

Post-Apartheid South Africa and African Continental Integration: The Contribution of South African Multinational Corporations to Integration in Africa

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Abstract

This article argues that while South Africa's post-apartheid foreign policy on Africa has largely emphasized state-led continental political and economic integration, the country's Multinational Corporations (MNCs) have led in the practical articulation of integration as an integral part of their expansion strategies in search for increased market share and the establishment of new markets on the continent. It assesses the intersection between South Africa's foreign policy on Africa's integration and the role of the country's MNCs. The article adopts a three-part juxtaposition approach to determine the convergence between South Africa's foreign policy goal of continental integration with the case studies of expansion strategies pursued by two of the country's MNCs namely, Standard Bank of South Africa Limited (Standard Bank) and Shoprite Holdings Limited (Shoprite). African Union member states should ensure that they design foreign policies that align the interests of MNCs with national and continental goals of integration.

Keywords: African integration; Intra-African trade; African MNCs; Standard Bank; Shoprite

Introduction

A large body of literature exists on the contribution of multinational corporations (MNCs) to the integration of economies. A considerably large body of literature exists too on the foreign policy of nation-states and cooperation between them at the international and regional level. Yet very few attempts exist, particularly focused on Africa, that incorporate the analysis of the foreign policy of nation-states into the contribution of MNCs to regional integration.

Some early examinations of MNCs and their role in regional integration focused on the European experience. A strand of literature in the debates between intergovernmental and supranational theoretical views on integration, for instance, argued that MNCs did not contribute to European integration (Moravcsik, 1998; Leuffen et al., 2022; Moravcsik, 1991, 1993). Rather, they considered integration to be state-led. Recently, a range of theoretical views like neorealism, constructivism, institutionalism and the critical school too tend to marginalize the role of MNCs in EU governance, integration and policy making (Cowles, 2003).

Empirical studies on other regions of the world demonstrate the role of MNCs in their integration. In the Association of Southeast Asian Nations (ASEAN), for example, some studies show that states lead regionalism through policy formulation but also actively participate in integration processes through public enterprises that compete with private enterprises. Public enterprises are said to serve the purpose of stimulating and promoting the healthy development of private enterprises and not impede or curtail them (Othman, 1980; Senkuttuvan, 1980; Yoshimatsu, 1999). Even in the ASEAN region, however, no known empirical studies exist that attempt to empirically examine the micro level and strategic activities of MNCs vis-à-vis progress in regional integration (Pecotich & Hwa, 1992).

Other relevant studies that focused on the EU early on within the body of literature on regional integration, regional policy and MNCs examined the impacts of intra-MNC activities within the region. However, apart from the earlier works that systematically examine intra-MNC activities and the interaction between this type of “corporate integration” (Dunning & Cantwell, 1987) and regional integration like Dunning (1958, 1981, 1985), Dunning and Cantwell (1987) and a handful of newer ones, most traditional analyses of MNCs vis-à-vis regional integration in International Relations/International Political Economy tend to focus on the politics of the relationship—i.e. how the interests of MNCs and their lobbying influence policy making and decisions on regional integration (see, e.g. Sandholtz, 1992; Schimmelfennig, 2018; Yoshimatsu, 2007). Furthermore, other existing studies on this subject tend to rather focus on the dichotomous interface between regional integration and MNCs, to the exclusion of aspects on the foreign policy of the nation-states that pursue regionalism.

Earlier exceptions to this include Nye (1971, 1972), who theoretically postulated that MNCs potentially were a significant force in fostering regional integration, albeit chances existed of the MNCs weakening some processes and worsening some conditions for integration. Nye (1971) theorized that the management of MNCs had a crucial role to play in the promotion of regional integration. Even he, however, categorically indicated that his models applied primarily to the market economies of developed countries and that the MNCs were bringing an integration that was far from being universal (Nye, 1972). For Feld (1974) too, the marketing and production patterns of MNCs fostered integration in developed but not developing countries. And even the limited older and newer literature that investigates MNCs in Africa tends to focus on MNCs that originate from high-income countries and, also, not so much on their role in African integration (Enyinda et al., 2000; Mutharika, 1975).

For which cause, this article assesses the intersection between South Africa’s foreign policy on the integration of Africa and the role that South African MNCs play in the process. The article argues that while the foreign policy of post-apartheid South Africa on the integration of Africa has largely emphasized state-led continental political and economic integration, the country’s MNCs have led in the practical articulation of integration as an integral part of their expansion strategies as they search for increased market share and the establishment of new markets on the continent. The article explains the rationale of focusing on MNCs as agents of continental integration for the realization of the goals of integration that South Africa had articulated: first, within the Southern African Development Community (SADC) region and, later, among the regional economic blocs of Africa and, finally, in the wider African continent, under the rubric of the Africa Continental Free Trade Area (AfCFTA). South Africa’s ratifying of the AfCFTA Agreement in 2018 was an outcome of post-apartheid foreign policy that considers African integration as a route to continental development. The policy has a long history of evolution that dates back to South Africa’s pre-democratization era.

