

https://dspace.org/

Determinants of business success and failure for South African financial services companies doing business in West Africa

Ncamani, Sibulelo

2024
University of the Witwatersrand, Johannesburg
https://hdl.handle.net/10539/44540
Ncamani, Sibulelo. (2024). Determinants of business success and failure for South African financial services companies doing business in West Africa [PhD thesis, University of the Witwatersrand, Johannesburg]. WIReDSpace. https://hdl.handle.net/10539/44540

Downloaded from a DSpace repository. https://dspace.org/

Determinants of business success and failure for South African financial services companies doing business in West Africa

PhD Dissertation

By

Sibulelo Ncamani

Student no: 971910

Supervisor: Dr. Renee Horne

Faculty of Commerce, Law, and Management

University of the Witwatersrand, Johannesburg

NOVEMBER 2024

Approved: Dr
RKC Horne
6 Nov 2024



CERTIFICATION

The undersigned certifies that she has read and hereby recommends for acceptance by the University of the Witwatersrand, Johannesburg, a thesis titled “Determinants of business success and failure for South African financial services companies doing business in West Africa’’ in fulfilment of the requirements for the degree of Doctor of Philosophy (Business Management) of the University of the Witwatersrand, Johannesburg.

…….

Dr Renee Horne

(Supervisor)

Date:

DECLARATION AND COPYRIGHT

I, Sibulelo Ncamani, declare that this thesis is my original work that has not been presented and will not be presented at any other university for a similar or any other degree award.



Signature

06November 2024

Date

DEDICATION

To my aging mother, I hope you live to see and celebrate your son's achievement of this significant milestone. God willing. To my wife and daughters, embarking on this daunting but fulfilling PhD journey while being a full-time employee, a husband and a father, added its own demands on our family. Thank you for your understanding, patience, and sacrifices.

To my last born, Makayla Buhlebenkosi Ncamani, don't stop dreaming. I hope this academic qualification will serve as inspiration for you. You have my full support. Go out there and conquer the world.

ACKNOWLEDGEMENT

I first registered for my PhD in 2021 and after an initial setback and lack of progress that year, I decided not to register in 2022. I wondered whether I should proceed with my studies or not. In late 2022 I decided to contact Professor Eric Schaling, the PhD Programme Director at the Wits Business School, whose swift response and support cannot be acknowledged enough. Thank you, Prof. Schaling.

Professor Schaling spoke with, and recommended, the very capable Dr. Renee Horne, as my supervisor. She expects hard work, and in return offers immense dedication to her students. Dr. Horne embodies what Professor Robert Solow — a Nobel Prize winner in Economic Sciences — once said: “I estimate that if I had neglected the students, I could have written 25 percent more scientific papers. The choice was easy to make, and I do not regret it.” Similarly, in a working context, Dr. Horne chooses her students above all else, and I’m eternally grateful to her for that.

I would like to thank the companies that participated in my study: Absa, Sanlam, Hollard and Momentum Metropolitan. I am indebted to those executives and senior managers who made time for the interviews. There are many others - colleagues, friends, and acquaintances who encouraged me during this journey; I thank you.

My family, both immediate and extended family members, have been a source of strength. Their prayers and encouragement sustained me. Thank you.

To God be the glory!

ABSTRACT

West Africa has a population of over 300 million people and is viewed as an attractive market by companies from both South Africa and outside the continent (Grant, 2001; Akinboade & Lalthapersad-Pillay, 2009; Luiz & Charalambous, 2009; Kudaisi, 2014; Anyanwu & Yameogo, 2015; Doucoure & Çankaya, 2021; Africa Business, 2023). The West African region is not a uniform region with a common language, currency, culture and business practices. The region is mainly divided into Anglophone and Francophone countries. South African companies have successfully explored many business opportunities in sub-Saharan Africa in general; however, in West Africa particularly, they have encountered challenges and subsequently exited the countries concerned (Chizema, Kleynhans, Bezuidenhout & Mhonyera, 2021; South African Institute of International Affairs, 2005; Wits Business School, 2019). In the financial services industry, both South African banks and insurance companies have a presence in West Africa; however, there are common factors that contribute towards the success and failure of South African financial service firms in that region. This study aimed to provide an in-depth analysis of the factors that enable South African financial services firms to succeed in West Africa. Qualitative research methodology, specifically case study research, was selected for this study with access to various South African financial institutions such as Sanlam, Absa, Hollard and Momentum Metropolitan.

The contribution of this study is threefold:

Firstly, this study has added to the existing frameworks by developing common factors that are applicable to South African financial services firms specifically, drawing from and expanding the existing theories and frameworks. Theories such as the Internationalisation Process Theory, The Network Theory, Agency Theory, and A Resource-Based View explained the empirical data gathered. The main framework that underpinned the majority of this study is the CAGE Distance Framework, but all the three dominant frameworks, thus PESTEL and the Country Portfolio Analysis, were considered.

Secondly, the study developed a framework that will enable South African companies (specifically in the financial services industry) to have an increased success rate when entering and doing business in West Africa. A conceptual framework was developed which South African executives can use when they plan to enter the West African region.

Thirdly, from a methodological perspective, this is one of the few studies to date that uses case study methodology to provide insights on factors which cause South African financial services firms to succeed or to fail in West Africa.

TABLE OF CONTENTS

CHAPTER 1. INTRODUCTION 15

1.1. BACKGROUND 15

1.2. PURPOSE 17

1.3. MAIN PROBLEM 21

1.4. RESEARCH QUESTIONS 25

1.5. RESEARCH METHODOLOGY 26

1.6. RESEARCH CONTRIBUTION 26

1.6.1 THEORETICAL CONTRIBUTION 27

1.6.2 EMPIRICAL CONTRIBUTION 28

1.6.3 METHODOLOGICAL CONTRIBUTION 28

1.7. ASSUMPTIONS AND DELIMITATIONS OF THE STUDY 29

CHAPTER 2. THEORETICAL LITERATURE REVIEW 31

2.1. GLOBALISATION AND GLOBAL MARKETS 31

2.2. INTERNATIONALISATION OF FIRMS 33

2.2.1 INTERNATIONALISATION STRATEGIES OF FIRMS 34

2.2.2 THEORIES ON INTERNATIONALISATION OF FIRMS 37

2.2.2.1 Internationalisation Process Theory 37

2.2.2.2 The Network Theory 40

2.2.2.3 The Discourse-Based View 43

2.2.2.4 Agency Theory 45

2.2.2.5 The Strategic Choice Theory 47

2.2.2.6 A Resource-Based View 50

2.2.2.7 PESTEL 53

2.2.2.8 Country Portfolio Analysis 55

2.2.2.9 CAGE Distance Framework 56

2.2.3 CONCEPTUAL FRAMEWORK 60

2.2.4 LITERATURE PRESENTED ON COMPANIES ENTERING WEST AFRICA 63

2.2.5 LITERATURE FOCUSING ON SOUTH AFRICAN COMPANIES ENTERING WEST AFRICA 65

2.3. OVERVIEW OF THE FIRMS SELECTED FOR THIS STUDY 67
2.3.1 ABSA BANK LIMITED 67
2.3.2 SANLAM 68
2.3.3 HOLLARD INSURANCE 69
2.3.4 MOMENTUM METROPOLITAN 70
2.3.5 OLD MUTUAL 71
2.3.6 STANDARD BANK 72
2.4. CONCLUSION 73

CHAPTER 3. RESEARCH METHODOLOGY 75

3.1. INTRODUCTION 75
3.2. RESEARCH DESIGN 76
3.3. QUALITATIVE RESEARCH METHODOLOGY 77
3.4. CASE STUDY RESEARCH 79
3.4.1 RESEARCH SAMPLE 81
3.4.2 DATA GATHERING 82
3.4.2.1 Interviews 83
3.4.2.2 Reports and archived documents 84
3.4.3 DATA ANALYSIS 85
3.5. LIMITATIONS OF THE STUDY 87
3.6. RELIABILITY AND VALIDITY 87
3.7. ETHICAL CONSIDERATIONS 88
3.8. REFLEXIVITY 90

CHAPTER 4 – DATA PRESENTATION 92

4.1. INTRODUCTION 92
4.2. SEMI-STRUCTURED INTERVIEWS 92
4.2.1 STRATEGIC CONSIDERATIONS 93
4.2.2 ENTRY MODE INTO WEST AFRICA 94
4.2.3 CHALLENGES FACED BY SOUTH AFRICAN FINANCIAL SERVICES FIRMS IN WEST AFRICA 96
4.2.3.1 High inflation rate 96

4.2.3.2 Regulatory environment 97
4.2.3.3 Cultural and language differences 99
4.2.3.4 Government debt and impact on local operations 100
4.2.3.5 Scarcity of good talent in West Africa 100
4.2.4 Reasons South African firms fail in West Africa 101
4.2.5 Performance of the South African subsidiaries in West Africa 103
4.2.6 Key considerations for South African financial services firms to be successful in West Africa 105
4.3. Data gathered from Archived documents 108
4.3.1 Industry reports from industry experts and regulators 109
4.3.2 Absa Bank 113
4.3.3 Sanlam 116
4.3.4 Momentum Metropolitan 118
4.4. Conclusion 120

CHAPTER 5 – DATA ANALYSIS AND DISCUSSION 122

5.1. Introduction 122
5.2. STRATEGIES DEPLOYED BY SOUTH AFRICAN FIRMS ENTERING WEST AFRICA 122
5.2.1 Entry mode into West Africa 123
5.2.2 Acquisition as an entry strategy 124
5.2.3 Strategic Partnerships 126
5.2.3.1 Absa Bank 127
5.2.3.2 Sanlam 128
5.2.3.3 Hollard 129
5.2.3.4 Momentum Metropolitan 130
5.3. FACTORS THAT CAUSE SOUTH AFRICAN FINANCIAL SERVICES FIRMS TO SUCCEED OR FAIL IN WEST AFRICA 132
5.3.1 Challenges faced by South African financial services firms in West Africa 132
5.3.2 Factors that cause South African financial services firms to fail in West Africa 133
5.3.3 Key considerations for South African financial services firms to be successful in West Africa 135

5.4 CONCLUSION 137

CHAPTER 6 – COMMON FRAMEWORK WHICH WILL ENABLE SOUTH AFRICAN FINANCIAL SERVICES FIRMS TO SUCCEED IN WEST AFRICA..... 140

6.1 PERFORMANCE OF SUBSIDIARIES IN WEST AFRICA..... 140

6.2 DEVELOPING A FRAMEWORK THAT WILL ENABLE SA FINANCIAL SERVICES FIRMS TO SUCCEED IN WEST AFRICA..... 142

6.3 CONCLUSION 145

CHAPTER 7 - CONCLUSION AND RECOMMENDATIONS 147

7.1 INTRODUCTION..... 147

7.2 IMPORTANT CONSIDERATIONS..... 148

7.3 KEY FINDINGS..... 150

7.3.1 FACTORS THAT CAUSE SOUTH AFRICAN COMPANIES TO SUCCEED OR FAIL IN WEST AFRICA.....150

7.3.2 STRATEGIES DEPLOYED BY SOUTH AFRICAN FINANCIAL SERVICES FIRMS ENTERING WEST AFRICA 152

7.4 CONTRIBUTION AND SIGNIFICANCE OF THE STUDY..... 152

7.4.1 THEORETICAL CONTRIBUTION 152

7.4.2 EMPIRICAL CONTRIBUTION 153

7.4.3 METHODOLOGICAL CONTRIBUTION.....155

7.5 LIMITATIONS..... 156

7.6 FURTHER STUDY..... 157

REFERENCES 159

APPENDIX 178

LIST OF TABLES

Table 1: Outline of Chapter 2 and dominant theorists..... 34

Table 2: CAGE Distance Framework (Ghemawat, 2001) 59

Table 3: Absa footprint in Africa (Source: 2022 Absa Group Integrated Report)..... 115

Table 4: Absa Ghana's performance against its peers in Africa (Source: 2022 Absa Group Integrated Report)..... 115

Table 5: Sanlam's group equity value per line of business per region 117

Table 6: Sanlam's general insurance and reinsurance business contribution per region ... 117

Table 7: Momentum Metropolitan Africa 5-year performance review..... 119

LIST OF FIGURES

Figure 1: PESTEL Framework (Source: kbmanage.com) 544

Figure 2: Country Portfolio Analysis Presentation (Source: Ghemawat, 2001) 566

Figure 3: Comparison of the existing different theoretical frameworks (Author's own work). 62

Figure 4: Developed conceptual framework (Author's own work) 63

Figure 5: Creswell data analysis framework (Source: Leedy & Ormord, 2014) 86

Figure 6: Market leaders for non-life insurance – Profit after tax (GHS' millions) 111

Figure 7: Market leaders for life insurance – Profit after tax (GHS' millions) 111

Figure 8: Market leaders for non-life insurance – Total asset (GHS' millions)..... 112

Figure 9: Market leaders for life insurance – Total asset (GHS' millions)..... 112

Figure 10: Internationalisation frameworks showing common elements 144

Figure 11: Framework for SA financial services firms doing business in West Africa (Author's own work) 145

Acronyms

ARO – Africa Regional Operations
CAGE – Culture, Administrative, Geographic and Economic distance
CEO – Chief Executive Office
CFO – Chief Financial Officer
COO – Chief Operations Officer
CPA – Country Portfolio Analysis
CRO – Chief Risk Officer
EMEIA – Europe, Middle East, India and Africa
FDI – Foreign Direct Investment
FSAs – Firm Specific Advantages
GDP – Gross Domestic Product
GWP – Gross Written Premiums
IPT – Internationalisation Process Theory
IT – Information Technology
KYC – Know Your Customer
MMA – Momentum Metropolitan Africa
MMH – Momentum Metropolitan Holdings
NBV – New Business Value
NHE – Normalised Headline Earnings
PoS – Point of Sale
PVNB – Present Value of New Business
SADC – South African Development Community
SAIA – South African Insurance Association
SARB – South African Reserve Bank
SME – Small and Medium Enterprises
UK – United Kingdom
WAEMU – West African Economic and Monetary Union

CHAPTER 1. INTRODUCTION

1.1. BACKGROUND

International Business Management is a well-developed discipline with extensive literature on the internationalisation of firms. There are dominant theories such as the Internationalisation Process Theory (Johanson & Vahlne, 1977; Amdam, 2009), the Network Theory (Oviatt & McDougall 2005), Agency Theory (Eisenhardt, 1989; Gulati, Nohria & Zaheer, 2000; Shapiro, 2005; Johanson & Vahlne, 2009), A Resource-Based View (Wernerfelt, 1984), The Discourse-Based View (Treviño & Doh 2020), and the Strategic Choice Theory (Child, 1972). There are also common frameworks which indicate factors that should be considered by companies when they venture beyond their national borders. These are the CAGE Distance Framework (Ghemawat, 2001), PESTEL, which is credited to Aguilar (1967), and the Country Portfolio Analysis (Ghemawat, 2001).

Most of these theories and frameworks provide an in-depth understanding of both the reasons and approaches when companies internationalise. The Internationalisation Process Theory, the Network Theory, A Resource-Based View, and Agency Theory provide insights into the process of internationalisation while The Discourse-Based View and the Strategic Choice Theory provide insights into why companies internationalise. The CAGE Distance Framework highlights the importance of considering the cultural distance between the home and the host country when the company internationalises, the administrative distance, geographic distance, and the economic distance.

According to Ghemawat (2001), the bigger the distance between the home and the host country, the slimmer the chances are for the foreign company to succeed in the host country. PESTEL suggests that companies should consider the political environment, the economic factors, social environment, technological advancement, environmental factors, and the legal framework of the host country (Pant, 2019). The Country Portfolio Analysis focuses on economic factors like the growth of the gross domestic product (GDP) and income per capita (Ghemawat, 2001).

