UNIVERSITY OF PRETORIA

DIVERGENCE OR CONVERGENCE? SOUTH AFRICA'S POST-APARTHEID FOREIGN POLICY AND CORPORATE EXPANSION IN AFRICA: THE CASES OF SHOPRITE HOLDINGS LIMITED AND STANDARD BANK OF SOUTH AFRICA LIMITED

by

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DECLARATION

I declare that the thesis, which I hereby submit for the degree DPhil in Political Science at the University of Pretoria, is my own work and has not previously been submitted by me for a degree at this or any other tertiary institution.

SIGNED: MK MKHABELA

8 OCTOBER 2021

ABSTRACT

The political significance of multinational corporations (MNCs) in Africa dates back to the colonial era, when they acted as agents of their home countries after colonial conquest. The attainment of independence and the demise of apartheid in the second half of the 20th century necessitates scholarly focus on the role of MNCs under the new political dispensation. South Africa is home to MNCs whose existence predates democracy (e.g., Standard Bank); but it is also home to MNCs whose multinational status is a result of post-apartheid liberalisation policies that have enabled investment elsewhere on the continent (Shoprite).

The implications of the expansion of South Africa's MNCs on the country's foreign policy towards the African continent has been a source of interest in policy debates and in academic literature. There have been claims that South Africa has played a sub-imperial role and has hegemonic power over the rest of the continent. However, unlike such generic theoretical assertions, this study makes a contribution to the evolving scholarship on the subject by inductively examining the expansion strategies of Standard Bank and Shoprite.

Their expansion strategies are juxtaposed with key foreign policy themes using the integrative and convergence theories. The integrative approach takes into account three levels of engagement: firm-firm relations, firm-state relations and state-state relations. This analysis establishes the points of convergence between South Africa's foreign policy and the corporate expansion strategies using the convergence theory hitherto deployed in studies on similarities of policies of states.

The convergence points centre on aspects of foreign policy such as continental integration, the facilitation of trade and investment, and adopting cooperative methods of engagement on the continent. The divergence points are discernible in the invocation of corporate symbolism that harks back to the colonial era. Overall, the study reveals the theoretical and empirical possibilities of contrasting the strategies of MNCs and the foreign policies of their home country.

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The University of Pretoria's Department of Political Sciences encouraged students to build on their earlier academic interests and contribute incrementally to the development of knowledge in various speciality areas of political science. The University's Centre for the Study of Governance Innovation, where Dr Nshimbi was acting head, having succeeded Professor Lorenzo Fioramonti, showed the importance of institutional enablers for scholarly work. I am also grateful for the support I received from the Mellon Foundation scholarship programme.

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DEDICATION

I dedicate this work to my parents Mrs NB Mkhabela and the late Mr PM Mkhabela, as well as my brothers Sicelo and Edwin who succumbed to Covid-19.

LIST OF ABBREVIATIONS AND ACRONYMS

ABinBev	Anheuser Busch InBev
ABG	Africa Banking Group
ACAD	African Carbon Asset Development
ACS	Africa Consultancy Services
AfCFTA	African Continental Free Trade Area
ANC	African National Congress
ANZ Grindlays	Australia New Zealand Grindlays
APRM	African Peer Review Mechanism
AU	African Union
B-BBEE	Broad-Based Black Economic Empowerment
BCSA	Banking Council of South Africa
BRC	British Royal Company
BSAC	British South Africa Company
BSTM	Banco Standard Totta de Moçambique
CBN	Central Bank of Nigeria
CGCSA	Consumer Goods Council of South Africa
CIB	Corporate Investment Banking
COMESA	Common Market for East and Southern Africa
DBSA	Development Bank of Southern Africa
DFA	Department of Foreign Affairs
DIRCO	Department of International Relations and Cooperation
DIT	Department of International Trade
DPA	Deferred Prosecution Agreement
DTI	Department of Trade and Industry
DTIC	Department of Trade, Industry and Competition
EU	European Union
FDI	Foreign Direct Investment
FINCOR	Finance Corporation of Swaziland
FLS	Front Line States
FMCG	Fast-Moving Consumer Goods

FRCN	Financial Reporting Council of Nigeria
FRELIMO	Front for the Liberation of Mozambique
GAP	Good Agricultural Practice
GC	Global Company
GCIS	Government Communications and Information Systems
GEAR	Growth, Employment and Redistribution
GPAS	Group Policy, Advocacy and Sustainability
IB	International Business
ICBC	Industrial and Commercial Bank of China
IDC	Industrial Development Corporation
IGD	Institute for Global Dialogue
IMF	International Monetary Fund
IPE	International Political Economy
IR	International Relations
ISO	International Standardisation Organisation
IT	Information Technology
JSE	Johannesburg Stock Exchange
LRS	Labour Research Service
MNC	Multinational Corporation
MNE	Multinational Enterprise
MPLA	People’s Movement for the Liberation of Angola
NAFCOC	National African Federated Chamber of Commerce
NBI	National Business Initiative
NDP	National Development Plan
NEPAD	New Partnership for Africa’s Development
NP	National Party
NRCS	National Regulator for Compulsory Standards
OAU	Organisation of African Unity
OECD	Organisation of Economic Cooperation and Development
OLI	Ownerships, Location and Internationalisation
PBB	Personal and Business Banking

PPECB	Perishable Products Export Control Board
RAC	Royal African Company
RENAMO	Resistance Movement of Mozambique
RSA	Republic of South Africa
RTGS	Retail Time Gross Settlement
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADF	South African Defence Force
SAF	South African Foundation
SARB	South African Reserve Bank
SARS	South African Revenue Services
SCP	Shoprite Checkers Property
SEC	Securities and Exchange Commission
SFO	Serious Fraud Office
STANBIC	Standard Bank Investment Corporation
STANCHART	Standard Chartered Bank
TIA	Trade Invest Africa
TNC	Transnational Corporation
UAE	United Arab Emirates
UK	United Kingdom
UNCTAD	United Nations Commission for Trade and Development
UNEP-FI	United Nations Environmental Programme Finance Initiatives
UNGC	United Nations Global Compact
UNITA	National Union of Total Independence of Angola
US	United States
WAEMU	West African Economic and Monetary Union
WM	Wealth Management
WTO	World Trade Organisation
ZANU	Zimbabwe National Union
ZCCM	Zambia Consolidated Copper Mines

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CHAPTER ONE: INTRODUCTION TO THE STUDY

1.1 Introduction

Comparative analysis of South Africa's foreign policy in Africa and the expansion strategies of South African multinational corporations (MNCs) into the rest of the continent has not received much scholarly attention in the fields of Political Science and International Relations (IR). Despite the lack of scholarly focus, there is growing interest in the subject, as demonstrated by policy debates about the conduct of South African MNCs on the African continent. Yet without scholarly research, many debates, academic writing and pronouncements will remain broad and betray scant evidential insight. Additionally, conflicting views have emerged about whether MNCs have been or should be agents of the government's foreign policy. This study is a contribution to scholarship and public discourse as it sought to systematically establish and analyse the convergence and divergence between post-apartheid South African foreign policy and corporate expansion into jurisdictions outside the domestic base. It used two of South Africa's most prominent MNCs in Africa - Shoprite Holdings Limited (Shoprite) and Standard Bank of South Africa Limited (Standard Bank) - as its cases.

The study sought to provide evidence-based insight into the linkages between a government's foreign policy and MNC corporate expansion. It also sought to establish whether the expansion strategies of the two MNCs were pursued with the knowledge and support of the South African state, as has been the case in other jurisdictions (such as China and Japan), or whether there was divergence, as was the case with Britain and its MNCs that remained invested in Rhodesia (later Zimbabwe) after the latter was placed under economic sanctions. In 1999, China conceived a *zou chuqu* (going out) policy that encouraged both privately-owned and state-owned companies that had a comparative advantage to investment abroad. According to Premier Zhu Rongji's policy, Beijing would provide the supportive policy framework to create favourable conditions for Chinese companies to be established abroad, particularly in order to capture resources markets (Economy and Levi, 2014: 49). Japan has a history of considering the wellbeing of Japanese companies abroad as being identical to the national wellbeing of Japan. Through the Ministry of International Trade and Industry, the state actively promotes international investments by Japanese companies such as Toyota and Matsushita[1] (Gilpin, 2001: 300; Sally, 1996: 73).

There have been instances when the foreign policies of a country diverged with the strategies of its MNCs. One example is that of Britain's failure to trigger divestment from Rhodesia by its MNCs after the unilateral declaration of independence in 1965 by Prime Minister Ian Smith. British MNCs helped Rhodesia to overcome the harmful effects of economic isolation by being agents of technology imports, providing access to foreign licences and patents, and serving as links to access loans (Geldenhuys, 1990: 67). Barclays Bank is a typical example of an MNC that continued to operate in Rhodesia despite the sanctions while claiming that it had had no control over its Rhodesian branch (Sampson, 1981: 164). This study focuses on South Africa and provides insight into the political economy of post-apartheid MNCs' investment strategies on the African continent. This introductory chapter identifies the research theme and outlines the background to the study. It further presents the problem statement, outlines the aims and objectives of the study and, importantly, indicates the contribution of the study to the related fields of IR, Political Science and International Political Economy (IPE).[2]

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[1] Matsushita is now known as Panasonic, the electronics maker.

[2] According to Harold Laswell (1950), Political Science is the study of politics: the power relations about the distribution of power and the determination of who gets what and how in society. Political Economy is primarily about social relations of production, as defined by Robert Cox (1987: 12), and consists of three elements: the power that determines the nature of production; the structure of authority as modelled by the internal dynamics of the production process; and the distributional consequences. The scholarly focus on the international aspect of this is in the form of an International Political Economy (IPE) that essentially focuses on the relationship between the political and economic domains in contemporary international society (Underhill,1994: 18). Strange (1996: 444) has a synonym for IPE: the politics of production, which is about deciding what goods and services are to be produced, how, where and by whom. International Relations has focused mainly on the sources of order (and disorder) in the international systems, and features both state and non-state actors (McGowan *et al.*, 1999: 10). This study, albeit on Political Science, accepts that the distinction between all three is inherently blurred. However, IPE is more all-encompassing than Political Science, for as Underhill (1994) observes, it allows for the study of the dynamic interaction between the political (state authority) and the economical (market) in both a domestic and international context to produce particular outcomes.

1.2 Identification of the research theme

In 2016, the Department of Trade and Industry (DTI) released the publication, *Guidelines for Good Business Practice by South African Companies Operating in the Rest of Africa.*[3] The guiding framework contains 12 principles: compliance with domestic legislation and fair business practices; adherence to the United Nations Global Compact (UNGC); respect for human rights; applying fair labour practices; promoting good corporate governance; promoting environmental responsibility and sustainable business practices; ensuring occupational health and safety; development of regional markets and regional value chains; promoting corporate social responsibility; promoting employment of local labour, development of skills and technology transfer; avoiding engaging in corrupt activities; and compliance with tax laws (Department of Trade and Industry, South Africa, 2016).[4]

The DTIC guidelines implied that there was some discomfort within the South African government about the private sector's record of good corporate citizenship in the rest of Africa and some sensitivity to criticism that South Africa had played the role of a domineering big brother on the continent (Vickers and Cawood, 2018: 141). However, the discomfort was not overtly linked to the conduct of any specific MNC. This has left room for research on the strategies of specific South African MNCs and how they fare in relation to the government's foreign policies on the continent.

The DTIC guidelines were preceded by debates about the desirability of regulating the operations of South African MNCs. At its 53rd national conference in 2012, the African National Congress (ANC), South Africa's governing party since 1994, passed a resolution calling for a code of good business practice to ensure that the behaviour of South African MNCs was in line with South African business norms and standards, such as upholding good business practice, labour standards and ethical conduct. However, there was a caveat in the resolution: the code

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[3] In 2019, the Department of Trade and Industry was renamed the Department of Trade, Industry and Competition (DTIC).

[4] The UN Global Compact was launched in 2000 as a voluntary mechanism to encourage MNCs to align themselves with universally acceptable principles on human rights, labour rights, the environment and corruption. The compact side-steps the issue of reluctance by nation-states to regulate MNCs in the context of what is described as a race to the bottom, whereby host governments relax the rules on wages and taxes, among other things, in an attempt to secure FDI (Rasche, 2013: 38-39).

did not inhibit South African companies from maintaining a competitive advantage in the business environment (ANC, 2013: 45). The significance of the resolution adopted by the ANC's highest decision-making body is that the party can use its majority in the South African parliament and its control of the executive arm of government to achieve legislative and policy outcomes that reflect its policy preferences.

This was not the first time that the ANC's highest decision-making body, which sits once every five years, had passed a resolution motivating for extra-territorial business regulation. In fact, the 53rd resolution, though slightly tweaked, was a restatement of a decision taken five years earlier at the party's 52nd conference. At the 2007 conference, the ANC's resolution stated that the code of good business practice should be legislated by South Africa's Parliament. In terms of the proposed code, South African companies operating in foreign countries were to follow standards of good practice that conformed to the republic's own labour legislation, norms and practices by, for instance, discouraging bribery, not using child labour, recruiting local labour and contributing to social responsibility programmes, thereby projecting the home country experience. According to the 2007 resolution, countries hosting South Africa's MNCs would also be encouraged to tighten their labour and trade laws and to criminalise bad business practices (ANC, 2007: 39). Asked in 2007 to respond to the evolving policy proposition, then Standard Bank Chief Executive Officer, Jacko Maree, stated that the company would not oppose a code of conduct if it was about ethics and behaviour, and if it was properly thought through. Shoprite Marketing Director, Brian Weyers, said the company was committed to abiding by the laws and corporate governance regulations of all the countries in which it had operations. Multinational mobile operator MTN suggested that it could provide input into the policy, based on its experiences in Africa (Mkhabela, 2007: 19).

A suggestion was also made at the 2012 ANC conference that the African Union (AU), of which South Africa is a member, should promote the regulation of MNCs in Africa. The caveat was similar to that contained in the 2007 resolution: regulations on the conduct of South African companies operating on the African continent should be crafted in a way that would not discourage them from investing in countries in Africa. Instead, the regulations should encourage industrial development and local investments (ANC, 2013: 39).

The ANC resolutions were part of the wider debates sparked by the expansion of South African companies after the advent of democracy in 1994, when the transition to democracy brought about the liberalisation of cross-border trade and investments. At the heart of the debates was whether South African companies operating on the continent were projecting the country's foreign policy (Mkhabela, 2014). In 2006, Parliament's portfolio committee on foreign affairs conducted public hearings, during which some legislators expressed the need for a code of good business practice to apply to South African MNCs on the continent (Mkhabela, 2006: 4). The idea of formulating a code of conduct was deemed a priority for the portfolio committee on foreign affairs (Hajaig, 2007: 5), but nothing came of this parliamentary process until the DTIC produced the voluntary guidelines nine years later.

In 2008, The Presidency published an assessment of the country's progress since the establishment of democratic rule and suggested there was a need to improve the conduct of South African companies operating in other nations on the continent, in line with the values and ethos of the Constitution of the Republic of South Africa (The Presidency, South Africa, 2008: 63). In the same year, Ayanda Ntsaluba, then Director-General of the Department of Foreign Affairs (DFA),[5] said some South African MNCs were examples of how South African companies should not conduct themselves while operating on the African continent. He did not mention the names of any companies (Mkhabela, 2008: 5).

In 2009, then chairperson of Parliament's Portfolio Committee International Relations and Cooperation, Thulas Nxesi (ANC Member of Parliament), told the National Assembly that while South African companies had expanded rapidly, owing to their relatively strong position on the continent, and had created jobs and brought investment to several parts of the continent, there was also a less charitable interpretation of "South African capital" (Nxesi, 2009: 4). It was, he said, acting as a "sub-imperialist power" in pursuit of profit at all costs. Inspired by the ANC's 2007 resolution, he urged Parliament to develop a code of conduct for South African companies.

[5] In 2009, the Department of Foreign Affairs was renamed the Department of International Relations and Cooperation. The Portfolio Committee on Foreign Affairs was also renamed Portfolio Committee on International Relations and Cooperation.

Similar concerns had been raised at a seminar with the theme, "South Africa in Africa", which was hosted by three South African-based think-tanks, namely Centre for Conflict Resolution, Centre for Policy Studies and African Centre for Development and Strategies Studies. During the seminar, it was pointed out that while foreign direct investment (FDI) was a positive development, given Africa's investment needs, South African MNCs were perceived to be exporting apartheid (Hendricks and Whiteman, 2004: 8). The think-tanks also suggested that the investments made by South African MNCs were "mercantilist" (Rice, 2012).

In 2011, another South African-based think-tank, Institute for Global Dialogue (IGD), in collaboration with the University of Cape Town's Graduate School of Business, convened a round-table discussion to explore the idea of a code of good business practice for South African MNCs. During the discussion, Thamsanqa Ngwenya, then Chief Director of the DTIC Africa Bilateral Economic Relations unit, questioned how the code would complement existing corporate governance codes, to which many South African businesses already subscribed. Ngwenya said a code would need a national team of companies to spearhead it. He remarked that a code would have been more appropriate in the immediate aftermath of South Africa's transition from apartheid to democracy in 1994, which heralded its integration into the global economy. Since then, South Africa's foreign policy and commercial engagement on the continent have evolved and undergone refinement (Coetzee, 2011: 46).

The debates highlighted above and the calls to regulate South African MNCs operating on the African continent necessitate an inquiry that focuses on the intersection between the domestic and international levels of analysis, spanning both private and public sectors. As Underhill (1994: 34; 2000: 11) argued, domestic and international linkages are central to the field of IPE. And if foreign policy is constituted by the recurrent forms of action (or inaction) that states initiate towards objects in the external environment to secure their own interests and needs (Rosenau, 1970: 391), it follows that foreign policy rests at a delicate juncture between domestic and international politics (Hook, 2002: 2). Hence the need to inquire into the intersection of South Africa's foreign policy as it relates to the rest of the continent and the investment strategies of South Africa's MNCs using relevant cases.

The focus on South Africa's post-apartheid period does not suggest that the country's foreign policies and corporate expansion prior to 1994 are not important. Prior to democracy, MNC activity and colonial expansion were almost mutually inclusive: it was a function of collaboration with colonial states (Gilpin, 2001: 279). During the apartheid era, the relationship between the state and business was ambivalent. For example, Harry Oppenheimer, Chairman of Anglo American, the largest company in South Africa, opposed racial discrimination, but he partly aided the apartheid government's foreign policy to undermine British sanctions against Rhodesia after Prime Minister Ian Smith declared Rhodesia's unilateral independence from Britain in 1965. Anglo America's subsidiary, Freight Services, a freight-forwarding and shipping group with subsidiaries in Southern Africa, supplied Smith's rebel government with oil transported from Shell's terminal in Maputo (Pallister, Stewart and Lepper, 1988: 239). South African businesses also established the South African Foundation (SAF), made up of leading South African industrialists, to improve South Africa's image abroad amid concerns about apartheid globally. The SAF was supported by, among others, Oppenheimer and Anton Rupert, the Afrikaner industrialist and founder of tobacco giant Rembrandt (Sampson, 1987: 90).

More than a quarter of a century after the establishment of constitutional democracy in South Africa, scholarly research on the intersection between foreign policy and the expansion strategy of the business sector could not be more relevant. Following South Africa's political isolation from the rest of the world due to apartheid, the preamble to the post-apartheid Constitution of the Republic of South Africa set forth a broad premise for foreign policy: South Africa would be a united, democratic country that is able to take its rightful place as a sovereign state in the family of nations (Republic of South Africa, Constitution, 1996: 1). Chapter Five of the Constitution vests the executive authority of the Republic in the democratically elected President and her/his government to give effect to this promise. The kind of foreign policies that were pursued and their relation to corporate expansion post-1994 are the subject of this research.

The ANC national conference resolutions taken in 2007 and 2012, the comments contained in the Presidency's Ten-Year Review document published in 2008 and the DTIC guidelines published in 2016 could be interpreted as an expression of a wish that South African MNCs ought to be agents of the domestic policy priorities that the ruling government seeks to exhibit in the external environment. This essentially means that MNCs are expected to be agents of government-defined and articulated foreign policies, which, as proposed in some of the resolutions, should be legislated in the form of a code of conduct that is in line with preferred domestic corporate norms and practices.

The ANC resolutions provided four mechanisms or approaches to enforce the code of good business practice. The first was a unilateral domestic approach, whereby the South African government would craft the code and make it a home legislation with extraterritorial application (ANC, 2007: 39). This unilateral approach appears, at least at the conception and implementation level, to be similar to the United States' Trading with the Enemy Act of 1917, which empowered the president to regulate all commercial and financial transactions by US citizens with foreign countries or nationals in times of war or a national emergency. Through this Act, the United States prohibited certain transactions by US corporate subsidiaries abroad that were legal under the laws of the host country (Spero and Hart, 1997: 122). The second approach to enforcing the code of good practice was bilateral. South Africa would encourage the countries hosting its MNCs to tighten their domestic laws. Both approaches are contained in the 2007 resolutions (ANC 2007: 39). The third mechanism envisaged by the ANC was a multilateral approach, i.e., encouraging the AU to propagate for the code (ANC 2013; 39). A voluntary approach on the part of the South African MNCs, as suggested in the DTIC guidelines, was the fourth mechanism.

The ANC's preference for a code of conduct was neither preceded nor informed by research that inquired into the divergence (if any) or convergence (if any) between the foreign policies of the post-apartheid South African government and the expansion strategies of South African MNCs. Therefore, this study focuses on this largely-neglected area to establish the convergence and divergence between corporate expansion strategies pursued by South Africa's MNCs into the rest of the continent and post-apartheid conception, articulation and implementation of Africa-focused foreign policies by the government.

Divergence and convergence have to be identified, defined and analysed through the relevant theoretical frameworks. As Rosenau has lyrically underlined, theory provides guidelines; it sensitises observers to alternative possibilities; it highlights where levers might be pulled and influence wielded; it links ends to means and strategies to resources; and perhaps most of all, it infuses context and pattern into a welter of seemingly disarrayed and unrelated phenomena (Rosenau, 2003: 220).

1.3 Demarcation of the study

Conceptually, the study recognised MNCs (private firms) as independent actors across borders on the African continent and focused on two as cases: Standard Bank and Shoprite – both South African companies. Particular attention was given to the entry and growth strategies into other jurisdictions outside South Africa. By 2020, Standard Bank had expanded into 19 African countries outside of South Africa (Standard Bank, 2021: 2), having begun its post-apartheid expansion in 1995 (Standard Bank, 1995; 2021:2). By 2020, Shoprite was the largest Fast-Moving Consumer Goods (FMCG) retail firm in Africa, with operations in 14 African countries outside of South Africa (Shoprite, 2021: 104), having begun its post-apartheid expansion in 1995 (Shoprite, 1995: 1995).

The analysis of Standard Bank and Shoprite as case studies provided context for another type of analysis: juxtaposing their expansion strategies with the state's foreign policies. If, as Strange (1996: 136) has asserted, firms and their executives could be regarded as political actors, in the language of IR, it follows that their behaviour and interest articulations (expansion strategies) can be compared with the behaviour and interest articulation (foreign policies) of the governments of specific countries over a specific period. This study concerned itself with the post-apartheid period of 1994 to 2020.

1.4 Research problem

The research problem – the central idea that necessitates the study – arose from the aforementioned debates about post-apartheid South Africa's foreign policy on the African continent. Identification of the research theme in Section 1.2. indicated the need to focus the research on the nexus of South Africa's post-apartheid political-cum-economic relations with other Africans states through the expansion strategies of MNCs. The public policy debates cited in Section 1.2. have not been informed by much scholarly research, not least of a case study nature, on the expansion strategies of any specific South African MNC in relation to the government's foreign policies on the continent. This notwithstanding the fact that, in addition to policy debates, there is evidence of an evolving policy framework, as demonstrated by three significant developments post-1994. Calls by the ANC during the time period used for this study (1994 to 2020), for the development of a business code of conduct to regulate South African companies doing business on the continent, are the most prominent indication of evolving policy. The government's adoption of voluntary guidelines for good business practices for South African companies with operations on the African continent constitutes the second most significant development. Thirdly, the various debates hosted by South African think-tanks that indicate the importance of focusing on the conduct of South African MNCs in Africa, also point to the evolution in policy.

The lack of research that juxtaposes foreign policy and the expansion of South African MNCs means that state-business relations at the international level in the post-apartheid era have not been adequately problematised in research. It is in this context that this study identified this as a research problem that necessitates inquiry into the convergence and/or divergence between South Africa's foreign policy and corporate expansion on the African continent. This study is crucial in the related fields of Political Science, IPE and IR because of what Strange (1996: 44) calls the politics of production, i.e., deciding what goods and services are produced, how, where and by whom.

1.5 Aim of the research

The study aimed to develop insight into the nexus between South Africa's post-apartheid foreign policy in Africa and corporate expansion through a comparative analysis of the country's foreign policy and the expansion strategies of Standard Bank and Shoprite.

1.6 Research objectives

In fulfilment of its aims, the study sought to achieve the following four subsidiary objectives:

- First, to systematically analyse South Africa's post-apartheid foreign policy on the African continent, with a focus on aspects that have a bearing on cross-border investments.
- The second was to present the expansion strategies of Standard Bank and Shoprite.
- Third was to juxtapose these expansion strategies with the country's post-apartheid foreign policies for the period ending 2020.
- Last, was to ground findings and conclusions in the realities of the expansion strategies already implemented by the specific firms and the foreign policies of South Africa.

Overall, it was a parallel investigation that allowed for juxta positioning of foreign policy and corporate expansion strategies.

1.7 Research questions

A research question points to the heart of a research study. According to Halperin and Heath (2017: 85), it contains three ingredients: it has significance for the topic; it can be answered by conducting research; it should seek to find an answer to a question not yet definitely answered in the existing literature. Flowing from the problem identified in section 1.4 and the research aims and objectives stated in sections 1.5 and 1.6, respectively, the main question that arose had to do with the convergence and divergence of South Africa's foreign policy and the expansion strategies of Standard Bank and Shoprite on the African continent, i.e.: How have South Africa's post-apartheid foreign policy on Africa and the expansion strategies of Standard Bank and Shoprite converged or diverged?

This main question triggered three subsidiary questions that formed the basis of the research structure. Firstly: What were South Africa's post-apartheid foreign policies on Africa that can be compared to the expansion strategies adopted by Standard Bank and Shoprite from 1994 to 2020? Second: What were the expansion strategies of Shoprite and Standard Bank in the same period? Having identified the foreign policies and the expansion strategies, the final question was: How have the policies and strategies converged or diverged over the same period?

1.8 Contribution to the fields of Political Science, IR and IPE

This study brings into the mainstream of Political Science, IPE and IR the role of South African MNCs in corporate diplomacy. It does so in the unique context of researching the expansion strategies of specific MNCs in relation to the foreign policies of the post-apartheid state's foreign policies. This is a unique approach that can be replicated to further enrich the afore-mentioned disciplines by contributing to literature that is grounded in the parallel interrogation of foreign policy and corporate expansion strategies.

The lack of studies on MNCs that developed in Africa is a function of the historical under-development of the continent. A brief account of the historical epochs of MNCs explains this. Robinson (1964) identifies five overlapping historical eras in the evolution of MNCs. The first was the Commercial Era, which spanned the period from the age of explorers in the 16th century to the European Industrial Revolution in the late 19th century. Royal charter-backed companies such as the Royal African Company (RAC) are examples of MNCs that are a product of the Commercial Era (1964: 7). According to Davies' (1957) account of the RAC, its charter empowered it to establish and govern forts, factories and plantations in Africa, to make war and peace with nations, to raise troops and to execute martial law. Indeed, many royal charter companies, particularly the European ones, were bound up with imperialism (Micklethwait and Wooldridge, 2003: 165).

The second was the Exploitative Era, which lasted from about 1850 until just before World War I. The Industrial Revolution in Europe created the need for cheaper and more secure sources of raw materials and Africa's abundance of natural resources became a curse as ruthless exploitation of its resources, its people and the transformation of its indigenous governance structures to suit the exploiters followed – all executed mainly through the MNCs of that era. The third was the Concessionary Era, which stretched from the immediate pre-World War I period to just prior to World War II. During this period, it became difficult for Western firms to recruit personnel for operations in Africa. Due to weaknesses in the West following the Second World War, European enterprises resorted to long-term concessions granted either by friendly colonial administrators or nominally independent foreign political regimes. A deal with a local authority would suffice, or the concession would be obtained by military threat (Robinson, 1964: 26).

The National Era was sparked by the advent of the Second World War and resulted in national attacks on Western enterprises in many parts of the world. The result was that Western businessmen who moved abroad in the post-war era were quite different from their predecessors: They were professional managers representing large corporate enterprises. So, they were empire-builders in the business sense, not the political sense (Robinson, 1964: 35).

The last era was the International Era, which started in the 1960s. It was the period of independence for many African countries and former colonies actively sought Western FDI under new circumstances of political freedom (Robinson, 1964: 40). For example, in 1972, Kenya's first president, Jomo Kenyatta, believed his country would prosper as FDI poured in (Langdon *et al.*, 2018: 470).

Although the idea of MNCs was originally European – with some historians tracing it back to the Middle Ages, when Italian bankers representing the papacy collected part of the English wool crop as church taxes and transferred it overseas – it flowered in 19th century Britain. But it was given a new meaning by the Americans in the 20th century (Micklethwait and Wooldridge, 2003: 162). After the Great Depression in the 1930s, the rise of MNCs was typically American, supported by the home government. Two broad strategies were followed: the opening of markets in developing countries and the launch of aggressive consumerism at home. The consumerism culture would later be exported abroad (Terreblanche, 2012: 19). In all these developments, Africa was a recipient of FDI and any study of MNCs on the continent has to be influenced by that reality (1981; Udofia, 1984; Oneal, 1988; Ifeka, 2005). Part of the colonial reality was that the field of International Business (IB) developed the theory of institutional voids to explain the assumption held by MNCs from developed countries that the developing host countries lacked institutions and that incoming FDI would engender their creation. This theory has since been modified by Becker-Ritterspach, Lange and Becker-Ritterspach (2017), who argue that institutional entrepreneurship – the ability of MNCs to change, rather than to passively adapt to host-country environments – was based on the new version of institutional void theory, which holds that institutions in emerging markets exist, but are not similar to those of developed home countries.

The emergence of Africa-rooted MNCs or the transformation of those with colonial roots into Africa-domiciled enterprises is relatively new. This necessitates a review of the theories built around one-directional FDI – from the developed world to the developing world. This development means emerging markets like Africa can no longer be regarded in colonial terms, i.e., as institutional voids.

It is owing to this history that scholarly focus on African MNCs is in its infancy – but it is developing. Beazer and Blake (2018: 472) recommended that, with the rise of MNCs in developing and emerging markets, the global set of home countries has grown diverse and the variations in home country institutions should encourage political scientists to revisit existing theories. Pauly and Reich (1997: 26) made a similar recommendation regarding the need to diversify the study of MNCs to include the experiences of industrialising countries, in order to broaden understanding of the causes and consequences of MNC behaviour. Therefore, this study contributes to the much-needed diversification of scholarship by focusing on MNCs emanating from within the developing continent of Africa.

1.9 Definition of key concepts

To appreciate the insight that the study sought to generate, it is critical to state the meaning and context of key concepts that are used throughout the study.

1.9.1 Multinational Corporations

MNCs are firms that manufacture produce or provide services in multiple national locations. Depending on the preferences of scholars in the fields of IB, IPE, IR and Political Science, and the emphasis they wish to convey, different terms are often used. For example: Julius (1990) uses global companies (GCs); Sally (1996) uses multinational enterprises (MNEs); Porter (1990) uses MNCs; Gilpin (2001) employs the terms MNCs and transnational corporations (TNCs) interchangeably; Strange (1996) and Dunning (1981) use TNCs.

Strange (1996: 44) argues that the term TNCs best describes companies whose products and services are destined for transnational market. She emphasises the transnational nature of the market they serve above the multi-nationality of the companies' operations. Like Gilpin (2001), this study adopts the term "multinational corporations" (MNCs) as a standard reference to all firms that invest and operate across borders, because multi-nationality is the common denominator. In the specific cases of Standard Bank and Shoprite, the term "South African MNCs" is applicable, because their expansion strategies do not entail divesting from the home base in which they are primarily domiciled and headquartered.

1.9.2 Expansion strategies

A firm's strategies could be defined as the actions that managers take to attain its goals. Typically, the most pertinent goal of the firm is to maximise its value and profitability for its shareholders, usually subject to legal, ethical, social and regulatory constraints (Hill, 2007: 409). The actions that managers take (the strategy) could include expanding operations beyond the borders of the firm's home country. Porter (1990), therefore, refers to internationalisation of a firm's activities such as manufacturing or services. This study adopts the term "expansion strategies" as a synonym for internationalisation, with specific reference to South African MNCs that have extended their operations into various parts of the African continent to export, import and sell merchandise and other services (as is the case with Shoprite) and to sell financial services and banking products (as is the case with Standard Bank).

1.9.3 Foreign policy

This study adopts the definition of foreign policy proffered by Rosenau (1970: 391): recurrent forms of action – or inaction – that a state initiates towards one or more objects in the external environment to secure the interests and needs of its polity. An analysis of foreign policy should have three objectives, according to Lerche and Said (1979: 14). Firstly, it should inquire into the motives of actors when they engage in what Rosenau (1971) calls the penetrative process in external polities. Secondly, it should examine the evolution of the political systems and the structures in which the actors operate. These structures simultaneously exist at a domestic level and an international level. Thirdly, there has to be a focus on the substance of the actor's political actions, in order to discover what they are concerned with and the consequences of the actions. Articulation of these concerns is done through various means of communication and diplomatic acts.

1.9.4 Convergence/divergence of foreign policy and MNCs' expansion strategies

Convergence theory defines policy convergence as the growing similarity of policies of governments over time (Holzinger and Knill, 2005: 776). The concept is appropriated for this study to evaluate similarities between government policy and corporate strategies. In this context, the concepts of convergence and divergence refer, respectively, to the extent to which foreign policies of the South African government and expansion strategies of MNCs are aligned or in conflict with each other. The alignment (convergence) or conflict (divergence) could either be by policy design, coincidental or structurally determined over a period of time.

1.9.5 Corporate diplomacy

Corporate diplomacy entails the participation of MNCs, represented by their executives, in bilateral bargaining with other firms and with states. This type of diplomacy does not replace traditional diplomatic activities through which states bargain with one another. Rather, corporate diplomacy has added to the layer of bargaining relationships (Stopford and Strange, 1991: 21-22).

According to Cohen *et al.* (1996), through their technical knowledge and expertise, business actors are able to exert an enormous degree of soft power in bilateral and multilateral negotiations (Valsamakis, 2012: 59). Strange (1996: 44) suggests that a shift from state power to market power in the world economy has made political players of transnational companies, i.e., they have become political institutions that have political relations with civil society, other firms and states. This study conceptualises the bargaining and political relations of MNCs as "corporate diplomacy".

1.10 Organisation of the study

The study is arranged in eight chapters. The first chapter sets out the background and the aims of the research. It provides an explanation of the study's expected contribution to the fields of Political Science, IPE and IR. The rationale for the study is spelt out, that is, the significance of studying the convergence and divergence between post-apartheid foreign policy and the expansion strategies of South African MNCs.

The second chapter has two parts. The first part is a critical discussion of the ways in which literature has (mis)applied various theoretical approaches on imperialism, sub-imperialism, hegemonic role and world systems theory to explain South Africa's political and economic role on the African continent, including the role of its MNCs. The discussion traces the origins of the theoretical approaches and their (mis)application in the South African context, particularly in relation to the role of South African MNCs. It also reviews some strands of emerging thought that point to some level of alignment and, in some respects, a lack of it, between South Africa's post-apartheid foreign policy and economic interests in the African continent.

The second part discusses the preferred theoretical framework of the study, i.e., the integrative approach, which is complemented with convergence theory. The approach allows for the study of inter-state, firm-state and inter-firm relations in the context of South Africa's foreign policies and the expansion strategies of MNCs. The integrative approach avoids the pitfalls that are typical of predetermined research outcomes, by arriving at conclusions inductively. It is this approach that informed the chosen research design and methods, which are discussed in the third chapter.

The third chapter explains the conceptualisation and execution of the research design. The rationale for using a case study design is explained, as well as the data collection and analysis methods.

Chapter Four answers the first research question by presenting an analysis of South Africa's post-apartheid foreign policies in Africa. This is a foundational analysis, as the policies of the post-apartheid period are juxtaposed with the expansion strategies of Standard Bank and

Shoprite in Chapter Seven. This chapter sets out the basis of the juxtapositioning analysis, by presenting a detailed analysis, followed by key themes derived from the analysis.

Chapter Five answers the second research question by presenting an analysis of the post-apartheid expansion strategies of Standard Bank. The data is presented within the context of the bank's historical presence on the continent. Key themes are extracted for comparative analysis with foreign policy.

Chapter Six also answers the second research question by presenting an analysis of the post-apartheid expansion strategies of Shoprite. The chapter includes the requisite historical context of the company's evolution as a MNC that sprung into expansion mode after the dawn of democracy. Key themes are extracted for comparative analysis with foreign policy.

Having regard to the data presented in the preceding three chapters, Chapter Seven identifies and discusses the convergence and divergence between South Africa's post-apartheid policy and the expansion strategies of Standard Bank and Shoprite. To determine the nature of the convergence and divergence, the chapter juxtaposes South Africa's key post-apartheid foreign policy themes analysed in chapter four with the themes expansion strategies pursued by Standard Bank and Shoprite from 1994 to 2020. This is therefore the findings chapter of the study's report.

Chapter Eight is the concluding chapter that summarises the salient points of the study's approach and its findings, and highlights the benefits of the approach adopted. In addition, it makes recommendations for future research that might advance scholarship in areas that are related to but not covered in this study. Addition, the chapter highlights recommendations for consideration by the South African government.

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

In policy and scholarly debates on post-apartheid South Africa's foreign policies and the expansion of South African MNCs on the continent, approaches with theoretical implications have been cursorily cited. The citations require critical review, which this chapter is primarily concerned with, in a two-part discussion. The first part starts by providing a critical analysis of existing literature that makes reference to the role of South African MNCs on the African continent, focusing mainly on the theoretical frameworks. Also reviewed in the first part are normative attempts by scholars in highlighting convergences and divergences between South Africa's foreign policy and the role of its MNCs in Africa. The limitations of both the literature on the theoretical approaches and the normative attempts by scholars are also highlighted in the critical review.

The critical review of theoretical approaches used thus far to discuss the role of South African MNCs is sub-divided into four steps. First, it identifies the theoretical approaches cited in the existing literature: imperialism; hegemonic semi-periphery; world systems theory; hegemonic stability theory; and the internationalisation approach. Second, it discusses the relevance of these approaches to the subject matter, that is, South Africa's role on the African continent. Third, it traces the origins of the approaches in order to determine their suitability in relation to the manner in which they have been invoked in the literature. Finally, it analyses the weaknesses inherent in applying the theoretical approaches on post-apartheid South Africa's foreign policy and the role of South African MNCs on the African continent.

The second part of the chapter discusses the integrative theory, complemented by the convergence theory, as the preferred framework for the study. What emerges, from the complementary theories, is a uniquely tailored approach that, it is contended, helps to address the inadequacies of existing theories, as well as stretch the boundaries of comparative analysis well beyond the focus on the state.

2.2 The claim of imperialism

Post-apartheid, South African MNCs played a sub-imperial role in Africa in the retail, mining and other sectors, according to Bond (2004: 50). The expansion agendas of MNCs were not that different to the imperialist mission of Cecil John Rhodes. For example, as Rhodes had sought to dominate the whole of Africa through commercial and political conquest, so South African retail MNCs participated in what Bond (2004: 611) terms “highly visible de-industrialisation” of other African countries by sourcing their products from South Africa – a supposed indicator of sub-imperialism. Nxesi (2009) also refers to a sub-imperial role of “South African capital” as the less charitable aspect of South African investments on the continent, and Southall (2009:2) refers to sub-imperialism in the context of a scramble for Africa’s resources as a result of actions by imperialists on the ground that are beyond the immediate control of their chancelleries in Europe.

The key question of whether South African MNCs were critical for Africa’s economic recovery or exploitative neo-colonialists (Honey 2003: 24) have received attention in recent years, not only from scholars and politicians, but also from business journalism as well. In response to Honey’s exploration of the topic, Hudson (2007) concluded that it was unclear whether South African MNCs aided or frustrated Africa’s recovery. Some writers have come to more unequivocal conclusions. In a book that questions whether South Africa is a superpower or a neo-colonialist, Louw-Vaudran (2016: 135) cites anecdotal evidence to support her conclusion that some white South African businessmen conducted themselves in a manner that created an impression that they were arrogant, aloof and racist in areas where they did business on the African continent.

In the sample of texts referred to above, the concepts of neo-colonialism and sub-imperialism are casually applied in relation to South African MNCs. A brief review of the theory of imperialism, from which the derivative “sub-imperialism” emerges, and its application to South African MNCs, is therefore necessary.

2.2.1 Theory of imperialism

Imperialism is a theory applicable to the internationalisation of capital and territorial conquest by powerful states. It belongs to orthodox Marxist perspectives (Jones, 1993: 344). The theory of capitalist imperialism was popularised by Lenin (1917), following Marx and Engels (1848), who referred to the expansion of capitalist production in relation to the class struggle between the proletariat and the bourgeoisie (in the Communist Manifesto). The expansion of capital to foreign lands is a function of the bourgeoisie's need for a constantly expanding market for products for profit, and so the expansion is fuelled by the crisis of accumulation of super-profits. This chases the bourgeoisie (and capital) around the whole surface of the globe to nestle wherever it can make a profit (Marx and Engels, 1968: 38).

With regard to South Africa, Marx built on his theory of scientific materialism to explain the progression from feudalism to capitalism as well as the establishment of the Cape Colony in the 17th century, the colonisation of America, and European empires trading with colonies. This was all part of the bourgeoisie's quest to conquer distant markets, as the feudal system gave way to the manufacturing system (Marx and Engels, 1968: 36). Lenin's theory of imperialism developed the Marxist thinking further. Lenin (1916) referred to five basic features – in stages – of imperialism. The first is the concentration of production and capital that develops to a stage at which it creates monopolies that play a decisive role in economic life. The second is the merging of bank capital with industrial capital and the creation of a financial oligarchy. Third, is a stage at which the export of capital, which is distinguished from the export of commodities, acquires exceptional importance. Fourth is the formation of international monopolist capitalist associations that share the world between themselves. The territorial division of the whole world between the biggest capitalist powers is the final stage of imperialism (Lenin, 2010: 110-111). Lenin's exposition of the rationale of capital expansion in the world showed that, at the imperial stage, the commercial interests of capital could not be realised separately from the colonial goal of conquest. Thus, monopoly capitalism developed into imperialism, with the great powers dividing up the world into separate possessions (Lenin, 2010: 93).

Having regard to the key aspects of Marx and Engel's application of the theory of scientific materialism, and Lenin's theory about the expansion of capital, the key issue to be decided is whether the theory of imperialism and/or sub-imperialism is applicable to post-apartheid South Africa's capital expansion into the rest of the African continent. The concepts of sub-imperialism (Bond, 2004; Bond, 2006; Nxesi, 2009; Southall, 2009; Miller, Saunders and Oloyede, 2008) and neo-colonialism (Honey, 2007; Louw-Vaudran, 2016) have been invoked in relation to South African MNCs after apartheid. However, these concepts have their origins in the colonial era in Africa. For instance, Karl Marx (2013: 525) traced the genesis of the exploitative industrial capitalist to the discovery of mineral resources by European colonial powers in distant continents, including in Africa. Indeed, the discovery of diamonds in Griqualand West (Northern Cape) by European prospectors in 1871 spawned a scramble for the control – and the making – of industrial South Africa by colonialists (Meredith, 2007).

The instrument at the hands of the bourgeoisie that was used to establish exploitative relations with Africa was the company. Part of the scramble for Africa's resources was pioneered by European nations through charter companies, at the behest of European nations, in advancing the frantic scramble for the biggest slice of Africa. The Dutch East India Company was a prime example of this type of charter company. Formed in 1602, it was an MNC in its time and became the agent of conquest in South Africa from 1652 (Terreblanche, 2002: 153). The Royal African Company (RAC) is another example of a colonial MNC. It was established in 1672 and its shareholders included British politicians. Its charter gave the RAC the power to establish and govern forts, factories and plantations in Africa, to make war and peace with African nations, to raise troops and to execute martial law (Davies, 1957: 98).

The British South Africa Company (BSAC), established by Cecil John Rhodes for his imperialistic ventures, obtained a British charter in 1889, which gave it almost unfettered authority, including the power to: make treaties and pass laws; maintain a police force and acquire concessions; and build roads, railways and harbours (McDonald, 1941: 116). The imperial role of charter companies was clearly defined as early as the 17th century when empires such as the British conquered distant lands. As Lenin (1916) observed, the European powers, notably Britain, Germany and France often fought each other for the colonial spoils (Baumgart, 1982: 104-5). Charter companies were agents of these empires, combining both commercial and political power; therefore, it was clear to see where these companies' economic-cum-political authority originated. The charters effectively made these companies instruments of the colonial government in its sphere of influence. This was certainly true of many charter companies in Africa, including the Royal Niger Company in Nigeria, which extended British imperialism by trade and by force of arms, and the Imperial British East Africa Company in Kenya and Uganda (Ake, 1981: 47-48). The East India Company had a reputation for ghastly buses, including forced labour through torture, in Congo Free State under the colonial occupation of King Leopold of Belgium (Micklethwait and Wooldridge, 2003: 167).

Whether MNCs from a post-apartheid South Africa, which ostensibly has no imperialistic designs, can be said to play an imperial (or sub-imperial) role on the continent is a question that is not answered by the literature that imputes an imperialist agenda onto the conduct of South African MNCs. The theory of imperialism, which refers to the highest state of monopoly capitalism, cannot explain the expansion of South African MNCs that were not domestic monopolies prior to their growth elsewhere on the continent. The theory does not explain investment through corporate diplomacy, as opposed to annexation of markets and division of territories, which is the hallmark of imperialism. And it does not explain the fact that expansion of capital takes place at the behest of fully-fledged independent states that have the discretionary power to use policy instruments, including nationalisation. As Sklar (1976: 84) observed with regard to the corporate doctrine of domicile, even if some companies reach the highest stage of monopoly at a domestic level, individual subsidiaries of an MNC may operate in accordance with policies that diverge or converge with those pursued by the governments of their respective home countries. When applied to post-apartheid South Africa, these critical observations make the theories of imperialism and sub-imperialism inadequate in explaining the post-apartheid expansion of South Africa MNCs as imperial or sub-imperial.

2.3 The claim of hegemonic semi-periphery

The question of whether post-apartheid South Africa would be a partner or hegemon in its relationship with Southern Africa was first raised by McGowan and Ahwireng-Obeng (1998), who were inclined to believe that South Africa exhibited the attributes of hegemon. They applied Wallerstein's (1974) world systems theory and the theory of hegemonic assent (1980), and argued that South Africa's structural power in relation to Southern Africa – a trade imbalance in favour of South Africa, relatively sophisticated infrastructure, and companies run by highly skilled managers who were eager to invest outside the country after the fall of apartheid – gave it the ammunition to pursue hegemonic aspirations. Based on this, McGowan and Ahwireng-Obeng (1998: 28-31) concluded that the investments in other African economies made by over 30 South African companies – including Standard Bank and Shoprite – since the end of apartheid and a global investment regime buttressed by Bretton Woods institutions such as the International Monetary Fund (IMF) and the World Bank, showed that South Africa was "increasingly becoming hegemonic". Their focus was on South Africa's aggregate economic power, which could translate to military power, which could, in turn, presumably be used for the purpose of pure dominance.

Patel (2006) explored South Africa's foreign investments on the African continent and, like McGowan and Ahwireng-Obeng (1998), her study did not pay attention to the links – or lack thereof – that the strategies of these business might have had to South Africa's foreign policy. However, contained in her exploratory study was a reference to debates about South Africa's role on the continent, framed by the question: Is it a hegemon or partner? The paper invoked the question as a matter of interest, without unpacking it or determining whether or not the objectives of the state were different to those of business (Patel, 2006: 51). The paper also did not focus on specific MNCs and their strategies.

Schoeman (2007: 93) invoked the concept of hegemon to describe what South Africa's desirable role could be in Africa. In this context, a hegemon was defined as a country that plays a firm, strong and credible role, enabled by hegemony tied to military and political power. With these attributes in place, a hegemon has the ability to exercise unchallenged leadership. It was noted, in passing, that there had been allegations of South African companies playing the role of behemoths on the African continent, instead of being partners in the field of commerce. Schoeman avers that the post-apartheid state and MNCs have separate roles to play on the African continent:

> In the corporate sector, it's important for South Africa to play the role of partner and for the government to play the role of a hegemon with a well-developed sense of its responsibilities being based on its long-term interests of building a strong and vibrant continent (Schoeman, 2007: 104).

Like Schoeman, (2007), Habib (2009: 150) characterised post-apartheid South Africa's role on the continent as that of a reluctant and benevolent hegemon that was not engaged in military adventurism, but provided leadership on security, stability and development matters. Regarding the role of South African MNCs, Habib (2009: 49) made contradictory observations, saying that South Africa (MNCs and state-owned companies) have led by example on the continent by investing, but that this has a "dark side" that betrays South African and other African political elites' neoliberal predisposition, which is reflected at domestic and continental levels. With the neoliberal predisposition – presumably a reference to investment driven by the profit motive – in place, developmental outcomes could not automatically be assumed to flow from existing patterns of investment, and corporate and economic activity in Africa, Habib (2009) argued.

The hegemonic propositions have their origins in the world systems theory and hegemonic stability theory, which are discussed briefly below.

2.3.1 World systems theory

According to Wallerstein (1974), a world system is one in which there is extensive division of labour in the global economy. The division is not merely functional – that is, occupational – but also geographical, and the range of tasks is not evenly distributed. This is mostly a result of the social organisation of work, which magnifies and legitimises the ability of some groups within the system to exploit the labour of others, specifically, to receive a larger share of the surplus. The world system is made up of core states. In such states, the creation of a strong state machinery, coupled with a national culture, serves both as a mechanism to protect disparities that have arisen within the world system, and as an ideological mask and justification for the disparities. Between the core and the periphery exist semi-peripheral states. The differentiating dimensions in the division of labour among the three types of states in the world system include the complexity of economic activities, the strength of the state machinery and cultural integration (for hegemonic purposes) (Wallerstein, 1974: 349). A strong state at the core serves as a mechanism to protect the interests of the bourgeoisie, guaranteeing its property rights and assuring its monopolies that are exploiting the periphery. It follows then that the world economy develops a pattern of state structures being relatively strong in the core areas and relatively weak in the periphery (Wallerstein, 1974: 355).

In a second volume on world systems, Wallerstein (1980: 38-9) provides a definition of hegemons as global or regional leaders in military, political, economic and often cultural affairs. This was adopted by McGowan and Ahwireng-Obeng (1998) in their reference to post-apartheid South Africa. Wallerstein's theory of hegemonic assent begins with market supremacy in agro-industrial productive efficiency, as this is what makes it possible for the rising hegemon to be the lowest cost producer in other core markets, and therefore in the global economy as a whole. Productive efficiency leads to commercial primacy in world trade, with correlative profits in invisible services such as insurance, communications and transport. These advantages produce control of financial markets in banking and investment.

World systems theory takes as its primary level of analysis the capitalist world system, which is constituted by nation-states, various multinational institutions and a global division of labour. The structures and processes operating at the inter-state level, including international capital movements, are the point of origin of world systems theory. The impact of firms is not limited to the world division of labour, as they also affect other systems of articulation, the politico-military system and the world normative system (Jones, 1993: 347).