Methods

The article uses historical, company archival and textual data and adopts a three-part juxtaposition as a conceptual and methodological approach to fulfil the stated objective. The aim is to determine the convergence between South Africa's foreign policy goal on continental integration and the expansion strategies pursued by South African MNCs, which are represented in the two respective case studies of Standard Bank and Shoprite. Unlike the less than a handful studies that examine foreign MNCs in Africa and touch on African integration, the article examines MNCs of African origin and their behavior vis-à-vis the foreign policy of the African state from which they originate and African integration. To the best of our knowledge, only Miller (2004) and Miller et al. (2008) come close to attempting to link African integration and the territorial expansion of Africa-bred MNCs in Africa. Even they, however, only focus, firstly, on the territorial expansion of capital from South Africa and, that, vis-à-vis the expansion of MNCs within the Southern African Development Community (SADC). The present article examines the expansion strategies of South African MNCs including capital on a continental scale. Secondly, while focusing on the spatial attributes of regionalism, Miller (2004) and Miller et al. (2008) neglect the foreign policy dimension and context within which the MNCs of South Africa operate in Southern Africa. This article takes that missing element into consideration and applies it to the wider African continent. This approach adopted by the article is also uniquely unlike Enyinda et al. (2000), who confine their study to West African integration and the role of MNCs. In their case, moreover, the analysis consist of subsidiaries of overseas-based parent companies of MNCs. Also, their assessment actually focuses on pressure groups and business associations like chambers of commerce as representative of the said MNCs.

The key aspects of this article concern the ways that Standard Bank and Shoprite pursued their cross-border investments across the continent and the resultant implications of such strategies on African integration and considering South Africa's foreign policy. In order to analyze these issues, the article applies Knill's (2005) convergence theory to two South African MNC case studies. Since the end of apartheid, and between the end of apartheid and the beginning of 2021, Shoprite had operations in 15 African countries. Its expansion can be attributed to the advent of democratic order in South Africa with the attendant relaxation of capital controls (Shoprite Holdings Limited, 2018, p. 8).¹ For its part, Standard Bank had operations in 19 African countries including South Africa (Standard Bank, 2019, p. 10).² Although Standard Bank's presence on the continent dates back to the colonial era, it adopted a post-colonial expansion strategy after it was weaned off from British control when Standard Chartered, the British MNC, sold its influential 39% stake in the Standard Bank Group in 1987, transferring complete ownership of the holding company to South African shareholders (Standard Bank, 2008, p. 6; Steyn and Antonie, 2012, p. 27).

The salient aspects of convergence, a conceptual approach

Knill's (2005, p. 768) convergence theory informed the data collection for the article and subsequent analysis. The article used his postulations in their original theoretical form as a guide in determining policy convergence, which the article defines as the extent to which state policies and the strategies of MNCs become similar over time. The focus in the article is on the state (foreign policy) and MNCs (expansion strategies). Content characterization inclusive of goal similarities (Bennett, 1991, p. 218; Knill, 2005, p. 768) is employed in the article to determine the similarity of South Africa's foreign policy and the corporate expansion strategies of the country's MNCs. This is achieved through a three-part comparative process including

the background to the post-Apartheid foreign policy of South Africa, the expansion strategies of Standard Bank and Shoprite, and a conclusion based on these two parts. This methodological approach holds significant advantages in the study of Africa's international political economy, which the article defines as greater than the sum of the state-market parts (Underhill, 2000, p. 821), by focusing on the role of the state and private sector players in integration and the extent to which their respective policies and expansion strategies converge.

By simultaneously focusing on the foreign policy of the state and the role of MNCs in African integration, the approaches juxtaposed in the article address shortcomings in existing literature – especially on integration in Africa. Among them is the view that regional integration initiatives in Africa are politically driven exercises that largely neglect its most important constituency, business (Grobbelaar, 2004, p. 91). Even when scholars like Grobbelaar (2004) acknowledge the need for a balanced approach that includes business in regional integration, they tend to couch business in general trade and investment patterns to the exclusion of actual corporate expansion strategies.

Some approaches to integration that focus on the role of MNCs use the colonial analytical framework that depicts South African companies as playing a sub-imperial role, accelerating South Africa's economic growth and engendering uneven regional development (Miller et al., 2008, p. 11). However, these conclusions omit a crucial part of integration namely, its multilateral and voluntary nature as opposed to unilateral acquisition of markets and annexation of investment opportunities. Makgetlaneng (2003, p. 94) emphasizes collusion between the state and “capital” and argues that the South African state aims to use political power to expand economic interests in conjunction with its foreign policy in order to secure privileged access to the markets of other African countries for South African goods and services. In his assessment, capital leads this process. The assessment is plausible but it misses two critical points addressed in this article: the role of South African MNCs outside South Africa and the role of all African states in laying out the foundation for mutually beneficial regional integration measures.

Therefore, this article deploys a methodological approach that allows for analysis that combines the roles of the African state (i.e. post-apartheid South Africa and other African states) and MNCs in promoting integration. Contrary to other approaches (e.g. Enaifoghe & Adetiba, 2018), the approach does not seek to overly emphasize the state's role in regional integration while scarcely elaborating the role of MNCs. Rather, it straddles traditional theoretical approaches that emphasize market-led supranational or functional integration and interstate bargains that trigger convergence of policy preferences among states, or intergovernmentalism (Mattli, 1999, pp. 20 -30 Moravcsik, 1991, 1993, 1998). The intergovernmental approach has the advantage of privileging a state's legal instruments in the form of treaties to engender regional integration (Saroumbe, 2012). In Africa, this leads to multiple regional blocs with overlapping membership and conflicting interests that stifle inter-regionalism or the harmonization of multiple regional schemes (Yaya, 2015, p. 11).

The rest of the article provides historical, textual, archival and case study data in support of the argument. It is structured according to the methodological approach adopted for the study; to investigate convergence between South Africa's foreign policy and the contribution of the strategies of South African MNCs to African integration. The first part lays the background to South Africa's post-apartheid foreign policy, which promotes continental integration and against which the expansion strategies of Standard Bank and Shoprite into the rest of Africa are juxtaposed. The second part presents the cases of the relevant expansion strategies of Standard Bank and Shoprite, respectively. Following a brief reiteration of some key findings,

implications, challenges and suggestions for future research, the third part concludes with a discussion of the salient aspects of the convergence.

