start to address a backlog of infrastructural requirements.

"*The problem in those years, shopping centres were non-existent, so I was often taking the only shopping centre [space] available at the time. Everywhere else the space was too small or there were multiple owners, and if you wanted to take over four shops you had to negotiate four different leases… So the complexity of space is a huge issue in Africa. It still is, but it's getting better as these developers are now beginning to open up more and more space.*" (I1, #1)

"*The biggest handbrake to growth for us in Africa is access to sites by far. If we had the sites we would open stores. No one is saying do not do this. That is where Shoprite has an advantage over many South African retailers. They worked that out a lot earlier than the rest of us. They realized that it was about access to land and sites. Their investment in teams that went out and scouted for sites was way ahead of everyone else's, which helped them accelerate their growth.*" (I9, #2)

"To build a shopping centre in Ghana or Nigeria is four times the price of South Africa" (I1, #3)

"In Nigeria the rentals are $28- $30 per square metre. If we are to put [that] into perspective, in South Africa for that type of development in a shopping mall, no supermarket would pay more than, I would imagine R70 [$5] or R80 [$5,7] per square meter." (I7, #4)

"We build our sewerage plants. We build our own water treatment plants, because at times you have to get the water from boreholes, you have to filter it and purify it. All our centres have 100% backup electricity power. We need to run on power. We must be self-sufficient and self-sustained. Even if you do have services from the council, in many instances, we still need this because they're not reliable. It's old infrastructure. They haven't invested enough money in it, but it's happening. If you go to many of the cities like Accra, Lagos, there's a lot of money being invested in infrastructure. They are building new roads, trying to put in the infrastructure. The backlog is so huge. It's going to take them probably decades to get to the level we're used to here. It's very different from here." (I8, #5)

"Shopping malls [are] too expensive, the wrong spec, priced in Dollars, and they just don't exist anyway. About a year and half ago, we had a list of 105 shopping malls in paperwork that may happen in Nigeria and our name was down as interested in every single one of them. How many have come to fruition? Maybe three." (I2, #6)

"The biggest challenges that we have now in order of priority is the lack of suitable, affordable sites for development. If you look at Nigeria, we have 12 or 13 stores trading and another six or seven to open up, 160 million people, we can possibly have 100 stores or 120 stores, but the land is extremely expensive and extremely difficult to come by. That is what is really holding us up. Also in Mozambique, first of all is the lack of the sites, second the affordability of the sites. You pay more in Nigeria for land than what you pay in New York." (I7, #7)

"What we're doing, and what we have been doing over the last 10, 15 to 20 years almost, is very slowly…formalising that market. But we have to do it in a way in which the property developers and the other retailers are doing it, so it has been slow and difficult." (I1, #8)

40

Ascertaining the legally rightful owner of land is difficult in many African markets as a result of historical legacies of colonialism. Dysfunctional record keeping, land registration, and legal institutions have an impact on retailers seeking to lease space, and makes the enforceability of their lease contracts less certain and thus their store fitting and inventory investments more risky.

"The problem is record keeping, town planning, proof of ownership. So it's very difficult to efficiently gain access to title deeds to ensure whether the person developing a site is even entitled to develop it because they have ownership of the site" (I9, #9)

"…landlords not dealing in good faith. I mean we lost two stores in Lagos, where they just cancelled the contract…we just got a letter saying we're going to close your stores down, move out." (I6, #10)

The challenge of finding the right store space attracted considerable attention during interviews. One interviewee who had not mentioned the issue was therefore questioned on his omission of this particular challenge. In contradiction to all other sample firm decision maker interviewees, he did not consider finding store space to be an issue. Again this highlights that not all interviewees were in agreement regarding the most important challenges of internationalisation of South African retail firms in Africa.

"Now obviously with the major centres, they're looking for anchor tenants, and they're looking for the likes of the Pick 'n Pays, the Checkers, Woolworths, the Games, so those opportunities come across all the time… so finding space I don't think is a problem." (I3, #11)

Supply chain issues

As a result of a lack of suitable host country suppliers, South African retailers import either all or most of their products into other African markets. However, Shoprite has made some progress in local sourcing, especially in Zambia, where all vegetable products in its stores are being procured from local suppliers (Dakora, 2012). Logistics is a significant challenge owing to the vast distances across which products must be transported (as a result of the size of Africa's geographical footprint), underdeveloped or decaying road and railway network infrastructure, poor traffic control in cities, and significant delays at ports and border posts, especially the Nigerian port.

"You`ve got distances… they're building a couple of malls now in Abuja, but that's quite a long way from the port and there are no good roads and there are no trains, so the logistics is difficult. So a long supply chain and it's expensive." (I5, #12)

41

"Normally a store would carry around about 12,000- 15,000 thousand units, they're down to 3,000, so we're not making any money because we just can`t get stock there [Nigeria]. They just sold out. So I think it's the logistical thing." (I6, #13)

"A lot of stuff we fly into the countries. If you look at margarine, typically soft spread margarine has got 6-8 months shelf life. So it takes 3 months to get something into Nigeria, and 4 months to get something to Uganda, I mean there's just not enough time. So if you want to stock those items, you fly them." (I7, #14)

"It is clearing the goods through customs. So our ports are slow, infrastructure, logistics infrastructure generally is under-developed- the road infrastructure whether it is the ability as well of the traffic officers to clear traffic jams.... So it takes us much longer to get merchandise in stores in many other countries that we are operating in." (I9, #15)

In some countries, notably Nigeria, import bans exist and tariff regulations are extensive and can change frequently, increasing the opportunity for border officials to solicit bribes, and increasing the complexity of compliance for retailers. Corruption and delays at land and sea border posts were highlighted as particular areas of concern.

"Even [in] Kenya there are quality assurance standards where every fabric has to be approved, every style that you import into the country has got to go through an inspection agency, and if you don't do that work behind the scenes properly, you can end up with containers being returned to country of shipping." (I1, #16)

"Kenya and Zambia [are] not so bad and Ghana [is] not so bad, but Nigeria is an absolute pain...You have to send them a photograph of every single thing that you import and you can either register as an import business or an export. You can't have both. So whatever we`ve got there, we can't get back, which is crazy." (I4, #17)

"…they find a way to pay respective tariffs in order to expedite processes so they don't get held up at the border." (I3, #18)

"Then you get things like ad hoc bans. For example, Nigeria's is a permanent ban on a whole range of goods, but for example in Zambia they can suddenly say well we're not allowing the import of any apples, because, I don't know, there's often not a good reason why things happen." (I5, #19)

"Woolworths first went into Nigeria in 2003. That was the year that the import ban was introduced, and on the import ban list was finished clothing, so they had to pull straight out again, because that's their product." (I5, #20)

"We designed the store with this fantastic shoe department and with shoe shelves, shoe stock rooms, and then only realised when we tried to get stuff through the border that you're not allowed to import any wood or leather." (I6, #21)

"*Clearing through ports- Nigeria [is] absolutely famous for it. They would not clear our containers through their ports unless there was a bribe.*" (I2, #22)

Conducting operations within the African host country context

Various challenges were identified as relating to the day-to-day operations of South African retailers in African markets. These included dynamic and complex regulatory requirements that increase the complexity of compliance, ubiquitous corruption, illegal copying of brands and limited intellectual property protection, complexities of sourcing and building relationships with suitable host country partners, high operating costs in general, bureaucracy, difficulties in understanding the different markets, immaturity of African retail markets, and currency repatriation issues, among others.

"*It's just corruption, it's bureaucracy as well as an element of corruption varies throughout Africa. It's in a slightly different league- it starts just a little bit worse than in South Africa then it goes up all the way.*" (I4, #23)

"…people who didn't really understand these markets. We talk about Nigeria being the biggest economy in Africa, it's also one of the poorest countries in Africa. There's huge poverty. I think a lot of the time South Africans tend to not really understand the structure of these economies and these markets and they have made a lot of assumptions based on what they think is happening, based on how they see the African continent from here, which is often a very ill informed view still to this day." (I5, #24)

"It takes a lot of concentration and focus to ensure that you are fully compliant with the legislation and that you are not taken by surprise, and again the legislation is not necessarily always obvious and accessible" (I9, #25)

"I think we didn't understand the impact that side walk sales [informal retailers] have on the consumer there… their biggest challenge…is to get the customer to move away from that, because they sell anything and everything from tyres to fridges, TVs or whatever you can buy in a normal [formal] shop, they sell on the street." (I6, #26).

"Policy uncertainty - in Nigeria, for example, last month [the government] just said no foreign currency can be repatriated. Not repatriated profits with dividends, you can't even pay for the product. So we're allowed to send goods there and sell them there, but we're not allowed to pay for them. No currency to be taken out. We can take Naira out but Naira's not convertible in any other country so that will shut down all foreign retailers in Nigeria, and it happens overnight." (I2, #27)

5.3.2 Addressing the challenges of internationalising in Africa

Interviewees were asked how their firms manage and address the key challenges of internationalising in Africa as discussed in the previous section. Table 4 below presents the solutions most frequently raised by sample firm interviewees and retail industry experts, i.e. excluding the support industry decision makers, in ranked order. In preparation of this table, all codes with the prefix "Solution – x" were counted (see Appendix 3 for a full list of all codes used to analyse the interview transcripts). Frequency counts of codes presented in Table 4 amount to values greater than the number of interviewees included as some solutions were discussed more than once by individual interviewees.

Table 4: Frequency count of solutions

Frequency rank	Key challenge	Frequency
1	Long term experience	23
2	Human capital	18
3	Local partner - incumbent	14
4	Long-term outlook	13
4	IT systems	13
6	Localisation	12
7	Local partner - South African firm	9
7	Solution - corruption	9
9	Expand slowly	7
10	Local suppliers	5
10	Product range	5

It was made clear in the interviews that the sampled firms have learnt to address many of the inherent challenges of doing business in African markets as a result of their many years of experience in operating in those markets. Over a number of years, their management teams have developed capabilities required to succeed in those markets,

44

and some retailers have gradually opened enough stores in particular countries to benefit from critical mass. Almost all interviewees considered a long-term outlook of management to be a necessary principal to successfully address internationalisation challenges.

"We can see that it takes longer for them to get a profitable store… To have one or two stores in a country is not always very profitable. Once they can get to 5 to 10 stores, then it becomes business. That's where Shoprite is now. They've got a lot of stores there. They probably started 15 years ago with this process, and now they've got the critical mass, and they've got a number of stores, and now it's becoming very good business for them…but it took them many, many years to get to that point." (I8, #28)

"South African companies are now starting to develop enough expertise, and the large corporate advisers have developed their own reference around regulations and law." (I9, #29).

With a long term outlook for their presence in other African countries, South African retailers have invested in developing local human capital in those countries, especially through training.

"*We want [Firm x] Nigeria to be run by Nigerians. We will send South Africans there to get the momentum going… But we want our core basic staff to all be Nigerian. So we bring them here for a while to come and work in [Firm x] stores here, we want you to be part of us, part of our culture. So there's something that is very important for us and again we'll move slowly, we'll expand slowly in order to achieve it. We want the culture of [Firm x] anywhere to be only one [Firm x] culture.*" (I2, #30)

"*If we were opening up a brand new store we would send a team from South Africa to go set the store up. We would then employ probably 80 % of those people locally. They would then be trained under the South African team [which] would then move out or move into another store at some stage. So there has definitely got to be support from the way the business operates within the core country. We'd satellite drop in a team of experts to go and open and run the store for a couple of months and then hand over to the locals, and perhaps leave one or two guys there, just to overlook it.*" (I4, #31).

In addressing the issue of corruption, many interviewees criticised other South African retailers for paying bribes and engaging in corruption. For example, they spoke of other firms using third party clearing agents to outsource corruption, and to pay bribes on their firms' behalf to clear goods through borders. However, all interviewees purported that

their own firms do not engage in corruption. One interviewee stated that his firm does not pay bribes, and later in the interview discussed an example of senior managers from his firm paying bribes to get back to South Africa after being accused of possessing the wrong visas, which were allegedly all in order. Some interviewees proposed that their enforcement of principles, and being guided by their firms' values, were their solutions to corruption, as those soliciting bribes stop requesting bribes from firms that are able to build a reputation for refusing to pay them. "*We just don't do the bribe thing, which [is] maybe [why] sometimes it takes us a little bit longer than other guys.*" (I2, #32)

"*We won't pay bribes. It's an absolute rule of [Firm x]. So to get products through borders, through ports can be really, really difficult. Mozambique comes to mind. We have not even opened in Angola because we just think that that problem itself, the bribery aspect, will just be too difficult all the way through, not just supply chain but every aspect of keeping the lights on, keeping the doors open at the store. The horror stories are particularly poor and difficult in Angola.*" (I4, #33).

"*We haven't had that problem anymore because now they know that the [Firm x] trucks, 'these guys don't pay', so we stuck to our guns on that. I suppose just sticking to our principles and being prepared to…invest for the long term in the developing market*" (I4, #34)

"*It does worry us to see other South African retailers outsourcing their bribery problem and turning a blind eye…a lot of people outsource it, we just won't, we will fight, we'll bang our heads against them, and in the end we will not play if that is what it comes to. Sadly.*" (I2, #35).

Many of the interviewees said their firms had, over many years, developed sophisticated IT systems which are able to cater for the complexity of varying regulation, currencies, pricing and product stocking across the different African markets. Their IT systems have also been adapted to gather in-depth consumer information and track patterns of consumers' preferences across products and markets. Their IT systems and the data history that has been collected across African markets over an extended period has allowed South African retailers to better understand the terrain and manage the heightened complexity of dealing in such contextually diverse and fragmented markets.

Interviewees provided anecdotal examples of how addressing challenges of African internationalisation has resulted in innovation or ways of operating that are different to their operations in South Africa. To save on the higher rental costs and issues of finding retail space in those markets, many retailers are using much smaller store formats than

46

they do in their home market whilst property developers are building smaller malls than they do in South Africa. To address the issue of long delays in getting products to stores, two of the interviewees (I5 & I9) cited ordering product in bulk and storing it in host country warehousing facilities to avoid stock outs in stores.

One interviewee explained how his firm uses Nollywood film stars from the Nigerian film industry to promote its products and build brand awareness in a market where its brand is still gaining traction (I2). Another interviewee explained that to save on paying high travel and accommodation costs, he conducted staffing interviews over Skype. However, this method backfired when he employed many ladies who were almost due in their pregnancy, which he couldn't determine over Skype (I6).

One of the cost saving innovations developed as a result of necessity in an African market was implemented across stores in South Africa: "*We developed a considerably more cost effective [Firm x] store by experimenting in other markets… and…being under more pressure to get costs down because of slightly longer supply chains. We looked at store cost without compromising on safety and the customer experience. We were forced to innovate our store design in a way that we've brought some of those learnings back more cost efficiently into South Africa. I think you are often forced to innovate more in those markets and many times those innovations become wonderful business efficiencies that can be applied in our local markets.*" (I9, #36)

In discussions regarding how they address challenges, interviewees often referred to how other South African retailers have addressed challenges in the space or have failed in particular areas, or how South African firms from other industries are used to assist the retailers in addressing challenges in African markets, such as banks, property developers, legal firms, audit firms and consultancies. This theme is investigated further in section 5.7.3 below.

5.4 Results for Research Question Two

This research question aimed to address how South African retail managers access and use information in order to gain an understanding of different African markets. The results are presented below within two key themes which emerged from the literature review: understanding consumers and understanding market.

5.4.1 Understanding consumers

South African retail firms tend to use a variety of different approaches to gain an understanding of African consumers. Much consumer related information is not available in African markets; therefore these firms have in many cases been forced to gather and interpret data themselves that would otherwise be readily available from consumer research firms in South Africa.

On initial entry into a market, one interviewee spoke of "*pounding the pavement*" in terms of which he would "*walk in informal markets, take notes, understand what is selling, compare prices. I'd walk the streets and the shopping centres and the competitors, interviewing staff, and slowly but surely get some understanding of what people were wearing, where they bought it from, and so on. It really was a slow, painful process. There is no magic fix there*". (I1, #37)

One of the sample firms initially made its products available across 170 countries via an online internet offering. It used the online platform and concurrent delivery of product into a large variety of countries as an experiment from which to learn about those markets and consumers. *"…we learnt our pricing points. We learnt quite a lot about logistics. We learnt a lot about sizing. We learnt a lot about marketing in those countries, but particularly product quality versus price versus fashionability, and the size curve as it changes from one country to another… Then we are slowly starting to narrow those countries down to a smaller group, where there is a higher level of demand… and are starting to try and tailor product offerings to those countries, and then saying which of those do we go into on a bricks and mortar basis. So we've used our online as our market research… And then we open a test store…on a test brick and mortar basis and run it for a while and learn a lot more.*" (I2, #38).