These frameworks suggest that companies should consider these economic and political factors, geographic distance, and cultural differences when deciding to do business in foreign countries.

Companies across many different sectors in South Africa have operations in West Africa, concentrated in Nigeria, Ivory Coast, and Ghana. These include companies in financial services like Old Mutual and Standard Bank, telecommunications giants like MTN, internet-based businesses like Naspers, mining companies like Anglo American, and retailers like Game Stores. Nigeria is the biggest economy in West Africa and is the economic hub of the region (PwC, 2015). Ghana is seen as a gateway to West Africa by South African companies that target Anglophone West Africa (South African Institute of International Affairs, 2008), while South African companies targeting Francophone countries in West Africa use Ivory Coast as an entry point to these countries (Standard Bank, 2023). Ivory Coast is a Francophone West African country with a growing economy.

Luiz & Charalambous (2009) state that the main reason that drives South African financial services firms to invest in sub-Saharan Africa, which includes Nigeria, Ivory Coast and Ghana, is to explore market opportunities to grow their revenues and profits. These financial services firms also follow their existing customers into that region. Where to establish the business is also influenced by the host country's political risk, market size, infrastructure considerations, and the economic environment (Luiz & Charalambous, 2009). These are factors indicated in the PESTEL framework.

The bilateral agreement between South Africa and Nigeria created a conducive environment for South African companies to invest in Nigeria, enabling firms such as Stanbic IBTC Bank — a subsidiary of Standard Bank — to flourish in Nigeria (Agbaenyi & Chimezie, 2019). The favourable Nigerian foreign policies and the large population attract foreign companies that are looking for economic expansion (Agbaenyi & Chimezie, 2019).

McKinsey & Company (2020) report indicates that Africa's insurance industry is the eighth largest in the world and the second fastest growing insurance industry globally, after Latin America. Nigeria has the biggest potential insurance market in Africa, with most of its business underwritten by foreign companies (African Business, 2007). However, according to the 2022 Africa Insurance Outlook Report, insurance penetration in Nigeria remains low and this presents an opportunity for growth in the region (Deloitte, 2022). South African insurance companies such as Sanlam and Old Mutual ventured into Nigeria to exploit this untapped growth potential (McKinsey & Company, 2020). However, some of these companies then decided to exit the region shortly thereafter while others continue to have operations there. What makes one insurance company more successful than another when growing into new markets? There is currently no framework with common factors which can be used by South African executives in financial services firms to determine whether their companies will be successful or not when they venture into West Africa.

1.2. PURPOSE

Studies such as those by Chen, Dollar & Tang (2018) and Nyuur, Wanjiru, Amankwah-Amoah & Ifere (2018) focus on international companies that do business in Africa. The literature indicates factors that are considered by these companies when entering Africa. Some of these studies also highlight the importance of political and macroeconomic stability for attracting foreign direct investment (FDI) into Africa (Basu & Srinivasan, 2002; Luiz & Stephan, 2012; Asongu & Odhiambo, 2019). International companies that do business in Africa are represented in several business sectors. These include global information technology companies like Microsoft, IBM, Oracle, Cisco and many others. The United Kingdom-based financial services firm, Barclays, until recently had a presence in thirteen African countries. Chinese companies have aggressively targeted Africa, with a growing footprint across many African countries.

Chen *et al.,* (2018) stress that while China's involvement in Africa has assisted in generating economic growth, it has also caused controversy. Nyuur *et al.,* (2018) argue that market size influences Chinese investment flows into Africa, supported by Chen *et al.,* (2018), who state that there is a correlation between the host country market size and Chinese overseas direct investment. Political stability and regulatory frameworks are also believed to have a significant influence on the decision of Chinese companies to invest in Africa (Nyuur *et al.*, 2018). Again, this view is corroborated by Chen *et al.,* (2018), who state that political stability attracts Chinese overseas direct investment into Africa.

South African companies have also expanded into the rest of the African continent, taking advantage of the opportunities presented by other African countries. These include the likes of Standard Bank, Absa, Sanlam and Old Mutual. According to Basu & Srinivasan (2002), political and macroeconomic stability are important in attracting foreign direct investment to Africa. Political leadership and commitment to economic reforms are said to be important determinants as well, as are the host country's market size, labour costs, economic development, and a high income per capita (Basu & Srinivasan, 2002). However, Ibrahim, Adam & Sare (2019) disagree with Basu & Srinivasan's (2002) view that foreign investors are attracted by high income per capita. Ibrahim *et al*., (2019), state that foreign capital flows mostly into countries with low income per capita. They believe that countries with low income per capita deliberately create investor-friendly environments to attract foreign capital. These measures can include tax incentives for foreign businesses that invest in the country, targeted grants, duty-free imports, and other measures.

Social-, political-, and economic risks are known to impact negatively on long-term investment decisions (Asongu & Odhiambo, 2019). African countries that have attracted large foreign direct investments are typically related to higher levels of economic development (Basu & Srinivasan, 2002). Asongu & Odhiambo (2019) highlight four broad factors as the main challenges of companies that do business in Africa.

These are:

1. Issues related to the cost of starting a business and operating it
2. Shortage of energy and electricity
3. Lack of access to finance
4. High taxes and low cross-border trade

While the above are economic factors, they are not the only important factors. Other considerations include interest rates, inflation, currency fluctuation, currency shortages, and more. Ibrahim *et al*., (2019), state that 57% of foreign direct investment in Africa is distributed among the following countries: Angola, Egypt, Ethiopia, Ghana and Nigeria. Of these, South African financial services firms have invested in Ghana, Nigeria and Ivory Coast. However, facing some serious challenges in those regions caused some of the firms to exit those countries. For example, Standard Bank left the Ivory Coast in 2003 due to an unstable political environment although re-entering that market again in 2018 (Wits Business School, 2019). Absa Bank South Africa's 2022 financial performance was negatively impacted by Ghana's sovereign debt exposure (Absa, 2023), and both Momentum Metropolitan and Hollard Insurance exited the Nigerian market.

The literature provides the common factors why companies enter certain markets; however, limited literature is available on the factors that cause specifically South African companies to fail or succeed in West Africa. For this study, the focus is on South African companies that do business in Nigeria, Ivory Coast and Ghana as these are the three biggest economies in West Africa (African Development Bank, 2024). Ghana is used as a launchpad by South African financial services firms when they go into West Africa (South African Institute of International Affairs, 2008), Nigeria is the economic hub of the region (PwC, 2015), and Ivory Coast has a growing economy and is a preferred country to launch businesses targeting Francophone West Africa.

Francophone countries are French-speaking and were historically colonised by France. These include Niger, Mali, Burkina Faso, Chad, Ivory Coast, Benin, Cameroon, Guinea, Senegal and Togo. Anglophone countries in West Africa are English-speaking and include Gambia, Liberia, Ghana, Nigeria and Sierra Leone.
In the recent past, there have been military coups in some of the Francophone West African countries like Mali, Niger, Burkina Faso, Guinea and Chad. Military coups are an indication of political instability, one of the factors for consideration suggested by PESTEL and the CAGE Distance Framework. In addition, culture and language differences are some of the biggest challenges in Francophone West Africa. Some of the challenges experienced in Anglophone West Africa by the South African companies are differences in culture and business practices (South African Institute of International Affairs, 2005).

The purpose of this study is to develop a framework that will enable South African companies (specifically in the financial services sector) to have a better chance of success when establishing subsidiaries in West Africa. The framework provides factors to be considered in order to increase the chances of success in that region. It intends to add to existing frameworks, with a specific focus on South African financial services firms venturing into West Africa.

This study evaluated the strategies used by the South African firms when they ventured into West Africa, examined the theories and frameworks considered by these companies, assessed the factors that caused them to leave the region, and investigated the factors that contributed towards the success of those firms that continue to operate in West Africa.

1.3. MAIN PROBLEM

“Firms enter foreign markets in pursuit of profitability” (Grant, 2013: p326). Friedman (1970) made a similar observation stating that there is only one purpose for a firm's existence, which is utilising resources for maximising profits. Increasing profitability by internationalisation requires strategic decision making and entails various risks. To support these companies, various theories and frameworks have been developed to explain the processes of internationalisation, factors that influence the decision to internationalise, and factors that enable companies to succeed when they do internationalise. The prominent theories are the Internationalisation Process Theory, Agency Theory, The Network Theory, A Resource-Based View, The Discourse-Based View, and The Strategic Choice Theory. The frameworks used to assist companies when deciding to do business outside their national borders are the PESTEL, CAGE Distance, and Country Portfolio Analysis frameworks.

Internationalising South African companies

The Africa Report (2020) states that the four biggest banks by assets in South Africa have operations across the African continent. Standard Bank has the largest presence with a footprint in 20 countries, followed by Absa Bank in ten countries, and then First Rand in eight and Nedbank in six. While First Rand has agent representation in Ghana and Nigeria, its subsidiary, First National Bank, has no presence in West Africa (First Rand, 2023).

South African insurance firms have also taken advantage of the business opportunities across the continent. The Deloitte Insurance Outlook Report highlights the good growth reported by Old Mutual, Sanlam, and Momentum Metropolitan Holdings (MMH) in their new business portfolios across the continent (Deloitte, 2022). McKinsey & Company (2020) states that Old Mutual has a presence in 13 African countries and bought equity in Oceanic Life in Nigeria (Deloitte, 2022). Sanlam's acquisition of Saham Insurance enabled it to have a presence in more than half of all African countries (McKinsey & Company, 2020).

Continuing this growth, in September 2023, Sanlam announced a joint venture agreement with Allianz combining their businesses in Africa, excluding the South Africa business, to form SanlamAllianz business (Sanlam, 2023). Sanlam (2023) states that the joint venture with Allianz will create “a leading Pan-African financial services group with an extensive footprint across the African continent.”

In West Africa, South African financial services firms have a presence in Nigeria, Ivory Coast and Ghana. South African firms which have pursued business opportunities in West Africa have varying degrees of success, with some encountering well-publicised challenges. Announcing the 2022 Annual Financial Results, Absa stated that its impairment charges increased by 61% as it had to raise R2.7bn in coverage to cushion it against its Ghana sovereign debt exposures (Absa, 2023). Standard Bank exited Ivory Coast in 2003 due to the unfavourable political environment, although it did relaunch operations there in 2018 (Wits Business School, 2019). In Nigeria, major challenges for South African companies are the cost of doing business in that country and corruption (South African Institute of International Affairs, 2004).

In Ghana, South African firms have met numerous challenges as a result of cultural differences between the two countries, conflicting business practices, and economic structural differences (South African Institute of International Affairs, 2005). However, notwithstanding the well-documented challenges, South African companies continue to have operations in the West African region. Ebegbulem (2013) states that there is a notable presence of South African companies across various sectors of the economy in Nigeria. Sadly, there is currently limited academic literature on the factors which enable South African companies to succeed or cause them to fail when doing business in West Africa. Moreover, there is a limited framework which provides common factors that must be considered by South African companies in order to be successful in West Africa.

As stated, Friedman (1970), believes that firms exist to make profit. This view is shared by Grant (2013: p326) who states that firms enter foreign markets to make profit. Profitability is one measure of success; however, success must be linked directly to company strategy. It is unlikely that subsidiary firms will be profitable as soon as they are established in foreign countries. So it is important to consider the overall strategy and assess whether the strategic objectives for the firm to internationalise have been met or not. In other words, has the firm achieved what it set out to achieve when it decided to internationalise? In cases where the objectives have not been met, then it must be determined whether the firm believes it is still on track to meet its objectives or not. Some of the objectives such as increased market share in a particular country may take time to achieve. The commonly used measures of firm internationalisation include: the ratio of foreign sales to total sales (FSTS), the ratio of foreign assets to total assets (FATA), the ratio of foreign businesses to total businesses (FBTB), the ratio of foreign offices to total offices (FOTO), and the ratio of foreign employees to total employees (FETE) (Qian, Li, Li & Qian, 2008; Sullivan, 1994).

The profitability and overall success of the foreign subsidiary are also influenced by the host government's attitude towards the foreign company, the cultural distance between the home and the host country, and the relative size of the foreign subsidiary (Pangarkar & Lim, 2003). The parent firm’s assessment of the performance of the subsidiary is an important consideration where the nature of the relationship between the parent company and the subsidiary influences the perceived performance of the subsidiary by the parent company (Demirbag & Mirza, 2000). Other factors that the parent firm should consider include the learning pace of the subsidiary, the productivity of human resources, financial performance, and the performance of business operations (Demirbag & Mirza, 2000).

This study evaluated the internationalisation strategies of South African financial services firms that are doing business in West Africa. It examined factors which cause South African financial services firms to succeed or fail in West Africa, adding to the current internationalisation frameworks by providing common factors which will enable these firms to succeed in West Africa.

The internationalisation strategies of the following South African financial services firms with operations in West Africa were analysed:

1. Absa Bank ("Absa")
2. Hollard Insurance ("Hollard")
3. Momentum Metropolitan Holdings ("Momentum Metropolitan")
4. Sanlam

The initial selection of companies included Standard Bank and Old Mutual. However, both companies then declined participation: Standard Bank stated that since the researcher is working for the competitor, they will not be able to participate and Old Mutual's policy does not allow external people to conduct research into their company.

Some of the major banks in South Africa do not have a presence in West Africa and this study could help them if they consider setting up operations there. Capitec, one of the largest banks in South Africa with 23.2 million active clients, does not yet have a presence in West Africa (Capitec, 2024), as don't other new entrants in the South African banking sector like Tyme Bank, Bank Zero and Discovery Bank.

Sub-problem 1

While there are several theories in International Business literature which explain how firms internationalise, and frameworks which indicate factors that should be considered by companies that venture beyond their national borders, there is limited literature on the determinants of business success and failure for South African financial services firms doing business in West Africa.

Sub-problem 2

South African financial services firms that have operations in West Africa include Hollard, Absa, Old Mutual, Sanlam, Standard Bank and Nedbank. The strategies deployed by these firms when entering West Africa were evaluated to determine whether there are common elements of the strategies that contribute towards the failure or success of these companies in West Africa. The evaluation of the strategies also assisted in understanding how these firms deal with the challenges they encounter in West Africa.

Sub-problem 3

West Africa is not a homogeneous region - it is predominately split into Anglophone and Francophone states. Also, culture, religion, language, and business practices vary across the region, as presented by Ghemawat's CAGE Distance Framework and PESTEL. This study developed an additional framework of common factors specifically aimed at South African financial services firms to succeed in West Africa, particularly in Ghana, Ivory Coast and Nigeria.

1.4. RESEARCH QUESTIONS

Qualitative research methodology was undertaken for this study, specifically case study research. Agee (2009) argues that in qualitative research, the questions must articulate what the researcher seeks to know from the perspective of the subjects who are interviewed. Creswell (2007) indicates that a good research question should trigger a process of exploration or discovery. Thus, the following research questions guided the study:

1. What are the factors that enable South African financial services firms to succeed or cause them to fail in West Africa?
2. What are the strategies deployed by South African financial services firms entering West Africa?

3. What common framework will enable SA financial services firms to succeed in West Africa?

1.5. RESEARCH METHODOLOGY

Two broad categories are mainly used to categorise research studies, namely quantitative research and qualitative research (Leedy & Ormord, 2014: 97). These are the dominant research methodologies in human and social sciences (Smith, 2019). Quantitative research involves looking at amounts, or quantities, of one or more variables. Qualitative research methodology deals with non-numerical data and provides a deeper understanding of people's experiences with the world (Bhandari, 2023); it involves looking at characteristicss or qualities that cannot be entirely reduced to numerical values (Leedy & Ormord, 2014:97). Qualitative research methodology was used for this study; specifically, case study research, and even more specifically, a descriptive case study. Descriptive case studies begin by defining the topic under investigation with the primary objective being to establish the link between the subject matter and the theoretical framework (Levy, 2008). Case study research, by design, is not intended to cover the entire population but rather focus on gaining a deeper understanding of a particular unit or phenomenon (Baharein Mohd Noor, 2008).

