Identifying key business strategies for successful African expansion: A Case Study of DRA Projects

Antonio da Gama Teixeira

Student number: 0103724T
Tel: +27 72 620 3699
Email: a.dagamat@gmail.com

Supervisor:
Mrs. Andeline dos Santos

Wits Business School
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ABSTRACT

South African multinational companies are the largest contributors of intra-Africa foreign direct investment. Coupled with the litany of South African multinational companies that failed in their African expansions, it seems incongruent that the largest African investors are not more successful at expanding into the rest of the continent. This research aimed to determine the key business strategies for successful African expansion. The approach taken was that of a single case study examining the DRA Projects' African experience. Three propositions were derived from existing literature and research questions were developed from these. Questionnaires were emailed to senior managers and executives who are all experienced with business and/or projects in other African countries. Analysis of the answers to the closed-ended questions was accomplished through the use of descriptive statistics. The main findings of the study are that identifying the (correct) mode of market entry is essential for successful business expansion on the continent. Furthermore, a company needs to identify its key defining strategies for success when internationalising a business and to be cognisant that these strategies in turn are impacted by country-specific factors. Lastly, the research determined that international stakeholder perceptions of the South African state do impact, albeit to a limited extent, on how successful South African companies can be in other African countries.
DECLARATION

I, Antonio da Gama Teixeira, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Antonio da Gama Teixeira

Signed at Johannesburg

On the 31st day of August 2017
DEDICATION

I dedicate this to my mother Nazare Teixeira, the lady that had to flee her home as a 12 year old refugee and start a new life in a foreign land. As a single mother, she never had the chance to complete her primary school education, yet she has always understood the power of knowledge. My sister Delfina and I were simply never allowed to get away with not learning and growing.

I further dedicate this to my sister Delfina, my eternal hero. On two occasions she rescued me from drowning as a child. Growing up she was my rock whenever I was I doubt. Be it at school, sport or life in general.

I am privileged to have you ladies as my mother and sister.

Eternally, your little one.
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From when I identified my research topic through to submitting the first draft, Mmamolatelo E. Mathekga often provided me with good prompts and critique, thanks my friend. Our never ending debates motivate me.

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Dear Lord, all that I am blessed with is due to Your love and favour towards me.
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CHAPTER 1. INTRODUCTION

1.1 Purpose of the study

South African multinationals have for decades been playing an active role in foreign direct investment (FDI) across several countries (e.g. MTN, DeBeers, Anglo American, Shoprite). However, these multinationals experience various challenges that, if not addressed correctly, can often lead to failure in their African ventures. Companies that are implementing successful strategies and are succeeding on the continent would invariably have a different strategic approach to those companies that struggle, especially if both companies are in the same industry. The purpose of this study was to identify the key strategies used by a South African multinational company that has successfully expanded its operations into the rest of Africa. DRA Projects was explored as a single case study as an example of successful expansion into the rest of the African continent.

1.2 Context of the study

EY Africa noted in their 2013 annual Africa attractiveness survey that “the size, diversity and inherent complexity of doing business across the continent will continue to test even the best-laid corporate strategies for growth in Africa” (Ernst & Young Africa, 2013, p. 23). South African companies often experience varying degrees of fortune in their expansion into the rest of Africa (Bonakele, 2014; Games, 2003; Hudson, 2007). Several commentators, such as Camarate, Hoijtink and Puttergill (2016) and Thomas (2016a), have written on the successes and failures of South African companies across the continent. Furthermore, financial newspaper articles are awash with reports of the challenges faced by South African companies on the continent. One such article is on how Tiger Brands sold its stake in both their Nigerian and Kenyan businesses after tough experiences (Douglas, 2017). Another article describes Vodacom’s stakeholder and local labour challenges in Tanzania and the DRC (Etherington-Smith, 2013; The Citizen Reporter, 2015).

Companies often consider many factors including commercial and strategic success criteria when expanding into the rest of the continent (Camarate, Hoijtink, & Puttergill,
DRA’s stated expansion strategy is to grow through acquisitions (Crown Publications, 2016; DRA Global, 2017; KordaMentha, 2016) and organic growth in the various market sectors it operates in. DRA Namibia, for example, was established through organic growth as well as a franchising agreement with an established engineering entity in that country. These three internationalisation strategies (namely organic growth, acquisition and joint ventures/partnerships) are used and adapted due to local country factors.

Since being founded in 1984 in Sunninghill (Johannesburg), DRA has grown into a global multi-disciplinary engineering company with a presence in more than 20 countries across the globe. The company’s international offices (either through being acquired subsidiaries or organically grown) are located in Toronto, Montreal, Pittsburgh, Beckley (West Virginia), Buenos Aires, Perth, Brisbane and Beijing. The scope of this proposed study is, however, limited to the DRA Projects’ African subsidiaries. The current research aims to understand the key determinants that lead to DRA’s successful expansion into the countries where DRA has an office.

1.3 Problem statement

Despite the “Africa rising” narrative portraying a picture of companies wanting to invest in the continent (Adusei, 2009; Ayogu, 2007; Chuhan-Pole & Angwafo, 2011; Chutel, 2016), there remains a considerably large number that resist doing so because of various local factors including, amongst others, logistical challenges, political uncertainty and poor infrastructure (Kiruga, 2016; Thomas, 2016a).

Several organisations and commentators have noted that South African companies that do expand into the rest of the continent have a chequered record of successes and failures (Camarate et al., 2016; Ernst & Young Africa, 2013; Reuters, 2015; Thomas, 2016b). Reasons for failure are varied and include the following:

- Poor understanding of local market conditions, as was the case of a South African multinational that resold its Nigerian operations back to Dangote Industries because they did not correctly anticipate a fall in demand for the product and did not fully understand the business structure that they acquired (Reuters, 2015)
• Not making use of local knowledge, instead importing a large South African expatriate contingency with little knowledge of local conditions (Roerig, 2015).
• Failure due to acts of corruption by either local and/or expatriate employees resulting in major losses for the company (Mutegi, 2016; The Citizen Reporter, 2015).

The above list is by no means exhaustive, and is merely for illustration purposes.

By better understanding the challenges that business faces on the continent as well as the typical missteps and success as covered in the literature review, this research aimed to better understand what the key strategies are for success.

The study explored the key business strategies for successful African expansion of a private South African company. DRA was selected for this research as it is an example of a company that has successfully expanded into several African countries. The main research question guiding this study was: What have been the key success determinants for the DRA expansion in Africa?

The sub-questions for this study were developed from propositions identified in the literature. This process will be discussed in detail in chapter two. The sub-questions that were developed are as follows:

• Does success on the continent depend on the mode of market entry?
• Which modes of entry have proven more successful?
• Is this mode of entry applicable in a different business sector?
• Are lessons learned in one market sector transferable into strategies in another market sector?
• Are lessons learned in one African country transferable into strategies in another African country?
• Is success in internationalisation dependent on country specific factors?
• Can the company implement strategic measures to address idiosyncrasies of the specific country?
• How is this South African company received in Africa?
• Do locals in other African countries view South African companies less favourably than Chinese companies?
1.4 Significance of the study

As noted earlier in the introduction, there is a considerable body of literature on the challenges of doing business in emerging markets (Arp, 2014; Dawar & Frost, 1999; Demirbag & Yaprak, 2015; Rugman, 2007). With South African companies making up 21% of all intra Africa foreign direct investments (FDI) (Kruger & Strauss, 2015), it is ultimately in the interest of the multinational corporation (MNC) stakeholders that their African investments are successful. This study can provide guidance to company executives and other interested parties who may want to better understand how to improve their “Africa Strategy”. This can be achieved through understanding the critical determinants in developing that strategy.

Much has been written on the successes and failures of companies expanding into the continent. While the literature review in chapter 2 forms the basis for the research propositions and subsequent questionnaire for this study, this research specifically explores the strategies that senior management and executives within DRA identified as being critical to the company’s African success. By undertaking a case study of a successful company, this approach allows for a better understanding of how success can be attained.

1.5 Delimitations of the study

The study focuses on DRA’s operations across Africa as well as their South African operations. The South African operations are included merely for context and to highlight the difference in experiences that the same organisation has faced in expanding across the continent as opposed to growing within the country. Furthermore, the strategies employed by the various African subsidiaries are often informed by the South African head office.

DRA operates in several market sectors including agriculture, energy, infrastructure, marine engineering and mineral resources (DRA Global, 2017). Due to the company operating in various market sectors, the research did not confine itself to a particular industry, but rather to the perspectives of the managers who helped establish or have worked for the subsidiaries across the continent. The study also reviewed some of the
challenges and failures experienced by the company in its Africa internationalisation drive, but ultimately the focus of this research was on the key determinants of the successful expansions.

The study was conducted with the leadership of the subsidiaries (both inside and outside South Africa) as well as those from the parent company based in Johannesburg. The Group’s idiosyncratic views were explored, as borne from experiences of the leadership team.