Levels of South Africa's post-Apartheid foreign policy on African integration

South Africa's post-apartheid foreign policy on African continental integration has been articulated at various levels. Each of these levels can be clearly characterized in terms of content and goal. The characterization can then be juxtaposed with the expansion strategies of South African MNCs. The first level was integration within the Southern African Customs Union (SACU).³ Post-apartheid South Africa was instrumental in the 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, p. 11). In 2011, SACU members agreed to pursue integration beyond being a monetary and customs union. South Africa supported the goal to transform SACU into an integrated organization capable of promoting regional economic development. Member states agreed to develop a program on cross-border industrial development and advance better trade facilitation (Republic of South Africa, The Presidency, 2014, p. 152). In 2013, member states signed an agreement, Article 38 of which provides for development of common strategies with respect to industrial development (Southern African Customs Union, 2013, p. 27). It is evident from the foregoing integration efforts that South Africa supported integration in terms of cross-border investment, industrial development and cooperation within SACU.

The second level was integration within the Southern African Development Community (SADC).⁴ South Africa supported SADC's long-held belief in intra-regional trade and investment. Since 1992, prior to South Africa taking membership, SADC had committed to breaking down tariff barriers, promote trade exchanges, mutual investment and the free movement of goods in Southern Africa (Republic of South Africa, Department of International Relations and Cooperation, 2016, p. 275). The 2006 SADC Protocol on Finance and Investment makes provision for coordinated industrial policy, intra-regional investment protection and harmonization of investment rules.⁵ Trade liberalization was negatively affected by the fact that SADC member states, except South Africa, were largely producers of primary goods with limited industrial development or diversification. There was, therefore, a need for the region to consolidate the SADC Free Trade Area Agreement by cooperating on industrial development, developing regional supply chains and addressing non-tariff barriers, including poor logistics infrastructure (Republic of South Africa, The Presidency, 2014, p. 152). The existence of South Africa's policy on region-based cross-border development of supply chains and intra-regional trade could not be gainsaid.

The third level was integration between regional economic communities (RECs) in Africa, which is essentially inter-regionalism. South Africa supported the establishment of a free-trade area linking SADC, the Common Market for Eastern and Southern Africa (COMESA)⁶ and the East African Community (EAC)⁷ under the Tripartite Free Trade Area (TFTA) signed in 2015.⁸ The New Growth Path, one of South Africa's economic strategies, had identified region-based economic activities for investments in areas such as agricultural value chains, including horticulture for South African-owned retail chains, as dependent on the existence of a free trade area (FTA) (Republic of South Africa, Department of Economic Development Department, 2010, pp. 56–57). The TFTA was considered a milestone toward the conclusion of negotiations for the establishment of the AfCFTA (Republic of South Africa, Government Communications and Information Systems, 2016, p. 274), which was launched on 1 January 2021. Integration efforts were seen as key to economies of scale, the building of new distribution channels for

goods, value addition and manufacturing in Africa, and a potential boost for South Africa's access to a sprawling market (Republic of South Africa, The Presidency, 2014, p. 151). Through the TFTA South Africa also planned to pursue developmental regionalism based on two pillars: the coordination of industrial policies and the rehabilitation of infrastructure to develop regional value chains, transport networks and standardized customs clearance to facilitate trade (Scholvin, 2018, pp. 119–120). South Africa's interests in continental integration lay in its desire to expand market for its products, an ambition articulated by the New Growth Path (Saunders, 2014, p. 234). Although the Economic Community of West African States (ECOWAS) and its member states were not part of the TFTA, Standard Bank and Shoprite had representation in countries there.⁹

Lastly, the fourth level is continental integration beyond the RECs. South Africa ratified the AfCFTA Agreement in 2018. The trade pact seeks to engender an economically integrated continent through the liberalization of trade and investment, among other undertakings. The general objectives of the AfCFTA are to create a single market for goods, services; contribute to the movement of capital and people and facilitate investments; establish a continental customs union; enhance the competitiveness of the economies of member states within the continent and the global market; promote industrial development through diversification and regional value chain development, and resolve challenges of overlapping regional memberships and expedite continental and regional integration. For South Africa, integration would serve as a motivation to improve on its economic diplomacy, defined as the promotion of its economic fortunes, interests and needs in the international environment. The country, therefore, needs to seek more trade and investment in ways that would translate into the externalization of domestic economic priorities, such as the creation of jobs, reduction of poverty and income inequalities (Republic of South Africa, Department of International Relations and Cooperation, 2019, p. 11).

These four levels of integration in which South Africa is actively engaged have characterized its post-apartheid foreign policy on continental economic integration. The common denominator in the levels has been the goal to mutually reinforce and bolster intra-continental trade and investments. Predominantly, states would lead the opening of path-ways to, among other things, develop logistics infrastructure, reduce customs delays for goods and encourage regional supply chains. In the case of South Africa, Standard Bank and Shoprite seem to have independently executed expansion strategies in ways that demonstrate the practical articulation of the state's desire for integration as discussed in the following sections.