In this case, while there is a vast quantity of literature on internationalisation, the models and frameworks often cited in the literature do not pertain to South African financial services firms entering West Africa and the factors that lead them to success or failure in that market. This case study is intended to provide deeper knowledge of these factors.

1.6. RESEARCH CONTRIBUTION

There are several South African companies with operations in West Africa. Some have subsequently closed their operations and exited that region while others remain and continue to operate successfully. Some have exited certain countries in West Africa but chose to remain in others. This study aims to make contributions in three areas: theoretical, empirical, and methodological contributions.

1.6.1 Theoretical Contribution

Makadok, Burton & Barney (2018) state that theoretical contribution can consist of a variation, modification or combination of existing theories. They state that while the three elements that characterise a theory are accuracy, simplicity and generality, it is almost impossible for any theory to achieve all three. Citing Kuhn (1970), Makadok *et al*., (2018), there are rare occasions where a theory causes a radical paradigm shift. Crane, Henriques, Husted & Matten (2016), agree with this view. They state that using a radical paradigm shift as a standard to measure theoretical contribution is setting the bar too high. However, they argue that as a minimum requirement, theoretical contribution should fill "smaller gaps in literature" providing "incremental extensions to our knowledge". This is what this study intends to do - fill in “smaller gaps in literature” by providing “incremental extensions to our knowledge”.

This study has evaluated whether the popular frameworks on internationalisation such as the CAGE Distance Framework, PESTEL, and Country Portfolio Analysis are deployed by South African companies that are doing business in West Africa and whether they can be used to explain why some of these companies fail while others succeed in the same region. In addition to this, the study has examined which of the theories on the internationalisation of companies are most relevant for South African financial services firms doing business in West Africa.

As shown in Chapter 6 of this report, this study has added to the existing frameworks by developing common factors that apply to South African companies, drawing from and expanding the existing theories and frameworks. These factors are specific to South African financial services firms doing business in West Africa and are not covered by the existing frameworks. For example, the importance of the relationship between the head office and the subsidiary firm, the importance of choosing the right local partners, having enforceable legal contracts in place are some of the factors highlighted in the conceptual framework in Chapter 6.

1.6.2 Empirical Contribution

According to Crane *et al.,* (2016), empirical contribution is mostly concerned with theory application where theory can explain empirical data. They state that a mere application of existing theories is not sufficient as a contribution, the researcher needs to demonstrate a critical analysis of the literature and highlight those elements which are relevant to explain the phenomenon. Kuskova, Podsakoff & Podsakoff (2011), believe that empirical studies grounded on theory are important for the advancement of science.

As stated, this study has developed common factors that enable South African companies to succeed when they do business in West Africa while at the same time identifying common factors that cause them to fail in that region. It has examined the strategies deployed by these companies when they venture into West Africa to see whether any of the current theories and frameworks have been applied and to what extent these have contributed to the success or failure of these companies.

After collecting empirical data, a new framework has been developed to enable South African financial services firms to succeed in West Africa. The new framework highlights common factors that these companies must consider when doing business in West Africa, expands on the CAGE Distance Framework, and incorporates factors that are not highlighted by any of the other commonly used frameworks. Chapters 5 and 6 unpack this in detail.

1.6.3 Methodological Contribution

Bergh, Boyd, Byron, Gove & Ketchen (2022), provide guidance on what constitutes sufficient methodological contribution, proposing four types in which research can make methodological contribution:

1. The study suggests a major shift in how the research is conducted for a relatively large audience.
2. The study offers modest changes which matter to a large audience, making an incremental methodological contribution.

3. The methodological contribution is modest and cannot stand on its own but supports a comprehensive theoretical contribution.
4. A study can offer a minor methodological contribution if it makes small changes to a set of future studies. Bergh *et al*., (2022) state that a paper that only offers this contribution is unlikely to be accepted by major journals.

Using case study research, this study provides a useful framework for entering certain West African countries. Concerning points 1-3 above, this study contributes as follows:

1. Provides insights on how to conduct case study research virtually, with a large audience sitting in multiple countries across the continent.
2. Contributes a framework, which is important to the audience as it highlights factors to use to expand into West African countries.
3. While case study research is a common methodology, for this study its supports a comprehensive theoretical contribution. A theoretical framework that expands the commonly used frameworks on internationalisation has been developed, highlighting factors important for South African companies to consider if they want to succeed in West Africa.

1.7. ASSUMPTIONS AND DELIMITATIONS OF THE STUDY

This study focuses on companies doing business in Africa. The companies that participated in the study are Absa, Sanlam, Hollard and Momentum Metropolitan. The study focused only on the financial services industry. South African companies in other industries which also operate in West Africa are not included; however, they are discussed in the literature review to provide the generic challenges of doing business in West Africa. The study also focused only on West Africa and did not cover the analysis of these companies in other African regions. In West Africa, the analysis is limited to Nigeria, Ghana and Ivory Coast as these are the three biggest economies in West Africa (African Development Bank, 2024).

Nigeria is the biggest economy in West Africa (PwC, 2015). Ghana is one of the most stable countries politically and is often used as a launchpad by South African companies entering West Africa (South African Institute of International Affairs, 2008). Ivory Coast is the largest economy in the West African Economic and Monetary Union (World Bank, 2024). The assumption is that the framework can be used by other South African financial services firms when they want to expand into other West African countries.

CHAPTER 2. THEORETICAL LITERATURE REVIEW

2.1. GLOBALISATION AND GLOBAL MARKETS

While this study focuses on South African financial services firms doing business in West Africa, it is important to highlight the phenomenon of globalisation and multinational companies as these both deal with the internationalisation of companies – those that do business outside their national borders. According to Burlacu, Gutu, & Matei (2018), globalisation has received considerable attention from several stakeholders including policymakers, business leaders and organisations. Potrafke (2015) states that globalisation is multifaceted and encompasses economic, social and political aspects. Wu, Xu & Skare (2022) agree with this stating that globalisation is divided into three major areas: economic globalisation, political globalisation, and cultural globalisation. O'Rourke & Williamson (2002) define globalisation as the integration of markets. Sharma, Leung, Kingshott, Davcik & Cardinali (2020) expand on this definition stating that globalisation is the “process by which national economies have integrated into a vast inter-connected global economic system”.

They state that this has led to a tremendous growth in global trade and international business. Scholte (2008) states that globalisation involves a reduction in barriers to "transworld social contacts". This enables people to interact more with each other, physically, legally, linguistically, culturally, and psychologically (Scholte, 2008). The ease of interaction by people across the globe has increased, which implies that doing business across national borders with different countries has become easier. Potrafke (2015) states that access to the internet and the spread of ideas resulted in increased interaction between people from different countries. O’Rourke & Williamson (2002) add that globalisation has not only enabled the ease of interaction amongst people but companies have also taken advantage of the opportunities presented by this phenomenon. Globalisation has enabled integration among people, firms, and governments worldwide (Wu *et al*, 2022).

National governments and regional organisations have been deliberate in developing policies that attract foreign investments. Moshirian (2008) reckons that good progress has been made by national governments in reducing barriers to international investments and finance. Levitt (1983) argues that technology is the driving force behind globalisation, and this has resulted in the emergence of global markets where companies can standardise their products and services across different territories. Standardisation of goods and services across product and service lines has become a norm rather than an exception (Holland, 1998). Scholte (2008) believes that there has been an increased focus on globalisation by academia since the 1990s. O'Rourke & Williamson (2002) agree with this view stating that while globalisation, as a concept, dates back to the nineteenth century, it became popular in the 1990s. Globalisation is therefore not a new concept; it has been a subject of academic interest for at least half a century. Globalisation has a significant impact on the financial services sector, with some factors that drive financial globalisation including economic development, openness to trade, domestic financial development, capital account openness, institutional quality, and information friction (Haelg, 2021).

Gayle (2002), states that financial services are not restricted by borders, time, and distance, evidenced by the number of financial services firms doing business in foreign countries. Good corporate governance and reformed national institutions are important contributors to the pace of globalisation in the financial services sector (Moshirian, 2008). Mishkin (2009) asserts that globalisation has been a key factor in driving institutional reforms by developing countries, which are focusing on financial development and economic growth. Moshirian (2008) states that banks use foreign direct investment to enter new markets and access foreign customers. So, they internationalise as part of their growth strategies. As stated by Verhoef (2016), service-based firms mainly internationalise to grow their markets and follow their clients to leverage growth on their expansion. As a result, as companies started to expand their horizons and do business outside their national borders, it became important to develop theories and frameworks that could assist them to succeed in their internationalisation ventures.

2.2. INTERNATIONALISATION OF FIRMS

The literature on the internationalisation of firms covers a broad spectrum of different areas. Hult, Gonzalez-Perez & Lagerstrom (2020) state that the widespread interest in multinational firms has triggered a lot of research on the strategies that firms adopt when they internationalise, resulting in the publication of many articles and books. Prior and ongoing research includes identifying factors that influence companies to explore opportunities in foreign countries, processes that companies follow when they internationalise, factors they need to consider in order to be successful in those foreign countries, and many other aspects. The views on these issues are also very diverse and evolve with time. For example, the Uppsala Model (Johanson & Vahlne, 1977), which explains the internationalisation process of companies, was updated in 2009 and again in 2017. Child (1972) developed The Strategic Choice Theory in 1972 and expanded on it again in 1997.

These are just two examples that show that literature on internationalisation is not static; there is constant research to improve existing theories. There is also growing research on de-globalisation. Mandler, Bartsch & Han (2021), reckon that consumers - especially in western markets - have become cynical of globalisation and prefer local goods. It is important to understand how this works in the context of internationalisation. How do foreign companies cater for this preference for local goods and services? There are several ways they can address this, such as sourcing goods locally instead of importing them, acquiring local suppliers to support operations. Witt (2019) suggests that de-globalisation has already started, having commenced about a decade ago.

For this study, the reviewed literature covers the following:

1. An overview of the internationalisation strategies of firms.
2. Theories and frameworks on the internationalisation of firms.
3. The literature presented on companies entering West Africa.
4. Literature presented on South African companies entering West Africa.
5. A conceptual framework

This chapter will outline relevant sections and dominant literature as follows:

Main Section Overview	Internationalisation Strategies	Theories and Frameworks on Internationalisation	Companies entering West Africa	South African companies entering West Africa	Conceptual Framework
Dominant Theorists	Friedman (1970), Johanson & Vahlne (1977), Levitt (1983), Whitelock (2002), Oviatt & McDougall (1997); Oviatt & McDougall (2005), Grant (2013), Banerji & Chandrawanshi (2014), Paul & Gupta (2014)	Child (1972), Wernerfelt (1984), Eisenhardt (1989), Ghemawat (2001), Oviatt & McDougall (2005), Shapiro (2005), Coviello (2006), Amdam (2009), Johanson & Vahlne (2009), Treviño & Doh (2020)	Anyanwu & Yameogo (2015), Kudaisi (2014), Fahinde, Abodohoui, Mohiuddin & Su (2015), Doucoure & Çankaya (2021), Grant (2001), Bekoe, Jalloh & Rahaman (2021)	Akinboade & Lalthapersad-Pillay (2009), White, Kitimbo & Rees (2019), Chizema, Kleynhans, Bezuidenhout & Mhonyera (2021)	Ghemawat (2001), Sasaki, Nummela & Ravasi (2021), Shijaku, Larraza-Kintana & Urtasun-Alonso (2020), Lu, Ma & Xie (2022)

Table 1: Outline of Chapter 2 and dominant theorists

There are many scholars referenced in this chapter who have researched the subjects highlighted above. Reports and publications were also reviewed.

2.2.1 Internationalisation strategies of firms

Why do firms internationalise? The theories vary. Firms enter foreign markets to pursue profits (Grant, 2013: p326). Friedman (1970) states that the purpose of a firm's existence is to make profits. According to Grant (2013), internationalisation has become a source of huge opportunity and is driven by the quest to exploit market opportunities in other countries and the desire to exploit resources and capabilities located in those countries. These views are shared by other scholars as well. For example, Banerji & Chandrawanshi (2014), believe that the basic motives behind international investments are resource-seeking, efficiency-seeking, and market-seeking opportunities. Conti, Parente & de Vasconcelos (2016) indicate various factors that may trigger a company's internationalisation process. Some examples include limitations in the domestic market, a need to follow a home-country customer expanding abroad, and the desire for diversification in order to spread risk. Referring specifically to African firms, Adeleye, White & Boso (2016) highlight certain factors that push African firms to internationalise. These include reliance on formal and informal networking connections, the trend of supplying nearby African markets, the control of the service sector firms, the expansion of small entrepreneurial firms, and the use of firm specific resources, among others.

Johanson & Vahlne (1977) argue that the internationalisation of firms is caused by the changing conditions of the firms and their environment. Oviatt & McDougall (2005) declare that “the earlier the firm internationalises, the faster it grows”.

Levitt (1983) makes a distinction between a multinational company and a global company: while the multinational corporation and the global corporation both operate in several foreign countries, the main difference is that the multinational company customises its offerings, including prices, for the markets it operates in, while the global company applies the same processes and offers the same services and products across a number of countries without adjusting those for each of the countries it operates in. According to Radovic-Markovic, Brnjas & Simovic (2019) global companies differ from multinational companies not only in the ability to serve the market but also take advantage of opportunities. Levitt went on to claim that the era of multinational companies was coming to an end and that global corporations were the future. So, according to Levitt (1983), a truly global organisation operates as though the “world was a single entity”, and this has been made possible by advancements in technology. This view is challenged by some of the scholars who believe that the world is not as connected as some people might believe. For example, Smit (2012), states that about 80 percent of all goods and services produced in the world are still consumed locally, and only 6 percent of foreign direct investment is a percentage of total real investment.

Ghemawat (2001) captured his perspective on globalisation in the CAGE Distance Framework, which presents what Ghemawat sees as a comprehensive tool to assess a firm’s chances to succeed in a foreign market. It takes into account the risk factors that are not considered by some of the commonly used tools like the Country Portfolio Analysis framework. Ghemawat investigated the influence of the CAGE Distance Framework on over 100 types of international activities (Ghemawat, 2018). The framework triggered a lot of interest; numerous academic papers that looked at the relevance and the application of this framework have been published since 2001.

This quest to exploit market opportunities in other countries has also seen several foreign firms establishing their presence in South Africa, and South African firms going beyond their national borders to look for business opportunities elsewhere in the world. These include South African companies like MTN, Vodacom, Naspers, Anglo American, Old Mutual, Nedbank, Standard Bank and others. For example, MTN has operations in 17 countries in Africa including South Africa (MTN, 2024). Naspers, which is a South African media empire, operates and invests in markets across the world (Naspers, 2020). Li & Fleury (2020) believe that the internationalisation of firms from developing countries is a relatively new phenomenon compared to firms from developed countries.

Foreign markets have become more important as global competitiveness increases, and more companies are becoming multinational or participating in cross-national joint ventures (Luiz & Stephan, 2012; Yukl, 2013; Banerji & Chandrawanshi, 2014). However, important as they may be, foreign markets need to be selected carefully otherwise they can ruin a company that goes in blindly with the sole purpose of making profits without due consideration risk-related factors.

For companies to identify market opportunities, assess their chances of succeeding in foreign markets, and be convinced of the profitability of those markets, they typically develop internationalisation or global business strategies, which include detailed research of the target country (Grant, 2013). There are several academic theories which provide a deeper understanding of the internationalisation strategies of firms. The section below discusses some of these theories.