1.6 Acronyms

- FDI  Foreign Direct Investments
- GDP  Gross Domestic Product
- CSA  Country Specific Advantages
- MNC  Multinational Corporation
- PESTLE  Political, Economic, Social, Technological, Legal and Environmental is an analytical tool for strategic business planning.
- SADC  Southern African Development Community
- JV   Joint Venture
- M&A  Mergers and Acquisitions

1.7 Assumptions

The following assumptions were made in developing this research:

- Respondents are at middle, senior or executive management level within the DRA organisation/subsidiary they work at. In other words, they determine, are exposed to or are expected to implement strategy
- Respondents have an interest in sharing their views and experiences through the research questionnaire. A lack of interest may affect the data and consistency of responses, thus, the email invitation provided the option to decline participating
- Respondents are honest and consistent in their responses. Inconsistent and/or false answers may result in the research data being compromised.
CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

This literature review aims to provide a framework against which the research problem can be understood. The chapter begins with an analysis of the literature on the history of multinational corporations. The review then continues by analysing the drivers for international business expansion including local country factors that impact on multinational investments in a country. This is followed by an assessment of South African companies that operate across Africa. The competition from Chinese companies establishing themselves across Africa is also considered, especially in the context of how these companies present a challenge to South African multinationals establishing themselves on the continent. The review then presents views on what constitutes success in business internationalisation including the measures adopted when expanding into the rest of the continent. Key propositions are developed from the literature review and these are then used to develop questions for the research. The literature review concludes with views on key determinants for successful internationalisation on the continent. In chapter five, these key determinants are then compared to the research results identified during the study.

2.1.1 Theory of how a company internationalises

The Uppsala Internationalisation Model, as initially proposed by Johanson and Vahlne in the 1970’s, describes the process of how a company gradually develops from being a local or regional company into a global enterprise (Johanson & Vahlne, 1990). This process “evolves in the interplay of the development of knowledge of foreign markets and their associated operations versus an increasing commitment of resources into these foreign markets” (p. 11). The Uppsala Internationalisation Model determines that market knowledge and market commitment affect decisions on how resources are directed into these foreign markets as well as how activities will be performed.

There has been criticism directed towards whether the Uppsala Model is universally applicable. One such critique is by Forsgren and Hagstrom (2007) who applied the model...
to internet related companies. They found that the internationalisation behaviour of these firms deviated considerably from what the Uppsala model predicts.

Figueira-de-Lemos, Johanson and Vahlne (2011) determined that the Uppsala Model predicts that internationalisation risk levels are manageable in instances where knowledge and commitment are balanced. This can be achieved through using the market knowledge as a prospecting tool for managers to adjust the company’s risk exposure. They conclude by stating that “empirical validation of the proposed theory can be a powerful tool in developing strategies for firm internationalization” (Figueira-de-Lemos, Johanson, & Vahlne, 2011, p. 10).

The interpretation of the literature by Figueira-de-Lemos, Johanson and Vahlne (2011), is that a company’s expansion strategy should be informed by the risk level it is facing in the new market and how it will address these risks with the resources available to it. This point is used in section 2.8 to develop one of the propositions and subsequent questions for the research questionnaire.

2.1.2 Neo-liberalism: Governments and Multinational companies

In order to better understand how multinational companies can control a government’s policies (intentionally or unintentionally), it is useful to consider what neoliberalism means. Harvey (2006) describes neoliberalism as: “a theory of political economic practices which proposes that human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, free markets and free trade” (Harvey, 2006, p. 65). In essence, neoliberalism aims to reduce the role of a government to an enabler of the correct market conditions that foster growth for big corporations, multinationals and proponents of monopoly capital.

Harvey (2006) further asserts that neoliberalism disempowers the working class and places this power in the hands of the holders of capital. He provides historical accounts from London, New York, Argentina, Chile and China of the conflict between social imperatives by government (e.g. safe play parks, social welfare centres) and the dangers of financial manipulations that can result in monopoly capital benefiting only a few. Cowen
(2009) agrees with Harvey that neoliberalism is in fact *creative destruction*. This study does not comment on the social and economic impact of neoliberalism on a host country, but merely introduced the concept so as to provide context for later discussion around how and why South African multinationals may be viewed on the continent.

### 2.2 Drivers of international business expansion

From the 1960’s through to the 1980’s several countries (including developed and developing ones) started opening up their domestic markets through reducing often prohibitive trade barriers and actively encourage foreign direct investment into the country either by other states or by foreign companies (Buckley, 2009; Eden & Lenway, 2001; Foster, 2007). This change in policy allowed for increased cross-border trade (Eden & Lenway, 2001). The 1990’s ushered in the information technology age that further accelerated the exchange of information and technologies and, in short, allowed for business to internationalise at a faster pace (Khan, 2005).

#### 2.2.1 Reasons for expanding internationally

Multiple authors and strategists such as Biggs (2013), Jonson (2013) and Hart (2015) have provided reasons for why companies choose to expand outside of their home country into foreign territories. These reasons include:

a) Wanting to capture a larger market  
b) Strategic imperative to ward off competition or to be an early mover in a market  
c) Domestic markets are saturated and present little scope for growth  
d) Marketability and reputation – some customers prefer suppliers with international exposure and experience  
e) Improve bargaining power through greater distribution channel and suppliers  
f) Increasing knowledge and resource capabilities  
g) Increased revenue due to overall larger clientele base in the foreign market.  
h) It may be cheaper to do business in a foreign market  
i) Untapped resources and being a first or early mover  
j) Economy of scale through being present in larger markets  
k) Foreign government incentives such as lower taxes
Although not often contained in literature as a reason for expanding a company globally, the role of the internet is arguably an important one. Khan (2005) commented that it is not sustainable for companies to continue to rely on being strong players in their domestic markets in a globalised world. With technology savvy customers, companies are no longer just competing against their traditional rivals, but also against a small company located on another continent.

Platforms such as eBay, BidorBuy or OLX provide platforms for peer-to-peer selling. Traditional companies are, thus, facing competition for the sale of electronics, toiletries, clothing and even food (Chan & Pollard, 2003; Jayanetti, 2014). FaceBook, which has more than 1 billion active subscribers, developed a marketplace where users can advertise and trade their goods (Kalasapur, Song, Cheng, & Jeong, 2009). The convenience offered by not having to log off from the site but simply continue buying whilst engaged in social media makes this an attractive option for many (Zhang & Pentina, 2012).

In this internet age how can a local company producing shoes, hats or candies that is based in Johannesburg, Maputo, London, Stockholm or New York City hope to successfully compete in a global environment where even smaller players have access to a much larger client base? In addressing this very point Khan (2005) asserts that expanding into foreign markets may reduce a company’s risk of losing market share due to customers who are invariably taking advantage of what the internet offers in terms of goods and services, irrespective of where the supplier of such goods or service comes from. A further advantage of internationalising is that businesses can offset seasonal fluctuations in sales and maintain or increase profits in general through exposure to a greater number of prospects (Khan, 2005).

2.3 Multinationals’ experience across several African countries

2.3.1 Attraction of multinational companies to Africa

Many African countries are endowed with rich and diverse mineral reserves, oil, natural gas, agricultural products (e.g. meat, coffee, banana, etc.). These natural resources are attractive to investors looking for returns on their investments (Harding, 2011). Labour
cost and domestic market size are two critical determinants for investors, as investing multinational companies view these as strategically imperative to their business viability in a host country (Tsai, 1994). With lower labour costs than in developed economies, most African economies provide these two critical determinants, thereby attracting multinational companies (Iarossi, 2009). The large African population does not necessarily imply a large market for these multinational companies, however, and hence their business imperative for private and foreign investment is often further influenced by other factors (that will be described further in section 2.7.1 on modes of market entry).

2.3.2 Foreign Direct Investment

Frimpong and Oteng-Abayie (2006) contended that FDI is an imperative in the growth of economies and contributes more than domestic investment does. FDI from multinational companies can result in the host country having upgraded macroeconomic infrastructure that in turn facilitates further economic growth through the emergence of new companies from these host economies (Rugman, 2007).

Despite these attractions, the African continent still lags considerably far behind in terms of FDI inflows when compared to other developing regions such as Asia and Latin America. Figure 1 illustrates this.
Mills and Herbst (2014) found that despite improvements in economic growth and governance, Africa still attracts less private investment than other developing regions, especially outside of the natural resources sector. Games (2003) determined that low investment into Africa is due to investor concerns regarding the following overarching challenges, which occur in many African countries:

- Low levels of development and insufficient investment in people as resources,
- Political and fiscal risk,
- Weak private sector, coupled with a strong government presence in the economy,
- High donor dependency,
- Poor and/or insufficient rail, road and air links for goods and people,
- Poor leadership, policy uncertainty, weak governance and widespread corruption.

Investec’s report “Opportunities and Challenges in Africa” concluded that none of the above listed challenges are intrinsically African, or are insurmountable. The pervasiveness of these challenges in many of the 55 countries on the continent reduces investor appetite,
and ultimately impacts on the funding for much needed public infrastructure (Shields, Niemann, & Sandham, 2014).

The United Nations’ 2016 World Investment Report determined that national and international policies on inflows and outflows of FDI are often influenced by factors such as national security, national strategic assets, industrial development, market competition and social/cultural/political concerns (United Nations Conference on Trade And Development, 2016). These various considerations often result in government policymakers struggling to balance various competing interests and stakeholders. One such case is the South African government that is often accused of creating policy uncertainty that results in reduced economic growth, lower investor confidence and lower FDI inflows into the country (Damianou, 2015; Hlatshwayo & Saxegaard, 2016).