South Africa's expectation of South African MNCs in continental integration

South Africa's consolidated 30-year multifaceted strategy, the National Development Plan (NDP) 2030, proposed bringing business closer to foreign policy making. The plan mandates South Africa's Department of International Relations and Cooperation (DIRCO) to gather knowledge about and coordinate interactions between local representatives of South African companies and their international counterparts. South Africa's diplomatic interactions should include experts from the private sector (National Planning Commission, 2013 p. 256). It could be argued that this was an attempt to align business and government interests in South Africa's foreign economic relations by pursuing increased market share. The NDP seeks to bring the private sector closer to foreign policymaking by assigning the state a role of enabling functional integration using the capacities of firms. In Tsie's (1996, p. 89) conception of the role of the state in relation to the market, the NDP's proposition falls within a "market-complementary form of state intervention" to pursue integration.¹⁰ This approach acknowledges that MNCs are

actors in the international political economy and that home governments should engage them to extract benefits from their activities. Mattli (1999, p. 22) stresses the role of companies in facilitating functional integration through cross-border economic factors. While government-to-government relations provide the political basis for integration, the coalface of integration is in the corporate sector, steered by MNCs. As a *Financial Mail* writer observed with underlying though unstated acclaim to functional integration:

Never mind the rhetoric about New Partnership for Africa's Development (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, p. 8).

The Economist (22 June 2019) recognized the importance of post-colonial intra-continental foreign direct investment (FDI) in fostering integration in Africa:

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.

This assertion confirms and speaks well to Standard Bank and Shoprite, and their respective expansion strategies in Africa. The two provide specific, as opposed to generalized, cases of the contribution of leading businesses in Africa "stitching" the continent together or contributing toward continental integration while in pursuit of increased market share as the article shows next. Their operations are examined in terms of the role that MNCs can play in enhancing integration in keeping with South Africa's post-apartheid policy toward African integration as briefly outlined in the foregoing.

Standard Bank's Africa strategies and contribution to continental integration

Standard Bank group's expansion strategies on the African continent have depended on its ability to aid the integration of hitherto disparate markets. The banking group has played out this role in four ways. The first has been through intra-continental facilitation of trade and market integration. The second, by supporting the aspirations of South African companies seeking growth in different parts of the continent. The third has been through the facilitation of inter-continental trade and investment flows between Africa and other continents and, thereby, aiding the integration of Africa into the global economy as the bank globalized. And the fourth has been cross-border replication of expansion strategies. Column two of Table 1 summarizes these findings, which are detailed in the ensuing presentation of textual and archival evidence on the Standard Bank case in support of the argument of the article. as a whole categorizes patterns based on the two MNC (Standard Bank and Shoprite) cases. It highlights their similarities and alignment with South Africa's strategy/efforts for continental integration. The first column of Table 1 indicates state foreign policy.

Table 1. State and MNCs Convergence on Continental Integration.

State's foreign policy	Standard Bank expansion strategy	Shoprite expansion strategy
<i>Intra-African trade</i>	Finances intra-African trade flows. Supports the AfCFTA.	Trades in goods across Africa. Supports the AfCFTA.
<i>Intra-African investment</i>	Finances expansion investment of South African MNCs in the rest of Africa and vice versa.	Motivates South African companies to set up manufacturing in various jurisdictions on the African continent. Engages in intra-African trade in goods and stimulates investments.
<i>Market integration</i>	Internal company integration of products and services across African countries aids continental market integration.	Internal company integration in logistics and trade aids continental integration.
<i>Inter-regional integration</i>	Regional penetration ratio across four major African regions ranges from 21.4% to 80%.	Regional penetration ratio across four major African regions ranges from 7.14% to 80%.

Source: The authors.

Intra-Africa trade facilitation and market integration

At the outset, Standard Bank saw it had a crucial role to play in the long-term development of South Africa and Southern Africa as it embarked on its post-apartheid expansion trajectory – a trajectory that transcends its colonial roots and apartheid isolation (Standard Bank, 1996, p. 4). In line with this vision, the bank's Corporate and Merchant Banking's International Division would play a role in facilitating trade and investment between South Africa and the rest of Africa. (Standard Bank, 1996, p. 30). In 1997, the bank's Emerging Markets Division facilitated export credit finance that totaled R300 in Madagascar, Mozambique, Kenya and Uganda (Standard Bank, 1998, p. 27). Standard Bank closely watched South Africa's pattern of trade with the rest of sub-Saharan Africa and assigned itself the role of promoting continental trade and investment (Standard Bank, 1999, pp. 8–9).

From 2005, the bank's Corporate and Investment Banking division in Africa focused on capturing banking business associated with intra-Africa trade flows and between Africa and other emerging markets (Standard Bank, 2006, p. 22). Two examples illustrate this. First, in 2016, the bank hosted conferences with clients from sub-Saharan Africa to promote interregional investment opportunities (Standard Bank, 2017, p. 42) and in 2018, it hosted the South Africa-Nigeria Chamber of Commerce, a nonprofit business organization in Nigeria that consists of South African MNCs. The aim of the conference was to strengthen cooperation and increase trade and investments between the two countries (Standard Bank, 2019, p. 9). Second, in 2019, the bank proclaimed its support for the AfCFTA and expressed its hope that it would boost regional integration, commerce and trade, and grow African economies. To aid and benefit from the AfCFTA, the bank was positioned to facilitate inter-regional trade, and investment flows and the expansion of multinational corporations; all of which would serve to boost growth (Standard Bank, 2019, p. 12).

Facilitating the expansion of South African companies

Intra-African FDI flows are key to continental integration. Despite an increase between 2003 and 2018, intra-continental investment within Africa as a total percentage of FDI remains low.