2.2.2 Theories on internationalisation of firms

2.2.2.1 Internationalisation Process Theory

The Internationalisation Process Theory (IPT) focuses on the process that firms undertake when they internationalise. It focuses on foreign entry modes and subsequent expansion. Amdam (2009) states that IPT is based on the Uppsala Model which, while credited to Johanson and Vahlne in 1977, its "intellectual foundation" was informed by a team of business researchers from Uppsala University (Hult *et al.*, 2020). Based on the study of Swedish firms and the process they followed to internationalise, the Uppsala Model focuses on the process of internationalisation and how firms use their knowledge about the foreign country to entrench themselves in and increase their commitment to their host country (Johanson & Vahlne, 1977).

IPT states that firms take an incremental approach when they internationalise and, based on the knowledge they accumulate over time, increase their commitment to those foreign markets (Oviatt & McDougall, 1997; Amdam, 2009). This means they do not follow an all-at-once approach to setting up fully-fledged operations in a foreign country. Rather, the process is in stages. The pace at which these companies grow in a foreign country is influenced by what is called the psychic distance. The psychic distance is defined as factors that influence the flow of information from and to the market (Johanson & Vahlne, 1977). These include differences in language, culture, business practice, education, and industrial development. It implies that the greater the psychic distance, the slower the pace of internationalisation. Therefore, differences in language and culture, for example, would have a direct impact on the speed at which companies internationalise. According to Whitelock (2002), firms first expand into physically close markets as there is typically a smaller psychic distance involved.

The IPT does not explain how the decision to internationalise is made. It also does not explain firms that internationalise soon after they are established, the “born globals”. Born globals are firms which internationalise soon after they are established (Paul & Gupta, 2014). These are firms that despite their ‘liability of newness’ internationalise soon after they are established (Rumyantseva & Welch, 2023). This means even though they have not been in existence for a long period of time, they quickly move to establish a presence outside their home countries. According to Ciravegna, Kundu, Kuivalainen & Lopez (2019), there has been rapid increase in the number of small firms internationalising early in their life cycles. This has heightened the interest in the phenomenon of early internationalisation and the drivers behind the behaviour. For example, the ability of IT firms to easily access information makes them internationalise faster than firms in other industries (Paul & Gupta, 2014). Referencing Chinese companies, Whitler (2019), highlight that Chinese multinational companies tend to internationalise faster largely due to their tendency to ‘‘focus on speed and growth (a revenue mindset)’’. They venture swiftly beyond the confines of their home region into inter-regional host countries (Ramamurti & Hillemann, 2018).

Paul and Gupta partly attribute the ability of the born globals to expand internationally soon after they are established to the founders of the companies. They argue that in some cases founders may have extensive international experience and international networks in place already which enable them to reduce the psychic distance rapidly. Rumyantseva & Welch (2023) agree with this stating that some of these firms are subsidiaries of pre-existing organisations, so the founders may already have international experience and networks to enable these firms to internationalise quicker. Some scholars believe that successful internationalisation of born globals is credited to their culture which is more proactive, risk-taking, and innovative (Cavusgil & Knight, 2015; Karami, Ojala & Saarenketo, 2020). They also state that the service sectors tend to internationalise faster due to the lower capital costs required to set up operations than in other sectors (Paul & Gupta, 2014).

Referring to African banks in particular, Kabongo & Okpara (2019) argue that that banks with a combination of domestic private–public and foreign ownership were more likely to enter foreign markets more quickly than state-owned and foreign banks. This is the case of EcoBank Transnational, Inc. with headquarters in Togo. The bank started its international expansion in 1988, only three years after its inception. The Bank of Africa Group with headquarters in Lagos, Nigeria, is another example. Advancements in technology have enabled many companies to fast track their internationalisation projects and not conform to the incremental process (Paul & Gupta, 2014). Jean & Kim (2020) agree stating that advancements in production of goods and services, communication and technology, and the proliferation of the internet has enabled firms to internationalise faster.

Hennart, Majocchi & Hagen (2021) believe that born globals are enabled to internationalise faster by their niche business models. They argue that they often serve niche markets that do not require them to adapt their products. Gammeltoft & Cuervo-Cazurra (2021) also state that emerging market firms leverage government support to speed up internationalisation. Government commitment and investments in the host country reduce entry risks in challenging countries. Companies, in general, should take advantage of government-to-government relations between any countries and not just in emerging or developing countries. Kumar, Singh, Purkayastha, Popli & Gaur (2020) believe that younger firms established post 1991 tend to pursue aggressive internationalisation by conducting their first cross-border acquisition faster. Freixanet & Renart (2020) do not believe early internationalisation is a good idea. They state that firms that internationalise early are likely to fail; but it is the post-entry experience and management competencies that then reduce the chances of failure.

The contribution of the IPT to academic literature cannot be understated, as Treviño & Doh (2020) stress; it contributes to a better understanding of the international expansion of a firm but there are gaps which are not addressed by the theory. For example:

1. Factors that lead to the decision to internationalise.
2. The pre-internationalisation process.
3. Factors that influence the different paces of internationalisation.

4. The impact of resources and how they need to be deployed.
5. How the external environmental factors impact the performance of international ventures, amongst others.

The emphasis on incremental internationalisation may be true for some firms, but not for all. As stated, some of the companies internationalise soon after they are formed, and due to advancements in technology and easy access to information, they tend to expand to more territories at a faster rate. Hultman, Iveson & Oghazi (2021) argue that knowledge accumulation about the target country does not always lead to increased commitment as stated by the Uppsala Model. The decision by the home country to increase its commitment is influenced by a variety of factors such as the changing market conditions over time, perceived political and economic risk, and others. The company may decide to change its strategy and focus on the home country and disinvest from international ventures despite the accumulated knowledge it gathered about the foreign markets. As Oviatt & McDougall (1997) state, there has been increasing criticism of the internationalisation process theory with many scholars questioning its utility. It is not a perfect theory (Wach, 2021).

2.2.2.2 The Network Theory

The Network Theory looks at the role of networks on the internationalisation of firms. Several studies have investigated this role of networks (Johanson & Vahlne, 2009) and Gulati *et al.,* (2000), emphasise that entrenched network relationships significantly influence a company's performance. Andersson *et al*., (2002) agree with this view, stating that networks have a direct impact on the firm's performance. Johanson & Vahlne (2009) further state that not being part of these networks is a liability as business is conducted within these networks. They state that "successful internationalisation requires a reciprocal commitment between the firm and its counterparts". In their view, what links firms are transactions/exchanges that take place between them.

Johanson & Vahlne (2009) argue that a firm's success requires established, solid networks because everything that happens is influenced by relationships. Hult *et al.,* (2020) also seem to support this view, stating that "business relationships and networks permeated a significant portion of the development of the internationalisation process". They believe that internationalisation depends more on developing opportunities than overcoming uncertainties. According to Johanson & Vahlne (2009), networks are more important than the psychic distance. However, they argue that the larger the psychic distance, the more difficult it is to build new relationships. In other words, the bigger the differences in culture, language, industrial development, and education levels, the more difficult it is to build the relationships needed to overcome the liability of outsidership.

Annushkina & Colonel (2013) believe that cultural differences between countries may significantly hinder entry strategies into foreign markets, but networks could help a foreign company to quickly adapt to the business practices of the host country. Goerzen (2007), quoting Burt (1992), states that the following are the highlighted potential economic benefits of efficient and effective networks:

1. Networks can provide access to information, that the firm would not have been able to access alone.
2. Timing of gaining knowledge, where information is provided early so that the recipient can have an advantage.
3. Referrals, where the firm's interests are presented in a positive light to other parties.

One of the constraints on internationalisation is the lack of, or difficulty in obtaining, market knowledge - information relating to markets and operations in foreign countries (Johanson & Vahlne, 1977). Networks can be useful in addressing this challenge as indicated by the first two points above, enabling easy access to knowledge and facilitating flow of information across organisations (Huggins & Thompson, 2015; Cuypers, Ertug, Cantwell, Zaheer & Kilduff, 2020). So, networks help to mitigate information risk and provide foreign investors with relevant local market information.

Manole & Spatareanu (2015) state that networks reduce information costs and enable the firm to have a better understanding of consumer preferences, market structure, regulations, distribution channels, and other relevant market characteristics. Oviatt & McDougall (2005) contend that networks help in identifying international opportunities. They also argue that international new ventures use their networks to control valuable assets and resources that give them a sustainable advantage in foreign markets.

Coviello (2006) makes a distinction between social networks and business networks, and their value-add towards a firm's international endeavour. He states that social networks are usually important during the pre-internationalisation phase and the early stages of internationalisation. However, as the firm grows internationally leveraging network referrals, business networks tend to be more important. So, the structure of networks changes over time (Coviello, 2006). However, Bai, Johanson, Oliveira & Ratajczak-Mrozek (2021) argue that sometime pre-existing business networks precede social networks. Firms would pursue international social networking from a position of embeddedness in pre-existing business networks even if these are limited to the home country. Valentino, Mayrhofer & Caroli (2022) believe that social networks positively impact the performance of the subsidiary firm, and Cuypers *et al.,* (2020) attribute the successful internationalisation of Chinese and Indian firms to their international and global networks. Companies from these countries typically leverage their networks to enable them to succeed during their international endeavours.

According to Gulati *et al.,* (2000), networks span the firm’s value chain including, in some instances, competitors and companies in different industries. So, they are not confined to a sector or industry that the companies operate in. Andersson *et al*., (2002), mention that networks can provide access to capital, resources, and capabilities that the firm would otherwise not have had access to. Gulati *et al.,* (2000) are not only complimentary about networks, they also believe that networks could be a liability. A firm, because of its existing relationships, may be excluded from viable business opportunities missing out on business opportunities because of its relationships and associations.

The Network Theory is valuable in understanding the importance of networks, external to the organisation, in the process of internationalisation. It highlights how networks can be valuable assets and positively impact a firm's international efforts. It highlights that entrenched international networks can enhance a firm's performance. A firm can leverage the capabilities provided by its network to grow and expand internationally.

Down fallings of the Network Theory are that it does not provide a better understanding of the capabilities required by the firm to build and establish networks, nor the capabilities required to grow the firm internationally once those networks are in place. It does not indicate which organisational players are critical in establishing the networks and whether the networks survive beyond the personalities that formed them. Could it be possible, for example, that when people move from one firm to the other, they move with their networks? The theory is silent on this and does not address the issue of which firm-specific capabilities are critical in forging international networks.

2.2.2.3 The Discourse-Based View

Treviño & Doh (2020) believe that the Internationalisation Process Theory has limitations in that it does not address the pre-internationalisation phase. Ault, Newenham-Kahindi & Patnaik (2021) believe that the strength of the Discourse-Based View is its focus on the foundation process for internationalisation, and the role of the decision makers.

Treviño & Doh (2020) state that in order to understand why companies internationalise, one has to understand the economic and socio-political environment in which the company operates. The internationalisation process, according to Treviño & Doh (2020), starts when people in the organisation gain knowledge on how they can take advantage of their current environment to grow the organisation. They use this knowledge as leverage during the discourse to support or reject the strategy. So, this interaction between the environmental context and organisational players is what eventually leads to internationalisation.

This process is characterised by contestation, persuasions based on different views and ultimately consensus which is influenced by available knowledge and the authority of the parties involved (Treviño & Doh, 2020). This strategic decision process model enables firms to control both their internal and external environments (Ault *et al*., 2021). The target market, mode of entry, and resource allocation will all be influenced by the outcomes of this pre-internationalisation process. The Discourse-Based View enables international business scholars to understand the factors that trigger discussions on internationalisation and the process that unfolds afterwards, leading to a decision for the firm to internationalise. Treviño & Doh (2020) declare that there is no theory on internationalisation at the moment that accounts for the underlying managerial processes.

While the Discourse-Based View complements the Internationalisation Process Theory and provides a better understanding of the pre-internationalisation processes, there are internationalisation processes that the theory does not explain. For example, what informs resource allocation to international ventures and how the contribution of those resources towards the success of those international ventures is measured. Also, the discourse, conflict, and convergence of views do not necessarily lead to internationalisation. Those in positions of authority could reject the proposal to internationalise or opt for their own choices. As Child (1997) states, where and when to invest in foreign markets is influenced by power holders. According to Ault *et al*., (2021), the Discourse-Based View simply challenges the old theories without providing something new to the internationalisation business literature. This is the main criticism of the theory. Forsgren & Holm (2021) also agree with this view stating that the Discourse-Based View does not provide a better understanding of the internationalisation process theory; they argue that it is not even clear how it complements the IPT.

While this may be true, the Discourse-Based View lays a solid ground for discussion and research on the pre-internationalisation process. This process may not always be characterised by conflict and discourse, as suggested by the Discourse-Based View. Research supported by strong data may lead to a decision to internationalise without conflict or contestation. A board decision to invest abroad will result in internationalisation, sometimes without contestations at an executive level. Also, shareholders who are not part of the discourse could simply reject the proposal to internationalise. So, the pre-internationalisation process is not always characterised by discourse. The alignment of the firm's strategic direction between the executives (agents) and the shareholders (principals) is also an important factor. Agency Theory attempts to address the importance of this alignment.

2.2.2.4 Agency Theory

Agency Theory, in a nutshell, addresses the misalignment in expectations and delivery between the principal and the agent. According to Cuevas-Rodríguez, Gomez-Mejia & Wiseman (2012), Agency Theory was first conceptualised by Jensen and Meckling in 1976. Its foundations can be traced to the risk-sharing literature in the 1960s where business partners had different attitudes towards risk (Eisenhardt, 1989). Agency Theory is about managing the relationship between the principal and the agent - a relationship where "one party acts on behalf of another" (Shapiro, 2005).

The relationship between the principal and the agent is not a relationship of equals, as the agent is perceived to be subordinate to the principal, delivering on the work assigned to it by the principal. This relationship needs to be managed through a contract and be monitored closely (Shapiro, 2005). Agency Theory, according to Eisenhardt (1989), has been used by scholars across many academic disciplines and continues to have fierce critics and strong supporters.

Eisenhardt (1989) states that the primary focus of the Agency theory is on addressing "two problems that can occur in agency relationships: (a) misalignment of the objectives and goals between the principal and the agent, and (b) when the principal cannot verify what the agent is doing. If indeed the agent is doing what the principal expects him or her to do". This could be caused by several reasons including different perceptions of risk between the agent and the principal, adverse selection, and agent opportunism, amongst others. Adverse selection is when one party withholds information from the other with the purpose of using it for their advantage (Shapiro, 2005). According to Bendickson *et al.,* (2016), Agency Theory is based on mistrust, that the agent will behave opportunistically if their interests are not aligned to those of the principal. So the theory focuses on the cost of the potential conflict of interest between the principal and the agent (Pepper & Gore, 2015). Cuevas-Rodríguez *et al.,* (2012) argue that it is not possible to delegate authority to agents without some extent of loyalty, honesty, and goodwill. So, a relationship based on trust between the two parties is important.

The concept of principal and agent can also refer to owners and managers of corporations where managers are agents representing the interests of the owners (Eisenhardt, 1989). While executives can be agents of the board and shareholders, they can also be principals to other stakeholders inside and outside the organisation (Shapiro, 2005).

There are a number of suggestions made by Eisenhardt (1989) to reduce the risk of agent opportunism. These include crafting a contract in such a way that it binds the agent into specific deliverables. In so doing, the expectations and outcomes are clearly articulated upfront and form the core of the contract. It is also easier in such cases to monitor the performance of the agent as there are clearly stipulated measurable outcomes in the contract. Giving managers shares in the company is one way to reduce the risk. This incentive should align the agent's interests to those of the owners because – in essence – the agent is also an owner. He or she will benefit when the company grows and makes profits. The incentive is used to "harness the productivity of the agent's self-interested behaviour" (Solomon, Bendickson, Marvel, McDowell & Mahto, 2021). As Eisenhardt (1989) states, "much of the organisational life is based on self-interest".

Using information technology to monitor what the agent does is another way to reduce agent opportunism. Governance structures like the company's board of directors, audit committees and others can be used to monitor the agents (Shapiro, 2005).