McGowan and Ahwireng-Obeng (1998) did not focus on any specific expansion strategy of MNCs, but their analysis did provide a glimpse into a broader economic system in which South Africa is sandwiched by the advanced industrial core states and the impoverished territories. The existence of South African MNCs investing in the rest of the African continent is presumed to be a function of the relative strength of South Africa's economy (hence the reference to structural power) and, by extension, the state, which facilitates the investment activity.

South Africa might well be economically advanced in relation to the rest of the continent, but world systems theory does not cater for the conduct of individual MNCs. Nor can it be assumed that South African MNCs act in unison to preserve South Africa's presumed semi-peripheral nation status or to upgrade it to core nation status while deliberately working to keep the rest of the continent under-developed and exploited. As Jones (1993: 347) explained, world systems theory fails to consider the complex processing occurring within MNCs. The limitation extends to the failure of world systems theory to accommodate country dynamism in the world economy. As Cao (2012: 381) observed, world systems theory presents a structurally-determined and fixed behaviour among states: once a country is locked in a specific position in the system, its behaviour is also predicted to be locked in a certain pattern, such as economic under-development of some developing countries by developed countries.

2.3.2 Hegemonic stability theory

Schoeman (2007) and Habib's (2009) understanding of the exercise of hegemonic power is not consistent with the exploitative version inferred in the work of Wallerstein (1974) and McGowan and Ahwireng-Obeng (1998). However, it conforms to hegemonic stability theory, despite this not having been clearly stated. Drawing from the work of Kindleberger (1986) and Krasner (1976), John and Owen (2012: 122) identified two types of hegemons: benign and coercive. A benign hegemon is one that simply pays for the public goods necessary for what it perceives as the wellbeing of other states within the orbit of its influence. These goods could include economic matters such as securing free trade or the provision of liquidity in time of stress. However, a coercive hegemon threatens, bribes or uses its leverage to alter the incentive of other states.

According to Keohane (1984: 138), who is a proponent of hegemonic stability theory, hegemonic leadership does not begin with a *tabula rasa* (blank slate) but rather builds on the interests of states. The hegemon seeks to persuade others to conform to its vision of a desirable world order and to defer to its leadership. For example, in exercising its hegemonic role, the United States underwrote the rules of the liberal international order after World War II. American leaders did not construct hegemonic regimes simply by commanding their weaker partners to behave in a prescribed way. Instead, they had to search for mutual interests shared with their partners and make adjustments, in addition to demanding that others conform to their designs.

While Schoeman (2007) and Habib (2009) implicitly subscribe to hegemonic stability theory, they skirt the issue of the role of South African MNCs, even as they express, by making passing remarks, their normative preference of attributing the reason for South Africa's position on the continent to its "hegemonic role". It is not stated in their analysis whether the hegemonic status attributed to South Africa is a function of the power or conduct of South African MNCs on the continent. The attempt to treat "South Africa" as a unified actor, without focusing on the strategies of the important actors, including non-state actors in the form of MNCs, weakens their analysis. Indeed, the weakness of their contribution is detected in their normative conclusions that are not grounded on scholarly inquiry into the operations of specific MNCs in relation to South Africa's foreign policy.

2.4 Internationalisation of the corporate state

Internationalisation of the corporate state is a view that assumes that South African corporates had long institutionalised the corporatisation of the South African state to serve their interests. The state would therefore do the bidding of white corporate South Africa, because of the relational power of the latter in the domestic and international arena (Terreblanche, 2002: 106). As though to take this argument further, Hughes (2004: 36) analysed the link between foreign policy and South African businesses by focusing mainly on whether South African business leaders and organised business formations had "influence" on or made "input" into the foreign policy formulations of the South African government. It could be argued that Hughes (2004) implicitly saw the state as the main actor in foreign policy and MNCs as actors with limited influence, which meant that their authority came from influencing the state, so that it acted in their interests.

The idea of states acting on behalf of MNCs is central in the critical theory pioneered by Robert Cox, whose conception of globalisation includes what he termed the internationalisation of the state (Cox, 1996: 193) or more specifically, in relation to South Africa, the "corporatisation of the state" (Terreblanche 2002: 196). This means that the state has ceased to be a buffer that protects the national economy from disruptive external market forces. Instead, it has shifted from welfare policies to submitting the domestic economy to the perceived exigencies of the world economy. State agencies then become a transmission belt for world economy trends and decision-making regarding the domestic economy.

At the same time, there is internationalisation of the production process when capital considers the world's productive resources as a whole and locates elements of complex globalised production systems at a point of great cost advantage (Cox, 1996: 193). This is part of the phenomenon of post-Fordism, the production process mode congruent with interdependence within a global economy, just as Fordism was congruent with the system of rival state sovereignties. However, whereas Fordism encouraged the organisation of national economies under state management (not ownership), post-Fordism encouraged the internationalisation of the state, making the state an instrument for adjusting national economies to the exigencies of the world economy (Cox, 1996: 277).

While it is true that post-apartheid South Africa has largely been influenced by the exigencies of the global capitalist economy that became dominant after the end of the Cold War, and that operating in this global capitalist economy has promoted South Africa's outward investments while the country sought to attract FDI itself, it would be a stretch to assume that harmonious relations between the state and business at a domestic level translate to a neatly corporate-captured state that acts internationally on behalf of business. Indeed, even when it is admitted that the state forges common perspectives that favour the logic of capitalist market relations (Cox, 1987: 298), through elite interaction in a liberal context, there are also significant contradictions that are likely to exist between transnational social forces of capital and nationally-based capital. The latter is engendered by national production systems and may oppose an open global economy, due to its reliance on national or regional protectionism against global competition (Morton, 2007: 124). As Miller (2004: 253) established, the contradictions may also exist within an MNC such as Shoprite, where workers in one country claim benefits that are applicable to another country where the company operates.[6]

The contradictions may also be between transnational capital and the state. This perspective explains why, despite having adopted broadly business-friendly, neoliberal policies, the post-apartheid government occasionally had a frosty relationship with business (Nattrass, 2014: 70). For example, when he was president, Thabo Mbeki (2004), criticised Anglo American Chief Executive, Tony Trahar, for suggesting in an interview with the Financial Times (2004) that political risk to investment in South Africa had not diminished after the fall of apartheid. Mbeki stated that Trahar's comments, in the context of Anglo America's plan to shift its headquarters from South Africa to London, proved what his government had pointed out in its Ten-Year Review document: that there was a disjuncture between the political leadership and business leadership in South Africa. This was despite South Africa, under Mbeki's leadership, having adopted business-friendly policies, including liberalisation of exchange controls. Mbeki, therefore, regarded this as unjust criticism by ungrateful big corporates (Gevisser 2007: 689).

Even if the disjuncture were discounted, the internationalisation of the state approach, when applied to the South African state specifically, would not explain the direct relations South African MNCs might have established with African states or the latter's role in attracting them to their jurisdictions. The approach is also inadequate in explaining the possibility of influence going the other way around – instead of the state being a conduit for MNCs' interests, the MNCs could be a conduit for the state's interests. Pauly and Reich (1997: 4) found that the underlying nationality of the firm remains a vitally important determinant of the nature of its adaptation in the external environment: that nationality is not necessarily determined by the location of an MNC's corporate headquarters or the addresses of principal shareholders, although it usually still is. Rather, it is given by historical experience and the institutional and ideological legacies of that experience, both of which constitute the essential structures of

[6] Miller's research found that Shoprite workers in other jurisdictions, such as Zambia and Mozambique, were making what she termed 'regional claims' – directing their grievances regarding low wages to South Africa, where they believed their counterparts were relatively better paid (2004).

states. These have an impact on the firm's strategies and on investment and trade (Paul and Reich, 1997: 4).

The internationalisation of the state approach under-estimates the extent to which competitive pressures drive the behaviour of MNCs. Indeed, the basic weakness of radical (Marxist) approaches is that they view the behaviour and motivations of MNCs as being derived from the structural dynamics of capitalism, imperialism and/or the world system, rather than from a grounded analysis of the MNC itself. MNCs are also generally depicted as a fixture of the institutional structure, rather than as an evolving institutional form that is affected by developments in information and communications technology, production processes, ownership patterns and financial market dynamics (Jones, 1993: 347-348).

Even if it is accepted that national institutional structures have an impact on the behaviour of MNCs, it still has to be acknowledged that there would be plurality of such institutional contexts, a point that neither the liberal nor critical approaches fully take into account. It is evident from the preceding review that none of the oft-cited theoretical approaches enable an adequate understanding of the expansion strategies of South African MNCs on the continent in relation to South Africa's foreign policy. Nor has much research been done to justify the application of these theoretical approaches in making conclusions about post-apartheid South Africa's foreign policy, particularly in relation to the role of MNCs.

2.5 Critique of strands of emerging thought: convergence and divergence

The shortcomings of theoretical misapplication from existing literature notwithstanding, attempts have been made to see convergence between the government's foreign policies and the expansion strategies pursued by South Africa's private sector. From this perspective, the existing literature is divided into two broad strands. The first suggests that the South African government has cooperated with the corporate sector in general, since 1994, to ensure that its expansion into the rest of the African continent is conducted in a manner that is inconsistent with the government's altruistic foreign policy rhetoric. According to this thinking, the South African government was guilty of the same sins it had accused the corporate sector of being guilty of: prioritising profit at the expense of the ethos and value of humans enshrined in the Constitution of the Republic of South Africa (Ikome, 2006: 11; Hudson, 2007: 143).

The second strand suggests that there was divergence between the government's policy positions and the private sector's strategies abroad. Therefore, there was a need to align them (Bischoff, 2003; Mills, 2000: 67; Gumede, 2005: 204; Mkhabela, 2009: 13; Qobo, 2010: 16-22). The South African government itself had similar thoughts. A report published by the Presidency of South Africa noted that the country needed to develop the ability to take full economic advantage of the positive outcomes of its contribution to peace and development on the African continent (The Presidency, South Africa, 2008: 89). Vickers and Cawood (2018: 132 and 144) went beyond identifying misalignment between corporate South Africa's strategies and the government's foreign policy. Like Qobo (2010: 22), they proposed that closer alignment, synergy and a coordinated approach between the state and business were key factors to enabling the growth of South Africa's commercial footprint in Africa. They warned that without an "SA Inc" approach, different actors would pursue disparate actions and eventually compete with each other. Concerns about South African investments on the continent might be a consequence of a "perception deficit", masking the positive impact of the investment (Vickers & Cawood, 2018: 141). Although in their observation they mentioned a significant trend of outward investments and cited several prominent South African MNCs that were invested on the continent, the authors did not go far enough to achieve what this study seeks to: juxtaposing foreign policy goals and the expansion strategies of specific firms, in order to draw conclusions.

While there has been scant research on the role of South African MNCs on the continent in general, there have been a few notable exceptions. In a broadly-framed, but excellent study of the role of South African business in South Africa's post-apartheid economic diplomacy, Valsamakis (2012: 252) found that South African MNCs that were expanding into the African continent enjoyed institutional support through, among others, the state-owned financiers, Industrial Development Corporation (IDC) and Development Bank of Southern Africa (DBSA). Valsamakis' study provides compelling evidence of South Africa's diplomatic agenda on Africa, which coincides with the agenda of corporate South Africa in general. However, the study did not investigate the strategies of specific South African MNCs operating in Africa.

2.6 The integrative and convergence theories: framework of analysis

Having identified weaknesses in the way the existing literature has applied unsuitable theories to analyse the role of South Africa and its MNCs in the rest of Africa, an alternative framework needed to be identified that could shape the study to address the gaps. A theoretical framework of analysis is the guide that shapes the research. This study followed the injunction of Yin (1998: 234) and Rosenau (2003: 220) to hold theory as the centre around which the design of the case study revolves. Theory is not only the foundation, but also the frame that allows research to stand up to scrutiny. It therefore follows that a case study needs to be informed by theory that enables a framework for informed analysis. The focus areas of analysis identified for this study were the points at which the foreign policy of post-apartheid South Africa and the expansion strategies of MNC converge and diverge. As a path towards the inquiry, this section explains the theoretical foundation adopted, which, in turn, led to the research method used for the study, which is detailed in Chapter Three.

The study adopted the integrative theoretical approach developed by Jones (1993) as a framework to uncover and analyse the nexus between South Africa's post-apartheid foreign policy and the expansion strategies of South African MNCs investing in other countries on the African continent. The integrative theory was operationalised through relevant elements of the convergence theory. The application of this combined theoretical framework is presented in this chapter in two ways. An exposition of the nature of the framework is presented; thereafter, an explanation is provided of the relevance of this framework to the study. The aim was to link evidence to theory (Herrmann, 2002: 119) through an inductive comparative inquiry.

2.6.1 Integrative theory explained

The integrative theory enables an inquiry into the intersection between the strategies of MNCs and the state's foreign policies. The concept 'integrative' emanates from Jones' (1993) synthesis of mainstream and radical theories of MNCs to explain the internationalisation of firms. The mainstream theories are predominantly the terrain of business economics and the field of IB studies. For example, the product cycle theory developed by Vernon (1966) explains patterns of trade and investment, in terms of which firms graduate their international commitments by first exporting, then licensing and finally engaging in FDI when they consider it profitable to do so. The internationalisation theory developed by Buckley and Casson (1976; 1985) avers that firms prioritise minimising transaction costs by developing efficiencies in the way they internationalise some of their operations.

The eclectic theory developed by Dunning (1988) emphasises the importance of OLI – ownership, location and internationalisation. According to this theory, firms exploit the advantages of ownership of assets and locate operations through internationalisation strategies that give them a competitive advantage. To its credit, OLI's updated version has elements of being integrative by combining company-specific factors and the political milieu of the environment in which MNCs seek to grow and expand. According to Dunning (2000: 164), the OLI reflects, among other things: the economic and political features of the country of the investing firm, and of the country in which the firm is seeking to invest; the characteristics of the individual investing firm; including its objectives and strategies in pursing these objectives; and the *raison d'être* for the expansion. Porter's (1990) theory of national competitive advantage – linked to the competitiveness of a nation's companies – also combines elements of the capacity of a firm, as well as the extent to which policy and the political environment enables or discourages competitiveness domestically and abroad.

A few additional theories can be added to the list of mainstream theories regarding MNCs captured in the critique by Jones (1993), some of which focus on intra-firm economic and political dynamics. For example, Allen, Allen and Lange (2018) developed the knowledge-augmentation approach, in terms of which MNCs invest abroad through subsidiaries that can provide new technical or research-related source knowledge to aid growth. This focus on the knowledge-seeking motive of a MNCs can be described as a study of the firm's micro-economics. Blazejewski and Becker-Ritterspatch (2011) used conflict theory to explain the rivalry between subsidiaries and the headquarters of MNCs, which conflict could find expression at inter-personal and institutional levels. This approach can best be described as a narrow focus on the micro-politics of the firm, which explains the nature of the internal decision-making process.

On the other hand, radical theories that tend to focus on the broader role of MNCs in international politics. The theory of imperialism, for example, focuses on exploitative characteristics of firms. It suggests that the internationalising firm creates conditions for one state to conquer another (Moran 1978 :218). Also among radical theories is the world systems theory developed by Wallerstein (1974), discussed in the first part of the chapter, which sees MNCs as facilitator of the international division into the developed core, the semi-periphery and the periphery, whereby the core exploits the periphery. Radical theories have predetermined outcomes, and thus fail to take into account dynamism of both firms and countries in the context of global networks and influences (Cao, 2012: 381).

As the first part of this chapter showed, radical theories have been (mis)applied in relation to South Africa and the role of its MNCs in Africa. To solve the problem of narrow mainstream theories of MNC and the broad, predetermined theoretical outcomes radical theories, Jones (1993: 249) suggests a combination of the two theoretical strands to form the integrative theory, because the mainstream theories of the firm are more sophisticated in explaining the details of the firm's operations than radical theories. But the contextualised approach to MNCs provided by radical theories is richer than the economic reductionism of mainstream theories.

The main benefit of applying the integrative theoretical framework to this investigation of the convergence and divergence points between South Africa's post-apartheid foreign policy and the expansion strategies of Shoprite and Standard Bank was that it helped to develop insight devoid of *a priori* generalisations about the points of departure and intersection. This study sought to find the convergence and divergence points, as well as to explain how and why they exist – if at all. As Jones (1993: 349) argued, when guiding research, integrative insight can address the sub-assumption problems identified in some theories about MNCs. The integrative approach is useful in opening an inquiry that takes into account market-state relations at different levels at both the domestic and international level of analysis, when using a case study method, because the primary unity of analysis is the MNC itself and the complex processes within it.

While this study considered relationships at three levels – inter-firm (between companies), firm-state (between companies and the state) and inter-state (between states) - the primary focus was on contrasting the state-state relations (foreign policy) with the firm-state relations (expansion strategies) of South African MNCs. The home state-firm relations in the post-apartheid context in Africa formed the units of analysis, individually and in juxtaposition. As Jones (1993: 349) explains, integrative theory incorporates economic and political constructs, thus constituting a genuine political economy of MNCs. The approach has a two-fold focus, that is, determining the nature of competition and cooperation – and their outcomes – and establishing what constitutes relationships of competition and cooperation across domestic and international levels. While the inter-firm and inter-state levels concern relationship dynamics between MNCs and countries, at the firm-state level, the study's chief concern was relationship dynamics between MNCs and their home and host. When applying the three-pronged foreign policy analysis approach proposed by Lerche and Said (1979: 14) (referred to in section 1.9.3), the study focused on policy that impacts on inter-state and firm-state relations of post-apartheid South Africa on the continent.

Incorporating postulations by Gilpin (1975), Reich (1983) and Kobrin (1987), the integrative approach acknowledges the benefits that may accrue if there is convergence between an MNC home country's foreign policy goals and the MNC's business goals in another state (Jones, 1993: 350). This is also the case in the area of MNC-host country relations, where bargaining dynamics between the firm and the host country take centre-stage. Interstate level processes are conceptually similar to inter-firm dynamics in that, states either compete or collaborate in the international system on a number of issues. This study took the relationship between the units of analysis to a further level by seeking to understand whether such relationships constitute convergence or divergence in themselves and/or in outcomes.

Contained in the integrative approach are elements similar to the qualitative synthesis approach adopted in Mkhabela (2014), which combines the "levels of analysis" theory developed by Underhill (2000), the theory of "national embeddedness" (Sally, 1996), the "linkage phenomenon" of Rosenau (1970), and "triangular diplomacy" (Stopford and Strange (1991). The elements of these approaches used in this study are complemented by the convergence theory, as the relevant aspects sharpen the operationalisation of the concept of convergence that is central to the study. The complementary approaches that constitute the integrative theory are explained briefly below.

Framework for progress

Underhill (2000: 806) makes two points about IPE that form the basis of what he terms a "framework for progress" in developing a better understanding of the IPE. The first is that political and economic domains cannot be meaningfully separated in a real sense, and even doing so for analytical purposes has its perils. Secondly, political interaction is one of the ways through which the economic structures of the market are established and transformed. These two points are helpful in considering the units of analysis as a composite whole, rather than only viewing them as separate parts operating independently of each other, as government power potentially –to varying degrees and directly and indirectly, traverses all spheres.

Theory of national embeddedness

Underhill's thesis is complemented by Sally's (1996: 71) analysis of the linkages between MNCs and the political environment as well as Rosenau's (1970) "linkage phenomenon". The theory of national embeddedness (Sally, 1996) describes a continuum of political and economic embeddedness of an MNC within the nation-state and the impact that this has at the external level. At one extreme, MNCs may be weakly embedded in national economies – that is when an MNC's relationship with its home state government is brittle and frequently at arm's length. At the other extreme is a relationship of strong embeddedness. When this is the case, an MNC is deeply committed to organised, long-term, and usually historically defined, relations with the government of its home state (Sally, 1996: 71).

The domestic firm-state relationship is reflected – and can have an impact – externally. In Japan, the national embeddedness of MNCs informs the way in which they behave commercially on the global stage, in order to ensure they conform to the prescriptions of the Japanese state. Differences in national embeddedness indicate that MNCs are not undifferentiated corporate actors, but are coloured by home country particularities, to a greater or lesser extent (Sally 1996; 73). Pauly and Reich (1997: 3) noted that the institutional and ideological legacies of distinctive national histories significantly shape the core operations of MNCs, and cited Germany, Japan and the USA as examples. Making assumptions about the impact of the distinctive "national" factor on the behaviour of South Africa's MNCs would be one thing; researching the impact to confirm or rebut it is another. And this is the area in which the literature on South Africa's MNCs needs to advance. By applying the integrative approach to case studies of Shoprite and Standard Bank, this research sought to ground generalisations in reality. It did so by allowing the cases to be investigated, instead of making conclusions based on normative or ideological preferences, thereby employing an inductive approve: moving from specific facts to generalisations.

The linkage phenomenon

Complementing Underhill's thesis is Rosenau's "linkage phenomenon", which delineates two basic types of linkage processes. When members of one polity serve as participants in the political process of another, it is called the penetrative process (Rosenau, 1970). The external actors or outsiders then share with those in the penetrated polity the authority to allocate its values. The influence of foreign MNCs in a host country is an example of the linkage phenomenon. When members of the penetrated polity react (adversely or positively) to the boundary-crossing actions of external actors, a reactive process to the penetration is said to have taken place (Rosenau, 1970). A reactive process constitutes the feedback that the MNC or its home government receives from the penetrated policy. A major advantage of the linkage phenomenon framework is that it calls attention to the external behaviour of MNCs and members of the home state in other jurisdictions (Rosenau, 1970: 383).

Triangular diplomacy

The idea that MNCs also conduct diplomacy with foreign corporations and governments, in addition to conventional diplomacy between states, is advanced by Stopford and Stranger's (1991) "triangular diplomacy" theory. In this bargaining between a host government and a foreign enterprise, sometimes one and sometimes the other has the "whip hand". In this context, diplomacy is not the exclusive preserve of states (Stopford and Strange, 1991: 22). The triads shown in Figure 2 illustrates this three-dimensional diplomacy. Strange (1996: 136) argues that once it is accepted that politics is not limited to the conduct of politicians and governments, it means that firms and their executives could be regarded as political actors in the language of international relations. Strange (1994a) further explains triangular diplomacy:

Firm-State Diplomacy

Competition between states for world market share compels governments to bargain with foreign firms to set up operations within their state territories. The significance of firm-state diplomacy is that it creates greater competition between states for the means to create wealth within their territories than vying for power over territory (Strange, 1994a: 108). Firm-state bargaining produces partnerships or alliances between host state and firm that may either be long or short in duration, but are based on the exchange of benefits and opportunities to enhance the success of the parties in competing for world market share. This bargaining is necessary if states need to secure economic weapons such as capital and technological expertise that is in the hands of MNC. This bargaining marks a shift to a new dimension in diplomacy, according to Strange (1994a: 107). Competition for world market share is also forcing states to bargain with national firms not to move their home base to another state, for the same reason that states wish to attract foreign MNCs.

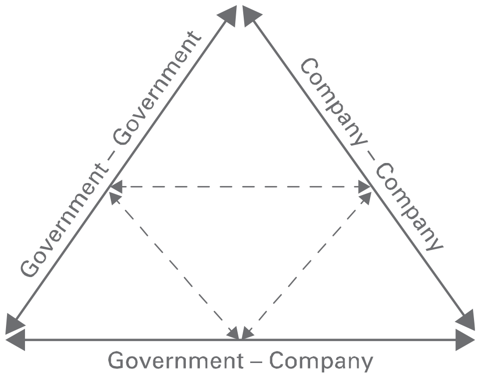
Firm-Firm Diplomacy

This type of bargaining may lead to temporary or permanent partnerships or alliances in which each side contributes something that the other needs so that both enhance their chances of success in competing for world market share (Strange, 1994a: 106).

State-State Diplomacy

Interrogating firm-state and firm-firm diplomacy enhances the analysis of traditional diplomacy between states that has been the main focus of study in the IR arena, particularly by the Realist school of thought, which focuses mainly on relations between states (Strange, 1994a: 106).

Figure 2: Triads of relationships/triangular diplomacy



Source: Stopford and Strange (1991: 22)

2.6.2 Convergence theory

Convergence theory focuses on similarities between the policies of different countries. Cao (2012) explained the impact of global networks between trade, investment and intergovernmental organisations on the convergence of policies of different states. Holzinger and Knill (2005) trained their attention on the causes of policy convergence among states, and focused on the role of international harmonisation and various aspects of transnational communication, among other factors. Jordan (2005) surveyed the literature on state policy convergence in an attempt to problematise the identification of independent and dependent variables of convergence within the European Union (EU). Drezner (2001:57) focused on the impact of globalisation on convergence, contrasting the theory of structural determinism that characterised convergence as a dependent variable with agent-based theories that emphasise independence of choice of states. The literature on the state-focused nature of policy convergence has barely touched on foreign policy. In their survey of empirical studies on policy convergence, Heichel, Pape and Sommerer (2005) found only one research output by Hill (1997), who focused on foreign policy convergence within the EU. Even so, the focus was very much about the state, like with most of the literature.

Notwithstanding the predominant focus on state policies, the convergence theory could be useful in defining convergence in ways that transcend state policies by innovatively incorporating into its comparative analysis strategies of non-state actors such as MNCs. It is within this transcendental context that the convergence theory was applied in this study. The convergence concept was employed to inquire into the nature of convergence and divergence between the foreign policies of countries and the expansion strategies of non-state actors, within the context of the integrative theory's firm-firm, firm-state and state-state relations.

Knill's (2005: 768) proposed assessment of policy convergence – as the extent to which the policies of countries have become more similar over time – was useful for the comparative analysis done on foreign policy and the expansion strategies of two MNCs. Table 2 is an abridged typology of Knill's (2005) convergence framework. In Bennett's (1991: 218) formulation, this refers to content policy and outcomes, respectively.

For the purpose of this study, effects – characterisation or content and similarity of change or outcomes – were relevant in making a determination of convergence between foreign policy and corporate expansion strategy. In strictly state-focused assessments of convergence, other analytical focus areas may include policy instruments and policy style (Bennett, 1991: 218). In this study, these are considered not comparable in a state policy-corporate strategy convergence assessment, because states and MNCs naturally use different instruments and styles of engagement. However, state policies and corporate strategies may be assessed for similarity of content and outcomes, as well as changes over time. Goal similarity is listed separately by Bennett (1991: 218) and is considered to be embedded in policy and strategy characterisation. In addition, and contrary to the analytical focus that gives rise to similarity of change in Knill's (2005: 768) conception of convergence, it was not assumed to be a strictly dependent variable in this study, because similarity of change of policy and corporate strategy may have a myriad of sources.

Table 2: Policy convergence and related concepts

	Policy Convergence
Analytical focus	Effects (outcome)
Empirical focus	Policy characterisation (content)
Dependent variable	Similarity change

Source: Knill (2005: 768)

2.7 Conclusion

The literature review showed that radical theoretical approaches invoked to explain South Africa's post-apartheid relations with the African continent have not been adequately justified and applied. Concepts such as 'imperialism', 'sub-imperialism', 'hegemon', 'behemoth' and 'semi-periphery' have been used with little substantive justification. However, scholarly conclusions shaped in terms of these constructs have been made. The normative conceptions of the relationship between the South African state and South African MNCs in relation to the African continent have been expressed, yet, a weakness is discernible: they lack illustrative evidence. The critics of supposed convergence have not backed their claims with evidence. Nor have those who prefer convergence support their stance with research on the post-apartheid expansion strategies of MNCs.

To address these weaknesses, this study analysed South Africa's post-apartheid foreign policy in relation to the specific MNCs: Standard Bank and Shoprite. Instead of generalising without evidence, this study sought to build case evidence that could be interpreted for generalisation. The integrative approach was the guide, and the convergence theory sharpened the operationalisation approach.

CHAPTER THREE: RESEARCH DESIGN AND METHODS

3.1 Introduction

Taking into consideration the shortcomings identified in the literature review – where theoretical assumptions were applied without substantial justification – a relevant approach to the study of the intersection between corporate expansion and foreign policy was necessary. This chapter outlines the research design and methods used in the study. These were framed by the integrative theory developed by Jones (1993) and which is applicable in a study of state-firm, firm-firm and state-state relations across borders, and supplemented by Knill's (2005) convergence theoretical approach that explains convergence. This chapter explains the study design followed – from selecting the cases to be studied to analysing the data gathered.

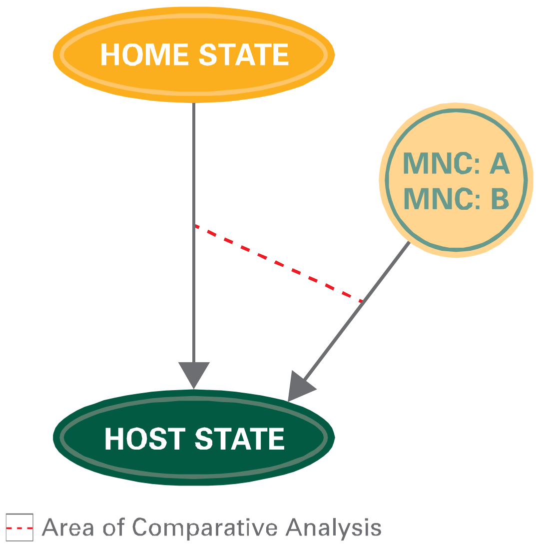
3.2 Research design: qualitative case study

The research design is the overall plan to address a research question (Halperin and Heath, 20017: 147). Informed by the analytical frameworks discussed in the preceding chapter, a qualitative method was used to gather and interpret data relevant to the research questions about the cases selected. According to Yin (2013: 325), if a study genuinely takes advantage of the case study method − that is, by probing a case and its context in-depth − the study will only include a small number of cases or a single case. In addition to allowing for in-depth understanding of the subject, case studies also enable theory building (Scapens 2004: 112). This study sampled two cases for investigation: Standard Bank and Shoprite. The questions of why and how the two cases were selected, and how the data about them was collected and interpreted are addressed below as a function of the research design.

3.3 Unit of analysis

According to Kumar (2018: 71), a unit of analysis, answers the question, who and what is being studied. With case studies, a unit of analysis is the definition of the case (Yin, 1998: 236). The unit of analysis in integrative theory spans the firm, industry, host and home states.[7] This units of analysis used in this study are defined as the themes of firm-state relations which, when compared, show either convergence or divergence between South Africa’s foreign policy and the expansion strategies of Standard Bank and Shoprite on the African continent. As illustrated in Figure 3, this was essentially the subject of inquiry. All research activities discussed in this chapter were tailored to zone in on this firm-state relations theme, in order to make findings. A theme in this case refers to the combination of ideas in a phrase, sentence or paragraph (Manheim and Rich, 1995: 187).

Figure 3: Main area of focus of the study



Source: Author

3.4. Sampling method

Standard Bank and Shoprite were selected as case studies through purposeful sampling. According to Patton (2015: 264), this method allows for deliberate selection of information-rich cases, from which insight and understanding about the central importance of the inquiry may be gained by a researcher. Five criteria were applied to select the two cases, as explained below.

[7] This study excludes the industry-wide level unit of analysis.

First, was the requirement for country of origin and domicile to be unambiguously South African. According to Pauly and Reich (1997: 4), the MNC's country of origin is more than its domicile: it is its historical experience and the institutional and ideological legacies of that experience. It is also the country "where the MNC grew up" **(**Noorderhaven and Harzing, 2003: 54). Standard Bank and Shoprite are primarily domiciled in South Africa. In addition, in terms of management and control, they are South African, with their strategies being driven from South Africa. This is critical, because the country-of-origin effect consists of that part of the differences in expansion strategy and international control strategy of MNCs that can be ascribed to their different national origins (Noordehaven and Harzing, 2003: 54).

The second was the history of expansion. Since the study was designed to focus on post-apartheid expansion up to 2020, the sample had to include expansion from the immediate post-apartheid period to ensure reasonable representativity of the period covered. Within the banking and retail sectors, Standard Bank and Shoprite were the most expansive, and their expansion culminated in higher representation outside of South Africa by the end of the period of the inquiry, as shown in Table 3 and Table 3.1. By 2020, Standard Bank had expanded to 19 African countries outside its home base (Standard Bank, 2021: 2), beginning its post-apartheid expansion from a base of 10 countries outside its home country (Standard Bank, 1995; 2021:2). Shoprite is the largest FMCG retail firm operating in Africa, with operations in 14 African countries outside of South Africa by 2020 (Shoprite, 2021: 104). Prior 1994, outside of South Africa, Shoprite only had butchery and food retailing in Namibia. (Shoprite, 1995: 1995). Based on their history and the extent of their expansion, these MNCs were selected.

The third was the extent to which the expansion reach of the selected MNCs would offer better results, in that they lend themselves to the possibility of depth of experience. As Yin (2013: 325) observed about case studies, they are about the extent to which research could benefit from richness of depth. For this to happen, the selected sample has to present this possibility.

The fourth was that the MNCs had remained actively invested across jurisdictions outside South Africa for the period under investigation, so that its activities could generate more insight in relation to the research questions.

Finally, consideration was given to the extent to which the cases were researchable. Standard Bank and Shoprite have been listed on the Johannesburg Stock Exchange (JSE) for the full period of the study, and have consistently published annual reports that incorporate their annual financial statements. The annual reports are among the key data sources of the study. The uniqueness of this study is partly that all the reports for the period under study were consulted.

Table 3: Extent of expansion of South African banks, 2019-2020

Banking group	**Number of African countries, including South Africa**
Standard Bank	20
First Rand Group	11
ABSA	10

Source: Extracted from the annual reports of Standard Bank, First Rand and ABSA for 2019-2020

Table 3.1: Extent of expansion of South African retail MNCs, 2019-2020

Retail group	**Number of African countries including South Africa**
Shoprite	15
Woolworths	12
The Spar Group	6

Sources: Extracted from the annual reports of Shoprite, Woolworths and The Spar Group for 2019-2020

3.5 Data sources and collection

The study relied on both primary and secondary sources of information. This research employed what Scapens (2004: 110) calls integrative power – the ability to draw from various sources of information – which is typical in qualitative case studies. Primary sources include publicly available company annual reports and records published by Shoprite and Standard Bank, and policy documents published by the government of the Republic of South Africa and other African countries. Government's published documents and company annual reports are the type of sources that Manheim and Rich (1995: 184) define as internally generated and externally directed sources. These documents contain information about the content and outcome of government policies and corporate strategies.

The primary sources also include respondents to a questionnaire, who work at the relevant South African government departments, namely the DTIC and DIRCO which, more than any other government department, are responsible for South Africa's external political and economic relations. An industry expert with intimate knowledge of Standard Bank and an executive of Shoprite with knowledge of the company's expansion strategies were also sources of information.

Following Yin (2011: 311), respondents were purposefully selected on the basis of the positions they have occupied and the expertise they were assumed to possess. Table 3.2 is a list of the selected respondents and the corresponding themes for which they were judged to be relevant to the study's aims. Interviewees were provided with an informed consent form and were granted anonymity to enhance disclosure of information. The choice of interviewees was based on the positions they occupied, their assumed knowledge of the subject, and their availability and willingness to participate. The responses were edited to remove any possible inadvertent disclosure of identities.

Secondary sources included books, journal articles, news and commentary articles and academic theses. Some of the primary and secondary source of information were sources from internet platforms.

3.6 Data capturing: semi-structured interviews

Semi-structured questionnaires were formulated and dispatched to interviewees selected on the basis of their expertise in a focus theme area, as shown in Table 3.3. The study used a semi-structured questionnaire and the interview method of sourcing data, because the nature of the data to be sourced required respondents to be broadly contextual. Only one respondent – the banking expert – responded in writing. The rest of the respondents preferred to respond in a verbal, conversational interview form. However, no physical contact interviews could be arranged, as respondents preferred the convenience of distanced interaction. The interviews with the DTIC policy maker, the DTIC official and the DIRCO official were conducted using a virtual platform, while the interview with the Shoprite executive was done telephonically. The interviews were captured by way of recording and thereafter transcribed.

Table 3.2: selected research participants

Respondent	Institution	Interview theme	Date
Policy maker (Political office bearer)	The DTIC	The DTIC's position and its role in the post-apartheid expansion of South African MNCs on the African continent.	25/11/2020
Banking expert (Corporate strategy)	Standard Bank	Standard Bank's post-apartheid expansion strategies and the bank's understanding of government's role.	12/01/2021
Senior official (Policy development)	The DTIC	The DTIC's position and role in the post-apartheid expansion of South African MNCs on the African continent.	21/01/2021
Senior official (Policy research)	DIRCO	DIRCO's position and role in the post-apartheid expansion of South African MNCs on the African continent.	23/01/2021
Senior executive (Group strategy)	Shoprite	Shoprite's post-apartheid expansion strategies and Shoprite's understanding of government's role.	8/04/2021

3.7 Data analysis and validity

Data sourced from all documents was analysed using the method of content analysis. This involved developing a coding scheme of themes. This method uses themes to arrange data (Lacity and Janson, 1994: 144). The process involved first identifying relevant content from the documents, collating it and thereafter grouping it into themes relevant to the research questions. The same method was followed in analysing data sourced from respondents. Recorded interviews were transcribed into documents and the content was thereafter used as part of the account on foreign policy and corporate expansion strategies from which relevant comparative themes were extracted and thereafter subjected to juxtapositional analysis. All data was interpreted by tabulation of the key themes. With each theme, specific findings were interpreted and subjected to qualitative analysis through juxtapositioning. The first part of the analysis outlined the key themes emanating from South Africa's post-apartheid policies. The second outlined the key strategies of Standard Bank. The third outlined the key strategies of Shoprite. The fourth part analysed the nature of the points of convergence and divergence. The last part provided the final analysis of the juxtapositioning.

To ensure data validity – the extent to which information collected and analysed can be said to be verifiable in a way that enhances confidence in the research outcomes – the study design embedded triangulation of data sources. This means that data about a subject matter was obtained from divergent sources. The very nature of the study – sourcing data on similar themes from a variety of sources, as stated in section 3.5 – is indicative of built-in triangulation (Yin 1998: 233) and confidence in the results (Yin, 2013: 324). In addition, since the study relied mostly on corporate annual reports and state policy documents, validity was also ascertained by the extent to which information was reconfirmed over the period of the study in various reports.

3.8 Analytical generalisation

According to Yin (1998: 239), the compelling advantage of an in-depth case study in which triangulation of data sources is embedded is that it allows for analytic generalisation. This means the extraction of a more abstract level of ideas from a set of case study findings – ideas that can nevertheless pertain to situations other than the case in the original case study. For purposes of case study evaluation, analytical generalization should aim to apply to other concrete situations and not just to contribute to abstract theory building (Yin, 2013: 325). The cases of Standard Bank and Shoprite presented in this study were researched in a way that allows for a reasonable level of analytical generalisation. This means that the basis of the analytical framework could be replicated by adding other cases (Yin, 2009: 38; Rule and John, 2015: 9).

3.9 Conclusion

In summary, the qualitative study approach to case study research was selected for the study. Standard Bank and Shoprite were purposefully sampled, with reasonable justification for the extent to which they would provide the study with the necessary depth of information. While most of the data analysed came from documents, interviews added to the diversity of sources.

The study was designed to yield relevant insight. The integrative approach provided the framework within which the research design was executed, while the convergence theory provided the conceptual tools of convergence.

CHAPTER FOUR: SOUTH AFRICA'S POST-APARTHEID FOREIGN POLICIES IN AFRICA

4.1 Introduction

This chapter presents the data that answers the first research question stated in section 1.7: What was South Africa's post-apartheid foreign policy in Africa until 2020? In an analysis of this nature three elements are critical, according to Lerche and Said (1979): the intention of actors; the evolution of structures through which actors articulate their intention; and the actions and consequences of the actor's actions. Therefore, this chapter delineates the key post-apartheid foreign policy themes that could serve as the basis for juxtaposition with the expansion strategies employed by Standard Bank and Shoprite on the continent.

The analysis is segmented according to five distinct periods that correspond with the presidential tenure of South Africa's heads of state: (Nelson Mandela (1994 to 1999), Thabo Mbeki (1999 to 2008), Jacob Zuma (2009 to 2018) and Cyril Ramaphosa (since 2018).[8] South Africa has been governed by the same political party, the ANC, for the period covered by this study: 1994 to 2020.

4.2 Apartheid Context

While an analysis of South Africa's post-apartheid policies in the rest of the African continent constitutes the core of this chapter, historical context is critical for understanding the foreign policies adopted in the new political dispensation and the impact on the foreign ventures of South African companies. After all, policy is not formulated or executed in a vacuum. To contextualise the significance of the "post" in the "post-apartheid" formulation adopted by the study, the chapter starts by discussing apartheid South Africa's foreign policy on Africa. Like the post-apartheid foreign policy, the apartheid context is set out in line with the eras of each of the leaders of the state who directed South Africa's international relations.

[8] President Kgalema Motlanthe was in office from September 2008 to June 2009. This is not considered a full term as it is too short. President Cyril Ramaphosa was elected president in 2018 and at the time of completion this study in 2021, he was still president.

4.2.1 Verwoerd's policy of isolation

With the National Party's (NP) ascendency to power under Prime Minister DF Malan in 1948,[9] South Africa began pursuing a foreign policy of isolation from the rest of the world (Geldenhuys, 1984). In the early in the 1960s, the policy of isolation was at its height and was more formally and aggressively executed by Hendrik Verwoerd, who was prime minister from 1958 to 1966, since isolation was to be apartheid's shield against international pressure for political and economic reforms (Kenney, 2016: 293). During Verwoerd's premiership, a number of domestic and international developments took place that had far-reaching implications for South Africa's foreign policy. The Sharpeville Massacre and the subsequent state of emergency, the banning of liberation movements in 1960, and the conviction of Mandela and his co-accused to life imprisonment at the conclusion of the Rivonia Trial in 1964 all drew international rebuke. As Joel Joffe, one of the defence lawyers in the Rivonia Trial noted, the United Nations (UN) General Assembly, with the exception of South Africa, voted in vain for the release of the Rivonia accused (Joffe, 2014: 227). South Africa's disregard of this UN resolution would further entrench the country's pariah status. The UN's condemnation of the Rivonia Trial was preceded in 1960 by the adoption of Resolution 134 by the UN Security Council, which established the Special Committee Against Apartheid. This made the battle against the regime truly global (Landsberg, 2004: 20).

Meanwhile, in Africa, Egypt's termination of colonial-era diplomatic ties with South Africa in 1961 and South Africa's recall of its consul-general from Kenya in 1963 meant that South Africa's diplomatic ties with African states after the Sharpeville Massacre were confined to the British-ruled Rhodesia and Portuguese-ruled Angola and Mozambique. In addition, since its formation in 1963, the Organisation of African Unity (OAU) had been hostile towards South Africa (Kenney, 2016: 292-294), and the apartheid regime was placed on the OAU's agenda for condemnation for the next 30 years (Maloka, 2019: 40).

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[9] The year 1948 marked the beginning of the institution of wide-ranging and successive apartheid legislation after the NP's electoral victory in an electoral system that excluded the majority of the country's population.

In the immediate aftermath of Sharpeville, South Africa started to feel the effects of Verwoerd's stance, as it began to have more acute domestic economic ramifications. Loss of investor confidence caused capital outflow. The surplus on the current account of the balance of payments in 1960 was more than offset by capital outflows. Gold was South Africa's top export income earner, but foreign exchange reserves declined. Concern over the forced departure of South Africa from the Commonwealth,[10] where it had been under increasing pressure to abandon apartheid, and fears of a possible devaluation of the Rand led to further pressure on the balance of payments during the early part of 1961 (Gidlow, 1995: 187). The deterioration of economic conditions was demonstrated by declining economic growth and net capital outflow, and resulted in 69 captains of industry in South Africa petitioning Verwoerd to reform or abandon apartheid as it was costly to the economy (Allighan, 1961: 55).

South Africa's reaction to the capital outflow was to enforce further economic isolation mechanisms by imposing exchange controls – ostensibly in a bid to stem the outflow. Between May and June of 1961, South Africa implemented comprehensive control measures, which were designed to strengthen both the current and capital accounts. Capital transfers abroad by residents were prohibited and the transfer of profits earned by foreign-controlled companies prior to 31 December 1959 was prohibited. Apart from the prohibition on residents transferring funds abroad to purchase securities, the most notable measure related to controls over non-residents, which took the form of restrictions over the repatriation of funds previously invested in South Africa by foreigners. This led to a dual-currency system, with the "financial rand" consisting of blocked proceeds or dividends that could not be taken out of the country, but could be traded within the country, while the rest of the economy functioned on a "commercial rand" (Gidlow, 1995: 187).

While Verwoerd pursued the policy of isolation, the business sector ventured independently into cooperation arrangements with some African states and tried to smooth out apartheid's negative image abroad. Oppenheimer, a trustee of the SAF Foundation – established to project

[10] Following a referendum held in 1960 that showed that the majority of white voters were in favour of South Africa becoming a republic, Verwoerd removed South Africa from the British Commonwealth in 1961, after many Commonwealth member states objected to his request for the apartheid state to remain in the Commonwealth as a republic.

a positive image of South Africa – implemented measures to reverse the negative opinion held abroad about apartheid South Africa. He even sponsored special tours of South Africa by influential opinion makers from the US and Europe (Hocking, 1973: 376). Rupert, a fellow member of the SAF, advocated for stronger regional integration, while his Rembrandt group invested in Zambia, Malawi and Zimbabwe via Britain to circumvent the sanctions imposed on South Africa (Dommisse and Esterhuyse, 2009: 127).

The economic downturn of the 1960s proved to be temporary, as apartheid South Africa entered a golden age that lasted almost a decade, from the mid-1960s to the early 1970s. As restlessness about Sharpeville waned, foreign capital flooded back in, and the economy registered growth on the back of high gold prices. While the armed struggle against apartheid continued in the Southern Africa region, it did not seem to unsettle Ian Smith's regime in Rhodesia, where some of the South African liberation movement's insurgents were based. The Portuguese colonialists in Angola and Mozambique continued their rule, despite liberation struggles mounted by the Movement for the Popular Liberation of Angola (MPLA) and the Front for the Liberation of Mozambique (FRELIMO). The Nationalists' ability to keep the apartheid system intact amid protest emboldened apartheid planners and some business leaders, who believed that the dream of an industrial powerhouse emerging at the tip of Africa was within grasp (Marais 2011: 27).

The consequences of isolation in Africa, however, frustrated the ambition of Verwoerd's foreign minister, Eric Louw, who had envisaged South Africa being a domineering African power and serving as a permanent link between West Africa and the region south of the Sahara (Geldenhuys, 1984: 13). He eventually realised that this was not to be the case, as Verwoerd seemed steadfastly impervious to criticism from outside with the seeming success of South Africa's isolation policies. Moreover, despite the hostility of the OAU toward South Africa, southern African countries had no option but to cooperate with their abusive neighbour, given her economic strength. The Central African Federation and the British High Commission Territories[11] of Lesotho, Botswana and Swaziland were not in a position to

[11] Whilst Lesotho and Botswana gained independence from British rule in 1966, followed by Swaziland in 1968, the Central African Federation, comprising the British colony of Southern Rhodesia and the British protectorates of Northern Rhodesia and Nyasaland, only achieved full independence under majority black rule in 1980 and 1984, respectively.

participate in any economic boycott against South Africa and, crucially, they also depended on South Africa economically. Therefore, two diametrically opposed political strategies were at play. On the one hand, southern African countries hosted exiled freedom fighter. On the other hand, Verwoerd was successfully trying by appealing to Britain to annex these territories with the ultimate aim of incorporating them under South Africa's Bantustans, the black governed territories that were nominally independent from Pretoria (Kenney, 2016: 294).

Although Mozambique was not part of the British High Commission Territories, its economic ties with South Africa were too deep, dating back to the time of British colonial rule in South Africa, when cheap labour was ferried in so-called night trains to work on the gold mines of the Witwatersrand (Van Onselen, 2019). In addition, Mozambique's Cabora Bassa hydroelectric scheme had been supplementing South Africa's electricity needs since 1977. And, since 1895, the railway route to Mozambique's port of Delagoa Bay had been an important link between the industrial hub of Witwatersrand and Europe (Liebenberg, 1984: 565).

The Verwoerd era was characterised by foreign policy geared towards expanding apartheid and using capital controls to shield the economy from further capital flight. The business sector's appeal for reforms went unheeded, but influential businessmen and women formulated their own strategies in African countries.

4.2.2 Vorster's failed *détente*

Verwoerd's successor, John Vorster (1966-1978), sought to free South Africa from isolation and to improve foreign relations with the African continent without abandoning apartheid. In terms of the thin ideological divide within the ruling NP at the time, Vorster was regarded as among the enlightened, as opposed to being an ultra-conservative (Liebenberg, 1984: 513). His attempts at ending isolation took several forms, including the policy of *détente* – the relaxation of tension – with other Southern Africa states to dissuade them from assisting South African liberation movements. To this end, he initiated what he termed "outward movement" diplomacy with Senegal and Ivory Coast in west Africa to solicit support for his Southern Africa strategy (Giliomee, 2012: 16).

Vorster's *détente* strategy comprised an inter-change of bullying and friendship with neighbouring states (Sampson, 1987: 90). During his second five-year term, which began in 1974, his plan was to establish a constellation of states in Southern Africa to serve as a bulwark against communism in the context of the Cold War. In 1975, South Africa launched Operation Savannah with covert American support. This was a military strategy to topple the MPLA and aid Jonas Savimbi's rebel movement, National Union of Total Independence of Angola (UNITA) (Giliomee, 2012: 116 – 124). Meanwhile, in Zambia, Vorster co-opted the former Northern Rhodesia's first president, Kenneth Kaunda, to broker talks between the isolated Prime Minister of Rhodesia, Ian Smith, and the South African and Rhodesian liberation movements (Geldenhuys, 1990: 64). This Vorster did while covertly backing his favourite candidate, Abel Muzorewa, in the event of a constitutional settlement to end colonialism and the start of black participation in the political system of Rhodesia. The talks failed (Maisels, 1998: 272)[12] and Robert Mugabe and the Zimbabwe National Union (ZANU) party emerged victorious in an election held in 1980 that was preceded by armed struggle and a deal brokered by Britain in Lancaster.

During Vorster's premiership, opposition to apartheid heightened, as did the cruelty of the apartheid security establishment towards opponents, who were subjected to torture and prolonged detention without trial. Major domestic events occurred, leading to further international isolation of South Africa. These included the Soweto uprising in 1976 and the murder of Black Consciousness leader Steve Biko by the apartheid security forces in 1977, who, according to Bizos (2000) - a lawyer of the Biko family - associated anything relating to liberation with the smokescreen danger of communism.

From the mid-1970s, South Africa's economy declined as political instability persisted. This decline did not happen by accident, but was rather a result of the perpetuation of black poverty in the 1950s and the 1960s, together with the stricter influx control measures of the 1970s – a combination of factors that fuelled black unrest from the early 1970s onwards

[12] Advocate Isie Maisels, a South African lawyer who also practiced in Rhodesia, had been briefed by Tiny Rowland, Rhodesia's mining tycoon who ran the company Lonrho, to provide legal assistance to liberation activists in drafting a possible post-British colony constitutional settlement.

(Terreblanche 2002: 376). This unrest, and the government's attempts to suppress it, led to intensification of the liberation struggle and created socio-political conditions that were no longer conducive to foreign investment and domestic accumulation. Notwithstanding South Africa's economic challenges, many businesspeople looked to Vorster to open up wider markets in the north of Africa, while maintaining order in the south. He was, however, never interested in the view of industrialists and, according to Gavin Relly of Anglo-American, he would take offence when they expressed opinions about the domestic political situation (Sampson, 1987: 91).