The role of companies such as Standard Bank even in this relatively low figure, however, is critical (*The Economist*, 22 June 2019). The significance of Standard Bank’s role in facilitating intra-continental investment is a function of its intra- and inter-regional penetration or the extent to which it is present within and between region on the continent as shown in Table 2. Several South African companies that looked to invest in different parts of Africa benefitted from Standard Bank’s experience in facilitating investments across borders (Gillingham, 2007, p. 1). Standard Bank’s support to South African MNCs included financing deals and provision of advisory services, and leveraged trade and investment flows (Standard Bank, 2008, p. 68). Examples of South African companies that used Standard Bank’s services include sugar producer Tongaat Hulett; telecommunications multinational MTN with operations in 16 countries (MTN Group Limited, 2021, p. 172)¹¹; retailer Shoprite; and food services franchise group, Famous Brands.¹² In 1998, the bank facilitated Tongaat-Hulett’s acquisition of two Mozambique state-owned sugar mills, when Mozambique was implementing its privatization policy¹³ (Standard Bank, 2000, p. 25). In the DRC, Zambia and Nigeria, Standard Bank arranged a US\$2 billion loan facility for the funding of MTN Nigeria’s network infrastructure expansion in 2007 (Standard Bank, 2008, p. 68). The loan was the biggest Naira-denominated facility and Nigeria’s biggest non-oil financing debt-raising exercise (Wray, 2007, p. 1).¹⁴

Table 2. Regional Penetration Ratios of Standard Bank and Shoprite in Selected Major African Regional Economic Communities, January 2021.

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 includes duplication of member states across SADC, COMESA and EAC..

**Before divestment from Nigeria.

Source: Calculated by authors.

Standard Bank also partnered with MTN to offer mobile banking services in South Africa and the rest of Africa. For this purpose, MTN’s SIM card had embedded banking functionality that enabled the opening of bank accounts that could be activated telephonically. With MTN’s vast reach in Africa, Standard Bank sought to create further opportunities for the mobile group to further increase its continental market share (Standard Bank, 2006, p. 19). In partnership with the Industrial and Commercial Bank of China (ICBC), which has a 20% shareholding in the bank, Standard Bank raised a R3.3 billion loan facility for MTN in 2016 as joint mandated lead arrangers and lenders (Standard Bank, 2017, p. 49). The bank also supported Shoprite’s movement of high-volume, time-sensitive, physical and electronic money flows through global market and transactional banking services. These included customized, large-scale cash handling, client domestic money transfer, card acquiring, international money flows and centralized, coordinated foreign exchange hedging and dealing. The bank stressed that this enabled a homegrown South African icon, Shoprite, to realize its international business ambitions (Standard Bank, 2000, p. 25).

Craig Bond, a Standard Bank executive, disclosed that non-South African, African MNCs outside of South Africa that intended to invest in South Africa and other parts of Africa had requested the bank to provide them with services that were similar to those wherein it facilitated the expansion of South African companies into Africa (Gillingham 2007, p. 1). The bank 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 the bank's Corporate and Investment Banking client in Kenya and Nigeria, with more plans to expand across Africa. The deal, according to Standard Bank, demonstrated its ability to mobilize teams and functions from across Africa to benefit clients with its expertise (Standard Bank, 2017, p. 48).

In 2021, Standard Bank Chief Executive Officer, Sim Tshabalala, underscored the influence of Africa-based MNCs that sought to expand across African borders (Thompson, 2021, p. 9). The push by the bank's clients for expansion was, therefore, not a one-way process; i.e. of South African MNCs seeking to expand to the rest of Africa. The bank's infrastructure and business banking capabilities made it suitable to facilitate investment flows across the continent, thus helping to integrate capital markets, investment and trade flows. Standard Bank approvingly cited the continent's ambitious plan, the African Union's Agenda 2063,¹⁵ which highlighted the importance of trade and investment in infrastructure to connect African markets. The deepening of trade and investment flows between African countries and global markets such as China, according to the bank, 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, 2019, p. 53).

Cross-border replication and standardization

Some of the crucial features of Standard Bank's expansion strategies include the piloting and replication of successful ideas across African borders. The group would test or accumulate knowledge in one jurisdiction and, if successful, replicate it in other jurisdictions in ways that integrate the business across borders, thus furthering continental integration. Some examples of this include, first, technology and innovation. Standard Bank used satellite linkages to link its head office in Johannesburg with operations throughout Africa. A pilot satellite link was tested in Tanzania in 1997 and after it proved successful, a decision was taken to connect all of the bank's businesses in Africa to a master computer in Johannesburg in 2000, and this enabled seamless banking services (Standard Bank, 1997, p. 28).

Second, the alignment of ideas. As the Standard Bank group expanded in Africa, it gained unique opportunities to align activities in its different divisions. Standard Bank's the Rest of Africa operations implemented the Corporate and Investment Banking Treasury sales model, applicable in South Africa, the SACU area and in Botswana and Kenya (Standard Bank, 2004, p. 27).

Third, marketing. Between 2004 and 2005, the Rest of Africa operations introduced an independent service measurement tool, successfully used by Retail Banking division in South Africa, to measure and record customer ratings by customers. This was part of the introduction of across Africa operations of sales and marketing campaigns to further expand the customer base and promote product cross-selling of products and services across different banking divisions (Standard Bank, 2005, p. 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, pp. 69–70).

Fourth, is standardization. The idea was to align the Rest of African operations with South African operating standards by replicating banking competencies developed and refined in

South Africa (Standard Bank, 2007, p. 7). In so doing, the Standard Bank group managed to realize organic growth and acquisition opportunities while also leveraging its emerging market expertise and presence in Africa and other regions (Standard Bank, 2008, p. 19).