While Agency Theory may be useful in understanding the relationship between the head office and its international subsidiaries, where the subsidiaries are agents and the head office is the principal, it does not explain, for example, factors that contribute towards the agent's success and the selection process of the agents. Even the Uppsala Model which explains the value of agents in internationalisation of firms does not explain the capabilities needed by the agents to be successful. It simply states that agencies help with, amongst other things, the assessment of the size of the potential market. Agency Theory is mainly about monitoring the agent and ensuring that the principal is not adversely impacted in the relationship. Where agents are executives acting on behalf of the board or shareholders, the theory does not provide a better understanding of how these agents are selected to ensure that they deliver as expected by their principals. If foreign subsidiaries are agents and the head office is the principal, the theory does not explain how these foreign subsidiaries should be supported to ensure their success.

2.2.2.5 The Strategic Choice Theory

The Strategic Choice Theory focuses on how the firm's strategic decisions are made and, more importantly, who makes those decisions and how. Harney (2016) credits the theory to the work of John Child (1972) who argues that strategic decisions of the firm are mainly a preserve of those who have power, the "dominant coalition". In other words, senior executives — as these are usually power-holders — have "discretionary freedom" to make strategic decisions about the firm (Montanari, 1979). McGee, Dowling, Megginson (1995) argue that the Strategic Choice Theory is based on an idea that the firm's internal and/or external environment does not entirely influence the strategic decisions of the firms. Child (1997) defines strategic choice as a process that this dominant coalition uses to make strategic decisions about the firm.

These choices include organisational structure, power distribution, investment decisions, and others. These decisions could also include investing or divesting from certain markets (Child, 1997). The strategic orientation of the firm influences these strategic choices (Noble, Sinha & Kumar, 2002) and the dominant coalition would make an assessment of where the organisation is, taking into consideration internal and external factors, deciding what the next steps should be, and legitimising this, in some instances, through a strategic planning process (Child, 1997).

Power-holders are not blind to the environmental context (Child, 1972) and Montanari (1979) argues that this environmental context could significantly influence strategic choices. The decisions are made within the confines of the environmental context so where and when the firm should invest in foreign markets, for example, is a decision mainly made by the power-holders. While Child (1972) explains the concept of strategic choice, in 1997 he expanded on it to explain how the choices are made and what the major influences are on the choices that are being made by the power-holders. These include the backgrounds of the individual role-players, the environment they operate in, and the amount of information at their disposal (Child, 1997). Puig, Madhok & Shen (2020) seem to support this stating that “internationalisation decisions are more complex than current models would predict, partly reflecting different decision-maker experiences, goals and expectations”.

The choices are also influenced by pragmatic and political pressures (Nutt, 1998). So, while the external and/or internal environment may not entirely influence the strategic choices, as stated by McGee *et al.,* (1995), the dominant coalition takes the environmental context into consideration when making these choices. Strategic choices have a direct impact on the performance of the organisation (Child, 1972). Structural designs, investment decisions in certain markets, and technologies have a direct bearing on the firm's performance. Child (1972) also highlights that those with less power and authority can make modifications to the plans and decisions taken by the power-holders, but those modifications often need to be approved by the people who made the decisions. So, in essence, the impact they have on the strategic choices is limited and dependent on the approval of the power-holders.

What the Strategic Choice Theory mainly highlights is the use of power by those entrusted by the organisation to lead. The organisation's success depends on how these people exercise their power. Their decisions influence what the organisation does today and in the future. They determine how the organisation is structured, where it operates, and who ultimately executes the important functions. All of this eventually translates into organisational performance and shareholder value. Concerning internationalisation, these power-holders decide which foreign markets the firm should target and what resources should be allocated to those ventures.

For example, CEOs with greater risk propensity will tend to steer their firms towards greater degrees of internationalisation sometimes against the advice of their management teams (Boustanifar, Zajac & Zilja, 2022). The pace at which the firm internationalises is also determined by these power-holders. Kabongo & Okpara (2019) indicate that the firm's ownership structure and board members' experience and diversity also influence the entry timing. According to Al-Kwifi, Frankwick, & Ahmed (2020), top management plays an important role in supporting the accelerated internationalisation of African firms. Kabongo & Okpara (2019) argue that banks with a diverse and experienced board of directors entered foreign markets more quickly than those with a non-diverse board of directors. Coviello, Kano & Liesch (2017) stress that to understand the causes of firm internationalisation, one should look at the people making strategic decisions that impact the organisation.

However, the Strategic Choice theory does not provide us with a better understanding of how those resources are allocated, except to say, that the environmental context should be considered in making these strategic decisions. It also does not indicate, in the context of internationalisation, which factors are important to consider if a decision is made by the power-holders to internationalise. It does not provide a better understanding on how the power-holders assess and deal with competing forces. In today’s global economy, executives operate in a complex and uncertain environment. It is not clear what capabilities are important when the firm internationalises and what criteria are used to assess the importance of those capabilities, or how those capabilities are utilised to achieve international success. A criticism by Harney (2016) is that "strategic choice remains a concept of management for management”.

2.2.2.6 A Resource-Based View

It is argued that the Resource-Based View is one of the widely accepted theories in strategic management, which has influenced the work of many strategy scholars (Peng, 2001; Newbert, 2007; Ferreira, Serra, Costa & Almeida, 2016). A Resource-Based View focuses on how a firm can better deploy and utilise its resources to create a competitive advantage (Andersen *et al*., 2014). It is a theory that was first published by Birger Wernerfelt in 1984 (Wernerfelt, 2013), although Newbert (2007) argues that Penrose (1959) was one of the first scholars to recognise the strategic importance of resources in growing a company. Pitelis (2004) states that Penrose's work has become an important reference in writings on the resources, capabilities, and knowledge-based theories of a firm.

Wernerfelt (1984) defines a resource as "anything which could be thought of as a strength or weakness of a given firm". The following are highlighted as examples of resources: company brand, technology, people, financial capital, and machinery. These are the same as the firm-specific advantages (FSAs) highlighted by Johanson and Vahlne (2017) in the revised 2017 Uppsala Model.

A Resource-Based View can address some important questions relating to the firm's diversification strategy (Wernerfelt, 1984). These include:

1. Which resources could be useful for diversification?
2. Where is the resource gap concerning diversification and how will that gap be closed?
3. Which markets should be targeted and in what order?
4. Which firms should be targeted for acquisition?

What Wernerfelt (1984) argues, in essence, is that a firm's resource composition can dictate the strategic growth plan and determine when and where the organisation moves next. According to Wernerfelt (1984), as firms grow, they need to balance how they leverage existing resources and develop new ones.

Developing new resources is important for firms which want to lead in their chosen markets. They need to avoid complacency and reliance solely on existing resources because competitors could, over time, develop substitute resources. Holding superior resources can provide a competitive advantage, negatively impacting the costs and revenue of competing firms (Wernerfelt, 1984). This creates what Wernerfelt (1984) calls the “resource position barrier”, which translates into better financial performance for an organisation that has superior resources. A resource position barrier is only useful if it deters competition, otherwise it is of no value if the firm cannot exploit this advantage (Wernerfelt, 1984).

Ferreira *et al.,* (2016) further states that holding superior resources is foundational but the resources must be rare and difficult for competitors to imitate. Rarity, according to Matysiak, Rugman & Bausch (2018), means current and potential competitors are not able to provide or reproduce such resources and capabilities. Access and advancements in technology has made it difficult for firms to maintain their superior resource positions for sustained amounts of time.

For multinational firms to succeed, Ferreira *et al.,* (2016) argues that they need to possess rare resources and capabilities and must be able to transfer them across borders and be locally competitive. Kim, Wu, Schuler & Hoskisson (2020) state firm specific advantages can be a strategic asset when a company expands to neighbouring countries in the same region (home region). However, the same FSAs can become a liability in host regions, where they quickly lose relevance and sustainability. This means that in some cases superior resources can provide competitive advantage if the firm expands to nearby countries, however, where there are big differences in geographic and cultural distances, the same capabilities can be a liability.

Peng (2001) highlights that the research on the Resource-Based View theory has mainly focused on the capabilities that are provided by the head office, neglecting the important role that subsidiaries can play in developing superior resources for the firm. In other words, subsidiaries which are based in host countries may have a better understanding of which resources are required in order to be successful in those countries.

Du & Zhao (2023) believe that multinational companies can leverage capabilities from host country operations to alleviate home-country-specific disadvantages resulting in better performance of home country operations. So, the capabilities developed by host countries can be leveraged to improve performance of home country operations. As firms grow and enter new markets, superior resources already developed in one market could enable them to enter new markets from a strong position. This is a strategy used by some firms when they internationalise (Wernerfelt, 1984). Also, the strength of the firm's resources influences the entry mode for internationalisation Anand & Delios, 2002). For example, based on the strength of its resources, a firm can determine whether to acquire an existing firm in the host country, establish greenfield operations and grow organically, or develop partnerships with locals as an entry strategy.

The Resource-Based View highlights the importance of resources for the firm's success. A firm with unique resources can create entry barriers and use the opportunity to grow without much challenge or interference from competitors. Firms can also enter new markets by acquiring resources in those markets, typically when existing resources cannot be effective immediately in new markets (Anand & Delios, 2002). It also helps the firm to meet the capability requirements of the new market. The capability utilisation demands may vary from one country to the other, so acquisition helps to address such nuances.

While the theory highlights a number of resources that could give a firm competitive advantage, it does not distinguish between resources which are important for the domestic market versus resources which are critical for success in foreign markets. It also does not quantify the contribution of the resources towards the firm's international success. In other words, to what degree do a firm's resources contribute to international success versus, for example, economic growth and favourable government policies? The internationalisation process consists of several phases and resource requirements are not the same for all of them. The Resource-Based View theory is silent on this. The firms' capability requirements and allocation vary throughout international expansion (Haapanen, Juntunen & Juntunen, 2016).

According to Pangarkar & Lim (2003), the performance of foreign subsidiaries is influenced by monetary incentives from host countries. The Resource-Based View does not provide a comparison with other factors that contribute towards a successful foreign venture.

This study examined the theories in the context of South African financial services firms doing business in West Africa. It looked at whether any of them have helped or could help South African financial services firms when they venture into the West African market. Finally, the study looked at whether any of the theories can be improved to assist South African financial services firms when they do business in West Africa.

Below is a brief overview of some of the existing frameworks used by managers when assessing foreign markets.

2.2.2.7 PESTEL

The PESTEL (Political, Economic. Social, Technological, Environmental and Legal factors) Framework is a tool used for macro-environmental scanning to assess a firm's potential for international success. Some of the academic material refers to it as PEST and omits the last two factors (Grand, 2013). Unlike the SWOT (Strength, Weakness, Opportunities and Threats) analysis, which looks at the micro-environment, according to Pant (2019), PESTEL measures a business's market and potential according to the external macro-environment. When there is a political crisis, for example, foreign firms often become the target of attacks (Cuervo-Cazurra & Genc, 2008), hence the importance of considering political stability.

Some firms, therefore, put a high premium on the economic and political stability of host markets and use these as the main factors in their foreign market selection (Annushkina & Colonel, 2013). In addition, the financial performance of most organisations is impacted by external environmental factors (Mohsin, Ahmed & Streimikiene, 2020) so these cannot be ignored as they have a direct impact on the firm's financial performance, and in some instances, they can threaten the very survival of the firm in a foreign country. Below is a graphic explanation of the PESTEL framework:

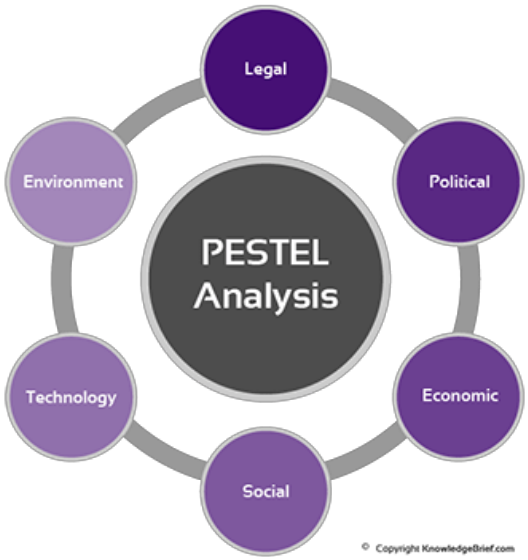


Figure 1: PESTEL Framework (Source: kbmanage.com)

Using the PESTEL analysis, companies look at the following influencing factors:

Political: Assessing the stability of the political environment in the target country. The belief is that politically volatile situations could impact negatively on the performance of the business, especially foreign businesses.

Economic: Looking at the economic growth of the host country, interest and exchange rates, public spending, and other economic factors.

Social: An assessment of the country's demographic profile, buying habits, lifestyles, attitudes, etc.

Technological: Measuring the country's level of technological advancement, technological literacy, willingness to embrace new technologies, etc.

Environmental: An assessment of the country's policies on environmental issues, such as the policies on green technology, climate change, etc.
Legal: The independence of the judiciary, the robustness of the legal environment, labour legislation, and various regulations and other laws of the host country.

A PESTEL analysis can help highlight factors that can harm the firm during its internationalisation endeavour (Valdemarin, 2015).

2.2.2.8 Country Portfolio Analysis

Country Portfolio Analysis (CPA) has been the most prominent analytical tool used by managers when making judgements about international investments (Ghemawat, 2001). It focuses on national GDP, levels of consumer wealth, and people's propensity to consume. According to Ghemawat (2001), CPA places all the emphasis on potential sales, and while it is popular, he believes that it is a flawed framework. It does not adequately consider the costs and risks of doing business in new markets. So, using only the CPA may result in companies investing in risky markets, focusing only on potential sales, unaware of or ignoring the potential risks that may outweigh the benefits.

There are countries, for example, that may have a high income per capita ratio but are unstable politically and may be hostile to foreign firms. In such cases, the profit that the foreign firm intends to make may not be realised, and the investment may not yield a positive return. It could turn out to be a costly investment for the foreign firm. While it is important to consider the economic factors highlighted in the Country Portfolio Analysis, Ghemawat (2001), argues that this is not sufficient to indicate whether the company will be successful or not in a foreign country.

Below is an example of a CPA graph that compares a number of non-U.S. markets for fast food restaurants (Ghemawat, 2001).

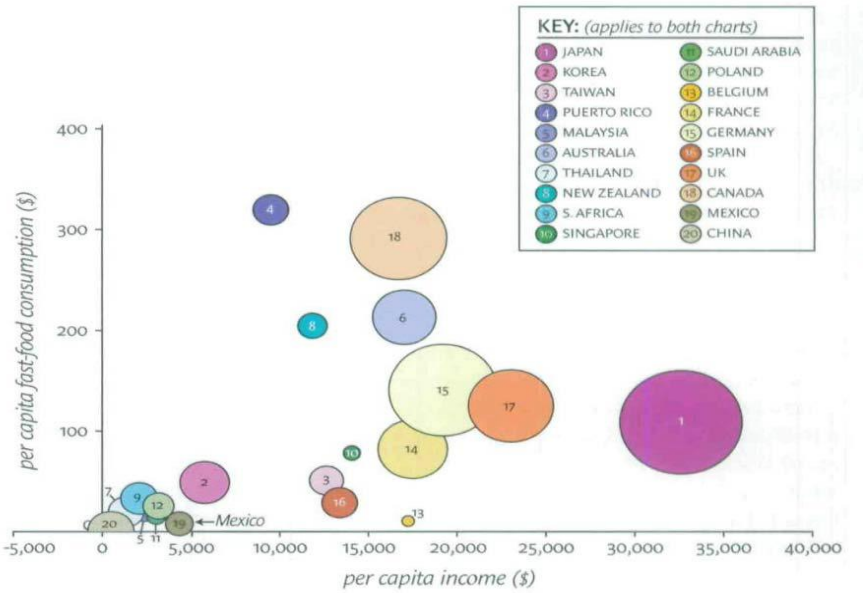


Figure 2: Country Portfolio Analysis Presentation (Source: Ghemawat, 2001)

Ghemawat proposes a CAGE Distance Framework as an appropriate tool to be used by companies that intend to internationalise. He believes that factors related to distance matter more when making judgements about international investments than traditional economic factors (Ghemawat, 2001).