Vorster's years amounted to regression into a holding operation interspersed with periods of crisis management. He had, at best, tinkered with the apartheid system by, for example, giving a New Zealand Rugby team with a black player permission to tour South Africa, whilst racial segregation in the country remained intact. Vorster also had to deal with the Information Scandal, a corruptly financed propaganda scheme, aimed at presenting a polished image of apartheid domestically and abroad (Welsh, 2009: 108). Despite his attempts at *détente* in Southern Africa, what ultimately came to define his premiership was the war in Angola, which serves as testimony of just how divisive and disruptive South Africa was toward Southern Africa.

4.2.3 PW Botha's aggression

Vorster's successor, PW Botha (1978-1984 and State President from 1984 to 1989) continued with the policy of seeking to establish a constellation of states in Southern Africa, while aggressively destabilising the region under the guise of thwarting communist encroachment. And so, he invited business leaders and South Africa's homeland leaders to participate in discussions about how to alleviate poverty and unemployment (Giliomee, 2012: 164). Unlike his predecessor, Botha made an effort to co-opt business into his foreign policy agenda in the southern African region. Botha told South African business leaders at a conference he convened in Johannesburg in November 1979 that the private sector had a role to play in contributing to order and stability in the region. While the government could create a framework for this to happen, the greatest contribution to inter-state cooperation could be made by the private sector, he told them. While business leaders, such as the highly influential

Anglo American Corporation chairman, Harry Oppenheimer, expressed support for the idea of a constellation of southern African states, they were also concerned about domestic socio-economic problems caused by apartheid (Geldenhuys, 1984: 161).

In his corporate diplomacy, Oppenheimer advocated the so-called "Oppenheimer Thesis", which essentially postulated that South Africa needed more foreign investment to achieve an orderly change to non-racialism, as opposed to the sanctions levied against South Africa (Sampson, 1987: 95 and 139). Meanwhile, the apartheid government justified its destabilisation campaign through military incursions in Southern Africa, claiming that the campaign was part of the total strategy to thwart communist attacks on South Africa (De Klerk, 1998: 117). Between 1981 and 1985 military raids were launched on suspected camps and residential areas of South African freedom fighters in Mozambique, Lesotho and Botswana (Isby, 1989: 27). For as long as the Cold War wore on, apartheid leaders would ceaselessly harp on about the communist menace and were prone to describe themselves as proponents of liberty who had been forsaken by Western friends. The tactic worked on the conservative governments of the US, the United Kingdom (UK) and West Germany in the 1980s, who were inclined to cast liberation movements as Moscow-backed communist revolutionaries (Kane, 2001:122).

However, given the economic ties between the southern African countries, South Africa's neighbouring states felt the brunt of its continuing isolation from the rest of the world under Botha's bellicose administration, even as it claimed to be acting aggressively to resist Eastern bloc hegemony. While the apartheid government pursued the policies of creating a constellation of states and destabilisation in Southern Africa, the Front-Line States (FLS) against apartheid, consisting of Botswana, Mozambique, Tanzania, Zambia and Zimbabwe, consolidated their opposition to apartheid.[13] However, the FLS countries were economically linked to and dependent on South Africa. In recognition of the collateral damage experienced by the region as a result of sanctions against South Africa, the UN Special Committee Against Apartheid suggested that sanctions be linked to economic assistance to the apartheid state's

[13] The Front-Line States (FLS) was a precursor to the Southern African Development Coordinating Conference that was established in 1980.

neighbours (Landsberg, 2004: 23). By 1980, following the liberation of Zimbabwe, South Africa stood alone as the last bastion of white power in Africa (Roskin and Berry, 1993: 114).

After much destabilisation wrought on FRELIMO-governed Mozambique, through military support to the rebel movement Resistance Movement of Mozambique (RENAMO) and direct military incursions, Botha and President Samora Machel signed a non-aggression pact, the Nkomati Accord of 1984. It was expected to lead to economic cooperation and end the two governments' assistance to groups within their borders that were involved in violence, terrorism and aggression against citizens of the other country. At this point, it appeared Botha's constellation project appeared to be bearing fruit (Giliomee, 2012: 175-6). But when Machel and the FLS realised that Botha had violated the Nkomati Accord by continuing to support RENAMO via a Malawi base, a diplomatic fallout ensued (Christie, 1989: 118). Unabashed and undeterred, under Botha's directive, the South African Defence Force (SADF) launched cross-border raids against ANC targets in Zambia, Zimbabwe and Botswana on 19 May 1986. Botha attempted to justify the raids as a fight against Soviet encroachment (Landsberg, 2004: 28).

The international campaign for sanctions against South Africa received a boost on 2 October 1986 when the US Congress passed the Comprehensive Anti-Apartheid Act, which provided what Sampson (1987: 251) described as an alternative foreign policy to that of President Reagan. What hit the apartheid government hardest was US bank Chase Manhattan Bank withholding loans in July 1985. This move was followed by similar action taken by other international banks. South Africa's maturing loans were called in and borrowing facilities were shut (Welsh, 2009: 254). Net sales of securities by foreigners reached a peak in 1986 and amounted to more than R1.3 billion. Net outflows of capital through the commercial rand market totalled around R8.3 billion, despite the reintroduction of capital controls in the aftermath of the Sharpeville Massacre (Gidlow, 1995: 203).

Like the Comprehensive Anti-Apartheid Act, the Commonwealth Accord on Southern Africa of 1985, called for an end to the apartheid state's military and paramilitary activities aimed at its neighbouring states (Landsberg, 2004: 36). Meanwhile, South Africa had been exercising its own economic sanctions against neighbours that harboured ANC exiles: in 1986, South Africa facilitated the toppling of the Lesotho government. As the Commonwealth stepped up its demands for sanctions, Pretoria increased its threat to apply counter-sanctions against neighbours – whether by cutting rail and road links, returning foreign workers or by military raids and general destabilisation. These threats were, however, unworkable, as South Africa enjoyed a large trade surplus with its neighbours (Sampson, 1987: 218). Moreover, the threats did not stop the growing call for more sanctions, which led to US banks taking the initiative and causing a setback to Reagan's opposition to apartheid sanctions. In September 1985, he had begrudgingly issued an order to prohibit most state loans to South Africa, an action followed by a vote by Congress to cut off IMF loans (Landsberg, 2004: 35; Geldenhuys, 1989). Even more pressure was mounted against the apartheid state towards the end of the Cold War, when, in 1988, the US, the Soviet Union and underwrote the process that led to Namibia's independence from occupation by South Africa in terms of Resolution 435. This greatly aggrieved Botha (Pahad, 2014: 170), as South Africa had occupied Namibia since 1915, after it emerged victorious against German forces in the First World War. In summary, Botha's regime was defined by domestic and regional instability, and his approach to Southern Africa amounted to an aggravation of the hostility cultivated by his predecessors.

4.2.4 De Klerk and the onset of South Africa's re-engagement

The end of the Cold War, which signified the triumph of capitalism and the defeat of communism, neutered the apartheid government's paranoia of a smokescreen communist menace of left-leaning South African liberation movements and the supposed threat it posed to the region. As the iron curtain was lifting, President FW de Klerk (1989 to 1994) bowed to international and domestic pressure to abandon apartheid. In 1990, he unbanned the liberation movements and released political prisoners, including Mandela, which paved the way for negotiations to build a new non-racial order.

Protracted multi-party negotiations ensued and the crafting of a new constitutional dispensation, starting with the Transitional Executive Council in 1993, followed by the government of national unity after the first general election in 1994. These domestic political reforms had profound implications for South Africa's relationship with the rest of the continent. In late 1993, the Transitional Executive Council (consisting of the NP and the ANC) received a loan from the IMF to solve South Africa's balance of payment difficulties. (South Africa had been a founding member of the IMF in Bretton Woods, New Hampshire, in 1944 (Terreblanche 2012: 64). This indicated a thawing of relations between South Africa and the rest of the world, with the loan being granted on condition that South Africa's future economic policy would be market friendly. This constituted the elite compromise that would serve as an embryo for the Growth, Employment and Redistribution (GEAR) strategy, a neo-liberal economic policy that the South African government adopted in 1996. South African business, through its interaction with the ANC, had encouraged the adoption of business-friendly, neoliberal policies (Marais, 2011: 109). Moreover, having interacted with influential local and international businessmen and women – such as representatives of Standard Chartered (Stanchart) and Barclays while in exile in the 1980s - the ANC continued this engagement after its unbanning (Pahad, 2014; Terreblanche, 2012: 62-65).

4.2.5 Cost of isolation and destabilisation

The apartheid government's destabilisation activities had tragic consequences. According to Volume 2 of the Truth and Reconciliation Commission (TRC) report, South Africa's involvement in Southern Africa from the 1960s to the 1980s had included various levels of warfare in six states, covert attacks in Botswana, Lesotho and Swaziland, and an attempt to overthrow the government of Seychelles. The destruction wrought on Angola and Mozambique by apartheid South Africa under the guise of a communist threat was disproportional to the threat posed by these severely under-developed countries (TRC, 1998: 43).[14] In his foreign policy position paper, Nelson Mandela (1993: 38) estimated that the conflict in the region had left two million dead and had inflicted an estimated $62.4 billion of damage on the economies of South Africa's neighbours (Mandela, 1993: 88). In the 1980s alone, apartheid cost South Africa an estimated $60 billion and left about a million people dead (Naidoo, 2018: 93).

For South Africa specifically, the policy of isolation and the resultant import-substitution industrialisation left many firms unable to compete in world markets. In the decade before

[14] Chapter 2 of the TRC report lists in great detail the tragic consequences of apartheid South Africa's various overt and covert military operations in the region. These include abductions, murder, raids and infrastructure destruction. The TRC was established in terms of the Promotion of National Unity and Reconciliation Act 1995, which was part of the outcome of the negotiated settlement in the 1990s between the governing NP, the ANC and other parties to the transition from apartheid to a constitutional democracy. The TRC was responsible for investigating human rights abuses under apartheid from the 1960s onwards (TRC, 1998).

1994, growth fell to below one percent a year and was at a standstill by the early 1990s (The Presidency, South Africa, 2008 :3). From 1985 to 1993, roughly R50 billion left South Africa in the form of capital outflows. About R16 billion in net outflows left in 1993 alone (Gidlow, 2011: 152). The South African economy itself was rendered uncompetitive, inward looking and protectionist (Manuel, 1999: 13).

4.3 Post-apartheid foreign policy

Having discussed the history of apartheid, South Africa's isolation, the destabilisation of neighbouring states and the consequences thereof, the next section deals with how the post-apartheid state implemented a policy of re-integration and cooperation with the rest of the continent to undo the legacy of isolation and destabilisation. This section shows how successive post-apartheid governments laid the new political context within which the post-apartheid expansion of South African MNCs would take place. It also discusses the expectations and role of the outward investments enabled by the inauguration of the democratic order.

4.3.1 Mandela: the first phase of the African Renaissance and the importance of capital

In June 1994, a month after his election as president, Nelson Mandela (1994 to 1999) presented his nascent foreign policy at the OAU heads of states summit in Tunis. (South Africa had officially joined the OAU that year.) In his address, Mandela called for the continent's rebirth and restoration. He confirmed that South Africa would make good on the OAU objectives by being a good neighbour and an equal partner on the continent, and using its potential to advance the common struggle to secure Africa's rightful place within the world economic and political system. He stated that rebuilding African economies and improving terms of trade with the rest of the world were priorities (Mandela and Langa, 2017: 271-272).

Table 4: Post-apartheid foreign policy themes

1	*The African business sector – acting on its own or in partnership with other investors – was to be an important factor in Africa's development by aiding the rebuilding of African economies after years of apartheid destabilisation.*
2	*South Africa's post-apartheid integration into the rest of Africa, starting with re-engagement with the southern African region – where apartheid destabilisation had done much damage – would eschew both political and economic dominance.*
3	*Liberalisation of exchange controls was implemented in a way that gave South African companies permission to invest in SADC countries beyond SACU, because the region as a whole needed FDI.*
4	*The African renaissance was imbued with the need to attract private investment into the continent – a policy position espoused domestically through the liberal macro-economic policy GEAR, and continentally through NEPAD.*
5	*The abolition of capital controls allowed South African companies to move capital freely and invest in the rest of the African continent or anywhere else.*
6	*Promotion of an investment-conducive environment in Africa, encouraging South African companies to invest across the continent and offering to aid cross-border investment without prescribing the expansion strategies of companies were all conceived under the rubric of continental development.*
7	*South African companies investing in the rest of the African continent would follow continental policy developments, with South Africa having played a part in their conception.*
8	*Private companies were recognised as agents of continental development by virtue of their potential to stimulate functional continental integration, and their efforts were thus supported in government's long-term developmental vision.*
9	*Continental economic integration was pursued in two ways: within regional blocs of which South Africa was a member and between other regional blocs.*
10	*While encouraging South African MNCs to invest on the continent, the South African government expected them to voluntarily align themselves with its continental goals, but refrained from giving them instructions on how to conduct business.*

Source: Author

In 1996, a new constitution was adopted, with a preamble that committed the Republic of South Africa (RSA) "to build a united and democratic country that is able to take its rightful place as a sovereign state in the family of nations" (RSA, Constitution, 1996: 1). This was a broad injunction for South Africa to make amends with Africa and the rest of the world following years of isolation. It was also in this context that Mandela called for the need for an African Renaissance (Sampson, 1999: 556).

Mandela's deputy, Thabo Mbeki, popularised the African Renaissance vision on domestic and international platforms.[15] At the Corporate Council on Africa, a United States-based organisation that facilitates commercial relationships between the US and the African continent, Mbeki (1998) spoke of the need for Africa to get a larger share of foreign investments as part of the drive for continental renewal. He said that the African business sector should be capable of acting on its own and in partnership with international investors, and joint economic efforts were required to achieve African development (Mbeki, 1998).

The African Renaissance was a plan to negotiate the means through which South Africa and the rest of the African continent could integrate and participate in shaping the globalisation process, and reap benefits from it, while taking global developments into cognisance. As Schraeder (2001: 232-233) observed, the emphasis on South Africa's unique position as the leader of the African Renaissance on the continent constituted an important component of foreign policy adaptation in the post-Cold War era. This foreign policy stance was designed to emphasise the centrality of the African continent in South Africa's foreign policy.

The idea of the African Renaissance sought to position Africa as an expanding and prosperous market alongside Asia, Europe and North America, and as one in which South African companies were destined to play a special role through trade and strategic partnerships. This globalist framing was embraced by South African elites, whose understanding of modernisation was the generation of wealth and a world in which trade and global competitiveness were as important as the political dimension of diplomacy (Vale and Maseko,

[15] In its original form, the idea of the regeneration of Africa was advocated by Pixley ka Isaka Seme, one of the founders of the ANC, in a speech at Columbia University in 1906.

2002: 127). According to Mbeki (1999: xvi, xviii), African economies needed significant volumes of capital, without which a renaissance would be impossible from domestic and foreign investors.

The first phase of the African Renaissance was about an all-encompassing vision through which South Africa sought to integrate with the rest of the continent on equal terms. At the same time there was a hint of leadership aspirations when Mandela offered to use the resources South Africa had at its disposal – what constituted its structural power – to help with continental rebuilding. As Lester *et al.* (2000: 288) noted, the DFA had stressed South Africa's lack of interest in playing the role of a big brother, given its history of destabilisation in the region.

Theme 1: The African business sector – acting on its own or in partnership with other investors – was to be an important factor in Africa's development by aiding the rebuilding of African economies after years of apartheid destabilisation.

4.3.2 Mandela's institutional mechanisms: significance of the regional economy

Southern Africa had a special place in Mandela's foreign policy priority list. This was justified on four inter-linked grounds: politics, geography, the economy and the structural dimension of the region's economy. Politically, the region had borne the brunt of the brutality of the apartheid regime. Geographically, South Africa was inextricably part of Southern Africa, but the ties were much more than physical. The regional economy that emerged under colonialism had entrenched the domination of South Africa and incorporated other countries in subsidiary and dependent roles as: labour reserves; markets for South African commodities; and as suppliers of certain services, such as transport, or providers of cheap and convenient resources, such as water and some raw materials. Mandela asserted that these relationship dynamics and the trade imbalance in favour of South Africa had to change (Mandela, 1993: 88).

Given apartheid South Africa's historical role in destabilising the region, post-apartheid South Africa was anxious to prove its good intentions, as articulated by Mandela. Regional diplomacy therefore focused on building unity and pursuing multilateral solutions to regional conflicts (Alden and Soko, 2005: 379). The governing ANC was conscious of owing a debt to other African countries for supporting the anti-apartheid struggle (Saunders, 2014: 226). Indeed, as part of its policy towards the region, South Africa forged closer economic relations that could potentially be of great benefit to the region as a whole. There were instances when a project was not deemed viable if it could not create opportunities for Southern African Development Community (SADC) members to count on exports to South Africa. Water and hydropower projects in several SADC member states serve as notable examples of early post-apartheid South Africa's efforts to be neighbourly: while South Africa would benefit by importing hydropower, it would become dependent on water imports from other countries in the years ahead (Mandela, 1993: 88). Mandela's approach could be interpreted as an acknowledgement of existing economic mutual dependence and the continued pursuit of it, albeit in reformed ways that stressed partnership rather than dominance.

During this first phase of South Africa's articulation of its foreign policy towards Africa, one of the dispositional elements was Mandela's stock of moral capital, derived from his personal sacrifices and reconciliatory approach towards oppressors (Kane, 2001: 145). While institutions were still being transformed, Mandela used his personal diplomacy to frame South Africa's foreign economic policy ideas of re-integration into Africa and the rest of the world (Sampson, 1999: 555).

Theme 2: South Africa's post-apartheid integration into the rest of Africa, starting with re-engagement with the southern African region – where apartheid destabilisation had done much damage – would eschew both political and economic dominance.

4.3.3 Unchaining capital from the shackles of apartheid

In the same year that the final Constitution of the RSA came into effect, the GEAR neoliberal macro-economic framework was also adopted. While the new constitution enshrined the vision to integrate South Africa into the rest of the world politically, so that it could take its "rightful place", the aim with GEAR was to integrate the country economically in terms of the prevailing market-friendly policies of the post-Cold War era (Manuel, 1996). This would have implications for South Africa's trade, investment and monetary policies in Africa.

Mandela's administration presented the first set of exchange-control reforms that would integrate South Africa into the world economy and the region after years of isolation through its 1997 budget (Manuel, 1997). The effect was to undo the exchange controls imposed during the years of isolation. The reforms would shape South Africa's economic relations with the continent, particularly SADC, and would allow more South African investments by individuals and corporates to flow into the region. From March 1997, individuals were allowed to remit capital abroad, with extended limits for the acquisition of fixed property in SADC countries. South African corporations wishing to establish new ventures were permitted to transfer up to R30 million, an increase of R10 million from the previous limit, as a proportion of their investment, or R50 million in the case of SADC investments. South African corporations were also allowed to raise foreign funding on the strength of their South African balance sheet. And when circumstances permitted, the corporations were free to invest a percentage of their assets abroad, based on an audited balance sheet for portfolio investments (Manuel, 1997).

The R50 million limit did not apply to the Southern African Customs Union (SACU) countries – Botswana, Namibia, Swaziland and Lesotho – where South African investments were already flowing freely. South African financial institutions, such as banks, were given permission to invest, on a limited basis, in securities listed on the stock exchanges in SADC, other than SACU countries, where no restrictions applied. The liberalisation policy was designed to ensure there would be no significant capital outflow that could compromise South Africa's balance of payment. Among the factors considered by the South African Reserve Bank (SARB) - a foreign economic policy actor that acted as an agency of the National Treasury on foreign exchange relaxation - was that SADC economies were too small relative to South Africa and could not be the destination of capital flight. The total market capitalisation of the 12 stock exchanges in SADC accounted for US$264 billion at the end of 1994, of which the JSE accounted for US$260 billion (Gidlow, 2011: 165).

In 1998, more capital control reforms were announced by Finance Minister Trevor Manuel, as shown in Table 4.1. The objectives were to strengthen South Africa's commitment to SADC through measures designed to facilitate regional capital market integration and to increase the limits on the investment activities of individuals, corporations and financial institutions in the region. For new investments in SADC, South African corporations were allowed to increase cross-border investment from the limit of R50 million to R250 million. The limit of R30 million for offshore investment was increased to R50 million, while individuals were allowed to increase off-shore investments from R200 000 to R400 000.

During the latter half of 1998 and the first half of 1999, the focus of exchange-control policy shifted partially to the issue of South African companies that wanted to migrate to the London Stock Exchange. Permission was granted by the National Treasury for certain large JSE-listed South African companies to shift their primary listings to London (such as South African Breweries and Old Mutual), but a greater exodus was blocked because of concern about losing the most dynamic South African conglomerates (Gildow, 2001: 165). In the twilight period of the Mandela presidency, Manuel (1999: 5) declared that the South African economy had become more open, as exchange controls had been substantively removed, and the barriers to trade were being lowered, both within SADC and through a trade agreement with the EU.

Two inter-linked factors capture the essence of the post-apartheid foreign economic policy towards Africa during the Mandela presidency. The first was political re-engagement and the ambition to partake in the vision of the African Renaissance. The re-engagement took the form of joining continental institutions, such as the OAU and SADC. The second factor had to do with economic re-integration. This was implemented through the instruments of economic cooperation agreements.

Significantly, there was no prescription of how each of the individual SADC members would deal with any particular investment by any particular South African MNC. The SADC Protocol on Finance and Investment makes provision for coordinated industrial policy, intra-regional investment protection and harmonisation of investment rules.[16] But, it leaves room for countries to manage their domestic economic affairs. The DTIC was central in negotiating bilateral trade and investment treaties, which were subsequently replaced by regional

[16] SADC Protocol on Finance and Investment, Article 16 and Article 17.

instruments such as the SADC Protocol on Finance and Investment (DTIC policymaker interview, 25 November 2020).

Theme 3: Liberalisation of exchange controls was implemented in a way that gave South African companies permission to invest in SADC countries beyond SACU, because the region as a whole needed FDI.

4.3.4 Mbeki: the second phase of the African Renaissance

Thabo Mbeki (president from 1999 to 2008) took the African Renaissance idea to another level of institutional innovation, reform and implementation, and his administration gave it more substance. For this reason, this section refers to this period as the second phase of the African Renaissance.

The expanded lens of foreign policy

Mbeki re-emphasised his predecessor's message that South Africa shared a common destiny with the rest of the continent. There was a need for an African commonwealth, as opposed to any (contested) national interests. According to Vale and Maseko (2002), the idea was that transformation of society at home (domestic level of analysis) should grow in line with the advancement of African development in general (international level of analysis) (Bischoff, 2003: 191).

To implement the African Renaissance vision, the government - according to then Foreign Affairs Minister, Nkosazana Dlamini-Zuma - would implement four broad pillars, inclusive of domestic considerations:

- It would seek to achieve economic development. At the centre of this strategy was the integration of the South African economy into the world system, as well as the economies of other countries on the African continent. This would advance the interests of the African continent.

- It would pioneer social development, as an exclusive focus on economic development was perceived to be unwise and limited. The social development component acknowledged that technology made it possible for instantaneous dissemination of ideas, images and symbols and Africa needed to have access to this wealth of information and knowledge.
- It would ensure peace and security. This was motivated by the realisation that regional conflicts were wreaking havoc across the continent, and casting a dark shadow over the prospects for success of the vision of the African Renaissance. Instead of involving itself by joining one or other belligerent in a conflict situation, South Africa would intervene as a mediator and seek political resolution, rather than military resolution of a conflict using legitimate international instruments.
- It would promote good governance anchored in human rights and would not support undemocratic means to attain power (Dlamini-Zuma, 2000).

The Mbeki presidency was, at the outset, intent on crafting a foreign policy aligned specifically with continental economic development and buttressed by stability and improvement in good governance. However, it was one thing to have such grand aspirations from an intentional perspective, but quite another to develop the dispositional means necessary to execute the vision.

African institutional and implementation mechanisms

Mbeki played an active role in the development of domestic and continental institutional mechanisms needed to successfully implement a foreign economic policy geared towards Africa. He participated in the process of transforming the OAU into the African Union in 2002 and in crafting the continental development plan, the New Partnership for Africa's Development (NEPAD), which was adopted by continental leaders in 2001. While participating in continental initiatives, Mbeki assured his fellow heads of state that South Africa had no imperial designs and would act within the context of international agreements to which it was a signatory (Mbeki, 2003).

South Africa's domestic priorities found expression in Mbeki's foreign policy articulation, and Dlamini-Zuma's four pillars (2000) found expression in NEPAD. Moreover, South Africa's long-term efforts to achieving regional integration were directed by NEPAD (The Presidency, South Africa, 2003: 66). South Africa saw NEPAD as the operationalisation arm of the African Renaissance vision (Department of Foreign Affairs, South Africa, 2002). The idea was to reinvigorate South Africa's foreign policy in terms of a broader continental – and even global – agenda that conformed, in the first instance, with the requirements of a developing country in an impoverished region and, second, with the normative precepts of Mbeki's articulation of a renaissance (Alden and Le Pere, 2004: 287).

Mbeki believed in an African unity built from the bottom, starting with regional integration (Chikane, 2012: 207), and the SADC region was viewed as an implementing agent of NEPAD. South Africa's vision for Southern Africa was the attainment of the highest possible degree of economic cooperation, mutual assistance and joint planning of regional development initiatives, leading to integration that was consistent with socio-economic, environmental and political realities. Mbeki's government believed that Africans needed to cooperate in areas such as intra-African trade, transport and joint regional infrastructure development (Department of Foreign Affairs, South Africa, 2002).

The NEPAD strategy set out two broad mutually inclusive goals: one political and one economic. The political goal to inculcate good governance was a precondition for attracting domestic and foreign investment into the continent. There are four expected outcomes at the heart of NEPAD: economic growth, development and increased employment; reduction of poverty and inequality; diversification of productive activities, enhanced international competitiveness and increased exports; and increased African integration (African Union, 2001: 15). NEPAD was propelled by a vision of a transformed African continent and a reconfigured pattern of African-global trade and investment relations (Hughes, 2004: 79). Indeed, the NEPAD document stated that there was a need to create conditions to promote private sector investments by both domestic and foreign investors (NEPAD, 2001: 36). This provision led to the conclusion that Mbeki's influence ensured that NEPAD mirrored elements of GEAR, such as the need to create a conducive environment for investment (Landsberg, 2007: 211).

When assessing South Africa's role on the continent in the first decade of democracy, Dlamini-Zuma (2004) observed that South Africa had become fully integrated into the world as a responsible member of the international community and conducted itself in a manner consistent with the values enshrined in the South African constitution – particularly in the area of promoting democratic governance (Dlamini-Zuma 2004). South Africa's involvement in continental reforms was, according to The Presidency (2008: 58-59), the greatest foreign policy achievement in furthering the African Renaissance vision in the first post-apartheid decade.

Theme 4: The African renaissance was imbued with the need to attract private investment into the continent – a policy position espoused domestically through the liberal macro-economic policy GEAR, and continentally through NEPAD.

Removal of capital controls

The execution of continental institutional reforms was driven simultaneously with South Africa's liberalisation agenda to integrate the economy with that of the continent and the rest of the world. South Africa had bought into the dominant ideology and practice of liberalism to allow free movement of capital, and opening up and integrating markets. Two institutions were responsible for the liberalisation of exchange controls: National Treasury made the policy and the South African Reserve Bank (SARB) implemented it. South Africa's liberalisation policy was part of a global trend. As Goodman and Pauly (1994) found in their comparative study of the abolishment of capital controls in major industrial countries, the liberalisation trend was driven by two factors. The first was that, since the 1980s, there had been rapid growth in the internationalisation of financial markets, with banks playing a much bigger role than before in the economic trajectories of countries. Secondly, there was the growing influence and reach of MNCs. By the 1990s, the global economy had liberalised (Goodman and Pauly, 1994: 57). This accounts for the international context in which South Africa's foreign economic policy inclined towards deeper integration with the African continent.

In 2000, Trevor Manuel announced further liberalisation reforms in addition to those announced since 1997, and cited what the IMF's Managing Director, Michel Camdessus, termed the “orderly liberalisation of capital flows”.[17] In terms of the new reforms, South African companies were allowed to use local cash holdings to finance up to 10 percent of new foreign investments, and they could use local cash holdings to repay up to 10 percent of the foreign debt they had raised to finance their foreign investment (Manuel, 2000). Furthermore, South African companies wishing to move primary stock exchange listings to foreign jurisdictions would be allowed to do so, subject to seven specific conditions. First, foreign expansion had to be a necessity and integral to the company. Second, a significant proportion of revenue had to be derived from outside South Africa. Third, the expansion had to result in clear monetary and balance-of-payments benefits to South Africa. Fourth, a substantial advantage had to be demonstrated over alternative approaches to raising the required capital, while the direct and indirect South African assets had to be encumbered. Fifth, South Africa’s reserves were not be adversely affected by an outflow of dividends or any other funds. Sixth, the company had to undertake to match any dividends declared to a foreign holding company with dividends paid out to South African shareholders. Lastly, all the South African operations and assets of the South African company or the proceeds, as well as any other cash holdings, would have to remain in South Africa and could only be exported with exchange control approval (Manuel, 2000:9; South African Reserve Bank, 2000:34).

In 2001 the National Treasury increased the limit on the use of South African funds for newly-approved FDI was increased tenfold, from R50 million to R500 million. As part of the government’s commitment to African economic recovery, South African firms were permitted to utilise up to R750 million of their local cash holdings for new, approved FDI in Africa. This was an increase of from the previous limit of R250 million. In addition, firms could continue to use local cash holdings to finance up to 10 percent of the remaining investment outlay abroad (Manuel, 2001: 5). South African companies could also apply to make foreign investments by way of share swaps and up to 10 percent of outstanding foreign debt raised to finance foreign investment could be repaid with local cash (South African Reserve Bank, 2001: 35).

[17] In September 1997, the Interim Committee of the IMF’s Board of Governors agreed to amend the Fund’s Articles of Agreement to make the liberalisation of capital movements one of the purposes of the Fund and to extend its jurisdiction over capital movements. Michel Camdessus (1998), the managing director, referred to the importance of “proper sequencing of reforms” in light of the Asian financial crisis triggered by large capital outflows that were attributed to liberalisation.

Through specific exchange-control relaxation measures, domestic corporates were encouraged to expand their assets globally, and particularly in the SADC region and the rest of Africa (South African Reserve Bank, 2001: 35). In 2003, the South African Reserve Bank implemented further liberalisation of exchange-controls. The use of South African funds by locally-owned corporates to finance new approved FDI outside of Africa was increased from R500 million to R1 billion, and up to R2 billion in the case of investments earmarked for Africa. The use of South African funds for investment outside of Africa was furthermore expanded to include top-up funding to finance newly approved expansion of existing FDI. Dividends repatriated from foreign subsidiaries became eligible for exchange-control credit, and could be re-exported upon application (South African Reserve Bank, 2003: 37). In 2004, South Africa tabled a policy to scrap the remaining exchange control limits. According to the 2004 Medium Term Budget Policy Statement (Manel, 2004), South African companies would no longer face exchange-control limits on the amount they were permitted to invest abroad, and they would be allowed to retain foreign dividends offshore. However, outward investments would be subject to approval by the authorities, with the criteria including the requirement to demonstrate benefit for South Africa (South African Reserve Bank, 2005: 30). The National Treasury (2004: 32) stated that, through the liberalisation of capital controls in favour of South African companies looking to invest in other parts of the continent, the government sought to contribute to NEPAD's aims. The National Treasury stated:

> South Africa seeks to contribute to the aims of NEPAD through liberalisation of exchange controls in favour of African investments. A more generous exchange control dispensation for investment by South African firms in Africa has already contributed to growth in South African investment on the continent. However, despite being the largest financial centre on the continent, South Africa's capital markets have yet to play a significant role in channelling debt and equity capital to where it is needed for African infrastructure projects, direct investment and government finance (South Africa, National Treasury, 2004: 32).

In February 2006, the SARB announced plans to allow banks to hold foreign assets of up to 40 percent of their regulatory capital, as part of the shift from exchange control to the prudential regulation of banks' foreign exposures. Foreign assets held outside Africa were restricted to 20 percent of required capital, while foreign assets invested in Africa could constitute up to the full 40 percent. South African corporates could henceforth undertake FDI in Africa more easily by acquiring 25 percent of the shareholding of a target company, instead of the 50 percent minimum required previously (South African Reserve Bank, 2006: 29). The proposals became effective in 2007 (Manuel, 2007) and, in 2008, South Africa eliminated exchange controls on institutional investors, replacing them with a system of prudential regulation that involved quarterly reporting and monitoring of foreign exposure by the Reserve Bank.

The foreign exposure limit for institutional investors was increased and banks were permitted to undertake foreign investment that fell under prudential limits (Manuel, 2008: 25). South African businesses took advantage of the liberalisation process. A survey of South African business executives on their reasons for corporate expansion into other parts of the continent found that, although market-seeking was a key driver for expansion, liberalisation had made expansion possible (Dippenaar, 2009: 204).

Table 4.1: Capital controls deregulation – South Africa

Year	SADC/Africa	Rest of the world
1994	R20 million	
1996	R30 million	R20 million
1997	R50 million	R30 million
1998	R250 million	R50 million
2000	R750 million	R500 million
2003	R2 billion	R1 billion
2004	Prudential regulation	Prudential regulation

Source: Manuel (1997, 1999, 2000, 2001, 2008)

Theme 5: The abolition of capital controls allowed South African companies to move capital freely and invest in the rest of the African continent or anywhere else.

Role of government in shaping MNC strategies

At the inception of the democratic order, South African foreign policies that related to outward investments were generally articulated in broad terms; however, there were instances when the government attempted to be specific. For instance, according to the 2002-2003 Strategic Plan of the South African Department of Foreign Affairs (DFA), its priority area was to boost its capacity to advise South African firms on international investment trends. The government would also start promoting an investor-friendly environment in South Africa and other African countries. With regard to the conduct of companies, the DFA plan suggested that there was a need to address negative perceptions about the South African business community[18] and to market the country and its priorities in the southern African region. It was also suggested that there was a need to harmonise cross-border investment strategies.

Mbeki's administration encouraged South African companies to expand their footprint on the continent. According to then Trade and Industry Minister, Mandisi Mpahlwa (2007: 9), the involvement of South African businesses was critical for much-needed economic growth. While the DTIC viewed speaking about investment issues affecting South African businesses operating in other African states as a primary responsibility, the Foreign Affairs Ministry was also unrelenting in performing the same role (Le Pere and Van Nieuwkerk, 2006: 286). Furthermore, Dlamini-Zuma (2007) boasted about South Africa being the biggest investor on the continent and the country's affiliation to the National African Federated Chamber of Commerce (NAFCOC) to invest further. The government was prepared to assist with the expansion. The sectors that South African businesses needed to exploit for further growth included construction, small-scale mining and beneficiation, mining, oil and gas. Business was also advised of opportunities in agricultural processing, textiles, hospitality, tourism, handicrafts and interior decoration. Marine resources were also important, as was infrastructure development (Dlamini-Zuma, 2007).

[18] The 'negative perceptions' about South African businesses' investments on the continent were not spelt out in the DFA's strategic plan. But it was stated that there was a need to continually improve the conduct of South African companies on the continent, in line with the values and ethos contained in the South African Constitution (The Presidency, South Africa 2008: 63).

According to the DIRCO senior official (Interview, 23 January 2021), the department played the role of a facilitator for two-way investment – inward and outward FDI. However, its role was limited to contact-making, facilitation, diplomatic advisory services and encouraging South African companies to play by host country rules. DIRCO has not superseded South African MNCs in their investment decisions, as South African MNCs have driven their investment decisions and choices without government prescription (DIRCO senior official, Interview, 23 January 2021).

For the DTIC (2002: 4), maintaining and expanding economic and trade links with the rest of Africa was of strategic importance to South Africa's foreign economic and trade policy for two reasons. Firstly, being the leading economy in Africa presented the country with unique trade and investment opportunities, but also with the challenge of systematically contributing to the continent's economic revival and development. Secondly, South Africa faced potential competition from major developed players such as the EU and the United States (US), whose strategies were geared towards securing preferential market access (Makgetlaneng, 2003: 96).

On aiding outward investment by SA MNCs, the DTIC policymaker (Interview, 25 November 2020) stated that the DTIC was actively involved in promoting greater involvement of South African companies on the rest of the continent through trade and investment agreements, trade missions and investment promotion conferences. The DTIC also supported smaller, black-owned businesses in gaining market access on the continent. The DTIC senior official (Interview, 21 January 2021) highlighted the role of economic representatives in some embassies on the continent: they provided trade and investment leads to interested companies. In some instances, the DTIC would go so far as to assist interested companies to conduct a feasibility study on their investment and offer seed capital.

Fostering economic integration was a key goal in Mbeki's foreign economic policies. Thus, South Africa became an active participant in several regional integration efforts, including the Maputo Development Corridor and cross-border game parks that were aimed at developing a southern African tourism sector. It was acknowledged that, in the long run, sustainable reconstruction and development in South Africa required sustainable reconstruction and development in the Southern Africa region, as well as on the continent at large (The Presidency, South Africa, 2001: 20). Indeed, the Maputo Development Corridor was seen as a model of state-state relations that opened the way for private sector involvement in logistics and infrastructure development (DTIC senior official interview, 21 January 2021).

Theme 6: Promotion of an investment-conducive environment in Africa, encouraging South African companies to invest across the continent and offering to aid cross-border investment without prescribing the expansion strategies of companies were all conceived under the rubric of continental development.

Government's evolving role-expectation of MNCs

While South Africa's leadership role was clear from a political point of view, for example in the conceptualisation of NEPAD, its leadership in the corporate arena was not clearly discernible. The role-expectation of South African business was not proactively articulated, save for Mbeki's advice that there should be "partnerships" between states and businesses to ensure sustainable development (Mbeki, 1998) and, of course, the DFA, DTIC's and National Treasury's stated intention to promote South African business expansion (Dlamini-Zuma, 2007; DTIC, 2002: 4; National Treasury, 2004: 32). However, the suggested partnership was not adequately defined.

According to the DTIC (2009) there was no coordinated policy with regard to outward FDI. The Africa desks of the DTIC and DFA had relied on statements emanating from the Presidency in relation to NEPAD and South Africa's attempt at strengthening political relations on the African continent. But neither the NEPAD secretariat nor the AU had a comprehensive strategy document with respect to investment in Africa (Department of Trade and Industry, South Africa, 2009: 17). The NEPAD Business Foundation, through which business sought to support NEPAD projects, was formed at the behest of Mbeki's office, in order to facilitate opportunities for business on the African continent. In a foreword to the NEPAD Business Foundation magazine, Mbeki (2007) stated that he did not expect government to work alone to fulfil the goals of NEPAD: the private sector and other stakeholders needed to partner with governments on the African continent. Despite the initial lack of clear definition, the idea of a partnership between government and business in relation to the rest of the African continent would increasingly find clearer articulation. One aspect of this articulation was the need to address the trade imbalance that favoured South Africa. In response to this concern, the government began to urge South African companies to invest across the continent, instead of merely exporting manufactured products. This was because the trade imbalance in favour of South Africa had become a subject of political contention with some aggrieved member states in SADC (DTIC policymaker interview, 25 November 2020).

The AU-sanctioned African Peer Review Mechanism (APRM), of which South Africa was a signatory, stated that the country needed to encourage South African companies investing in other parts of the continent to implement corporate governance practices applicable in the domestic realm (African Peer Review Mechanism Forum, 2007: 186). In addition, in 2007, the ANC adopted a resolution calling for the formulation of a code of conduct for South African companies with investments on the continent. The ANC also called for the strengthening of economic capacity at South African embassies to help business access opportunities in Africa and elsewhere (Siridipoulos, 2008: 13). However, as a government policy, these guidelines would only be adopted post the Mbeki presidency.

Mbeki's foreign policy articulations suggested he would have liked to see more domestic corporations leading the charge to invest on the continent, but this is not to discount his strong messages about the role of FDI, in general, in aiding sustainable development on the African continent. Indeed, NEPAD was premised on attracting FDI as a means to realising development in the context of a politically peaceful and stable environment that was underpinned by democratic ideals.

Theme 7: South African companies investing in the rest of the African continent would follow continental policy developments, with South Africa having played a part in their conception.

4.4 Foreign policy under Jacob Zuma

President Kgalema Motlanthe's stint as president (from September 2008 to May 2009) was too short for him to put his own indelible stamp on foreign policymaking. The government of his successor, President Jacob Zuma (from 2009 to 2018), also did not make any radical foreign policy changes. Rather, during the Zuma years, there was an attempt to provide greater room for private sector players to be involved, by making efforts to improve South Africa's economic diplomacy capacity. The discussion hereunder focuses on the salient aspects of South Africa's foreign policy during Zuma's two successive presidential terms, particularly the inclination towards continental economic integration.

4.4.1 South Africa-centric foreign policy

The National Development Plan 2030 (NDP) is South Africa's developmental vision that was drawn up by the National Planning Commission (NPC) appointed by Zuma in 2010. It calls for a "South Africa-centric" foreign policy, in terms of which South Africa should seek to increase its international influence to the benefit of its domestic economy. The plan emphasises that economic growth, poverty reduction and overall improvement of the quality of life of South Africans are the key domestic priorities that foreign policy should address. It also indicates that foreign policy should improve the country's functional integration into the region, on the continent and among other developing countries (National Planning Commission, South Africa, 2011: 216). Significantly, the concept of functional integration stresses the importance of cross-border economic and social factors, which usually pursued by non-state actors and markets agents, rather than political factors (Mattli, 1999: 22). From this perspective, South Africa would prefer the private sector to play a more meaningful role in spearheading economic integration.

The NDP criticised the inadequate participation of the private sector and civil society in regional economic integration efforts within SADC and the Common Market for Eastern and Southern Africa (COMESA).[19] It also emphasised the importance of intra-Africa trade. Drawing from the experiences of the Asia-Pacific Cooperation Region, it advocated for: cross-border integration and cooperation; the normalisation and standardisation of policies and regulations; and cooperative arrangements between customs administrations and other state

[19] COMESA members are Burundi, Comoros, Republic of the Congo, Djibouti, Egypt, eSwatini, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Tunisia, Uganda, Zambia and Zimbabwe.

agencies in Africa. In SADC, the Maputo Corridor – conceived during the Mandela presidency and executed during the Mbeki presidency – was seen as a model of integration that boosted trade by, for example, improving logistics, opening South African markets to Mozambican producers and creating jobs in the process (South Africa, National Planning Commission, 2011: 221). Policy developments during Zuma's administration indicated increased attempts to elevate economic diplomacy, including training diplomats on how to market South Africa's brand abroad and attract investments. This project had begun in the twilight of the Mbeki presidency, while the foreign policy shift – at least conceptually – to the national interest being linked to the country's development priorities was given emphasis during the Zuma years (Maloka, 2019: 88).

There was an attempt to move from the broad policy perspectives advanced during the Mbeki administration to some level of detail. Consequently, the DTIC underwent restructuring in 2016, which led to the establishment of Trade Invest Africa (TIA) – an initiative under the new DTIC – whose aim was to coordinate and implement South Africa's continental economic strategy (Vickers and Cawood (2018: 144). According to the DTIC policy maker (Interview, 25 November 2020), this restructuring enabled a greater focus on South Africa's trade and investment relations with the rest of Africa. In an apparent follow-through of the ANC's 2007 resolution, the DTIC published its Guidelines for Good Business Practice by South African companies with operations in the African continent. The DTIC policymaker (Interview, 25 November 2020) described the guidelines as a best endeavour effort, rather than a judiciable document based on the UNGC,[20] adding:

> But we certainly encourage the companies to [adopt it]. We say to them, 'Here is a positive selling point that you can have, you can go [to host countries] and say that we are signatories to this thing, and it's an indication of all that we want to be as a good corporate citizen'.

In a way, the guidelines document was conceived to be a commercial diplomatic passport for South African MNCs with investments elsewhere on the African continent.

[20] The UNGC encourages companies to be socially responsible, by adhering to principles such as environmental sustainability and combating corruption.

Theme 8: Private companies were recognised as agents of continental development by virtue of their potential to stimulate functional continental integration, and their efforts were thus supported in government's long-term developmental vision.

4.4.2 African integration

As was the case during Mbeki's presidency, South Africa pursued continental economic integration as a foreign policy priority under Zuma. Integration efforts were focused on three levels: inter-regionally, between SADC and other regional economic communities on the continent; integration of the economies of SADC members; integration within SACU. These three levels of integration and South Africa's role in them are discussed below.

Integration within SACU

In seeking to make African economic integration a foreign policy priority, South Africa also pursued regional integration within SACU.[21] South Africa was instrumental in crafting of the revised SACU agreement to establish joint institutions and a development-oriented distribution of customs and excise revenue between its members (Manuel, 2006: 11). However, these undertakings were not implemented while South Africa remained SACU's administrator.

Under Zuma's administration, the joint institutional arrangements were pursued afresh. In 2011, SACU members reached an agreement to pursue integration beyond being a monetary union, with a common tariff revenue structure pooled by South Africa and shared by members. South Africa supported the plan to transform SACU into an integrated institution that was capable of promoting true regional economic development. Member states agreed to: develop a work programme for cross-border industrial development; advance better trade facilitation; develop the SACU institution; and unify engagement in trade negotiations. However, three years later, the South African Presidency (2014: 152) reported that SACU faced challenges with implementing the agreement, despite the urgency with which member states

[21] Established in 1910, SACU was the oldest customs union bloc with a revenue sharing formula administered by South Africa. However, it was not fully integrated.

had claimed to want to review revenue-sharing mechanisms in order to wean SACU from its dependence on common external tariffs and the South African economy.

Integration within SADC

South Africa's foreign policy on SADC has emphasised regional integration that is inclusive of intra-African trade and investment. However, South Africa has also acknowledged that these have been the aims of SADC since 1992 - two years before the new democratic state became a member. In 1992, the regional bloc committed itself to breaking down tariff barriers, and promoting trade exchange, mutual investment and the free movement of goods (DIRCO, 2016: 275). South Africa later joined in, making these goals its own foreign policy objectives, while acknowledging the existing impediments to achieving them.

According to the South African Presidency (2014: 152), trade liberalisation was negatively affected because member states in the region, except South Africa, were largely primary producers of goods and there was limited industrial development or diversification. Therefore, there was a need for the region to focus on consolidating the SADC Free Trade Agreement, cooperating on industrial development by developing regional value chains and addressing non-tariff barriers, including poor logistics infrastructure (The Presidency, South Africa, 2014: 152). However, the free-trade agreement that the SADC implemented in theory in 2008 did not do much to increase South Africa's market, not least because Angola and the DRC were not involved (Saunders, 2014: 234).

This was despite South Africa, under Zuma, having cordial relations with Angola, which led to the establishment, in 2009, of a bi-national commission to coordinate economic and political relations (Sachikonye, 2018: 157-158). During Zuma's tenure, regional integration efforts were not without tension. South Africa was not in a position to sign the SADC Trade Protocol Service Agreement. Namibia, similarly, refused to sign, which resulted in Zimbabwe's President, Robert Mugabe, expressing displeasure at South Africa's seemingly one-sided trade relations. In apparent retaliation, Zimbabwe signed a power construction deal with China and gave platinum mining rights to Russia instead of to South Africa (Saunders and Nagar, 2018:268).

Integration between regions

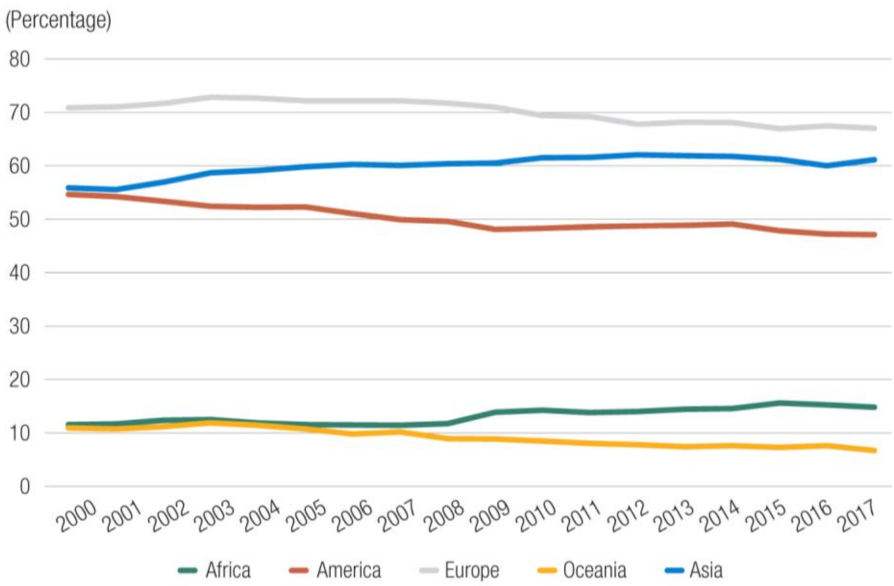
South Africa supported the establishment of a free-trade area linking SADC,[22] COMESA and the East African Community (EAC)[23] under the Tripartite Free Trade Area (TFTA). The New Growth Path, one of South Africa's economic strategies, identified region-based economic activities for investment, such as agricultural value chains, including horticulture for South African-owned retail chains, as dependent on the existence of a free trade area. Electricity generation, beneficiation of minerals and integrated manufacturing supply chains were among the ideas espoused in the plan (Department of Economic Development Department, South Africa, 2010: 56-57). South Africa regarded the TFTA as a milestone towards the conclusion of negotiations for the establishment of the AfCFTA, which was eventually concluded in 2018 (Department of International Relations and Cooperation, South Africa, 2016: 274).

In 2011, the Minister of Public Enterprises, Malusi Gigaba, made the case for South Africa's policy on regional integration, saying that inadequate investment in infrastructure was an impediment to intra-Africa trade (Creamer, 2011). He said that African economic integration was an important strategic priority for South Africa, as the country was at a structural disadvantage in building its industrial base, owing to it being so remote from major global markets. However, he said that, compared to other distant markets, South Africa had a locational advantage in relation to Africa. But by failing to foster high levels of economic cooperation and integration, South Africa was effectively imposing limits on its own economic growth (Creamer, 2011). Figure 4 shows how Africa's intra-continental trade trailed other regions such as Europe and Asia, between 2000 and 2017. According to The Presidency (2014), the integration efforts would contribute to economies of scale, the building of new distribution channels for goods, value addition and manufacturing in Africa (The Presidency, South Africa, 2014: 151). In 2018, South Africa ratified the TFTA, through which South Africa planned to pursue developmental regionalism based on two pillars: the coordination of industrial policies; the rehabilitation of infrastructure

[22] SADC members are Angola, Botswana, Comoros, Democratic Republic of Congo, eSwatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe.
[23] EAC members are the Republics of Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania and Uganda.

to develop regional value chains, transport networks and standardised customs clearance (Scholvin, 2018: 119-120).

Figure 4: Intra-regional trade comparison



Source: UNCTAD (2019)

South Africa's interest in the tripartite deal was also motivated by desire to expand its market from $50 million to $600 million, an ambition articulated by South Africa's New Growth Path, which served as its economic growth framework (Saunders, 2014: 234).

The DTIC policymaker explained South Africa's ultimate aim of its regional integration policy thus:

> … The big prize from the [AfCFTA] is not just that we managed to export more products to the rest of the continent, but actually that the free-trade area supports the emergence of regional value chains, where there are inputs coming from several parts of the continent into products that are assembled in some other parts of the continent, more identifiable as products of Africa, consumed by African consumers across the continent, and also exported (DTIC policymaker interview, 25 November 2020).