Fifth, digital banking. As part of its customer-centric model used 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. 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; Standard Bank, 2008, p. 68). The implementation of a core banking platform in the Rest of Africa was extended from Nigeria, where it was implemented in 2011, and subsequently to Namibia, Uganda, Botswana and Tanzania in 2013 (Standard Bank, 2013, p. 30, 2016, p. 42). In 2019, following a pilot in Lesotho and Zambia, the bank launched the Trader Platform Solution to enable informal sector retail traders to apply for stock advance loans (Standard Bank, 2020, p. 88).

Lastly, instant money. Launched first in South Africa, instant money products allowed clients to send money more quickly and easily than before. The service was extended beyond South Africa's borders due to the need for faster remittance across the continent. This led to the establishment and rollout of Instant Money Africa Regions, given effect in Ghana, Uganda, Malawi, Zambia, Namibia, Botswana, Lesotho and Eswatini in 2018 (Standard Bank, 2019, p. 44). While instant money was operational within the borders of each of these countries, Standard Bank also launched cross-border money transfer solutions. Mukhuru Money Transfer (Mozambique) supported transfers at a fixed rate of 10% from South Africa to Mozambique; Uhuru Banking (Tanzania) offered pay-as-you-go banking with no monthly administration fee and a visa card which could be used globally; International Remittance (Nigeria) allowed foreign nationals to open bank accounts with Stanbic IBTC and transact from France, Germany, Israel and Italy in real-time (Standard Bank, 2019, p. 78); Lesotho, South Africa, Eswatini and Zambia's Instant Money Bulk Payments enabled digital payments to employees and suppliers, even without bank accounts, eliminating the need to deal in cash and reducing security risks (Standard Bank, 2019, p. 80). In 2019 the bank partnered with Rewire, a fintech company, to offer cross-border banking to migrant workers (Standard Bank, 2020, p. 87).

Shoprite's Africa strategies and contribution to continental integration

Column two of Table 1 summarizes the ensuing presentation and discussion of textual and archival evidence on the Shoprite case. A few years after it ventured northwards, starting in Zambia in 1995, 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. Shoprite also engaged in global trade, sourcing products from different parts of the world to satisfy the market it was cultivating in Africa. The way Shoprite pursued its expansion strategy bolstered intra-Africa trade.

Creating markets for South African products

Shoprite's post-apartheid growing presence in the rest of the African continent made it a major exporter of South African products to other African markets. For example, during the financial year ending 2002, it distributed over 6 700 products from over 230 South African producers (Shoprite Holdings Limited, 2008, p. 6, 2001, p. 8). From 1998 to 2000, Shoprite generated merchandise exports valued at over R380 million for its 56 outlets outside South Africa

(Shoprite Holdings Limited, 2000, p. 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 2003.¹⁶ The northward expansion of Shoprite paid off for South African manufacturers for whom new markets were created (Shoprite Holdings Limited, 2003, p. 8). To serve its export markets on the continent, the Shoprite had created a special distribution center in Centurion, Gauteng Province of South Africa, where products for export are licensed by South African customs authorities before they are exported (Shoprite Holdings Limited, 2008, p. 21).

The encouragement of South African manufacturers was key to the success of Shoprite's operations beyond South Africa's borders. Through the group's expansion programmed in the rest of Africa, a market was created for over 270 South African producers and manufacturers (Shoprite Holdings Limited, 2001, p. 8). Shoprite was, therefore, among the retailers that provided logistical infrastructure for South African-manufactured goods to reach distant markets (Hartzenberg & Mathe, 2005:12, 13). Shoprite's presence aided local suppliers in the company's host states on the continent, especially small-scale farmers who were key to lowering the company's product costs (Standard Bank, 2008, p. 31; Games, 2009, p. 13). This, however, did not stop the group's dependence on South Africa, and other countries outside the continent for product supply. For instance, it engaged 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 Holdings Limited, 2014, p. 14). This was, in essence, an intra-continental investment facilitation strategy, in addition to intra-Africa trade strategy the company had used.

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 Holdings Limited, 2002, p. 12). However, there was also a drawback in that South African manufacturers were not always well disposed to Shoprite's expansion strategies. And Shoprite at times considered products from South Africa to be expensive and not cost-competitive (Games, 2009, p. 13), a view that the then Shoprite Chief Executive Officer, Whitey Basson voiced at one point, saying the group would support South African manufacturers "until it can't afford to" (Thomas, 2011, p. 61). Clearly, the sourcing of products from South Africa was not unconditional.

Advocating for intra-African trade

Shoprite not only carved markets for itself in different parts of the African continent but also advocated for market integration and criticized trade barriers. In its 2005 annual report, for example, the company stated that trade between African countries would grow their economies only when the countries promoted trade as the case in Europe's single trading bloc occurred, with uniform import and export requirements (Shoprite Holdings Limited, 2005, p. 9). Shoprite applauded the 2008 trade agreement signed by SADC members that allowed them to trade at reduced import duty rates. The SADC trade agreement had a positive impact on Shoprite's trade activities between Mozambique, Malawi and Zambia (Shoprite Holdings Limited, 2008, p. 21). For Shoprite, the potential for intra-African trade was enormous, but the continent was not taking sufficient advantage of it. In its 2013 annual report, Shoprite considered it embarrassing that a continent with prime agricultural land imported more food than it exported (Shoprite Holdings Limited, 2013, p. 10) and, unlike Europe, no two African countries had the same importation requirements (Shoprite Holdings Limited, 2004, p. 23).