2.2.2.9 CAGE Distance Framework

The CAGE Distance Framework was developed by Ghemawat in 2001. It highlights the risks and costs associated with doing business in new markets as a result of barriers created by distance factors. The CAGE Distance Framework focuses on four dimensions of distance: cultural distance, administrative or political distance, geographic distance, and economic distance (Ghemawat, 2001).

The CAGE Distance Framework has many applications, of which the following are the most important (Ghemawat, 2007):

- It makes the differences between the home country and the host country visible by providing a checklist to identify these differences.
- It gives a better understanding of the liability of foreignness against the advantages that local competitors have.
- It enables management to assess the relative position of competitors from different countries.
- It enables management to compare markets by discounting them by distance.

The main argument by Ghemawat is that the greater the distance is between the home and the host countries, the slimmer the chances of success are for the foreign firm. Foreignness is a well-covered subject in international business literature, which is inherent in the nature of internationalisation (Lu, Ma & Xie, 2022). For example, Ghemawat (2007) believes that Google's troubles in China and Russia were mainly caused by both the administrative/political distance as well as the cultural distance. Stallkamp, Hunt & Schotter (2022) agree with this view stating that at first glance, digital business ventures appear to face few challenges to international expansion. Since digital products and services can be delivered over the internet almost instantly to any country in the world, digital business models may seem not to be impacted by many traditional obstacles to internationalisation. However, this is not the case as studies have shown that they are mostly impacted by the same obstacles. This is aligned with the view about psychic distance advanced by Johanson and Vahlne in the original version of the Uppsala Model (Johanson & Vahlne, 1977).

As stated, the original Uppsala Model identified psychic distance as a major impediment to international success. It stated that the greater the psychic distance, the slimmer the chances of succeeding in a foreign country (Johanson & Vahlne, 1977). Annushkina & Colonel (2013) agree with this view, believing that cultural differences between countries may significantly hinder entry strategies into foreign markets.

Conti *et al.,* (2016) argue that the impact of various factors affects the dimensions of institutional distance in different ways. For instance, the influence of company ownership is more pronounced for the political dimension, the effect of globalisation and new technologies is more relevant for the cultural dimension, and the influence of the various internationalisation motives spans across the demographic, knowledge, geographic, and economic dimensions, among others. Schaefer (2020) states that firms could also suffer from the liability of origin, where previous actions of the home country firms were perceived to be against the expected practices and norms of the host country. Thus, the new firm gets punished based on the actions of the previous home country firms. Ghemawat (2001) further asserts that various types of distances affect different industries in different ways. In other words, the influence of the CAGE factors is not the same in all industries - the influence varies based on the industry as well.

One of the ways to mitigate the risk associated with distance factors is for companies to form international strategic alliances (Shijaku, Larraza-Kintana & Urtasun-Alonso, 2020). Shijaku *et al*. (2020), define an international strategic alliance as "collaborations of two or more firms involving long-term commitment of resources that would serve strategic goals of partners based in different locations, and where the alliance operates in a different country from the partners' headquarters". This is where the headquarters leverages its network, often through signing a memorandum of agreement with a firm located in the host country, to pursue particular strategic goals with clearly defined roles and responsibilities for each firm.

The host-country firm would use its local knowledge to ensure that its partner does not get disadvantaged by distance-related factors, like culture, language, business practices and others. This also helps the headquarters to overcome the liability of foreignness. Li & Fleury (2020) agree with this view, stating that for foreign firms to overcome the liability of outsidership, a concept introduced by Johanson & Vahlne (2009), they need to forge strong relationships with local firms.

Again, there is a different view though to this popular opinion. According to Shenkar, Tallman, Wang & Wu (2022), distance "merely represents a narrow and limited aspect of the cross-border engagement. Above all, trade involves contact and interaction among traders, consumers, intermediaries, rulers, and other constituencies". This is different from the views expressed above and from Ghemawat's assertion that understanding distance-related matters is key to international business success. However, Shenkar *et al*., (2022) do not present a convincing argument on the shortcomings of the distance factors. Even though trade involves various stakeholders, that does not negate or diminish the impact of distance-related factors.

The CAGE Distance Framework below illustrates this point. There are 65 different industries that Ghemawat covered, and he detailed how the CAGE Distance affects each of those industries (Ghemawat, 2016).

	Cultural Distance	**Administrative Distance**	**Geographic Distance**	**Economic Distance**
Attributes creating distance	different languages	absence of colonial ties	physical remoteness	differences in consuner incomes
	different ethnicities, lack of connective ethnic or social network	Absence of shared monetary of political association	lack of common border	Differences in cost and quality of: • Natural resources • Financial resources • Human resources • Infrastructure • Intermediate inputs • Information or knowledge
	different religions	political hostility	lack of sea or river access	
	different social norms	government policies	size of the country	
		institutional weakness	weak transportation or communication links	
			differences in climates	
Industries or products affected by distance	products have high linguistic content (TV)	Government involvement is high in industries that are:	products have low value-to-weight or bulk ratio (cement)	nature of demand varies with income levels (cars)
	products affects cultural or national identity of consumers (foods)	• Producers of staple goods (electricity)	products are fragile or perishable (glass or fruit)	economies of standardisation of scale are important (mobile phones)
	Product features vary in terms of: • Size (cars) • Standards (electrical appliances) • Packaging	• Producers of other "entitlements" (drugs) • Large employers (farming) • Large suppliers to government (mass transportation)	communications and connectivity are important (financial services)	labour and other factor cost differences are salient (garments)
	products carry country-specific quality associations (wines)	• National champions (aerospace) • Vital to national security (telecommunications) • Exploiters of natural resources (oil, mining) • Subject to high sunk costs (infrastructure)	local supervision and operational requirements are high (many services)	distribution or business systems are different (insurance)
				companies need to be response and agile (home appliances)

Table 2: CAGE Distance Framework (Ghemawat, 2001)

The table above shows the attributes that create distance, and the industries and products most affected by those attributes. Ghemawat's stance on globalisation seems to be shifting. He states that despite the growing anti-globalisation tensions in many countries, connectedness reached an all-time high in 2017, as the flows of trade, capital, information and people across national borders all intensified significantly for the first time since 2007 (Ghemawat, 2018). This seems to suggest an acknowledgement of a world moving closer to the global village he had previously dismissed. Firms overcome these distance-related challenges by developing strategies to address them. For example, Sasaki, Nummela & Ravasi (2021), suggest that in overcoming cultural differences, firms should adapt their products to better fit the preferences and lifestyles of foreign customers. This is one of the strategies to mitigate against this risk.

2.2.3 Conceptual Framework

The theories discussed above highlight the process of internationalisation and the reasons why firms internationalise. The Internationalisation Process Theory, the Network Theory, a Resource-Based View, and Agency Theory provide insights into the process of internationalisation, while the Discourse-Based View Theory and the Strategic Choice Theory provide insights into why firms internationalise.

To summarise the elements highlighted by these prominent theories regarding successful internationalisation:

- Firms take an incremental approach when they internationalise. The pace of internationalisation is influenced by the psychic distance, which is the difference in culture, language, business practices, industrial development, and education levels between the head office and host countries.
- Discourse, contention, and consensus lead to the decision to internationalise.
- The strategic choice, including the choice to internationalise, is the preserve of the power-holders in the organisation.
- Building networks in the host country is important for the foreign firm to succeed.

- The management of the relationship between the head office (principal) and the subsidiary firm (agent) is important to ensure alignment of interests between the principal and the agent.
- Firms should consider how and where they deploy and utilise resources to gain competitive advantage.

The theoretical frameworks discussed in this chapter indicate the importance of the following factors:

- Culture, language and geographic distance
- Political and economic factors
- Technology
- Legal framework
- Social environment

The CAGE Distance Framework is one of the more recent frameworks and it applies to this research study. The South African companies that have ventured outside their borders seem to have considered the factors highlighted by the CAGE Distance Framework in their internationalisation approach. This study aimed to go beyond the CAGE Distance Framework and identify some of the important factors not indicated in that framework but that still contribute towards the success or failure of South African international ventures. The CAGE Distance Framework is the theoretical framework that underpins the majority of this study. Compared to other popular frameworks, while the economic factors are common in all three frameworks, some elements are specific to certain frameworks only.

Below is a brief comparison of the three frameworks discussed above.

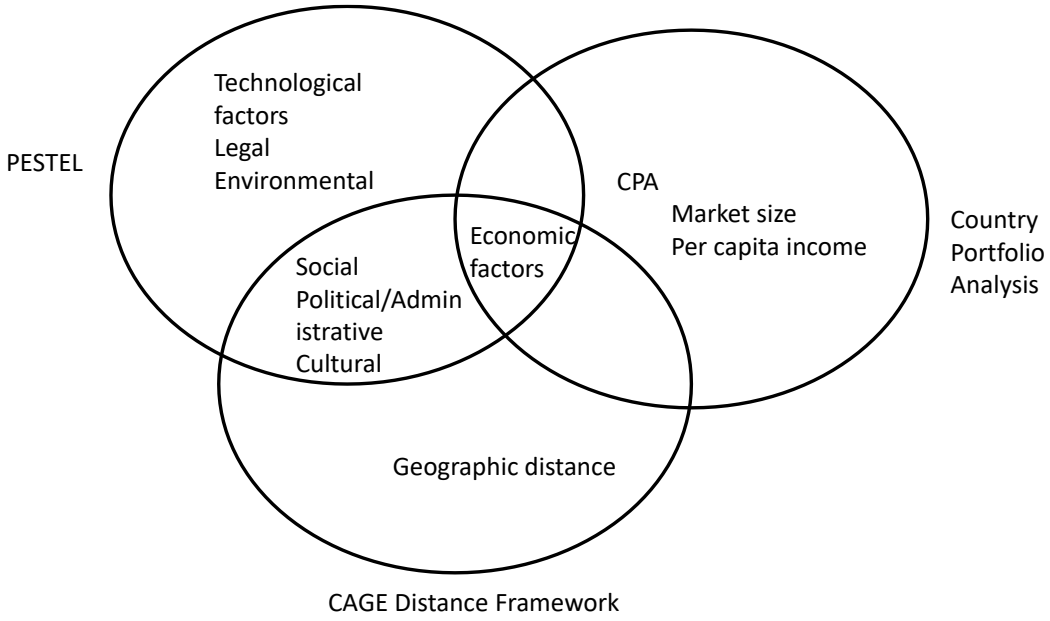


Figure 3: Comparison of the existing different theoretical frameworks (Author's own work)

The theoretical frameworks do not highlight some of the factors which may determine success or failure of South African financial services firms in West Africa. The newly developed conceptual framework considered the following factors:

1. The relationship between the head office and the subsidiary firm.
2. The capability and experience of the management team deployed to run the foreign company.
3. The importance and relevance of brand identity in the host country.
4. Whether the business model is suitable for local conditions in the host country. For example, are business practices and processes imposed by head office or are they customised based on host country requirements?
5. Differences in the education levels of the general population in the home versus the host country.

The conceptual framework below expands on the CAGE Distance Framework.

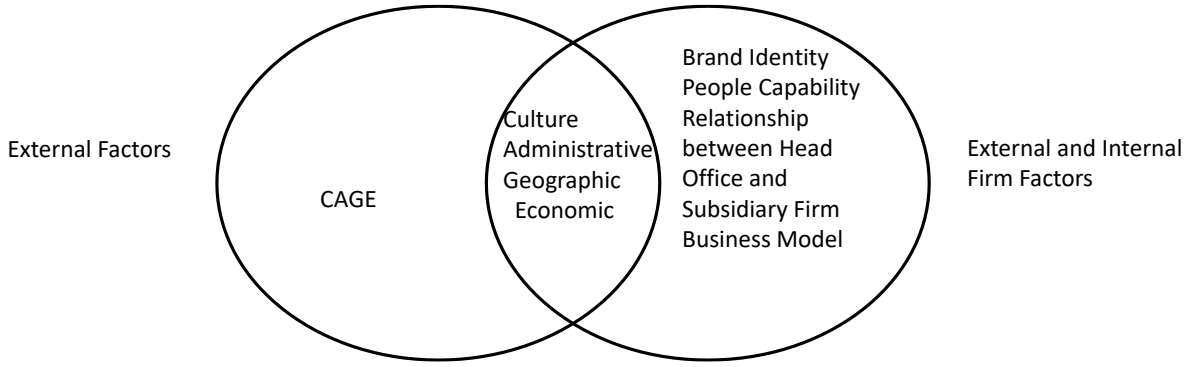


Figure 4: Developed conceptual framework (Author's own work)

2.2.4 Literature presented on companies entering West Africa

West Africa is made up of 16 countries: Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo. Nigeria is the largest economy in West Africa (PwC, 2015). According to Anyanwu & Yameogo (2015), the combined population of the West African region is over 300 million, presenting an attractive market for foreign companies looking at doing business in that region. The number of banked individuals almost doubled between 2012 and 2018 (Doucoure & Çankaya, 2021), and there has been an increase in the inflow of foreign direct investment (FDI) into West Africa (Anyanwu & Yameogo, 2015). According to Kudaisi (2014), despite the political insecurity and economic instability, the large natural resources, and the big market size have been the main attractions of FDI into West Africa. Due to large oil reserves, foreign oil companies like Exxon Mobil, Shell, China National Offshore Oil Company, and others have operations there (Anyanwu & Yameogo, 2015). There is also a significant presence of foreign-owned banks in West Africa; Doucoure & Çankaya (2021) state that the former French territories in West Africa (Francophone West Africa) have 29 international banks.

Foreign companies bring superior technological capabilities, management abilities, and inject money into the economy (Fahinde, Abodohoui, Mohiuddin & Su, 2015). FDI is expected to stimulate greater economic growth than domestic investment (Kudaisi, 2014). Economic growth, in turn, attracts more investment as this is one of the factors that foreign companies consider, according to the PESTLE framework. Fahinde *et al.,* (2015) believe that the capabilities that foreign firms bring create higher barriers to entry for local firms and this, in turn, discourages local investment. This can be addressed and corrected by government policies. In some African countries, governments insist on foreign companies partnering with local firms or allocating a percentage shareholding of the local operations to local business partners. In South Africa, for example, the government policy on black economic empowerment (BEE) is meant to encourage companies, including foreign companies, to partner with and empower black-owned companies. Partnering with locals enables the transfer of skills to the locals while the foreign companies leverage the locals to bridge the gap between the home and the host countries. Grant (2001) believes that it was Ghana's liberalisation policies that resulted in the influx of foreign companies from 1990 onwards.

Due to its historical ties with the United Kingdom (UK), UK firms have used Ghana as a gateway to West Africa (Grant, 2001). Bekoe, Jalloh & Rahaman (2021) stress that corruption in West Africa negatively affects FDI inflows into the region. This suggests that this region could have been benefitting a lot more from FDI inflows than it does currently if corruption was not as endemic as it is perceived to be. While Africa as a whole has seen an increase in FDI inflows between 2011 and 2015, West Africa as a region has seen a decline of almost 50% (Bekoe *et al.,* 2021). However, corruption is not the only challenge in West Africa. A 2015 PwC report highlights several risks that companies face when doing business in Nigeria, the biggest economy in West Africa. These risks include:

1. Shortage of power supply nationwide
2. Poor infrastructure across all industries
3. Government red tape and bureaucracy
4. Political instability in certain states
5. Challenges for foreign firms to take money out of the country

These risks discourage some companies from investing in Nigeria even though the country presents a lot of opportunities across various sectors, such as agriculture, manufacturing, oil and gas, telecommunications, and banking (PwC, 2015).