The DTIC policymaker's articulation of policy is consistent with the view of the DTIC senior official that South Africa pursued a policy of developmental regional integration, which is considered an outward investment-led trait. The policy was further described in the following terms:

> What that means is, put simply, that South Africa in relation to the rest of the continent does not pursue a purely mercantilist approach to economic cooperation … Our view is that, in addition to expediting [trade] on goods and services into respective African countries, we actually put a strong emphasis on the need to support those countries to industrialise, develop their own infrastructure and develop their productive capacity. So that by so doing, we are then in a much better position to promote what we call mutually beneficial, bilateral trade, whereby we can export to them, but we can also source goods and services from them that are only going to be niche (DTIC senior official interview, 21 January 2021).

Under Ramaphosa: South Africa signs the AfCFTA Agreement

Ramaphosa's first International Relations and Cooperation Minister, Lindiwe Sisulu, who initiated a foreign policy review, emphasised South Africa's commitment to fostering continental integration (Sisulu, 2018). South Africa needed to rediscover its influence in the AU and SADC, the review found, while it lauded the Abuja Treaty and Lagos Plan of Action on continental integration as examples to be emulated (Department of International Relations and Cooperation, South Africa, 2019: 9). The eventual signing of the AfCFTA, which the South African parliament ratified in 2018, was hailed as the fulfilment of the OAU's Pan-African vision. According to Ramaphosa, the AfCFTA would help South African producers to access a continental market of 1,2 billion people (The Presidency, South Africa, 2019). The AfCTA seeks to engender an economically-integrated continent through the liberalisation of trade and investment, among other initiatives (African Union, 2018: 4).[24] According to Nshimbi (2019: 192-193), the AfCFTA could make the African Renaissance a reality and it could be beneficial to cross-border entrepreneurs. This understanding buttresses the interpretation of the African Renaissance as predominantly a matter of continental economic revival.

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[24] The general objectives of the AfCFTA, according to Article 3, are to: (a) create a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent; (b) create a liberalised market for goods and services through successive rounds of negotiations; (c) contribute to the movement of capital and natural persons and facilitate investments; (d) lay the foundation for the establishment of a Continental Customs Union; (e) promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of member states; (f) enhance the competitiveness of the economies of member states within the continent and the global market; (g) promote industrial development through diversification and regional value chain development, (h) resolve challenges of overlapping regional memberships and expedite continental and regional integration (AU, 2018).

According to UNCTAD (2019: 15), the removal of tariffs on its own cannot achieve the goal of sustainable development across the continent: it should be accompanied by building productive capacity and unleashing the potential of the private sector – a point that the DTIC endorsed. The DTIC policymaker argued that, broadly speaking, there was a need for the continent to develop its productive capacity, particularly for finished products. If most finished products are produced only in the most industrialised countries of the continent – South Africa, Egypt, Morocco and Kenya – there would be a continental backlash against the AfCFTA. It was in this context that the DTIC began to champion developmental integration, as opposed to narrow trade integration across the continent. Among other expectations, it sought to create economic opportunities for South African companies to invest and create jobs (DTIC policymaker, interview: 25 November 2020).

For South Africa, the promotion of integration and the culmination of the continent-wide integration scheme also served as motivation to improve its economic diplomacy, which was defined as the promotion of its economic fortunes, interests and needs in the international environment (Department of International Relations and Cooperation, 2019: 11). Increased trade and investment would, therefore, need to be pursued in ways that translated into the externalisation of domestic economic priorities, such as the creation of jobs, reducing poverty and reducing income inequalities.

According to the DTIC policy maker (Interview, 25 November 2020), the DTIC sought to promote investment by South African companies in projects and programmes in other African countries and, through that, to be a driver of, not just trading goods but also of project development and contracting. This approach was in addition following-up with South African companies on promises made about investment elsewhere on the continent, and served to reinforce the overall policy of encouraging investment in the rest of the continent. Thus, the DTIC facilitated trade and investment missions, usually as part of bilateral state interactions. DIRCO also facilitated business-to-business interactions (DIRCO official interview, 23 January 2021). Upon realising that not all agreements were followed by the establishment of trade-and-investment missions on the continent, in 2020 the DTIC began to establish collaborative teams of representatives from South African companies and from other African countries, using strategic engagement frameworks that include a focus on issues such as easing investment and addressing the concerns of African companies seeking to establish operations in South Africa. The first such arrangement was enacted with Zambia and the next is scheduled to be with Mozambique (DTIC official interview, 21 January 2021).

Theme 9: Continental economic integration was pursued in two ways: within regional blocs of which South Africa was a member and between other regional blocs.

4.4.3 Expected conduct of business

The role its MNCs were expected to play externally evolved over the years in South Africa's foreign policy. In 2010, the South African government expressed concern about the dominant perception that South African business was neo-colonial in its mode of operation, showed little regard for local labour laws, and failed to discharge expected social responsibility or transfer knowledge to the local population (Department of International Relations and Cooperation, 2010). As a result, the government recommended that South Africa should work towards developing a balanced growth relationship with fellow African countries and ensure that South African MNCs played a meaningful role in the development of the economies in which they invested by, for example, procuring goods and services in host countries. The government suggested that South African companies operating on the continent should promote "Brand South Africa" by exercising fair labour practices and developing local suppliers in host countries (Department of International Relations and Cooperation, South Africa, 2010).

The DIRCO official interviewed stated:

> For us, it's a matter of principle, to say that if we export [the business of] a company, we must export the laws of this country with it - not necessarily the technical elements of it, but the principles that guide our laws. You know, the spirit of the law, where you would practise good labour practice, you will take care of your customers (DIRCO senior official interview, 23 January 2021).

In addition, as discussed in Chapter 1, the DTIC formulated and published voluntary guidelines for South African MNCs with operations on the continent (DTIC, 2016). The DTIC policymaker interviewed for this study - someone who was instrumental in the formulation of the guidelines - stated that the idea was to move from voluntary adherence to the code, to cajoling and eventually to non-legislated enforcement. The DTIC policymaker described the guideline as a best endeavour document. From this perspective, the DTIC sought to use the good business practices guidelines as a noble foreign policy instrument that could be implemented by MNCs, acting as agents, which would seek market share in host countries in a politically-benevolent manner.

Notwithstanding the attempt to persuade South African MNCs to use the guidelines as an instrument for acceptability in host countries, according to the officials interviewed, both the DTIC and DIRCO accepted the principle that they could not interfere in the affairs of private corporations unless requested by either the host country or the company concerned. The DIRCO official interviewed put it thus:

> We don't have the mandate to tell private companies what to do. Our job is to facilitate … to bring opportunities to the attention of South African companies that want to move abroad. So, beyond that, we cannot really dictate or direct how the company will function and how they will operate in that regard (DIRCO senior official interview, 23 January 2021).

Sometimes South African companies do get into trouble politically in various parts of the world, the DIRCO official said, but without mentioning examples (DIRCO official interview, 23 January 2021). However, the DTIC policymaker gave an example of such trouble involving a South African retail MNC in a host African country, but would not mention the name of the MNC. Concerns were raised during by the host state during a state visit to South African that the South African MNC was importing tomatoes instead of sourcing them locally. Upon making inquiries at the MNC, it transpired that the type of tomatoes produced locally were not in high demand compared with the imported variants (DTIC policymaker interview, 25 November 2020). The NDP proposed that DIRCO should gather knowledge about, and coordinate interactions between, local representatives of South African companies and their international counterparts. According to the NDP, (2011), private sector players should be brought closer to foreign policymaking and South Africa's diplomatic interactions should include experts from private commercial, banking and scientific institutions (National Development Plan, South Africa, 2011: 257). It could be argued that this was an attempt to align business and government interests in the pursuit of gaining market share in all of South Africa's foreign economic relations.

In a way, it was an acknowledgement and an attempt to undo what Hughes (2004: 43) observed, which was that by 2004 there was an absence of formalised government-business engagement on foreign policy, as engagements occurred on an ad-hoc basis. Despite the initial lack of clear definition, the idea of a partnership between government and business in relation to the rest of the African continent would increasingly find clearer articulation. One aspect of this articulation was the need to address the trade imbalance that favoured South Africa. In response to this concern, the government began to urge South African companies to invest across the continent, instead of merely exporting manufactured products. This was because the trade imbalance in favour of South Africa had become a subject of political contention with some aggrieved member states in SADC (DTIC policymaker interview, 25 November 2020). According to Hughes (2004: 43), this had two consequences. First, company representatives in business organisations could not report to their constituency on foreign policies. Second, the government's positions on foreign policy could not be held to account. The NDP's approach was to bring the private sector closer to foreign policymaking by assigning the state the role of enabling functional integration using the capacity of the private sector. As discussed by Tsie, in the conception of the role of the state in relation to the market, the NDP proposed South Africa's involvement in a "market-complementary form of state intervention" (1996: 88-89) to pursue regional integration.[25] This was an acknowledgment of the reality that MNCs are actors in the international political economy and that home governments would need to engage them to extract benefits from their activities.

Theme 10: While encouraging South African MNCs to invest on the continent, the South African government expected them to voluntarily align themselves with its continental goals, but refrained from giving them instructions on how to conduct business.

[25] According to Tsie (1996), the other roles of the state are market-creation, market-correction, market-conforming and market supplanting.

4.5 Conclusion

The end of apartheid and the ushering in of the democratic dispensation in South Africa brought about a number of foreign policy changes towards the rest of the African continent. The immediate aim of these policies – the intentional dimension – was to re-set South Africa's relationship with the continent in political and economic terms. Given the historical context of apartheid-era destabilisation in Africa and the international isolation South Africa suffered as a consequence of apartheid, the discussion has shown that all post-apartheid administrations in office during the period studied helped fashion a policy framework of constructive re-engagement with the continent.

Despite minor changes in emphasis over time, there is evidence, overall, of consistent policy progression over the years. The 10 themes extracted for the period under study is indicative of the consistent evolution of policy under the various administrations of the same governing party. In summary, South Africa's post-apartheid foreign policy towards the continent was meant to encourage MNCs to invest on the continent as part of the plan to develop it through, among other policy goals, regional economic integration. The South African government held expectations that companies would invest in different parts of the continent, but would also follow continental policy development goals and align with the home and domestic regulatory expectations. The South African government did not, however, have a highly institutionalised process or system to shape the extraterritorial conduct of the companies.

CHAPTER FIVE: STANDARD BANK'S EXPANSION STRATEGIES

5.1 Introduction

The transition from apartheid to democracy in 1994 had significant implications for Standard Bank's expansion in Africa, as it altered the context of the bank's expansion efforts which had colonial roots. In this chapter, the focus is on the data that answers the research question: What were Standard Bank's post-apartheid expansion strategies?

To contextualise the significance of the post-apartheid expansion strategies, this chapter first provides the colonial and apartheid background of Standard Bank's expansion efforts. Thereafter, the data on the bank's seven expansion strategies and the corresponding themes that emerge from these is provided. These themes are juxtaposed with South Africa's foreign policy in Chapter Seven, to determine areas of convergence.

5.2 Historical context of Standard Bank's expansion efforts

For analytical purposes, Standard Bank's expansion efforts spanning the period from colonial times to the post-apartheid period can be divided into four phases. These are discussed briefly below.

5.2.1 The imperial phase: 1862 to 1963

Standard Bank of British South Africa Limited was established on 13 October 1862 in Port Elizabeth (later renamed Gqeberha) to serve the merchants of this Eastern Cape coastal town (Standard Bank, 2015: 1). Founding chairman, John Paterson, raised capital from the London capitalists (Henry, 1963: 5), and the bank expanded domestically by acquiring small banks in what is now the Eastern Cape and Western Cape regions of South Africa. Early in 1865, the bank considered extending its activities outside of South Africa into Mauritius, which was an important trading link between South Africa, India and the Far East (Henry, 1963: 8). The expansion scheme would have led to the renaming of the bank. However, the proposed expansion was not pursued, although one key change was made: the word "British" was dropped from the name in 1883 (Standard Bank, 2008: 6).

In 1889, following the transfer of the bank's headquarters from Port Elizabeth to Cape Town, which was the primary location of the colonial British administration, the idea of expanding beyond the borders of South Africa was once again resuscitated. However, the idea lacked the necessary impetus which later came in the form of British colonial expansion north of South Africa. And so, in 1892, two years after mining tycoon and then Prime Minister of the Cape Colony, Cecil John Rhodes, had raised the British flag in Mashonaland (northern Zimbabwe) and his exploration and mining outfit, the BSAC, which operated in Rhodesia with a British Royal Charter, had expanded there, Standard Bank followed suit (Henry, 1963: 120). So instrumental was the BSAC in Standard Bank's first expansion outside South Africa that it went as far as to provide the bank with the logistical infrastructure it needed to set up office in Rhodesia. These premises were owned by the BSAC and served as the country's colonial administration building (Keppel-Jones, 1983: 354). The relationship between the BSAC and Standard Bank was then entrenched. For instance, the finance the BSAC needed to wage wars of conquest, that is, the Matabele War of 1893 and the Matabele Rebellion (also known as the Second Matabele War in 1896),[26] was provided by Standard Bank (Henry, 1953: 19-21).

The Royal Charter obtained by the BSAC in 1889, a year before Rhodes' appointment as Prime Minister of the Cape Colony, gave the company more power than the limited prospecting concession King Lobengula of Matabeleland had allowed. The charter empowered the BSAC to: build roads, railways and infrastructure for telegraphs; establish and authorise banking; negotiate treaties; award land grants; promulgate laws; maintain a police force; and promote immigration by Europeans (Meredith, 2007: 229). Standard Bank's operations in Rhodesia - the neighbouring British colonial territory named after Rhodes by his ally, journalist WE Fairbridge (Keppel-Jones, 1983: 356)[27] - were legitimised by the Royal Charter that gave the English empire-building company, the BSAC, power to effectively become Rhodesia's government. The bank's expansion proved fortuitous when, in October 1898, the BSAC declared positive results with its gold prospecting in Matabeleland (Henry, 1963: 128).

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[26] These wars were anti-colonial wars, in which indigenous populations fought to protect their territory.
[27] Present-day Zimbabwe was previously Southern Rhodesia and Zambia, Northern Rhodesia.

Standard Bank's entry into Matabeleland was transformative: from being just a bank financing wool trading in the Eastern Cape, it was now financing mineral resources trade in countries beyond South Africa. The bank's expansion plans in sub-Saharan Africa were directly linked to Rhodes' imperial ambitions and the expansion of the English-speaking population in Africa. Rhodes had seen Matabeleland and its resistance to conquest as a stumbling block to his imperial ambitions, which obstructed his path to getting what he termed "the balance of Africa" under British imperial rule (Meredith, 2007: 216).

Following the establishment of the Union of South Africa - a post-war settlement between the English and the Afrikaners in 1910 - Standard Bank made great strides with its expansion project. It opened branches in: Mombasa and Nairobi in British East Africa (Kenya) in 1910; Elisabethville in Belgian Congo (the Democratic Republic of Congo) and Zanzibar in Tanganyika (modern-day Tanzania), in 1911. But the bank withdrew from the Congo before the year was out and then withdrew from Zanzibar two years later, citing poor business prospects and an unhealthy climate in both countries (Henry, 1963: 162).

By 1916, the bank had penetrated more African borders, having established itself in Uganda in 1912, with the first branch opening in the capital of Kampala, then in South West Africa (now Namibia) in 1915 and in Tanganyika the following year (Standard Bank, 2015: 5). While the First World War raged on, Standard Bank expanded to German South West Africa in 1915. As a British dominion, South Africa was fighting on the side of the British against Germany, so when German forces surrendered the colony to South Africa's General Jan Smuts and Louis Botha on 9 July 1915, the bank moved swiftly to open branches in Windhoek, Lüderitzbucht and Swakopmund (Henry, 1963: 169). By this stage, there was little pretension of it not being politically aligned, as the bank continued its bold expansion.

By the 1950s, after the institutionalisation of apartheid in 1948, Standard Bank had become the go-to bank to finance large government infrastructure programmes, including railways. Crucial to the bank's survival was that it was adept at shifting strategies in response to changing economic circumstances. The upsurge of industrial and commercial activity in Africa after the Second World War led to a torrent of detailed proposals being cabled to London, requiring approval. The rapidly growing business necessitated the appointment of a full-time

London-based chairman, in 1952, to oversee the expansion. This role went to Frederick Leith-Ross, the UK government's former chief adviser (Henry, 1963: 294).

Next followed the implementation of structural changes in Africa. By this stage, the bank had decided that decentralising authority and multiplying the points of direct contact in various parts of Africa would position it well for future growth in its multi-locations, as these two changes would speed up decision-making, and allow business to happen faster across its vast territory of operation. For this purpose, it was decided that local boards should be set up in some areas. In South Africa, a local board was set up in 1953 and domiciled in Johannesburg (Standard Bank, 2015: 7).

At the advent of apartheid in 1948, the bank had some 390 branches and agencies on the continent. Within a decade, the number roses to almost 900, as it marked almost every South African town and city that had a main street with its conspicuous blue signage. In 1962, after a century in existence, the name Standard Bank Limited was adopted for the parent company in England, which subsequently became Standard Chartered plc (STANCHART) after a merger with the Chartered Bank of India, Australia and China (Standard Bank, 2008: 6).

5.2.2 The decolonisation phase: 1963 to 1985

Following the brutal killing by police of 69 black protestors who were peacefully demonstrating against pass laws in the Vaal Triangle township of Sharpeville on 21 March 1960, apartheid South Africa arguably faced its worst foreign affairs crisis, and foreign countries and the United Nations (UN) started to institute sanctions against the apartheid regime. A number of countries decided to impose sanctions against South Africa, with the exception of the influential governments of British Prime Minister, Margaret Thatcher, and President Ronald Reagan of the US, who argued that sanctions would harm black people (Terreblanche, 2012: 11).

At this point, Standard Bank was a behemoth. It followed then that the nationalists were increasingly against the British ownership of the bank, as they attempted to rid South Africa of its British colonial past. Apartheid-era Prime Ministers, HF Verwoerd (1958-1966) and BJ

Vorster (1966-1978), campaigned against foreign ownership of banks (Steyn and Antonie, 2012: 122). In 1968, the Franzen Commission of Inquiry into the Tax Structure of the Republic of South Africa recommended that foreign shareholdings in banks be reduced to 50 percent (Innes, 1984: 217). The control of Standard Bank was subsequently split into two, with the parent company based in London controlling all non-South African business, and a South African subsidiary controlling the South African and Namibian operations (Standard Bank, 2015: 7).

It subsequently faced pressure from the London parent company over apartheid, in light of the calls for sanctions and boycotts on South African business, and in 1967 Standard Bank decided to offer shares to the South African public for the first time. Until the 1970s, foreign ownership of banks remained a sore point between South Africa and London (Steyn and Antonie, 2012: 122-124). Then, in 1970, Standard Bank Investment Corporation (STANBIC), the holding company of Standard Bank of South Africa Limited, was listed on the JSE. STANCHART, the parent British bank, retained control of STANBIC until 1987 (Standard Bank, 1995: 2).

In 1987, at the height of the state of emergency and under pressure from apartheid-induced sanctions on South Africa and the accompanying Sullivan Campaign,[28] STANCHART decided to divest from South Africa.[29] STANCHART sold its 39 percent stake in the Standard Bank Group and transferred complete ownership of the holding company to South African shareholders (Standard Bank, 2008: 6). The deal ended the relationship between STANCHART and Standard Bank. Cut adrift from its parent after 125 years, in an international climate deeply hostile to South Africa because of apartheid, Standard Bank was on its own (Steyn and Antonie, 2012: 128-130). The effect of this development was that all African operations acquired during the imperial phase fell under STANCHART and continued to be controlled from London. If the South African Standard Bank wanted to invest in the rest of Africa, it would have to start afresh.

[28] The Sullivan campaign was an anti-apartheid stance by foreign MNC corporates based in South Africa, which committed to not practising racial segregation in their own operations.

[29] The Sullivan Principles were named after Leon Sullivan, a black Baptist minister and a member of General Motors' board of directors, who advocated for corporates to violate apartheid principles while remaining invested in South Africa, as a form of passive resistance against apartheid (Hill, 2007: 128).

In 1987, Standard Bank's then chairman, HP de Villiers, openly objected to the state of emergency that had been declared by PW Botha the previous year. Writing in the bank's annual report, De Villiers accused the government of refusing to countenance a constitutional structure that would be acceptable to the majority of South Africans. De Villiers argued that, in resorting to extra-parliamentary and extra-judicial means of conflict resolution, the state of emergency was an admission of political failure (Steyn and Antonie, 2012: 153). This was the first public indication that the bank was shifting its political outlook. De Villiers' statement signalled the bank's intention to move with the times – in realisation, no doubt, of the curtailment of potential expansion and the heavy profit loss that would be felt by the business and its shareholders from a continuation of apartheid.

5.2.3 Anti-apartheid sanctions phase: 1985 to the early 1990s

No sooner had STANCHART divested itself from its long-standing interest in South Africa than Standard Bank began determinedly to invest beyond South African borders – this time autonomously from its former parent company in London. This meant that it would compete head-on with STANCHART's African operations, despite the unpopular South African apartheid government, and notwithstanding opposition from STANCHART, which had, by then, begun to regard Africa as its own preserve (Steyn and Antonie, 2012: 27).

The first country into which Standard Bank expanded was Swaziland (now eSwatini), through its acquisition of the Finance Corporation of Swaziland Ltd (FINCOR) in 1987. Through its parent company, STANBIC, Standard Bank also took a stake in Swaziland's Union Bank, which was co-owned with the government of Swaziland, and in 1992, it opened new operations in Botswana. But the first biggest acquisition, post-STANCHART ownership, was STANBIC's acquisition of the Australia and New Zealand group, Australia New Zealand Grindlays' (ANZ Grindlays) operations in Botswana, Kenya, Uganda, Zaire (now the DRC), Zambia and Zimbabwe, along with its minority holdings in banks in Ghana and Nigeria, in 1992. In the same year, Standard Bank London – a Standard Bank division controlled from South Africa – was established (Standard Bank, 2008: 6). By 1993, the bank's Africa Banking Group (ABG)[30]

[30] ABG was subsequently renamed STANBIC Africa.

operations outside South Africa had grown to 69 branches in 11 countries (Steyn and Antonie, 2012: 29).

Significantly, this new chapter in the bank's history occurred at a time of seismic political change in South Africa: the beginning of the democratic era. Consequently, Standard Bank regarded its early expansion into the rest of Africa as very timely, as it happened to coincide with the easing or termination of political, diplomatic and economic sanctions on South Africa, following the unbanning of liberation political parties in 1990. The bank acknowledged that the thawing of international relations with South Africa did not conceal the need to build social equilibrium and an equitable society through democratic elections (Standard Bank, 1993: 6).

In the early 1990s, after having been well-embedded in the politics of the colonial and apartheid era until South Africa's isolation period, Standard Bank began to shift position to align with the prevailing political winds of change. It began to appoint Africans to its boards, starting with retired politicians. Oscar Dhlomo, former secretary-general of the Inkatha Freedom Party and Enos Mabuza, former prime minister of KaNgwane, South Africa's Swazi homeland, were the first black people to be appointed to the STANBIC board, the bank's holding company (Steyn and Antonie, 2012: 190). This was yet another sign that the bank was trying to align itself with political developments.

5.3 The post-apartheid phase: 1994 to 2020

This post-apartheid phase – the subject of this study – was characterised by expansion that led to the bank's geographic reach growing to 20 countries, including South Africa. The expansion across borders, increased market share within existing countries and an increase in the provision of banking services contributed to the bank's growth. Table 5 is a tabulation of expansion themes derived from the discussion of the bank's expansion strategies. Table 5.1 shows the extent of the expansion and the various banking divisions in each country and region.

<u>Table 5: Standard Bank's expansion strategy themes</u>

1	*Standard Bank's acquire-to-grow strategy targeted for acquisitions both stakes held by host governments and privately held shareholding in banks.*
2	*Greenfield investments were executed with inter-linked objectives: to provide advisory services to host governments on, among other things, the privatisation of state assets, and to use the advisory services arm as an expansion reconnaissance to assess the viability of launching full banking services.*
3	*Lack of or inadequate access to banking services in host countries provided good business for Standard Bank as its organic expansion strategy was viable only to the extent that it could extend banking services or where these existed, it could offer new banking products.*
4	*Standard Bank kept itself abreast of political developments that might impact on its operations in its home country and host countries, and responded by engaging in two-fold corporate diplomacy to comply with the rules while seeking to influence the rules that govern its operations, in what could be described as a political risk management strategy.*
5	*Standard Bank's multinational status gave its management a vantage point of experimenting with ideas across borders, which process enabled knowledge-sharing practices and homogenising of banking offerings across borders.*
6	*Standard Bank enjoyed a mutually beneficial dynamic on continental integration: it played a role in aiding it while profiting from its continuing evolution.*
7	*The entry of ICBC into Africa through Standard Bank evolved into 'collaborative competition', as Standard Bank regarded the arrangement as key to thwarting potential competition from other larger banks, even as the partnership with the Chinese bank was, in effect, an introduction of a large financial institution into Standard Bank's backyard.*

Source: Author

Standard Bank's entry into African markets may be delineated into four key strategies: acquisitions, greenfield investment, organic growth and consolidation. The consequence of all the strategies executed post-apartheid were handsome rewards in the form of an increased asset base and revenues for the bank, as shown in Figure 5 and Figure 5.1. Standard Bank's decision to increase its exposure in African countries put it ahead of its domestic competitors.

By 2014, Absa was trying to build itself as Africa's go-to-bank and First Rand was engaged in a catch-up organic growth strategy (Lefifi, 2014: 4). This section presents data on the expansion strategies that the bank employed.

The first relates to the acquisition of existing banks. The second concerns the establishment of new banks. The third encapsulates the bank expanding into existing markets already penetrated either by means of acquisition or merger. The last relates to alliances being formed by acquiring a minority stake in existing banks in pursuit of the bank's fourth key strategy, the creation of partnerships. While each of these strategies are presented in detail below, together with an explanation of how they were executed over the years, the bank was biased towards acquisition and organic growth strategies (Standard Bank, 2009: 9). The type of market entry approach chosen was determined in part by the characteristics of the target market and partly by the prospects of expanding in that market. According to the banking expert (Banking expert interview, 12 January 2021), the entry strategies were influenced by South Africa's regulatory environment and its constructive diplomatic relationships with host countries.

5.3.1 First strategy: Acquire-to-grow expansion

The acquire-to-grow strategy was applicable in markets where the bank was under-represented relative to the host country's economic potential for growth. These were markets that offered long-term growth, where South African banking expertise could be deployed. Examples of these economies were Nigeria, Kenya, Ghana and Tanzania. The bank also sought opportunities in completely new markets, where it believed significant opportunities existed (Standard Bank, 2005: 17-19). Although the phrase "acquire-to-grow" was coined by the bank in 2005, the strategy had practically been in place even before the end of apartheid, as the historical discussion shows. Moreover, in reality, the phrase failed to capture the process as it actually happened. A more accurate phrase would have been "acquire, integrate and grow", as, post-acquisition, the strategy involved integrating the acquired businesses into the bank's existing systems, transforming and repurposing them in line with the banking group's overall strategy on the continent, as designed and overseen from Johannesburg.

In the immediate post-apartheid period, Standard Bank adopted a strategy termed "steady expansion into the rest of Africa and abroad". It saw itself as a player in the long-term development of South Africa and the rest of the southern African region (Standard Bank, 1996: 4). This was effectively a continuation of a strategy it had adopted during the third phase of its expansion programme from 1987 to 1993. The bank effected a number of acquisitions: FINCOR in 1987, followed by the acquisition of ANZ Grindlays' operations in Botswana, Kenya, Uganda, Zaire, Zambia and Zimbabwe, and its minority holdings in banks in Ghana and Nigeria, in 1992 (Standard Bank, 2008:6; Steyn and Antonie, 2012: 29).

Post-1994, in the fourth phase of the firm's expansion, Standard Bank continued with its streak of acquisitions of either a minority or a majority stake in African banks. It acquired 49 percent of the equity in STANBIC Bank Uganda, formerly held by the Ugandan government, as well as 41 percent of the equity of Banco Standard Totta de Moçambique (BSTM) (Standard Bank, 1996: 4). The purchase from Barclays Bank UK of its 60 percent shareholding in Barclays Bank Swaziland Limited, in January 1998, ensured a significant presence in Swaziland (Standard Bank, 1999: 27). The group then increased its shareholding in STANBIC Bank Uganda Limited to 100 percent. In 1997, the group increased its holding in STANBIC Kenya Limited from 60 percent to 77 percent, and eventually to 82 percent, as the government privatised its banking interests and the government of Kenya reduced its shareholding to 18 percent. With STANBIC Uganda Limited, it increased its holding from 51 percent to 100 percent (Standard Bank, 1998: 58).

In March 1998, the group then increased its shareholding in STANBIC Merchant Bank Nigeria Limited from 40 percent to 84 percent and later to 90 percent. In 1999, it acquired 70 percent in Lesotho Bank, which was formed out of the Lesotho government-owned bank. This and the existing Standard Bank Lesotho gave the group a substantial market share in the country. The bank also retained its presence in Ghana by acquiring 93 percent of Union Vortage Bank, which had been granted a licence but had never operated. In December 1999, the new bank opened under the name STANBIC Ghana Limited (Standard Bank, 2000: 23).

In 2001, the group acquired 60 percent of the Commercial Bank of Malawi, the country's second largest bank, thus giving Standard Bank a 40 percent market share of the market in

Malawi. The group also acquired 80 percent of Uganda Commercial Bank, the biggest bank in Uganda, in a move that was to become the first major rollout of retail banking beyond Southern Africa (Standard Bank, 2002: 11 & 23). Through its Malawi acquisition, Standard Bank was able to provide banking support to an increasing number of South African corporates establishing themselves in Malawi (Standard Bank, 2001: 10). Malawi and Uganda provided the bank with experience of acquisitions and rapid integration of the acquired banks into the Standard Bank group (Standard Bank, 2003: 29). Uganda Commercial Bank was by far the largest in Uganda and the first major bank to roll out Standard Bank's retail banking offerings beyond Southern Africa (Standard Bank, 2001: 23).

Following these acquisitions, Standard Bank began to plan a period of consolidation in its African operations. Two acquisitions of banks were completed in 2003, and it its holding in BTSM from 40 percent to a controlling stake of 96 percent. The acquisition of Investec Botswana grew the bank's retail presence in Botswana too (Standard Bank, 2003: 27). By 2005, after the group had established its presence in key African markets, followed by a brief lull in acquisitions, the bank revived its acquisitive strategy on the strength of its experience and expertise, together with its presence across a broad geographic footprint. These strengths enable the group to adopt a bolder approach to its African and international strategy (Standard Bank, 2006: 3).

In 2007, it acquired a controlling interest in IBTC Chartered Bank in Nigeria, through the sale of its Nigerian operations, STANBIC Bank (Nigeria), to IBTC Chartered Bank, in exchange for a 33.3 percent share in the combined entity and Standard Bank's acquisition of a further 16.8 percent of the enlarged entity for R2.8 billion. This acquisition established a platform for further growth in the Nigerian market. While the newly merged bank was mainly a corporate and investment bank with 61 branches, Standard Bank's strategy was to roll out a full retail banking offering. The size of the Nigerian economy, with the federal republic being Africa's most populous nation, was deemed critical for the bank's growth (Standard Bank, 2008: 20). The plan was to use the acquired bank as a base to expand the retail branch network (Standard Bank, 2009: 35). In a similar expansion deal in Kenya, the group concluded an agreement with Customer Foreign Currency Bank (CfC Bank) to dispose of its shareholding in STANBIC Bank Kenya to CfC Bank in exchange for a 41,4 percent share in the merged bank, and to simultaneously acquire further shares worth approximately US$90 million to ensure a controlling interest of 60 percent therein. The transaction was concluded in 2008 and gave Standard Bank a stronger presence in East Africa (Standard Bank, 2008: 80; Standard Bank, 2009: 35), which aided the bank's long-term growth aspirations in the East Africa region (Standard Bank, 2009: 35). At the time of the transaction, in addition to its Kenyan operations, CfC had an established presence in Tanzania. This gave Standard Bank access to the Tanzanian market (Nyamakanga, 2008: 11).

For Standard Bank, Nigeria and Kenya were nodal economies in the West Africa and East Africa regions, respectively, in much the same way that South Africa was in Southern Africa. Standard Bank viewed West Africa in particular as a strategic region. However, the expansion there could not be left to Nigeria as a nodal point. Therefore, once it was established in the region, the group explored further expansion opportunities. In 2018, the group reported that its capacity to partner clients in the West African Economic and Monetary Union (WAEMU)[31] region had improved with the launch of its fully-fledged corporate and investment bank in Ivory Coast. As the largest economy in WAEMU and one of the continent's fastest growing economies, Côte d'Ivoire offered significant investment opportunities in key infrastructure development sectors (Standard Bank, 2018: 64).

Theme 1: Standard Bank's acquire-to-grow strategy targeted for acquisitions both stakes held by host governments and privately held shareholding in banks.

5.3.2 Second strategy: Greenfield investments

Standard Bank's post-apartheid innovations in Africa included the establishment of comprehensive advisory services. These were established either as greenfield projects or in areas where the bank had full banking services. In 1996, the group established the Africa Consultancy Services (ACS) unit within its Emerging Markets Division to enhance the bank's profile on the continent. The ACS was awarded its first mandates in Namibia and Nigeria in 1997 (Standard Bank, 1998: 27). It had comprehensive advisory functions that included

[31] The regional bloc is also known by its French acronym, UEMOA.

financial services, restructuring and privatisation of state-owned companies. The ACS soon established footholds in Madagascar and Ethiopia. It was also established in Ghana, where Standard Bank's Commercial and Merchant Bank division was involved in the privatisation of state-owned companies Ghana Sugar, State Construction Company and Social Security Bank (Standard Bank, 1997: 19).

Representative offices that served as prospecting sites for the possible establishment of fully-fledged banking services were also established as greenfield initiatives to aid the bank's expansion on the continent. For example, a representative office in Angola was upgraded to a commercial bank (Standard Bank 2008: 68). In 2009, the Angolan government issued a banking licence to Standard Bank, opening the way for it to start operating as a full-service bank, with an emphasis on Corporate and Investment Banking (Standard Bank, 2010: 6).

Having established itself in Nigeria, the bank upgraded a representative office in Côte d'Ivoire to a full-service bank in 2014 and set it up to serve as a reflection of the bank's interests in West Africa (Standard Bank, 2015: 10). Côte d'Ivoire awarded Standard Bank a full banking licence in 2016, which allowed it to begin to take advantage of the market in WAEMU, a regional bloc that, according to Standard Bank's assessment (2017: 28), had the advantage of a stable single currency, a shared central bank and a stock exchange. A further attraction for the bank was that the region had harmonised its legal business structures and had a growing population. Therefore, Standard Bank positioned Ivory Coast as a hub in a region that includes Benin, Burkina Faso, Guinea-Bissau, Mali, Niger, Senegal and Togo, and which the bank averred held promising growth opportunities (Standard Bank, 2017: 28).

While cementing its presence in Ivory Coast, Standard Bank also opened a representative office in Ethiopia. The East African country had maintained high growth levels underpinned by public investment in energy, agriculture and transport infrastructure and a growing consumer base (Standard Bank, 2014:46). According to a UN paper by Shiferaw (2017: 2), the Ethiopian economy grew by annual average of 4.7% during 1995-1999 and increased to 5.5% per annum during 2000-2004. Economic growth greatly intensified since 2005 at slightly above 10% per annum in the ensuing 10 years, signifying an economic turnaround. Three criteria informed the bank's decision about expanding to a target country. First, did the market in the target country offer sustained growth? Second, was it a viable long-term investment destination for the bank's clients? Lastly, did the country-specific risk considerations allow for cost-effective operations (Standard Bank, 2014: 46)? Increased economic development and organic business growth across the continent provided opportunities for financial intermediation services (Standard Bank, 2005: 7).

Theme 2: Greenfield investments were executed with inter-linked objectives: to provide advisory services to host governments on, among other things, the privatisation of state assets, and to use the advisory services arm as an expansion reconnaissance to assess the viability of launching full banking services.

5.3.3 Third strategy: Organic invest-to-grow and consolidation

When Standard Bank was not pursuing acquisitions or greenfield investments, it pursued growth in existing markets – the organic growth strategy (Standard Bank, 2006: 3) – as well as consolidation, the fourth key African expansion strategy. In markets where acquisition opportunities had dried up or were non-existent, but where the bank had already established its presence, the expansion strategy was what Standard Bank termed invest-to-grow – applicable in markets with potential upside for economic growth, such as Angola at that time. These markets were characterised by low Standard Bank penetration, non-integrated systems, and low customer service and satisfaction. In such markets, the bank deemed it necessary to establish infrastructure, drive organic growth and grow market share (Standard Bank, 2005: 19).

Organic growth involved building scale and capacity in African operations, notably in markets where the bank had sub-scale operations, for example, in Kenya, Zambia, Ghana, Angola and Nigeria (Standard Bank, 2006: 23). In 2008, organic growth was achieved in all 13 African countries in which Standard Bank had a retail presence, with personal and business banking (PBB) accounts accounting for most of the growth. This performance was attributed to greater product availability and utilisation, channel diversification across the expanding branch networks, and self-service facilities like self-service AutoBank, mobile banking and online banking. By 2008, internet banking had been rolled out to all African operations. Business banking was also enhanced to serve small to medium enterprises (Standard Bank, 2009: 35).

The ability to grow organically in new markets and geographic areas was regarded as one of the bank's competitive advantages (Standard Bank, 2011: 19). In Kenya, following the successful launch of CfC Bank, in which Standard Bank had acquired a controlling interest in 2008, the bank concluded the first phase of a lengthy process of integrating the merged operation into the group, by focusing on synergies. Key developments included implementation of the core banking system and integration of CfC customers and loan products into the Standard Bank system. After the integration process, CfC's main focus was to be the vehicle for expansion of the Standard Bank group in East Africa (Standard Bank, 2010: 51).

In markets where Standard Bank was established, such as those where acquisitions were executed quite early on and profits were already being reaped, organic growth meant offering new banking products and services. In Lesotho, Malawi, Namibia, Swaziland and Uganda, where the bank had become a market leader, organic growth meant, among other things, introducing new product offerings and being cost-effective. In Botswana, Ghana, Tanzania and Zambia, the focus was on building scale and growing market share among customers from which profits could be extracted. In high-growth markets such as Nigeria, Angola, Mozambique and Kenya, where the bank had made huge investments, the idea was to establish a competitive position, followed by gaining a critical mass of customers. In markets like Nigeria and Angola, where acquisitions did not immediately turn a profit, strengthening its competitiveness was one of the strategies adopted by the bank (Standard Bank, 2014: 23 and 33).

In 2014, the PBB divisions in Kenya, Mozambique and Zambia made a profit for the first time. In the same year, the potential high-growth markets of Nigeria, Kenya, Angola and Ghana - where the bank's operations were sub-scale - became the focus of continued investment in building up scale (Standard Bank, 2015: 36). In Southern Africa, with the exception of Botswana, which had been subjected to liquidity shortages and a three-year regulated cap on fees, the bank realised sustained growth trends (Standard Bank, 2016: 41).

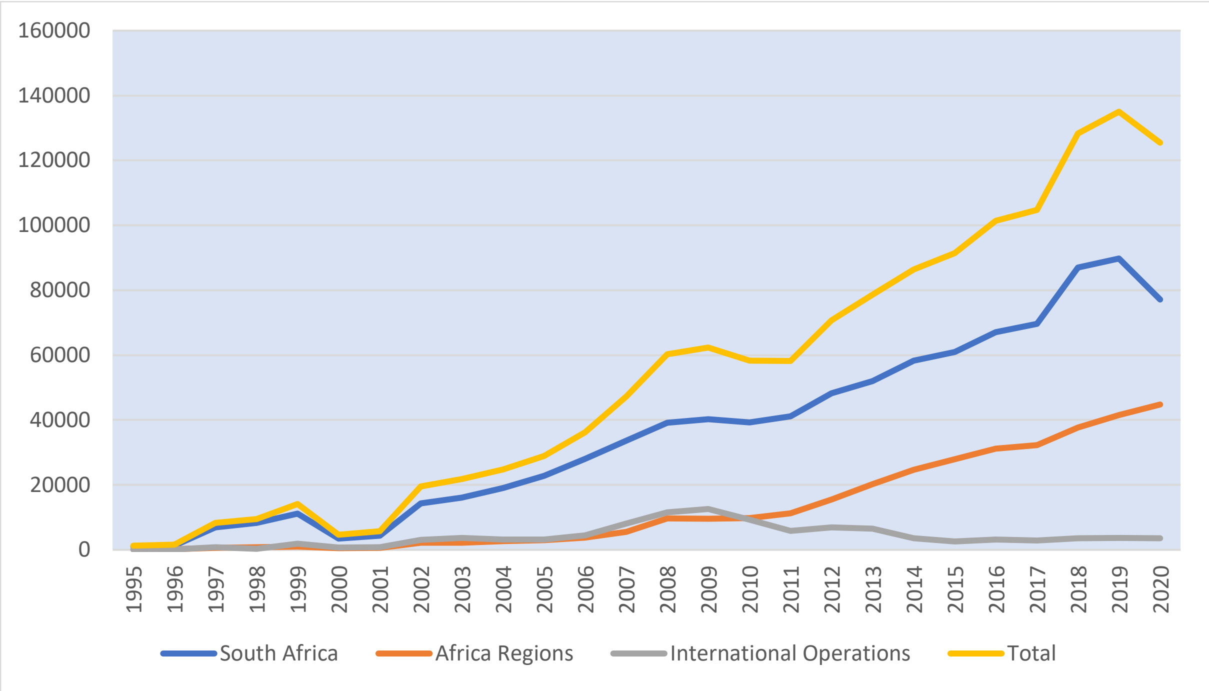
Table 5.1: Summary of Standard Bank's expansion in Africa

Region#	Country	Services
East Africa	Kenya	PBB*; CIB**; WM***
	Ethiopia	CIB; WM
	Tanzania	PBB; CIB; WM
	South Sudan	CIB
South & Central Africa	Botswana	PBB; CIB; WM
	eSwatini	PBB; CIB; WM
	Lesotho	PBB; CIB; WM
	Malawi	PBB; CIB; WM
	Mauritius	CIB; WM
	Mozambique	PBB; CIB; WM
	Namibia	PBB; CIB; WM
	Zambia	PBB; CIB; WM
	Zimbabwe	PBB; CIB; WM
	Uganda	PBB; CIB
West Africa	Angola	PBB; CIB; WM
	DRC Congo	CIB
	Côte d'Ivoire	CIB
	Ghana	PBB; CIB; WM
	Nigeria	PBB; CIB; WM
South Africa	South Africa	PBB; CIB; WM

*Personal and Business Bank (PBB) = 15 countries
** Corporate and Investment Banking (CIB) = 20 countries
*** Wealth Management (WM) = 20 countries
# For the greater part of the period covered by the study, Standard Bank Group divided and managed its Africa operations outside South Africa in terms of "Africa Regions" consisting of East Africa, South & Central Africa, and West Africa.

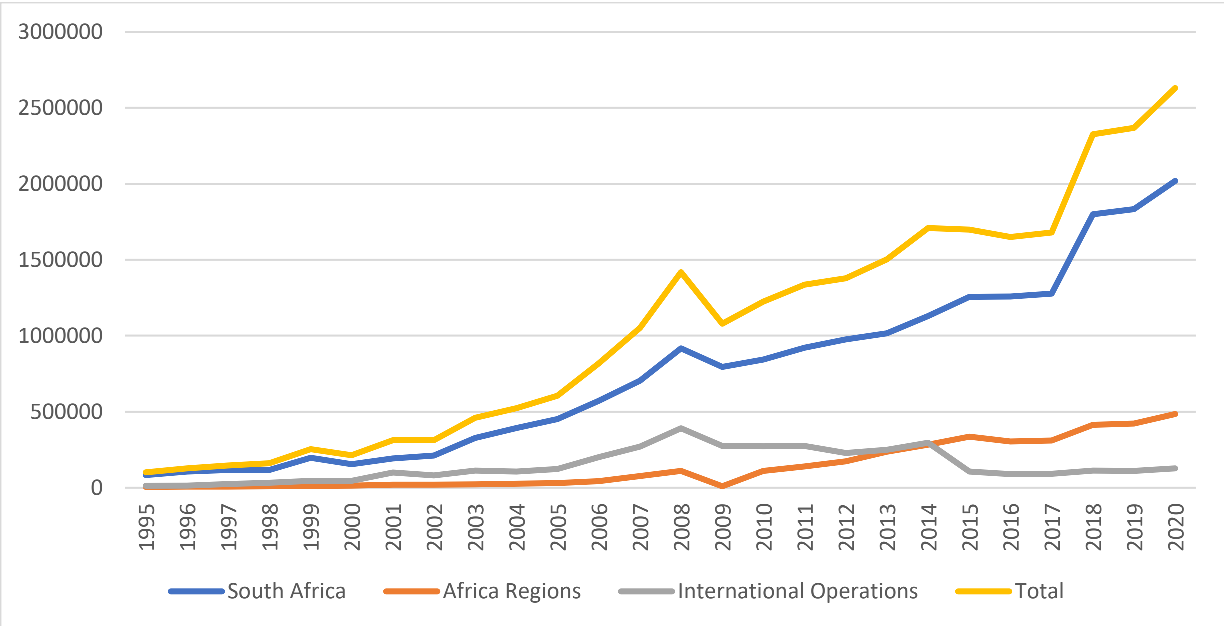
Source: Standard Bank Annual Report 2018

Figure 5: Standard Bank revenue sources: 1995 to 2020 (Rand million)



Source: Data extracted from Standard Bank annual reports from 1995 to 2020

Figure 5.1: Standard Bank distribution of assets: 1995 to 2020 (Rand million)



Source: Data extracted from Standard Bank annual reports from 1995 to 2020

Theme 3: Lack of or inadequate access to banking services in host countries provided good business for Standard Bank as its organic expansion strategy was viable only to the extent that it could extend banking services or where these existed, it could offer new banking products.

5.3.4 Fourth strategy: corporate diplomacy across jurisdictions

Standard Bank's expansion strategies had to contend with non-uniform regulations. This section does not discuss the details of the financial legislation or the rules applicable in the different jurisdictions where Standard Bank invested. Instead, it focuses on how, from its perspective, Standard Bank dealt with the differences in regulations that it encountered as it expanded across borders. The second part of this section discusses the significance of unique country factors, in addition to regulations that Standard Bank had to navigate. In the context of the study, these two matters were an integral part of the bank's expansion strategies.

Cross-border regulatory management

The bank's response to regulations, discerned from its annual reports, has been a continuous three-fold process: compliance, lobbying for influence (corporate diplomacy) and redress of compliance breaches. The regulations it has had to comply with have been evolving and four-dimensional: the bank's own internal regulations, home country (South Africa) regulations where it is principally domiciled, unique host country regulations and international conventions.

Within each jurisdiction or host country, the group has had to interact with a variety of regulatory authorities such as central banks, financial sector authorities, governments and legislatures. For this reason, the bank established the Group Policy, Advocacy and Sustainability (GPAS) team to manage its regulatory influence. To show how the bank constructively dealt with the various challenges posed by different legislation it encountered on its way to growing its footprint continent-wide, a few examples that demonstrate the group's approach to regulations and regulatory authorities are discussed in this section.

Standard Bank made it a strategic priority to comply with legislation, regulations and best practices, where deemed appropriate, in all jurisdictions in which it had a presence. Through its board, which is responsible for overseeing strategy execution, it monitored practices to ensure that they reflected the group's values and enhanced its business objectives (Standard Bank, 2004: 36). The banking expert interviewed observed that Standard Bank gave the South African Reserve Bank's (SARB) regulatory standards utmost respect and endeavoured to comply with the standards even in host countries with relatively weaker regulations. The banking expert further stated:

> As a consolidated banking group, whose paramount regulator is the SARB, [Standard Bank] must always meet its standards, and when those in [the host] countries are higher, [Standard Bank] would meet those too. As SARB is a leading regulator in the continent and an early adopter of best regulatory practice, this means that, in many cases, the SARB standards apply as the higher standards (Banking expert interview, 12 January 2021).

The group had to interact constructively with regulators and other stakeholders in implementing legislation and regulatory controls. The aim was to ensure that regulatory requirements across jurisdictions were embedded in group operations (Standard Bank, 2009: 10). Where it was possible, the bank strived to shape national policy, legislation and regulation through formal submissions and regular engagement with policymakers, lawmakers and regulatory authorities. This approach was aimed at promoting regulatory frameworks that are unambiguous, cohesive and practical, and which minimise unintended consequences from impacting on its business (Standard Bank, 2015: 25). In essence, the bank sought to shape the regulatory environment in line with its own interests through corporate diplomacy.

The regulations concerned matters such as capital adequacy requirements, banking fees, and the promotion of diversity and empowerment of indigenous people. Standard Bank actively participated in shaping policy direction, using corporate diplomacy to secure beneficial outcomes that helped it to increase market share. In South Africa, the bank's stakeholder engagement involved round-table discussions and policy dialogues, which brought leaders within the bank together with government leaders and officials, regulators, and policy analysts to discuss drivers behind policy and regulatory changes. It participated in debates through trade associations and business organisations, including the Banking Association of South Africa (BASA) and Business Leadership South Africa (BLSA) (Standard Bank, 2017: 54).

The importance of these business lobby platforms for Standard Bank's corporate diplomacy is evident in how the bank responded to the South African government's voluntary guidelines for South African MNCs. The banking expert explained:

> Standard Bank did have some involvement, primarily through industry and business bodies such as Business Unity South Africa or the Banking Association of South Africa. Given that this was positioned as a voluntary code and not one that would have immediate and binding implications for us, it was our view that this was the appropriate channel (Banking expert interview, 12 January 2020).

The Standard Bank group expanded its stakeholder and regulatory policy engagement capability to other jurisdictions too. For example, in 2016, the countries earmarked for a focused study of their policy systems and legislative processes included Tanzania, Uganda, Nigeria and Ghana (Standard Bank, 2017: 54). This is part of what the group described as regulatory advocacy – part of what this study terms corporate diplomacy – to persuade regulators to adopt regulations that suit the bank's growth trajectory. Lerato Moloi, a regulatory advocacy manager and a member of the GPAS team, described the role of influencing policy thus:

> [It] includes scanning the socio-economic, political and legislative landscape and providing analysis on developments of this nature. This allows the bank to remain ahead of the curve on any potential risks and opportunities. Our work requires the ability to see things differently by understanding the nuances and thus connecting dots where it may seem like there is no connection ... This ability is especially important in light of the bank's purpose – Africa is our home, we drive her growth – as it is critical to understand the different environments within which we operate, so that we can do business effectively and provide shared growth and value for all our stakeholders … (Standard Bank, 2017: 52).

The bank's corporate diplomacy on policy influence was linked to its commercial interests. In what could be deemed the bank's commercial foreign policy, it stated:

> We spent a substantial amount of time on making contributions to public policy and regulatory development in South Africa and internationally. We regard this as a duty that flows directly from the group's purpose and values as a responsibility that Africa's largest financial services group, in terms of assets, must accept; and – most importantly – as a commercial imperative in support of our clients' and shareholders' interests. The group's cost structure, revenue possibilities, client service, profitability and sustainability are all greatly influenced by the quality of the institutions responsible for economic policy, governance and financial sector regulation (Standard Bank, 2017: 31).

Consistent with this observation, the banking expert stated:

> It is of course important to have a constructive and engaged relationship with the host authorities and regulators in the host countries. In the end, [Standard Bank] investment decisions are driven primarily by strategic and financial considerations, seeking to build first class operations in countries where we are positioned to be relevant to clients … Standard Bank has a consistent dialogue with government and regulatory authorities, and this will include interactions to enable greater flexibility of investment into the continent (Banking expert interview, 12 January 2021).