Shoprite supported the TFTA pact as it 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. According to Shoprite, the TFTA could speed up the movement of goods and thus make trading conditions conducive to Shoprite (Shoprite Holdings Limited, 2015, p. 12; 2016, p. 10). Shoprite’s views on the need to increase intra-Africa trade are validated assessments of the way in which Africa trails Europe and Asia in intra-continental trade.

The Shoprite group not only advocated for intra-African trade, but practiced it. Promoting intra-Africa trade was a key expansion strategy at the outset. Shortly after its first major acquisition in Zambia, the company decided to import goods from Zimbabwe and South Africa to complement what was available in Zambia (Shoprite Holdings Limited, 1995, p. 4). Shoprite also struck a supplier deal with Zambeef, a Lusaka Stock Exchange and London Stock Exchange-listed local meat supplier, to operate all of the group’s in-house butcheries. The deal allowed Zambeef’s supplier network to reach Namibia and Tanzania, where it procured beef to replenish Zambia’s supply (*The Economist*, 2013). In another example, Shoprite signed an agreement with Rwenzori Coffee of Uganda to sell a range of coffees in South African supermarkets and, in time, throughout Africa. Initially, the raw coffee beans were roasted and packaged in Cape Town. Shoprite assisted Rwenzori to conduct value-added processing in Uganda after securing a market for its products (Shoprite Holdings Limited, 2004, p. 9).

Shoprite’s 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 encouraged exports of some products from Zimbabwe to Shoprite stores in Zambia and Malawi (Shoprite Holdings Limited, 2004, p. 20). Shoprite also exported Zimbabwe fresh products to South Africa (Shoprite Holdings Limited, 2008, p. 23).

South Africa’s exchange rate also influenced the group’s trade practices. When the Rand depreciated against other currencies, South African products became competitive and the group would accordingly increase exports from the home market (Shoprite Holdings Limited, 2008, p. 21). For the same reason the group exported more products from South Africa to Mauritius when the Rand depreciated in relation to the Mauritius Rupee, as goods from South Africa became more competitive (Shoprite Holdings Limited, 2009 p. 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 slow down exporting of South African products as the Rand’s relative strength was mitigated by the strong demand of South African products regardless of the exchange rate-related costs (Shoprite, 2009 p. 22). The group specifically developed successful trade between Botswana and Zimbabwe. Trade between South Africa and Botswana contributed to the group’s good performance in Botswana (Shoprite Holdings Limited, 2009 p. 21).

Logistical challenges to market integration

Chief among Shoprite’s concerns about doing business on the African continent were: anticipated non-tariff intra-continental trade barriers, non-uniform trading rules, bureaucratic delays among various customs authorities; import restrictions; and lack of infrastructure. An example of trade blockage that frustrated the business was the delay, sometimes for months, of large delivery trucks laden with merchandise at border posts because of red tape (Shoprite

Holdings Limited, 2010, p. 9). In 2004, it took up to 40 days after an order had been placed by a neighboring country's outlets for the goods to be loaded in South Africa, as too many and various inspection agencies had to approve each shipment (Shoprite Holdings Limited, 2004, p. 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, which could benefit foreign and domestic companies and increase the wealth of the countries concerned and citizens (Shoprite Holdings Limited, 2010, p. 9).

Cross-border replication

From the onset of its expansion, Shoprite took lessons from one market where it had successful operations and implemented them in a new one. A successful test in one African market would result in replication into another (Shoprite Holdings Limited, 2003, p. 8). Basson explained how cross-border learning was beneficial to the company's South Africa's operations:

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 Holdings Limited, 2016, p. 13).

An earlier example of cross-border learning and replication came through its low-cost retail division, Usave, which was first tested in the lower segment of the South African retail market before it was established elsewhere in Africa. After extensive testing in 2002/3 in both South Africa and the SADC region, the new Usave format was rolled out in the 2004 financial year to more outlets in South and other African markets (Shoprite Holdings Limited, 2003, p. 9). The development of new ideas and testing of their usefulness in one market before replicating them elsewhere also led to the establishment of the Money Market concept (Shoprite Holdings Limited, 2008, p. 9). The Money Market entailed provision of financial services including, cash transfers and withdrawals within Shoprite stores, which was first tried and tested in South Africa and subsequently introduced in Zambia, and later in Botswana, Lesotho, Eswatini (then Swaziland) and Namibia (Shoprite Holdings Limited, 2013, p. 13).

The learning and replication extended to the moving of perishable merchandise across borders and the development of infrastructure. The challenges of operating on unchartered territory on the continent bred a new generation of Shoprite retailer experts, who learned their trade in an environment where they had to be resourceful to survive. This knowledge acquired in Shoprite's Rest of Africa operations could be successfully applied in South Africa (Shoprite Holdings Limited, 2014, p. 11). Hungry Lion, Shoprite's fast-food outlet, for example, was first piloted simultaneously in Stellenbosch, in the Western Cape of South Africa, and in Zambia before it was established in other parts of Africa including more areas in South Africa (Shoprite Holdings Limited, 1997, p. 5). Shoprite's replication strategy was applied in relation to the development of efficient supply chains that included the development of logistics infrastructure and warehousing. The company had sought to "transplant" its supply chain expertise into non-South African regions, with the acquisition of land for an additional distribution center in Angola and the Port Harcourt development in Nigeria (Shoprite Holdings Limited, 2018, p. 27).

The need and directions for future research

This article is the first to examine the convergence of foreign policy and MNC strategies vis-à-vis regional integration in Africa. It has exposed the dearth of empirical examinations of the interactions among these variables with an Africa focus. This implies that practice – in policy making or MNC operations – has limited reference sources to help craft functioning strategies to advance their respective interests and the wider goal of African integration. It makes further research in this regard imperative.