2.4 South African multinationals in Africa

Multinationals investing in developing markets are generally assumed to be from the developed world (McKinsey Global Institute, 2003). The number of multinational companies originating from developing (i.e. emerging) countries has risen over the past decade with multinationals from the BRICS countries often playing a critical role in regional outward FDI in their respective regions and continents (Gammeltoft, 2008).

2.4.1 Scepticism towards South African multinational companies in Africa

Post 1994 South Africa has attained a position of dominance and leadership through its economic successes and by exporting its commercial interests into the continent (Alden & Schoeman, 2015). Such is the reach of South African business on the continent that multinationals like MultiChoice (television), MTN and SABMiller are household names across various African states (Alden & Schoeman, 2015).

Even though South African companies have entrenched themselves in the daily lives of millions of Africans across the continent, there remains a scepticism about the possibly hegemonic intentions of the South African state and its multinationals (Alden & Soko, 2005). Olusola Obadimu, the former executive secretary of the Nigeria-South African Chamber of Commerce, stated that he does not understand where the scepticism towards
South Africa stems from (Alden & Soko, 2005). Adusei (2009) addresses this scepticism when labelling multinational companies as Africa’s new colonisers. Matu Wamae, a Kenyan legislator, was quoted in a New York Times, February 2002 article saying, “If we continue doing this we’ll end up owning nothing in Kenya. They are looking for control and that’s where the conflict is coming in. They bulldoze their way around. It seems like they still have the old attitudes of the old South Africa” (Swarns, 2002). The New York Times article is aptly titled *Awe and Unease as South Africa Stretches Out*.

Roerig (2015) proposed that possible reasons for the negative attitude and perception towards South African multinationals could be that South African companies import expatriates into the host countries. This is often due to an assumed lack of local talent (Roerig, 2015). In short, South African companies are seen to be treating other Africans like “Westerners treat Africans” (Douglas, 2014).

Local companies and their respective stakeholders often face what Dawar and Frost (1999) described as, “suddenly facing foreign rivals wielding a daunting array of advantages: substantial financial resources, advanced technology, superior products, powerful brands, and seasoned marketing and management skills. Often, the very survival of local companies in emerging markets is at stake” (Dawar & Frost, 1999, p. 5).

South African multinational companies contribute the bulk of intra Africa FDI which invariably helps with infrastructure development across the continent (Anwar & Mughal, 2016). Despite the criticism, South African multinational companies have played a vital role in the economic development of many communities across the continent. Examples include MTN (and to a lesser degree Vodacom) facilitating easier and wider reaching communications with their mobile networks across several African states (Langmia, 2006); and DeBeers Groups’ 50/50 joint venture with the governments of Botswana and Namibia to create Debswana and Namdeb respectively. Both these entities are considerable tax contributors and one of the largest employers in their respective countries (De Beers Group, 2017).

These are but two examples of many South African companies operating successfully in Africa. In addition, however, there is a “graveyard” of failed South African companies (Kiruga, 2016) that tried to conquer Africa.
With the presence of South African multinational companies contributing to the development of infrastructure in host countries, it is arguably in the best interest of both the host countries and the South African multinationals that these multinational companies are in fact successful in their African expansions. By identifying the key strategies for successful expansion, it may be possible to increase the number of successful South African companies expanding into Africa.

2.4.2 South African multinational companies across the world

South Africa has a history of successful multinational companies that operate across multiple continents. These global companies include Naspers, MTN Group, Sasol, Bidvest Group, Aspen Pharmacare, Anglo American (Boston Consulting Group, 2013). The experiences of these multinationals across the rest of the world and across the respective African countries in which they operate are storied and varied.

2.4.3 Chinese multinationals in Africa

The presence of Chinese multinationals in Africa has grown over the past decade (Alden & Davies, 2006). Their rise in prominence on the continent has often come at the expense of Western multinationals (Brautigam, 2015). According to Quartey (2013) and Brautigam (2015) this can be attributed to various reasons: China provides financial support/loans for critical infrastructure more cheaply, less bureaucratically, and quicker; many African states can identify with China’s own developmental journey and they want to learn from it; and China treats Africa more as a partner in “mutually beneficial cooperation” and “common prosperity,” rather than a “doomed continent” constantly requiring aid. The third point was aptly described in an opinion piece by Rwanda’s President Paul Kagame (2009) who wrote that in order for there to be sustainable development, Africa needs to attract broad investment and not rely on handouts. As discussed, the challenge of poor infrastructure across the African continent is often raised as an investment constraint by multinational companies. By actively investing in infrastructure across the continent the Chinese are steadily addressing this challenge to the benefit of the host countries and the Chinese investors (Brautigam, 2015; President Paul Kagame, 2009).
According to Richter (2012), the investments by Chinese multinational companies are exploitative, do not necessarily create skills development of locals due to high Chinese labour and undermine the development of democracy and human rights on the continent. It is, however, not the aim of this study to assess the status of the China-Africa relations and there is an existing body of literature that looks at these relations. The scenario is presented here for context so as to inform the question of what the key determinants are that lead to success on the continent.

Corkin (2008) noted that Chinese state-owned and private companies have, since 1995, made considerable strategic inroads into the construction and infrastructure sectors in many African economies, and this is at the expense of the more established South African (and European) companies (L. Corkin, 2008). Despite the abovementioned criticism of Chinese companies not developing skills of locals within the host countries, it still appears that Chinese companies are better received across the African continent than South African companies who are often faced with critique and scepticism as noted earlier in this review.

Considering that these Chinese companies are displacing established South African multinational companies within the construction sector in many African countries, one needs to query why the Chinese are succeeding at the expense of South Africans, when operating under the same market and conditions? According to Corkin (2008) the Chinese government through providing a China-Africa Development Fund effectively paved the way for Chinese multinational companies across the continent. This helped Chinese companies to enter multiple market sectors in Africa, where they began to compete with established South African companies (L. Corkin, 2008; Page & te Velde, 2004).

Chinese multinationals are better received and thus more successful on the continent primarily due to the approach of “mutual beneficial cooperation” as provided by the Chinese state to the respective African countries (Brautigam, 2015; L. Corkin, 2008; President Paul Kagame, 2009; Richter, 2012).

Douglas (2014) and Alden and Soko (2015) argued that many on the continent sceptically view South Africa as a bullying big brother treating other African states as the West does. Daniel and Lutchman (2004) questioned whether South African multinationals can be separated from the perceived hegemonic behaviour of Pretoria. With such perceptions of
South African multinational companies, and the more welcoming view of the collaborating Chinese companies, it is little wonder that Chinese companies would become successful at the expense of South African companies.

**Proposition 1**

*From the above review, it follows that perceptions (by other African nations) of the South African state’s role on the continent, have an impact on how South African multinational companies are received and by extension on how successful they are in the other African countries.*

2.5 **Attaining success in business**

2.5.1 **Defining business success**

Neely, Adams, and Kennerley (2002) define business success as when a company sustainably survives and prospers through meeting the “wants and needs” of their stakeholders whilst trying to deliver appropriate value to these stakeholders. Examples of successful South African businesses operating across several African countries include Shoprite which is Africa’s largest food retailer and the MTN group which is Africa’s largest telecommunications company (A N Dakora, Bytheway, & Slabbert, 2010; Singh, 2010).

A company satisfies its shareholders through financial returns. Stakeholders such as communities living near the company are often beneficiaries of the company’s corporate social investment initiatives (e.g. schools, libraries, skills development, etc.). Other stakeholders such as legislative authorities require that the company comply with required permit and license conditions including amongst others water use, waste management, social and labour plan etc. These facets can all be considered to contribute to whether a company is defined as successful. Multinational companies expanding on the continent would have to balance these concomitant facets of doing business.

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1 Proposotions herein were drawn from the literature review with the subsequent research questions being developed from the propositions.
2.5.2 Attaining business success

Ghosh, Liang, Meng, and Chan (2001) found that companies that placed the right emphasis in the right context on the following key success factors almost universally achieved business success:

a) Satisfying client needs
b) Sustaining a close working relationship between top management and employees and with various stakeholders
c) Diversifying income streams through regionalisation or internationalisation
d) Ensuring leadership visibility and accountability
e) Having availability of financial and technology resources and support.

DRA defines business success as “enjoying one’s work, having a happy client and making a positive return”. This view aligns with points (a), (b) and (e) above.

Ghosh et al. (2001) found that companies were successful (irrespective of their size and industry) when companies displayed the right combination of capabilities and addressed the above listed key success factors. Other commentators echo these points when writing about challenges experienced by several South African companies on the continent (Hudson, 2007; Kiruga, 2016; Reuters, 2015; Thomas, 2016b). On the contrary, the lack of strategic foresight in other African markets contributed to failed business expansion (Alden & Schoeman, 2015; Daniel & Lutchman, 2004).