Civil society organisations, professional bodies, regulators, policy makers, academia, legislators, the diplomatic community, political parties, interest and advocacy groups, analysts, researchers and think-tanks, the media and non-governmental organisations were all targets of the Standard Bank group's engagement in Africa (Standard Bank, 2019b: 6). In addition, the bank was involved in initiatives to support thought leadership within its ranks and the sharing of experiences across different geographic area (Standard Bank, 2015: 17). In South Africa, the group hosted regular bilateral engagements with South African political parties, as part of its Democracy Support Programme, through which it provided funding to political parties represented in Parliament. In Malawi, the DRC, Ethiopia and South Africa, the group engaged regulators on the need to improve efficiencies, digitisation and ease of banking, so as to facilitate financial inclusion. And in 2018, at the request of South Sudan's central bank, Standard Bank provided compliance training to government officials within the financial sector. In South Africa, it hosted representatives of SARB and National Treasury in a discussion about regulatory risks pertaining to cryptocurrency and the potential impact of automation and digitisation on jobs in the banking sector (Standard Bank, 2019b: 11). These examples indicate how wide-ranging the bank's lobbying for favourable policy can be across borders.

This is how the banking expert explained the intersection between South African regulators and those of host countries where Standard Bank had invested:

> It is our responsibility as a private sector investor in other countries to make the investments work: government assists by creating a strong regulatory framework and by enabling outbound investment, by building cordial and constructive relationships with other African countries, so that South African investment is welcomed there. Our regulators also play a vital role by building constructive and engaged relationships with host regulators to ensure that risks are managed well by our operations, in the interests of both the home and host countries (Banking expert interview, 12 January 2021).

The banking expert further stated that it was Standard Bank's understanding that its home government would want the bank to behave as a good corporate citizen in host African countries. The banking expert remarked:

> Obviously, the South African government has a reasonable expectation that Standard Bank will be a good corporate citizen, observe the laws and regulations of the host country and serve as an ambassador for South Africa and South African businesses, connecting South African and other multinational corporations with investment and trade opportunities in the continent (Banking expert interview, 12 January 2021).

Areas of focus for policymakers included increasing access to financial services, monitoring the conduct of financial firms, overseeing corporate governance, strengthening the detection and management of financial crimes, and exchange controls. Several countries introduced legislation to enhance consumer protection, particularly in respect of bank fees. Malawi, Kenya, Swaziland, Zimbabwe, Namibia, Lesotho and Tanzania also introduced legislation capping fees and/or interest charged, and/or prescribing the interest paid on deposits. For example, Kenya's Banking Amendment Act of 2016[32] caps the interest that banks may charge. Regulators also focused on preventing money laundering and terrorist financing. Moreover,

[32] According to Njebi (2018: 1), the Banking Amendment Act 2016 became operational on 14 September 2016. It requires financial institutions to disclose all terms of loans, and that interest on credit should not exceed four percent of the base rate set and published by the Central Bank of Kenya. Any violation may result in a fine and/or imprisonment of the financial institution's chief executive officer for not less than 12 months.

cross-border payment regulations have focused on exchange-control rules and improving reporting (Standard Bank, 2017: 53).

The bank's approach to the empowerment of indigenous host-country citizens demonstrated a combination of regulatory advocacy and compliance with regulatory requirements. The Namibian Financial Sector Charter prescribed a target of 30 percent for black representation (Namibia, Republic, 2009: 18). Standard Bank ensured that compliance in junior and middle management by 2014: it was 61.4 percent. In Nigeria too, under the Central Bank of Nigeria's (CBN) 2010 diversity directive, STANBIC IBTC Bank was required to increase the representation of women on its board of directors and at senior management level to 30 percent and 40 percent, respectively. By December 2014, 18 percent and 26 percent of STANBIC IBTC Bank's board and senior management were women, respectively. The bank committed to complying gradually through promotion cycles (Standard Bank, 2015: 47).

In South Africa, the bank regarded Broad-Based Black Economic Empowerment (B-BBEE) as a policy instrument that could encourage companies to adopt practices beneficial to black people and women, in order to redress colonial and apartheid era disadvantages. The group saw this as a moral and commercial imperative for South Africa's long-term future and the bank's sustainability. Independent, accredited external auditors conduct independent assessments of its BEE performance against the Financial Services Sector Codes for Broad-based Black Economic Empowerment[33]. The bank has been striving to exceed the targets prescribed by the codes, in order to be a significant role-player in the transformation of South Africa. Standard Bank was involved in shaping financial industry policies, including empowerment, in discussions with the ANC-led government and fellow financial services industry players. In his capacity as chairman of the Banking Council of South Africa (BCSA), the bank's CEO, Jacko Maree, contributed to the formulation of the financial sector charter framework, principles and content that deal with empowerment (Standard Bank, 2003: 8).

[33] The Financial Sector Codes for Broad-Based Black Economic Empowerment measured the extent to which black people benefited from seven codes: ownership; management and control; employment equity; skills development; preferential procurement of good and services; enterprise development; socio-economic development and access to financial services (Department of Trade and Industry, 2003: 11-12).

Standard Bank's B-BBEE compliance aided the bank's political embeddedness with the governing party when two ANC leaders – Saki Macozoma and Cyril Ramaphosa – became the most prominent politically-connected beneficiaries of Standard Bank's empowerment schemes. ANC leaders were also appointed to the bank's board. An effective 10 percent interest in South Africa's Standard Bank's banking operations, equivalent to about 7,5 percent of the issued ordinary share capital, was acquired by black groups in a deal financed by Standard Bank itself. The Tutuwa Consortium comprised Safika and Shanduka, led by Macozoma and Ramaphosa, respectively, who owned a combined 80 percent. Business and community groupings held 20 percent. Macozoma and Ramaphosa were also appointed to the board (Standard Bank, 2005: 6-7).[34]

Post-colonisation, many countries sought to transform their economies by promoting indigenisation. In Nigeria, Standard Bank supported the Central Bank's Financial Inclusion Strategy[35] and the country's Sustainability Banking Principles.[36] In Uganda, the bank sought to align its strategies with the government's transformation priorities set out in the NDP.[37] In Namibia, Standard Bank transferred an initial 10 percent shareholding to employees and a community trust, in line with regulatory requirements to increase local participation in the financial sector. In 2007, it took note of the Zimbabwean government's move towards broad-based empowerment of citizens (Standard Bank, 2017: 74).

[34] At the time, Macozoma and Ramaphosa were members of the ANC's National Executive Committee.

[35] The Central Bank of Nigeria's Financial Inclusion Strategy – Revised (2018: 28), set six financial inclusion targets for the period 2016 to 2020: financial exclusion was to be reduced from 41,6 percent to 20 percent; payments using financial institutions was to be increased from 38 percent to 70 percent; savings were to be increased from 38 percent to 60 percent; credit penetration was to be increased from three percent to 40 percent; insurance coverage was to be extended from two percent to 40 percent; pension savings was to be increased from five percent to 40 percent.

[36] The CBN (2010: 4) published nine principles to which 34 financial institutions, including the Nigerian Central Bank itself and Standard Bank's Nigerian-based unit, STANBIC IBTC Bank Plc, committed to adhere to. The principles are: ensure environmental and social responsibility; avoid, minimise or off-set environmental and social harm; respect human rights; women empowerment; good governance; institutional capacity building; building collaborative relationships; reporting on progress with implementation.

[37] The Second National Economic Development Plan of the Ugandan Government (2015: 101-102): 2015/16 – 2019/2020 outlined 23 key national development indicators that addressed national priorities: first, increase sustainable production; second, enhance productivity and value addition; third, increase the stock and quality of infrastructure to accelerate the country's competitiveness; fourth, enhance human capital development; and lastly, strengthen mechanisms for quality, effective and efficient service delivery.

Standard Bank asserted that failure to comply with regulations was inconsistent with its policies (Standard Bank, 2016: 34). The risk of reputational harm arising from a compliance lapse or ethical misconduct went beyond the financial implications of penalties that could be levied by regulators. Failure to comply had the potential to attract increased regulatory scrutiny and intervention or to lock the bank out of the privilege of operating in certain markets. In addition, there was the risk of inability to attract the best employees and failure to access the capital needed to achieve growth. In view of the risk that non-compliance could posed to its expansion strategy, the group decided to report lapses proactively. Indeed, this was the case with STANBIC Bank Tanzania in 2013. The bank's decision to self-report led to a deferred prosecution agreement being entered into with the United Kingdom (UK) Serious Fraud Office (SFO) relating to a suspicious transaction that occurred at STANBIC Bank Tanzania in 2013. The breach was self-reported within days and the bank assisted the SFO with its investigations.[38] Additional staff training was also provided, while the group recommitted itself to the highest business standards in all the markets in which it had operations (Standard Bank, 2016: 34).

Regulatory decisions sometimes triggered tough bargaining between Standard Bank and regulators. For example, in 2015, STANBIC IBTC Bank Nigeria (STANBIC Nigeria) received notification from the Financial Reporting Council of Nigeria (FRCN), which is responsible for setting accounting standards in Nigeria, that the latter disagreed with the continued recognition of certain liabilities due to other Standard Bank group entities. STANBIC Nigeria and its regulator, the CBN, indicated that they did not agree with the most material of those findings (Standard Bank, 2016: 71). In another case, CBN wrote to STANBIC IBTC in 2018, advising that it had imposed a penalty of NGN1.9 billion on STANBIC IBTC, and directed that

[38] The breach arose from Standard Bank Plc's failure to prevent two executives of STANBIC Bank Tanzania Limited from engaging a local partner to induce Tanzanian government representatives to act partially in awarding a capital-raising mandate to Standard Bank Plc and STANBIC. The group's operations, including Standard Bank PLC, which had a significant shareholding held by American-based shareholders, meant that its activities were also subject to American legislation. Thus, the group's total settlement with the Deferred Prosecution Agreement (DPA), a related settlement with the US Securities and Exchange Commission (SEC) and legal costs in this regard amounted to US$40.3 million, US$16.1 million of which was recognised in the group's continuing operations, and US$24,.2 million of which was included in the group's discontinued operations results (Standard Bank, 2016: 71). According to the banking expert interviewed (Interview, 12 January 2021), the South African government was not involved in the case. Both the DTIC policy maker (Interview, 25 November 2020) and DIRCO official interviewed (Interview, 23 January 2021) stated that the South African government only got involved in disputes involving South African companies when requested to do so.

US$2.6 billion transferred by STANBIC IBTC on behalf of MTN Nigeria was to be "refunded" to the CBN. Following a submission by STANBIC, the CBN advised that STANBIC IBTC would not be required to refund the US$2.6 billion and that new submissions and documentation would be examined and, if justified, it would reverse the NGN1.9 billion penalty imposed (Standard Bank, 2019a: 34). These developments did not discourage Standard Bank: with the release of the bank's 2020 annual report, Chief Executive Officer, Sim Tshabalala, referred to the continued growth of the Nigerian business – from the day the bank started administering pensions to the execution of digital banking (Thompson, 2020: 9).

The risk of breaching regulations kept evolving in different jurisdictions and remained high. In the PBB division, for example, different countries imposed different regulations on banking fees. In Swaziland, regulators abolished cash deposit fees in 2016. The Central Bank of Kenya, as stated earlier in this section, prescribed maximum rates that banks could charge on loans and advances and the minimum rates payable on interest-bearing deposits for new and existing portfolios. The Bank of Botswana, which had prohibited banks from increasing fees in 2014 and 2015, accepted a 3 percent fee increase on limited services. In Zimbabwe, where there were severe cash shortages as a result of an economic downturn in 2017, the central bank introduced cash withdrawal limits and reduced banking fees for Retail Time Gross Settlement (RTGS) and interbank systems. These restrictions reduced transactional income volumes and had a negative impact on Standard Bank's revenue streams (Standard Bank, 2017: 41).

Theme 4: Standard Bank kept itself abreast of political developments that might impact on its operations in its home country and host countries, and responded by engaging in two-fold corporate diplomacy to comply with the rules while seeking to influence the rules that govern its operations, in what could be described as a political risk management strategy.

5.3.5 Fifth strategy: Cross-border learning, replication and standardisation

Some of the crucial features of Standard Bank's expansion strategies were experimentation (piloting) and replication of successful ideas, practices and innovations from one African jurisdiction to another. In implementing these processes, the group accumulated knowledge aggregated across borders, and this knowledge resided within the organisation at group level. It was then applied when the need arose in different territories.

It is this flexibility and expertise that, to a great extent, enabled the bank to become politically and commercially powerful. This section highlights nine aspects of cross-border learning and replication that led to successful standardisation of operations in various jurisdictions.

Technological innovation

The first area of replication was in the use of technological systems – these were constantly upgraded, to connect the group's businesses across the continent. Technology systems used to link businesses across the continent and to the group's head office in Johannesburg were amenable to the pilot-and-replication strategy. For example, a pilot satellite link was tested in Tanzania in 1997. After it proved successful, a decision was taken to connect all operations on the continent to one master computer in Johannesburg in 2000. By deploying technology across all its operations, the bank planned to ensure that Standard Bank and its host country customers would be able to bank at any branch in Africa (Standard Bank, 1997: 28).

Alignment of ideas

The second area of replication was the alignment of successful ideas. As the group expanded, it gained unique opportunities to align activities in its different divisions. This made it possible to leverage off centres of excellence. To promote greater co-operation and consistency, Sim Tshabalala, Managing Director of African Operations, was appointed Deputy Managing Director of Retail Banking in 2002 (Standard Bank, 2003: 21). Aligning the Rest of Africa business with retail and wholesale operations in South Africa was considered a success, as this integration process resulted in improvements in all core areas of banking, such as governance, risk management, product development and support, technology and human resources development. The Rest of Africa operations benefitted from the extensive knowledge and experience of the South African operations (Standard Bank, 2005: 17).

The group also introduced the bancassurance model in its African operations for the first time in 2004. In Namibia, for example, the bank introduced the South African bancassurance model, which offered embedded products through a relationship with Liberty Active (previously Charter Life) insurance group. In all other countries where the business offered retail banking (except Malawi, where the business offered retail banking), it maintained a bancassurance joint venture with Alexander Forbes, a South African insurance and brokerage services group (Standard Bank, 2005: 17-18).

Broad-based Black Economic Empowerment

Cross-border learning also applied to B-BBEE. Lessons from the Tutuwa B-BBEE transaction were invaluable for Standard Bank in countries that required MNCs to empower indigenous people. In Namibia, for instance, there were new requirements for greater local ownership of banking operations, particularly by historically disadvantaged groups. Standard Bank's insight gained from implementing BEE policies in South Africa helped to structure transactions to meet the requirements in Namibia. The bank's relationships with its BEE partners in South Africa, such as Cyril Ramaphosa and Saki Macozoma, were also been important in building strong relationships with host countries in the Southern Africa region and creating an enabling environment for investment expansion (Banking expert interview, 12 January 2021).

Marketing

Between 2004 and 2005, the Rest of Africa operations introduced an independent service measurement tool, already used successfully by its Retail Banking division in South Africa, to measure and record customer ratings by customers. This was part of the introduction across its Africa operations of sales and marketing campaigns to further expand the customer base and promote cross-selling of products and services across different banking divisions. Salespeople and teams were incentivised to stimulate the sales drive, which led to a 35 percent growth in the account base to more than 1.6 million accounts (Standard Bank, 2005: 17). Indeed, during most of 2005, the group was mostly inwardly focused on the alignment of products, policies, procedures and systems across all African countries, and integrating these with the South African operations (Standard Bank, 2006: 69-70).

Standardisation

The fourth area of replication was the universalisation or standardisation of banking products and services. This required upgrading of systems across the continent, in order for them to be more standardised. It then became possible to launch products simultaneously in all the bank's African markets. The idea was to align the Rest of Africa operations with South African operating standards by replicating banking competencies developed and refined in South Africa (Standard Bank, 2007: 7). By doing so, the group managed to realise organic growth and acquisition opportunities, while also leveraging its emerging market expertise and presence in Africa and other regions (Standard Bank, 2008: 19).

Digital banking

As part of its customer-centric model that was in use in South Africa, the group rolled out the New Business Online platform which allowed customers to manage their interaction with the bank across products and countries. Prior to its rollout to the rest of the continent, the new digital channel had already been successfully piloted in Uganda, Nigeria, Ghana and Tanzania. The channel targeted public, corporate and investment banking clients (Standard Bank, 2009: 2008: 68). This was part of a strategy to increase market share in the middle and higher value customer segments, while continuing to expand channel offerings such as mobile banking and business online (Standard Bank, 2008: 65). The implementation of a core banking platform in its Rest of Africa division was extended from Nigeria (where it was had been implemented in 2011) to Namibia, Uganda, Botswana and Tanzania in 2013, while plans were afoot to roll it out to the bank's remaining operations on the continent by 2017 (Standard Bank, 2013: 30: 2016: 42). In 2019, following a pilot phase in Lesotho and Zambia, the bank launched its Trader Platform Solution to enable informal sector retail traders to apply for stock advance loans (Standard Bank, 2020: 88).

Credit risk profile systems

With lessons from South Africa, the bank understood the need for community relevance of service offerings, given the complex socio-economic environment of the home country

(Standard Bank, 2011: 19). The group applied lessons learnt in its South African operations in the rest of Africa, while taking care to respond to the unique dynamics in each market (Standard Bank, 2013: 30). This was particularly the case with credit risk assessments, as the South African model provided a base of knowledge and experience (Standard Bank, 2012: 53). In 2005 and 2006, for example, the bank developed a credit risk-based approach that took into account the absence of credit bureaux responsible for the credit profiles of would-be clients on behalf of creditors (Standard Bank, 2006: 20). The key difference between the South African market and other African markets, which Standard Bank sough to eliminate, was that credit bureaux had not been established in many countries. To manage this risk, the bank drew on its experiences in South Africa and Namibia, where credit bureau infrastructure was non-existent in the early years and applied this in other African countries (Standard Bank, 2006: 20; Standard Bank, 2012: 53).

Replicating procurement models

The seventh area was replicating procurement models already applied in South Africa. Improving the supplier payment process in the rest of Africa entailed aligning the bank's sourcing, contracting and purchasing processes across Africa with the procurement operating model employed in South Africa (Standard Bank, 2015: 17).

Instant money

The eighth area of replication was 'instant money' product, which allowed clients to send money more quickly and easily than before. The service was first launched in South Africa and then extended beyond the borders, due to the need for faster remittance across the continent. This led to the establishment and rollout of Instant Money products in Ghana, Uganda, Malawi, Zambia, Namibia, Botswana, Lesotho and eSwatini in 2018 (Standard Bank, 2019a: 44).

While the instant money products were available within the borders of each of these countries, Standard Bank also launched cross-border money transfer solutions. Mukhuru Money Transfer (Mozambique) supported transfers from South Africa to Mozambique at a fixed rate of 10 percent, and the transfers could be collected at no cost from a branch of the bank. Uhuru Banking (Tanzania) offered pay-as-you-go banking with no monthly administration fee and a visa card that could be used globally. International Remittance (Nigeria) allowed foreign nationals to open a bank account at STANBIC IBTC and transact from France, Germany, Israel and Italy in real-time (Standard Bank, 2019a: 78). Lesotho, South Africa, eSwatini and Zambia's Instant Money Bulk Payments enabled digital payments to be made to employees and suppliers, even if they did not have a bank account, which eliminated the need to deal in cash and reduced security risks. In 2019 the bank partnered with Rewire, a fintech company, to offer cross-border banking services to migrant workers in countries where it had operations (Standard Bank, 2020: 87).

Theme 5: Standard Bank's multinational status gave its management a vantage point of experimenting with ideas across borders, which process enabled knowledge-sharing practices and homogenising of banking offerings across borders.

5.3.6 Sixth strategy: Integration of disparate African markets

Integration was not only an internal organisational matter that motivated the group to provide services across borders and in different parts of its divisions, as its expansion on the continent was also dependent on its continued ability to aid with the integration of hitherto disparate markets across borders. This section discusses three ways in which the banking group played this role. The first was through intra-continental facilitation of trade and market integration. The second was by supporting the aspirations of South African companies seeking growth in different parts of the continent. The last was facilitation of inter-continental trade and investment flows between Africa and other continents, thereby effectively aiding the integration of Africa into the global economy, as the bank itself globalised.

Intra-Africa trade facilitation and market integration

As the bank embarked on its post-apartheid expansion trajectory, it saw itself as playing a crucial role in the long-term development of South Africa and Southern Africa, and endeavoured to match world best practice (Standard Bank, 1996: 4). In line with this strategy, Standard Bank Corporate and Merchant Banking's International Division began to play a major role in facilitating trade and investment between South Africa and the host countries (Standard Bank, 1996: 30). Through the Emerging Markets Division, which housed the Africa Advisory Services unit, export credit finance totalling R300 million was concluded in Madagascar, Mozambique, Kenya and Uganda (Standard Bank, 1997: 27).

The bank's strategy was influenced by globalisation and the emergence of powerful trading blocs. It watched South Africa's pattern of trade with SADC countries and the rest of the sub-Saharan region closely, as the bank had identified a role for itself as a promoter of trade and investment. The experience and skills base developed in the home market was then applied to other emerging markets. Although many investors viewed the region as corrupt and hostile to foreign players, Standard Bank was confident that SADC would develop the capacity to tackle issues of corruption and become more transparent and accountable in terms of the governance systems of member states (Standard Bank, 1999: 8-9). Nevertheless, in 1998, the bank adopted a cautious outlook for the African continent and suggested that reduced political and regional tension was needed for it to remain invested in some countries. Corruption and uncoordinated banking legislation were also identified as risks (Standard Bank, 1999: 31).

From 2005, the bank's CIB in Africa started paying particular attention to capturing banking business associated with trade flows intra-Africa and between Africa and other emerging markets (Standard Bank, 2006: 22). Two examples illustrate this point: in 2016, the bank's business banking division hosted conferences with clients from several countries in sub-Saharan Africa to promote inter-regional investment opportunities (Standard Bank, 2017: 42); in 2018, the bank hosted the South Africa-Nigeria Chamber of Commerce, a non-profit organisation in Nigeria. The aim of the conferences was to strengthen cooperation and increase trade and investment between the two countries (Standard Bank, 2019a: 9).

In 2019, the bank proclaimed its support for the AfCFTA and expressed its hope that the free trade area would boost regional integration, commerce and trade, and grow African economies (Standard Bank, 2020: 12). The bank believed it was positioned to drive and facilitate inter-regional trade investment flows and the expansion of MNCs (Standard Bank, 2019a: 12). A decade earlier, Standard Bank had declared that its ambition to grow in Africa was supportive of President Thabo Mbeki's drive for Africa's renewal, and that its contribution towards this goal was in the form of it remaining a major financial player on the African continent and it being sub-Saharan Africa's leading regional bank. This was also in line with the bank's pursuit of profits on the continent (Standard Bank, 2000: 12). At the turn of the millennium, it stated that Africa's success in a world characterised by globalisation was dependent on a credible macro-economic framework that had instilled confidence among domestic and international investors (Standard Bank, 2000: 13). Standard Bank was also confident about the investment prospects on the continent, with Maree describing the bank's African operations as its calling card (Kamhunga, 2010b: 16). Sim Tshabalala viewed Africa as the bank's DNA (Klein, 2010: 11)

Facilitating the expansion of South African companies

A number of South African companies wanting to invest in different parts of the continent benefitted from Standard Bank's experience in facilitating investment across borders. The banking expert stated that, in many instances, the bank's business case for entry into a new market had been driven by the need to support corporate clients, i.e., growing South African corporates and other MNCs as they grew their own operations on the continent (Banking expert interview, 12 January 2021). In 2007, the bank's Africa Chief Executive Officer, Craig Bond, said that South African companies expanding into the rest of the continent were demanding banking services from Standard Bank (Gillingham, 2007: 1). Standard Bank's support of South African MNCs included financing deals and the provision of advisory services. Standard Bank leveraged trade and investment flows through its global network and concluded a number of cross-border transactions (Standard Bank, 2008: 68).

Examples of South African companies that made use of Standard Bank's services include: sugar producer, Tongaat Hulett; Africa's largest telecoms operator, MTN; Africa's largest retailer, Shoprite; and Africa's largest food services franchise group, Famous Brands.[39] The bank facilitated the acquisition by Tongaat-Hulett of two state-owned sugar mills in Mozambique in

[39] Famous brands owned fast-food outlets such as Steers and Wimpy.

1998 when the government was implementing a privatisation policy[40] (Standard Bank, 2000: 25).

In the DRC, Zambia and Nigeria, Standard Bank arranged a US$2 billion loan facility to fund MTN Nigeria's network infrastructure expansion in 2007 (Standard Bank, 2008: 68). The loan was the biggest Naira-denominated facility ever secured and Nigeria's biggest non-oil financing debt-raising exercise (Wray, 2007: 1).[41] Standard Bank also partnered with MTN to offer mobile banking services in South Africa and the rest of the continent. For this purpose, MTN's SIM card had an embedded banking functionality that enabled the opening of a bank account that could be activated telephonically. It was among the most widely accessible banking products in South Africa. With MTN's vast reach on the rest of the continent, Standard Bank sought to create further opportunities for the mobile group to further increase its continental market share (Standard Bank, 2006: 19). In partnership with the Industrial and Commercial Bank of China (ICBC), Standard Bank raised a R3.3 billion term loan facility for MTN in 2016, as joint mandated lead arranger and lender. The bank said that this transaction demonstrated the importance of its strategic relationship with ICBC, showcasing their joint transactions within the China-Africa investment corridor and to leverage Chinese capital for African development (Standard Bank, 2017: 49).

The bank said that its relevance to clients focused on African expansion was illustrated by its facilitation of domestic and foreign money flows for Shoprite (Standard Bank, 2000, 25). This entailed servicing Shoprite's rapidly expanding service involving high-volume, time-sensitive, physical and electronic money flows in designated countries through global market and transactional banking services. This included customised, large-scale cash handling, client domestic money transfer, card acquiring, international money flows and centralised, coordinated foreign exchange hedging and dealing. The bank stressed that this enabled and supported a home-grown South African icon, Shoprite, to realise its IB ambitions (Standard Bank, 2000; 25).

[40] According to Tongaat Hulett (2019) the company acquired interests in two mills and cane estates in Mozambique in 1998: a 75 percent share that was later increased to 85 percent in Açucareira de Mozambique (Mafambisse); and a 49 percent share that was later increased to an 88 percent in Açucareira de Xinavane (Xinavane). The state owned the remaining shares in the companies.

[41] Of the US$2 billion, US$1.6 was raised in Nigeria and denominated in the local currency: the Naira. The balance was raised in international markets.

In addition to facilitating the expansion of South African companies to the rest of the continent, Standard Bank also received requests from companies in some parts of the continent that planned to invest in South Africa (Gillingham 2007:1). In 2020, Standard Bank Chief Executive Officer, Sim Tshabalala, underscored the influence of MNCs seeking to expand into the African continent, as well as African-based companies wanting to cross borders (Thompson, 2020: 9). Therefore, the push for expansion by the bank's clients was not a one-way process of South African MNCs seeking to expand to the rest of the continent. The bank's infrastructure and business banking capabilities made it suitable to facilitate investment flows across the continent.

Linking Africa to the global economy

Standard Bank's infrastructure in Africa and other parts of the world enabled it to play a global role in facilitating investment and trade flows. Its post-apartheid strategy of facilitating trade and investment flows across continents, primarily linking Africa, was conceived prior to the end of apartheid. In 1993, Standard Bank already had a plan to facilitate trade linkages between Southern Africa and the rest of the world, and its internationalisation strategy was premised on this imperative. This motivation formed the basis of the bank increasing its geographic spread by establishing a trading presence in New York and Hong Kong. This geographic diversification had been undertaken to increase the quality of the group's service to its customers in Southern Africa (Standard Bank, 1994: 4; 1998: 5). In furthering this strategic objective, the group established offices in Lima, Bogotá, Buenos Aires, São Paulo, Miami and Singapore, to expand the group's transaction, origination and distribution capability across all business areas, but particularly in emerging capital markets and resource banking (Standard Bank, 1999: 32-33).

The banking group also leveraged its capacity to manage large cross-border transactions in partnership with its London unit, Standard Bank Plc, Standard Bank headquarters in South Africa and partners in other emerging markets such as China, Turkey and Brazil, and with Troika Dialog Group in Russia. The group stated that these businesses had the necessary expertise and economic sector specialisation to provide a full-service corporate and investment offering to international clients who wished to invest in Africa (Standard Bank, 2010: 56). The Africa footprint and sector expertise in financial centres in Europe, Asia and the Americas enabled the group to facilitate trade into, out of and across Africa (Standard Bank, 2015: 12).

In 1995, the ABG began focusing on commercial banking, treasury operations and all forms of trade financing. Its clients included multinationals, embassies, high commissions and corporate and commercial clients. Through the ABG network, Standard Bank Plc was active in promoting trade, investment and business flows between African territories and the rest of the world (Standard Bank, 1997: 2). For example, the ABG was appointed financial adviser to National Grid Company PLC and Midlands Power International, two UK-based utilities, with the acquisition of Zambia Consolidated Copper Mines (ZCCM) Power Division in Zambia (Standard Bank, 1998: 26). In another example, a US$400 million line of credit from International Finance Corporation was obtained through Standard Bank to support trade in sub-Saharan Africa. Cross-border deals between sub-Saharan Africa and other developing markets, such as China, Russia and Brazil, were within the scope of this facility. Standard Bank also signed a US$150 million loan agreement with Japan Bank for International Cooperation to boost trade finance in Africa (Standard Bank, 2010: 11).

Over time, the bank developed experience and expertise in dealing with large-scale investment and with financing trade flows between Africa and the other continents, to the point that it declared its position in Africa to be a competitive advantage (Standard Bank, 2012: 58). Other competitive advantages included connectivity to certain emerging markets outside of Africa and access to capital from developed economies in Europe and North America. A specific area of focus was serving multinational clients that planned to pursue growth opportunities on the continent. The bank's services – including structured trade and commodity finance products, advisory services and risk mitigation services, currency and commodity exposures – were geared to capture financing and advisory opportunities associated with intercontinental investment and trade flows (Standard Bank, 2012: 59). These advantages enabled the bank's corporate clients to undertake cross-border transactions (Standard Bank, 2013: 35). Adding to these advantages was its association with ICBC, which it believed complemented its extensive presence and experience in sub-Saharan Africa, as well as its sector expertise in natural resources banking (Standard Bank, 2012: 58).

In pursuit of further growth opportunities, large African corporates were increasingly looking to expand their operations, both regionally and outside the continent. For the bank, this presented an opportunity to finance large-scale transactions (Standard Bank, 2015: 13). For example, the bank aided the R2.1 billion acquisition of UK-based Gourmet Burger Kitchen by South African group Famous Brands in 2016. Standard Bank's Commercial and Investment Bank division was the investment bank, hedge provider, underwriter and sponsor for Famous Brands (Standard Bank, 2017: 49). In facilitating trade and investment flows between Africa and the rest of the world, the bank appeared to exploit commercial relations dating back to the colonial era. For example, following the establishment of the partnership between ICBC and the downscaling of Standard Bank's holdings in some global operations, it retained a stake in the Brazil operations, because it captured the capital and investment flows from Brazil to Africa, and particularly to Angola and Mozambique (Standard Bank, 2013: 36). All three of these states are former Portuguese colonies.

In 2014, the bank's motto became, "Taking Africa to the world and the world to Africa", which signified its focus. Standard Bank regarded its African focus and extensive network of operations as a key differentiator among competitor banks (Standard Bank, 2014: 10-11). The bank took advantage of the fact that Africa needed capital for exploration, production, transport infrastructure, facilities management and other downstream activities, all of which required the bank's services facilitating foreign investment and trade (Standard Bank, 2015: 39). In bringing multinational investors to Africa, a continent where the bank had geographic diversity, representation was among Standard Bank's key priorities, as the bank's multinational clients operated across a range of target sectors (Standard Bank, 2016: 45 - 46, 48). Moreover, cross-border trade and investment required payment infrastructure. To this end Standard Bank developed the International Trade and Payments System, a channel to facilitate cross-border payments in all its CIB operations (Standard Bank, 2016: 48). Among the major multinationals whose investment into Africa was facilitated by the bank was Anheuser Busch Inbev (ABInBev): Standard Bank facilitated the acquisition of SABMiller by ABInBev in 2016 and also acted as financial adviser and transaction sponsor to ABInBev with its R3.1

trillion secondary listing on the JSE. This was enabled because Standard Bank had been SABMiller's banker in 16 countries on the continent – in line with its strategy to provide banking services to MNCs in Africa – and the transaction preserved this relationship and extended it to ABInBev, the world's largest brewer (Standard Bank, 2017: 48). The bank also acted as a mandated lead arranger and underwriter in the acquisition of a finance and debt restructure facility for GZ Industries, a Nigerian can manufacturer. GZ Industries was already a CIB client in Kenya and Nigeria, and had plans to expand across Africa. According to Standard Bank, the deal demonstrated its ability to make available internal expertise from various parts of the continent (Standard Bank, 2017: 48).

By 2018, business generated from MNCs had contributed 80 percent (R30. 1 billion) of revenue earned from total clients.[42] Business from MNCS was regarded by the bank as the primary driver of revenue growth, due to their resilience in economic cycles (Standard Bank, 2018: 64; Standard Bank, 2019a: 41). As shown in Figure 5, The bank's revenue growth in revenue in Africa began to increase steadily in 2009 and, in 2014, it overtook revenue generated from international operations outside of the continent.

In 2019, Standard Bank approvingly cited the continent's ambitious plan, the AU's Agenda 2063,[43] which highlighted the importance of trade and investment in infrastructure to connect African markets (African Union, 2013). The bank indicated that the deepening of trade and investment flows between African countries and global markets, such as China, provided opportunities for African economies to develop and expand manufacturing and services industries and for African businesses to tap into new markets and access global supply chains (Standard Bank, 2019a: 53).The bank identified with Agenda 2063, as the AU's economic ambitions were at the heart of all that mattered to the bank: facilitating trade and investment flows between African countries and between African countries and global markets. The challenge with fulfilling the continental goals was access to capital, an area that bank felt it was well positioned to make a success of, by leveraging on its global capacity to, among other

[42] Standard Bank's total revenue from Africa operations excluding South Africa stood at R37. 7 billion in 2018 (Standard Bank, 2019a).
[43] Adopted at the African Union's 50th anniversary, Agenda 2063 is the continent's aspirational developmental path that commits the continent to pursue post-colonial development by, among other things, continental economic integration and inclusive development of its peoples.

things, provide banking services to African governments, assist state-owned companies and private businesses to access international capital markets (Standard Bank, 2019a: 53).[44]

Theme 6: Standard Bank enjoyed a mutually beneficial dynamic on continental integration: it played a role in aiding it while profiting from its continuing evolution.

5.3.7 Seventh Strategy: International alliance to grow African market share

The fourth phase of Standard Bank's expansion discussed context on the ICBC's acquisition of a 20 percent shareholding in Standard Bank. The terms of the deal significantly changed Standard Bank's strategies on expanding on the continent. The deal was approved by the SARB, citing sound diplomatic relationships between South African and China, as well as the opportunities it would create for both banks to capture banking market share on the African continent (South African Reserve Bank, 2007: 43). From the outset, the ICBC's acquisition of a stake in Standard Bank impacted on the latter's expansion trajectory on the African continent. This section analyses this aspect of the bank's expansion.

The proceeds of ICBC's purchase of Standard Bank's shares

The ICBC's purchase of a 20 percent stake in Africa's largest bank (by assets)[45] was done by way of issuing 152.5 million new ordinary shares to ICBC at R104,58 per share and the acquisition of 152.5 million ordinary shares from existing shareholders at R136.00 per share, for a total consideration of R36.7 billion (Standard Bank, 2008: 21). Regulatory and shareholder requirements for the transaction were fulfilled on 14 February 2008 and it was concluded on 3 March 2008 (Standard Bank, 2008: 21; South African Reserve Bank, 2007: 42).

[44] Standard Bank's global footprint included operations in the United Arab Emirates (UAE), the UK, the US, China and Brazil (Standard Bank, 2019a).

[45] At the time of the transaction, the ICBC was the largest bank in the People's Republic of China, with a 17.1 percent market share in Chinese banking assets, and it was one of the world's largest banks in terms of market. Capitalisation was approximately US$319 billion as at 22 October 2007. The ICBC applied to the SARB for approval in terms of section 37(2)(a)(i) of the Banks Act, 1990, to acquire more than 15 per cent, but not exceeding 24 per cent, of the issued shares of the Standard Bank group. Approval in terms of section 37 of the Banks Act, 1990 requires the consent of the Registrar of Banks. Such consent is only granted if the Registrar of Banks at the SARB is satisfied that the proposed acquisition will not be contrary to the public interest, and the interest of the depositors of the bank and bank controlling company concerned (South African Reserve Bank, 2007: 42).

The ICBC was an important bank in China's financial architecture.[46] It was established in 1984 and by the time of the transaction with Standard Bank, it had become one of China's big four state-owned banks. Some of its shares were publicly traded on the Hong Kong and Shanghai stock exchanges, following an initial public offering that raised US$21.9 billion. One quarter of the funds financed the acquisition shares in Standard Bank (Steyn and Antonie, 2012: 11).[47]

The deal yielded R15.9 billion in free cash for Standard Bank (Standard Bank, 2008: 9), in an agreement that Standard Bank described as a landmark transaction not only for itself, but also for South Africa and the rest of Africa. At the time of the deal, it was the largest investment undertaken by a Chinese company outside China and the largest FDI into South Africa. As such, it was seen as a representation of a powerful endorsement of the strength of South Africa's banking industry and the quality of its regulatory framework, as well as of Standard Bank's position on the African continent (Standard Bank, 2008: 21). Maree's motivation to consider doing the transaction was that Standard Bank's prominent position on the African continent could be threatened by a competitor that could secure a large investor as a backer (Richard Stovin-Bradford, 2007: 1). Maree looked not only at the association with the ICBC, but the political implications associated with China's stature as the world's second biggest economy after the US (Klein, 2009: 4).

The new dimension of the Africa expansion strategy

The ICBC transaction helped Standard Bank advance its Africa expansion strategy in several ways, two of which are salient for this study: capital investment for growing the bank's exposure further, and co-financing of trade and investment deals on the continent. According to the banking expert interviewed, this cooperation was carefully governed and there were ongoing interactions between the two banks to ensure alignment of efforts in areas of greatest salience. The ICBC also participated in lending deals on the continent on its own from time to time. The banking expert observed:

[46] In 2007, 2.72 million corporate banking customers and 170 million personal banking customers (ICBC, 2008: 1).
[47] ICBC described its partnership with Standard Bank as good for its international expansion global diversification strategy, and it expected its acquired stake to be profitable (ICBC, 2008: 117).

> On balance, the Standard Bank-ICBC relationship can be said to [have been] more collaborative than competitive (Banking expert interview, 12 January 2021).

The first area of collaboration concerns the investment of capital for, among other projects, the growth of Standard Bank's market share in Africa. Of the R15.9 billion capital freely available for investment: R2.9 billion was invested to support accelerated growth in existing markets, including building a critical mass of customers in key markets such as Kenya, Ghana and Angola; R2.6 billion was invested in South Africa for corporate asset growth and to meet Basel II capital requirements;[48] R1.9 billion was invested in international organic growth and consideration of a branch in India; R1.3 billion was invested in the newly established Global Resource Fund; another R1.3 billion went to the bank's global equities initiatives. The balance of R5.9 billion was reserved for future growth opportunities (Standard Bank 2008: 9). In respect of the second area of collaboration between the two banks, in 2009, the Standard Bank Advisory China Limited unit was established. Located in Beijing, but operationally reporting to London, and strategically directed from the head office in Johannesburg, its task was to facilitate and advise on transactions. In its first year of operation, the advisory unit concluded transactions in South Africa, Botswana, Zambia and Ghana on behalf of other divisions of the Standard Bank Group and ICBC. The advisory unit also signed a number of cooperation agreements with the ICBC and raised over US$5 billion to fund infrastructure projects in Africa (Steyn and Antonie, 2012: 227).

There are many examples of co-financing public infrastructure, private investment and trade deals between ICBC and Standard Bank in Africa. Some of these deals were facilitated after the launch of the advisory unit. One instance is the US$1.6 billion expansion of the Morupule B power station project, driven by the Botswana Power Corporation (Standard Bank, 2010). China National Electric Equipment Corporation, one of the ICBC's corporate clients, was awarded a US$970 million contract to supply and build a significant portion of the power station (Standard Bank, 2010: 7). The transaction served to highlight the bank's competitive advantages: by combining the ICBC's large balance sheet and client network in China with

[48] Basel indicates capital reserves that internationally active banks were required to preserve to mitigate liquidity risks and the banking crises. The Basel requirements are regularly revised and published by the Committee on Banking Supervision and published by the Bank for International Settlements (Committee on Banking Supervision, 2006 and 2017).

Standard Bank's project finance expertise in Africa, treasury capacity in London and local market knowledge, the banks were able to conclude this major transaction. (Standard Bank, 2010: 56).

In another deal, Standard Bank and the ICBC were mandated to arrange a US$825 million loan for 20 years, guaranteed by the Botswana government, and a US$140 million bridging finance facility and currency and interest rate hedging solutions (Standard Bank, 2010: 7). In yet more examples: Ghana, Standard Bank and ICBC completed a US$15 million cocoa financing transaction, the largest soft commodity deal in Africa; and in South Africa, Standard Bank signed a R20 billion funding support agreement for renewable energy projects. In terms of the agreement, the ICBC was to co-lend in renewable energy projects (Standard Bank, 2013: 15). In Kenya and Zimbabwe, the two banks jointly financed the construction of power plants (Standard Bank, 2015: 40). The partnership, therefore, improved the bank's geographic expansion and product diversification in Africa (Kamhunga, 2010a: 11). It also raised the prospects of China being both a competitor and a collaborator with South Africa in Africa (Cornelissen, 2013: 603).

An example of Standard Bank's professed contribution to supporting new trade and project finance lending in sub-Saharan Africa was the role it played as joint bookrunner on the first Eurobond from an East African issuer, either sovereign or corporate, in a US$300 million five-year deal from Kenya's PTA Bank (also known as The Eastern and Southern African Trade and Development Bank) Standard Bank, 2012: 60). In 2011, the Standard Bank's CIB teams in London and Johannesburg facilitated the acquisition of a 25 percent stake in Shanduka, a diversified South African investment company with interests in mining, by China Investment Corporation, a sovereign wealth fund (England, 2011). They also facilitated the sale of Metorex, a South African mining company, to Jinchuan Group, China's state-owned mining company. These deals were made possible, in part, because Standard Bank was also the ICBC's largest precious metals trading counterparty in Africa (Standard Bank, 2012: 60).

Other joint financing projects concluded in 2015 included: a debt financing agreement with a consortium of Kenyan investors for rebuilding the 1 000-megawatt Amu coal-fired power station; the appointment of Standard Bank by ICBC to sell its first rand-denominated debt, estimated at R10 billion, the proceeds of which were meant to fund infrastructure in South Africa; and joint funding of a US$600 million syndicated loan for Kenya's National Treasury to fund infrastructure development projects (Standard Bank, 2016: 47). More similar co-financing deals were struck: in the two years between 2016 and 2018, for example, the two banks concluded 13 client-lending deals (Standard Bank, 2018: 64). In total, since 2008, shortly after ICBC bought into Standard Bank, they jointly funded about 40 projects with a total cost of US$8.5 billion. These projects enabled leveraged investment of more than US$30 billion in Africa (Standard Bank, 2019a: 47).

Theme 7: The entry of ICBC into Africa through Standard Bank evolved into 'collaborative competition', as Standard Bank regarded the arrangement as key to thwarting potential competition from other larger banks, even as the partnership with the Chinese bank was, in effect, an introduction of a large financial institution into Standard Bank's backyard.

5.4 Conclusion

The chapter has shown that Standard Bank's expansion strategies, dating back to the colonial era, have been multi-faceted. What emerged from the data presented in this chapter is a picture of an institution steeped in dynamism and continuous corporate and political adaptation to the changing domestic and international environments. The changes to which Standard Bank had to adjust while it simultaneously sought to change cut across political and market dynamics. Although seven key expansion themes were extracted from the discussion, there are two over-arching themes that have shown consistency in the colonial and the post-apartheid periods: the bank's continuous adaptation to new jurisdictions over time, and the its concerted attempts to influence the environment in which it operates to suit its overall goal to grow market share. The success that the bank has realised by growing its asset base (as shown in Figure 5 and Figure 5.1) during the period under investigation is indicative of its cross-border organisational power. The political power that Standard Bank accumulated and exercised through its growth strategies, including its commercial diplomacy, is manifest in the following key findings of this chapter:

First, the bank kept track of the domestic and international political trends and sought to position its expansion strategies in ways that would help it grow market share.

Second, Standard Bank became an influential player in the liberalisation process, by: advising African governments on economic structural adjustments, which led to the privatisation of state-owned banks and other state-owned companies; purchasing some of the banks, as part of its market entry expansion strategy of acquisition. Standard Bank was both the beneficiary and the accelerator of liberal reforms. As a beneficiary, it bought government-held stakes in banks in several African countries, as part of its strategy of growth through acquisition. As an accelerator, it provided advisory and banking services to facilitate privatisation.

Third, the bank's power extended from being able to adapt to different environments to seeking to influence those environments at the same time. It did so in ways that sought to impose a level of standardisation of services and offerings across borders on the continent. Far from being influenced exclusively by its home country, the bank's multinational footprint meant it had multiple influences beyond its home country. The ability to execute some growth strategies first in some host countries, before replicating them in others, illustrates this.

Fourth, the bank made the facilitation of cross-border investment and trade flows within the continent a demonstrable mission. Therefore, the bank has played a strong role in economic integration on the continent.

Fifth, by targeting MNCs, particularly South African ones, as clients and funding their investment and trade requirement needs, Standard Bank has participated in the process of integrating the South African economy with that of the rest of the continent.

Sixth, as a creator of credit, the bank provided capital for development. The provision of infrastructure finance on a continent with infrastructural deficits could not be more developmental. Standard Bank helped enhance the continent's capital markets.

Seventh, by providing advisory services to MNCs and governments, the bank has played a role as a path-finder of collaboration between governments and investors – all the while earning handsome revenues and gaining invaluable experience across multiple jurisdictions. It is this experience that it harnesses to help both continental and global investors seeking to invest in Africa or to spread into the rest of the continent or out of it.

The eighth finding is that the bank also facilitated globalisation, particularly in terms of its mission to integrate Africa into the global economy after apartheid. This it did by financing the internationalisation of South African companies.

Lastly, the bank demonstrated an ability to forge a simultaneously collaborative and competitive partnership with the ICBC to jointly finance trade and investment in Africa, as part of its Africa expansion plans. In this case, Standard Bank served as a vehicle for the transmission of capital into South Africa and the rest of the continent.

CHAPTER SIX: SHOPRITE'S EXPANSION STRATEGIES

6.1 Introduction

The end of apartheid paved the way for Shoprite to grow as a multinational company with sprawling investments in a number of countries in Africa. The growth to a total of 15 countries by 2020 was a function of strategies that are the subject of this study. This chapter answers the research question stated in section 1.7: What were Shoprite's post-apartheid expansion strategies? The relevant data on the expansion strategies to 2020 is presented and salient themes are extracted from these strategies for juxtapositioning with South Africa's foreign policies in the next chapter.

At the outset, the discussion sets out the historical context of Shoprite's foundation and domestic expansion, leading to its expansion from its home country. An account is given of the geographic extent of its post-apartheid expansion, as well as the attendant returns in revenue and asset growth. With the context in place, the next section is a presentation and analysis of Shoprite's expansion strategies.

6.2 Historical context

For analytical purposes, the exposition of Shoprite's growth is divided into two phases. The first is Shoprite's domestic growth period from 1979 to 1995, which was during the apartheid period and in the immediate aftermath of apartheid ending. The second is the post-apartheid period during which, the group established a vast presence in other African countries, while at the same time driving domestic growth. The discussion of the group's history in terms of two distinct epochs set the basis for analysing Shoprite's expansion strategies.

6.2.1 Shoprite's domestic expansion: 1979 to 1994

The Shoprite Group was launched at the height of apartheid in 1979, with the Christo Wiese-controlled Pep Group's (Pepgro) acquisition of eight Cape Town-based supermarkets from the family of entrepreneur Barney Rugut for a total of R1 million.[49] In 1981, Wiese became chairman of Shoprite, a position he would hold until 2020 (Shoprite, 2020: 24). The group grew within South Africa during the apartheid period, starting from the Western Cape and moving northwards. Its methods of growth were acquisition and greenfield investment in supermarkets. In 1983, Shoprite opened its first branch outside the Western Cape, in the Northern Cape town of Upington. At the end of that year, it opened its 21st outlet in Worcester, in the Western Cape. In 1984, the group fast-tracked its growth by acquiring six food stores from the Ackermann family (Kaplan and Robertson, 1986: 24).[50] In 1986, at the height of the state of emergency in South Africa, Shoprite expanded to the Free State province of South Africa, opening a store in Bloemfontein. In the same year it was listed on the JSE, with a market capitalisation of R29 million. It then owned 33 outlets. In 1988, the group ventured over the Vaal River and opened two stores in the former Transvaal province, the first of which was situated in Polokwane.

In 1990, as seismic political change took place in South Africa, with the release of political prisoners, the group acquired control of retailer Grand Bazaars[51] in South Africa, with its 27 stores, and increased its total outlets to 72. In 1991, Shoprite further asserted its retail dominance when it acquired a chain of 169 Checkers stores (Shoprite, 2004: 4). Food retailer Checkers was established in 1955 and grew into a nation-wide institution by the 1960s, under the managing directorship of Raymond Ackerman.[52] At the time of its acquisition by Shoprite, Checkers was owned by Tradegro, a group that included wholesaler Metro Cash & Carry, and which was controlled by Sankorp, an investment arm of life assurer Sanlam (Strydom, 2019: 86). Therefore, it could be said that Checkers' foundation was a direct result of Afrikaner entrepreneurship and capital under apartheid. Sanlam's success, for instance, was heavily

[49] Pepgro, a diversified retail company, was the holding company of Shoprite, which was controlled by the Wiese family. When Shoprite was listed separately, Pepgro (later Pepkor), the owner of Pep Stores and Ackermann's (among others), continued to exist separately under Wiese's control.
[50] Ackerman's, a clothing retailer, was founded in 1921 by the Ackerman family, which also established Pick n Pay (primarily a food retailer) (Kaplan and Robertson, 1986: 24).
[51] O.K. Bazaars is a mixed merchandise retail chain that was established in 1927 by Michael Miller and Sam Cohen. It was subsequently acquired by South African Breweries (Kaplan and Robertson, 1986: 325).
[52] Raymond Ackerman bought and grew the Pick n Pay brand after his removal as managing director of Checkers in 1966 by the Greatermans Group, which owned the retailer at that time. His father, Gustave Ackerman, established the first Ackermann's store in Cape Town in 1916 (Kaplan and Robertson, 1986: 308).

influenced by the ethos of the Broederbond, a secret group whose mission was to advance Afrikaner interests, including in trade and industry (Wilkins and Strydom, 2012: 428).[53]

Following the acquisition of Checkers, Shoprite grew to 241 outlets (Shoprite, 2004: 4). Remarkably, the acquisitions that put Wiese's Shoprite on a growth path domestically occurred at a time when South Africa was experiencing political turmoil. No less significantly, just a little more than three decades earlier, in 1955, when Checkers was founded, South Africa had been in the grip of nation-wide protests under the rubric of defiance campaigns against increasingly restrictive segregation policies. In response to capital flight that was precipitated by anti-apartheid protests, the government imposed foreign exchange restrictions. The consequence of this, as recorded by Strydom (2019: 87), was that large conglomerates in South Africa became larger, as they were not permitted to look abroad for acquisition opportunities; rather, they had to buy companies in their own backyard. This changed with the advent of democracy in 1994 and Shoprite was among the companies that looked for external opportunities.