Various interviewees explained that their firms conduct regular customer intercept surveys and host customer discussion groups to gather data on African host market consumer preferences. In-country store and regional managers also visit other South African retail stores in the host countries to gather and share data on consumer behaviours. "*You'll be astounded how much information you can get just out of talking to a Shoprite manager, or floor manager, or a Game general merchandise manager or people like that. Because they live there, and they settle there, they learn those markets very quickly, and their wives and kids [children] have got to find places where they can shop, and so you get quite good information out of people like that.*" (I1, #39)

One interviewee discussed that their firm's South African retail bank is present in, and conducts significant consumer research across, various African markets and that it shares this information with his firm. Finally, one interviewee's firm has been gathering data over time about its customers' preferences by tracking their purchases through a store card and integrated Customer Relationship Management (CRM) IT system, which has allowed it to use statistical algorithms to determine what product mix should be placed in different African stores.

5.4.2 Understanding markets

Again, interviewees indicated that their firms' management sourced much of the data necessary to understand African markets themselves, "*We do our own research.*" (I8, #40) This was achieved by visiting all of the competitor stores in a city and comparing their products and prices. "*When we did Mozambique, we got a map of the city, and we split it into grids, and in a series of nine days, we walked into every single shop in the city and we compared quality, we compared prices, we tried to find out where product came from based on labels and washing instructions and we got a very good profile of what is out there… so there was a fair amount of relatively unsophisticated gut feel demographic analysis, and even today, I suspect in most countries you're still going to be doing that. I'd say possibly not in Kenya, but again as soon as you move out of Nairobi itself then you probably will have to. It's just so critical to understand who the competition is, where they're getting their product from.*" (I1, #41). Various interviewees spoke with excitement when recalling how they gathered data through this interactive method, whilst one interviewee even conceded to "*feeling nostalgic*" (I1) while recalling the process.

A number of the interviewees rely on South African consulting companies and market analysts to provide them with information necessary to understand African markets. One

interviewee openly criticised this approach by explaining that South African retailers are "*winging it*" by "*relying on consulting firms that don't have any experience of those markets*" (I5, #42). However, most interviewees' seemed satisfied with this approach coupled with the process of networking with each other as a means to understand those markets.

"*…and learn from them… our CEO is quite a big chommie [friend] of Whitey Basson from Checkers, so they'll go for dinner and talk and say "this oke [guy] will help you". So networking I suppose is the biggest answer*" (I6, #43)

"*We use PWC. So we depend on them in every country, they audit us, and then they keep us abreast of all the changes and things that are happening…We have an international trade department and we have per country a supply line manager, and he's in constant contact with the clearing agents on that side, [and] gets the trade circulars. We subscribe to the government gazettes in each of the countries so we get the legislation, and then also audit firms*" (I7, #44)

Many interviewees reported that their firms have dedicated permanent resources to research African markets, "*Basically there is a huge support team in the background. I think it's almost impossible for the individual guy… without the support network, to start big business in any African country…we have a team at head office here working on each of the countries and making sure that we follow all the protocols and all the legislations and stay on top of everything that changes all the time*" (I7, #45). One interviewee mentioned his firm's lack of resources dedicated to African operations as an issue, "*We don't put enough resources behind it. It's just a project team, it's not a dedicated Africa team. So I think that's the difference. So maybe other people will do better.*" (I6, #46)

Various interviewees highlighted their relationships with suppliers and partnerships with host country firms as key to understanding those markets, whilst others discussed studying the operating models of both South African and local businesses operating in those environments to establish what works well and what doesn't work in those contexts.

"*I think our supplier relationships are a far bigger plus [than] even we give credit for. The ability to draw on this wide portfolio of suppliers that we have, with African experience… We have got the most diversified supply base in Africa… they are all distributing in one way or another in those countries as well. They have experience in those countries. Our ability to access knowledge and market intelligence and then to get support for*

distribution is incredible. These are the same global suppliers who understand the Africa is rising story and want to be part of that story. They are happy to do what they can to assist us to take their brands to market and to build their brands in those markets through advertising, support and other price support" (I9, #47)

"*You only get that kind of data or intelligence when you are in country, or when you're partnering with someone that's in country to get that information. So that's another one of our strategies...we pair up with partner organizations in countries...they understand the market, they understand the opportunities, they genuinely have access to the market that we don't have access to.*" (I10, #48).

"*We're finding we learn a lot from non-retailers. FMCG, Breweries [SAB] is an obvious example. Nando's is a great example. How do you guys set up? Where do you get your chicken from? How do you ensure the same quality? I mean if you talk to Robbie Brozin [Nando's co-founder], your expectation when you walk into a Nando's in Tanzania, it's the same... How do you get that right? Because we want exactly the same thing.*" (I2, #49).

"*I then proceeded to speak to all the players in the market from Spur [South African restaurant chain], through the franchise association, through some of the other retailers that were prepared to give me time, and I slowly but surely built a theoretical expertise on franchising*" (I1, #50).

Finally, a number of interviewees discussed using a combination of the above-mentioned methods for gaining an understanding of African markets, rather than a single source. "*We look at all sources*" (I2, #51).

5.5   Results for Research Question Three

This research question aimed to establish what internationalisation patterns South African retailers are following in their expansion into African countries.

The results of this study are presented below in the form of infographics to demonstrate the internationalisation patterns followed by the sample retailers since 1990. The supporting information was gathered from the published AFS of those firms for the relevant years under review, as well as their official company websites. Therefore, the years presented represent financial years rather than calendar years. Where years have

been labelled with "no data", the source information was unobtainable, largely as a result of those firms not yet being listed.

Figure 3: Key map applicable for presentation of research question three results

1. South Africa*
2. Lesotho*
3. Swaziland*
4. Namibia*
5. Botswana*
6. Zimbabwe*
7. Mozambique*
8. Madagascar*
9. Angola*
10. Zambia*
11. Malawi*
12. Mauritius*
13. Democratic Republic of Congo*
14. Tanzania*
15. Rwanda
16. Uganda
17. Kenya
18. Egypt
19. Nigeria
20. Ghana
*SADC countries
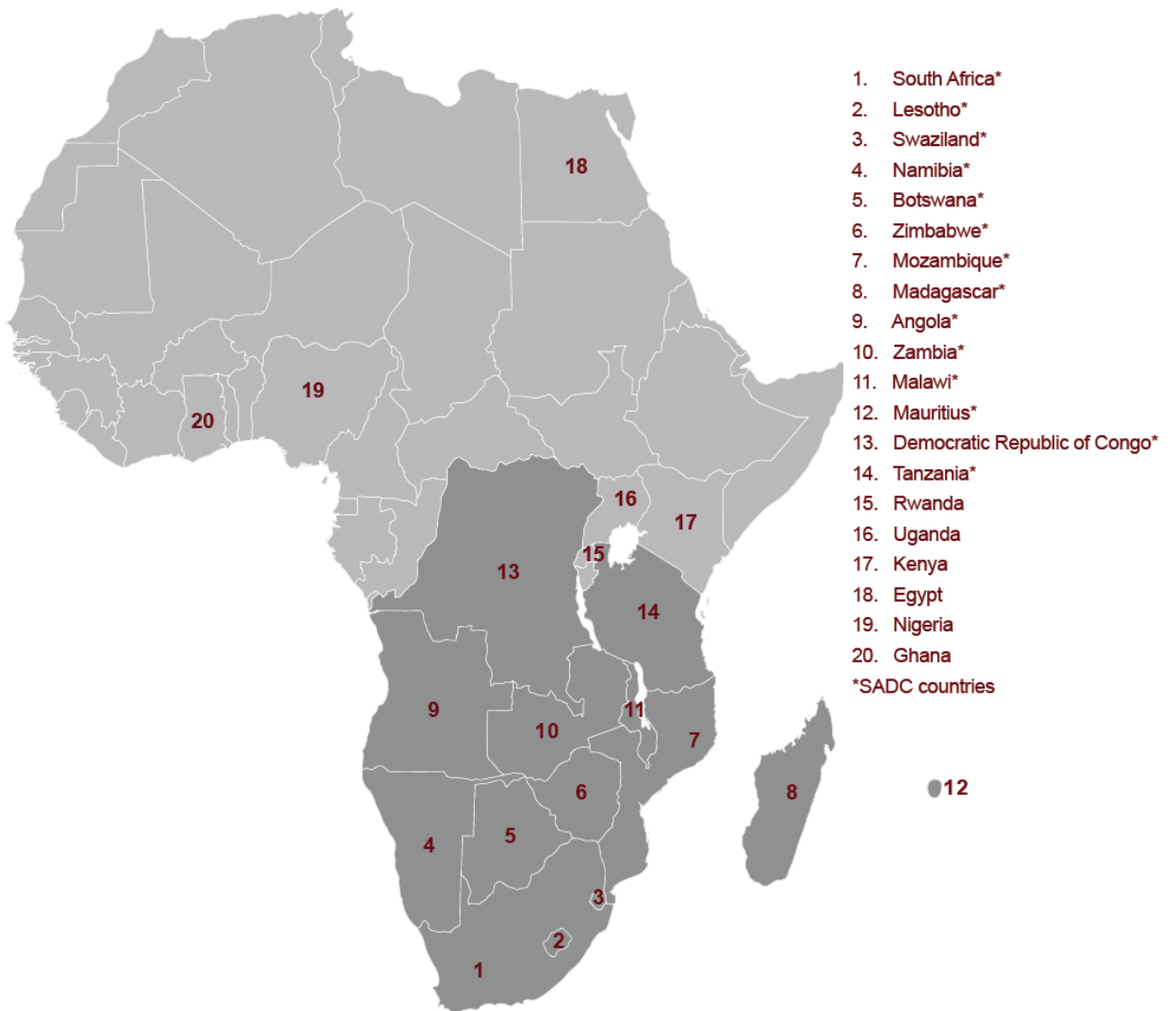
Figure 4: Shoprite Holdings Limited – African expansion pattern

1990   1995   2000   2005

2008   2010   2012   2015
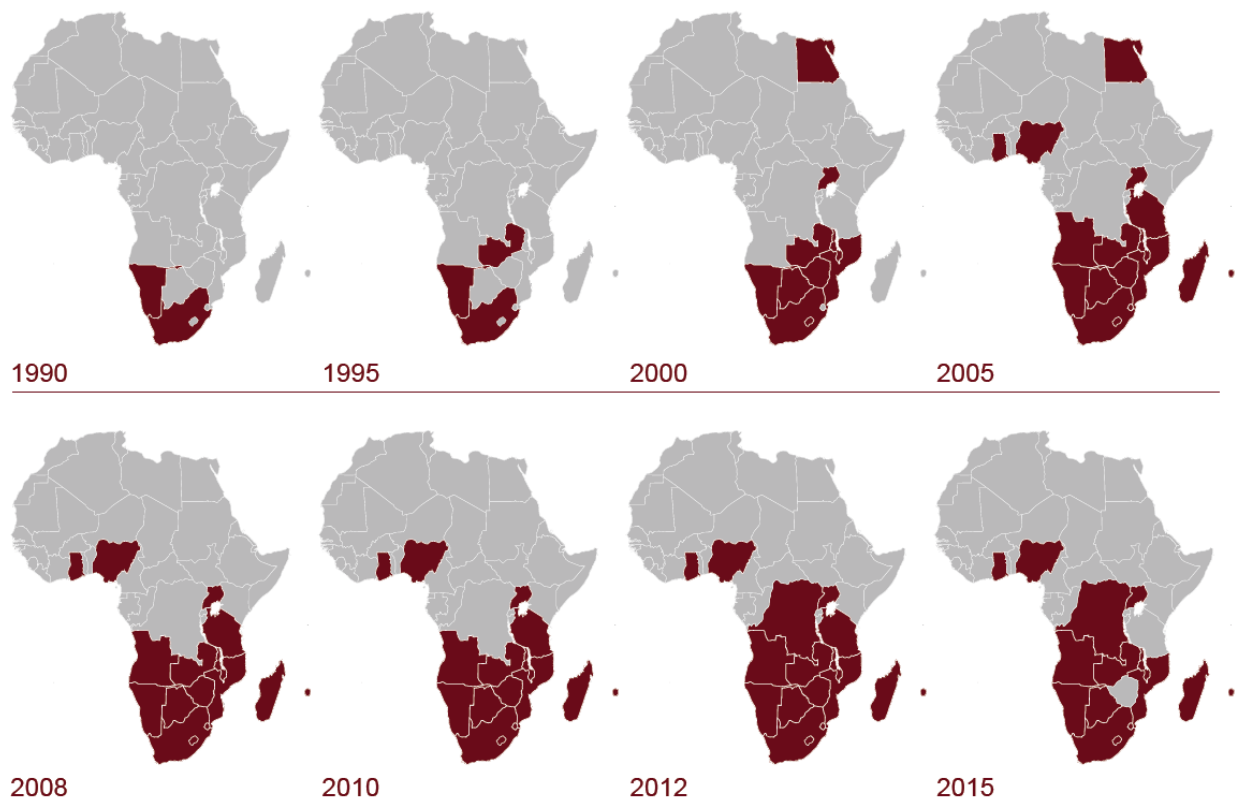
Figure 5: Woolworths Holdings Limited – African expansion pattern

1990   1995   2000   2005

2008   2010   2012   2015

53
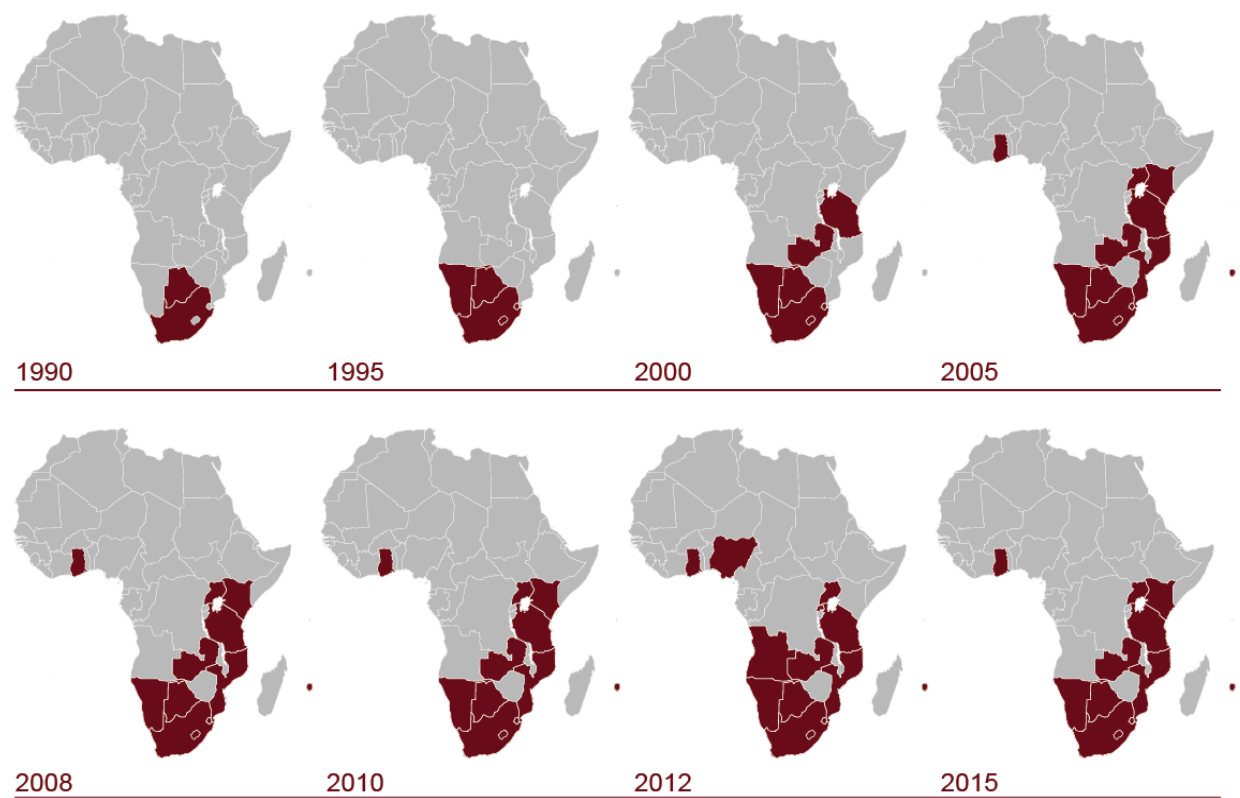
Figure 6: Truworths International Limited – African expansion pattern