2.6 Local country factors that impact on multinational investments

2.6.1 Infrastructure

The difficulties in attracting investment can be attributed to poor infrastructure (Mayaki, 2014). Ayugo (2007) found that infrastructure directly correlates to FDI inflows into a country. Infrastructure development negates high business costs for companies as they can easily transport their goods and people. Communication is then also easier and cheaper and services such as water and electricity are readily available. Asiedu (2002)
further posits that for sub Saharan African states FDI is influenced by both infrastructure and openness by government for doing business with investors.

2.6.2 *Host government policies and local political climate*

Governments often distinguish themselves from other countries that have similar natural resources by implementing investor friendly policies including:

- Special economic zones offering incentives to investors
- Tax incentives
- Relaxed labour laws

The role of the host government is critical in ensuring economic policy that does not unduly shock the market. Policy uncertainty can result in investors withholding funding as a precaution in case they lose their investments due to political reasons, rather than business-related ones (Gulen & Ion, 2016).

The South African government is arguably guilty of creating policy uncertainty through the various state organs often sending differing messages into the market. One such example is the Minister of Mineral Resources releasing a statement that government would establish a Commission of Inquiry to investigate banks that closed the accounts of a politically-connected family. The government, through the presidency, subsequently issued a denial of this statement (Eyewitness News, 2016). Other instances of policy uncertainty resulted in slower investments in the mining industry (Nkabinde, 2016) as well as the agriculture sector (Smith, 2016).

2.6.3 *DRA’s experiences and responses to local country factors*

The preceding sections describe various challenges and responses by some South African multinational companies expanding into the continent. This section contextualises DRA’s experiences in the preceding sections by describing DRA’s adaptability to country specific challenges including examples such as the Bisie Tin project near Goma in North Kivu, Democratic Republic of Congo (Mining Review Reporter, 2017).
Goma’s often-reported instances of political and civil unrest as well as illegal miners resulted in the DRC government deploying its military to protect the area in August 2017 (Crowley, 2017). This specific example is an extreme case whilst typical other challenges are similar to those described by Camarate et al. (2016), including locals with a low skills level, poor local infrastructure, unreliable or unavailable services, and currency and economic volatility (Camarate et al., 2016). DRA’s internationalisation strategies allow the company to succeed in challenging markets (Cornish, 2016; Creamer Media Reporter, 2016; Greve, 2015).

2.7 Measures adopted for successful expansion in Africa

2.7.1 Modes of entry into international markets

When deciding to expand internationally a company must consider the following factors, amongst others, to inform its market entry strategy (i.e. mode of entry):

- Company shareholder objectives
- Market size and growth
- Competitive environment
- Local infrastructure
- Government policies and regulations
- Need for control
- Internal resources, assets and capabilities
- Flexibility
- Risk (Óbuda University of Budapest, 2016).

Establishing the ideal mode of entering a foreign market is a critical part of the global strategy of any company wishing to expand internationally (Kim & Hwang, 1992). Agarwal and Ramaswami (1992) extend the position of Kim and Hwang by identifying exporting, licensing, joint venture and sole venture as the most common means that a company can use to expand its operations into a foreign country.

Figure 2 depicts the various entry modes. The respective sublevels present a trade-off between risk appetite and control of the international entity. Figure 2 indicates that
exporting, as identified by Agarwal and Ramaswami (1992), presents the lowest risk and is the most frequently used mode of market entry.

Figure 2: International Market Entry Strategies (Óbuda University of Budapest, 2016)

On the basis of the literature discussed in this section the second proposition that guides this study (and is used to develop additional sub-questions, listed in section 2.8) is as follows:

**Proposition 2**

*The mode of market entry into a country impacts the likelihood of success when expanding into that country and such strategies are transferable.*
2.7.2 Considerations when expanding into Africa

Ernst & Young Africa posit that there are seven critical success factors for companies to consider when wishing to do business in Africa (Lister & Swe, 2014). These are listed as follows:

- **Perspective** – emphasize a search for opportunities and then factor in risks accordingly
- **Planning** – E&Y Africa states that “experienced foreign investors repeatedly note that nowhere else is there such a direct correlation between careful planning (and flexibility about plans once formed) and a successful outcome” (Ernst & Young Africa, 2013, p. 5)
- **Places** – this involves having a strategy in place that is able to cater to a regional hub (such as East or West Africa), yet is flexible enough to be country specific.
- **Partnerships** - fostering good, proper relations with all levels of government is vital to realizing strategic objectives.
- **People** – sustainable success in Africa will increasingly depend on identifying, nurturing and retaining talented and committed local staff.
- **Purpose** – the organisation should understand why it wants to expand into Africa
- **Portfolio** – having a diversified portfolio when operating in the diverse African markets can help a company balance their risks when venturing into the continent

These seven points resonate with the Uppsala Model in that they are concerned with management responses to allocating adequate resources to risk areas that may impact the above listed success factors. Although stated differently, the consultancy’s advice, as contained in the Ernst & Young Africa’s Strategic Growth Forum journal (2013), is congruous with the findings from Figueira-de-Lemos, Johanson and Vahlne (2011).

Camarate, Hoijtink and Puttergill (2016) concur with the E&Y report. They state that,

* A capabilities-driven strategy can help a company plan and execute its expansion into Africa. The heart of such a strategy is a firm’s capabilities system: the three to six mutually reinforcing, distinctive capabilities that are organized to support and drive
the company’s strategy, integrating people, processes, and technologies to produce something of value for customers (p. 7).

**2.7.3 Negative perceptions and real challenges of doing business in Africa**

Negative perceptions of the continent have often painted the more than 50 African states with a single brush. Several commentators (such as Pettinger (2016) and Shields et al. (2014)) have identified the characteristic African challenges as:

- Poor infrastructure development makes it expensive to do business - Transportation of people, goods, material and equipment is hampered due to poor or non-existing road and rail infrastructure. Similarly, flights between some African countries often require multiple other international stops as opposed to direct flights
- Energy challenges – Less than 25% of Sub-Saharan Africans have electricity supply whilst the corresponding figure for South Asia and Latin America is 50% and 80% respectively
- Economic policy uncertainty and government bureaucracy (red tape)
- Social challenges including low skill base, low literacy rates and poverty
- Health risks including malaria, dengue, and cholera which are often hard to treat due to limited medical facilities
- Land ownership can be subject to multiple claims by historically displaced owners
- Political instability, wars, unpredictable government policies and corruption

Section 2.1.2 introduced the concept of the malevolent multinational company and how in a neoliberal regime, it disempowers the host government. Such a relationship can, thus, shape the response of the host government and communities towards the multinational investing in the country; ergo, a multinational can be viewed as either empowering or disempowering the government and local communities.

On the basis of sections 2.1.2, 2.6 and 2.7, the following proposition is made:

**Proposition 3**

*There are key determining strategies for success when internationalising a business. These strategies are, however, impacted by country-specific factors including, but not*
limited to, politics of that country, the level of infrastructure development, reliable supply of electricity, certainty regarding economic policy and government bureaucracy. These have an impact on how South African multinationals operate in that country and influence the likelihood of success.

2.8 Summary and Conclusion of Literature Review

This literature review examined the global and African contexts around challenges and opportunities for companies wishing to expand. The propositions developed from this literature review inform the research questions posed below. In the company’s successful expansion into Africa, DRA experienced similar challenges as described in the literature. In order to identify the key success strategies for DRA, the study’s propositions and research question is premised on the literature. This approach is taken so as to relate the DRA experience and subsequent success strategy to the generic and specific instances described in the literature.

Research sub-questions developed from Proposition 1:

Perceptions of the South African government by other African states have an impact on how successful South African companies are in the other African countries.

- Is success in internationalisation dependent on country-specific factors?
- Has DRA implemented strategic measures to address the idiosyncrasies of the specific countries they have expanded into?
- How is DRA received in Africa?
- How is DRA received in relation to African perceptions of RSA government?
- In DRA’s experience, do locals in other African countries view South African companies less favourably than Chinese companies?

Research sub-questions developed from proposition 2:

The mode of entry into a country strongly impacts on the likelihood of success when expanding into that country.
What is DRA’s experience regarding the impact of how it enters a new market and the resultant success/failure in that market?
What modes of entry have proven more successful?
Are DRA’s modes of entry applicable in a different business sector?

Research sub-questions developed from proposition 3:

There are key determining strategies for success when internationalising a business and these are impacted by country specific factors. Following are some questions posed from the questionnaire issued to the DRA participants.

- Are lessons learned in one market sector transferable into strategies in another market sector?
- Are lessons learned in one African country transferable into strategies in another African country?

The following chapter provides a detailed discussion of the research methodology used to answer these questions.
CHAPTER 3. RESEARCH METHODOLOGY

This chapter details the approach taken in the research design, data collection and analysis as well as the subsequent data interpretation as it pertains to the DRA case study focussed on identifying key business strategies for expansion into Africa.

3.1 Research methodology

A case study research allows for various research methodologies including quantitative, qualitative and mixed methods (Seawright & Gerring, 2008). This case study research drew on quantitative methodology. More specifically it involved descriptive quantitative research to identify key strategies used by this company and the distributions and frequencies of these key strategies. The research does not analyse nor try to prove causes for and results of these strategies. In essence the research variables and results are not manipulated for further analysis; they are only identified. The research was conducted through a Likert scale survey questionnaire developed from literature.