6.2.2 Post-apartheid expansion: venturing out of South Africa

In 1994, Shoprite's only presence outside South Africa was in Namibia, where it had ventured in 1990.[54] Namibia was a former German colony and an appendage of South Africa until it gained independence in 1993. According to the senior Shoprite executive interviewed for the study, expansion into Namibia was not regarded as venturing out of South Africa, as it was seen as part of South Africa (Shoprite senior executive Interview, 8 April 2021).

Long shackled by apartheid sanctions that made expansion outside the country nearly impossible amid international political, diplomatic, economic boycotts of South Africa and capital controls, Shoprite began to plan northward expansion in 1995. The end of apartheid gave Shoprite chairman, Christo Wiese, and managing director, Whitey Basson,[55] reason to be

[53] The Afrikaners are South Africans of predominantly Dutch ancestry.
[54] Shortly after Shoprite acquired Checkers, the company's name was changed to Shoprite Checkers, but the two brands were later separated and the group reverted to Shoprite Holdings (abbreviated to Shoprite in this study), with brands such as Checkers falling under it.
[55] Basson would later hold the title of Chief Executive Officer of the group.

upbeat about future expansion in South Africa and the rest of the continent. Writing jointly in the company's 1995 Annual Report, they stated:

> We are optimistic not only about South Africa, but also about the African continent, which is awakening as a force in the world economy, in which we intend to play an active part. Our investment in neighbouring countries will assist in stimulating their economies and ultimately help reduce illegal immigration across our borders, which places pressure on our country, its economy and resources. We regard this venture as an excellent investment opportunity offering great benefits in terms of the exports and revenues, both for our organization and our country (Shoprite Checkers, 1995: 4).

6.3 The Africa expansion strategies

Following on the optimism they had expressed on taking Shoprite across South Africa's borders, Wiese and Basson led the expansion using a variety of strategies. The extent of the expansion that had occurred by 2020 is shown in Table 6.1. The Shoprite group selected its various brands to expand across jurisdictions, depending on its assessment of business objectives, risks and opportunities. The Shoprite senior executive explained how investment decisions were made:

> Well, the strategy was, first of all, we looked at various countries. We obviously looked at GDP. We looked at the level of consumer spending, we looked at what potential opposition [competition] there was, [and] we looked at the legal frameworks at customs rules and regulations. And based on that, [and] add on the availability of some of the infrastructure that was required ... And based on that analysis, we decided where to go (Shoprite senior executive, 8 April 2021).

What follows is an analysis of the strategies to, resulting in the Shoprite group's share of revenue and asset base to increase. Figure 6.1 and Figure 6.2 show Shoprite's distribution of assets between South Africa and the rest of Africa over time, while Figure 6 and Figure 6.3 show distribution of revenue sources. The salient aspects of the strategies are discussed, and the themes derived that summarise the essence of these strategies are stated. As shown in Table 6, the analysis yielded seven condensed themes.

6.3.1 First expansion strategy: Acquisitions to grow market share

The acquisition strategy was implemented in Zambia, Madagascar, Egypt and Tanzania. Zambia was Shoprite's first host country when it began its northward expansion in 1995 with the acquisition of state-owned OK Bazaars (Shoprite, 1997: 7, 9). According to the senior Shoprite executive interviewed, the company specifically targeted Zambia for expansion, because it knew of the physical infrastructure of OK Bazaars stores, a retailer once owned by South African Breweries that had been nationalised (Shoprite senior executive interview, 8 April 2021). The nationalisation was part of the wide-ranging state-centric economic policy reforms implemented by Zambia's President Kenneth Kaunda in 1968 (Thomas, 1968). Under state control, OK Bazaars stores had become operationally dysfunctional, with no modern retailing taking place, which made it an easy target for acquisition under the new Zambian policy of liberalisation (Shoprite senior executive interview, 8 April 2021). Not only were the target countries for growth welcoming to liberalisation; Shoprite's own ability to transfer funds to close acquisition deals in foreign territories was also directly linked to liberalisation in its home country, particularly the liberalisation of exchange controls (Shoprite senior executive, 8 April 2021).

In 2002, Shoprite acquired 100 percent of the share capital of Shoprite Madagascar S.A and 100 percent of the share capital of Score Supermarkets (Tanzania) Ltd. In some cases, acquisitions were executed to give the Shoprite group controlling ownership where it had not obtained it. For example, in 2002 the group acquired a further 30 percent of the share capital of Shoprite Egypt for Internal Trade, to bring the group's total holding in the company to 100 percent (Shoprite, 2003: 54). Shoprite had first expanded to Egypt in 2000 in a joint venture with the Egypt-Kuwaiti Holding Company to look for opportunities in Egypt and the Middle East (Shoprite, 2001: 8).

6.3.2 Second strategy: Greenfield expansion

Investing in the building of new retail outlets was executed through the Shoprite Checkers Property (SCP) division – Shoprite's wholly-owned property development subsidiary – through what the company termed market-research-led growth, which meant that there had to be a potential market before expansion was embarked on in new host states (Shoprite, 2004: 12). The group's African properties were by-and-large self-developed and owned. The SCP division sought appropriate locations and negotiated the proprietary rights to the prospective development sites. It appointed the contracting team and oversaw construction (Shoprite, 2004: 12).

Table 6: Shoprite's expansion strategy themes

1	*Enabled by liberalisation in both domestic and host markets, Shoprite pursued expansion through acquisitions, greenfield and organic growth strategies.*
2	*An integrated organisational system provided Shoprite with direct control of its entire value chain across borders – from sourcing to retail – all managed from South Africa.*
3	*An international trader that created markets for products, Shoprite was aligned with international market dynamics and evolving government policies of continental integration into which it practically contributed and from which it sought to benefit*.
4	*The company's translation of government's political objectives into business imperatives influenced Shoprite's belief in it being politically correct to pursue expansion in Africa. In so doing, Shoprite also conflated the symbolism of colonial conquest that Rhodes represented and the ideals of African Renaissance that sought to undo the negative aspects of colonialism*.
5	*Shoprite's status as a MNC gave it the advantage of cross-border learning and replication, as it took what it considered best practice from one part of the continent and implementing it in another.*
6	*In managing unique-country market and regulatory dynamics Shoprite required the assistance by host government regulators and business partners as expansions were executed where the environment allowed this, and divestment became the strategy when the challenges proved insurmountable.*
7	*Political consent at the highest level in the host government preceded cross-border investment, as Shoprite engaged in corporate diplomacy, using its experience in one jurisdiction to enter another.*

Source: Author

Where the group started greenfield operations, it regarded itself as a pioneer that established first-hand consumer preferences in particular countries, learnt to obtain suitable sites, determined required supply lines and sourced products locally (Shoprite, 2005: 9).
The absence of formal retail infrastructure in most African markets initially hindered the group’s ability to duplicate its domestic strategy of growth through acquisition. Yet, this challenge came with the benefit of giving the group first-mover advantage. With the opening of its first few stores, the benefits of comprehensive supermarkets were soon realised - a boon that resulted in the expansion programmes being easier to implement in each new country (Shoprite, 2001: 8). Shoprite was prepared to invest in establishing retail outlets where none had previously existed. By 2003, the group had invested more than R500 million in its operations outside of South Africa, mainly in acquiring and developing prime retail space where none was available before (Shoprite, 2003: 9). Being first to expand in Africa’s attractive economies – i.e., in resource-rich countries like Angola and Mozambique – was an integral part of Shoprite’s strategy (Games, 2009: 13). Among the factors considered in this strategy was that the home country market was over-traded relative other parts of the continent, according to Whitey Basson (Lipson, 2002: 1).

6.3.3 Third Strategy: Expansion through collaborations

Prior to the outright acquisition of the Egyptian business, Shoprite had entered Egypt through a partnership. The local partners initially held a 30 percent share in the business and provided Shoprite with a strong local knowledge base (Shoprite, 2002: 10). In Uganda, Shoprite executed a joint development project with South African retailer and competitor, Massmart, by developing a property in which they shared occupation (Shoprite, 2004: 24).

Local listing was one of the ways the group entrenched itself in some markets. For example, the secondary listing of its shares on the stock exchanges of Namibia and Zambia enabled local communities to participate in the wealth the group created (Shoprite, 2003: 8). This was in addition to serving the standard purpose of listing: to raise capital for business growth.

6.3.4 Fourth strategy: Organic growth expansion

To leverage on the first-mover advantage, Shoprite executed a strategy that sought to achieve critical mass in terms of the number of stores in countries where it already had a foothold (Shoprite, 2010: 9). This was the stage at which the company had to execute an organic growth strategy. Consequently, the group had to review its investments in, among other things, extensive additions to its logistics infrastructure, information technology systems, workforce-management structure and store-expansion programme (Shoprite, 2010: 11). Shoprite focused on the growth potential of operations and whether or not it could accommodate enough stores to give it a dominant position and provide economies of scale, including marketing and the provisioning of stores from its own distribution centres (Shoprite, 2014: 12). Africa’s population (more than 900 million) and its resource-rich geology made it an economic opportunity for the future (Okonjo-Iweala, 2010) and presented opportunities in retail (Shoprite, 2010: 8; Shoprite, 2015: 11).

Theme 1: Enabled by liberalisation in both domestic and host markets, Shoprite pursued expansion through acquisitions, greenfield and organic growth strategies.

6.3.5 Fifth strategy: Control of value chain

Early on, Shoprite built its competitive advantage in South Africa and extended it to other markets by owning the value chain – from product source to retail outlets. This took several major innovations: continuous investment in the development of information technology (IT) systems; cultivating global sourcing networks; developing logistical distribution facilities; and supporting new suppliers. This section discusses the major aspects of Shoprite’s strategy to own the value chain across borders: distribution, logistics and IT infrastructure; and the creation of a dependable and growing list of suppliers.

Distribution of goods

In 1994, with fresh prospects for outward expansion, the Shoprite group decided that it could only derive maximum efficiency from the supply chain if it controlled every stage of the process (Shoprite, 2011: 16). So, the group invested in the efficiency of the distribution system that it controlled - a strategic move that gave it an advantage over competitors who used third-party distribution agencies (Shoprite, 1998:6). By 2003, the group actively controlled the distribution of products from the time of manufacture to the point at which the customer purchased the item from the shelf at retail outlets. Shoprite moved away from the inefficient direct-to-store-delivery mechanism used by traditional retailers and, to accommodate the movement and volume of products, the company established some of the largest distribution facilities in Africa.

With more than 220 000m^2 of distribution space, the 50 000m^2 centre in Cape Town and the 65 000m^2 centre in Centurion, Gauteng are its biggest distribution centres. These state-of-the-art centres provided Shoprite with a distinct advantage in managing the flow of products in a cost-effective manner (Shoprite, 2003: 10). The Shoprite group established the Department of International Trade (DIT) which would prove crucial in the group's mission to become an international trader that exports and imports goods across various jurisdictions (Shoprite, 2012: 14). The group's ability to control almost the entire supply line from producer to consumer enabled it to constantly improve efficiency and reduce costs, thereby remaining competitive while enhancing profits even during challenging trading times. The group strategy required a collaborative approach with suppliers. By the end of the 2013 financial year, Shoprite had 28 distribution centres (Shoprite, 2013: 14). The distribution centres and supply line infrastructure gave Shoprite greater control over its inventory across 15 African countries by 2017 (Shoprite, 2017: 12).

Consistent product quality, availability and competitive prices were key focus areas for Shoprite. To achieve these, it invested in infrastructure to manage distribution in order to allow the exchange of information internally and with suppliers. These investments increased the barriers to entry for competitors, whilst creating a distinct point of differentiation for Shoprite in the marketplace. Investing heavily in infrastructure and technology differentiated Shoprite from those it described as "conventional retailers" that relied on vendors' direct-to-store deliveries. Shoprite's investment in technology and infrastructure also allowed the group to satisfy customer demand, even in the most remote locations in Africa, and the learning curve in managing exports to stores such as Manda Hill in Lusaka, Zambia, provided the company with a competitive advantage (Shoprite, 2003: 10-11.)

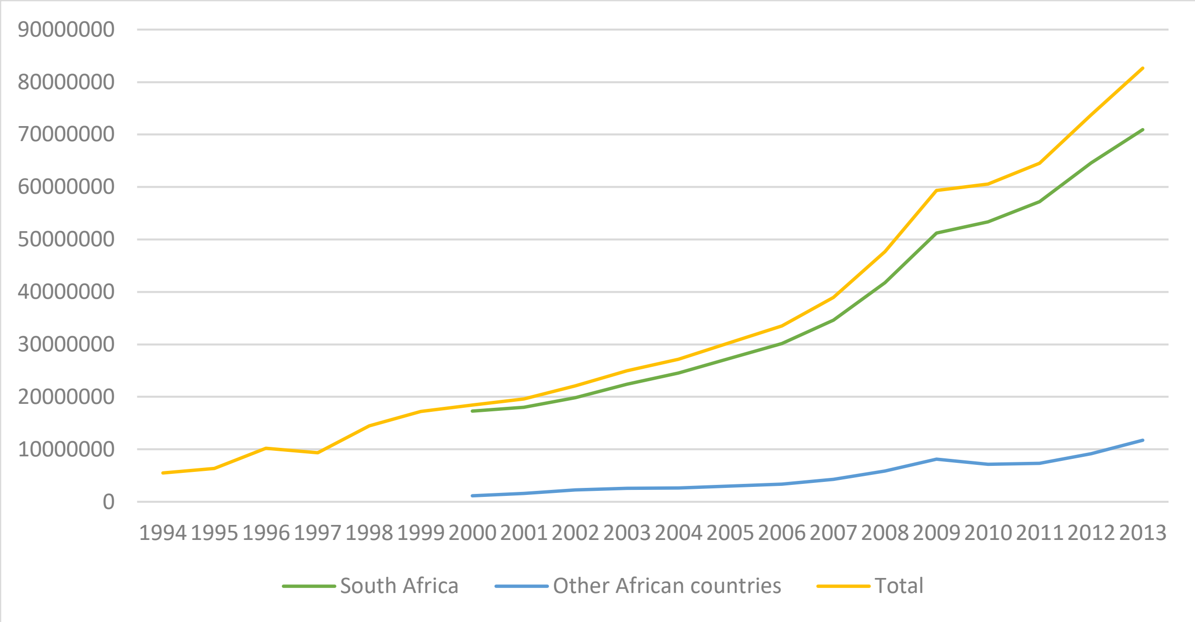
Table 6.1: Shoprite's operations in Africa by 2020

Country	Total Number	Shoprite	Checkers	Checkers Hyper	Usave	OK Furniture	House & Home	Hungry Lion*	Shoprite Liquor	Checkers Liquor	Shoprite Medirite	Checkers Medirite	OK Franchise
Angola	57	22			10	11					14		
Botswana	41	11	1		5	15	1	8					
DRC	1	1											
Eswatini	37	10			6	9		1			3		8
Ghana	6	6											
Kenya	2	2											
Lesotho	25	6			7	8		2	2				
Madagascar	9	9											
Malawi	7	4			3								
Mauritius	2	2											
Mozambique	31	17			3	11					1		
Namibia	158	21	7		29	18	3	18	10	4			48
Nigeria	24	23			1								
South Africa	2513	471	213	37	335	346	50	130	248	176	54	91	362
Uganda	4	4											
Zambia	76	32			1	12		31					

*The 204 Hungry Lion outlets include 151 that were sold on 1 July 2018

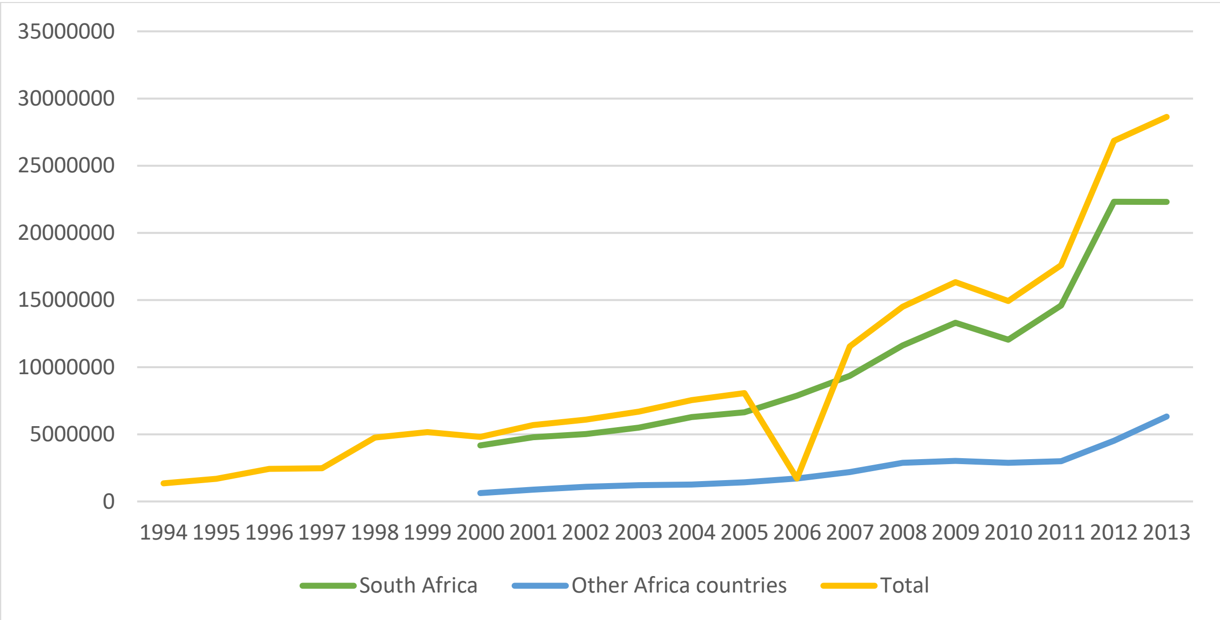
Sources: Shoprite Annual Report 2018 and Shoprite (2020).

Figure 6: Shoprite's revenue sources: 1994-2013 ('000)



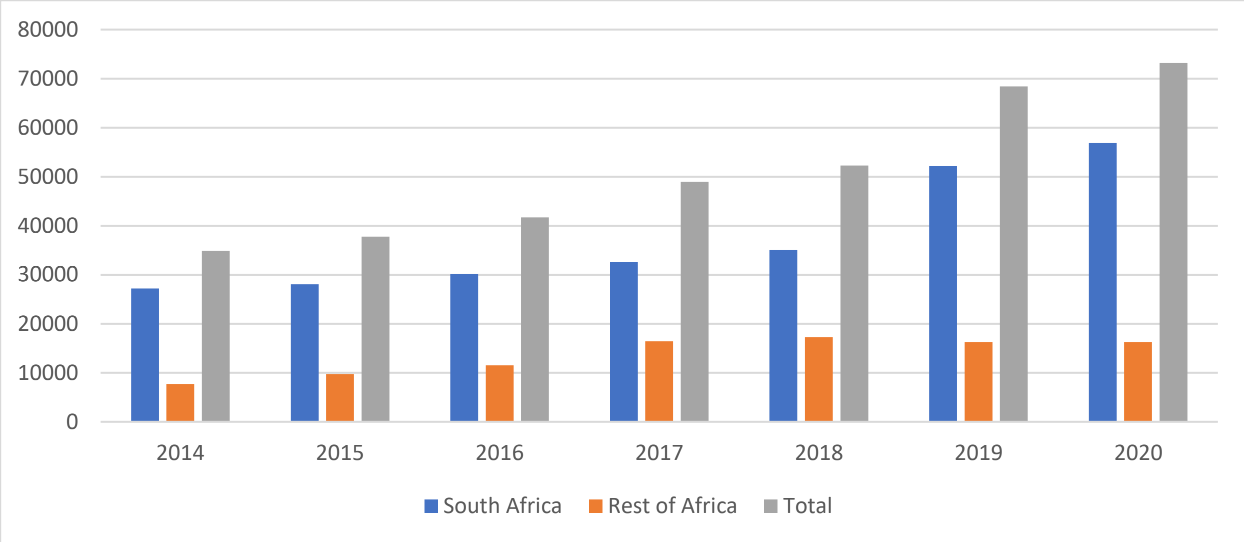
Source: Data extracted from Shoprite annual reports for 1994 to 2013

Figure 6.1: Shoprite's distribution of assets: 1994-2013 ('000)



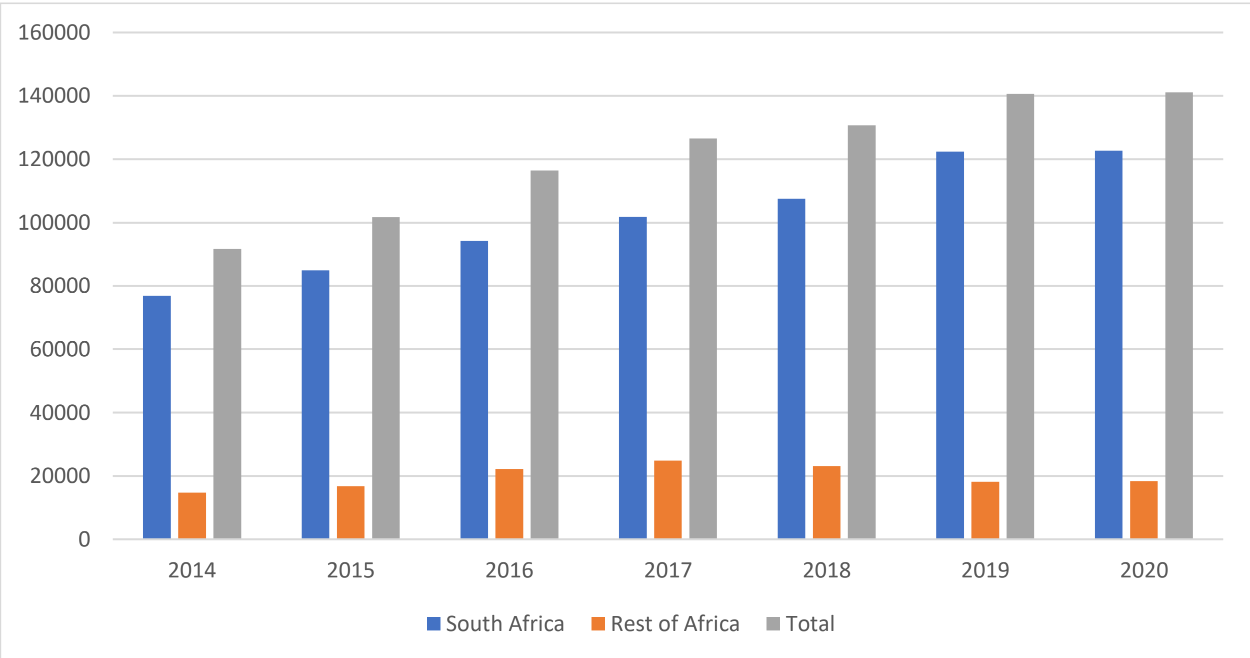
Source: Data extracted from Shoprite annual reports for 1994 to 2013

Figure 6.2: Shoprite's distribution of assets: 2014 to 2020 (Rand million)



Source: Data extracted from Shoprite annual reports for 2014 to 2018 and annual financial statements for 2020

Figure 6.3: Shoprite's revenue sources: 2014 to 2020 (Rand million)



Source: Data extracted from Shoprite Annual Reports for 2014 to 2018 and annual financial statements for 2020

The group's central data-processing facility made it possible to identify the 700 top-selling lines for every outlet, in terms of both product and product size. The facility did this by analysing the sales of other group stores in a specific area and projecting those findings against the backdrop of the demographics and needs of a particular community. To overcome the high cost of replenishing small-format stores directly from source markets outside South Africa, the group developed the principle of feeder stores: when a new supermarket is established, it is linked, under the same roof, to the wholesale division, Megasave. The division utilised the storage space of the supermarket to sell in bulk to informal traders and to provision Usave satellite stores (Shoprite, 2004: 17).

Logistics and Information Technology

As mentioned in section 6.3.2 above, investment in IT was central to enabling the group to implement its strategy to own the entire retail value chain, from product sourcing to retail stores. Soon after it had ventured northwards, Shoprite realised the importance of building infrastructure to support expansion. The acquisition of OK Bazaars (South Africa) in 1997, coupled with increased expansion into the African continent, necessitated the upgrade of the group's IT systems to wireless networks, so that it could automate to fast-track stocking procedures (Shoprite, 2001: 4). Therefore, the group developed an IT system that enabled it to determine the status of product deliveries in Africa, while also facilitating efficient communications with customs authorities. Shoprite also endeavoured to create an IT system that was fully compatible with the South African Revenue Service's (SARS) electronic customs clearing system (Shoprite, 2002: 6).

Communication challenges between the company's headquarters in South Africa and its retail outlets across the continent were resolved by installing Shoprite-controlled satellite link-ups. This investment resulted in streamlined procedures for ordering and stock control. A global tracking system that provided up-to-date information on the whereabouts on all en-route delivery trucks also enabled the group to manage its business in each country efficiently. (Shoprite, 2001: 8-9). Underscoring the significance of controlling the entire value chain in the continent, Shoprite's chairman, Wiese, remarked:

> To overcome the problems of distance and control, we have developed programmes so sophisticated that we know in Cape Town via satellite within minutes of a can of beans or a bag of potatoes being sold in Kampala or Cairo. And we have trained local management to meet the challenges of an often-new trading

> format and to maintain stringent standards even in the most isolated communities (Shoprite, 2005: 9).

Indeed by 2005, the group had integrated all stores on the African continent and those offshore into a single system that collected all the data in a central warehouse for processing. Shoprite had reached a stage at which replenishment was done almost entirely by computer, with the system y doing the reordering, as well as evaluating if the order requested was in line with the sales pattern of the previous period, so as to eliminate over-ordering or under-ordering (Shoprite, 2005: 9).In the financial year ending 2009, the group selected German multination software developer SAP Retail as the preferred merchandising, master data and central stock ledger system, as the group sought to increase merchandising and buying productivity and reduce operational costs. Shoprite selected Telkom to supply intra-business connectivity to all South African stores. Among the benefits that Shoprite expected from these IT investments Shoprite were improved cost efficiency, reliability and performance (Shoprite, 2009: 30). While IT services were procured from third parties, Shoprite also invested in ownership of IT infrastructure to limit dependence on third parties (Shoprite, 2010: 10). Shoprite's investment in IT infrastructure could be interpreted as an indication of the extent to which it valued organisational capacity to support its expansion strategies.

Growing a network of suppliers

Shoprite boasted a growing network of suppliers. The key to the network's usefulness was the extent to which Shoprite could wield control of product availability to its advantage. By 2003, Shoprite's Business-to-Business Exchange system connected all suppliers, branches and buyers on a range of 206 000 stock-keeping units, while processing 8,7 million item orders per month. Stores had full scanning capability. These advances allowed the group to trade in any country, in any currency and in any language, as a retail and wholesale operation from one location. Its African expansion was supported by the ability to trade with or without a telecommunications network (Shoprite, 2003: 11). All the stores were linked by a Shoprite-controlled satellite system to a central database and replenishment system. At an interval of 15 minutes, the group's management were updated about every sale made, regardless of the store's location – be it in Antananarivo or Cairo (Shoprite, 2004: 9). Fundamental to this achievement was the contribution made by the group's Collaborative Planning Forecasting and Replenishment platform, which facilitated the sharing of information with trading partners. The group kept itself abreast of potential legislative changes that might impact on its ability to transport merchandise (Shoprite, 2003: 11).

The geographic spread of the group's operations resulted in highly complex and sophisticated demands being made on its organisational systems. The DIT's main function was to provide the information systems and infrastructure that allowed Shoprite to ensure the efficient replenishment of stores. It processed all transactions and provided management with information to take decisions related to international trade. For example, the DIT developed an application that analysed consumer shopping patterns at an item level per store (Shoprite, 2004: 22). This was an indication of the great lengths at which Shoprite would go to control the value chain from the minute detail of an item at a store to the management of international trade.

The group's suppliers used the Shoprite E-Commerce Exchange for orders, claims and access information on a daily basis. (Shoprite, 2004: 22). The group's infrastructure also assisted small to medium sized suppliers to compete, by having them deliver directly to its distribution centres instead of to individual stores (Shoprite, 2017: 12). Small suppliers were able to invest their capital in production, where their strength was concentrated, instead of capital-intensive transportation and warehousing infrastructure. This not only increased market participation, but enhanced the company's competitiveness, while offering the consumer more choice in terms of locally manufactured products (Shoprite, 2008: 31).

Possessing a sophisticated supply chain, to replenish stores both in South Africa and even in some remote parts on the African continent, was Shoprite's strength. The group worked closely with local and international suppliers to ensure a consistent product flow into its network of distribution centres from where products would be distributed by a fleet of either refrigerated or ambient trucks to stores according to their needs (Shoprite, 2014: 14). As part of the group's strategy to own the value chain, starting from the source, the group also engineered ways to lock suppliers into its system in order to extract cheap supplies of products. For example, to assist suppliers, the group would secure the services of food technologists to advise them on legal, food safety and quality requirements. Through Shoprite's involvement, the suppliers would save costs which directly impacted on the cost price of goods purchased from them. Forming long-term relationships with suppliers was critical, as it ensured a reliable supply of products while trust built up over time (Shoprite, 2014: 25). By the end of the 2017 financial year, Shoprite was working with 16 211 suppliers in South Africa and 7 202 in other African countries. In turn, these suppliers worked with a range of suppliers of their own (Shoprite, 2017: 50).

It is evident from the foregoing that Shoprite's establishment of an expansive organisational system was geared towards securing a standardised level of product availability in supermarkets. Therefore, consistent supply was crucial to the company's operation. The implication was that the company had to exercise power over its network of suppliers and the points of sales in the form of stores.

Local sourcing

Shoprite believed it made business sense to develop local suppliers for a range of items, mainly fresh produce and perishable products. The company developed a policy of sourcing locally, wherever it could (2005: 9). It developed support programmes to help suppliers in South African and other parts of the continent to produce at required standards and volumes to suit its needs. Freshmark, Shoprite's first produce procurer, supported 358 small farmers to produce to the required quality standards for Shoprite outlets. For examples, in partnership with ComMark Trust, a non-profit organisation supported by the United Kingdom Department of Agriculture, Freshmark presented courses on food safety for emerging farmers among its suppliers in KwaZulu-Natal and Swaziland with a view to helping them obtain the Global Good Agricultural Practice (Global GAP) accreditation (Shoprite, 2009). In 2013, Shoprite participated in the Global GAP training programme for quality assurance sourcing of vegetables and livestock products hosted by the Consumer Goods Council of South Africa (CGCSA) (Global GAP, 2013).[56] In 2018, Freshmark initiated a good agricultural practice (GAP)

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[56] Global GAP goes back to 1997, first as an initiative of European retailers belonging to the Euro-Retailer Produce Working Group, who were concerned about improving agricultural product safety. GlobalGAP was established to harmonise standards and certify the quality of products produced and traded globally. Shoprite is a member,

programme for Angola, Botswana, DRC, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Swaziland, Uganda and Zambia (Global GAP, 2018).

An example of a local supplier support was the upgrading of Ugandan coffee producer Zwenzori Coffee. In 2004, Shoprite entered into an agreement with Rwenzori Coffee to sell a range of coffees in the South African supermarkets and, in time, throughout the store network. In the past Rwenzori, like other African coffee producers, sold its production to international processors at a fraction of the final retail price. Initially, the raw beans were roasted, ground and packaged in Cape Town. Shoprite assisted Rwenzori to conduct value-added processing in Uganda itself after the market for its products had been secured (Shoprite, 2004: 9).

Shoprite believed that local sourcing increased economic efficiencies. Better local supply. In addition to the policy to source and procure from local suppliers, it also committed to employing local staff when possible. The aim was to empower suppliers and staff to grow while working closely with local governments to improve trade conditions locally and across borders. These initiatives supported the group's business operations while also facilitating economic growth in general (Shoprite, 2010: 38). Through local sourcing, the group facilitated access by small and medium enterprises (SMEs) to its centralised distribution centres thereby helping them keep production and distribution costs low. It created sustainable paths to markets for SMEs (Shoprite, 2019: 34). Local sourcing was important to ensure freshness of product as it improved shelf life of products. As suppliers include the cost of delivery in the purchase price of products, there was an economic benefit to sourcing products locally. The group's policy was to use local suppliers in preference to international suppliers, unless the local supplier did not underscore its low-price policy. The group operated a combination of

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alongside competitor retailers, Spar, Massmart, Cambridge and Pick n Pay. The Global GAP training of retailer buyers was coordinated by a joint effort of the Food Safety Initiative (FSI), whose role is to provide impartial and objective scientific information on all food safety, nutrition and related regulatory matters associated with the food chain to the South African food industry and the public, to ensure safe and nutritious food (Global GAP, 2013).

national and divisional buying offices, with its divisional procurement systems designed to target local suppliers (Shoprite, 2010: 48).

Shoprite's policy to source locally showed benefits in Zambia, the first host country into which it expanded in 1995. In the case of fresh produce, almost 80 percent of what was sold in its supermarkets in Zambia, for example, was supplied by local growers to the specifications set by the Shoprite group (Shoprite, 2015: 15). By 2020, Shoprite's Zambian stores sourced 100 percent of vegetables locally. When Shoprite first invested in Zambia none of the local fresh produce farmers could produce at the scale and quality required by Shoprite. Shoprite trained local producers until they could meet its requirement (Shoprite senior executive interview, 8 April 2021). However, according to Miller, Saunders and Oloyede (2008: 13), local sourcing was not something Shoprite voluntarily undertook to do. Instead, it was due to demand by local suppliers. In Nigeria the figure was close to 60 percent, while in Angola it was nearing 50 percent by 2012 (Shoprite, 2012: 14). This has led to a decline in the sourcing of goods from South Africa. For example, in Angola, where the group's product range initially consisted of 100 percent of South African goods, by 2014 the percentage had dropped to about 30 percent (Shoprite, 2014: 14). The group's policy to establish and support the local supply industry stimulated local economies and contributed to expanding product ranges for specific domestic needs, while also created loyalty for the Shoprite brand. In addition, it reduced the in-store cost price, which provided a competitive edge over imported equivalents. Examples include locally produced fresh produce and locally sourced wrapping, packing and stationery products (Shoprite, 2002: 10). In Nigeria, Shoprite's business was named the Best Retailer of Local Fruit and Vegetables in 2010 (Shoprite, 2010: 39). Despite this, in April 2020 the group decided to withdraw from Nigeria, citing difficult trading conditions (Shoprite, 2020: 70).

Theme 2: An integrated organisational system provided Shoprite with direct control of its entire value chain across borders – from sourcing to retail – all managed from South Africa.

6.3.6 Sixth strategy: Facilitation of cross-border trade

A few years after it ventured northwards, Shoprite became a major trader, exporting and importing merchandise. The sources of the merchandise and destinations were varied. Some goods were sourced from South African manufacturers and exported to markets across the continent. Some were sourced from other African markets outside South Africa. And Shoprite also engaged in global trade, sourcing products from different parts of the world to satisfy the market it was cultivating in the continent. This section discusses how Shoprite pursued its expansion strategy through intra-Africa trade and inter-continental trade.

Creating markets for South African products

The company became a major exporter of South African products to other African countries. Although Shoprite did not consistently report on its exports from South Africa, some highlights from its annual reports show the extent of its reliance on its home country. For the financial year ending 2002, it distributed more than 6 700 of products from more than 230 South African suppliers (Shoprite, 2002: 6); (Shoprite 2001:8). From 1998 to 2000, it generated merchandise exports to the value of more than R380 million for its 56 outlets outside South Africa (Shoprite, 2000: 5). For the year ending 2003, it exported in excess of R429 million worth of merchandise to its non-South African stores. In total, the value of products that passed through the company's pay points in Africa had exceeded R2 billion by 2003.[57] The northward expansion of Shoprite paid off for South African manufacturers for whom new markets were created (Shoprite, 2003: 8). As stated in the preceding section, to improve supply of products outside South Africa, the group had created a special distribution centre in Centurion, Pretoria, where products for export are licensed by SARS before they are exported (Shoprite, 2008: 21).

Encouragement of local manufacturers was key to the success of Shoprite's operations beyond South Africa's borders. Through the group's expansion programme in Africa, a market was created for more than 270 South African producers and manufacturers (Shoprite, 2001: 8). Shoprite was, therefore, among the retailers that provided logistical infrastructure that enabled South African-manufactured goods to reach distant markets (Hartzenberg and Mathe, 2005: 12, 13). In 2007, many countries on the continent were still at a stage in their development where they had to import most processed food products. Some of the countries had turned to Europe, the Far East and South America to import food through Shoprite as an

[57] Shoprite did not consistently disclose the value and country of origin of products in its annual reports.

international trader whenever South Africa was unable to resolve export bottlenecks. The long-term implication of a shortage of products from South Africa, according to Shoprite (2007: 12) was that South African manufacturers faced the risk that they would struggle to regain space on supermarket shelves once their production problems had been resolved.

The Shoprite's strategy of aiming to own the entire value chain enabled manufacturers to invest in additional capacity knowing they were assured of off-take of certain volumes. Due to its larger home country presence, much of what the group did in social upliftment through supplier development initiatives focused South Africa. However, as the retail business grew elsewhere on the continent, so did Shoprite's involvement in playing a meaningful role in contributing to the wellbeing of the people in the respective countries where it had operations. In host states, the group supported local suppliers, especially small-scale farmers who were key to lowering product costs (Shoprite, 2008: 31). The group dependent on South Africa and, increasingly, from local suppliers in host countries. Shoprite preferred proximity to its supplies ostensibly to save on logistics costs and it reported that it had engagements with South African manufacturers, inviting them to set up production plants in countries where it had operations in the rest of the African continent (Shoprite, 2014: 14). Basson criticised South African manufacturers for being hesitant to set up manufacturing plants on the continent, saying they were too risk averse (Moorad, 2014: 11). This was Shoprite's attempt at investment facilitation strategy, in addition to the trade strategy the company had used to source and supply product from around the world, including South Africa, to host states.

There were advantages to procuring from South Africa, as it helped provide a wider choice of quality products, helped host manufacturing industries upgrade their product ranges to international standards and secured new markets for South African products (Shoprite, 2002: 12). However, there was also a drawback, in that South African manufacturers were not always well disposed to Shoprite's expansion strategies. And, at times, Shoprite considered products from South Africa to be expensive and not cost-competitive (Games 2009: 13), a view that Basson voiced at one point by saying that the group would support South African manufacturers "until it can't afford to" (Thomas, 2011: 61). Therefore, the sourcing of products from South Africa was not unconditional. Shoprite's support of suppliers and its criticism of them could be interpreted as firm-firm bargaining.

Advocating for intra-Africa trade

Shoprite not only carved retail markets in different parts of the African continent; in its 2005 annual report it advocated for the reduction of trade barriers which it believed hamstrung market integration and stifled productivity growth. The group stated that it was only by stimulating trade between themselves that African countries would grow their economies and that only if they followed the example of Europe and created a single trading bloc with uniform import and export requirements would sub-Saharan African economies take off (Shoprite, 2005: 9). In addition, Shoprite officials have lobbied the South African government and host governments to remove onerous regulations, including voluminous customs paperwork that hobbled the ease of movement of goods across borders. The advantage to Shoprite were this to happen would be the growth of its operations (Shoprite senior executive interview, 8 April 2021).

The group applauded the signing a trade deal in 2008 that would make it easier for SADC member countries to export goods at reduced import duty rates between one another. Shoprite also publicly supported continental discussions to reduce trade barriers. The SADC trade agreement had a positive impact on Shoprite's trade between Mozambique, Malawi and Zambia. It levelled the playing fields in that contraband could no longer enjoy a price advantage (Shoprite, 2008: 21). Shoprite had regularly expressed frustration at the slow pace of market integration. Hence the company lauded the stance taken by the South African government, that African countries should work together to reduce intra-continental restrictions to trade and to better coordinate infrastructure development across the region. Shoprite saw the lack of infrastructure as an impediment to growth (Shoprite, 2013: 10).

The potential for intra-African trade was enormous; but it was not growing as a percentage of the continent's overall trade. On the contrary, it was shrinking. According to UNCTAD (2019), and as shown in Figure 4, there was less intra-continental trade in Africa relative to trade with Europe and Asia. Shoprite saw Asia, where half the goods its countries produce are sold on that continent, as an example to aspire to in terms of intra-African trade. Similarly, the EU, where intra-European trade exceeds external trade, was illustrative of the benefits of integrated markets without trade barriers (Eurostat, 2020).[58]

Shoprite regarded intra-continental trade as ideal. Not only could such trade benefit all the countries involved, but in the case of Africa, Shoprite reasoned, it would provide a measure of protection to economic volatility in other parts of the world by, among other potential benefits, increasing the continent's agricultural production and reducing food import dependence. In its 2013 annual report, Shoprite remarked that that it was an embarrassment that on a continent with prime agricultural land, 37 of the 54 countries imported more food than they exported (Shoprite, 2013: 10) and, unlike Europe, no two African countries had the same importation requirements (Shoprite, 2004: 23). Shoprite supported the free-trade pact agreed to between 26 countries on the continent at the summit of the AU held in Johannesburg in 2015. The pact would lead to a common market by creating a "borderless economy" through integrating existing trading blocs and could greatly ease the movement of goods in an area with a combined GDP of $1 trillion. The TFTA could have an enormous impact on the growth of African economies, speed up the movement of goods and thus make trading conditions conducive to Shoprite, the group believed (Shoprite, 2015: 12). Shoprite (2015) cited a Mail & Guardian report on the outcomes of the decision by the African leaders to merge various trading blocs – EAC, SADC, and the COMESA (Donelly and Mataboge, 2015).

The Shoprite group advocated for intra-African trade and practised it. In fact, promoting intra-Africa trade was a key expansion strategy at the outset. Shortly after its first major acquisition in Zambia in 1995, the company decided it would import goods from Zimbabwe and South Africa to complement what was available in Zambia (Shoprite, 1995: 4). Shoprite also struck a supplier deal with Zambeef – a Lusaka and London-listed local meat supplier – to operate all of the group's in-house butcheries. On its own, the deal allowed Zambeef's supplier network to reach Namibia and Tanzania, where it procured beef to replenish Zambia's supply (The Economist, 2013). Shoprite's partnership with Zambeef was extended to Ghana, where the

[58] According to Eurostat, a portal that provides EU trade statistical analysis, Articles 34 to 36 of the EU Treaty that prohibit quantitative restrictions on imports, exports or goods Articles has resulted in intra-European trade exceeding external trade.

company used its successful Zambian model of operating a vertically integrated business (Almas and Obembe, 2014: 114). Where trade flows were abruptly disrupted, as was the case with Nigeria's frequent and sudden import ban on a range of products, Shoprite divested (Shoprite senior executive interview, 8 April 2021).

Shoprite's implementation of its intra-Africa trade strategy was in part influenced by the exchange rate fluctuations of the countries in which it sought to import and export goods and in part influenced by trade policies within the continent. The weakness of the Zimbabwean Dollar, for example, made it necessary for the group to acquire merchandise from local suppliers where it could because doing so would be cheaper than importing. The currency depreciation also encouraged exports of some products from Zimbabwe to Shoprite stores in Zambia and Malawi (Shoprite, 2004: 20). Shoprite even exported Zimbabwe fresh products to South Africa (Shoprite, 2008: 23). Zimbabwe's lack of foreign currency, however, meant that imports were severely restricted while a number of local manufacturers had closed their operations, limiting opportunities for exports to the group's operations elsewhere (Shoprite, 2006: 27).

South Africa's currency movements also influenced the group's trade practices. When the Rand was depreciating against other currencies, South African products became competitive and the group accordingly increased exports from the home market (Shoprite, 2008: 21). For the same reason, the group exported more products from South Africa to Mauritius when the Rand was weak; when the Mauritius Rupee strengthened, goods from South Africa became more competitive (Shoprite, 2009: 22). In some instances, such as in the case of Mozambique, the strengthening of the Rand in relation to the local currency, the Metical, did not stop the exporting of South African products, as the Rand's strength was mitigated by the strong demand for South African products, regardless of the exchange rate-related costs (Shoprite, 2009: 22). The group specifically developed successful trade between Botswana and Zimbabwe, which it said was bolstered by Botswana's prudent economic policies over the years and which largely protected consumers from the 2007/8 global economic crisis and Zimbabwe's hyperinflation. Trade between South Africa and Botswana contributed to the group's good performance in Botswana (Shoprite, 2009: 21).

Logistical challenges to market integration

Chief among Shoprite's concerns about doing business on the African continent was non-tariff intra-continental trade hurdles it anticipated encountering, i.e., non-uniform trading rules, bureaucratic delays among various customs authorities, import restrictions and a lack of infrastructure. The company advocated for economic integration and pointed out the factors that stifled trade. The difficulties in trade did not, however, frustrate Shoprite's ambition to expand.

Shoprite continued to advocate for a dramatic change in the business environment on the continent, as most parts were plagued by widespread, crippling bureaucracy that stunted trade between countries and consequently slowed down economic development. An example of trade blockage that frustrated the business were the delays with large delivery trucks laden with merchandise at border posts - sometimes for weeks and even months, because of red tape (Shoprite, 2010: 9). In 2004, it could still take up to 40 days after an order had been placed by a neighbouring country's outlets for the goods to be loaded in South Africa, as too many different inspection agencies had to approve each shipment (Shoprite, 2004: 11). Shoprite's strategy in response to the challenge was to engage governments to facilitate the flow of trade across borders. Shoprite viewed its role in this regard as path-finding – something that could benefit foreign and domestic companies, as well as increase the wealth of the countries themselves and that of their people (Shoprite, 2010: 9).

Trade barriers continued for 20 years after Shoprite's expansion north of the Limpopo, resulting in the company warning that if the continent's countries did not work together to resolve them, growth would be constrained. In July of 2013 Shoprite applauded remarks by then Public Enterprise Minister Malusi Gigaba urging African countries to work together to reduce intra-continental bureaucratic restrictions to trade and to better coordinate infrastructure development across the region. Lack of infrastructure was indeed a major hindrance to growth (Shoprite, 2013: 10).

Lack of infrastructure nevertheless taught the company to develop self-sufficiency strategies to ensure the efficient operation of stores spread across the continent. The knowledge it acquired in trading under difficult conditions in other parts of the continent could be applied successfully in South Africa (Shoprite, 2014: 11). While the lack of proper transport infrastructure, such as roads and harbours, placed a major constraint on doing business in Africa, by far the biggest restriction was the lack of a reliable and constant electricity supply (Shoprite, 2015: 12). However, the company looked forward to benefitting from the 26-nation free-trade pact meant to create a common market spanning half the continent (Shoprite, 2016: 10). Wiese affirmed his belief in the group's ability to overcome the difficulties and innovate:

> There should be no doubt that there are formidable challenges inherent in trading here. Our experience of almost two decades in Africa, I believe, has also helped us contend with the challenges posed by the present economic environment, for the continent has toughened us and taught us how to trade successfully under often taxing conditions. It has taught management to innovate – if you cannot, you don't survive – and to think creatively. This need to be innovative or go under has created a very special breed of managers at [Shoprite] (Shoprite, 2012: 10).

Some of the difficulties Shoprite faced in various parts of the continent were scarcity of suitable trading premises, volatile currencies, and insistence by some governments that the company's entry into their markets be implemented in partnership with local enterprises (Shoprite, 1999: 7). Lack of infrastructure and private sector involvement in the creation of retail infrastructure were also challenges Shoprite encountered in its expansion (Shoprite, 2000: 5). Shoprite's management mastered the creation of new country infrastructure where it was required (Shoprite, 2002: 7 and 10).

International trade facilitation

With its ability to import and export products between countries and continents at it expanded, Shoprite regarded itself as an international trader of note (Shoprite, 2004: 23). The group's trading infrastructure earned it the title of being the first South African retailer to receive the International Standardisation Organisation (ISO) 9002 accreditation for import and export handling (Shoprite, 2010: 11). As discussed in section 6.4.3, the company had an established DIT and worked closely with shipping agents worldwide. Thousands of containers of imported goods would come into South Africa where the contents would be forwarded in the required quantities to various markets. This made South Africa a distribution node for products destined for other parts of the continent (Shoprite, 2013: 14).

As discussed above, international currency fluctuations influenced intra-African trade, and also influenced the group's inter-continental trade. For example, the weakening of currencies in countries in which the group traded against the Rand led to imports from South Africa becoming more expensive. But the group's DIT was able to source products from abroad for the relevant country's stores, so keeping their prices competitive and assisting the stores to improve margins (Shoprite, 2010: 21). Products not provided from South Africa were sourced mainly from Italy, Brazil and Dubai. The group also used the free harbour facilities in Mauritius to service markets on the African East Coast, where it had representation (Shoprite, 2009: 22). When not in season in South Africa and other African countries, Shoprite imported some fruit varieties from Europe a (Shoprite, 2007: 30).

In 2000, the Shoprite group declared that it had become capable of trading in any country in the world and was therefore able to source merchandise at the most competitive prices globally (Shoprite, 2001: 4). By 2007, the group had a trading relationship with more than 5 000 suppliers around the word who provided in excess of 200 000 product items to its 604 supermarket outlets. The DIT sourced an extensive range of products for importation into South Africa and 16 other African countries (Shoprite, 2007: 33). By 2017, the group had grown its supplier base to 23 000 suppliers in 43 countries. The group, however, continued to prioritise local procurement and sourced 90 percent of all products locally. Imports were, as much as possible, skewed towards African suppliers, from whom the group sourced flowers, coffee, fish, fruit and vegetables (Shoprite, 2017: 32).

As part of Shoprite's replenishment programme, triggered either by currency fluctuation or lack of availability, the group negotiated distribution rights for Southern Africa from France's second largest retail group from which it sourced extensive ranges of groceries, toiletries and household items, as well as a wide selection of French wines, at competitive prices.[59] Harbour

[59] Although Shoprite does not name the retailer, Leclerc Group and Carrefour are two of the largest retailers in France. According to Statista (2020), until January 2017, Carrefour had the largest share of the grocery retail market, at which point Leclerc overtook it to become the largest grocery retailer in France.

facilities in Mauritius were used as a collection point and, from there, Shoprite distributed, according to its requirements, merchandise sourced from all over the world to stores in East and Southern Africa as well as Madagascar (Shoprite, 2004: 11).

In Egypt, merchandise was sourced locally and from the Gulf to ensure products conformed to stringent quality and language clearing requirements (2004: 20). The effects of the Rand's strength, which was to increase in the price of South African exports, were mitigated by the group's import replacement programme, which enabled it to remain price-competitive in different markets. Consequently, the group sourced products from countries in South America, Europe, the Far East and India for its Africa division (Shoprite, 2004: 11). And in Angola, for example, Shoprite's meat was imported from Brazil (Lunche, 2005: 8). Significantly, both Angola and Brazil are former Portuguese colonies, so common cultural tastes could not be ruled out.

Shoprite was, therefore, not different from other retailers that participated in what Mkhabela (2014: 106), citing Friedman (2006) described as the political economy of procurement. Explaining the significance of procurement (supply-chaining), Thomas Friedman, stated:

> To appreciate how supply-chaining has become a source of competitive advantage and profit in a flat world, think about this one fact: Wal-Mart (the US retail MNC) today is the biggest retail company in the world, and it does not make a single thing. All it 'makes' is hyper efficient supply chain (Friedman, 2006: 152).

Part of Shoprite's hyper efficient supply chain was its corporate diplomacy in dealing with suppliers globally. The company's method of engagement with suppliers – firm-firm relations – across the world included direct correspondence, farm and factory visits, market days and supplier electronic platforms. When deciding to source globally and locally it considers risks associated with non-availability of products on its shelves caused by a variety of reasons – from climate change to high demand (Shoprite, 2019: 34). Diversification of product sources served as a risk mitigation measure against product supply disruptions.