No data available	No data available		
1990	1995	2000	2005

2008	2010	2012	2015
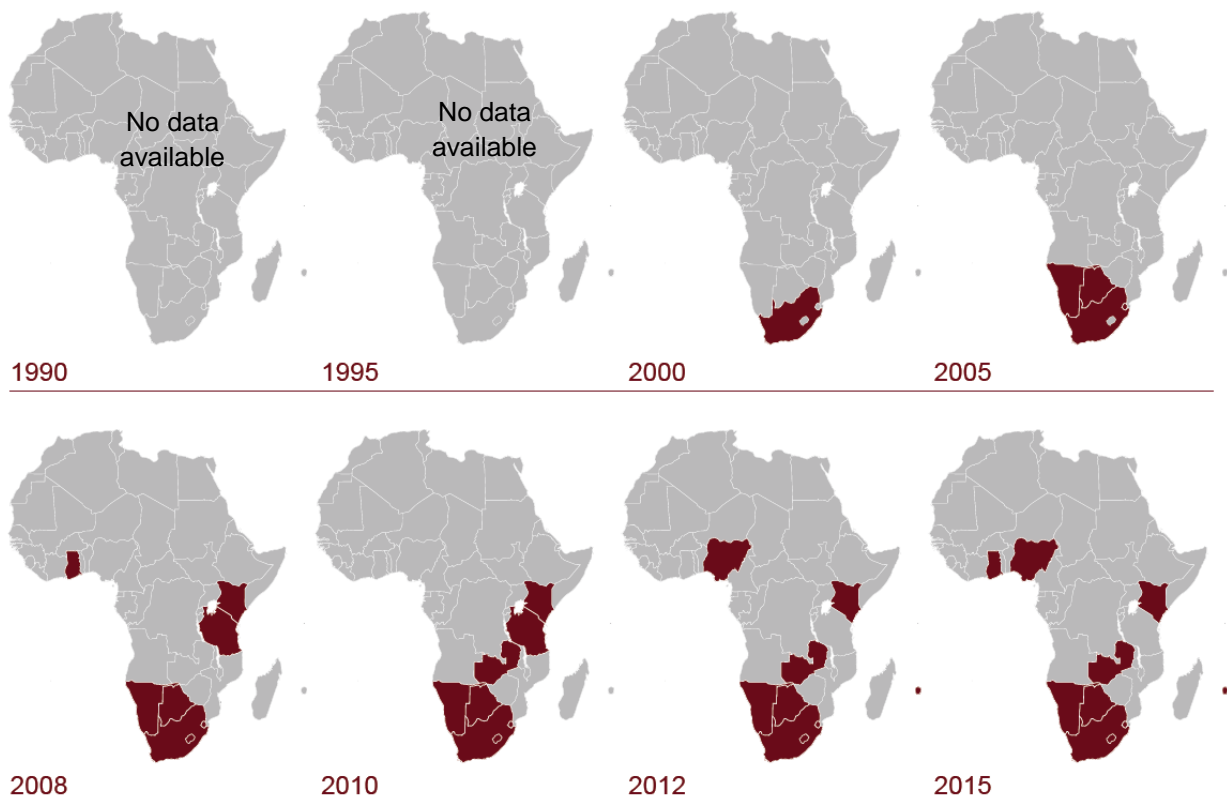
Figure 7: Massmart Holdings Limited – African expansion pattern

No data available	No data available		
1990	1995	2000	2005

2008	2010	2012	2015

54
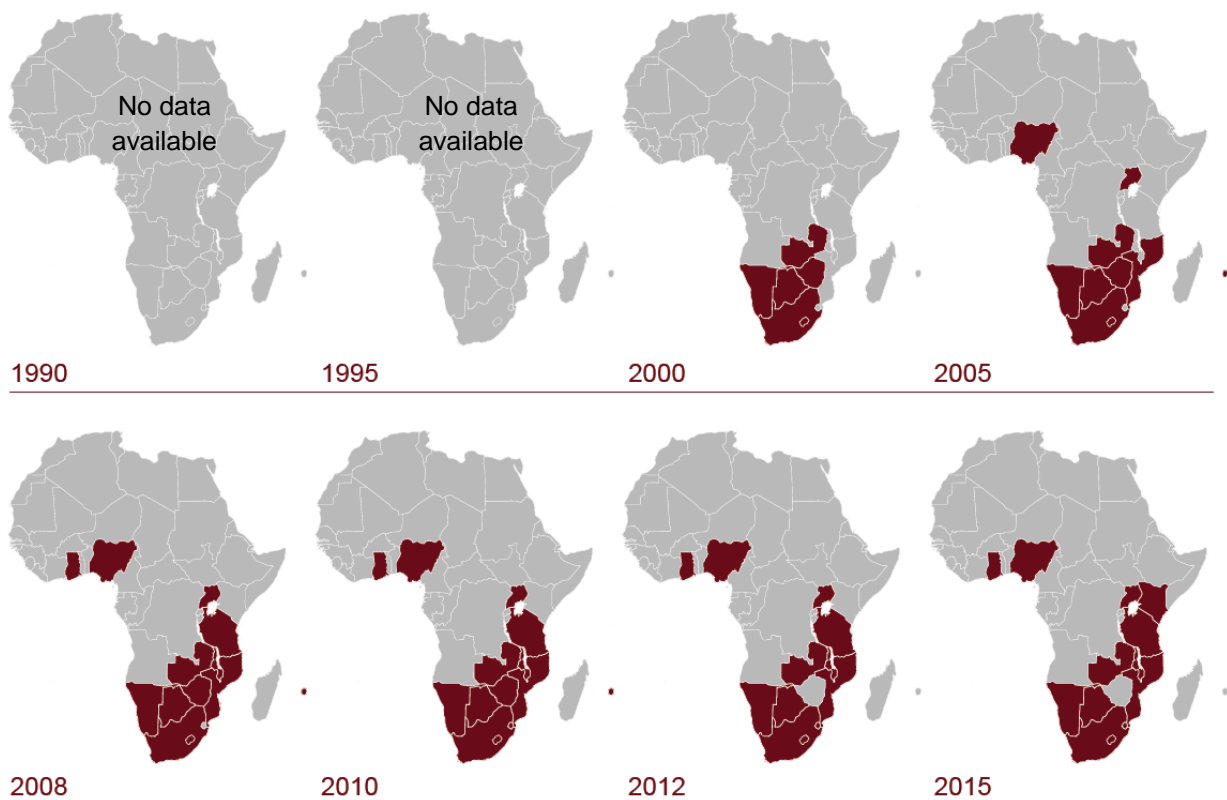
Figure 8: Mr Price Group Limited – African expansion pattern

[Data unavailable for the years 1990 through 2005]

2008   2010   2012   2015
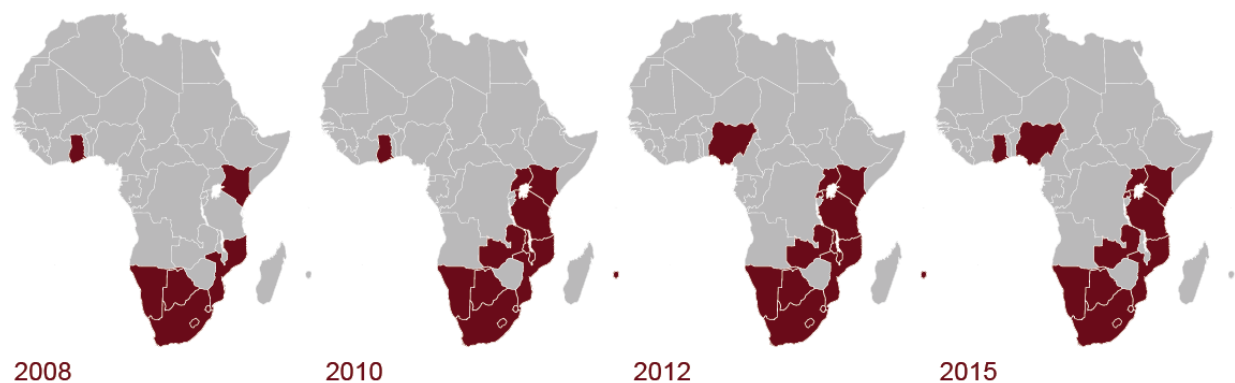
(Source for Figures 4 to 8: Researcher's own data)

Figures 4 to 8 above present the internationalisation patterns of the sampled retailers in graphic form. The retailers have demonstrated internationalisation patterns that are similar to one another in some respects but none have followed the exact same pattern of internationalisation in terms of entering the same countries sequentially over the course of time. For example, most of the sample retailers began internationalising by expanding into South Africa's neighbours, such as Namibia and Botswana. Thereafter, many of their expansion patterns were north-eastwards; north through Southern African countries and along the eastern seaboard of the continent, into countries such as Mozambique and Tanzania.

This expansion into the Southern and East African regions, was challenged by some retailers who chose to seek opportunities in North and West African countries. For example, Shoprite expanded into Egypt in North Africa before Tanzania in East Africa; Woolworths expanded into the West African country of Ghana before Malawi in Southern Africa; Truworths expanded into the West African country of Nigeria before the neighbouring country of Mozambique; and Mr Price expanded into Ghana in West Africa before expanding into the geographically closer East African country of Tanzania. These regional divergence examples demonstrate choices of expansion into countries with higher per capita Gross Domestic Product (GDP) in all cases, and larger populations in all cases except for Mr Price's expansion into Ghana, with a population of 26,8 million, before its expansion into Tanzania, with 51,8 million people.

55

Table 5 below has been compiled using 2014 metrics from the World Bank database for total country populations and GDP per capita in 2014 US Dollars, and sequential country entry has been depicted by the numbers 1 and 2 for each of the relevant retailers

Table 5: Cases of divergence from general Southern and Eastern regional expansion patterns

Region	Country	Population (2014)	GDP per capita (2014 US$)	Shoprite	Woolworths	Truworths	Mr Price
West Africa	Nigeria	177 475 986	3 203			1	
North Africa	Egypt	89 579 670	3 199	1			
West Africa	Ghana	16 695 253	1 443		1		1
East Africa	Tanzania	51 822 621	998	2			2
Southern Africa	Malawi	16 695 253	255		2		
Southern Africa	Mozambique	27 216 276	602			2	

Figures 4 to 8 demonstrate that Shoprite has clearly led internationalisation of the sampled retailers, with operations in the geographically distant markets of Uganda and Egypt as early as 2000. As a result, Shoprite may currently benefit from first mover advantage in various African countries as highlighted in the literature. This view was supported in quotation #28 in section 5.3.2 above which described how Shoprite has now reached critical mass in African markets as a result of its early and gradual expansion into those countries over a number of years.

Furthermore, as finding the right store space was cited most frequently as a key challenge for South African retailers in section 5.3.1 above, firms entering those markets early on may benefit from occupying the limited sites available, leaving their competitors with even more limited site options as explained by one interviewee: "*If Carrefour had to come to Zambia where Shoprite has 30 stores, Pick 'n Pay has got 10 or 12 stores, Spar has got 40 stores, there are only two or three more big sites left for them. They can't have 30 stores. It's taken Shoprite 30 years to get 30 stores in Zambia. Who else is going to do that?*" (I7, #52).

In contradiction to the above arguments, being the first mover may instead place a retailer at a disadvantage as a result of the significant contextual challenges of operating in Africa. This is firstly as a result of the immaturity of the retail sector in most African countries, "*in most of these countries there isn't anyone to copy. Nigeria in particular,*

you're blazing your own trail." (I2, #53) This implies that the first entrant in this context is at a disadvantage in gaining an understanding of those markets as there are no other formal retailers operating in the space to learn from. Secondly, the first entrant must undertake significant lobbying activities to "*change the laws*" and "*fight for legislation to support supermarkets*" (I7, #54). This can be time consuming and costly and the benefits are enjoyed by all later retailer entrants and therefore "*a close second is probably better than first mover advantage.*" (I7, #55)

Finally, the figures 4 to 8 demonstrate a number of instances where retailers have closed operations in African markets. For example, Shoprite no longer has operations in Egypt, Truworths pulled out of Ghana after 2008, and re-entered that market by 2015, and also pulled out of Tanzania after 2005, Mr Price no longer had operations in Mauritius by 2015, and Woolworths retreated from the Nigerian market post their 2012 financial year. A variety of reasons were cited for these market exits, including ongoing restrictions on retailing and bureaucracy in those markets, and the inability to generate profits in markets in which rental expenses were extremely high, border delays hindered the transport of goods, and customers were not used to formal retail shopping.

South African retail operating models in African markets

Sufficient information was not provided across the sampled firms' AFS to track how all of those retailers have structured their African operations, for example whether they have used the franchise or corporate store model, and to see how such operating structures have changed over the past 25 years.

However, during interview discussions regarding foreign operations, the researcher noted that many of the firms first chose to use a franchise model in their foreign operations, where more recently, those retailers have been in the process of converting their franchise stores to corporate stores. Local franchisees were useful when retailers had little knowledge of new African markets, but as they have acquired significant experience and skill in operating in those markets over a number of years, it has become more profitable to convert their franchise stores into corporate stores. Furthermore, many interviewees highlighted problems that they have experienced in working with franchisees in African markets, and therefore have moved away from this model towards corporate store ownership. Examples of issues experienced with franchisees included franchisees: experiencing cash flow problems (I1); preferring to run stores differently to the franchisor's business model (I1, I2, I3) (such as refusing to discount stock); taking

57

significant risks (I1); lacking capital to expand (I3); and misleading the South African firms regarding their retail experience, connectedness and other attributes (I3, I6, I10).

"*They [the Board] started looking at the profits that the franchise stores were making, and they started crunching the numbers of what they could make if it was a corporate store. The numbers are significantly better with a corporate store. Obviously there is greater risk, but by then because we had chosen the idea of going into most of the countries we wanted to go into, we had paid our school fees, so we already had relationships, we knew who the logistics suppliers were, we understood the country rules and regulations for importation, etc. So going in from a corporate perspective would not have been as onerous or as risky. And that's eventually what happened. [Firm x] made the decision that as franchise contracts came up, if the country was lucrative, and it was doing well, and it had potential to open x number of stores, then they would rather not renew the franchise contract and go in with corporate stores.*" (I1, #56)

"*We have struggled with franchisees so we`ve now moved away from franchise. We've bought out all but one of our franchisees, because we outgrew that model. It was a good way to get going…but now that it's a key part of our focus we want to control it all.*" (I2, #57)

"*When we created our Africa picture 15 years ago, we looked for local partners for that local knowledge, but what we found after trading in those areas for a decade is that we know what cooks, we know how it works, and we feel that the local partners actually hold us back…certainly since we've taken out the franchisees we have been able to unlock the ability for us to invest in these businesses properly, put in the right people, right systems, the right processes and everything from the right fittings and the fixtures*" (I4, #58)

"*We're just taking over that [franchise store] now… the contracts expire and we decide to go that [corporate ownership] route like the other retailers in South Africa*" (I6, #59)

This assessment was supported by commentary included in the recent financial statements of the sample retailers, thereby achieving triangulation of the data (Denzin & Lincoln, 2011). Mr Price's Zambian franchise operations were bought out in 2015 and management was considering converting the Mozambican and Tanzanian operations to corporate-owned stores in the upcoming financial year (Mr Price, 2015), while Woolworths completed the conversion of their franchise businesses in Africa to corporate stores in their 2014 financial year (Woolworths, 2014). In its 2014 AFS, Truworths stated its intention to expand into Angola by opening two franchise stores

(Truworths, 2014), despite the fact that it has recently started converting its other African stores from franchise to corporate stores. This supports the assessment that the franchise model is often preferred for initial market entry, where the market is not well understood, and later in the internationalisation process, corporate ownership is often preferred.

Further to quotation #59 above, where the interviewee suggested that his firm's shift in operating model was aligned to changes undertaken by other retailers in South Africa, one interviewee described his firm's motivation for African expansion as the need to follow what other South African retailers are doing: "*when I see that [Firm X] is going into these countries…we're going…they can't be better than us. So I think it's more a question of everybody is doing it, so we can't be seen to not do it…. I don't think we'd do it other than it's sort of the 'in thing to do' at this moment in time*" (I6, #60)

5.6   Results for Research Question Four

This research question aimed to gain insight into how South African retailers are building relationships with host-country stakeholders in African markets.