Quantitative research allows for the generation of descriptive statistics that provide simple summaries and descriptions of the data, which in this instance is apt as the intention was to analyse and interpret the most frequent (i.e. the mode) responses received.

These responses would be corroborated or contradicted by existing literature. Through focusing on a single company (DRA) that operates in multiple industry sectors in many African countries, descriptive statistics is used to identify the key strategies that can determine success for South African multinational corporations in Africa.

3.2 Research Design

The research design is a case study of the DRA’s African operations (DRA Projects Africa). The approach undertaken for this research is similar to that of previous studies. One such study is Singh’s (2010) case study of the MTN Group’s internationalisation into emerging markets (Singh, 2010). Another example is Gitachu’s (2012) case study examining the challenges of implementing balance scorecards in strategy implementation at the Kenya
Electricity Generating Company (Gitachu, 2012). This case study of DRA's key business strategies for success in African expansion aims to contribute to the contemporary discussion of internationalisation in African markets.

One of the strengths of a case study is that it allows for an intensive study of a single business and its strategies which in turn can allow for better understanding of a larger group of related businesses and strategies (Gerring, 2004). Steinberg (2015) wrote that case studies have theoretical implications and interpretations that go beyond the particular instance of the case and, as such, can be extended to a wider group. However, he qualifies this view by stating that, for a meaningful generalisation, caeterus paribus (all other things being equal) is a critical condition for the generalisation to be valid (Steinberg, 2015).

Case studies are often criticised for, amongst other characteristics, being more prone to the researcher’s bias, not being meaningfully generalisable and that a single case does not further develop the general body of knowledge (Flyvbjerg, 2006). In response to these views Flyvbjerg lists various single case studies and experiments by Freud, Newton, Einstein and several others to illustrate that sciences can be advanced by a single case study. The research instrument used in other research methods can just as easily introduce researcher bias and hence a case study is not more prone to researcher bias (Flyvbjerg, 2006).

3.3 Sample

Opportunity sampling was used to select respondents for this research. This approach was used as it offers the benefit of being quick, convenient and economical (McLeod, 2014). Criticism of this sampling method is that the sample is not representative enough and that the researcher’s selection bias can result in recruiting only people who share similar views as the researcher (Keeble, Law, Barber, & Baxter, 2015; McLeod, 2014). In addressing the concern, the researcher did not prepare nor discuss the details of the study with the participants. Critically any questions from participants were only addressed after they completed the survey. This was done to prevent any researcher’s bias influencing the participants.
The sample included senior management and executives at DRA’s subsidiaries. The subsidiaries in these countries operate in multiple market sectors including energy, agriculture, resources and infrastructure. These executives, senior management and senior engineers were involved in acquisitions, franchising or other business in Africa. Respondents have working experience of business in Africa, including the successes and challenges thereof. This could be through projects, audits, investigations, managing operations, or through other means where participants have personal experience which aids their understanding of business in Africa. The reason for choosing respondents that have working experience in Africa is that they can answer the questionnaire based on their personal experiences.

The invitation to participate was sent to 72 DRA personnel comprising senior company executives (including directors and vice presidents), project managers, senior engineers and company shareholders. Forty responses (i.e. 55.6%) were received from those who received the emailed questionnaire link. The sample group were informed (via the email containing the link to the questionnaire) that they may withdraw from the study at any point. They were informed that their confidentiality would be ensured as their responses were captured under a randomly generated number that cannot be linked to their names nor to their roles within the company.

3.4 Data collection

A questionnaire with closed-ended questions was used in this research. The preference for the closed-ended questions was because a higher response rate was expected as respondents did not have to type as much as they would with open-ended questions (Farrell, 2010). Furthermore, the closed-ended questions could be tailored to be more specific. A structured, closed-ended questionnaire allows for easier analysis (Farrell, 2010) as responses are confined to a predetermined list developed in line with the propositions. The limitation of this approach is that the options available to respondents was narrow and no new information or lessons learned on success strategies could be obtained from the participants.

The questionnaire comprised 25 questions. The first six were intended to determine how DRA personnel experienced business on the continent. Additional questions related to
whether personnel saw the strategies being used for African expansion as successful or not. Other questions related to how competition from China and Europe was perceived. This was then contrasted with experiences with local communities and governments in the countries being expanded into. The questionnaire can be found in appendix A.

The type of data collected were both nominal and ordinal. The nominal data was used to determine whether all respondents did indeed have business and project experience in other African countries. The ordinal data was used to determine the extent to which participants rated the success of the company’s strategy as well as how they rated their experience of business across the continent.

A link to the research questionnaire was emailed to participants who were briefed in advance on the purpose of the study. Questions were answered and gathered online (via the emailed link) through Qualtrics, a survey hosting website. This internet-based method was used as it offers the benefits of ease of reaching the targeted group of participants. These respondents would otherwise be costly and time-consuming to reach due to time and costs associated with geographic separation and/or individual scheduling commitments.

3.5 Data analysis and interpretation

The answers from the participants’ questionnaires were received from Qualtrics and were downloaded. The results were analysed and interpreted through descriptive statistics. Descriptive statistics is used to organise and summarise data (Holcomb, 2016). This is a helpful approach when interpreting the nominal data obtained from the research survey.

The questions in the questionnaire do not consider any ranking or priority of strategies, but only aimed to name the data (i.e. strategies) that the population from DRA considered to be key to success on the African continent. In interpreting the data, the statistical mode is used as the measure of central tendency, i.e. the most frequently selected answers are identified as the preferred internationalisation strategies and key determinants when expanding into the rest of Africa.
3.6 Limitations of the study

The research sample was limited to participants who were able to access the questionnaire online as this method allows for quicker and arguably more convenient means of collecting and interpreting the responses. The researcher had existing working and personal relationships with some of the intended participants, thus, any previous discussions on the research topic may impact on the respondent’s answers.

The volume of feedback received from the survey included comments that provided further insight into success strategies, however due to their privy nature, these comments had to be excluded. The information not included in the final report may provide further valuable context. This view is supported by Hodkinson and Hodkinson (2001) who stated that limitations of a case study can be that some of the material left out of the final report can be as interesting and important to analyse as that included in the report (Hodkinson & Hodkinson, 2001).

3.7 Validity and reliability

3.7.1 External validity

As discussed earlier in this report, the external validity (i.e. generalisability) of case studies is often questioned due to the perceived inherently subjective nature of a case study as well as the difficulty of generalising the case study findings (Flyvbjerg, 2006). Notwithstanding this limitation, it does not automatically imply that case studies are devoid of potential for generalisation (Gibbert, Ruigrok, & Wicki, 2008).

In quoting Eisenhart (1989), Gibbert, Ruigrok and Wicki (2008) propose that a cross case analysis involving multiple single case studies on a similar topic may provide a basis for generalisation (Gibbert et al., 2008). More specifically in this instance, external validity can be increased through a nested approach of conducting different case studies within DRA. This is expected to yield similar research findings even if the result is conducted by different researchers (Gibbert et al., 2008).
3.7.2 **Internal validity**

Internal validity of a case study can be achieved by comparing empirical observations from the case study with literature from a different context (Gibbert et al., 2008). The propositions and subsequent research instrument (questionnaire) for this case study were developed from existing literature. The observations (research findings as per chapter 4) correlate to the literature review, thus affirming this case study’s internal validity.

3.7.3 **Reliability**

Gibbert, Ruigrok and Wicki (2008) surmised that transparency and replication are the key aspects for a reliable case study (Gibbert et al., 2008). The questions in the questionnaire are grouped according to themes as informed by the strategies identified in literature. Questions are often repeated in the different groups and consistent answers to similar questions are expected to provide indication of reliability of the research instrument.

All questionnaires were emailed as an internet link providing all participants access to the online survey. The online questionnaire allows for consistent test administration and scoring (Creswell, 2013).

3.8 **Ethical Care**

An email describing the background and purpose of the study was sent to prospective participants within DRA. This email was issued to DRA executives and senior management (including project managers and senior engineers) who were informed of the research and its objective. The email also contained the link to the Qualtrics web location of the survey.

Individuals were given the option to take part in the study or to choose not to, with no adverse consequences whatsoever. The confidentiality of participants was respected, and no personal/private information other than for purposes of demographics was asked. No incentives were offered for partaking or completing the research questionnaires.
3.9 Summary and Conclusion of Research Methodology

This chapter described the research methodology including the methods of data collection and analysis. Study limitations as identified in this chapter are complemented with suggestions for further studies in chapter 5 of this report. Chapter 4 presents the research findings of the case study.
CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the research findings as collected from senior DRA Projects employees via an online questionnaire, over a three-week period. By using DRA as a case study, the research attempted to determine their key business strategies for successful African expansion. The literature review provided the basis for the questions in the questionnaire. The chapter begins with a summary of the answers to the questionnaire and this is followed by a presentation of the findings related to the sub-questions as guided by each proposition.

4.2 Demographic and contextual data

As shown in figure 3 below, of the 40 respondents who took part in this research 18 were middle managers (including senior engineers), 17 were senior managers (including project managers and heads of departments and general managers) and five were executives (executive vice presidents and senior vice presidents).