Theme 3: An international trader that created markets for products, Shoprite was aligned with international market dynamics and evolving government policies of continental integration into which it practically contributed and from which it sought to benefit.

6.3.7 Seventh strategy: Merging corporate objectives with political developments

Shoprite acknowledged that the socio-economic environment in which it operated was influenced by the fact that it was part of the African continent. The pronouncements made by the company's management in its annual reports suggest it had interest in continental development projects and that it kept track of policy decisions made by African leaders. For example, the company embraced the 'talk' of an African Renaissance and asserted that this came when it had "already" moved into Southern Africa and sought to associate its expansion on the content with the 'talk' (Shoprite, 1998: 5). The company welcomed then Deputy President Thabo Mbeki's call for South Africans to be midwives of the African Renaissance, saying despite economic uncertainties and legitimate concerns regarding corruption as well as political and economic instability, to facilitate growth in Southern Africa, Shoprite contended that it was vital for countries in this region to follow the European example and unite on both political and economic fronts. At that time, in 1999, Shoprite operated 25 supermarkets outside South Africa (Shoprite, 1999: 6). Shoprite stated that its contribution to African economies included creating jobs, tax revenues to host governments, competitive prices of goods, increased retail efficiency and development of infrastructure, all of which had a positive ripple effect in local economies (Shoprite, 2000: 5).

In addition to being infatuated with the call for an African Renaissance, which Shoprite understood to be in line with its expansion strategies, the company also embraced the continental development blueprint, the NEPAD and the idea of the United States of Africa. For Shoprite, NEPAD should have been a powerful instrument to enable and promote intra-African trade for the benefit of the whole continent. (Shoprite, 2004: 11). In a statement emblazoned on the cover of its 2003 Annual Report, formatted in the shape of Africa, Shoprite stated:

> In the spirit of the NEPAD, African countries are nurturing an economic union which will allow Africa to grow to greater self-sufficiency and economic stability.

> Shoprite wants to play a meaningful role in building a United States of Africa, dominated not by foreigners, but African companies (Shoprite, 2003: 01).

Writing in the 2005 Shoprite Annual Report, Wiese reflected on the company's decade-long expansion effort in a way that showed commitment to the continent:

> Over the past ten years the Shoprite Group has become truly African in its nature. We have come to embody the slogan "Proudly South African, proudly African". We are, first and foremost, committed to the well-being of South Africa and its diverse peoples, but we have also become part and parcel of the African continent and the notion of an African Renaissance. When we ventured deeper into sub-Saharan Africa more than a decade ago, we did so at times with more enthusiasm than knowledge. However, this enthusiasm has also carried us through to where we are today, a global food retailer with a presence in more countries in Africa than any other. We are also a lot wiser, much more knowledgeable and far better equipped for the task than ever before (Shoprite, 2005: 9).

Wiese's remarks were echoed by Basso who declared that Africa was the future to which Shoprite was committed (Shoprite, 2016: 14). As Reiner van Rooyen, the former chairman of Pep Stores and a business partner of Wiese once remarked on their attitude to the continent: "We are strong Afro-optimists. We are real *Boere* in that sense" (Planting, 2009: 36).[60]

Despite its commitment to NEPAD and the African Renaissance, Shoprite drew on imagery of market dominance from colonial conquests. The company said the advent of democracy in South Africa and the lifting of political constraints to investment on the continent allowed it to follow Cecil John Rhodes' dream of linking the Cape to Cairo, with Wiese saying that democracy allowed the group to begin "moving steadily into Africa … realising Rhodes' dream of linking the Cape to Cairo and blazing a pioneering trail which others have since followed" (Shoprite, 2004: 11). These sentiments were expressed with seemingly no hint of irony.

Theme 4: The company's translation of government's political objectives into business imperatives influenced Shoprite's belief in it being politically correct to pursue expansion in Africa. In so doing, Shoprite also conflated the symbolism of colonial conquest that Rhodes

[60] Narrowly defined, *Boere* is the Afrikaans word for farmer. But the word is often used, as is the case here, generically to mean Afrikaners or Afrikaans-speaking South Africans.

represented and the ideals of African Renaissance that sought to undo the negative aspects of colonialism.

6.3.8 Eighth strategy: Cross-border learning and replication

From the onset of expansion, Shoprite took lessons from one market where it had successful operations and implemented them in a new one. This strategy appeared to be deeply embedded in the company's operations. As part of continuous innovation, and to prevent complacency, the company established a special unit whose only task was to think afresh; to come up with different ideas and then to test their potential in the market. A successful test in one market would result in replication into another (Shoprite, 2003: 8). By 2012 Shoprite's successes in some parts of the continent had engendered more optimism about the rest of the continent as an investment destitution particularly for greenfield expansion. Basson looked forward to more continental-oriented growth (Thomas, 2012: 40-41). Basson explained how cross-border learning had helped Shoprite to expand northwards:

> If you open a store in Kuruman while living in Cape Town, you've already learned to cross the rivers (Vorster, 2013: 80).[61]

Basson indicated Shoprite's cross-border lessons were also applied in South Africa:

> We have always considered Africa a natural extension of our business in South Africa. What we have learned in our local market we could, to a large extent, apply elsewhere on the continent. In turn, Africa has taught us important lessons we have brought home with great success (Shoprite, 2016: 13).

An earlier example of cross-border learning and replication was the low-cost division, Usave, which was tested in the lower segment of the South African retail market before it was established elsewhere on the continent. After being tested extensively in 2002/3 in South Africa and north of its borders, the new Usave format was rolled out in 2004 to more outlets in South African and other African markets (Shoprite, 2003: 9). As shown in Figure 6, by 2020, there were 65 Usave stores on the continent, excluding South Africa, of which 29 were in

[61] Kuruman is a town in the Northern Cape province of South Africa.

Namibia. The development of new ideas and testing their usefulness in one market before replicating them elsewhere also led to the establishment of the Money Market concept (Shoprite, 2008: 9). The Money Market – which brought together financial services such as buying tickets (bus and flights), mobile airtime, money transfers and making payments for utility accounts – was tried and tested in South Africa. It was then introduced in Zambia, Botswana, Lesotho, Eswatini and Namibia (Shoprite, 2013: 13).

The learning and application extended to the moving of perishable merchandise across borders and development of infrastructure. The challenges of operating on unchartered territory on the continent bred a new generation of Shoprite retailers who learnt their trade in an environment in which they had to be resourceful to survive. This knowledge acquired in other Africa operations could be successfully applied in South Africa (Shoprite, 2014: 11). Hungry Lion, the fast-food outlet, for example, was first piloted simultaneously in Stellenbosch, in the Western Cape, and in Zambia before it was established in other parts of the continent including more areas in South Africa (Shoprite, 1997: 5). As in Figure 6, by 2020, there were 60 Hungry Lion outlets in other parts of the continent excluding South Africa.

The replication strategy was also applied in relation to the development of efficient supply chains that includes the development logistics infrastructure and warehousing. The company sought to “transplant” its supply chain expertise into non-South Africa regions, with the acquisition of land for an additional distribution centre in Angola and the Port Harport development in Nigeria (Shoprite, 2018: 27). In corporate diplomacy, cross-border replication was applied. Following the successful establishment of Shoprite in Mozambique, Wiese and Basson met with President José Eduardo Do Santos of Angola to seek market entry. They used their experience in Mozambique to pave way for Shoprite in a new jurisdiction. The Shoprite senior executive interviewed explained:

> We told [President Dos Santos] what we were doing in Mozambique and his reply was that, why don’t you come and do the same thing in my country – building shopping centres … Then we said, well that’s what we are here for to ask whether you would be happy for us to come to your country. He said of course. And it still took three years to get through all the red tape before we could open the first shop (Shoprite senior executive interview, 8 April 2021).

Cross-border learning applied to deployment and training of personnel to execute overall growth strategy**.** From inception, Shoprite's technostructure – the autonomous decision-making structure of large corporations – was presided over by Basson and Wiese.[62] In 2000, Shoprite set up an organisational structure that had a specific focus on Africa, with two divisions – sub-Saharan Africa and North Africa (Shoprite, 2001: 1). The purpose of the structure was to enhance the company's capacity to expand operations in Africa. Stores on the continent were staffed and managed by locals, which was achieved through extensive skills transfer and ongoing training (Shoprite, 2004: 9). The group further trained its management to achieve its continental expansion objectives, and training and mentoring occurred throughout the group (Shoprite, 2001: 5). By 2008, Shoprite's expansion team was under the leadership of three general managers: Gerhard Fritz led Africa; Ram Harisunker led Mozambique, Indian Ocean Islands and India; and Paul Malan led Angola and Namibia (Shoprite, 2008: 21). The training of recruits was conducted across borders to create what the group termed "multi-African" staff members. For example, a Zambian manager, who trained in South Africa could later be posted in Nigeria where they would be helping to spread skills and knowledge (Shoprite, 2010; 9). In the Kinshasa store, which opened in 2012, Shoprite employed more than 200 local people among whom 25 were Congolese recruited and trained in South Africa before they returned to Kinshasa to take up their new positions (Shoprite, 2012: 14). The strategy of was also executed in Ghana and Angola where citizens from these countries who were resident in South Africa were recruited, trained and posted to their home countries in Shoprite operations (Shoprite senior executive interview, 8 April 2021).

Training programmes for staff were also offered in Portuguese and French by presenters who travelled the continent specifically for this purpose. Alternatively, non-RSA staff were either posted to South Africa or Zambia, where the group was well-established, enabling learning (Shoprite, 2009: 34). Although stores were largely run by recruits from host communities, it is clear from Shoprite's explanation that the group's strategic thrust was directed by South Africans at the high level, at the company's headquarters in the Western Cape, which included the board which had no representation from other parts of the continent.

[62] The concept 'technostructure' was developed by the economist Galbraith (2007: 88) to denote the leadership group of a highly organised company.

Theme 5: Shoprite's status as a MNC gave it the advantage of cross-border learning and replication, as it took what it considered best practice from one part of the continent and implementing it in another.

6.3.9 Ninth strategy: Adapting to unique host-country dynamics

Shoprite's expansion strategy was executed with an understanding that Africa was not a monolithic market. Although the company moved rapidly into new African markets, its management realised that financial success would not follow quickly, as this would require deeper insight into the workings of the continent, a process that was, according to the group, slow and difficult due in part to onerous laws, poor supply chain infrastructure and fewer shopping centres (Shevel, 2014: 5). The company confirmed through experience the variegated collection of cultures and customs in different countries, each with its own set of trading rules, import requirements and property laws. Operating successfully in one country, the company found out, did not assure it of trading successfully in another (Shoprite, 2005: 9). There were advantages to operating in a number of markets, as Shoprite was largely buffered against the fall-out from an economic downswing in the first two decades of its expansion, during which time it was gaining experience (Shoprite, 2012: 14). Therefore, jurisdiction-based risk mitigation was embedded in the expansion strategy.

It is worth mentioning a few examples of how the Shoprite group traversed unique-country environments in different periods while executing its expansion programme. In Botswana, the group was successful thanks to the country's prudent macro-economic policies. Shoprite's facilitation of trade between Botswana and Zimbabwe also proved worthwhile, as the group continued to expand its market share on the continent (Shoprite, 2008: 21). Shoprite also believed that the greatest potential for future growth on the continent existed in commodity-rich countries (Shoprite, 2010: 21). The group was convinced that oil-rich economies presented immense opportunities (Shoprite, 2014: 14), so it deliberately targeted oil-rich countries such as Angola and Nigeria for further expansion. However, despite their potential, owing to oil resources, these countries suffered from a lack of infrastructure, such as roads, e.g., Angola's harbour could not process the required volume of freight, and delays were frequent. In the financial year ending 2007, Shoprite used the more expensive but much quicker road transport route via Namibia, while fresh produce was flown into Angola (Shoprite, 2007: 24).

The over-reliance on oil for economic development had its own drawback due to price volatility. A decline in the prices of the commodity had a negative impact on oil-dependent economies – a scenario that played out in the financial year ending 2008 in Angola. But this did not significantly change the group's plan for more investments in Angola (Shoprite, 2008: 21). In fact, in Angola, Shoprite dabbled as a creditor to the government when it invested treasury bonds and bills from which it earned interest income of R316 million in 2019 and R210 million in 2020 (Shoprite, 2020: 29). Lack of property investment capital, however, slowed expansion. To partially overcome the problem, the group decided in 2010 to expand one of three existing supermarkets to satisfy greater demand, while planning greenfield operations (Shoprite, 2010: 21). The group's continuous investment yielded positive results sales across its 29 supermarkets by 2016 (Shoprite, 2016: 14).

Shoprite opened its first supermarket in Lagos, Nigeria, and immediately began investigating more areas for expansion (Shoprite, 2007: 14). In that oil-rich country, the group faced the challenges of scarcity of suitable land, unreliable electricity supply and import restrictions to protect local industries – all of which contributed to the high cost of doing business. But Shoprite was encouraged by the fact that the government was keen to assist foreign investors to set up operations, and the company concluded that the Nigerian environment held potential for growth (Shoprite, 2007: 26), so opportunities for more growth were explored with Shoprite taking into consideration Nigeria's political and social stability, in addition to prospects for growth in mining and agricultural sectors (Shoprite, 2008: 21). In the financial year ending 2008, the government eased trading conditions by lifting restrictions on the importation of fruit and vegetables. However, political instability in the oil-rich Niger delta in the south of the country dissuaded the group from carrying on with plans to expand operations in Port Harcourt (Shoprite, 2009: 23).

In the financial year ending 2013, Nigeria promulgated regulations that forced banks to levy a three percent surcharge on all cash deposits. This was subsequently rescinded after objections from businesses, including Shoprite. The surcharge was later amended to apply exclusively to cash withdrawals (Shoprite, 2014: 14). The trading environment in Nigeria was impacted by volatile oil prices, severe lack of foreign exchange and import restrictions; however, the fact that Nigeria was the biggest economy in Africa influenced Shoprite's positive outlook (Shoprite, 2016: 14).

In Egypt, the Shoprite group started on a positive note with sales growing despite restrictive customs practices, which limited the group's ability to import goods. (Shoprite, 2003: 12). But persistent import restrictions, difficulties in finding suitable retail premises in Cairo prohibitively expensive cost of land for development posed challenges for the group's growth there. Shoprite reported that the Egyptian government's undertaking to assist foreign direct investors did not materialise and the interpretation of laws and regulations were inconsistent. This resulted in lower gross margin than that of the other countries which enjoyed the group's global sourcing ability (Shoprite, 2005: 20). Explaining the rationale for divesting from Egypt, Basson stated:

> If [the Egypt operating environment] was good, we wouldn't have withdrawn. From our side there were enough customers and there was enough buying power to maintain a decent supermarket and a retail atmosphere. The problem is that the red tape is just so horrendous that it is impossible to trade (Tshandu, 2018: 6).

This assessment was confirmed by the senior executive who stated that bureaucratic red tape made it impossible for Shoprite to operate in Egypt (Shoprite senior executive interview, 8 April 2021). Shoprite also pulled out of Tanzania after nine years in operation and sold its stores to Kenyan retailer Nakumatt Holdings, which operated in several East-African countries (Shoprite, 2014: 14). In Tanzania Shoprite struggled to compete with local traders (Shevel, 2014: 5; Shoprite senior executive, interview, 8 April 2021). Egypt and Tanzania bucked Shoprite's continental trend of success and Mbogo (2014: 23) described this as "reverse confidence". For its divestment from Egypt, Shoprite cited lack of government support (Shoprite, 2005: 20) but this did not diminish its confidence in the rest of the continent (McNully, 2005: 23).

In 2003, the Shoprite group banked on international aid, cancellation of the country's debt and positive economic growth measures introduced by the newly-elected government in Madagascar to improve the country's investment environment (Shoprite, 2003: 12). But the political instability that erupted on the island in early 2009 had a destabilising effect on economic growth. Foreign aid was stopped; overseas firms postponed investments in mining the island's recently-discovered mineral deposits and tourist numbers halved. Shoprite did not escape the political risk entirely: in the unrest that followed the coup, business was disrupted in one of the seven stores. In addition, the new government closed down suppliers with links to the previous regime, resulting in a temporary shortage of products, particularly dairy products (Shoprite, 2009: 22).

Zambia was the first country outside South Africa in which the Shoprite group became fully established after it bought state-owned OK Bazaars when government implemented a privatisation programme (Shoprite, 2004: 20). Zambia's copper riches gave Shoprite the confidence to invest. But the Copperbelt region often invited political destabilisation. The withdrawal of Anglo American from the Copperbelt, as well as the political instability, put pressure on the trading environment. Absence of competition motivated the group to introduce wholesaling in the Copperbelt (Shoprite, 2003: 13). And a shortage of investment in property development slowed down expansion in Zambia (Shoprite, 2008: 23).

In Mozambique Shoprite faced competition from competitive informal traders as there was substantial cross-border buying of goods in South Africa by Mozambicans wanting to avoid the high duties payable in Mozambique. The group negotiated with the Mozambican government to eliminate administrative delays and excessive import duties (Shoprite, 2005: 21). In Maputo, where the Shoprite group entered through a greenfield project in 1996, the investment environment continued to be attractive over the years with the discovery of resources. The discovery of a coal field near Tete in Mozambique, reputed to be one of the world's largest, attracted foreign investment to what was still one of Africa's poorest but also fastest-developing countries (Shoprite, 2010: 21).

In Tanzania, prospects for investment were based on the assumption that tourism in the north of the country would result in increased economic activity and consequently consumer demand for Shoprite products. Shoprite successfully converted three stores it had acquired from its competitor Pick n Pay, with the idea that they would supply the growing tourist trade in the region (Shoprite, 2003: 13). But by the year ending 2008, Shoprite had closed one of the two smaller stores, as they proved too small for a sufficient level of growth. Although all the stores performed adequately, the business in Tanzania lacked the necessary critical mass to break even (Shoprite, 2008: 23), resulting in the sale in 2014 of the Tanzania stores to the Kenyan retailer Nakumatt, which operated stores in several east-African countries (Shoprite, 2014: 14). Tanzania and Egypt were cases where Shoprite acquired assets from a domestic and international competitor, only to sell them off to an international competitor after failing to secure a favourable and profitable market. According to the senior Shoprite executive (Shoprite senior executive, Interview, 8 April 2021), the company never sought the intervention of the South African government when it had operational difficulties leading to eventual divestment as was the case in Tanzania, Egypt and Nigeria. Instead, Shoprite lobbied regulators on its own for favourable regulatory environments in host countries in much the same way it lobbied the South African authorities for favourable regulations in the home country.

Ghana's attraction lay in its political and social stability, considered important for Shoprite's establishment of operations. The economy's outlook was also brightened by the discovery of oil and gas deposits (Shoprite, 2010: 21). In the beginning, the opening of stores was hampered by what the Shoprite group considered complex legislation and uncertainty about land ownership. Management nevertheless decided to acquaint itself fully with the complexities of the local retail market dominated by a growing middle class in this increasingly affluent country resulting in the group's continued operations (Shoprite, 2005: 20).

In Uganda, where the Shoprite group operated a wholesale Megasave in Luanda, also supplying two satellite Usave outlets, there was intense competition from formal and informal retail sectors. The wholesale division assisted the group to compete with the informal sector (Shoprite, 2004: 20) and the group continually investigated expansion opportunities in Luanda and Kampala (Shoprite, 2008: 23).

Despite being influenced by what happens to the dominant neighbouring economy of South Africa, Swaziland's economy was relatively unaffected by the global economic crisis of 2007, at least from Shoprite's perspective. The group continued to explore its expansion strategy, through its team based in Manzini, Swaziland's commercial capital, (Shoprite, 2008: 23). Despite some unique country dynamics Shoprite encountered during its expansion, regulators across the continent shared similarities. They wanted to ensure Shoprite complied with regulations and that the company contributed to creating employment and business opportunities. Shoprite's method of engagement has been to collaborate with regulators through meetings and submissions. The company also regularly monitored regulatory compliance and lobbied for pragmatic regulations (Shoprite, 2019: 34). From this observation by Shoprite, it is evident the company's engagement with host-country dynamics entailed corporate diplomacy or what it termed "lobbying for pragmatic regulations", the company speak for business-friendly environment.

Theme 6: In managing unique-country market and regulatory dynamics Shoprite required the assistance by host government regulators and business partners as expansions were executed where the environment allowed this, and divestment became the strategy when the challenges proved insurmountable.

6.3.10 Tenth strategy: Corporate diplomacy and government relations

Shoprite senior executive interviewed stated that in all host countries the company's chairman Wiese and Chief Executive Officer Basson would arrange a meeting with the president to seek permission to invest. The executive put it thus:

> What we normally do, the first thing is to see the president of the [host] country, introduce ourselves, explain that we come from South Africa, and this is what we plan to do. And this what we are doing in South Africa, and we would like to know whether we would be welcome in your country. And without exception, we were always welcome. In all cases, we would speak to the president (Shoprite senior executive interview, 8 April 2021).

An example of this corporate diplomacy that Basson and Wiese executed in relation to Angola was an introductory meeting with President Dos Santos. Basson called President Dos Santos, and proposed opening operations; three years later, Shoprite opened its first Angolan store in 2003. The Angolan government was impressed with what Shoprite had done in Mozambique (Planting, 2009: 41; Shoprite senior executive interview, 8 April 2021). Shoprite made greenfield investments in Mozambique and Angola. Although Shoprite used South Africa as a point of reference, there was a limit to it invoking its relationship with the home government with whom some leaders of host governments did not have warm relations. Shoprite executives found that, in some instances, and at different times, a host country's president did not have particularly good relations with their South African counterpart. Yet, the host country president still welcomed Shoprite (Shoprite senior executive interview, 8 April 2021).

With all layers of government forming an integral part of the world in which it operates, the group sought to develop and maintain constructive relationships with governments at central, provincial and local levels in all countries. It has treated governments as partners to achieve what it said were better standards of living for all stakeholders (Shoprite, 2004: 27). This was born of the acknowledgment that the group could not operate successfully in any country without the approval and support of the government at central, provincial and local levels. For this reason, the Shoprite said it maintained best possible relations with local authorities with the assistance of specialist consultants (Shoprite, 2005: 31; Shoprite, 2006: 41). This was yet another expression of what was essentially Shoprite's execution of corporate diplomacy with the aim to remain in good terms with host-country regulators.

In 2020, notwithstanding Shoprite's hitherto growth record in revenue as shown in Figure 6 and Figure 6.3, Shoprite began a re-evaluation process of its operating model in the rest of the African continent. The group launched a country-by-country review to determine alternative ways to remain invested in the continent – such as a joint ventures, partnerships or franchises (Shoprite, 2020: 15). It pulled out of Nigeria and halted investment in Kenya where it had two operations, citing trading difficlties (Shoprite, 2020: 22). Table 6.1 shows the group's geographic spread prior the divestmetn in Nigeria. Wiese remarked:

> The Shoprite story could be viewed as a text-book business case. From a humble beginning, we have grown into a business that is the largest retailer and private sector employer in Africa. The investment of just R1 million in 1979 has translated into a business with an annual turnover of R156.9 billion (Shoprite, 2020: 24).

Theme 7: Political consent at the highest level in the host government preceded cross-border investment, as Shoprite engaged in corporate diplomacy, using its experience in one jurisdiction to enter another.

6.4 Conclusion

The study of Shoprite's expansion using the integrative framework, which does not have a pre-determined conclusion, allowed for insight to be gained into the group's operations, without losing the political context of its expansion.

Key findings were arrived at. First, the primary motive of expansion was to increase revenue and profit. Expanding into different markets had the added advantage of helping to spread and balance risks.

Second, expansion was possible with the advent of the liberalisation of the business environment in both home and host countries.

Third, the pursuit of profit drove the group to continuously develop a sophisticated logistical Africa.

Fourth, Shoprite was involved in diplomatic activities with host governments. By engaging with host authorities in ways that sought to establish partnerships and understanding, the company tried to embed itself in host countries politically.

Fifth, the company engaged in corporate diplomacy with suppliers. The Shoprite group made it plain that engagement was based on providing goods at competitive prices and inviting suppliers to set up manufacturing bases where Shoprite had operations. This was not only applicable to South African manufacturers.

Sixth, although Shoprite is regarded as a successful retailer on the continent, it has not always succeeded, e.g., it exited Tanzania, Egypt and Nigeria. The South African government did not aid Shoprite in these cases.

Seventh, where Shoprite had operational difficulties in host countries, it did not request diplomatic intervention by the South African government: it lobbied host countries on its own to ensure a favourable operating environment.

Eighth, unique intra-country political dynamics had an impact on the company's strategies over time: from surviving a coup in Madagascar and dealing with Zimbabwe's hyperinflation and experiencing stability in Ghana.

Ninth, Shoprite aided regional integration and globalisation by fostering intra-continental trade. While trading across borders, it helped carve out markets for products manufactured in South Africa, and at the same time subjected them to global competition.

Finally, Shoprite's multinational operations raise the possibility of it being influenced by its experiences in some jurisdictions other than South Africa.

CHAPTER SEVEN: JUXTAPOSITIONING FOREIGN POLICY AND CORPORATE EXPANSION

7.1 Introduction

An important part of South Africa's role in the political economy of Africa lies in the nexus between post-apartheid foreign policy and corporate expansion strategies and the nature of the convergence and divergence. The integrative theory, which engenders considerations of both the economics of the MNCs and its political context, provided a framework that enabled the gathering and presentation of data that could be subjected to comparative analysis. The research was in line with the postulation by Strange (1994b: 22) that IPE concentrates on the nexus between state authority and the markets, and on the outcomes of the relations between these two.

Foreign policy themes and the themes on the expansion strategies of Standard Bank and Shoprite in the post-apartheid period until 2020 were inductively derived, which laid the foundation on which a thematic juxta-positional analysis of foreign policy and corporate expansion strategies could be done. Areas of convergence and divergence were thus determined. This chapter revisits the concepts of convergence and divergence, and discusses the points of convergence that arise out of the juxtapositioning of the themes. Variations between Standard Bank and Shoprite are highlighted before a conclusion is made.

7.2 Convergence and divergence revisited

As conceptualised in section 2.6.2.1, foreign policy and MNC expansion strategies can be juxtaposed in ways that incorporate the similarity of characterisation and change over time. This conception was adapted from Knill (2005) and Bennett (1991) in disparate schemes of policy convergence among states. Like in the policy convergence among states, the basis of assessment is the extent to which foreign policy and MNC strategies have converged or diverged during the period under study. Although Holzinger and Knill (2005: 776) distinguish between similarity of policies adopted by governments and similarity of outcomes, in their discussion on policy convergence among states, this study combined both and applies the convergence concept in respect of foreign policy and expansion strategies. The aim was to incorporate the areas of convergence and divergence as broadly as possible, in order to produce a reasonable comparative outcome that would not have been possible using a strict causative approach. However, the analysis did not exclude relevant causative factors.

The data presented shows how the quest to cultivate and grow market share has primarily shaped the expansion strategies of Standard Bank and Shoprite. By analysing the details of their expansion approaches, the study established how Standard Bank and Shoprite created and deployed strategies that include corporate diplomacy, cross-border transfer of knowledge, trade facilitation and market integration. Still to be distilled, however, is what constitutes the nexus points of foreign policy and Standard Bank and Shoprite's expansion strategies. To identify these nexus points necessarily means the determination of points of convergence and divergence between foreign policy and corporate expansion strategies. To achieve this, the foreign policy findings were tabulated and analysed alongside the comparable expansion strategies of Standard Bank and Shoprite, as per the methodology.

Convergence is determined on three bases. The first is that a foreign policy stance and a comparable corporate expansion strategy are mutually supportive or causative. The second basis supports the assumption that the one has to support the other without necessarily being reciprocal. That is, mere lack of mutual antagonism between foreign policy and corporate expansion does not necessarily presuppose the existence of a reciprocally supportive relationship. The third basis is that convergence can be said to exist if foreign policy supports corporate expansion or vice versa – corporate expansion supports foreign policy – without reciprocity.

Corporate expansion strategy and foreign policy that is mutually reinforcing would indicate an absence of antagonism between the home state and the MNCs. However, the mutual reinforcement need not necessarily have been planned in order for convergence to be established. Divergence is ascertained on three bases: first, the basis of mutual exclusivity between a foreign policy and a corporate expansion strategy; second, the basis of mutual antagonism between foreign policy; and, third, the basis of antagonism from either side, even if it is not mutual.

7.3 Interpretation of convergence: Foreign policy and MNC expansion

The first part of this section is a tabulation of post-apartheid foreign policy themes against which the expansion strategies of Standard Bank and Shoprite were compared. Table 7 is a summary of the foreign policy themes, the corresponding themes of the expansion strategies pursued by Standard Bank and the nature of the convergence areas that were discerned. Table 7.1 is a similar summary in respect of Shoprite. The second part of this section is a discussion of the variations seen in the strategies of Standard Bank and Shoprite, based on the distinctiveness of their respective sectors. The last part deals with the areas of divergence.

7.3.1. Foreign policy theme 1: *The African business sector – acting on its own or in partnership with other investors – was to be an important factor in Africa's development by aiding the rebuilding of African economies after years of apartheid destabilisation.*

By investing in various parts of the continent using various market entry and growth strategies, Standard Bank and Shoprite were effectively aligned with the South African government's foreign policy. The under-developed parts of the continent offered these MNCs business opportunities: Standard Bank found business where banking services were lacking or inadequate; Shoprite carved out markets for intra-continental trade of goods where some countries were lagging in modern retail facilities. At the outset of its expansion drive, Shoprite undertook to contribute to the development of the economies where the company invested. The investments of both companies in the post-apartheid era context can be said to constitute a contribution to continental development.

Both companies forged partnerships with other companies in Africa in their quest to expand their market share. Standard Bank entered into a major partnership deal with the ICBC, a major Chinese bank, to secure financial backing to increase its depth of coverage of the African banking market. Through this deal, the two banks have expanded their infrastructure development funding in Africa.

Table 7: Juxtapositioning of foreign policy and Standard Bank's expansion strategies

Foreign policy theme	Standard Bank themes	Nature of convergence – policy and strategy effect
1	3, 5 & 6	Outcomes and characterisation
2	1, 2 & 4	Outcomes and characterisation
3	1 & 2	Outcomes and characterisation
4	1, 2, 3 &4	Characterisation
5	1, 2 & 6	Outcomes
6	1, 2, 4 & 6	Characterisation
7	4 & 6	Characterisation
8	4, 5 & 6	Outcomes and characterisation
9	5 & 6	Outcomes, characterisation and similarity of change
10	4, 5, 6 & 7	Outcomes and characterisation

Source: Author

Table 7.1: Juxtapositioning of foreign policy and Shoprite's expansion strategies

Foreign policy theme	Shoprite themes	Nature of convergence – policy and strategy effect
1	3, 4 & 5	Outcomes and characterisation
2	6 & 7	Outcomes and characterisation
3	1 & 3	Outcomes and characterisation
4	1, 3, 4 & 7	Characterisation
5	1 & 3	Outcomes
6	1, 3, 4 & 5	Outcomes and characterisation
7	3 & 4	Characterisation
8	3, 4 & 5	Characterisation
9	3 & 4	Outcome, characterisation and similarity of change
10	4, 5, 6 & 7	Outcomes

Source: Author

7.3.2. Foreign policy theme 2: *South Africa's post-apartheid integration into the rest of Africa, starting with re-engagement with the southern African region – where apartheid destabilisation had done much damage – would eschew both political and economic dominance.*

In their expansion strategies, Standard Bank and Shoprite pursued corporate diplomatic strategies with host countries, against the backdrop of the post-apartheid historical context. Post-apartheid South Africa promoted the idea of cooperation with other countries, which was a departure from the bullying and destabilisation tactics adopted by successive apartheid governments. Through its policy of friendly cooperation, the democratic government undertook not to wield its political power forcefully for mercantile ends to back South African MNCs. As the DTIC senior official stated:

> South Africa's policy in relation to Africa is anchored on what we call development integration or [an] outward investment-led trait. What that means, put simply, is that South Africa in relation to the rest of the continent does not pursue a purely mercantilist approach to economic cooperation (DTIC senior official Interview, 21 January 2021).

Evidence points to the existence of firm-state diplomacy involving both Standard Bank and Shoprite, in the process of cultivating and growing market their share on the continent. The MNCs regarded the local authorities of host states as partners in their quest to cultivate market share. For instance, the market-entry strategy of acquisition, including the acquisition of state-owned shares in banks and supermarkets, required regulatory approval and bargaining with the host state. As Van Zyl (2004) found, the privatisation of state-owned companies served as an incentive for firm-state bargaining ventures. Chapter Five has shown that Standard Bank's first foray into the African continent during the colonial era was forged in part through blood, as it funded the BSAC, a MNC of imperialism, to fight the indigenous people of Zimbabwe. But Standard Bank's role in its post-apartheid corporate incarnation has been different: it was now one of corporate diplomatic bargaining with host governments.

For both Standard Bank and Shoprite, the most obvious form of early corporate diplomacy with host governments was propelled by liberalisation policies such as privatisation of state-owned companies. This coincided with their respective expansion strategies, which included the acquisition method of market entry. So it was that Standard Bank bought a number of banks in Africa from host governments which then played the role of regulator of the bank's operations. The fact that Standard Bank was not always content with the manner in which it was regulated in those jurisdictions signifies the bargaining that had to happen between the two actors. The government of South Africa was not involved in these interactions and its foreign policy did not over-reach to the extent that it became involved in commercial negotiations between another state and South Africa's MNCs. To the extent that post-apartheid South Africa's foreign policy posture towards the continent was that of cooperation, as opposed to bullying, Standard Bank and Shoprite's cooperative approach to expansion can be said to have converged with the home country foreign policy approach.

7.3.3 Foreign policy theme 3: *Liberalisation of exchange controls was implemented in a way that gave South African companies permission to invest in SADC countries beyond SACU, because the region as a whole needed FDI.*

The post-apartheid political undertaking to integrate with the rest of the continent was one aspect of the broad foreign policy undertaking. But what gave practical effect to business expansion was a concomitant policy decision to liberalise exchange controls with a favourable disposition towards Africa, thus directing the movement of capital out of South Africa with the priority investment destination being SADC and the rest of the continent. The liberalisation of exchange controls enabled the execution of a pre-existing intention held by the MNCs to grow their market share beyond their home country. There was, therefore, convergence of policy and expansion strategy outcomes.

7.3.4 Foreign policy theme 4: *The African renaissance was imbued with the need to attract private investment into the continent – a policy position espoused domestically through the liberal macro-economic policy GEAR, and continentally through NEPAD.*

Both Standard Bank and Shoprite were supportive of government's neo-liberal policy reforms and its undertakings on continental development through NEPAD, which sought to encourage private sector investment in Africa. The two companies often invoked continental development initiatives, suggesting in strategy characterisation, they were in line with their expansion strategies. Both MNCs developed firm-state diplomatic strategies to embed themselves in host-country environments.

7.3.5 Foreign policy theme 5: *The abolition of capital controls allowed South African companies to move capital freely and invest in the rest of the African continent or anywhere else.*

Neither of the two companies would have invested in various regional blocs outside the SADC area had South Africa not liberalised capital controls further, which made it possible for them to move capital into new host countries. The policy and strategy effect in relation to the liberalisation of exchange controls makes for clear mutual reinforcement of roles between foreign policy decisions and the expansion strategies of the MNCs. South Africa's Finance Minister, Trevor Manuel, suggested that capital control reforms would shape South Africa's economic relations with the continent, particularly SADC (Manuel, 1997), and would strengthen South Africa's commitment to the region by facilitating regional capital market integration (Manuel, 1998).

Standard Bank (1997: 25) had similar ideas on regional integration, as did Shoprite (2003: 12), as the latter committed to developing hitherto under-developed retail markets in the continent. The expression of the home state's noble intentions – deduced from the aforementioned aspects of the government's foreign policy – and the complementary, though independently articulated, plans of Standard Bank and Shoprite make for convergence in foreign policy and corporate expansion strategy.

7.3.6 Foreign policy theme 6: *Promotion of an investment-conducive environment in Africa, encouraging South African companies to invest across the continent and offering to aid cross-border investment without prescribing the expansion strategies of companies were all conceived under the rubric of continental development.*

By the mere fact of their vast investments across Africa, Standard Bank and Shoprite have both converged their quest for market share with the foreign policy of the South African government. But they did more than that: they facilitated investment by other South African companies in various parts of the continent. For example, Standard Bank provided assistance to South African MNCs such as mobile operator MTN, Tongaat Hulett and Shoprite itself, among others. Meanwhile, Shoprite helped facilitate the investment of other South African companies in the rest of Africa by procuring goods from South African manufacturers. Shoprite (2002: 12) has argued that exporting products from South Africa to other parts of the continent had three advantages. Firstly, it helped to provide a wider choice of quality products to consumers elsewhere on the continent. Secondly, it assisted local (host) manufacturing industries to upgrade their product range to international standards. Lastly, it helped secure new markets for South African manufacturers. Even though coincidental (in some cases), this is a clear case of convergence, where both MNCs executed similar expansion strategies that also happened to complement the home state's foreign policy objectives.

When South Africa's post-apartheid government relaxed exchange controls, the expected behaviour was that South African companies would take advantage of the policy shift and invest across the continent, but this was not stated by the government. However, the government assumed, as did Standard Bank and Shoprite, that investing on the continent, which is a form of integration in itself, was good for the development of the continent's economies. The sub-text was that the capital and the expertise that had made South Africa develop more economically, relative to the rest of the continent, could be deployed for the purpose of development in the rest of the continent.

Standard Bank and Shoprite had different depths of investment and penetration ratios across Africa's regional blocs, as shown in Table 7.2. However, both MNCs played the role of both investors, as well as facilitator of investment by other firms across the continent. Shoprite encouraged South African investors to follow it where it invested. It also moved goods across other African borders without South Africa's involvement. Standard Bank financed cross-border investment and trade. By investing in different parts of the continent and facilitating cross-border trade and investment, the strategies of both Standard Bank and Shoprite converged with South Africa's foreign policy goals.

7.3.7 Foreign policy theme 7*: South African companies investing in the rest of the African continent would follow continental policy developments, with South Africa having played a part in their conception.*

Standard Bank kept itself abreast of political developments that might impact on its operations in its home country and host countries, and responded by engaging in two-fold corporate diplomacy: complying with rules while seeking to influence the rules that govern its operations in what could be described as a political risk management strategy. For its part, Shoprite has sought to interpret continental development initiatives to suit its expansion strategies, particularly in its articulated perspective on continental integration. Both companies were aware that the South African government expected them to conduct themselves as responsible corporate citizens in host countries.

7.3.8 Foreign policy theme 8*: Private companies were recognised as agents of continental development by virtue of their potential to stimulate functional continental integration, and their efforts were thus supported in government's long-term developmental vision.*

Standard Bank enjoyed a mutually beneficial dynamic on continental integration: it played a role in aiding it while profiting from its continuing evolution. It did so by financing trade and investment across borders. Meanwhile, while arguing for the advancement of continental integration, Shoprite took practical steps to integrate markets through its sophisticated logistics infrastructure that enabled cross-border trade. The nature of the convergence is clearly policy and strategy outcomes.

7.3.9 Foreign policy theme 9: *Continental economic integration was pursued in two ways: within regional blocs of which South Africa was a member and between other regional blocs.*

As with the integration of South Africa into the continent, attempts at intra-Africa integration were made at both the political and economic levels. Politically, regional bodies coordinated the regional development policy that was expected to shape the economic dimensions of cross-border trade and investment. The economic level of inter-regional integration, however, required the agency of non-state actors. While government-to-government relations had provided the political basis for integration, the coalface of integration was in the corporate sector, steered by MNCs. As a *Financial Mail* writer observed:

> Never mind the rhetoric about NEPAD, the AU, the Pan-African Parliament and other institutions designed to create greater political and economic integration on the continent; the real action is happening at the corporate coalface (Lunche, 2005: 8).

The Economist (22 June 2019) recognised the importance of post-colonial, intra-continental FDI in fostering integration in Africa, as it stated:

> Colonialism fragmented the [African] continent and linked its economies to imperial capitals rather than to each other. That legacy locked many businesses into national silos. … Leading African businesses are stitching the region together, making it easier for others to follow suit.

The historically contextualised observation of *The Economist* has echoes in Ake's (1981: 38) analysis of the colonial-era FDI, which resulted in integration and linkages of African economies with the Western capitalist system and metropoles. However, post-apartheid, the market-establishment and market share-seeking motives of both Shoprite and Standard Bank propelled them to conduct state-firm relations on the continent in ways that fostered cross-border integration. Indeed, while the African countries committed to regional integration, it was the corporate sector that took the lead to drive integration, as the regional penetration ratio of Standard Bank and Shoprite shows in Table 7.2. It demonstrates country expansion shown in Table 5.1 and Table 6.1 in relation to regional blocs. In the case of Standard Bank and Shoprite, they drove integration beyond the regional blocs designed by politicians, facilitating cross-border trade and investment across various regional blocs in SADC, COMESA, EAC and ECOWAS. Table 7.2. shows the penetration ratio of the two MNCs across Africa's regional blocs. Standard Bank also has a foothold in WAEMU.

Standard Bank and Shoprite facilitated the regional integration of markets on the continent in both distinct and similar ways. Shoprite's trade in goods across the continent cultivated supply chain networks across different countries and developed cross-border markets by providing the logistical infrastructure for goods (Hartzenberg and Mathe, 2005: 13). Standard Bank facilitated integration across various African regions by playing the role of a financier of investment and trade as well as cross-border transfer of cash.

Table 7.2: Penetration ratio: Standard Bank and Shoprite*

Region	Standard Bank	Shoprite
SADC	1: 12/15 = 80%	1: 12/15 =80%
COMESA	1: 7/21 = 33.3%	1:9/21 = 42.8%
EAC	1: 2/6 =33.3%	1:4/6 = 66.6%
ECOWAS	1:3/14 = 21.4%	1: 2/14 = 7.14%**

** Penetration ratio includes duplication of country membership in SADC, COMESA and EAC.*

*** Before divestment from Nigeria.*

Source: Author

Labour Research Service (LRS), a not-for-profit organisation that collaborates with trade unions to track the activities of 91 companies, including Standard Bank and Shoprite, acknowledged the role of South African MNCs on intra-continental integration. The organisation further highlighted the importance of cross-border trade union activities to promote worker rights at MNCs whose expansion into various jurisdictions had caused the fragmentation of workplaces (Teuteberg, 2019). In her research on the activities of Shoprite in the region, Miller (2004) also focused on the demand made by Shoprite's workers in Southern Africa to benchmark their wages with those of their South African counterparts. The activism of LRS and the research done by Miller (2004) indicate that the activities of MNCs in the region are triggering demands for region-wide economic development. Indeed, Miller, Saunders and Oloyede (2008: 13) also found that in Zambia, for example, citizens had exerted pressure on Shoprite to implement three measures that could be termed developmental in their effect: emergence of local retailers to compete with Shoprite; resistance to corporate restructuring by Shoprite's local partners; and successful demands for the development of local supply chains.

The integration functions of Standard Bank and Shoprite converged more directly when they did business with one another. Their expansion strategies that facilitated continental integration converged with Standard Bank servicing Shoprite's movement of high-volume, time-sensitive, physical and electronic money flows in designated countries. The transactional banking services Standard Bank provide to Shoprite include customised, large-scale cash handling, client domestic money transfer, acquiring cards, international money flows, and centralised, coordinated foreign exchange hedging and dealing. According to Standard Bank (2017: 49), these services, supported a 'home-grown South African retail icon' – a reference to Shoprite – to realise its IB ambitions. The significance was, however, more than what Standard Bank proclaimed: their mutual arrangement supported each organisation's strategy of acquisition and the creation of market share across the continent.

Part of post-apartheid South Africa's foreign policy on continental integration focused on initiatives to drive the creation of a common set of rules of governance through bilateral and regional bodies.[63] The Organisation of Economic Cooperation and Development (OECD) published its Guidelines on Multinational Enterprises and noted, as a general observation, that the activities of MNEs through international trade and investment - had strengthened and deepened the ties that join the countries and regions of the world (OECD, 2011: 14). For Standard Bank and Shoprite have particularly conceived and executed initiatives aimed at cross-border replication of business practices, products and ideas deemed necessary for expansion of market share. Both companies acted as agents of diffusion of knowledge and ideas across borders.

Over time, South Africa ceased to become the dominant country of reference for the MNCs, as more expansion ideas were being inspired and tested elsewhere before being replicated across borders. Such responsibility was neither initiated nor authorised by the South African government. It falls squarely in the realm of entrepreneurship, corporate expertise, and technical and financial capability. These capabilities were brought to bear in the firm-state diplomatic relationships that Standard Bank and Shoprite formed with host countries. This also constitutes convergence, albeit of an unintentional nature.

[63] As cited in Chapter 4, Article 17 of the SADC Protocol on Finance and Finance provides for the harmonisation of investment laws and practices to advance regional integration.

7.3.10 Foreign policy theme 10: *While encouraging South African MNCs to invest on the continent, the South African government expected them to voluntarily align themselves with its continental goals, but refrained from giving them instructions on how to conduct business.*

South Africa took a policy decision to influence South African MNCs in their external conduct. This policy stance had been in the making since 2006, and culminated 10 years later in the publication of Guidelines for Good Business Practice by South African Companies Operating in the Rest of Africa. Standard Bank and Shoprite did not sign up to the DTIC guidelines.[64] However, an African banking expert with knowledge of Standard Bank's operations remarked that Standard Bank had already subscribed to the provisions of the guidelines before they were produced by the government via the UNGC (Banking expert interview, 12 January 2021). As the guidelines include adherence to, among others, the King Code of Good Corporate Governance and International Labour Organisation Conventions, Standard Bank considered itself compliant, according to the banking expert interviewed. In addition, the bank had its own internal policies and standards that were compatible with the guideline.

For its part, Shoprite cited adherence to good governance and the King Code in all 15 jurisdictions in which it had operations including South Africa. In the non-South Africa jurisdictions, governance developments were also monitored to ensure compliance with local regulatory requirements. With the assistance of a governance specialist, Shoprite also compiles what it calls a regulatory universe who would identify and review current, proposed and impending legislation and the potential impact thereof on the group's various business units and various jurisdictions (Shoprite, 2016: 32). In addition, Shoprite adopted the international quality assurance standards of the CGCSA and the (NRCS) (Shoprite, 2016:22). It also subscribes to the Global GAP (Shoprite, 2009: 28). What these developments mean is that the fact that Standard Bank and Shoprite did not sign or pledge support for the DTIC guideline does not mean they were opposed to it. However, it appears that greater emphasis was placed

[64] The document *Guidelines for Good Business Practice by South African Companies Operating in the Rest of Africa* lists the following organisations as supporters: Built Environment Professions Export Council, ACTOM, Cosmetic Export Council of South Africa, Deltron, Delberg Engineering, Fruit South Africa, Industrial Development Corporation, Bidmark Holdings, Metpress, The Foschini Group, South African Footwear and Leather Export Council, Marpemed, Naamsa, National Business Initiative, Procon Holdings, Powertech, Techtronic Technology Solutions, NEPAD Business Foundation, Reba Chemicals, Tongaat Hulett and Valotech228.

on compliance with the regulatory requirements of host states in terms of compliance, which is a requirement of the voluntary guidelines. Indeed, Standard Bank kept itself abreast of political developments that might impact on its operations in its home country and host countries, and responded by engaging in two-fold corporate diplomacy: complying with rules while seeking to influence the rules that govern its operations, in what could be described as a political risk management strategy.

Shoprite's translation of government's political objectives into business imperatives influenced Shoprite's belief in correctly pursuing an expansion strategy in Africa. In so doing, Shoprite also conflated the symbolism of colonial conquest that Rhodes represented and the ideals of African Renaissance that sought to undo the negative aspects of colonialism. In managing unique country dynamics, Shoprite required the assistance of host government regulators and business partners, as expansion was executed where the environment allowed this, and divestment became the strategy when the challenges proved insurmountable. This implies convergence between South Africa's foreign policy and the expansion strategies of Standard Bank and Shoprite, particularly in relation to jurisdictional regulatory compliance.

Post-apartheid South Africa's overall foreign policy position aims to create a perception of it being an integral part of the continent and a country that eschews all forms of dominance reminiscent of the apartheid era - hence, the desire to extend South Africa's constitutional values to the rest of the continent through MNCs. The stated (and sometimes implied) expectation is that South African companies must operate "in line with the values of our constitution and ethos" (The Presidency, South Africa, 2008), presumably because these values are deemed good for the purpose of being part of the family of nations. But as Mkhabela (2014: 131) has argued, this wish to extend South Africa's values to the rest of the continent was not something that could have lent itself to practical articulation by the government (and MNCs) beyond grand, wishful thinking, because MNCs do not operate in a regulatory vacuum in host countries. Instead, MNCs pursue what, according to Sklar's (1976: 84) formulation, is termed a corporate doctrine of domicile, meaning that individual subsidiaries of an IB group may operate in accordance with the requirements of divergent and conflicting policies pursued by various home states. In other words, they adapt to contradictory hosts state requirements, if doing so promotes the interests of the MNC as a whole.

In emphasising the need to comply with the regulations of host states, Shoprite and Standard Bank pursued the doctrine of domicile by positing, as per Sklar's (1976: 84) formulation, a mutuality of interests with host states to legitimise investment. However, the South African government supports the idea of corporate domicile in the sense that, despite its preference that MNCs should espouse the values of the South African constitution, the DTIC guidelines stress the importance of adherence to the host country's policies.

Various African countries have their own programmes to attract investors, including giving them favourable investment terms. For example, both Standard Bank and Shoprite are invested in Ghana, which has an investment policy that allows full ownership of the investor's enterprise, tax holidays and other benefits, based on the investor's preferred location within the country (Besada, 2005: 16). Standard Bank is invested in Kenya, which passed the Investment Promotion Act in 2004 to establish state institutions to regulate FDI, including relations between foreign MNCs and the public. The Kenya Investment Authority is responsible for issuing investment certificates to provide private companies with the promise to pursue investments that would benefit Kenya (Hudson, 2007: 68).

From this perspective, attempts by the government to export South African political values could be in conflict with its own policy of not interfering in the domestic affairs of other countries. This is the inherent contradiction of the guidelines for South African MNCs because, on the one hand, the code seeks to export good corporate governance principles from South Africa, while, on the other, it encourages MNCs to comply with laws of the local authorities where they are invested. Yet, by virtue of operating in multiple jurisdictions, MNCs are better positioned to export values from one jurisdiction to another; therefore, it does not always follow that the value exported will necessarily be that of the home country.

South African MNCs have enjoyed the advantage of a multi-jurisdictional presence on the continent, thus taking a lesson from one jurisdiction and implementing it in another. Nowhere in the South African governments' policy articulation documents is it envisaged that once a

MNCs has spread across different jurisdictions they become subject to multi-jurisdictional influences that shape their expansion strategy. From this perspective, contradictions can be noted in South Africa's foreign policy.

Standard Bank's approach has been to add a caveat: where host country regulations are weaker, it uses the stronger regulatory requirements imposed by the SARB that are applicable in its home country (Banking expert interview, 12 January 2021). This is another expression of a MNC's expression of its vantage position: to appropriate, where it deems necessary, influences from one jurisdiction and apply them in another. In the case of regulations, Standard Bank had the added advantage of doing so when asked by host governments to provide training on regulatory compliance. In 2018, at the request of South Sudan's central bank, Standard Bank provided compliance training to government officials in the financial sector (Standard Bank, 2019a: 11). It could be argued that Standard Bank could spread the regulatory mechanism it knows best: that of its home country. In so doing, Standard Bank was engaged in what Becker-Ritterspach, Lange, and Becker-Ritterspach (2018) described as institutional entrepreneurship, which refer to a MNC's role in the establishment of regulatory framework in a foreign jurisdiction.