2.2.5 Literature focusing on South African companies entering West Africa

An Africa Business (2023) report mentions that South African companies "dominate the African corporate landscape". West Africa has not only attracted investment from firms outside the continent but has attracted several South African companies as well (Akinboade & Lalthapersad-Pillay, 2009). As UK companies have used Ghana as a gateway to West Africa, so too have South African companies (South African Institute of International Affairs, 2008).

The South African companies in West Africa span different sectors and operate in several countries in that region. These include MTN, which has become the largest mobile operator in Nigeria, Standard Bank, Absa Bank, Nedbank which is a shareholder in Togo's Ecobank, Sanlam, Old Mutual, Hollard, Momentum Metropolitan, and several other South African firms.

South African companies have used several different strategies to enter the West African region. Some have entered by establishing greenfield operations, like MTN in Nigeria, while others have used acquisitions of local businesses as an entry strategy. For example, Nedbank acquired a stake in Ecobank (Nedbank, 2023), and Absa Bank acquired Barclays Bank operations in Africa, including operations in West Africa. MTN started greenfield operations in Nigeria, committing large capital investment and building the infrastructure from scratch, while SAB Miller acquired French Castel Group to have access to the French-speaking West African beverages market (White, Kitimbo & Rees, 2019).

There is no uniform approach that South African companies adopted when entering the West African region. While South African firms have ventured in numbers into West Africa, they have faced numerous challenges resulting in some exiting again while others have had large fines imposed by local government institutions for various misdemeanours. According to the South African Institute of International Affairs (2004), South African firms are viewed as bullies who want to take over markets and displace local companies. This negative perception may be contributing to the challenges experienced by South African firms in West Africa.

Recently, both Absa Bank and MTN have experienced challenges in Ghana. MTN was accused by authorities in Ghana of under-declaring its revenues by 30% and as such, paying less tax than it should have (Connecting Africa, 2023). While MTN has rejected these accusations, this is not the first time MTN has been fined in West Africa. In 2018 the Central Bank of Nigeria accused MTN of repatriating funds without permission and ordered it to pay R119 billion in fines (Business Day, 2021). Previously, MTN was fined USD3.9 billion by the Nigerian Communications Commission for failing to disconnect unregistered SIM card users (White, Kitimbo & Rees, 2019).

Similarly, Absa Bank had to raise R2.7 bn to cover against high impairment charges as a result of sovereign debt exposures in Ghana (Absa, 2023). Absa is not the only South African bank which has had challenges in West Africa. Standard Bank exited Ivory Coast in 2003 due to an unfavourable political environment although re-entered the country in 2018 (Wits Business School, 2019). Shoprite, South Africa's prominent food retailer, initially closed stores in Nigeria in 2019 after its shops were attacked as a retaliation to the xenophobic attacks in South Africa and finally left Nigeria in 2020 citing the impact of COVID-19 on its operations (Business Day, 2021).

Other challenges that South African retailers experience in West Africa include the high tariffs imposed by governments for the importation of goods, and the declining purchasing power in predominantly oil-dependent economies like Nigeria (Chizema *et al.,* 2021). So while South African companies continue doing business in West Africa, they have had to deal with several significant challenges in their host countries.

2.3. OVERVIEW OF THE FIRMS SELECTED FOR THIS STUDY

As indicated in Chapter 1, there are four financial services firms that were selected for this study and are all doing business in West Africa. These are Absa Bank, Sanlam, Hollard Insurance, and Momentum Metropolitan Holdings. Other South African banks which have operations in West Africa declined to participate because the researcher is working for a competitor.

2.3.1 Absa Bank Limited

The banking sector is aggressively evolving from a product-driven industry to a service-focused sector enabled by digital innovation (South African Reserve Bank, 2023). Absa Bank Limited (Absa) is a Pan-African bank with deep South African roots (Absa, 2023). The company was formed through the amalgamation of four small banks in the late 1990s to become one of the largest banks in South Africa. It is wholly owned by Absa Group Limited, which is listed on the Johannesburg Stock Exchange (Absa, 2023).

Absa has approximately 40,000 employees across the continent and approximately 23,000 of those are based in South Africa. Its business is split into five main revenue-generating pillars. These are Everyday Banking, Product Cluster Solutions, Business and Relationship Banking, Corporate and Investment Bank, and Africa Regional Operations (ARO). Until 2019, Absa Bank was a subsidiary of Barclays Plc. When Barclays Plc. decided to divest from Africa, Absa acquired the banks which were owned by Barclays Plc., except for the Barclays subsidiaries in Zimbabwe and Egypt. It then rebranded the acquired operations as Absa.

The Absa Group thus owns majority stakes in banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, the Seychelles, South Africa, Tanzania (Absa and National Bank of Commerce), Uganda, and Zambia (Absa, 2023). It also has representative offices in Namibia, Nigeria, the United Kingdom, and the United States. While it has a presence in eleven other African countries outside South Africa, the contribution of the South African business is significantly higher than the combined contribution of all the other eleven African businesses (Absa, 2023).

Acquiring Barclays operations in the rest of Africa helped Absa to expand its African footprint and also eliminate the challenges associated with the liability of foreignness. The banking operations outside South Africa were rebranded but they are run by locals, as was the case under Barclays Plc. This also addresses distance-related matters that Ghemawat (2001) highlights in the CAGE Distance Framework. The banks are run by locals who understand the culture, language, business practices, and the political and economic climates in their host countries. The process was not incremental - the acquisition gave Absa an immediate foothold to a large market in Africa. Absa's approach to African markets supports the Strategic Choice Theory, which states that strategic choices are a preserve of power-holders (Child, 1972). In this instance, the strategic choice was made by the Absa board and senior executives on behalf of shareholders.

2.3.2 Sanlam

Sanlam is a South African insurance firm which was established more than 100 years ago (Sanlam, 2022). It was established as a life insurance company but has since grown into a diversified financial services firm. It currently offers the following services: financial planning, investments, insurance, retirement planning, and wealth management (Sanlam, 2022). Sanlam is listed on the Johannesburg Stock Exchange, the A2X, and the Namibian stock exchanges. Sanlam has a presence in 45 countries, 33 of which are African countries. It has over 147,000 employees. The South African market contributes about 72% towards its annual revenue, while the Pan-African market contributes about 11%, India and Other contributing the remaining 17% (Sanlam, 2022). The contribution of the South African market is significant considering the number of countries the company operates in. Sanlam is split into four divisions, these are: Sanlam Life and Savings, Sanlam Emerging Markets, Sanlam Investment Group, and Santam. It is the largest insurance company in Africa by market capitalisation (Sanlam, 2022).

Sanlam's approach to African markets outside South Africa has not been uniform. It has acquired direct stakes in financial organisations in Namibia, Botswana, Swaziland, Zimbabwe, Mozambique, Mauritius, Malawi, Zambia, Tanzania, Rwanda, Uganda, Kenya and Nigeria, while establishing greenfield insurance operations in Morocco, Angola, Algeria, Tunisia, Ghana, Niger, Mali, Senegal, Guinea, Burkina Faso, Cote D'Ivoire, Togo, Benin, Cameroon, Gabon, Republic of the Congo, Madagascar, Burundi, and Lesotho (Allianz, 2023). Sanlam has recently partnered with Allianz to combine their Africa operations (Allianz, 2023). The entry mode through a partnership approach and by buying direct stakes in already existing operations reduce the liability of foreignness. It also allows Sanlam to tap into existing networks and leverage already existing institutional knowledge to grow its operations. This approach is supported by the CAGE Distance Framework and the Uppsala Model. These frameworks state that the liability of foreignness and liability of outsidership are important considerations for firms when they internationalise.

2.3.3 Hollard Insurance

Hollard is South Africa's largest privately owned insurance group with more than six million policyholders (Hollard, 2023). The company was established in 1980 and offers life insurance, short-term insurance, and investment solutions. Hollard employs more than 4,000 people in seven different countries. In Africa, the firm has operations in six countries outside South Africa. In West Africa, Hollard operates in Ghana (Hollard, 2023). All other countries are in Southern Africa. The firm states that its goal is to expand its presence to more African countries.

Hollard started by expanding into countries closer to South Africa, which are part of the South African Development Community (SADC) (Hollard, 2023). These are Namibia, Mozambique, Lesotho, Botswana and Zambia. Except for Zambia, all the other countries share borders with South Africa. Geographic distance seems to have been a consideration by Hollard in their Africa expansion strategy. Also, as part of the SADC, South Africa has strong political and economic ties with these countries. The factors highlighted in the CAGE Distance Framework and PESTEL seem to have influenced Hollard's internationalisation strategy.

As stated in the literature that South African companies use Ghana as a gateway to West Africa, Hollard followed the same approach. Outside the SADC region, their only other operations are in Ghana. This is also in line with the Uppsala Model, which states that companies follow an incremental process to internationalisation (Johanson & Vahlne, 1977).

2.3.4 Momentum Metropolitan

Momentum Metropolitan is a South African-based financial services group with a footprint in several countries outside South Africa. Under its stable there are five subsidiary companies. These are:

1. Momentum –a South African insurance company offering financial advice, medical aid, insurance, fiduciary- and investment products for individuals and businesses.
2. Metropolitan –established in 1897 as African Homes Trust (Metropolitan, 2023), it offers a range of financial services products including funeral cover, life and health care products, savings and investments products, retirement- and financial planning services.
3. Momentum Multiply –a rewards programme focusing mainly on the physical wellness of the individual. They state that they "partner with you on your journey to better health".
4. Guard Risk – a cell captive business and alternative risk transfer solutions. Cell captives are risks which are deemed uneconomical to insure in the conventional insurance market. Guard Risk also offers commercial and corporate general insurance.
5. ERIS Property Group –offering a wide range of property services including property development and property management.

Momentum Metropolitan Africa is a subsidiary of Momentum Metropolitan Holdings Limited. It has a presence in five African countries and four of these are in Southern Africa, in Botswana, Lesotho, Namibia and Mozambique. The fifth one is Ghana in West Africa (Momentum Metropolitan, 2023). Momentum Metropolitan Africa previously had a presence in Nigeria, but the company has disinvested in that country. It currently employs close to 2,500 people across the five African countries.

The two other South African companies which were asked to participate in this study but which declined are Old Mutual and Standard Bank. They are both South African financial services companies with a presence in West Africa. While not included in the study, a brief overview of both companies with an outline of their success in internationalisation.

2.3.5 Old Mutual

Old Mutual was established 178 years ago in Cape Town (Old Mutual, 2023) where its head office is still situated. It provides “financial solutions to individuals, small and medium-sized businesses and corporates in South Africa, the rest of Africa and certain other emerging markets”. Old Mutual employs over 30,000 people and in West Africa it is present in both Nigeria and Ghana (Old Mutual, 2023). The company has three distinct business divisions, namely:

1. Old Mutual Insure – offers business insurance solutions
2. IWYZE – offers insurance solutions to individuals
3. 22seven – is an investing and budgeting application to help clients budget, track spending and invest

Old Mutual is listed in the Johannesburg Stock Exchange and the London Stock Exchange. Old Mutual's expansion into Africa has been incremental: the company started by going into Zimbabwe in 1901, then into Namibia in 1930 and Kenya in 1939 (Old Mutual, 2023). Next was Malawi and in the early 1990's, into Nigeria. Their strategy in Nigeria was to first target micro-entrepreneurs, which they estimated contribute about 60% to the GDP (Old Mutual, 2023).

So, Old Mutual's expansion supports the Internationalisation Process Theory on an incremental approach to internationalisation. The expansion started through countries that are physically close to South Africa — Zimbabwe and Namibia, both sharing borders with South Africa —then Kenya, which is part of the Commonwealth countries. Geographic distance and cultural distance must have been considerations in their expansion approach, in line with Ghemawat's CAGE Distance Framework. In Nigeria, the attraction seems to have been the size of the market and the country's GDP. PESTEL, CAGE and the Country Portfolio Analysis indicate that these are important factors to consider.

2.3.6 Standard Bank

Standard Bank is Africa's largest bank with R1.4 trillion assets under its management (Standard Bank, 2023). It was established 160 years ago and has expanded across the African continent, with operations in 20 countries in sub-Saharan Africa. It offers a full range of financial services products across all countries and has operations in West Africa (Wits Business School, 2019). In West Africa, it has operations in the Ivory Coast, Ghana and Nigeria (Standard Bank, 2023). It opened its first branch outside South Africa in Harare in 1892, followed by Namibia in 1915 (Standard Bank, 2023).

It has more than 100 years of experience in doing business outside its home country. Standard Bank opened its first branch outside South Africa in Harare in 1892, followed by Namibia in 1915 (Standard Bank, 2023). Standard Bank acquired minority stakes in banking operations in Nigeria and Ghana in 1992. In Ivory Coast, the bank mainly focuses on public investment initiatives in oil and gas, agriculture and telecommunications, in addition to consumer products (Standard Bank, 2023). Ivory Coast is a member of the West African Economic and Monetary Union (WAEMU), which consists of former French territories in West Africa.

According to Standard Bank (2023), the operations in Ivory Coast position the bank well to expand and tap into these WAEMU territories. Standard Bank left Ivory Coast in 2003 due to political instability before coming back and re-establishing its operations in 2018 (Wits Business School, 2019). Standard Bank followed an incremental approach when venturing beyond South African borders, starting with Zimbabwe and Namibia, countries with close physical proximity to South Africa and strong political and economic relationships. This talks to the elements highlighted in the CAGE Distance Framework. Standard Bank also seems to have followed an incremental approach in West Africa where it first bought minority stakes in operations in Ghana and Nigeria. This approach must have allowed Standard Bank to learn the markets without fully committing to them. This is supported by the Uppsala Model, which states that when companies internationalise they first use agencies to test the markets before they fully commit to them (Johanson & Vahlne, 1977).

Again, using Ivory Coast as a launchpad to the rest of the Francophone West African countries allowed Standard Bank to learn the culture, politics, and business practises of that region. It can then use the lessons and networks to expand to other Francophone West African countries. This incremental approach supports the Internationalisation Process Theory.

2.4. CONCLUSION

Theories on the internationalisation of firms are many and cover various elements. These include that the internationalisation of firms is an incremental process influenced by knowledge acquisition; the importance of networks for international success; the pre-internationalisation process based on discourse; how to manage the principal/agent relationship; how strategic choices are made, and how the firms should deploy their resources to create competitive advantage.

There are many factors that influence a firm's international success. These include political and administrative issues as stated by Ghemawat (2001), the economic environment into which the foreign firm is entering, the legal framework of the host country, and others. Most of the academic theories examined do not cover the elements highlighted in the three frameworks (PESTEL, CPA and CAGE) discussed above. Only Treviño & Doh (2020) in the discourse-based view highlight the economic and socio-political environment as important factors to consider in order to understand why companies internationalise.

Firms venturing into foreign markets also need to build internal capabilities to enable them to succeed in those markets, what Johanson & Vahlne (2017) called firm-specific advantages. The literature highlights the importance of these capabilities and states, in generic terms, which capabilities are important. For example, information technology, access to capital, and effective distribution channels are indicated as important capabilities. However, the literature does not indicate to what extent these capabilities enable international success and whether all the firm's internal capabilities are crucial for international success. The study expands on the CAGE Distance Framework by adding factors that are important to consider specifically for South African financial services firms doing business in West Africa.