![Sample group managerial position at DRA](image)

**Figure 3:** Managerial level of persons that responded to the research survey
Figure 4 below shows that 92.5% of the participants had African business and project experiences. The three persons who indicated that they did not have African business experience may have completed the questionnaire for the following reason:

- They may have misunderstood/misinterpreted the particular survey question about experience in Africa. Conducting business or completing a project in other parts of Africa can include regular visits to the other country, but one can still be based in South Africa. This was confirmed when two respondents approached the researcher after completing the survey and explained that they interpreted the question to mean being based in the other country.
- The respondent’s African business (and project) experience may have happened more than five years ago and the respondent opted not to include it as the company’s strategy had changed during that period.

![Business and project experience in other African Countries](image)

**Figure 4: Business and project experience in Africa**

As indicated in figure 5, 77.5% of participants believed that the African expansion ventures were successful with a further 12.5% indicating that it was too soon to tell.
Forty percent of the respondents were presently involved in project business activities in other African countries. Fifteen percent completed similar activities in the last six months. Twenty two and a half percent of respondents’ most recent experience was between six months and 2 years prior to the study. Twenty two and a half percent completed the Africa assignments more than two years ago.
Figure 6: Most recent Africa business involvement

As indicated in figure 7, all respondents understood that African business expansion is important or very important to the DRA organisation.

Figure 7: Importance of African expansion to the company
Of the 40 respondents, 80% believed that the company was successful in its Africa internationalisation efforts. Seventeen and a half percent were unsure whilst 2.5% (one respondent) did not think the company was successful in its Africa expansion.

![Bar Chart: Is your company successful in African expansion?]

- 80.0% responded 'Yes'
- 17.5% were 'Unsure'
- 2.5% responded 'No'

**Figure 8: Success in African expansion**

### 4.3 Results pertaining to proposition 1

The research sub-questions developed for the first proposition sought to investigate how the mode of entry impacted on the likelihood of success when expanding into a country as well as how transferable such strategies are.

#### 4.3.1 Does success on the continent depend on the mode of market entry?

Figure 9 highlights that 82.5% of the respondents agreed that success in internationalisation depends on the mode of market entry.
Figure 9: Does expansion success depend on market entry mode?

4.3.2 Which modes of entry have proven more successful?

As shown in figure 10, from a choice of four popular entry modes (as identified from literature), most respondents believed that doing a turnkey project in another African country proved to be the most successful mode of entry into those foreign markets. The second most successful mode of entry was considered to be an international alliance/partnership. The third option was an international joint venture whilst international mergers and acquisitions have not proven as successful for DRA.
4.3.3 *Is a successful expansion strategy transferable from one market/country into another?*

The study found that almost 73% of respondents believed that a successful strategy was transferable from one market or country into another one if that strategy was adapted for that new market. Seventeen and a half percent believed that such successful strategies can be directly applied without any modifications. Ten percent did not think that strategies are transferable between markets or countries.
Figure 11: Transferability of expansion strategies

4.3.4 Can a strategy that worked for one division of your company work in another division?

The bulk of respondents (77.5%) stated that effective strategies can be adapted and subsequently transferred between business units within the company, for example, from agriculture to another business unit of the group. A total of 17.5% of respondents believed that such a successful strategy can be directly applied with no adaptations required. Only 5% believed that strategies are not transferable within different business units of the multinational.
Figure 12: Transferability of strategy within same company but different divisions

4.3.5 Can a one size fits all strategy be applied across various businesses and countries?

Only 20% of respondents believed that successful internationalisation strategies could be transferred across businesses. More specifically, 15% maintained that a successful strategy first needs to be adapted to suit the country and market specific conditions before being applied; in essence they contend that a direct transfer of strategies is practical. Five percent believed that a successful strategy could be applied in any business and country without needing to be adapted. However, 80% of respondents stated that there is no silver bullet to internationalisation strategy and that successful strategies cannot be directly transferred across various businesses and countries.
4.3.6 How would you rate your overall experience of your company’s internationalization (expansion) efforts into Africa?

40% of respondents believed that their experiences of doing business in Africa yielded lessons that could be applied in other countries (albeit specifically related to DRA’s business activities). 32.5% stated that the company could improve in their Africa strategy. 15% were of the view that even though the company had good experiences on the continent, the lessons learned were not transferable to other countries where DRA operates. 12.5% were excited about future Africa opportunities.
Figure 14: Rating overall experience of company's international efforts in Africa

4.3.7 Summary of responses to proposition 1

The research results found that DRA’s successful business internationalisation from South Africa into the rest of the continent depended on the mode of market entry. The most successful modes of entry were completing a turnkey project, forming an international partnership with a company in that country and doing an international joint venture. International mergers and acquisitions were found to be the least popular method of internationalisation in DRA. The respondents believed that successful strategies were transferable within the same company or group of companies and across various business units/divisions or markets and countries. However, the respondents did not believe that there was a one-size-fits-all strategy that is globally transferable to various (unrelated) companies in different countries. Overall, DRA personnel had a positive experience of business in Africa with most believing that lessons learned could be applied across other African countries.
4.4 Results pertaining to proposition 2

Research sub-questions pertaining to proposition two considered the impact of foreign country factors such as infrastructure, logistics, policy certainty, currency fluctuations, electricity and services supply. The question aimed to determine whether success was impacted by these factors.

4.4.1 Is there a relationship between internationalisation (expansion) and the performance of the overall company?

Almost 97.5% of the DRA respondents agreed that there is a relationship between business expansion and the performance of the overall company.

![Figure 15 Relationship between expansion and company performance](image)

4.4.2 Why would the company internationalise (expand) into Africa?

The reasons given for expanding into Africa ranged between improved profitability, company survival, better shareholder returns, improving or defending market share.
Figure 16: Reasons for expanding into Africa

4.4.3 *Do you think that your company can implement strategies to overcome any country specific challenges (politics, economy, population, skill levels)?*

Almost two thirds of respondents believed that the company could adjust their strategies to overcome country specific challenges. A further 27.5% indicated that the company could adapt their strategies and confront any type of country-specific challenge to be successful in that country. 10% were unsure if the current DRA strategies were succesful on the continent.
4.4.4 **Success in internationalisation (expansion) and whether it depends on the country specific challenges (e.g. politics, economy, population, skill levels)**

With reference to figure 18, 85% of the participants agreed that success in internationalisation is impacted by the country-specific factors whilst 12.5% were unsure. Only 2.5% of respondents doubt that local country factors impact internationalisation success.
4.4.5 **Which of the following did your company find most challenging when expanding into Africa?**

Economic volatility, political uncertainty and poor infrastructure were identified as the most challenging factors to overcome when expanding into other African countries. Figure 19 shows that the three aspects respectively comprise 18.8%, 17.9% and 17.9% of the challenges faced when internationalising. These three aspects were closely followed by low skill levels (at 15.2%) and unreliable supply of services, such as water and electricity (at 14.3%). 10.7% of respondents indicated that all the above factors are equally challenging.
Figure 19: Most challenging aspects when expanding

4.4.6 Summary of responses to proposition 2

Respondents believed that internationalisation is important to the company as it creates improved profitability, helps the company defend its market share as well as providing increased visibility. DRA’s management team contends that the company can successfully work in any country by adapting the internationalisation strategies to suit the idiosyncrasies of each individual country. Of the challenges faced in the business internationalisation, poor infrastructure, low skill levels of locals, political uncertainty and economic volatility posed the greatest challenges for successful business expansion.

4.5 Results pertaining to proposition 3

These research questions considered how South African companies are received on the continent in relation to South Africa’s hegemonic position.
4.5.1 How well is your company received by the locals in other African countries?

With 65% of responses offering a positive response, and a further 32.5% indicating “moderately well”, there was an overall positive sentiment that DRA is well received across the continent. Only 2.5% were uncertain whilst no respondents thought that the company was not well received across the continent.

![Figure 20: How well the company is received by locals in Africa](image)

4.5.2 Are other South African companies received better or worse than your company?

80% of respondents were uncertain whether DRA is better received on the continent than its peers. 20% believed that DRA was in fact better received.
Figure 21: How well other companies are received

4.5.3 Does the reputation of the South African government (positively or negatively) influence how your company is perceived in other African countries?

With more than 70% of responses, the general view was that perceptions of South African firms are impacted by how the South African government is viewed on the continent. Only 12.5% did not think that the government perception had an impact on business outside South Africa.
4.5.4 Are companies from China or Europe received better than South African companies are received in Africa?

45% of respondents disagreed with the view that Chinese and European companies are better received on the continent than South African companies are. 25% were uncertain as to whether South African companies are in fact received less favourably, whilst 30% believed that this is in fact the case.

Figure 22: Impact of reputation of RSA government on business in Africa
4.5.5 It is occasionally argued that locals and authorities in some African countries do not trust South African businesses. Do you think this is true?