Two main contributions of the article to literature are worth highlighting based on its approach and findings. Firstly, foreign policies and expansion strategies of African MNCs in Africa are comparable and convergence of state policy and corporate expansion strategies are methodologically discoverable. In this case, the convergence discovered in the article centers around continental integration in various manifestations or levels. Secondly, drivers of integration cannot be meaningfully separated between state and corporate players. Neither state-focused nor MNC-focused approach can exclusively help develop a substantive theory of integration in Africa. The role of states in integration may have overt economic significance in as much as the role of corporate expansion may have political ramifications. While the interdependence of market and political forces is generally assumed to be a given in international political economy (Moran & Wright, 2016), delving into specific expansion strategies of MNCs (devoid of generalization without specifics) and tracking similarities of characterization and goals yield substantial outcomes, and thus develop corporate practice as well as the field of international political economy further.

Conclusion

Intra-continental trade and investment are key cross-border economic activities in the continental integration for which Africa aspires. Since the end of apartheid in South Africa, Standard Bank and Shoprite have extensively engaged in these activities and have demonstrated willingness to expand even further. It follows, therefore, that in African MNCs like Standard Bank and Shoprite, the AfCFTA has African agents of integration that are already involved in the kind of integration activities envisaged in the continental agreement and performing what *The Economist* (2019) described as “stitching the region” together from within. Archival and historical evidence reviewed in this article demonstrates that Standard Bank and Shoprite have been involved not only in integrating the South African economy with the rest of Africa, but also between other African countries independent of South Africa. While the post-apartheid milieu was an enabler through political re-engagement and capital controls relaxation, the subsequent expansion strategies adopted by the two companies were largely independent and entrepreneurially driven to expand their respective market shares on the continent.

The execution of the corporate expansion strategies has proven to be in line with a key aspect of South Africa’s post-apartheid foreign policy: continental integration as articulated by the democratic regime in various states within and between regions and ultimately culminating into its participation in the promulgation of the AfCFTA. Standard Bank and Shoprite have proved that they can operate in disparate markets well beyond the RECs in which their home government is a member. The respective penetration ratios or extent to which these companies are present in various African countries that belong to different RECs is indicative of their level of integration across African borders and regions. This also indicates the role that intra-continental MNCs can play in turning the aspirations of the AfCFTA into reality. The cross-

pollination of ideas from one country on the continent to another as demonstrated by cross-border replication is indicative of the depth of integrative role that Standard Bank and Shoprite have played and can play in realizing the goal of an economically integrated Africa. The integration that is inherent within the MNC's expansion strategies contributes to continental integration. Member states of the African Union could thus make sure that they craft policy, foreign policy in this case, that aligns MNCs' interests with national and continental goals of integration.

Disclosure statement

No potential conflict of interest was reported by the authors.

Notes

1. Beyond South Africa, Shoprite has expanded to Angola, Botswana, Democratic Republic of Congo, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Eswatini, Uganda and Zambia. Shoprite divested from Egypt in 2006, from Tanzania in 2014 and from Nigeria in 2021.
2. Beyond South Africa, Standard Bank has established operations in Angola, Botswana, Eswatini, Ethiopia, Ghana, Ivory Coast, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, South Sudan, Tanzania, Uganda, Zambia and Zimbabwe.
3. Founded in 1910, the customs union consists Botswana, Lesotho, Namibia, South Africa and Eswatini.
4. SADC members are Angola, Botswana, Comoros, Democratic Republic of the Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe.
5. SADC Protocol on Finance and Investment, Article 16 and Article 17.
6. COMESA members are Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritania, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.
7. EAC members are Burundi, Democratic Republic of the Congo, Kenya, Rwanda, South Sudan, Tanzania and Uganda.
8. Part III of the TFTA specifically provides for trade liberalization, which is further articulated under Article 10 which provides for the elimination of non-tariff barriers while Articles 21 and 26 respectively commits member states to facilitate trade cooperation, and strengthen cross-border payment systems and capital markets development.
9. ECOWAS consists of Benin, Burkina Faso, Cabo Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Standard Bank has operations Ghana, Nigeria and Ivory Coast, while Shoprite had, until 2021, operations in Nigeria and Ghana. It has since divested from Nigeria.
10. Other roles of the state according to Tsie's (1996) are market-creation, market-correcting, market-conforming and market supplanting.
11. MTN operates in 16 countries in Africa including South Africa. The other African countries are: Nigeria, Ghana, Uganda, Rwanda, Zambia, South Sudan, Cameroon, Ivory Coast, Benin, Guinea-Conakry, Congo (Brazzaville), Liberia, Guinea-Bissau, Botswana and Eswatini.
12. Famous brands owned fast-food outlets such as Steers and Wimpy.
13. According to Tongaat Hulett (<http://www.hulett.co.za/ops/mozambique.asp>) the company acquired interests in two mills and cane estates in Mozambique in 1998, a 75% share which was later increased to 85% in Açucareira de Mozambique (Mafambisse) and 49% share which was later upgraded to 88% in Açucareira de Xinavane (Xinavane). The state owned the remaining shares in the companies.
14. Of the US\$2 billion, US\$1.6 was raised in Nigeria and denominated in the local currency Naira. The balance would be raised in international markets.

15. Adopted at the African Union's 50th anniversary, Agenda 2063 – the continent's aspirational developmental path, committed the continent to pursue post-colonial development by, among other things, continental economic integration and inclusive development of its peoples.
16. Shoprite did not consistently disclose the value and country of origins of products in its annual reports.

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