During discussions on this theme, individual interviewees provided examples of how their firms build relationships with their in-country suppliers by addressing their infrastructural development needs through joint initiatives, how they aim to align the interests of their staff in African countries with those of their shareholders in future by investigating staff share option arrangements in those markets, and how they have built relationships with their customer "*ecosystem*" (I2, #61) by giving their customers a voice in the design of new clothes through an interactive online platform. Notwithstanding these examples, interviewees most often highlighted the issue of how they build relationship with the governments and government officials in the other African countries in which they operate.

The sample firms were largely divided between those firms that participate in extensive government stakeholder relationship building activities, and those firms that do not, such as the following interviewee's firm: "*Specifically in terms of stakeholders of African markets we don't really have much of one [relationship building strategy], we kind of go through the red tape, we kind of try and get what we need to get, and then we get on with running our businesses*" (I4, #62)

59

The firms that do actively engage with African governments do so through rigorous processes of communication with relevant government officials. They make regular contact with those officials, communicate their issues, ambitions and potential benefits of their operations in those markets, and attempt to remain humble in dealing with African officials so as to avoid appearing arrogant or condescending. As a result of these processes, many retailers have built up significant levels of access to very senior government employees over the years.

"*We did go and speak with government, we did say to them "look we're coming to the country" and we did put up investment opportunities for local production*" (I3, #63)

"*You do meet with government, you meet with labour, you meet with agricultural ministers and you just make sure that you say 'we're coming to the country and we want to create jobs, we want to be stable, and we want to employ people'. So it's important…because then you get the support. It is… a case of perhaps getting an advantage because you're dealing with ministerial authorities that have influence in agricultural sectors, production sectors, that can perhaps influence decisions for you, and if you go there with the intention of 'we're here to grow local business', then it's the right thing to do, the right approach.*" (I3, #64)

"*Shoprite has probably met the president in every country they`ve gone into. They are a big enough name to be able to have that kind of access - not that knowing the president really helps you, and also presidents change - but just to say that that is the kind of level of access I think that they do have. Massmart [does] in some countries as well, maybe to a lesser extent.*" (I5, #65)

"*I went there [Botswana] for six days, and went to the municipalities and met with the municipal manager, and met with the guy that signs the licences because that's the important part there. I went to the people next door to us. We went to the shopping centre managers and introduced a little powerpoint presentation and 'we'll show you this is who we are, and what we're going to do.'*" (I6, #66)

"*If we want to see a president for argument's sake, we've built up good contacts over the years in the countries, so we can probably have access to the president's office if we want to...Our CEO sometimes visits Africa and if he wants to see a president or something, we can arrange it. We don't necessarily go to the SA government or to the embassies or anything like that.*" (I7, #67)

60

"They [governments] are normally very supportive of these developments coming to their country. It's a prestige thing as well. If they can show their voters, their support, that this is the kind of thing that they can bring into the country, you get foreign investment. So to that extent they're very supportive and we work closely with them. We have to, in terms of getting approvals in place. It might take a bit longer… It's important for us to have a good relationship with them in terms of having all our approvals in place to enable us to get business licences and all that enables us to operate our business" (I8, #68)

"We tend to be pro-active about that and our government relations are good. We do two things and first is that we ensure that we have got good government relations with the local diplomatic representatives in South Africa. We are in communication with the Malawian commercial attaché and Zambian commercial attaché and the like here. What we also do is if there is a particular difficulty in the country that we operate in, we will go to the local Consulate or Embassy… and see how can we help…so we try to develop a reputation for helping them when there are disasters in the country.

The third thing that we do once a year is a top-to-top diplomatic visit to key government industry ministers in the countries that we operate in. So we will go to meet the trade and industry minister, perhaps the minister of labour and perhaps a deputy president if we can get that access, and it is a top-to-top meeting. It is our Chief Executive and he will discuss the way we operate in a new country, 'these are our plans going forward, is there anything that you are concerned about? Trends? What we are doing, or things you would like us to do better?'" (I9, #69)

One interviewee explained how his firm's host government stakeholder relationships are largely dependent on government-to-government relations between the South African government and the host government at any one point in time.

"We want to support the government of the day. But it's strained at best of times. Nigeria is an example, there's political upheaval between Nigeria and the South African government. The relations are not very good. So obviously that spills over to companies going into Nigeria. A lot of that depends on relations that we have with the host country at government level…Like when we had the xenophobic attacks in South Africa, then it's not pleasant to be in Africa. The governments write you letters and you get summonsed to the office of Nigerians, and have to explain what's happening, and then have to make good for what happens here. So a lot of the relations that we have with the host country stakeholders…on government side depend really on the relationship that our governments have." (I7, #70)

5.7 Results for Research Question Five

This research question aimed to establish whether South African retailers internationalise to exploit existing firm or country specific advantages or whether their internationalisation patterns are determined by the pursuit of resources, capabilities or other advantages.

5.7.1 South African retailers as resource seeking

Interviewees discussed how their firms are expanding into African markets because they're "*after the customer*" (I2, #71), or they seek to "*unlock the economic potential of the countries and…generate profits*" (I4, #72), or to access the "*huge markets out there [which are] completely underserved*" (I5, #73) or because they "*see opportunity to grow and receive good return on [their] investments*" (I8, #74). Therefore, interviewees generally expressed the opinion that their firms are internationalising into African markets to serve underserved customers by exploiting their own capabilities to do so, rather than expanding in order to access capabilities or resources. This assessment is in line with the sentiment of the following quotation "*You need the resources first before you can go there to some extent.*" (I8, #75)

5.7.2 Firm specific advantages

Figures 4 to 8 in section 5.5 above demonstrated that South African retailers have been aggressively expanding into African markets for at least the past 15 years. As a result, they have gained extensive experience in operating in the contextually challenging business environments of African markets. Interviewees highlighted this significant experience as a firm specific advantage which they are able to leverage in competing in the space. "*We need the management teams and the skills and experience which we've got in South Africa and as I've said, the teams working in Africa. Many of them have been operating in those markets for 10 years at least, you know. We've got that kind of experience.*" (I8, #76)

Interviewees described their firms as "*resilient*" (I1, #77), "*adaptable*" (I1, #78) and "*tenacious*" (I6, #79). "*They [South African retailers] are able to adapt to adversity, they're able to think on their feet and they're able to find solutions. They don't just throw*

their hands into the air and say "oh dear we're going to have to delay the opening". So we understand Africa where other international players don't." (I1, #80)

Figures 4 to 8 in section 5.5 above demonstrate further that South African retailers have experienced internationalisation failures in various African markets. One interviewee described how his firm has learnt from one such experience, "*we have the lessons of a failed expansion into Chile. And it's enormous. It's the elephant in the room in every discussion that we burnt our fingers, we learnt lessons. It may have made us hyper cautious but it's also made us do our homework properly. So we have a fantastic research-own-homework-work-ethic. So that's part of our history. Our history helps us on a positive in that we`ve done 15 countries now, to do number 16, we think we know how to do it.*" (I2, #81).

South African retailers were identified as having "*sophisticated IT in their supply chains…they have these world class systems that keep all their information across these many products and many borders*" (I5, #82). Three of the interviewees discussed their firms' IT systems at length in terms of these being significant advantages for their firms in internationalising into African markets.

They have "*economies of scale*" (I5, #83) in their home markets which provide them with manufacturing cost advantages relevant to other African countries, as well as scale advantages relative to other African market importers where "*other people are importing similar products but perhaps not getting the keen prices that we can get from original sources. We're benefiting from scale when it comes to shipping full container loads, so there is an efficiency associated with that.*" (I9, #84)

One interviewee discussed his firm's strong capability in providing new stock on shelves. "*Two years ago [Zara] got an award as the most aggressive fast fashion retailer in Europe because they put out 14 full ladies fashion packs in the previous 12 months. We didn't say much, but we'd done 24.*" (I2, #85)

Finally, an interviewee discussed his firm's focus on succeeding in Africa as a specific advantage for his firm on the continent: "*Our CEO and our Chairman…are African business people. Their track record speaks for themselves, and they're adamant that we will be in Africa… I have to report on how many stores we are opening. Every person in our company knows that our drive is in Africa. I think that's an advantage that we have over a lot of people. Like the Pick 'n Pay guys…they don't really want to be in Africa, we bought their business in Tanzania, we bought it in Mauritius and in Mozambique. They*

seem to be doing very well in Zambia, but everywhere else they've not made it. And I think it's because they don't have that absolute focus on Africa." (#86).

It is arguable that this firm's focus on Africa is a result of its origin on the continent. The following section therefore discusses whether South African retailers derive advantages as a result their South African origins in their African internationalisation.

5.7.3 Country specific advantages

Most interviewees were of the opinion that their firms possess country specific advantages as a result of their expansion into the continent from South Africa. However, one interviewee was ambivalent in his response. "*So expanding from South Africa…I don't think it's strongly in our favour, and I don't think it's strongly against us.*" (I2, #87)

Interviewees that responded positively cited South African retailers' abilities to "*straddle the developed and developing world fairly easily, and more than many other countries can*" (I5, #88) as an advantage in doing business in Africa, and that "*Africa stands out because we're part of Africa. We probably understand the business a little bit better than someone from the East [or] somebody from the US who wants to come and invest there.*" (I8, #89) Another described how coming from the continent of Africa results in South African retailers being long-term in their African investment decisions which has resulted in a positive perception of South African firms in those markets. "*The South Africans are using local labour if they are building things, employing local people to do a lot of the work, so I think that's more of a style of thinking that we're actually there for the long-term, rather than just doing deals on the back of oil revenue.*" (I4, #90)

However, not all interviewees agreed that there is a positive perception of South African business in African markets, "*Ghana people, Nigerian people, Angolan people have never, ever been to South Africa. A lot of them send their kids to study in Europe or study in America. They relate to the American brand. So no, it's definitely not part of the success because you're from South Africa. [In] most cases [I] reckon you'd be better off if you were not from South Africa.*" (I7, #91)

South African firms sharing

In analysing interview transcripts, regular mention was made during the interviews of other South African firms and their operations – including their challenges or what they succeeded in doing well. The South African firms mentioned by those interviewed included firms from a range of industries including other retailers, banks, mobile phone companies, consulting firms, audit firms, architectural, construction and engineering firms, mines, fast food outlets such as Wimpy and Nando's as well as SABMiller.

The researcher therefore included the code "SA firms sharing" in the analysis, and used this code to identify quotes where interviewees discussed how they had relied on other South African firms to support them in their African internationalisation, made mention of the activities of retail competitors (including praise and criticisms), or in discussing the activities of other South African firms in their internationalisation and how they had either studied or shared information with these firms to understand African markets.

Table 5 below presents the interview word counts for interviews with the six senior decision makers from the sampled retailers. It also compares the total interview word count for each interviewee for all quotations coded as "SA firms sharing" throughout the interviews. The six decision makers have been labelled I-A to I-G and ranked order of the proportional contribution.

Table 6: "SA firms sharing" as a proportion of total discussion

Decision maker	"SA firms sharing" quotation word count	Total transcript word count	"SA firms sharing" as % of total
I-A	1 632	11 265	**14%**
I-B	1 069	10 986	**10%**
I-C	766	8 126	**9%**
I-D	875	10 319	**8%**
I-E	524	8 912	**6%**
I-F	521	8 168	**6%**
I-G	336	6 959	**5%**
Total	**5 723**	**64 735**	**9%**

On average, the six senior decision makers from the sample firms referred to other South African firms for 9% of the total discussion. Other South African firms were mentioned in a variety of contexts. This included discussions about how the retailers learn about African markets as follows, "*You can learn from your auditors and from your*

65

tax advisors, from your bankers and obviously from the landlords where you have an existing shopping centre going, and a lot of them are South African" (I8, #92), and "*what people are doing a lot more these days is sharing information. Businesses in these markets are sharing information particularly because the competition is not that high yet.*" (I5, #93).

One interviewee discussed learning from the mistakes of their South African retail bank in entering African markets, "*so we bank with Standard Bank. They are doing quite well in Nigeria and Ghana, so we piggybacked on the mistakes that they made to make sure we don't do the same.*" (I6, #94)

Another interviewee provided an anecdotal example of the level of communication between the retailers themselves. He used the example of Woolworths' withdrawal from Nigeria, explaining that Woolworths had approached his firm to discuss whether they would take over their store lease and staff in that store. "*We sort of looked a bit at Woolworths. [They] were there just before us. We looked a bit at what they were doing, but then they abandoned. They came and asked us "will you take over our staff? Will you take over our leases*?" (#95)

A symbiotic relationship between South African retailers in African markets was discussed by one interviewee. "*The other thing is this wonderful term called functional magnetism, which really is the way to describe how retailers love to trade together, they love to be together in a mall, to be a central hub for people as a destination for fashion. When we are there we like to slug it out and compete…on every level. But we do like to be in the same place and compete because that creates that kind of destination shop, which is why the kind of the malls that are developing there is kind of a symbiotic relationship with the developers and the malls coming together, and, of course the South Africans are kind of leading the charge.*" (I4, #96)

The same interviewee mentioned how he believes the legacies of apartheid have had an impact on the structure of the South African retail industry, and the nature of competition between South African retailers. "*The legacy that apartheid left South African retailers with… half a dozen significant, big companies that have kind of an oligopoly on retail, those days are gone. Even though we compete against each other…we all had a piece of that LSM pie, and there was an overlap, but Woolworths were at the top, Ackermans at the bottom, and everyone else was in the middle*". (I5, #97)

A senior decision maker from a retail support industry highlighted his firm's requirements for the support of South African retailers in entering African markets. "*We do need the support of a lot of South African retailers, so it's unlikely we'll go into a market where we don't have substantial support of South African retailers. In a way, that's a requirement from our side.*" (#98)

Finally, one interviewee raised the opinion that there is a synergy between South African firms in internationalising into Africa. "*You need that dynamic and the synergy between South African retailers, developers, the professionals, service providers, the banks as well. Without South African banks, we can't do it. That's just the bottom line. If you don't have Standard Bank and RMB to help us, it just won't happen.*" (I8, #99) As a form of triangulation of the data provided by this comment, the researcher used the AFS of Standard Bank Limited for same years as were considered in the Figures 4 to 8 in Section 5.5 above, to present a similar infographic of Standard Bank's African internationalising, depicted in Figure 9 below. Figure 9 demonstrates that Standard Bank has significant experience in African internationalisation, and has operations in many of the same countries as the South African retailers included in this study.

Figure 9: Standard Bank Limited – African expansion pattern
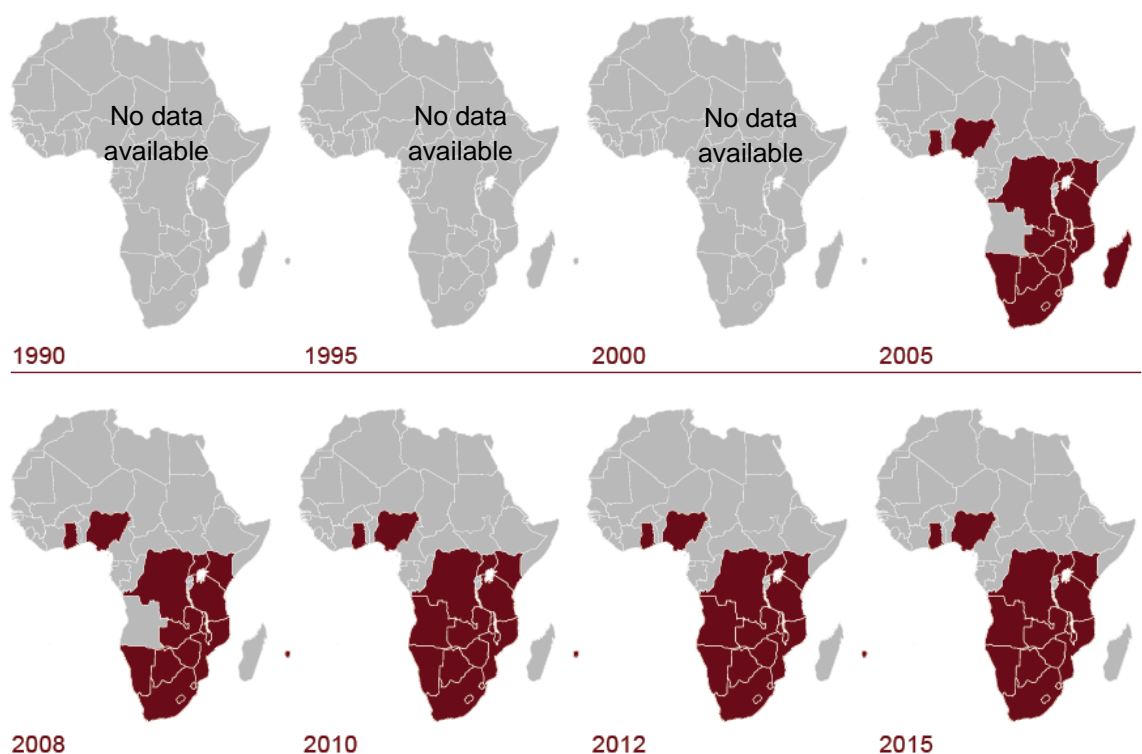
5.8   Conclusion

During the analysis of data as presented in Chapter 5, data credibility was maintained in a number of ways. Firstly, in preparing the frequency count of challenges cited by interviewees in Table 3 of section 5.3.1, challenges raised on prompting by the researcher were excluded to mitigate researcher bias. Secondly, data triangulation was used to add rigour and richness to the inquiry (Denzin & Lincoln, 2011), by including multiple materials in the study such as transcript analysis and supporting secondary data in the results sections of store operating models (section 5.5), reasons for divergent expansion patters (Table 5 of section 5.5) and retailer reliance on South African banks in their African expansion (Figure 9 of section 5.7.3). Finally, an iterative process of data coding was followed to ensure the full richness of interview results, with a subsequent iterative coding cycle resulting in the addition of the "SA firms sharing" code (Table 6 of section 5.7.3), a key finding presented in this chapter.