There was a belief that the local populace and local authorities in other African countries do not trust the intentions of South African companies. 47.5% of respondents, however, contended that this is not the case, i.e. that South African companies are in fact trusted across the continent. 12.5% of respondents were unsure as to whether South African companies are trusted or not.
4.5.6 Summary of responses to proposition 3

More than 90% of respondents believed that DRA is well received in other African countries, whilst a further 20% felt that the company is better received than its South African peers on the continent. There was a general belief that the reputation of the RSA government influences how a South African company is perceived on the continent. There was a general view (45%) that South African companies are more favourably received than their Chinese and European competitors. Similarly, South African companies are also often trusted by locals and authorities in other African countries.
CHAPTER 5. DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter provides a more in-depth reflection on the research findings, primarily to address the main research question guiding the study, namely what the key success determinants have been for DRA’s expansion in Africa. The findings are related back to the literature review presented earlier in this report. The chapter highlights and explains the similarities and differences between the literature and research findings.

5.2 Demographic and contextual profile of case study participants

The participants were mainly company shareholders and senior employees who were both professionally and personally invested in DRA and the company’s internationalisation efforts. Accordingly, the 80% consensus that the company is successful on the continent should be viewed in the context that DRA’s African operations are major contributors to the overall group’s bottom line.

5.3 Mode of market entry and impact on successful internationalisation

The findings pertaining to proposition 2 and its sub-questions were that DRA management and executives believe that successful business expansion into the rest of the continent is dependent on the mode of market entry. This finding is consistent with the research by Rasheed (2005) that the performance of companies entering foreign markets is aligned to the market entry mode as well as the domestic and foreign environmental factors (Rasheed, 2005).

From the research findings DRA’s preferred modes of foreign market entry are to undertake turnkey projects in the foreign country and international partnerships. DRA’s turnkey projects in Africa are effected through a local country sales office in the African country (Cornish, 2016). According to the Obuda University (2016), establishing a sales office is a form of foreign direct investment into that country and this is a more controlled,
albeit more risky, mode of market entry. Increased control requires increased resource commitment (Agarwal & Ramaswami, 1992) and this can be seen in the high number of senior and experienced personnel that DRA appoints to international projects.

5.4 Impact of country-specific factors on successful internationalisation

Eighty-five percent of respondents believe that country specific factors do impact the likelihood of successful expansion. This view is corroborated by Lister and Swe (2014). Their research found that success in internationalisation is impacted by country-specific factors where the expansion is happening, and companies can adapt their expansion strategies to meet these country-specific challenges (Lister & Swe, 2014). Having an adaptable strategy is key in addressing these country specific challenges as (Ghosh, Liang, Meng, & Chan, 2001; Ghoshal & Bartlett, 1990; Thomas, 2016a).

5.5 The South African state and impact on business internationalisation

The third sub-question considered how South African companies are received on the continent in relation South Africa’s ostensible hegemonic position on the continent. The findings were inconclusive as to whether the company is negatively or positively impacted by South Africa’s reputation on the continent. The research findings provided both an affirmation and rebuttal to the literature review. Participants’ views on DRA’s experience on the continent contradicted those held by Corkin (2008) and Page and te Velde (2004) that Chinese, and to some extent European, companies are better received on the continent (L. B. Corkin, Christopher, 2006; Page & te Velde, 2004). As per the research results presented in chapter four, DRA’s experience has been one where the company is well-received in many of the African countries it operates in.

However, in direct contrast to South African companies being favourably received, the research also found that 40% of respondents thought that local authorities do not trust South African companies.
With this study focusing specifically on DRA, it may be that the company's success on the continent may create a positive bias in the responses received. Alternatively, it is possible that the perception of South African companies not being favourably received on the continent, whether due to political reasons or not, is informed by anecdotal instances of failed South African business expansions into the continent. This question can best be resolved through a larger study focusing specifically on whether South African companies are in fact positively or negatively impacted by the country’s reputation and, by extension, that of the government’s.

The current study set out to identify key business strategies used by a South African company that is successfully expanding into the rest of the continent. From the literature review it was found that successful internationalisation is strongly dependent on country-specific factors as well as the strategies employed by companies wishing to enter those new markets. This research thus approached the research question through addressing the following:

- The mode of market entry and impact on successful internationalisation
- Impact of country specific factors on successful internationalisation
- The South African state and impact on business internationalisation

The findings, as discussed in chapter 4 of this report, mirror the existing literature in that there are clear identifiable strategies for successful internationalisation. Critique of these findings may be that the research questionnaire was developed from propositions drawn from existing literature, thus it would follow that outcomes may be similar. In determining the key business strategies, the research could, however, not conclude that there is a “silver bullet strategy” for internationalisation. Eighty percent of respondents believed that, despite DRA’s success on the continent (with reference to figure 13), there is no silver bullet to success on the continent. This corresponds to the literature by Ernst and Young (2013) and Camarate, et al. (2016), stating that there is no one-size-fits-all strategy for multiple countries and industries, irrespective of how experienced the company is on the continent (Camarate et al., 2016; Ernst & Young Africa, 2013).
CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

This concluding chapter begins with a brief summary of the research findings as they pertain to the research question. This is followed by recommendations for future research that may complement and expand on this study.

6.2 Conclusions of the study

The research set out to identify the key business strategies for successful business expansion from South Africa into the rest of Africa. In addressing this question, DRA’s African operations were considered as a case study. Literature on the subject was used to develop three propositions from which research questions were derived with the aim of identifying the key strategies for successful business expansion.

The three propositions are:

- Proposition 1 - The mode of entry into a country strongly impacts the likelihood of success when expanding into that country.
- Proposition 2 - There are key determining strategies for success when internationalising a business and these are impacted by country specific factors which in turn effect how South African multinationals operate in that country as well as the likelihood of success.
- Proposition 3 - Perceptions of the South African government by other African states, has an impact on how South African multinational companies are received and by extension on how successful they are in the other African countries.

6.2.1 Mode of market entry

The literature reviewed stated that the mode of market entry has a direct impact on the success of internationalisation. Such mode of entry is accomplished through various means including, but not limited to M&A activity, establishing a local country (or sales) office, undertaking an international turnkey project, franchising or international alliance...
DRA has proven to be successful on the continent primarily through undertaking engineering, procurement & construction management and turnkey projects in the countries the company is expanding into. This approach to establishing the company in another country is often undertaken through the establishment of a local office. According to the literature, establishing an international sales office in a foreign country is risky, but provides for greater control by the company management team on how the expansion is implemented. A turnkey project is viewed as a non-equity mode of market entry (Pan & Tse, 2000) that provides the company greater control for market entry, albeit at greater risk.

DRA has a successful history of business activities in the rest of Africa. The company operates in several countries including, but not limited to, Botswana, the DRC, Ghana, Guinea, Lesotho, Mozambique, Mauritius, Namibia, Sierra Leone, Zambia and Zimbabwe. The company’s experiences in undertaking projects across the continent has given it the experience needed to develop successful strategies that are adaptable and transferable between the group’s respective business units (subsidiaries) in the various countries. This, however, does not in any way imply that there is a silver bullet strategy for expansion into Africa. The research findings corroborated the literature that market entry mode does impact the likelihood of success.

### 6.2.2 Key strategies for internationalisation

According to the literature reviewed in chapter two of this study, there are key strategies (e.g. acquiring local country knowledge, employing locals and not only expatriates, being adaptable to the local challenges) that are common amongst established successful companies. DRA has found success on the continent through being adaptable and perseverant in achieving project objectives. This is what the company refers to as “the DRA Way”. The company’s approach to having an adaptable internationalisation strategy to manage country specific challenges/factors is in line with the literature (Camarate et al., 2016; Ernst & Young Africa, 2013).
6.2.3 *Perceptions of the South African state and impact on South African multinationals*

The research could not make a determination as to whether the manner that the South African government is perceived has an impact (either positive or negative) on a South African company’s African business ventures. The research found that this South African company is viewed as favourably as its Chinese or European competitors are on the continent. This finding was contrary to the literature that indicated that South African companies are in fact playing second fiddle to their Chinese competitors, and that this is primarily due to the Chinese government treating local African governments as partners whilst South Africa is viewed as a bullying hegemonic power (Alden & Soko, 2005).

With 40% of respondents agreeing that local authorities in some African countries do not trust South African multinational companies, there is no clear determination as 47% of respondents were of the view that locals do in fact trust South African multinational companies. The research found that DRA experiences a positive and welcoming attitude from locals in other African countries, but the findings were again ambivalent as to whether other South African companies are received equally well. This proposition could not be substantiated as the answers to the questionnaire both confirmed and countered the literature.

6.3 Suggestions for further research

In undertaking this research study, several related questions were either not addressed as they require a separate focused study scope, or these came about by inference. The following are suggested as future research topics:

- The study focused on the DRA’s African expansion as a case study. The recency effect (Larrain, Trattner, Parra, Graells-Garrido, & Nørvåg, 2015) may create a positive bias of business in Africa and hence the bulk of research findings correspond to the literature review. A major factor may also be that the questions were designed on the basis of the literature review. To address any concerns around recency bias, it is recommended that the study topic be expanded to a
broader group comprising various South African multinationals from diverse sectors and operating in diverse African countries.

- The question of whether success of South African companies in the rest of Africa is impacted by the perceptions of the South African government has not been conclusively answered as the findings confirmed some of the literature and disputed other aspects of the literature. As discussed in chapter 5, it is recommended that an additional research study focus specifically on whether South African companies are in fact positively or negatively impacted by the country’s reputation and, by extension, that of the government.
- The study confined its scope to determining success strategies, based on literature review; a follow on study can be to investigate why the identified strategies yield success whilst other strategies ultimately proved unsuccessful.