7.4 Case study firms pursue different expansion strategies

Much as the expansion strategies of Standard Bank and Shoprite are similar in respect of the nature of the convergence they produce, as pointed out above, there have also, naturally, been variations. This was largely because the two MNCs belong to different sectors, that is banking and retail, and therefore have different experiences and histories of expansion in the continent. They have also executed different corporate-political adaptation strategies in the post-apartheid period in ways that had an impact on their embeddedness in the domestic and host markets. Standard Bank's corporate-political adaption strategy dates back to its foundation days in the British colonial era and Shoprite's to the apartheid period.

As shown in Chapter Five, Standard Bank, has the longer history of moving with the times – a heritage, inclusive of its colonial years, that it invokes as crucial to its growth as an experienced financial service provider on the continent (Standard Bank, 2012: 2). Shoprite draws inspiration from its Afrikaans heritage. Reiner van Rooyen, the former chairman of Pep Stores and a business partner of Shoprite chairman Christo Wiese once remarked: “We are strong Afro-optimists. We are real *Boere* in that sense” (Planting, 2009: 36).

7.4.1 Sector differences: Standard Bank and Shoprite

Shoprite’s main focus was threefold: export, import and make products available on the shelf. Its assets were organisational, in that it had huge logistical and infrastructure capabilities and a comprehensive procurement strategy; therefore, it was able to carve out markets in distant and disparate territories. The group achieved expansive control of the procurement value chain and market for outlets in a way no local retailer in its host countries could master. Gaining access to Shoprite’s logistical infrastructure to markets would have been critical for producers and host states seeking to facilitate economic growth. But the procurement power was also a source of problems for the MNC in some host countries, as demands made by those countries for local sourcing and the creation of business partnerships with locals caused some level of discontent. Shoprite (1999:7) reported that the insistence by some governments that its entry into their markets be implemented in partnership with local enterprises restricted growth in some instances. Standard Bank’s power hinged on creating credit for individual customers and corporate clients. According to Strange (1994b: 90), the creation of credit is an important feature of the financial structure of the world economy.

As mentioned above, there are crucial differences between Standard Bank and Shoprite that have implications for the characteristics of these MNCs’ corporate expansion strategies. This study identified four differences that are noteworthy for the purpose of this analysis. Two are discussed in this section and two are delineated individually in the following two sections. The first difference is that banks are subject to more regulation by central banks than retail firms, both domestically and in host countries. This explains Standard Bank’s investment in lobbying for favourable policies and legislation in both domestic and various host jurisdictions. This necessarily brings Standard Bank relatively closer to both home and host authorities, compared to Shoprite. Therefore, Shoprite can be said to be economically embedded and less politically embedded, while Standard Bank is both politically and economically embedded. One factor that embedded Standard Bank deeply in its host markets is that it had to do more firm-state diplomacy than Shoprite for the acquisition of assets. The two noteworthy differences – Africa-China relations and supply chains – and their implications for foreign policy are discussed below.

7.4.2 South Africa, Africa and China relations

When SARB approved the acquisition of a 20 percent stake in Standard Bank ICBC, it cited cordial China-South Africa diplomatic relations as one of the reasons for approving the transaction. As discussed in Chapter Five, South Africa's central bank went on to endorse the acquisition as a good initiative that would ensure Standard Bank and the ICBC capture market share on the African continent. This foreign policy convergence was a classic case of the integrative approach (including triangular diplomacy) illustrated in one instance. State-state diplomacy took place between China and South Africa, while firm-firm diplomacy occurred between ICBC and Standard Bank.

Moreover, there was firm-state diplomacy between Standard Bank and the SARB, as well as between the ICBC and SARB. The convergence here does not mean that the governments instigated the deal. But it does mean that South Africa's foreign policy towards China and Africa found expression through this deal and this particular instance of Standard Bank's corporate expansion goals on the African continent.

7.4.3. Promoting economic development: supply chains

As established in Chapter Four, the foreign policies of South Africa's post-apartheid government have been consistently articulated in a way that indicates that the country seeks to develop the domestic economy while participating in initiatives to boost economic development across the African continent. Shoprite's control of supply chains gave it economic power that transcends borders; however, it also placed the company in a delicate position to deal with three competing interests. First it was linked to its domestic base of supply chains from which it sourced most of the products it sold in other African markets. Secondly, while supporting South African manufacturers, it also had to procure goods from the countries where it had operations, as part of its contribution to local economies. Lastly, it purchased goods internationally when locally manufactured products became uncompetitive due to currency fluctuations.

As the markets were being developed, Shoprite also encouraged South African manufacturers to invest along with it in its ventures across the continent. At the same time, the company imported goods from around the world through its sophisticated DIT. This arrangement gave Shoprite the power to create competition between home producers, local suppliers and global suppliers of merchandise. Therefore, Shoprite was far ahead of the South African government's developmental integration policy, which seeks to develop supply chains across the continent. Convergence is discernible in this instance between Shoprite's expansion strategy and South Africa's foreign policy. The difference, however, is that the Shoprite expansion strategy was driven primarily by market-seeking and market-growth motives, while the government referred to developmental integration (DTIC policymaker interview, 25 November 2020). The difference in emphasis does not conceal the convergence of policy and strategy towards a broader goal of developing supply chains across the continent. The convergence is appliable in the characterisation and outcome of foreign policy and corporate expansion strategy.

7.5 Symbolism of colonial dominance

There have been instances where, at the level of symbolism, both Standard Bank and Shoprite have diverged from South Africa's stated policy. For example, Standard Bank (2012: 2) has cited its colonial history as a rich heritage – something which, on closer scrutiny might appear to be offensive to victims of the colonialism to which Standard Bank contributed. In one annual report, Shoprite (2004: 11) drew a conflicting picture of its foreign policy and corporate diplomatic outlook in Africa, depicting itself as a beneficiary of the end of apartheid and the lifting of sanctions, which it believed had constrained expansion, while at the same time extolling the virtues of Rhodes' imperialistic mission of linking the Cape to Cairo in justifying its aspirations for African expansion.

However, Shoprite (2003: 2) had stated in another annual report that it supported NEPAD and the goal of the AU to integrate Africa. The symbolism that harks back to the colonial era is inherently in conflict with the foreign policy of the South African government of creating an image of a continent steeped in solidarity and cooperation, and devoid of colonial-era dominance. It is symbolically in conflict with foreign policy themes 1 and 2. The symbolism of colonial dominance has not, however, found practical expression. The post-apartheid and post-colonial context in which the expansion strategies of both Standard bank and Shoprite were executed, as well as the expansion strategies they deployed, are devoid of colonial or imperial content.

7.6 Conclusion

Juxtapositioning the main foreign policy themes of post-apartheid South Africa with the expansion strategies of Standard bank and Shoprite established convergence in all except aspects: the expectation by the government that South African MNCs should export the home country's constitutional value system; and the symbolism of colonial dominance that has been invoked by both Standard Bank and Shoprite. However, there is no evidence that Standard Bank and Shoprite substantively pursued policies that diverged from the government's stated policies on the continent. If anything, these companies have aided government's developmental and integration foreign policy agendas substantively. Not only have their investments brought in much-needed capital, they have also helped both MNCs with continental integration in pursuit of trade and investment across borders. In so doing, they have mostly carved out their own path, without the state sanctioning any specific strategies.

The dominant feature of their expansion since the end of apartheid and the liberalisation of exchange controls has been state-firm relations. Once they had set up operations in various parts of the continent, they were able to aid the expansion of fellow South African MNCs and engage in the diffusion of knowledge and business practices from one African jurisdiction to another in ways that no government could. And they did this in pursuit of cultivating market share. The concluding chapter briefly discusses the implications of these findings in terms of the existing approaches that have informed much of the literature discussed in Chapter Two, and provides recommendations for further consideration in future studies.

CHAPTER EIGHT: CONCLUSION AND RECOMMENDATIONS

8.1 The salient points

Having established that it is mainly convergence points that exist between post-apartheid South Africa's foreign policy and the expansion strategies of Standard Bank and Shoprite, this concluding chapter highlights the intertwined salient aspects of the study to make it more apparent what contribution the study makes to the fields of Political Science and IR. The methods adopted to conduct the research and its findings can be distilled into eight important points.

First, the case study approach proved useful in arriving at conclusions that could be derived inductively. The facts that the study sought to establish about the expansion strategies of Standard Bank and Shoprite and post-apartheid South Africa's foreign policy fell within the chosen theoretical frameworks. These frameworks combined compatible approaches. The integrative theory set the parameters for gathering and interpreting relevant information on firm-state, firm-firm and state-state relations, with the main focus on firm-state relations. The modified convergence theory provided a useful analytical tool to execute a juxtapositional analysis of foreign policy and corporate expansion strategy. This enabled the study to answer the key research question on the convergence of post-apartheid foreign policy and corporate expansion strategies in Africa.

Second, the study has demonstrated the importance of investigating the intentions and the actual behaviour of actors in the IPE. The analysis of annual reports (the primary sources of information) in ways hitherto not done in academic literature attempting to analyse the role of South African MNCs, proved most useful. The study details the key strategies of the two MNCs, which are mostly outlined in their annual reports. By analysing this publicly-available information, the study has provided key insight into the strategies of Shoprite and Standard Bank, thus demonstrating the utility of annual reports as research sources. Indeed, if the foreign policies of states can be deduced from, among other things, the articulations of state representatives in documents and speeches, the same can be done with companies – with annual reports to shareholders and society serving as valuable sources of information. The validity of the data was enhanced by conducting interviews with knowledgeable experts and consulting other sources of data, including media articles. The framing of the research question and the theoretical framework chosen guided the selection of relevant material from the data sources. It was, therefore, possible to source information about the two companies' expansion strategies that was comparable to foreign policies, so as to draw broad conclusions about convergence.

Third, the benefit of this approach is that it could be adopted in future research in which more MNCs can be researched, depending on the preferred scope. Therefore, this approach could be replicated in either single or multiple cases involving other MNCs. The conclusion need not be predetermined, as critical theories often do, when framing the expansion of MNCs in an imperialistic fashion or when using the world systems theory prism.

Fourth, although the shortcomings of some of the theoretical approaches employed in the existing literature were discussed in Chapter Two, with the benefit of the findings of this study, it is worth re-stating that existing approaches do not provide insight into the nexus of foreign policy and expansion strategies of MNCs. Attributing an imperialistic design to MNCs in a post-imperialistic and post-apartheid era, as the neo-colonial and neo-imperialism approaches do, is not supported by the articulated strategies and foreign policies investigated in the study. While the two MNCs pursued a market share-extension strategies strategy, it was apparent that they were sensitive to each host country's regulatory requirements and conscious of their home country expectations. Therefore, they invested in capabilities to understand local dynamics – in other words to pursue levels of embeddedness – through corporate diplomacy. The aim was to aid their compliance with regulations, even as they were critical of some of those they regarded as onerous, in order to secure continued operation and market growth in various host countries. Where such strategies failed, as Shoprite experienced, divestment was the selected option, rather than seeking the home government's political backing.

Fifth, the importance that the MNCs attached to regulatory compliance cut across home and host state levels. In addition, the MNCs exported and imported business practices across African borders independent of the home country. Indeed, in many instances, cross-border replication and learning took place without deference to the home country's corporate strategies. However, this did not conflict with South Africa’s foreign policy, but rather complemented the state’s overall continental policy of integration – albeit in ways that were neither direct nor deliberate. There is no doubt that the outcome of the pursuit of market share and profits, which is inherently the motive of any business enterprise, does not always accord with what state authorities might desire. Yet state authorities from other countries themselves want the MNCs to invest in their economies, and to bring with them not only goods, but also links to other markets.

Sixth, both Standard Bank and Shoprite have engaged in cross-border trade and investment. And both have strongly articulated their desire for greater integration – a position that converged with South Africa’s foreign policy and the policy of countries on the continent as advocated by various regional bodies, which culminated in the AfCFTA. The use of world systems theory to box certain countries into core, semi-periphery and periphery categories could be helpful in a static world, where the supposed core states extract benefits at the expense of the periphery in perpetuity. But, by settling in host states, Standard Bank and Shoprite have shown that they have a vested interest in the development of the respective economies where they are invested. Data presented shows that where the markets of the host countries were under-developed, the two companies saw markets opportunities for their products and services and, in the process, aided with developing the host economies; and where markets were developed, the companies had to contend with competition, but they nonetheless saw good prospects for better income growth in developing economies.

Seventh, the potential for economic development and growth of markets, as opposed to under-development, has been a critical determining factor whether or not Standard Bank and Shoprite had prospects for market share growth in host countries. As much as the foreign policy of post-apartheid South Africa and the MNCs growth strategies converged, the study found that the home state and the two MNCs could not have collaborated to develop detailed strategies to wield power in host countries, because they are different in their makeup as actors in international politics. There is no evidence to suggest that the South African government’s foreign policy and the expansion strategies of MNCs have converged to prevail over host countries to surrender their discretionary political authority or to decide on their choice of inward investment strategy. Therefore, on the basis of available information, the ascription of hegemonic power to South Africa might be an exaggeration. South Africa's foreign policy and its intended impact is premised on voluntary cooperation with other states on the continent. South African MNCs have decided on their own strategy to enter and grow market share in a cooperative way with host states. This was not done at the behest of the South African government, which had enabled cross-border investment of capital the liberalisation of capital controls.

Finally, post-apartheid policy also sought to enhance the political legitimacy of South African MNCs by developing guidelines for companies with operations on the continent. Both Standard Bank and Shoprite already subscribed to the constituent elements of those guidelines, for example the King Code of Good Corporate Governance, although they were not signatories to the guidelines developed by the DTIC. The guidelines, however, provide a window to the government to potentially and directly influence the expansion strategies of MNCs.

8.2 Recommendations for further research

The expansion strategies of Standard Bank and Shoprite went beyond firm-state and firm-firm relations. An analysis of their annual reports revealed another crucial element in their expansion strategies: their role in international institutions. Standard Bank is part of the Equator Principles Association, alongside banks and financial institutions from other countries. It is also part of UN bodies such as UN Environmental Programme Financial Initiative (UNEP FI), which participated in the establishment of the African Carbon Asset Development facility (Standard Bank, 2019b: 12)[65]and the UNGC[66]. Shoprite is a member of the international quality assurance body Global GAP. The involvement of these MNCs in international bodies and the impact this has on their expansion strategies on the continent requires a separate, detailed study. Carroll and Carson (2003) have pointed to the existence of a network of transnational policy-making groups, where capitalist elites drive policy formulation in their own interest.

[65] The UNEP FI has more than 300-member financial institutions including banks, insurers and investors who have committed to use financial services to achieve sustainable development.
[66] Standard Bank's subsidiary in Ghana, STANBIC Ghana, is a signatory to the UNGC (STANBIC Ghana, 2008).

The role of South African MNCs in transnational policy networks and the impact this might be having on their expansion strategies requires a detailed study.

The extent to which these MNCs may influence global international policies in the sectors in which they operate is deserving of an investigation by Political Science, IR and IPE scholars. The approach adopted in this study was conceptually insufficient to delve into this aspect, as it might require an analysis of firm-international society relations as another area of analysis, in addition to the firm-firm, firm-state and state-state relations areas. Yet, if scholars are to fully comprehend the impact of South African MNCs, they will have to study corporate tentacles in all sites where they accrue or expend their power. This would include a focus on the expansion strategies they deploy to gain market share outside their home country, as well as their role in international policy making alongside or independent of political elites. In addition, it is worth probing all the principles contained in the DTIC guidelines further, to assess the extent to which there might be emerging policy convergence among African states. Although African states have committed themselves to continental integration, the key aspects of integration – that is, policy convergence among states – is yet to gain the requisite profile in academic research.

8.3 Recommendations to policy makers

Despite the conclusion that there is convergence between South Africa’s post-apartheid foreign policy themes and the expansion strategies of Standard Bank and Shoprite, there is no suggestion that South Africa’s foreign policy making has been coherent. The fact that the most prominent of South Africa’s MNCs did not bother to sign up to government’s voluntary guidelines on good business practices is an indication that the policy making process was not sufficiently embraced by the stakeholders who really matter. It is possible, as the MTN representative cited in the introduction suggested, that on-the-ground experience could empower MNCs to make a better contribution to the policy making process. Civil society organisations with experience in critically monitoring the conduct of MNCs could also contribute to the policy making process. Part of the policy-making process should be in line with the government’s professed commitment to multilateral institutions, by placing guidelines of a cross-border nature to continental bodies. An example is the OECD Guidelines for MNEs adopted by states as a multilateral instrument that is applied voluntarily by MNCs in home and host countries, but binds signatory countries to protect FDI. The DTIC's guidelines should also be revised to expressly include South African state-owned companies, as it currently targets private sector firms. In addition, it is not clearly stated what the responsibilities of industry organisations are, because MNCs do not expand as a federation, but do so individually. Yet, industry bodies such as the National Business Initiative (NBI), which has 77 members, is listed as a "supporter". It is not clear how the commitment as a group, rather than an individual firm, has any effect on the intended purpose of the DTIC's guidelines. A bottom-up approach to policy making, a multilateral approach, broadening of the scope to include state-owned companies and enlisting individual firms could enhance the legitimacy of the policy-making process. In sharp contrast to the imperial-era charters that proved to be nothing else but political authorisation for colonial conquest, multilateral instruments such the UN Global Compact-based voluntary guidelines for MNCs, and the OECD Guidelines provide constructive frameworks for MNCs to use when embarking on an expansion strategy.

In conclusion, the study has added to existing approaches to the study of MNCs in the fields of IB, IR, Political Science.

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LIST OF ANNEXURES

ANNEXURE A: DEPARTMENT OF TRADE AND INDUSTRY

ANNEXURE A1: APPROVAL

Private Bag X84, PRETORIA, 0001, the DTI Campus, 77 Meintjies Street, Sunnyside, 0002, Tel: (012) 394 0000 the dti Customer Contact Centre local: 0861 843 384 International: +27 12 394 9500, www.thedti.gov.za

[redacted]

[redacted]

Mr Mpumelelo Kansas Mkhabela

Dear Mr Mkhabela

RE: REQUEST FOR APPROVAL TO CONDUCT RESEARCH AT the dti

Your submission requesting approval to conduct research at the Department of Trade and Industry (the dti) refers. the dti is in support of your research towards the PhD in Political Science and is willing to provide you with the necessary support to make your studies a success. We trust that the recommendation you provide will assist the Public Service of the Republic of South Africa at the National Government level.

Kindly note that approval has been granted on the following conditions:

a) *That you complete a Confidentiality Declaration form to ensure compliance with Departmental policies;*
b) *That you participate in a briefing discussion with the Vetting Unit before commencement of the research;*
c) *That you provide the dti with a detailed research plan and draft questionnaires, surveys and/or interview questionnaires (where applicable); and*
d) *That you submit a copy of your research report once you have published the final document.*

Should you have any further enquiries regarding the content herein, please contact the [redacted]

Yours sincerely, *CHIEF DIRECTOR*

ANNEXURE A2: RESEARCH PROTOCOL AND QUESTIONNAIRES

Informed consent to participate in Political Science PhD study

STUDY TITLE: Divergence or convergence? Post-Apartheid South Africa's foreign policy and corporate expansion in Africa: the cases of a retail multinational company [Shoprite] and a financial services multinational company [Standard Bank].

PRINCIPAL RESEARCHER: **Mr Mpumelelo Mkhabela**

SUPERVISOR: **Dr Christopher Nshimbi**

INSTITUTION: **University of Pretoria**

DAYTIME TELEPHONE NUMBER: [redacted]

RESEARCH PARTICIPAN: **DTI Policymaker**

DATE AND TIME OF INFORMED CONSENT DISCUSSION: 25 November 2020

Dear [DTI policymaker]

1) INTRODUCTION

You are requested to assist in research I am conducting for the fulfillment of the requirements for a PhD in Political Science at the University of Pretoria. The information in this document is provided to help you to decide if you would like to participate. Before you agree to take part in this study, you should fully understand what is involved. If you have any questions, which are not fully explained in this document, do not hesitate to contact me. You should not agree to take part unless you are completely happy with the kind of questions that will be asked.

2) THE NATURE AND PURPOSE OF THIS STUDY

The aim of this study is to develop insights about the intersection (or lack thereof) of the South African government's foreign policy and the expansion strategies of South African multinational companies in Africa since the dawn of democracy. Through the research, I hope to uncover and interpret how the government's foreign policy and expansion strategies of have diverged and/or converged.

3) EXPLANATION OF PROCEDURES AND WHAT WILL BE EXPEXTED FROM PARTICIPANTS

This study involves answering questions regarding your knowledge of expansion strategies on the African continent since the dawn of democracy. I would like to request you to complete a questionnaire which should be returned by January 10. The questionnaire consists of thematic questions. Depending on the response to the questions, you may be requested to avail yourself or facilitate the availability of other relevant officials for additional interviews in person or virtually.

4) POSSIBLE BENEFITS OF THIS STUDY

This study may help to enrich debate and policy formulation on economic diplomacy.

5) ETHICS APPROVAL

This Protocol was submitted to the Ethics Committee of the University of Pretoria.

6) INFORMATION

If you have any questions concerning this study, you may contact me on the number listed above.

7) CONFIDENTIALITY

All records from this study will be regarded as confidential. All results will be published or presented in such a way that it is not possible to identify the participants.

8) COMPENSATION

You will not be paid to take part in the study.

9) DATA STORAGE

According to the university's rules, the study's data will be safely stored by the University in a password-protected format for a minimum of 15 years.

10) CONSENT TO PARTICIPATE IN THIS STUDY

- I confirm that the person requesting my consent to take part in this study has told me about the nature and process and the benefits of the study.
- I have also received, read and understood the above written information about the study.
- I have had adequate time to ask questions and I have no objections to participate in this study.
- I am aware that the information obtained in the study, including personal details, will be anonymously processed and presented in the reporting of results.
- I understand that I will not be penalised in any way should I wish to discontinue with the study and my withdrawal will not affect my employment or student status.
- I am participating willingly.
- I have received a signed copy of this informed consent agreement.

Research Participant	Researcher **MR MPUMELELO MKHABELA**
Date:	Date: 25 November 2020
Signature	

QUESTIONNAIRE

Question 1
What role – if any – does the Department of Trade and Industry (The DTI) play in the internationalisation of South African companies on the African continent?

Question 2
What policies have informed the DTI's role in the expansion of South African companies?

Questions 3
How has the DTI's role in the expansion of South African companies on the African continent evolved/changed since the dawn of democracy in 1994?

Question 4
In comparative terms, what has the DTI prioritise most: facilitating Foreign Direct Investment into South Africa or the expansion of South African companies into the rest of the African continent? What considerations have been made in the prioritisation process?

Question 5
What strategies did the DTI implement in playing the role referred to in Question 1?

Question 6
What resources (infrastructure/departmental capabilities/financial/institutional/personnel) has the DTI employed to undertake the role referred to in Question 1 and the strategies referred to in Question 5.

Question 7
How does the DTI in general characterise its relationship with South African companies that wished to or have expanded on the African continent?

a) Is it cooperative? Explain.
b) Is it hostile? Explain.
c) Is it non-existent? Explain.
d) Please explain the nature of the relationship over time if there have been changes.

Question 8
Have there been state-to-state investment treaties/agreements/arrangements/formal or informal deals/ facilitated by the DTI to facilitate investment of South African companies in the following countries since 1994: Angola, Ghana, Kenya, Lesotho, Mauritius, Nigeria, Tanzania, Uganda, Ivory Coast, Ethiopia, South Sudan, Mozambique, Botswana, Madagascar, Nigeria, Malawi, Democratic Republic of Congo, Swaziland, Zimbabwe, Egypt and Lesotho? If investment treaties/agreements/arrangements/informal or formal deals were entered into, please indicate.

Question 9

Shoprite and Standard Bank are among the most visible and expansive South African Multinational Companies on the African continent. Their footprints have grown exponentially since 1994. Has the DTI played any role in the facilitation of outward investments specifically of Shoprite and Standard Bank?

If so, please indicate the nature of such facilitation.

a) Whether the facilitation was direct, for example the DTI introduced representatives of either company to a specific country or foreign business partners resulting in an investment into that country;
b) Whether it was indirect, for example the DTI provided a framework for such investment to take place and the companies have pursued such investments on their own without DTI's advice.
c) Please indicate if any other form of facilitation other than the two examples provides were pursued by the DTI. Please provide examples.

Question 10

Was the DTI asked by either company – Shoprite or Standard Bank – to at any stage to play the role of facilitating their outward investments into other African countries outside South Africa?

Question 11

If the answer to Question 10 is positive,

a) What role was asked of the DTI?
b) Was such a role played?
c) What conditions, if any, were required of the company?
d) Was such an investment regulated by the home or the host regulator authorities?

Question 12

By 14 February 2008, the partially state-owned Industrial and Commercial Bank of China had acquired 20 percent stake in Standard Bank in what was reported at the time to be the biggest single foreign direct investment into the African continent by China. Since then, the two banks have worked together on a number of projects on the African continent to facilitate trade and investment. What role – if any – did the DTI play in facilitating the conclusion of the transaction?

Question 13

In 2016 Standard Bank reported that Stanbic Tanzania/Standard Bank Plc self-reported a governance oversight in Tanzania. The oversight led to a settlement with UK Serious Fraud Office and the US Securities Exchange Commission. To what extent – if at all – did DTI get involved in this. More generally, does DTI get involved in matters that have to do with regulatory/compliance issues about South African companies on the African continent?

Question 14
Shoprite invested and divested from Tanzania, Egypt and Nigeria. What assistance – if any – has DTI provided Shoprite in relation to challenging regulatory environment in host countries?

Question 15
The DTI has formulated a voluntary Code of Conduct for South African companies investing on the African continent.

a) Which South African companies or industry/sector bodies participated in the formulation of the Code?
b) Was it discussed and agreed to with the host countries where South African companies have operations?
c) What is the status of the Code in terms of compliance and implementation?
d) Has DTI facilitated the adoption of the Code by South African companies who wish to or have expanded into the rest of the continent?
e) What are DTI's proposed steps in the event where a South African multinational company adopts strategies not in line with the Code, but are acceptable to the host government?
f) Please provide the list of companies that are signatories to the Code and the dates on which they signed.

Informed consent to participate in Political Science PhD study

STUDY TITLE: Divergence or convergence? Post-Apartheid South Africa's foreign policy and corporate expansion in Africa: the cases of a retail multinational company [Shoprite] and a financial services multinational company [Standard Bank].

PRINCIPAL RESEARCHER: **Mr Mpumelelo Mkhabela**

SUPERVISOR: **Dr Christopher Nshimbi**

INSTITUTION: **University of Pretoria**

DAYTIME TELEPHONE NUMBER: [redacted]

RESEARCH PARTICIPANT: **DTI senior official**

DATE AND TIME OF INFORMED CONSENT DISCUSSION: 25 November 2020

Dear [DTI Official]

1) INTRODUCTION
You are requested to assist in research I am conducting for the fulfillment of the requirements for a PhD in Political Science at the University of Pretoria. The information in this document is provided to help you to decide if you would like to participate. Before you agree to take part in this study, you should fully understand what is involved. If you have any questions, which are not fully explained in this document, do not hesitate to contact me.

You should not agree to take part unless you are completely happy with the kind of questions that will be asked.

2) THE NATURE AND PURPOSE OF THIS STUDY

The aim of this study is to develop insights about the intersection (or lack thereof) of the South African government's foreign policy and the expansion strategies of South African multinational companies in Africa since the dawn of democracy. Through the research, I hope to uncover and interpret how the government's foreign policy and expansion strategies of have diverged and/or converged.

3) EXPLANATION OF PROCEDURES AND WHAT WILL BE EXPEXTED FROM PARTICIPANTS

This study involves answering questions regarding your knowledge of the DTI's role. I would like to request you to complete a questionnaire which should be returned by January 10. The questionnaire consists of thematic questions. Depending on the response to the questions, you may be requested to avail yourself or facilitate the availability of other relevant officials for additional interviews in person or virtually.

4) POSSIBLE BENEFITS OF THIS STUDY

This study may help to enrich debate and policy formulation on economic diplomacy.

5) ETHICS APPROVAL

This Protocol was submitted to the Ethics Committee of the University of Pretoria.

6) INFORMATION

If you have any questions concerning this study, you may contact me on the number listed above.

7) CONFIDENTIALITY

All records from this study will be regarded as confidential. All results will be published or presented in such a way that it is not possible to identify the participants.

8) COMPENSATION

You will not be paid to take part in the study.

9) DATA STORAGE

According to the university's rules, the study's data will be safely stored by the University in a password-protected format for a minimum of 15 years.

10) CONSENT TO PARTICIPATE IN THIS STUDY

- I confirm that the person requesting my consent to take part in this study has told me about the nature and process and the benefits of the study.
- I have also received, read and understood the above written information about the study.
- I have had adequate time to ask questions and I have no objections to participate in this study.
- I am aware that the information obtained in the study, including personal details, will be anonymously processed and presented in the reporting of results.

- I understand that I will not be penalised in any way should I wish to discontinue with the study and my withdrawal will not affect my employment or student status.
- I am participating willingly.
- I have received a signed copy of this informed consent agreement.

Research Participant **MR …. DTI Official**	Researcher **MR MPUMELELO MKHABELA**
Date:	Date: 21 January 2021
Signature	

<u>QUESTIONNAIRE</u>

Question 1
What role – if any – does the Department of Trade and Industry (The DTI) play in the internationalisation of South African companies on the African continent?

Question 2
What policies have informed the DTI's role in the expansion of South African companies?

Questions 3
How has the DTI's role in the expansion of South African companies on the African continent evolved/changed since the dawn of democracy in 1994?

Question 4
In comparative terms, what has the DTI prioritise most: facilitating Foreign Direct Investment into South Africa or the expansion of South African companies into the rest of the African continent? What considerations have been made in the prioritisation process?

Question 5
What strategies did the DTI implement in playing the role referred to in Question 1?

Question 6
What resources (infrastructure/departmental capabilities/financial/institutional/personnel) has the DTI employed to undertake the role referred to in Question 1 and the strategies referred to in Question 5.

Question 7
How does the DTI in general characterise its relationship with South African companies that wished to or have expanded on the African continent?

e) Is it cooperative? Explain.
f) Is it hostile? Explain.
g) Is it non-existent? Explain.
h) Please explain the nature of the relationship over time if there have been changes.

Question 8
Have there been state-to-state investment treaties/agreements/arrangements/formal or informal deals/ facilitated by the DTI to facilitate investment of South African companies in the following countries since 1994: Angola, Ghana, Kenya, Lesotho, Mauritius, Nigeria, Tanzania, Uganda, Ivory Coast, Ethiopia, South Sudan, Mozambique, Botswana, Madagascar, Nigeria, Malawi, Democratic Republic of Congo, Swaziland, Zimbabwe, Egypt and Lesotho? If investment treaties/agreements/arrangements/informal or formal deals were entered into, please indicate.

Question 9
Shoprite and Standard Bank are among the most visible and expansive South African Multinational Companies on the African continent. Their footprints have grown exponentially since 1994. Has the DTI played any role in the facilitation of outward investments specifically of Shoprite and Standard Bank?

If so, please indicate the nature of such facilitation.

d) Whether the facilitation was direct, for example the DTI introduced representatives of either company to a specific country or foreign business partners resulting in an investment into that country;
e) Whether it was indirect, for example the DTI provided a framework for such investment to take place and the companies have pursued such investments on their own without DTI's advice.
f) Please indicate if any other form of facilitation other than the two examples provides were pursued by the DTI. Please provide examples.

Question 1
Was the DTI asked by either company – Shoprite or Standard Bank – to at any stage to play the role of facilitating their outward investments into other African countries outside South Africa?

Question 11
If the answer to Question 10 is positive,

e) What role was asked of the DTI?
f) Was such a role played?
g) What conditions, if any, were required of the company?
h) Was such an investment regulated by the home or the host regulator authorities?

Question 12
By 14 February 2008, the partially state-owned Industrial and Commercial Bank of China had acquired 20 percent stake in Standard Bank in what was reported at the time to be the biggest single foreign direct investment into the African continent by China. Since then, the two banks have worked together on a number of projects on the African continent to facilitate trade and investment. What role – if any – did the DTI play in facilitating the conclusion of the transaction?

Question 13
In 2016 Standard Bank reported that Stanbic Tanzania/Standard Bank Plc self-reported a governance oversight in Tanzania. The oversight led to a settlement with UK Serious Fraud Office and the US Securities Exchange Commission. To what extent – if at all – did DTI get involved in this. More generally, does DTI get involved in matters that have to do with regulatory/compliance issues about South African companies on the African continent?

Question 14
Shoprite invested and divested from Tanzania, Egypt and Nigeria. What assistance – if any – has DTI provided Shoprite in relation to challenging regulatory environment in host countries?

Question 15
The DTI has formulated a voluntary Code of Conduct for South African companies investing on the African continent.

g) Which South African companies or industry/sector bodies participated in the formulation of the Code?
h) Was it discussed and agreed to with the host countries where South African companies have operations?
i) What is the status of the Code in terms of compliance and implementation?
j) Has DTI facilitated the adoption of the Code by South African companies who wish to or have expanded into the rest of the continent?
k) What are DTI's proposed steps in the event where a South African multinational company adopts strategies not in line with the Code, but are acceptable to the host government?
l) Please provide the list of companies that are signatories to the Code and the dates on which they signed.

ANNEXURE B: DEPARTMENT OF INTERNATIONAL RELATIONS AND COOPERATION

ANNEXURE B1: APPROVAL

On 30 Oct 2018 16:26, [redacted]

Greetings,

The Department received your request, it was forwarded to Ambassador Joyini, she will respond in writing before Friday, we see no problem with assisting you with your assignment.

Regards,

From: Mpumelelo Mkhabela [redacted]*]*
Sent: Tuesday, October 30, 2018 1:55 PM
To: [redacted] *: Office of the Minister, DIRCO*
Subject: Fwd: PhD research assistance

---------- Forwarded message ----------
From: "Mpumelelo Mkhabela" [redacted]
Date: 22 Oct 2018 16:30
Subject: PhD research assistance
[redacted]

[redacted]

Please letter attached for your consideration.
I look forward to hearing from you at your earliest convenience.

Kind regards,

Mpumelelo Mkhabela

From: ***Mpumelelo Mkhabela*** *<*[redacted]
Date: Thu, 28 Jan 2021 at 17:18
Subject: Consent form procedure
To: @dirco.gov.za

Dear Mr ….

As discussed please sign the attached consent form.

Kindly state your bio in just three sentences.

Once again, thank you very much for your assistance. I really appreciate it.

Thank you.

Mpumelelo

ANNEXURE B2: RESEARCH PROTOCOL AND QUESTIONNAIRE

Informed consent to participate in Political Science PhD study

STUDY TITLE: Divergence or convergence? Post-Apartheid South Africa's foreign policy and corporate expansion in Africa: the cases of a retail multinational company [Shoprite] and a financial services multinational company [Standard Bank].

PRINCIPAL RESEARCHER: **Mr Mpumelelo Mkhabela**

SUPERVISOR: **Dr Christopher Nshimbi**

INSTITUTION: **University of Pretoria**

DAYTIME TELEPHONE NUMBER: [redacted]

DATE AND TIME OF INFORMED CONSENT DISCUSSION: 23 January 2021

RESEARCH PARTICIPANT: DIRCO SENIOR OFFICIAL

1) INTRODUCTION

You are requested to assist in research I am conducting for the fulfillment of the requirements for a PhD in Political Science at the University of Pretoria. The information in this document is provided to help you to decide if you would like to participate. Before you agree to take part in this study, you should fully understand what is involved. If you have any questions, which are not fully explained in this document, do not hesitate to contact me. You should not agree to take part unless you are completely happy with the kind of questions that will be asked.

2) THE NATURE AND PURPOSE OF THIS STUDY

The aim of this study is to develop insights about the intersection (or lack thereof) of the South African government's foreign policy and the expansion strategies of South African multinational companies in Africa since the dawn of democracy. Through the research, I hope to uncover and interpret how the government's foreign policy and expansion strategies of have diverged and/or converged.

3) EXPLANATION OF PROCEDURES AND WHAT WILL BE EXPEXTED FROM PARTICIPANTS

This study involves answering questions regarding your knowledge of government's foreign policy and how it could relate to corporate expansion strategies on the African continent since the dawn of democracy. I would like to request you to complete a questionnaire which should be returned by January 15. Depending on the response to the questions, you may be requested to avail yourself or recommend the availability of other relevant officials for additional interviews in person or virtually.

4) POSSIBLE BENEFITS OF THIS STUDY

This study may help to enrich debate and policy formulation on economic diplomacy.

5) ETHICS APPROVAL

This Protocol was submitted to the Ethics Committee of the University of Pretoria.

6) INFORMATION

If you have any questions concerning this study, you may contact me on the number listed above.

7) CONFIDENTIALITY

All records from this study will be regarded as confidential. All results will be published or presented in such a way that it is not possible to identify the participants.

8) COMPENSATION

You will not be paid to take part in the study.

9) DATA STORAGE

According to the university's rules, the study's data will be safely stored by the University in a password-protected format for a minimum of 15 years.

10) CONSENT TO PARTICIPATE IN THIS STUDY

- I confirm that the person requesting my consent to take part in this study has told me about the nature and process and the benefits of the study.
- I have also received, read and understood the above written information about the study.
- I have had adequate time to ask questions and I have no objections to participate in this study.
- I am aware that the information obtained in the study, including personal details, will be anonymously processed and presented in the reporting of results.
- I understand that I will not be penalised in any way should I wish to discontinue with the study and my withdrawal will not affect my employment or student status.
- I am participating willingly.
- I have received a signed copy of this informed consent agreement.

Research Participant (DIRCO)	Researcher: **MR MPUMELELO MKHABELA**
Date:	Date: 23 January 2021
Signature	

ANNEXURE C: BANKING EXPERT

ANNEXURE C 1: APPROVAL

---------- Forwarded message ---------
[redacted]
Date: Wed, 24 Apr 2019 at 10:02
Subject: Request for assistance: PhD study

To:
Dear Mr ..

My name is Mpumelelo Kansas Mkhabela, a PhD (Political Science) candidate at the University of Pretoria. The purpose of this email is to kindly request your assistance to complete my studies. [redacted]

My research focus is on the intersection (and/or lack of it) between expansion strategies of multinational companies and South Africa's foreign policy in Africa after the dawn of democracy. I have selected Standard Bank as a case study due to its successful expansion on the African continent. The aim is to research Standard Bank's experiences and strategies on the continent after 1994.

[redacted]

If you agree to assist, I will send you a questionnaire. If there is a need, I will send follow up questions. And if convenient for you, I would appreciate a face-to-face meeting for introductions or after your response to the questionnaire. Response time lines can be discussed to suit the time it will take to compile a response as well as your other commitments. I plan to send you the full questionnaire during the month of May with an expected return after six weeks from the date of receipt – depending on the factors mentioned above.

I look forward to your response, hoping you will spare your precious time to help me with the research.

[redacted]

My mobile phone number is [redacted]
Kind regards,
Mpumelelo Mkhabela

---------- Forwarded message ---------
From: ***Be*** *>*
Date: Tue, 22 Dec 2020 at 17:27
Subject: RE: Request for assistance: PhD study on Standard Bank
[redacted]

Hi Mpumelelo

I am working on this request and hope to get back to you on your requested date. It has been a very busy end to the year and some of my colleagues that I need to consult on certain of these questions are out of office on study or annual leave.

I still hope to get back to you on your requested date, but there may be some dribs and drabs.

I will be on annual leave from tomorrow.

Wishing you a safe and happy festive season.

Kind regards

Al..

ANNEXURE C2: QUESTIONNAIRE

Informed consent to participate in Political Science PhD study

STUDY TITLE: Divergence or convergence? Post-Apartheid South Africa's foreign policy and corporate expansion in Africa: the cases of a retail multinational company and a financial services multinational company [Standard Bank].

PRINCIPAL RESEARCHER: **Mr Mpumelelo Mkhabela**

SUPERVISOR: **Dr Christopher Nshimbi**

INSTITUTION: **University of Pretoria**

DAYTIME TELEPHONE NUMBER: [redacted]

DATE AND TIME OF INFORMED CONSENT DISCUSSION: 19 November 2020

RESEARCH PARTICIPANT: Banking expert

Dear Mr [Banking expert]

1) INTRODUCTION

You are requested to assist in research I am conducting for the fulfilment of the requirements for a PhD in Political Science at the University of Pretoria. The information in this document is provided to help you to decide if you would like to participate. Before you agree to take part in this study, you should fully understand what is involved. If you have any questions, which are not fully explained in this document, do not hesitate to contact me. You should not agree to take part unless you are completely happy with the kind of questions that will be asked.

2) THE NATURE AND PURPOSE OF THIS STUDY

The aim of this study is to develop insights about the intersection (or lack thereof) of the South African government's foreign policy and the expansion strategies of South African multinational companies in Africa since the dawn of democracy. Through the research, I hope to uncover and interpret how the government's foreign policy and expansion strategies of have diverged and/or converged.

3) EXPLANATION OF PROCEDURES AND WHAT WILL BE EXPEXTED FROM PARTICIPANTS

This study involves answering questions regarding your knowledge of Standard Bank's expansion strategies on the African continent since the dawn of democracy. I would like to request you to complete a questionnaire which should be returned by January 10. The questionnaire consists of thematic questions. Depending on the response to the questions, you may be requested to avail yourself or facilitate the availability of other relevant officials for additional interviews in person or virtually.

4) POSSIBLE BENEFITS OF THIS STUDY
This study may help to enrich debate and policy formulation on economic diplomacy.

5) ETHICS APPROVAL
This Protocol was submitted to the Ethics Committee of the University of Pretoria.

6) INFORMATION

If you have any questions concerning this study, you may contact me on the number listed above.

7) CONFIDENTIALITY
All records from this study will be regarded as confidential. All results will be published or presented in such a way that it is not possible to identify the participants. Standard Bank will be anonymised in the research report as per the signed NDA.

8) COMPENSATION
You will not be paid to take part in the study.

9) DATA STORAGE
According to the university's rules, the study's data will be safely stored by the University in a password-protected format for a minimum of 15 years.

10) CONSENT TO PARTICIPATE IN THIS STUDY

- I confirm that the person requesting my consent to take part in this study has told me about the nature and process and the benefits of the study.
- I have also received, read and understood the above written information about the study.
- I have had adequate time to ask questions and I have no objections to participate in this study.
- I am aware that the information obtained in the study, including personal details, will be anonymously processed and presented in the reporting of results.
- I understand that I will not be penalised in any way should I wish to discontinue with the study and my withdrawal will not affect my employment or student status.
- I am participating willingly.
- I have received a signed copy of this informed consent agreement.

Research Participant **Banking expert**	Researcher **MR MPUMELELO MKHABELA**
Date:	Date: 19 November 2020
Signature	Signature

<u>QUESTIONNAIRE</u>

RESPONDENT: Banking expert

QUESTION 1
Standard Bank's operations on the African continent outside South Africa predate 1994. But the bank's investments on the continent have expanded since 1994. What has motivated the bank to grow its footprint on the continent post-1994?

QUESTION 2
Briefly describe the bank's expansion strategies on the continent?

QUESTION 3
What criteria/guidelines has Standard Bank followed when choosing to invest in different parts of the continent? (Please highlight guidelines applied or considerations given in each of the countries where the bank has operations outside South Africa).

QUESTION 4
What South African government policies – if any – enabled or facilitated the bank's expansion in specific countries on the continent from since 1994? (Did Standard Bank have any role in the creation of any of such policies?)

QUESTION 5
What actions – if any – were taken by the South African government to facilitate the bank's expansion in specific countries or on the continent in general?

QUESTIONS 6
During the execution any of the bank's expansion strategies, did Standard Bank request any assistance from South African government or state agencies or regulators? (What kind of assistance has the bank required and was it provided?)

QUESTION 7
What government to government strategies or actions or policies between South Africa and Standard Bank's host countries made it worthwhile for Standard Bank to invest?

QUESTION 8
Are there any specific expectations you are aware of on the part of South African government with regard to the bank's operations on the African continent? (In your experience have any of the expectations contradicted the expectations of the host countries in which you operate?)

QUESTION 9

Kindly indicate the countries on the African continent in which Standard Bank invested/entered a market:

a) As per invitation of the host country governments;
b) invitation by co-investors in the host country;
c) facilitation by the South African government;
d) Standard Bank's own initiative; or
e) combination of any of the above three.

QUESTION 10

What has been the bank's overall experience on the African continent? Briefly explain how the bank has approached different jurisdictions.

QUESTION 11

When operating outside South Africa, what is the most important consideration in relation to regulatory compliance – have you followed South Africa's corporate governance framework or the framework applicable in the host country? Please explain and provide examples where applicable.

QUESTION 12

In Standard Bank's Annual Report of 2016 (page 8), it is stated: "*We contribute actively to the development of national policy, legislation and regulation through formal submissions and regular engagement with policy makers, law-makers and regulatory authorities.*"

Q 1: Was Standard Bank involved or consulted the drafting of the South Africa's Department of Trade and Industry-proposed voluntary Code of Conduct (Guideline) for South African multinational companies with operations on the African continent? What was the nature of the involvement?

Q2: What is Standard Bank's view of the Code?

QUESTION 13

In Standard Bank's 2019 Annual Report to society (page 11), it is reported that in 2018, the Standard Bank Group engaged regulators in Malawi, Democratic Republic of Congo, Ethiopia and South Africa on the need to improve efficiencies, digitization and ease of banking to facilitate financial inclusion. In 2018, at the request of South Sudan's central bank, Standard Bank provided compliance training to government officials within the financial sector. When engaging with other jurisdictions, as acceding to the request by the South Sudan's authorities, did you need consent from South African regulators or the government?

QUESTION 14

Standard Bank executed high-profile Black Economic Empowerment transactions in the early 2000s. Notably, the group had a 10% Broad-Based Black Economic Empowerment partners in its South African operations predominantly housed under the Tutuwa Consortium. What role or impact – if any – did this transformation endeavour have on Standard Bank's Africa expansion strategies?

QUESTION 15

In Standard Bank's 2016 annual report (pages 34 and 71) it is reported that Stanbic Tanzania/Standard Bank Plc self-reported a governance oversight in Tanzania. The oversight led to a settlement with UK Serious Fraud Office and the US Securities Exchange Commission. To what extent – if at all – were South African regulatory authorities involved in the matter?

QUESTION 16

How has Standard Bank Group's shareholding structure impacted on its expansion strategies on the African continent?

QUESTION 17

By 14 February 2008, the partially state-owned Industrial and Commercial Bank of China had acquired 20 percent stake in Standard Bank in what was reported at the time to be the biggest single foreign direct investment into the African continent by China. Since then, the two banks have worked together on a number of projects on the African continent to facilitate trade and investment.

Q1: What role – if any – did the South African and the Chinese governments at various levels play in facilitating the conclusion of the transaction?

Q1: Can the relationship between ICBC and Standard Bank on the African continent be characterized as competitive or collaborative in seeking the continent's share of trade and investment financing? Briefly explain.

ANNEXURE D: SHOPITE HOLDINGS LIMITED

ANNEXURE D1: APPROVAL

---------- Forwarded message ---------
From: [redacted]
Date: Wed, 25 Nov 2020 at 11:03
Subject: RE: Request for Assistance: PhD Study
To: Mpumelelo Mkhabela [redacted]

Dear Mr Mkhabela,

Thank you for the email.

Due to …'s current program, it was decided to schedule all requests / meetings / interview / telecons to the new year.

I will be in contact February 2021.

Kind regards and best wishes.

[redacted]

[redacted]

[redacted] *Parow East, 7501, South Africa*

From: *Mpumelelo Mkhabela* [redacted]
Sent: *Monday, 23 November 2020 9:32 PM*
To: [redacted] < [redacted]
Subject: *Request for Assistance: PhD Study*

Dear Ms [redacted]

[] I'm researching the post-1994 expansion of South African companies on the African continent. I'm aware … [redacted]

My request is to interview him regarding the relationship between expansion strategies of South African companies on the continent and the outward/foreign policies of the South African government. [redacted]

If … is keen to assist, I will send you a questionnaire which he can respond to in writing or through a telephone discussion or through a virtual platform or in person depending on his preference.

Please advise on how I should proceed.

I'd really appreciate his assistance to complete my studies.

Best regards,

Mpumelelo Mkhabela

ANNEXURE D2: RESEARCH PROTOCOL AND QUESTIONNAIRES

Informed consent to participate in Political Science PhD study

STUDY TITLE: Divergence or convergence? Post-Apartheid South Africa's foreign policy and corporate expansion in Africa: the cases of a retail multinational company [Shoprite] and a financial services multinational company.

PRINCIPAL RESEARCHER: **Mr Mpumelelo Mkhabela**

SUPERVISOR: **Dr Christopher Nshimbi**

INSTITUTION: **University of Pretoria**

DAYTIME TELEPHONE NUMBER: [redacted]

DATE AND TIME OF INFORMED CONSENT DISCUSSION: 8 April 2021

RESEARCH PARTICIPANT: Senior Shoprite executive

Dear Senior Shoprite executive

1. INTRODUCTION

You are requested to assist in research I am conducting for the fulfillment of the requirements for a PhD in Political Science at the University of Pretoria. The information in this document is provided to help you to decide if you would like to participate. Before you agree to take part in this study, you should fully understand what is involved. If you have any questions, which are not fully explained in this document, do not hesitate to contact me. You should not agree to take part unless you are completely happy with the kind of questions that will be asked.

2) THE NATURE AND PURPOSE OF THIS STUDY

The aim of this study is to develop insights about the intersection (or lack thereof) of the South African government's foreign policy and the expansion strategies of South African multinational companies in Africa since the dawn of democracy. Through the research, I hope to uncover and interpret how the government's foreign policy and expansion strategies of the Shoprite Group have diverged and/or converged.

3) EXPLANATION OF PROCEDURES AND WHAT WILL BE EXPECTED FROM PARTICIPANTS

This study involves answering questions regarding your knowledge Shoprite's expansion strategies on the African continent since the dawn of democracy. I would like to request you to complete a questionnaire which should be returned by January 10, 2021

The questionnaire consists thematic questions. Depending on the response to the questions, you may be requested to avail yourself or facilitate the availability of other relevant officials for additional interviews in person or virtually.

4) POSSIBLE BENEFITS OF THIS STUDY
This study may help to enrich debate and policy formulation on economic diplomacy.

5) ETHICS APPROVAL
This Protocol was submitted to the Ethics Committee of the University of Pretoria.

6) INFORMATION

If you have any questions concerning this study, you may contact me on the number listed above.

7) CONFIDENTIALITY
All records from this study will be regarded as confidential. All results will be published or presented in such a way that it is not possible to identify the participants.

8) COMPENSATION
You will not be paid to take part in the study.

9) DATA STORAGE
According to the university's rules, the study's data will be safely stored by the University in a password-protected format for a minimum of 15 years.

10) CONSENT TO PARTICIPATE IN THIS STUDY
- I confirm that the person requesting my consent to take part in this study has told me about the nature and process and the benefits of the study.
- I have also received, read and understood the above written information about the study.
- I have had adequate time to ask questions and I have no objections to participate in this study.
- I am aware that the information obtained in the study, including personal details, will be anonymously processed and presented in the reporting of results.
- I understand that I will not be penalised in any way should I wish to discontinue with the study and my withdrawal will not affect my employment or student status.
- I am participating willingly.
- I have received a signed copy of this informed consent agreement.

Research Participant **SHOPRITE SENIOR EXECUTIVE**	Researcher **MR MPUMELELO MKHABELA**
Date:	8 April 2021
Signature	