The results of the five research questions have provided insightful findings towards an understanding of the internationalisation of South African retailers in Africa. The dynamic interplay of the results across the research question themes has contributed to new knowledge regarding the importance of other South African firms in their expansion in Africa. In Chapter 6 the results are discussed in terms of the literature review and new knowledge is further developed.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

This chapter includes a discussion of the research results presented in Chapter 5, which are interpreted in light of the literature review in Chapter 2 together with other external data. This discussion and interpretation is used to answer the research objectives as stated in Chapter 1 and the research questions as raised in Chapter 3.

6.2 Discussion of results for Research Question One

What are the key challenges faced by South African retailers internationalising into African countries and how are these challenges being managed and addressed?

In light of the overarching research objective to gain an understanding of the internationalisation of South African retailers into the rest of Africa, Research Question One aimed to set the scene, by providing the researcher with an understanding of the contextual business environment of African host markets in which South African retailers operate. Both African markets as contextual business environments, and the operation of African multinationals conducting business therein, have to date remained under-researched (Zoogah et al., 2015).

The data coding and analysis of the in depth interviews demonstrate that senior decision makers and industry experts within the South African retail industry have different opinions of what the key challenges are for South African retailers in their internationalisation in Africa. This result added to the understanding of African host countries as business environments, which are both dynamic and complex in nature (Luiz & Stewart, 2014). There is therefore no single "silver bullet" for retailers wishing to address the challenges of expansion into those markets and no single all-encompassing theory that can be developed as a step-by-step guide for managers entering such business arenas.

When asked to define their own personal ranking of the most important challenges of internationalising in Africa, all interviewees ranked challenges differently. However, Table 3 in Chapter 5 demonstrated that some challenges were cited more often than others across the interviews, with "finding the right store space" the most frequently

discussed challenge, followed by "logistics", and then "legal or regulatory issues" and "import tariffs or bans" ranked together thereafter.

Finding the right store space is difficult for retailers expanding into African markets for a number of reasons, the most extensively cited of which was the lack of available shopping malls and store sites (#1; #2; #6; #7). The scarcity of shopping malls was highlighted as an issue in the literature (Games, 2015; Wood, 2015), however, the interviewees also made substantial reference to the cost of building and renting space in shopping malls (#3; #4; #6; #7), which was broadly absent from the literature reviewed. However, the literature further identified that malls can be a challenge to develop because developers are often required to develop supporting infrastructure which is usually the responsibility of government in more developed countries (Games, 2015; Khanna & Palepu, 2013), resulting in much higher project costs. Interviewees confirmed this particular issue (#5). Interestingly, the interviewees provided a sense that this is becoming less of a challenge as African countries reduce their infrastructure development backlogs. (#1; #5) One interviewee did not believe that finding retail store space to be a problem for his firm (#11), again highlighting the differences in opinions of experienced decision makers on this topic.

The literature established that African markets are characterised by institutional voids (Deng, 2012; Khanna & Palepu, 2013; Wang et al., 2013), with radical contrasts between the institutional environments of different African countries (Zoogah et al., 2015). A number of the challenges identified by the interviewees as presented in Table 3 are indicative of such institutional voids. For example, during discussions about finding the right store space, interviewees spoke of the dysfunction of institutions responsible for land registrations and record keeping (#9), and legal institution dysfunction in the enforcement of lease contracts (#10). Institutional bodies regulating customs at sea and road borders were identified as a blockage in many African countries, particularly Nigeria, both in terms of their failure to facilitate the efficient transfer of products across borders (#14; #15) and because of their inability to curb rampant corruption at those juncture (#18; #22). Institutions responsible for import tariff regulations and import bans were cited as dysfunctional owing to their oversight of complex, extensive and frequently changing import regulations (#16; #17, #19, #20, #21), which make it more complex for South African retailers seeking to comply with regulations in those markets (#25; #27).

Deng and Yang (2015) argue that while firm characteristics and country of origin are clearly important to internationalisation strategy, a further understanding of host country contextual variables and their impact on a firm's internationalisation activities is required.

70

Research Question One therefore sought to better understand both the contextual variables of operating in African markets (such as those discussed above) as well as how such variables have had an impact on South African retailers operating in those environments. Data was therefore gathered and analysed to assess how South African retailers are addressing these contextual challenges, as discussed below.

Table 4 demonstrated that South African retailers have adopted a number of solutions to the challenges of operating in African markets, the most frequently cited of which was the experience they have gained in operating in African markets over a number of years (#29), which has enabled them to develop management and operating capabilities required to succeed those markets. Maintaining a long-term outlook, and investing for the long-term (#28) was frequently highlighted as important when conducting business in African markets as progress can be relatively slow (Games, 2015). In line with their long-term investment horizons, South African retailers have invested in developing human capital to run their operations within those markets (#31; #31), and have taken a stand against engaging in corruption so as not to institutionalise the practice of paying bribes (#32; #33; #34; #35).

Interviewees provided a number of anecdotal examples of how their firms are addressing the challenges of operating in African markets. These included the development of sophisticated IT systems which have been refined over a number of years to manage the complexity of different currencies, pricing structures, regulatory environments and tax regimes. To decrease costs, retailers are leasing smaller stores, whilst cost pressures have further resulted in one retailer innovating its store design so successfully that it is replicating the new and more efficient design in its South African stores. In order to save on travel costs, one retailer experimented with interviewing new staff in Nigeria over Skype. To mitigate product stock outs resulting from longer supply chains, retailers are ordering products in bulk and storing them in host country warehousing facilities. Another retailer is using host country film stars to build brand awareness in Nigeria.

Conclusive findings for Research Question One

The findings for Research Question One provided a greater understanding of African markets as host business environments, a topic which has been under researched (Zoogah et al., 2015), particularly in terms of the challenges faced by retailers entering those markets. In light of the necessity to understand both the host country context and its influence on internationalisation (Deng & Yang, 2015), the insights from this study extended further to how South African retailers have adapted to and thrived in such environments. These insights are particularly relevant because South African retailers

have led internationalisation on the continent (Dakora et al., 2010, 2014), and are therefore particularly good test cases from which to derive an understanding of how to address the challenges of doing business in Africa.

It seems their secret is time. Over many years of operating in African markets, retailers have been experimenting and innovating, and developing new IT systems that are suitable for managing operations in such contextually unique environments. They have invested resources in scouting for suitable store sites and have partnered with South African developers to build malls where none previously existed (Wood, 2015). In so doing, they have played a role in gradually formalising those markets. Over many years, they have developed management capabilities appropriate for managing long, complex supply chains in those countries. Their outlook is long term in nature and their solutions are aligned with this timeframe. For example, they have addressed the issue of corruption by refusing to pay bribes, and have built a reputation for refusing to do so over many years, where that reputation itself has become a solution to the problem in many instances. They understand the importance of creating solutions that are also context appropriate, as failures in using western solutions to African problems (such as using Skype to conduct interviews with unsuccessful outcomes) has demonstrated this.

Western and other international retailers looking at expansion into African markets should take note of the experience of South African retailers in doing business in Africa and the solutions they have found to common problems. This experience is hard earned, difficult to replicate and acts as a significant advantage in African internationalisation.

6.3 Discussion of results for Research Question Two

How do South African retail managers access and use information to gain an understanding of different African markets?

This research question sought to gain an understanding of how South African retailers are accessing and interpreting information pertinent to understanding both African markets and their consumers. The literature demonstrated that market information on African markets is difficult to find (Dakora et al., 2014), and that the information which is available is often unreliable (Jerven, 2011). The literature has further established that there has historically been a lack of research and information about African consumers, especially with regard to their needs, behaviour and attitudes (Russo et al., 2012).

72

The results presented in Chapter 5 therefore demonstrated how the interviewees acquire this relevant information and interpret it. Retail firms address the problem by gathering the information themselves by visiting competitor stores and comparing offerings, asking competitors' store managers for information, or sharing information across a network of senior South African retail industry executives. (#37; #39; #41; #43) The degree to which managers of the sample retailers shared information was surprising considering that these firms are fierce competitors within their highly concentrated South African home market (#93)(Aaron, 2011).

One retailer used its online offering as a means of conducting market research to understand African markets and customers across various countries (#38), another tracked its African customers' preferences through its CRM IT system linked to customer store cards. A number of interviewees discussed the use of customer intercept surveys and focus groups to gain an understanding of their African customers.

To obtain market level information, many interviewees relied on professional consulting companies to provide them with this data and an interpretation thereof. However, one interviewee criticised these consulting firms' lack of experience in those markets (#42; #44). Relevant market level information was obtained by a number of interviewees through information sharing with their suppliers in country (#47), local host country partners (#48), and other South African firms with experience of doing business in African markets. (#49; #50)

What became apparent in the analysis of all of the above findings was that the sample retailers have been gradually building their knowledge of African markets and the consumers therein by using a number of sources (#51) over a number of years. This was aptly described by one interviewee as "*a slow, painful process. There is no magic fix there.*" (#37)

Conclusive findings for Research Question Two

As a result of the dearth of data and information (Dakora et al., 2014), and the unreliability of what is available (Jerven, 2011), it has been necessary for South African retailers to build their own capabilities and networks to fill these information voids since they first entered African markets as long as 25 years ago. This finding is consistent with Buckley's (2014) proposition that collecting information that is relevant to expansion into a host country is important to multinationals as it informs their ability to assess risks in, and build knowledge of, the host market. As Dakora et al. (2014) found that South

African retail managers demonstrate self-efficacy in their ability to gather and use information to understand African markets, this research adds to the literature by demonstrating how this capability has been achieved over a number of years, and provides further anecdotal examples of how such information is gathered by the sample firms.

6.4   Discussion of results for Research Question Three

What internationalisation patterns are South African retailers following for their expansion into African countries?

This research question aimed to establish what internationalisation patterns South African retailers are following in their expansion into African countries. Figures 4 to 8 in Section 5.5 demonstrated such patterns as followed by the sample retailers since 1990.

As a general trend, the sample retailers first moved into South Africa's neighbouring countries of Botswana and Namibia. Thereafter, a number of the firms expanded in a north-easterly direction, into countries such as Zambia in Southern Africa, and Tanzania along the continent's eastern seaboard. What is clear from the results in Figures 4 to 8 is that no retailers have followed the exact same pattern of internationalisation in terms of entering the same countries sequentially over the course of time.

This therefore raises the question as to whether any of the current, popular internationalisation models highlighted in Chapter 2 are applicable to the internationalisation of the sample retailers. Firstly, none of the sample retailers were "born global" (Aharoni, 2014, p.381) as they all began their expansion both gradually, and into countries that were close in proximity, i.e. neighbouring countries, to their home markets. However, the retailers have, in some respects, internationalised along the lines of trends outlined in the Uppsala paradigm (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975). This was evidenced by a high-level assessment of Figures 4 to 8 which showed that the retailers mostly began their expansion into nearby Southern African countries before exploring markets in the next closest region, East Africa.

However, analysis of the figures at a more granular level revealed a number of instances in which the subsequent countries entered were not necessarily the next proximal countries, or even countries within the next closest region. Table 5 in section 5.5 was therefore developed to form a deeper understanding of such divergences from the Uppsala paradigm. The results in the table demonstrated that many such cases of divergence represented expansion into more attractive markets despite their relative

distance, as represented by their higher GDP per capita metrics. These cases therefore reflect Cuervo-Cazurra's (2012) assessment that firms may first select countries with high market attractiveness and high psychic distance ahead of proximity, thus following non-sequential internationalisation processes and varying selection patterns.

Through a combination of interview transcript analysis and triangulation using published secondary data in firm AFS, it was determined that many of the sample retailers initially structured their stores as franchise stores, which they subsequently converted to corporate owned stores. Reasons provided for such expansion strategies included the need to use local partners on initial entry to provide local knowledge, ameliorate the retailer's initial lack of networks in host markets (#56; #58), and reduce risk. (#56) Once the firms gained sufficient experience and knowledge of those markets, corporate ownership was preferred as it allowed them to exercise greater control over foreign operations (#57), and to avoid the recurrence of problems experienced with local franchise partners. (#57; #58)

Comment #56 provided evidence to support the argument made by Gollnhofer and Turkina (2015) that retailers prefer to use a franchise store model in entering markets they perceive to be more risky. However, in contrast to Gollnhofer and Turkina's (2015) argument, a number of interviewees cited the pursuit of local market knowledge and networks as their reasons for initially choosing franchise models, rather than a pursuit of the flexibility to exit quickly. Cuervo-Cazurra (2012) proposed that EMNEs prefer a higher level of control over their foreign operations, because as a result of their origins within emerging markets, they have higher tendencies to protect their resources and knowledge and rely less on institutions for protection. The interviewees supported this argument as once they had gained enough knowledge of local markets to be independent of their local partner, they began converting their franchise stores to corporate owned stores, allowing them greater control.

Conclusive findings for Research Question Three

This study provides anecdotal evidence from a small sample of retailer company decision makers about their reasons for opening stores as franchise stores on initial market entry, and later converting those to corporate owned stores over time. In the literature review, Dakora and Bytheway's (2014) statement noted that the historical pattern of South African retail expansion across the continent has, to date, predominantly been achieved through corporate owned stores, rather than through franchises. However, it is not clear whether this statement related to the cumulative number of stores opened by all retailers over time, or whether it was a representation of

current store structures, where a majority of stores were initially franchise stores and have since been converted to corporate stores. As this study contradicts the statement by Dakora and Bythway at its face value, it supports a need for further research into how South African retailers across the industry have structured their African stores, and how these structures have changed over time.

The results showed that the sample firms have experienced a number of issues with their franchise partners in African markets, such as franchisees lacking sufficient capital; experiencing cash flow problems; misleading the sample firm management; taking significant risks, and running stores against the instructions of the South African franchisors such by refusing to discount stock. The results did not demonstrate whether such franchisee issues were more prevalent within African markets offering particularly difficult business environments. This supports the need for future research into how differences in particular African markets drive differences in the operating structures chosen by retailers entering those markets.

The results demonstrated that the sample retailers did not internationalise according to exactly the same patterns, and demonstrated both aspects of Uppsala-style incremental internationalisation into nearby countries, and divergent expansion into geographically distant West African markets with higher market attractiveness. The Uppsala paradigm has become obsolete, as it did not predict "born global" retailers (Bhardwaj et al., 2011) and it does not explain the divergent expansion patterns as set out in Table 5 in section 5.5 of this study. These findings therefore provide support for Aharoni's (2014) call for theory adaptation to appropriately reflect the new realities of International Business. The rapid internationalisation of EMNEs over the past decade (Atsmon et al., 2012) requires further understanding. South African retailers expanding into African markets, by combining different strategies that do not always dovetail neatly with prior models, is therefore an appropriate research ground for further empirical study and adaptation of now obsolete International Business theory.

6.5 Discussion of results for Research Question Four

How are South African retailers building relationships with host-country stakeholders?

This research question sought to understand how South African retailers build relationships with relevant stakeholders in African markets. Overwhelmingly, when asked about how they build such relationships, the interviewees turned the conversation to how they build relationships with host country government officials. Most of the interviewees' firms tended to prioritise building government relationships over building relationships more broadly with multiple stakeholders.