6.4 A note in closing

Expanding into the rest of Africa has become synonymous with either “hit or missed” business opportunities. Considering that South African companies are the biggest contributors of intra Africa FDI, it can only serve South African businesses and their host countries well if the number of successful internationalisation initiatives increased. This case study provides a primer for business executives to reassess their company’s internationalisation strategy. Many African markets are welcoming of foreign companies with the right strategy. Following the right course of market entry and sustainably doing so might just be key to the future growth of many South African companies.

The study explored the key business strategies for successful African expansion by a South African company. DRA was selected for this research case study as it is an example of a company that has successfully expanded into several African countries. The main research question guiding this study was: “What have been the key success determinants for the DRA’s expansion in Africa?”

The key success determinants identified in the case study include amongst others adaptability to local country factors and identifying the correct market entry strategy; these success determinants correspond to existing literature. Findings and experiences from this
case study may provide guidance to other companies wishing to adapt their Africa strategy for successful expansion.

That said, it should be cautioned that there is no silver bullet to internationalisation and South African companies need to consider internationalisation through a dynamic strategy that can be adapted to local market conditions. This report highlighted literature related to the challenges faced by South African firms that have an inflexible approach. These firms are often viewed as having a hegemonic approach to the rest of Africa and often face resistance within the country they are expanding into. It is key to understand that an inherently South African approach to business will not necessarily work in Kenya or Ghana. Similarly neither would a single market entry strategy work across all countries.

Ultimately investing on the continent should be more rewarding to company shareholders and the host countries, and not be a “hit and miss” experience. This case study affirmed existing literature that there are clear identifiable key strategies for successful African expansion.
CHAPTER 7. REFERENCES


Ernst & Young Africa. (2013). Doing business in Africa - From strategy to execution.


Steinberg, P. F. (2015). Can We Generalize from Case Studies? *Global Environmental Politics, 15*(3), 152-175. doi:10.1162/GLEP_a_00316


APPENDIX A – QUESTIONNAIRE CONSENT EMAIL

The research questionnaire was distributed by email to the sample group. The following information letter and consent form was emailed to respondents along with the option to not participate in the survey. The link therein is to the research questionnaire.

Antonio Da Gama Teixeira (ZA)

From: Antonio Da Gama Teixeira (ZA)
Sent: 18 July 2017 10:30 AM
Subject: Research Report - Survey on identifying key business strategies for successful expansion into Africa

Good day,

As part of my dissertation report, I am conducting a survey aimed at identifying the key business strategies for successful expansion into the rest of the Africa.

Your responses will be invaluable to my research as your experience and knowledge of projects and business on the continent have contributed to the company's success (with some challenges along the way).

The survey should take you less than 7 minutes to complete and can be continued on your laptop or smartphone.

Please follow the below link to take the survey.

https://wits.eu.qualtrics.com/jfe/form/SV_0p5hZJVVz8r1t1d4

Please note that your responses will remain anonymous with only the results being used to statistically identify patterns on what it takes to be successful on the continent.
You may opt to not participate in this survey, if you so wish.

Thank you for your time and consideration.

Best regards
Antonio
## APPENDIX B – RESEARCH QUESTIONNAIRE

*Identifying key business strategies for successful expansion into Africa - A Case Study of DRA*

Q1 - What is your (management) position in the company?

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<td>3</td>
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Q2 - Have you worked in or completed an execution project in other African countries?

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<td>2</td>
<td>Yes</td>
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Q3 - Have you directly been involved in international business negotiations (incl. M&A) or project execution activities in other African countries?

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Q4 - Were the African business negotiations (incl. M&A transactions) or execution project that you were involved in successful?

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<tr>
<td>3</td>
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<tr>
<td>4</td>
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Q5 - How recently were you directly involved in international business negotiations (incl. M&A) or project execution activities in other African countries?

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<td>Between 6 months and 2 years ago</td>
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<td>3</td>
<td>Less than 6 months ago</td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Presently involved in Africa project or business activities</td>
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Q6 - Please rate the importance of African expansion to your company.
Q7 - From your experience, how well is your company received by the locals in other African countries?

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<td>4</td>
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<td>5</td>
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Q8 - Are other South African companies received better or worse than your company?

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Q9 - The reputation of the South African government (positively or negatively) influences how your company is perceived in other African countries. Do you agree with this?

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<td>3</td>
<td>Somewhat agree</td>
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<td>4</td>
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<td>5</td>
<td>Somewhat disagree</td>
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<td>7</td>
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Q10 - Are companies from China or Europe received better than South African companies are received in Africa?

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<td>Strongly agree</td>
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<tr>
<td>7</td>
<td>Strongly disagree</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q11 - It is occasionally argued that locals and authorities in some African countries do not trust South African businesses. Do you think this is true?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strongly agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Somewhat agree</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q12 - What do you define as success when internationalising (expanding) a business from South Africa into the rest of Africa? Please write down up to 3 suggestions.

- Suggestion 1
- Suggestion 2
- Suggestion 3

Q13 - Is there a relationship between internationalisation (expansion) and the performance of the overall company?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Definitely yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Probably yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Might or might not</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Probably not</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q14 - Why would the company internationalise (expand) into Africa? Please select as many as applicable.

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Improved profitability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Company survival</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Better shareholder return</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Increased innovation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Opportunity to acquire new products or service offering to sell</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Improving or defending market share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Increased visibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>None of the above (Please provide alternative examples)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q15 - What suggestions would you make in order to improve the likelihood of success in internationalisation (expansion)?

- Suggestion 1
- Suggestion 2
- Suggestion 3
Q16 - How would you rate your overall experience of your company’s internationalization (expansion) efforts into Africa?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Terrible - would never do it again</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Not good - why are we expanding into Africa again?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Decent - there are things we could have done better</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Good lessons learned - still unsure if they are applicable elsewhere</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Good lessons learned - the lessons can be applied in other countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Great - cannot wait for the next expansion opportunity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q17 - Do you think that your company can implement strategies to overcome any country specific challenges (politics, economy, population, skill levels)?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Definitely yes - no matter the challenge we adjust our strategies and they always work out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Probably yes - we adjust the strategies but they don't always work out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Might or might not - still not sure if our strategies are working or not</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4  Probably not - have serious doubt if we can do anything about these challenges

5  Definitely not - we keep failing to expand our business no matter what we do

Q18 - Is success in internationalisation (expansion) dependent on the specific challenges in the country where the expansion is taking place (e.g. politics, economy, population, skill levels)?

<table>
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<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Definitely yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Probably yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Might or might not</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Probably not</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Definitely not</td>
<td></td>
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</tbody>
</table>

Q19 - Which of the following did your company find most challenging when expanding into Africa? Select as many as are applicable.

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<tr>
<th>#</th>
<th>Answer</th>
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<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Poor road, rail and/or telecommunications infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Low skill levels of the locals</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3 Unreliable supply of services (e.g. electricity and/or water)

4 Political uncertainty (civil unrest, war, government interference)

5 Economic volatility (e.g. foreign currency shortage, difficulty repatriating profits)

6 All of the above

7 None of the above (Please provide alternative example)

**Q20 - Does the success of a company’s internationalization (expansion) into African countries depend on the mode of market entry?**

<table>
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<th>Answer</th>
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<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Q21 - Which modes of market entry have proven more successful in establishing your company in another African country? Please select as many as are applicable.**

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>International Joint Venture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Mergers &amp; Acquisitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Doing a turnkey project in that country</td>
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</tbody>
</table>
Q22 - Is a successful expansion strategy transferable from one market/country into another?

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<tr>
<th>#</th>
<th>Answer</th>
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<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>If adapted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Yes</td>
<td></td>
<td></td>
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</tbody>
</table>

Q23 - Can a strategy that worked for one division (e.g. operations or agriculture) of your company work in another division (e.g. infrastructure or energy)?

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<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>If adapted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Yes</td>
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</tbody>
</table>

Q24 - Can a one size fits all strategy be applied across various businesses and countries?

<table>
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<th>Count</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2  | If adapted
3  | Yes

Q25 - Do you think that your company has been successful at internationalising into the rest of Africa?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>%</th>
<th>Count</th>
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</thead>
<tbody>
<tr>
<td>4</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Unsure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>No</td>
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</table>
APPENDIX C – DRA COMPANY PROFILE

“DRA is a multi-disciplinary global engineering group delivering mining, mineral processing, energy, agriculture, water treatment and infrastructure services from concept to commissioning and comprehensive operations and maintenance services.” Source: http://www.draglobal.com/

History
Founded in Johannesburg in 1984, the company has grown to be amongst South Africa’s (and in deed Africa’s) largest project management enterprises. Through a primarily M&A driven growth strategy the company continues to grow across the world, to become a global company. Source: http://www.draglobal.com/dra-global-story/

Market & Sectors
- Agriculture
- Energy
- Infrastructure
- Marine Engineering
- Resources

Services offered

Source: http://www.draglobal.com/dra-global-expertise/