Such activities included rigorous processes of communication with host country governments whereby regular contact is made with officials in order to communicate their ambitions and the potential benefits of their firms' presence to the host market. (#63; #64; #66; #67; #69) As a result of active and focused government relationship building activities undertaken over a number of years, many of the sample firms have built up significant levels of access to very senior government officials (#65; #67; #69) as highlighted by one interviewee in the following statement, "O*ur CEO sometimes visits Africa and if he wants to see a president or something, we can arrange it". (#67)*

Such strategies for forming relationships with government officials appear to have been driven by the most senior leaders of the firms in a number of cases. (#67; #69) One firm's top leadership participates in an annual "*top-to-top diplomatic visit to key government industry ministers"* (#69) in the countries that it operates in, where such meetings are attended by the firm's Chief Executive.

Conclusive findings for Research Question Four

The results presented in section 5.3.1 demonstrated that the sample firms are formalising African markets as they expand into them. As African markets develop, society and the economy are co-evolving and, therefore, firm growth and market-based activities are expected to promote host country economic and social development (Mair et al., 2012; Marquis & Raynard, 2015). With such high expectations placed on the sample retailers in expanding into those markets, it has been necessary for them to develop market-political ambidexterity in order to adequately manage both host market influences and host market government pressures simultaneously (Li et al., 2013). Such

capabilities have further enabled the retailers to mitigate tensions in the host market environment and share knowledge.

Market-political ambidexterity capabilities are underpinned by commitment from the very top of these organisations, rigorous and focused participation in communication activities with host governments, and a long history of relationship building in a number of the African markets in which the sample firms have been operating for well over ten years.

6.6 Discussion of results for Research Question Five

Do South African retailers internationalise to exploit existing firm or country specific advantages or are their internationalisation patterns determined by the pursuit of resources, capabilities or other advantages?

The discussion below includes the topic of South African retailers as resource seeking, their firm specific advantages and their country specific advantages leveraged in African internationalisation.

Resource seeking

Interviewees generally agreed that their firms are expanding into African markets in pursuit of consumers, markets, returns and profits (#71; #72; #73; #74). In contrast to the argument that South African retailers may expand in order to seek resources or capabilities rather than to exploit existing ones (Dakora & Bytheway, 2014; Goldstein & Baena, 2012; Luo & Tung, 2007), this research showed that the options are not mutually exclusive, as the sample firms are both expanding into African countries to seek markets and to simultaneously exploit their existing capabilities (#75).

Firm specific advantages

It was established in section 6.3 that the sample firms have developed their own capabilities and networks in order to fill information voids which are inherent in African markets (Dakora et al., 2014; Jerven, 2011). In section 6.5 it was found that the sample firms have developed market-political ambidexterity (Li et al., 2013), and have strong capabilities in building relationships with host country government officials. Interviewees highlighted a number of additional capabilities and characteristics that their firms and firm managers have developed which support their successful operation in African countries. These include resilience (#77) and adaptability (#78), where such findings are

aligned with Aharoni's (2014) proposition that originating in an emerging market may make EMNE managers more resilient.

Further capabilities identified included their sophisticated and context-appropriate IT systems (#82), their capabilities in managing long and complex supply chains (#85), their economies of scale in manufacturing and importing (#83; #84), and their keen focus on African expansion (#86). Many of these FSAs were developed while operating in their home market of South Africa, an emerging market, and therefore serve as advantages when competing in other emerging markets (Wang et al, 2013) due to their suitability to such host environments (Deng; 2012).

Country specific advantages

The literature review highlighted that firms originating in South Africa, with its particular political and economic history, and its virtue of being the most developed country on the continent, may provide South African retailers with specific home-country advantages (CSAs) (Rugman, 2010) in their expansion into African markets. The interviewees confirmed this argument as they described a number of CSAs that their firms enjoy, such as being able to "straddle the developed and developing world fairly easily" (#88), and demonstrating a better understanding of African markets than other international firms.

Conclusive findings for Research Question Five – SA Inc.

As South African retailers have led internationalisation in Africa in the retail sector (Dakora et al., 2010, 2014), it is important to understand what capabilities and characteristics they have leveraged to achieve this. This study highlighted a number of firm and country specific advantages that these firms have leveraged in their African internationalisation.

The sample retailers originated in an economic environment informed by the legacies of apartheid, where economic isolation gave rise to highly concentrated firms across various industries (Aaron, 2011) including the retail industry, creating a situation in which *"apartheid left South African retailers with,…half a dozen significant, big companies that [had] kind of an oligopoly on retail"* (#97). As the retail industry developed within this market structure, firms evolved to compete for different segments of the South African market. "W*e all had a piece of that LSM [Living Standards Measure] pie, and there was an overlap, but Woolworths were at the top, Ackermans at the bottom, and everyone else was in the middle*" (#97). It is therefore proposed that this way of competing was institutionalised into the South African retail market structure during apartheid-driven isolation. In expanding into markets outside of South Africa in the 1990s, these firms

continued to compete in terms of the same rules of engagement with South African competitors as those in their home market. As retailers agglomerate in malls through functional magnetism (Putnam et al., 2014), South African retailers have demonstrated similar symbiotic and antagonistic relationships by both agglomerating in African malls as competitors (Oppewal & Holyoake, 2004), and by following largely similar expansion patterns across the continent to agglomerate and compete within the same African markets.

The sample firms shared information (#93) and studied each other's African expansion failures (#95) and copied one another (one sample interviewee expressed that his firm is only expanding into African markets because other South African retailers are (#60). However, such synergies between South African retailers leveraged in the process of African expansion extended further, to include other South African firms such as banks, consulting firms, audit firms, tax advisory firms and property developers. Retailers used these firms to learn about business in Africa, as expressed by one interviewee, "*You can learn from your auditors and from your tax advisors from your bankers and obviously from the landlords… and a lot of them are South African*" (#92).

The concept of South African firms acting in concert in their internationalisation has been termed "SA Inc.". One interviewee aptly expressed how SA Inc. is alive and well for South African retailers operating in African markets, "*you need that dynamic and the synergy between South African retailers, developers, the professionals, service providers, the banks as well. Without South African banks, we can't do it… it just won't happen*". (#99) As the internationalisation of South African firms to date remains unmatched by a similar process emanating from any other African state (Verhoef, 2011), it is proposed that SA Inc. is a significant driver of such success. This finding therefore informs Figure 10 developed in the following chapter, Chapter 7, as a means to understand the role of SA Inc. in the internationalisation of South African retailers in Africa.

6.7   Conclusion

The conclusive findings to each of the five research questions have been discussed in detail above. However, consideration of these findings together allows for a deeper understanding of the research topic as a whole. Chapter 7 is therefore used to combine the above findings and develop a cohesive summary of the outcomes of this study.

CHAPTER 7:   CONCLUSION

7.1   Introduction

Given that over the past decade, Africa has become a major economic growth pole of the global economy (Vickers, 2013); that South African firms have led retail internationalisation in these simultaneously fast growing and challenging markets (Dakora et al., 2010, 2014); and that there are inadequate international business theories to explain this outcome (Zoogah et al., 2015), this research explored the internationalisation of South African retailers in Africa, and added to the existing international business theory debate on this topic. The major findings of this research are summarised in this chapter, which thereafter provides recommendations for stakeholders, sets out the shortcomings of this research, and lays the foundations for future research.

7.2   Major findings

It was observed that South African retailers have been expanding into African markets for a number of years. Their expansion has been gradual, limited partly by the pace at which appropriate store spaces have been developed (Wood, 2015). The rate of expansion is also related to other contextual difficulties of doing business in African markets, such as a multitude of institutional voids, supply chain issues and corruption.

Through their years of experience, South African retailers have gradually been building their knowledge of African markets and the consumers therein. This study determined that they have built their own capabilities and networks to fill information voids inherent in those markets and have developed capabilities to address institutional voids, developed context appropriate IT systems, and adapted to managing long and complex supply chains. The findings therefore supported the argument that South African retailers as EMNEs have developed FSAs which are relevant to internationalisation in other emerging markets (Goldstein & Baena, 2012; Wang et al, 2013).

Analysis of the interview transcripts and secondary data showed that sample firms shared information through informal networks, which extended right to the firms' top executives. A noteworthy finding is that these retailers also relied on other South African firms for their operations in African host markets such as their bankers, auditors, tax advisors, property developers, and to some extent, acted in synergy with other South

African firms in their internationalisation, thereby demonstrating SA Inc. type characteristics. SA Inc. synergies were further highlighted by interviewees' considerable references to other South African firms during discussions about their own firm's expansion, whilst anecdotal evidence was used to establish that the sample firms not only shared information, but also studied each other's failures, copied each other and criticised, praised and learnt from each other in their African internationalisation. Therefore, a key finding of this research was how SA Inc. acts as a country specific advantage (Rugman, 2010), which South African retailers have leveraged in their African expansion, thereby answering Verhoef's (2011) call for further research on this topic.

The researcher used the study findings to propose that South African retailers had institutionalised the rules of engagement between competitors within their highly concentrated and saturated home markets during years of apartheid-driven isolation. In expanding into markets outside of South Africa in the 1990s, these firms continued to follow some form of established pattern in their engagement. It followed that the sample firms preferred to expand into African markets where other South African retailers were operating because their entries into those markets were assisted by information sharing in terms of SA Inc., and their rules of engagement were well understood. This proposition was therefore supported by the finding that to some extent, the sample retailers followed the Uppsala paradigm in their expansion (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975), and that retailers largely followed a pattern of entering African markets where other South African retailers were already operating. As such, the sample firms were found to demonstrate dual symbiotic and antagonistic relationships in competing in particular African markets, similar to those guided by functional magnetism (Putnam et al., 2014) within particular shopping malls.

By virtue of being the first formal retail movers into a number of African markets, Shoprite identified finding store space as a significant challenge and dedicated resources to addressing this particular issue before its competitors. In so doing, it was able to occupy many of the prime store sites, and therefore realised a form of first mover advantage. However, being a follower rather than a first mover was shown to be beneficial owing to followers having another player in the host market to learn from, as well as all industry followers benefitting from costly first mover investments.

The introduction of SA Inc. to these findings allowed the researcher to build on first mover and follower relationship dynamics as the presence of SA Inc. was found to underpin a market context in terms of which there are benefits for both first mover and follower retailers as follows:

- South African retail followers entering African host markets benefit from information shared by the South African retail first mover through SA Inc. networks, where the first mover has gained more experience of operating in that host market for a longer period of time; and
- In accordance with functional magnetism, South African retail first movers benefit from the entry of South African retail followers so that they are not in the host market alone, and therefore are able to cluster together in malls to draw foot traffic. Further, they benefit from the follower being a South African rather than a foreign multinational retailer and they are able to benefit from knowledge gained by South African followers in those markets through their SA Inc. networks.

These findings above have been summarised in Figure 10 below, in terms of which the arrows represent knowledge sharing within the context of African markets.

Figure 10: SA Inc. retailer market entry and operations in Africa
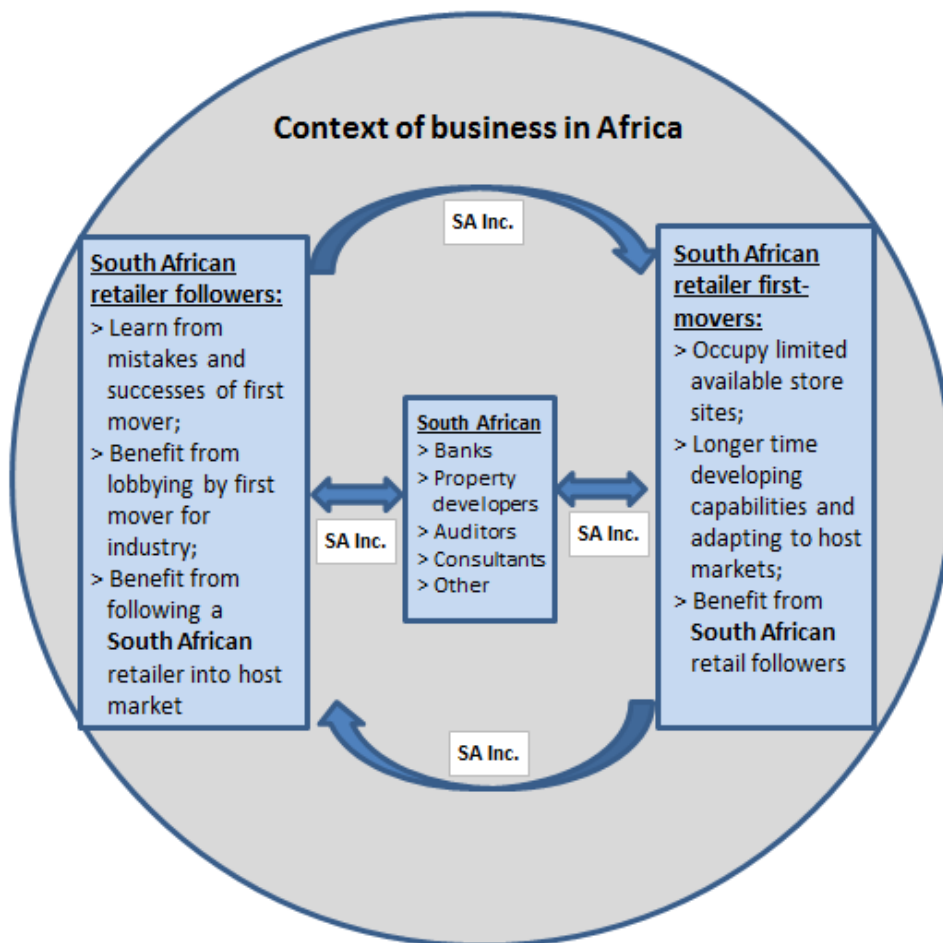
What is clear from Figure 10 above is that other non-South African international retailers are at a disadvantage when entering African markets, where South African retailers have

already been operating for a number of years and have achieved critical mass, as they are outsiders in terms of the SA Inc. knowledge sharing network, and may find less support in African markets from banks, consultants and property developers with significant experience in operating in those markets. It is also clear from this discourse that it would take many years for such market entrants to build the same level of market and consumer understanding and develop management and operational expertise suitable for managing a business in complex and challenging African host markets, in which progress of retail expansion was shown to be slow.

This leads directly into how a number of stakeholders might use the findings of this research as depicted in Figure 10 above in terms of recommendations made in the following section.

7.3   Recommendations for stakeholders

It is recommended that managers of non-South African multinational retailers expanding into African markets should consider following one of the following two strategies. Either they should access the SA Inc. knowledge network, through the acquisition of a South African retailer or by hiring South African retail managers to run their African operations, or they should create their own dynamic network of firms from their home countries, which operate and support one another by entering the same host African markets.

If a South African retail firm is acquired in terms of the first approach, it is recommended that key managers of the acquired firm should be left in place in order to continue to benefit from sharing information as part of SA Inc. and the relationships built up between the managers of South African firms over a number of years both pre and post-apartheid. This approach can be compared to the approach that Walmart followed when it purchased a 51% share in the South African retailer Massmart in 2011 (Bonakele, Beaty, Rasool, & Kriek, 2014). This research found that although owned by Walmart as a majority shareholder, its operations are still very much a part of SA Inc. in African markets.

The second approach might be achieved through actions taken by the home country government or through focused private sector partnerships. A state-led approach might have the drive and the capital to support an appropriate mix of home country firms in their expansion into the same African markets. It is therefore recommended that governments should consider policy implementation which supports the structured and

synergistic entry of its firms into particular African markets, or that managers of private retailers should actively engage with their service providers such as banks, property developers and construction firms, and with their multinational retail competitors, to co-operate in entering the same African host markets and sharing information in those markets.

It is clear that even in replicating SA Inc., it would take a significant period of time to replicate knowledge sharing networks to build the same level of understanding of African host markets as South African retailers currently possess. Following from this, it is recommended to all retail managers whose firms are entering and operating in African markets, that they should conduct their activities with a very long-term view. Owing to the significant challenges of retail expansion into African host markets, this research found that a long-term investment horizon and alignment of operating strategies to that horizon, are essential to successful multinational retail in Africa.

7.4   Limitations of the research

Key limitations of this study were as follows:

- An exploratory study method was used for this research. As a result, this research provided tentative answers to the research questions, where more detailed research (such as descriptive and causal quantitative analysis) may be required as a follow up to this study in order to provide more dependable answers (Barbour, 2008).

- A small, non-probability, judgement sample was used. Therefore, the sample does not represent the population statistically, and the results cannot be generalised as being representative of the population as a whole (Denzin & Lincoln, 2011; Saunders & Lewis, 2012; Silverman, 2011). Further to the issue of generalizability, the population comprised only JSE listed retailers and is, therefore, not representative of smaller or privately owned South African retailers internationalising into Africa.

- Using case study methodology required the researcher to be closely exposed to the study, which may have biased the findings (Saunders & Lewis, 2012). Exploratory research, by its nature, is subjective and reflects the perspective of the researcher, which may therefore have resulted in researcher bias (Corbin & Strauss, 2014; Maxwell, 2013; Saunders & Lewis, 2012). As the study was conducted ex post facto, subjectivity risk may further have been introduced by interviewees in their narration

of their past experiences and how they chose to communicate such (Miller et al., 2012).

- Only senior decision makers from South African firms were interviewed. To gain greater understanding of the topic, it would have been beneficial to also interview relevant stakeholders within the host countries. Such increased variety in the experiences of interviewees might guide deeper exploration of the data and increase the comparability of interviewee experiences (Corbin & Strauss, 2014).

- Although a variety of techniques was applied with the aim of supporting the reliability and validity of the research, these cannot solve all the issues of reliability and validity, and therefore this issue has been noted as a limitation (Searle & Silverman, 1997).

7.5   Recommendations for future research

There is a gross lack of general research on African multinationals and African markets as host environments (Zoogah et al., 2015). Knowledge, data and insights are by and large absent or poor at best. Although this study contributed to research on these topics, it was conducted using a small sample of South African retailers and interviewees. This study found that SA Inc. synergies were particularly pertinent to South African retailers as country specific advantages in their internationalisation into African markets. Therefore further research should be conducted using similar studies with a wider sample of interviewees from different industries, to determine how SA Inc. networks are being leveraged by a range of South African firms in their African expansion. Leading on from this, future research should be conducted to determine whether networks between the firms of any other countries have been as effective in supporting corporate cross-border expansion.

This research established that South African retailers have developed a number of capabilities that support them in their African operations. Internationalisation capabilities of South African firms in other industries have previously been studied by Verhoef (2011) and Wood (2015) in qualitative case studies of particular entities. It would therefore be interesting to conduct further empirical research to determine which of the capabilities that have been identified are most effective in supporting South African firms in their internationalisation into African markets in particular, and how these capabilities differ from those used by South African retailers in their home market expansion.

7.6 Conclusion

African markets are complex host environments for foreign multinationals. The continent, which has recently garnered significant attention for its "Africa Rising" narrative, presents a multitude of challenges for the South African retailers that have led retail internationalisation therein (Dakora et al., 2010, 2014). This study showed how South African retailers have developed a variety of capabilities (FSAs) suitable for operating within African host markets. It further demonstrated that South African retailers use SA Inc. as a country specific advantage (CSA) in their expansion. The combined results from the research findings were summarised graphically to develop two strategic options for international retailers choosing to enter African markets. The findings have therefore provided a deeper understanding of retail in Africa, how South African firms have been leaders in this sector outside their home market, and how other international retailers might leverage this new knowledge.

REFERENCE LIST

Agbloyor, E., Abor, J., Adjasi, C., & Yawson, A. (2013). Exploring the causality links between financial markets and foreign direct investment in Africa. *Research in International Business and Finance, 28*, 118-134. DOI:10.1016/j.ribaf.2012.11.001

Aharoni, Y. (2014). To understand EMNEs a dynamic IB contingency theory is called for. *International Journal of Emerging Markets*, *9*(3), 377-385. DOI 10.1108/IJoEM-09-2013-0151

Andrews, K. (1987). Chapter 2: The Concept of Corporate Strategy. In Andrews, K. *Chief Executive Officer, President, or General Manager: Roles and Responsibilities, and The Concept of Corporate Strategy*. New York, NY: Richard D. Irwin, Inc.

Aron, J. (2011). Macroeconomic policy and its governance after apartheid. In Shapiro, I., & Tebeau, K. (Eds.). *After Apartheid: Reinventing South Africa*, 136-178. University of Virginia Press.

Asongu, S. (2012). Government quality determinants of stock market performance in African countries. *Journal of African Business*, 13(3), 183-199. DOI: 10.1080/15228916.2012.727744

Atsmon, Y., Kloss, M. & Smit, S. (2012). Parsing the growth advantage of emerging-market companies. *McKinsey Quarterly*. Retrieved from http://www.mckinsey.com/insights/strategy/parsing_the_growth_advantage_of_emerging-market_companies

Aykut, D., & Goldstein, A. (2007). Developing country multinationals: South-South investment comes of age. In United Nations. Dept. of Economic and Social Affairs, *Industrial Development for the 21st Century: Sustainable Development Perspectives,* 85-106. New York: United Nations Publications.

Barbour, R. (2008). *Introducing qualitative research: A student guide to the craft of doing qualitative research*. Sage Publications Ltd.

Bhardwaj, V., Eickman, M., & Runyan, R. (2011). A case study on the internationalization process of a 'born-global'fashion retailer. *The International Review of Retail, Distribution and Consumer Research*, 21(3), 293-307. DOI: 10.1080/09593969.2011.578804

Birkinshaw, J., Brannen, M., & Tung, R. (2011). From a distance and generalizable to up close and grounded: Reclaiming a place for qualitative methods in international business research. *Journal of International Business Studies*, 42, 573-581. DOI: 10.1057/jibs.2011.19

Bonakele, T., Beaty, D., Rasool, F., & Kriek, D. (2014). Examining the entry of Walmart into South Africa: a stakeholder management perspective. *South African Journal of Labour Relations*, *38*(2), 78-89.

Buckley, P. (2014). Adam Smith's theory of knowledge and international business theory and practice. *Journal of International Business Studies*, 45, 102–109. DOI:10.1057/jibs.2013.44

Burt, S., Johansson, U., & Dawson, J. (2015). International retailing as embedded business models. *Journal of Economic Geography*, pp. 1–33. DOI:10.1093/jeg/lbv008

Burt, S., & Sparks, L. (2002). Corporate branding, retailing, and retail internationalization. *Corporate Reputation Review*, 5(2-3), 194-212. DOI: 10.1057/palgrave.crr.1540174

Chidozie, F., Olanrewaju, P., & Akande, O. (2014). Foreign Megastores and the Nigerian Economy: A Study of Shoprite. *Mediterranean Journal of Social Sciences*, *5*(1), 425. DOI:10.5901/mjss.2014.v5n1p425

Coca-Stefaniak, J., Parker, C. & Rees, P. (2010). Localisation as a marketing strategy for small retailers. *International Journal of Retail & Distribution Management*, Vol. 38 No. 9, 2010 pp. 677-697. DOI 10.1108/09590551011062439

Contractor, F. (2013). Punching above their weight: The sources of competitive advantage for emerging market multinationals. *International Journal of Emerging Markets*, *8*(4), 304-328. DOI 10.1108/IJoEM-06-2013-0102

Corbin, J., & Strauss, A. (2014). *Basics of qualitative research: Techniques and Procedures for Developing Grounded Theory*. Sage Publications Inc.

Crush, J., & Frayne, B. (2011). Supermarket expansion and the informal food economy in Southern African cities: implications for urban food security. *Journal of Southern African Studies*, 37(4), 781-807. DOI: 10.1080/03057070.2011.617532

Cuervo-Cazurra, A. (2012). Extending theory by analyzing developing country multinational companies: Solving the Goldilocks debate. *Global Strategy Journal*, *2*(3), 153-167. DOI: 10.1111/j.2042-5805.2012.01039.x

Cuervo-Cazurra, A., & Genc, M. (2008). Transforming disadvantages into advantages: developing-country MNEs in the least developed countries. *Journal of international Business Studies*, 39(6), 957-979. DOI:10.1057/palgrave.jibs.8400390

Cyrino, A., Barcellos, E., & Tanure, B. (2010). International trajectories of Brazilian companies: Empirical contribution to the debate on the importance of distance. *International Journal of Emerging Markets*, 5(3/4), 358-376. DOI 10.1108/17468801011058424

Dakora, E. (2012). Exploring the fourth wave of supermarket evolution: concepts of value and complexity in Africa. *International Journal of Managing Value and Supply Chains*, *3*(3), 25-37. DOI: 10.5121/ijmvsc.2012.3303

Dakora, E, & Bytheway, A. (2014). Entry Mode Issues in the Internationalisation of South African Retailing. *Mediterranean Journal of Social Sciences*, 5(4), 194-205. DOI:10.5901/mjss.2014.v5n4p194

Dakora, E., Bytheway, A., & Slabbert, A. (2014). Strategic Options for the Expansion of South African Retail Businesses within Africa: Consequences on Operational Management. *Journal of Economics & Behavioral Studies*, *6*(3), 218-231.

Dakora, E., Bytheway, A., & Slabbert, A. (2010). The Africanisation of South African retailing: a review. *African Journal of Business Management*, 4(4), 748-754.

Davis, C., & Hodgson, A. (2010). *Africa: Consumers, Consumers Everywhere- Growth opportunities for consumer goods companies*. A.T. Kearney Inc. Retrieved from https://www.atkearney.com/paper/-/asset_publisher/dVxv4Hz2h8bS/content/africa-consumers-consumers-everywhere/10192

Dawson, J., & Mukoyama, M. (2013). Recent developments in retail internationalization. In Dawson, J., & Mukoyama, M. (Eds.), *Global Strategies in Retailing: Asian and European Experiences* (pp. 5-32). Routledge.

Demirbag, M., & Yaprak, A. (2015). Conclusions and future research directions: lessons learned from the rise of emerging-market multinationals. In Demirbag, M., & Yaprak, A. (Eds.), *Handbook of Emerging Market Multinational Corporations* (pp. 260-270). Edward Elgar Publishing.

Deng, P. (2012). Accelerated internationalization by MNCs from emerging economies: Determinants and implications. *Organizational Dynamics*, *41*(4), 318-326. DOI:10.1016/j.orgdyn.2012.08.007

Deng, P., & Yang, M. (2014). Cross-border mergers and acquisitions by emerging market firms: A comparative investigation. *International Business Review*, *24*(1), 157-172. DOI:10.1016/j.ibusrev.2014.07.005

Denzin, N. & Lincoln, Y. (2011). *The SAGE handbook of qualitative research.* Sage.

Dunning, J. (1988). The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions. *Journal of International Business Studies*, *19*(1), 1-31.

Dunning, J. (2000). The eclectic paradigm as an envelope for economic and business theories of MNE activity. *International Business Review, 9(*2), 163-190. DOI:10.1016/S0969-5931(99)00035-9

Elsner, S. (2013). *Retail Internationalization: Analysis of Market Entry Modes, Format Transfer and Coordination of Retail Activities.* Springer Gabler. DOI: 10.1007/978-3-658-01096-6

Eren-Erdogmus, I., Cobanoglu, E., Yalcin, M., & Ghauri, P. (2010). Internationalization of emerging market firms: the case of Turkish retailers. *International Marketing Review*, *27*(3), 316-337. DOI: 10.1108/02651331011048014

EY. (2014). *EY's attractiveness survey: Africa 2014 Executing growth*. Retrieved from http://www.ey.com/Publication/vwLUAssets/EY-attractiveness-africa-2014/$FILE/EY-attractiveness-africa-2014.pdf

Fearon, J (2003). Ethnic and cultural diversity by country. *Journal of Economic Growth,* 8(2), 195-222. DOI: 10.1023/A:1024419522867

Fosfuri, A., Lanzolla, G., & Suarez, F. (2013). Entry-timing strategies: The road ahead. *Long Range Planning*, 46(4), 300-311. DOI: 10.1016/j.lrp.2013.07.001

Gaffney, N., Kedia, B., & Clampit, J. (2013). A resource dependence perspective of EMNE FDI strategy. *International Business Review*, *22*(6), 1092-1100. DOI:10.1016/j.ibusrev.2013.02.010

Games, D. (2012, December 07). Reality check on hype is needed. *Mail and Guardian*. Retrieved from http://mg.co.za/article/2012-12-07-reality-check-on-hype-is-needed

Games, D. (2015). The Fast-Moving Consumer Goods and Retail Sectors. In McNamee, T., Pearson, M., & Boer, W. (Eds.), *Africans Investing in Africa*. Palgrave Macmillan.

Gaur, A., Sarathy, R., & Kumar, V. (2011). Liability of foreignness and internationalization of emerging market firms. In Devinney, T., Pedersen, T. & Tihanyi, L. (Eds.). *Advances in International Management: The Past, Present and Future of International Business and Management*. New York, NY: Emerald. DOI: 10.1108/S1571-5027(2011)0000024016

Goldstein, A., & Baena, C. (2012). Drivers of Internationalization in Emerging Economies: Comparing Petrobras and PDVSA. In Marinov, M. (Ed.), *Impacts of Emerging Economies and Firms on International Business*, (pp. 189-201). Palgrave Macmillan.

Gollnhofer, J. & Turkina, E. (2015). Cultural distance and entry modes: implications for global expansion strategy. *Cross Cultural Management,* (22)1, 21-41. DOI 10.1108/CCM-07-2013-0114

Gray, D. (2013). *Doing research in the real world*. Sage.

Guercini, S., & Runfola, A. (2010). Business networks and retail internationalization: A case analysis in the fashion industry. *Industrial Marketing Management, 39*(6), 908-916. DOI:10.1016/j.indmarman.2010.06.010

Guest, G., Bunce, A., & Johnson, L. (2006). How many interviews are enough? An experiment with data saturation and variability. *Field methods*, *18*(1), 59-82.

Hallward-Driemeier, M., Khun-Jush, G., & Pritchett, L. (2010). *Deals versus rules: policy implementation uncertainty and why firms hate it* (No. w16001). National Bureau of Economic Research. Cambridge.

Hamilton, L., & Webster, P. (2015). The international business environment. Oxford University Press.

Hennart, J. F. (2012). Emerging market multinationals and the theory of the multinational enterprise. *Global Strategy Journal*, *2*(3), 168-187. DOI: 10.1111/j.2042-5805.2012.01038.x

Hofmeyr, J. (2013). *Africa Rising? Popular Dissatisfaction with Economic Management Despite a Decade of Growth*. Afrobarometer. Retrieved from http://afrobarometer.org/sites/default/files/publications/Policy%20paper/ab_r5_policypaperno2.pdf

Hofstede, G. (1980). Culture and organizations. *International Studies of Management & Organization*, 10(4), 15-41.

Ivey, J. (2010). The Value of Qualitative Research Methods. *Paediatric Nursing*, 38(6), 319.

Jerven, M. (2011). Users and producers of African income: Measuring the progress of African economies. *African Affairs*, 110(439), 169-190. DOI:10.1093/afraf/adq079

Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm—four Swedish cases 1. *Journal of management studies*, *12*(3), 305-323.

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

Jonsson, A., & Elg, U. (2006). Knowledge and knowledge sharing in retail internationalization: IKEA's entry into Russia. *International Review of Retail, Distribution and Consumer Research*, 16(02), 239-256. DOI: 10.1080/09593960600572316

Khanna, T., & Palepu, K. (2013). *Winning in emerging markets: A road map for strategy and execution*. Harvard Business Press.

Lamin, A., & Livanis, G. (2013). Agglomeration, catch-up and the liability of foreignness in emerging economies. *Journal of International Business Studies*, *44*(6), 579-606. DOI:10.1057/jibs.2013.14

Li, Y., Peng, M., & Macaulay, C. (2013). Market-political ambidexterity during institutional transitions. *Strategic Organization, 11*(2), 205-213. DOI: 10.1177/1476127012470403

Lischewski, J., & Voronkova, S. (2012). Size, value and liquidity. Do they really matter on an emerging stock market? *Emerging Markets Review*, 13(1), 8-25. DOI:10.1016/j.ememar.2011.09.002

Luiz, J., & Stewart, C. (2014). Corruption, South African Multinational Enterprises and Institutions in Africa. *Journal of Business Ethics*, *124*(3), 383-398. DOI 10.1007/s10551-013-1878-9

Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, *38*(4), 481-498. DOI:10.1057/palgrave.jibs.8400275

Madhok, A., & Keyhani, M. (2012). Acquisitions as entrepreneurship: Asymmetries, opportunities, and the internationalization of multinationals from emerging economies. *Global Strategy Journal*, *2*(1), 26-40. DOI: 10.1111/j.2042-5805.2011.01023.x

94

Mahajan, V. (2011). *Africa rising: How 900 million African consumers offer more than you think*. Pearson Prentice Hall.

Mair, J., Marti, I., & Ventresca, M. (2012). Building inclusive markets in rural Bangladesh: How intermediaries work institutional voids. *Academy of Management Journal, 55*(4), 819-850. DOI: 10.5465/amj.2010.0627

Malik, O. R., & Aggarwal, R. (2012). The Rise of Emerging Market Multinational Companies (EMNC): A Capabilities-based Perspective. In *Third Copenhagen Conference on Emerging Multinationals: Outward Investment from Emerging Economies.* Retrieved from http://gdex.dk/ofdi12/Omar%20Malik%20-%20EMNC%20Copenhagen%202012.pdf

Marshall, M. (1996). Sampling for qualitative research. *Family practice*,*13*(6), 522-526. DOI: 10.1093/fampra/13.6.522

Marquis, C., & Raynard, M. (2015). Institutional Strategies in Emerging Markets. *The Academy of Management Annals, 9*(1), 291-335. DOI:10.1080/19416520.2015.1014661

Massmart Holdings Limited (2005). *Massmart 2005 Annual Report*. Retrieved from http://www.massmart.co.za/wp-content/uploads/2013/11/massmart_ar051.pdf

Maxwell, J. (2013). *Qualitative research design: An Interactive Approach*. Sage Publications Inc.

Miller, T., Birch, M., Mauthner, M., & Jessop, J. (Eds.). (2012). *Ethics in qualitative research*. Sage.

Moore, J. F. (1993). Predators and prey: a new ecology of competition. *Harvard business review*, *71*(3), 75-83.

Moriarty, M., van Dijk, B., Warschun, M., Witjes, M., Rucker, M., Kikoni, P. (2014). *The 2014 African Retail Development Index™ - Seizing Africa's Retail Opportunities*. A.T. Kearney Inc. Retrieved from https://www.atkearney.com/documents/10192/4371960/Seizing+Africas+Retail+Opportunities.pdf/730ba912-da69-4e09-9b5d-69b063a3f139

95

Moriarty, M., van Dijk, B., Warschun, M., Prinsloo, J., Savona, E., Witjes, M. (2015). *The 2015 African Retail Development Index™- Retail in Africa: Still the next Big Thing*. A.T. Kearney Inc. Retrieved from https://www.atkearney.com/documents/10192/6437503/Retail+in+Africa.pdf/b038891c-0e81-4379-89bb-b69fb9077425

Mr Price Group Limited (2015). *2015 Annual Integrated Report*. Retrieved from http://www.mrpricegroup.com/MRPG/media/MRPG/AnnualReports/2015/42197_MRP_Online_AR_2015.pdf

O'Leary, Z. (2013). *The essential guide to doing your research project*. Sage.

Oppewal, H., & Holyoake, B. (2004). Bundling and retail agglomeration effects on shopping behavior. *Journal of Retailing and Consumer Services*, *11*(2), 61-74. DOI: 10.1016/S0969-6989(02)00079-6

Penrose, E. (1959). The theory of the growth of the firm. *The Theory of the Growth of the Firm*. Oxford University Press.

Prahalad, C. (2012). Bottom of the Pyramid as a Source of Breakthrough Innovations. *Journal of Product Innovation Management*, *29*(1), 6-12. DOI: 10.1111/j.1540-5885.2011.00874.x

Prinsloo, D. (2013). *Benchmarking the South African Shopping Centre Industry International and Local Trends*. Retrieved from http://urbanstudies.co.za/wp-content/uploads/2014/07/SACSC-Research-Report-Benchmark-March-2013.pdf

Putnam, R., Taylor, F., & Kettle, P. (2014). *A Geography of Urban Places*. Oxon: Routledge, (p.104).

Ramamurti, R. (2012). What is really different about emerging market multinationals? *Global Strategy Journal*, *2*(1), 41-47. DOI: 10.1111/j.2042-5805.2011.01025.x

Rugman, A. (2010). Reconciling internalization theory and the eclectic paradigm. *Multinational Business Review, 18*(2), 1-12. DOI: 10.1108/1525383X201000007

Russo, B., Sun-Basorun, A., & Van Wamelen, A. (2012). *The rise of the African consumer*. McKinsey Global Institute. Retrieved from http://www.mckinsey.com/global_locations/ africa/south_africa/en/ rise_of_the_african_consumer

SADC. (n.d.). *Southern African Development Community Overview*. Retrieved from http://www.sadc.int/about-sadc/overview/

Saldaña, J. (2012). *The coding manual for qualitative researchers*. Sage.

Santangelo, G., & Meyer, K. (2011). Extending the internationalization process model: Increases and decreases of MNE commitment in emerging economies. *Journal of International Business Studies*, *42*(7), 894-909. DOI: 1 0. 1 057/jibs.20 1 1 .25

Saunders, M., & Lewis, P. (2012). *Doing research in business and management: An essential guide to planning your project*. Financial Times / Prentice Hall.

Seale, C., & Silverman, D. (1997). Ensuring rigour in qualitative research. *The European Journal of Public Health*, *7*(4), 379-384.

Seidman, I. (2013). *Interviewing as qualitative research: A guide for researchers in education and the social sciences*. Teachers college press.

Silverman, D. (Ed.) (2011). *Qualitative Research: Issues of Theory, Method and Practice*. Sage Publications Inc.

Stake, R. (2013). *Multiple case study analysis*. Guilford Press.

Stevens, C. & Dykes, B. (2013). The Home Country Cultural Determinants of Firms' Foreign Market Entry Timing Strategies. *Long Range Planning*, 46(4), 387-410. DOI: 10.1016/j.lrp.2013.06.003

97

Storey, J., & Nyathi, N. (2015). 4. Strategies and structures of MNCs from emerging economies. In Horwitz, F. & Budhwar, P*., Handbook of Human Resource Management in Emerging Markets*, (pp. 68-92). Edward Elgar Publishing.

Teputepu, U. (2015, April 24). South African shops in Malawi shut amid anti-xenophobia protests. *Times Live*. Retrieved from http://www.timeslive.co.za/africa/2015/04/24/south-african-shops-in-malawi-shut-amid-anti-xenophobia-protests

Trading Economics. (2015a). *Nigeria Population 1960-2015*. Retrieved from http://www.tradingeconomics.com/nigeria/population

Trading Economics. (2015b). *South Africa Population 1960-2015*. Retrieved from http://www.tradingeconomics.com/south-africa/population

Truworths International. (2014). *Integrated Report 2014*. Retrieved from https://www.truworths.co.za/assets/investor/2014/september2014/Truworths_IAR%202014%2025%20Sept.pdf

UNCTAD. (2014a). *United Nations Conference on Trade and Development- Economic Development in Africa report 2014: Catalysing investment for transformative growth in Africa.* Geneva: United Nations Publications. Retrieved from http://unctad.org/en/PublicationsLibrary/aldcafrica2014_en.pdf

UNCTAD. (2014b). *United Nations Conference on Trade and Development- World investment report 2014*. Geneva: United Nations Publications. Retrieved from http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf

UNCTAD. (2015). *United Nations Conference on Trade and Development- Economic Development in Africa report 2015: Unlocking the potential of Africa's services trade for growth and development*. Geneva: United Nations Publications. Retrieved from http://unctad.org/en/PublicationsLibrary/aldcafrica2015_en.pdf

UNESCO. (2012). *United Nations Educational Scientific and Cultural Organisation: Linguistic diversity: 3,000 languages in danger.* UNESCO Press. Retrieved March 20, 2015, from http://www.unesco.org/bpi/eng/unescopress/2002/02-07e.shtml

UNICEF. (2014). *Generation 2030: Africa.* UNICEF Division of Data, Research, and Policy. Retrieved from http://www.unicef.org/publications/files/Generation_2030_Africa.pdf

Verhoef, G. (2011). The globalisation of South African conglomerates, 1990-2009. *Economic History of Developing Regions*, *26*(2), 83-106. DOI: 10.1080/20780389.2011.625242

Vickers, B. (2013). Africa and the rising powers: bargaining for the 'marginalized many'. *International Affairs*, *89*(3), 673-693. DOI: 10.1111/1468-2346.12039

Wang, S. L., Luo, Y., Lu, X., Sun, J., & Maksimov, V. (2013). Autonomy delegation to foreign subsidiaries: An enabling mechanism for emerging-market multinationals. *Journal of International Business Studies*, *45*(2), 111-130. DOI:10.1057/jibs.2013.40

Wood, G. (2015). South African multinationals in Africa: growth and controversy. In Demirbag, M. & Yaprak, A. (Eds). *Handbook of emerging market multinational corporations*, (pp. 222-235). Edward Elgar Publishing.

Woolworths Holdings Limited. (2014). *2014 Integrated Report.* Retrieved from http://www.woolworthsholdings.co.za/investor/annual_reports/ar2014/whl_2014_integrated_reprt1.pdf

World Bank. (2014). *Doing Business 2015: Going Beyond Efficiency*. Washington, DC. DOI: 10.1596/978-1-4648-0351-2. Retrieved from http://www.doingbusiness.org/~/media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB15-Chapters/DB15-Report-Overview.pdf

Yellowwood. (2015). *African Attitudes: Marketing Beyond The Numbers*. Retrieved from http://www.ywood.co.za/thinking/papers-and-downloads/african-attitudes-marketing-beyond-the-numbers.aspx

Yin, R. (2011). *Applications of case study research*. Sage.

Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management journal*, *38*(2), 341-363. DOI: 10.2307/256683

Zoogah, D., Peng, M., & Woldu, H. (2015). Institutions, resources, and organizational effectiveness in Africa. *The Academy of Management Perspectives*, 29(1), 7-31. DOI: 10.5465/amp.2012.0033

100

APPENDICES

Appendix 1 – Informed consent letter

Appendix 2 – Discussion guide

Appendix 3 – List of codes used in data analysis

Appendix 4 – Sample firm net profit coverage

Appendix 5 – Ethical clearance letter

Appendix 1 – Informed consent letter

Informed consent letter:

I am conducting research on the internationalisation of South African retailers in Africa and am trying to find out more about designing and implementing strategies for expansion into African markets.

Our interview is expected to last about an hour, and will help us understand more about the complexities that retailers currently face in doing business in these contexts. Your participation is voluntary and you can withdraw at any time without penalty. Of course, all data will be kept confidential.

The contents of the interview may be made publicly available, in the form of an MBA thesis.

If you have any concerns, please contact me or my supervisor. Our details are provided below.

Researcher: Kathryn van Dongen

Telephone: 082 899 6698

Email: kathrynvd@avi.co.za

Research Supervisor: Dr. Lyal White

Telephone: +27 11 771 4211

Email: whitel@gibs.co.za

Signature of participant: _____
Date: _____

Signature of researcher: _____
Date: _____

Appendix 2 – Discussion guide

Areas of discussion	Approximate Duration

1. Introduction and background
  1.1. What is your position and role within your organisation?
  1.2. How long have you been in the retail industry?
  1.3. Are you a South African citizen or a foreign expatriate?
	3 minutes

2. Key challenges
  2.1. What are the key challenges that your firm currently faces in expanding into African markets?
  2.2. How does your firm manage and address these challenges?
  2.3. How would you rank the challenges discussed above in order of importance to your firm's expansion into African markets?
	25 minutes

3. Information voids
  3.1. How do managers in your firm gain an understanding of the needs, behaviour and attitudes of consumers within different African markets?
  3.2. What other information is difficult to access in African markets?
	10 minutes

4. Host country stakeholder relations
  4.1. How would you describe your firm's relationships with host-country stakeholders in African markets?
  4.2. How does your firm go about building relationships with host-country stakeholders in African markets?
	10 minutes

5. Firm characteristics
  5.1. Does your firm possess specific capabilities or resources which support it in its African expansion?
  5.2. Does the fact that your firm is expanding from South Africa affect the success of its African expansion?
  5.3. Is your firm entering any African markets in order to gain desired resources, capabilities or other advantages?
  If yes, please elaborate.
	10 minutes

6. Other general 6.1. Are you concerned about competing against local host-country, South African or International retailers in your African expansion? If so, which ones and why?	2 minutes
Approximate duration of the interview	**60 minutes**

Appendix 3 – List of codes used in data analysis

Acquisition vs green fields
Africa focus
Africa opportunity
Building stakeholder relations
Challenge - border
Challenge - brand awareness
Challenge - building costs
Challenge - bureaucracy
Challenge - climate
Challenge - complexity
Challenge - consumer info (prompted Q3)
Challenge - consumer info (volunteered)
Challenge - corruption
Challenge - costs general
Challenge - currency issues
Challenge - currency repatriation
Challenge - double duty
Challenge - electricity
Challenge - finding right store space
Challenge - funding / capital
Challenge - growth expectations
Challenge - human capital
Challenge - illegal competition
Challenge - import tariff / ban
Challenge - infrastructure
Challenge - IT systems
Challenge - land
Challenge - language
Challenge - legal/ regulatory issues
Challenge - local partner in country
Challenge - local suppliers (lack of)
Challenge - localisation
Challenge - logistics
Challenge - market size
Challenge - other info
Challenge - policy uncertainty
Challenge - ports
Challenge - price points general
Challenge - product range
Challenge - red tape
Challenge - rental costs
Challenge - retail maturity
Challenge - roads
Challenge - security risks
Challenge - sizing
Challenge - suppliers
Challenge - tax
Challenge - traffic
Challenge - understanding consumer (prompted Q3)
Challenge - understanding consumer (volunteered)
Challenge - understanding markets (prompted Q3)
Challenge - understanding markets (volunteered)
Challenge - unstable politics
Challenge - western retailer competition
Challenge- religion
Competitor - foreign international retailers
Competitor - informal trade
Competitor - local market incumbents
Competitors
Consumer behaviour
Consumer preferences
Countries are different
Credit
Customer stakeholder
Disposable income

First mover advantage
Flexibility
Focus
Formalising
Franchising vs corporate
From SA
Frustration
Functional magnetism
Gaining understanding - consumers
Gaining understanding - market
Gaining understanding - operations
Government stakeholder
Importance of homework
Informal trade general
Internationalisation failures
Intuition
Long time - the context
Luck
Nationalism
Opportunity - lack of competition
Perception of South Africans
Pilot store
Pro competition
Proximity
Psychic distance
Ranking applied
Resilience
Resource seeking
Risk
Risk appetite
SA firms sharing
SA reputation
SA retailer capabilities
Sell by date
Single store vs critical mass
Solution - brand awareness
Solution - climate
Solution - corruption
Solution - currency issues
Solution - currency repatriation
Solution - expand slowly
Solution - finding right space
Solution - growth expectations
Solution - human capital
Solution - infrastructure
Solution - IT systems
Solution - legal/regulatory issues
Solution - local partner incumbent
Solution - local partner international firm
Solution - local partner SA firm
Solution - local suppliers
Solution - localisation
Solution - logistics
Solution - long term experience
Solution - long term outlook
Solution - market size
Solution - port
Solution - pricing
Solution - product range
Solution - rental costs
Solution - tax
Solution - warehousing
Staff stakeholder
Stakeholder general
Suppliers
Values

Appendix 4 – Sample firm net profit coverage

The combined net profit after tax (NPAT) of the firms selected for this study was compared to the combined NPAT of all FMCG and fashion apparel, brick and mortar retailers, listed on the JSE as at 25 May 2015, in order to assess the contribution of sampled firms to the total net profit of all of these firms together.

The NPAT in Rand millions (Rm) for each firm below was sourced from the relevant firm's annual financial statements published for the 2014 financial year. The sample firm NPAT contribution amounted to 65% of the total.

JSE listed retailer	NPAT (Rm)
Shoprite Holdings Limited	3 740
Woolworths Holdings Limited	2 990
Truworths International Limited	2 406
Mr Price Group Limited	1 867
Massmart Holdings Limited	1 137
Sample firms subtotal	**12 140**
The Foschini Group Limited	2 005
Pepkor Holdings (Pty) Limited *	1 828
The Spar Group Limited	1 345
Clicks Group Limited	865
Pick 'n Pay Holdings Limited	582
Rex Trueform Clothing Company Limited	(10)
Total FMCG and apparel, brick and mortar retailers	**18 755**
NPAT contribution of sampled firms	**65%**

* Listed within a JSE industry classification other than
  Food and Drug Retailers and General Retailers

Appendix 5 – Ethical clearance letter

Gordon Institute
of Business Science
University of Pretoria

Dear Mrs Kathryn van Dongen

Protocol Number: **Temp2015-01091**

Title: **The internationalisation of South African retailers in Africa**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

GIBS Ethics Administrator

106