CHAPTER 3. RESEARCH METHODOLOGY

3.1. INTRODUCTION

"Sound empirical research begins with a strong grounding in related literature, identifies a research gap, and proposes research questions that address the gap" (Eisenhardt & Graebner, 2007). The first chapter of this report provided an overview of the purpose, problem statement, and contributions while the second chapter highlighted the theory and conceptual frameworks on internationalisation, which are the focus of this study. This chapter discusses the research questions and outlines the methodology used to address the research questions. As the purpose of this study is to develop a framework that will enable South African financial services firms to have greater chances of success when entering into the West African market, specifically Nigeria, Ivory Coast and Ghana, common factors enabling them to succeed are identified and analysed.

The research questions that this study addressed are the following:

1. What are the factors that enable South African financial services companies to succeed or cause them to fail in West Africa?
2. What are the strategies deployed by South African financial services firms entering West Africa?
3. What common framework will enable South African financial services companies to succeed in West Africa?

Research methodology is generally defined as a detailed plan to carry out the research (O'Sullivan, Rassel & Berner, 2007; Leedy & Ormord, 2014; Wohlin & Runeson, 2021). Leedy & Ormord (2014: p4-5) state that the research methodology must "direct the whole research endeavour" finally leading to "an expansion of knowledge".

The following are the goals of research (University of Pretoria, 2011):

1. Building new or improved theories, models and methods.
2. Testing of existing theories, models and methods.
3. Application of existing theories, models and methods to “new” problems.

This chapter outlines the research plan and a design that was undertaken to answer the research questions. It also includes justifications for the selected research method, population size, data collection and analysis techniques, and highlights reliability, validity issues, and matters of ethical consideration.

3.2. RESEARCH DESIGN

O’Sullivan *et al.,* (2007) state that research designs are plans that inform the decisions on data collection and analysis. The research design is the proposed plan for how the identified objectives of the research will be achieved (Leedy & Ormord, 2014). Smith (2019) declares that the two dominant research methodologies in human sciences are qualitative and quantitative research methodologies. Sechrest & Sidani (1995) state that qualitative research methodology deals with non-numeric data while quantitative research concerns itself with numbers and quantities. Bhandari (2023) adds that qualitative research methodology provides a deeper understanding of people’s experiences with the world.

There is also mixed-methods research, where both qualitative and quantitative research methodologies are used in a single study (Halcomb & Hickman, 2015). It is viewed as an alternative when the traditional research methodologies (qualitative and quantitative) on their own cannot offer comprehensive insights. It is meant to provide the ‘depth and breadth’ that a single methodology cannot provide (Heigham & Croker, 2009). According to Halcomb & Hickman (2015), mixed methods integrates both qualitative and quantitative research methodologies throughout the research process. It is not a multi-methods research approach, which only focuses on data collection using multiple methods (Halcomb & Hickman, 2015), rather a mixed-methods approach, for which the researcher collects both the numeric data and text to fully respond to the research questions (Heigham & Croker, 2009).

This is a case study research approach. There are different types of case studies, namely exploratory case studies, explanatory, and descriptive case studies (Tellis, 1997). This is a descriptive case study. Descriptive case studies begin by defining the topic under investigation and the primary objective is to establish the link between the subject matter and the theoretical framework (Levy, 2008). The study was conducted using the qualitative research methodology. Qualitative research outcomes are not published as much by respected journals as quantitative research (Naidoo & Orme (1998), as quoted by Smith (2019)). Bluhm, Harman, Lee & Mitchell (2011) agree with this; however, they state that the publication of qualitative research studies has increased even though quantitative research remains the norm.

Harley & Faems, (2017) stress that qualitative research is subjective, and its concepts are difficult to measure therefore reliability and validity of the data cannot be tested. They believe this is the main reason qualitative research is not as popular with leading journals. It does not conform to the perceived scientific standards (Smith, 2019). Cornelissen (2017) argue that forcing qualitative work to conform to quantitative measurements undermines the rich, exploratory theorising nature of qualitative research, which is its hallmark. “When particular quantitative or qualitative methods become more dominant at the expense of others, particular styles of theorizing, and thus particular ways of knowing, may become suppressed” (Cornelissen, 2017). In other words, the wrong yardstick is used to measure qualitative research. It is viewed through the lens of quantitative research standards.

3.3. QUALITATIVE RESEARCH METHODOLOGY

Bluhm *et al*. (2011) argue that to have an in-depth understanding of individuals, teams and organisations, qualitative research is essential. There are certain research paradigms associated with the qualitative methodology: interpretivism, constructivism, and exploratory research (University of Nottingham, 2024). Qualitative research methodology is mostly associated with interpretivism (Goldkuhl, 2012), which is based on the assumption that reality is subjective and it relies on questioning and observations to generate deep insights of the phenomenon being investigated (University of Nottingham, 2024).

The constructivism paradigm believes that there is no single reality but rather that there are multiple realities, and focuses on the meaning-making activity of the individual mind (Lee, 2012; Kamal, 2019). Saunders, *et al*., (2009) as quoted by Makri & Neely (2021), state that the purpose of exploratory research is to find out “what is happening”, “seek new insights” and “assess phenomena in a new light”.

Yin (2011:27-28) states that qualitative research has the following five features:

1. Studying the meaning of people's lives, under real-world conditions.
2. Representing the views and perspectives of people.
3. Covering the contextual conditions within which people live.
4. Contributing insights into existing or emerging concepts that may help to explain social human behaviour.
5. Striving to use multiple sources of evidence rather than relying on a single source.

Marshall & Rossman (1995), as cited by Lee (1999), recommend a qualitative design if the study is for:

1. Exploratory purposes: case or field studies
2. Explanatory purposes: multiple case studies, historical reporting, field studies or ethnography
3. Descriptive purposes: field studies, case studies, or ethnographies

Qualitative research was thus deemed appropriate for this study. This methodology is recommended as there is little known about the subject being researched (Leedy & Ormrod, 2014). In this case, while there is a vast literature on internationalisation, there is no framework which highlights common factors that cause South African financial services firms to fail or succeed when doing business in West Africa. This research study is also exploratory in nature. Preshkin (1993), as cited by Leedy & Ormard (2014), believes that qualitative research study allows the researcher to be exploratory and to test the validity of certain assumptions, claims, theories or generalisations within a real-world context.

This is what this study aimed to achieve, to evaluate the current theories and frameworks in the context of South African firms doing business in West Africa. There are various types of qualitative research, including case studies, grounded theory, phenomenology, and ethnography (Davis, 2013). Case study research was deemed appropriate for this study. The section below outlines why case study research was selected.

3.4. CASE STUDY RESEARCH

Noor (2008) refers to case study research as a "strategic qualitative research methodology." Case studies focus on a unit of analysis (Miles, Huberman & Saldaña, 2014). So, it is an in-depth study of a unit, an organisation, or an event. Case study research is about understanding the dynamics that occur within a single setting (Eisenhardt, 1989). The unit of analysis in this case is South African financial services firms. While it is a close examination of a single unit, the intention is to understand a larger phenomenon through this single unit (Rossman & Rallis, 2003). Bennett & Elman (2006) agree with this view, stating that case study research provides "detailed knowledge of the subject under investigation".

Some criticize case study analysis for lacking scientific rigour because its outcomes cannot be generalised (Noor, 2008). However, this criticism is misplaced. Koerber & McMichael (2008) argue that the primary goal of case study research is not to ensure generalisability; but being able to make inferences and apply findings to other similar cases is useful in itself. Nilmanat & Kurniawan (2021) highlight that there has been an increasing use of case study research across various disciplines. Eisenhardt & Graebner (2007) also argue that the replication logic – that the same results can be expected in a different case under similar circumstances – is central to building theory. Case studies, therefore, can enable scholars to build theory. At its core, case study research is not designed to make statistical generalisations but to gain an in-depth understanding of a particular case. Researchers who are looking for representative samples must use a different methodology (Siggelkow, 2007).

The following steps are proposed by Eisenhardt (1989) for building theory from case studies:

1. Clearly define the research question.
2. Select a case based on its theoretical usefulness.
3. Conduct literature review (Eisenhardt not explicit but implied).
4. Design data collection instruments and collect data.
5. Perform data analyses.
6. Compare the emergent theoretical constructs to the literature.
7. Shape the emergent theoretical propositions or theory.

Miles *et al*. (2014) stress that defining the boundaries upfront in case study research is vital. So, it is important to indicate who and what is included or not in the study. As indicated earlier, Eisenhardt & Graebner (2007) believe that the argument that cases must be representative of a population is misplaced because the purpose is to build theory and not to test it, so theoretical sampling is appropriate. Theoretical sampling means that the case or cases should be selected based on their suitability "for illuminating and extending relationships and logic among constructs" (Eisenhardt & Graebner, 2007). So, it is not how many cases are studied but how the cases contribute to building theory. Siggelkow (2007) makes a similar point when he states that a single case can provide profound insights into a phenomenon, assisting the researcher to have a better understanding of a particular phenomenon and, as such, contribute to building or improving existing theories.

The strength of the case study, as highlighted by Rossman & Rallis (2003: p105), is in the detail that the researcher can expose, as well as the complexity and the number of sources that are used for data gathering. For international business research, context is very important for case study selection (Poulis *et al*., 2013).

3.4.1 Research Sample

For this study, the following four South African companies have been selected to participate:

1. Absa Bank
2. Sanlam
3. Hollard
4. Momentum Metropolitan

To maintain anonymity, which is one of the conditions stipulated in the researcher's application for ethics clearance, the companies mentioned above will be referred to as Company A, Company B, Company C and Company D in the following chapters and not in the order listed above. These companies also compete each other both in South Africa and outside the country so it is important maintain strict anonymity. Where the information is public knowledge and is available on company websites and in industry reports, the companies will be mentioned by name when referencing those reports.

All of the above companies have operations in West Africa and the researcher received permission from all of them. More companies were approached but some declined either due to their policies not allowing external people to conduct research in their company or because the researcher is working for a competitor. Being able to collect data is important and the sample was partly informed by that. More importantly, the selected firms provided sufficient data to answer the research questions. Executives located both in West Africa and South Africa were interviewed. These included Chief Executive Officers for the Rest of Africa Operations, Country Heads or Managing Directors, Chief Financial Officers, Chief Operations Officers, Chief Risk Officers, Heads of Strategy and senior managers. One shareholder representative from one of the companies who sits on the board and is involved in the company's Africa operations was also interviewed.

Senior executives provided insights on the reasons for internationalisation, the firm's strategy for internationalisation, the performance assessment of the subsidiaries, and reasons for success or failure in foreign countries. A total of 26 interviews were conducted. This is based on Poulis, Poulis, & Plakoyiannaki (2013) "purposeful sampling". Data saturation was reached and no new insights were derived from further interviews. The interviews were all conducted virtually using Microsoft Teams. The interview guide, included in the Appendix, was used for the semi-structured interviews. Follow-up questions were asked based on the individual responses. The results of this study will assist other South African financial services firms that seek to operate in West Africa.

3.4.2 Data Gathering

Data collection is a discovery process (Rossman & Rallis, 2003). The researcher goes in without any preconceived outcomes, and the idea is for the data to answer the research questions. According to Heigham & Croker (2009), for data collection methods, the researcher can use observations, questionnaires, interviews, company reports, and diaries.

O'Sullivan *et al.,* (2007) state that data collection includes the following steps:

1. Deciding on what data to be collected, when and how it will be collected.
2. Identifying the sample or population.
3. Choosing the approach for contacting the subjects.
4. Planning data analysis.
5. Analysing and presenting the findings.

The researcher needs to know not only what data are needed but also to identify the characteristics of that data (Leedy & Ormord, 2014). As stated, qualitative data was collected; and this was done through semi-structured interviews.

Miles *et al*., (2014) provide some guidelines on how qualitative data should be collected. They define the following:

1. The research should be conducted in a natural setting with the participants. The researcher must have a prolonged interaction with the participants.
2. The researcher must aim to get a full picture of the subject under investigation.
3. Preferably, there should be few or no standardised instruments.
4. The researcher needs to capture the perceptions of the participants without allowing his or her preconceived ideas about the subject to interfere with the process.
5. The data needs to be organised, and themes can be reviewed with the participants.
6. While there could be many interpretations of the data, the researcher should look for compelling theoretical reasons for the phenomenon.

The primary data sources were interviews with the 26 participants, with industry reports and company archived documents as secondary data sources to collaborate the data gathered from the interviews. The primary data source is defined as the data that the researcher has generated themself through interviews, surveys, and experiments. Secondary data sources refer to the existing data generated by other institutions or people, including documents, books, websites and other (Benedictine University, 2024).

3.4.2.1 Interviews

Interviews are appropriate for gathering deep empirical data (Eisenhardt & Graebner, 2007). For this study, however, due to certain considerations like financial constraints, the interactions with the participants were virtual. This is not ideal as, for example, the researcher is not always able to properly assess some of the important nuances during the interaction, like body language and gestures by the participants. Observation is an important data gathering technique as it enables the researcher to assess the participant's emotions, attention, and interest in the subject (Rossman & Rallis, 2003).

Noor (2008) believes that semi-structured interviews allow flexibility when conducting interviews with different participants while not losing the essence of what the interview seeks to achieve.

Yin (2011) posits that semi-structured interviews allow the respondents to say what they want to say; they are not limited by the researcher's pre-established questionnaire. The interview questions used in this study were broad and general; however, they were designed to stimulate discussion and enable the researcher to extract meaningful information to see if there are themes that emerge from the responses provided. 26 Interviews were conducted for this study.

Some scholars argue that there is no magic number for interviews when collecting data for a qualitative study (Davis, 2013, Pratt, 2009). Quoting Spencer *et al.,* (2003), O'Reilly & Parker (2003) state that the sample should be adequate to provide sufficient depth and transferability of the findings. The sample size must be adequate to answer the research question (Marshall ,1996). Adequate sample size also implies that data saturation is reached, meaning there will be no further insights generated from new data.

3.4.2.2 Reports and archived documents

Available company reports were also studied. It was important to see if the data collected through interviews could be corroborated by company reports and archived documents. The integrated company reports which provide an in-depth assessment of the company's performance and challenges encountered were studied, as were the financial results. The researcher assessed whether the firms, based on financial performance and stated objectives, have been successful or not. The internationalisation strategies should reveal the objectives for internationalisation. An assessment was then made on whether these objectives have been achieved or not, or whether the firm believes it is still on track to achieve its international strategy objectives.

3.4.3 Data Analysis

The purpose and outcome of data analysis is to reveal to others what is observed and discovered about the topic through fresh insights (Saldaña, 2011). Baptiste (2001) states that qualitative data analysis consists of four interrelated phases: analysis, classifying data, making connections between data, and conveying the message. According to Davis (2013: p214), qualitative analytic methods include conversation analysis, interpretive phenomenological analysis, discourse analysis, narrative analysis, and thematic analysis.

For this study, deductive thematic analysis was used. Deductive analysis explores data using existing theories and frameworks regarding the phenomenon of interest (Armat, Assaroudi, Rad, Sharifi & Heydari, 2018). Azungah (2018) agrees with this, stating that the researcher applies a deductive approach by basing data analysis on pre-existing theories. It is different from inductive analysis which is used when there is a lack of or limited previous research findings or frameworks. For this research, there is an existing framework already in use and the CAGE Distance Framework underpins the majority of this study. Data was explored using existing theories and frameworks on the internationalisation of firms.

Once the data is collected, the first step is to transcribe the recordings and document the observations. Lee (1999: p33) states that the researcher must infer what the participant "really means" based not only on overt observations, verbal comments, the participant's sense-making, and contextual pressures but also on what the researcher interprets these entities to mean. The researcher cannot avoid his own biases during the exercise (Yin, 2011). This means that the researcher's background may influence how he or she analyses and interprets the data. It is important to acknowledge this, and as much as possible must be done to prevent the researcher from imposing his ideas onto the participant's views. To address this issue, Yin (2011) suggests that a researcher includes a self-reflexive presentation that includes the important facets of the research lens. Alternatively, the study can adopt a triangulating approach across different sets of data that can help establish a common set of facts. Even with this approach, the researcher must avoid contamination between his interpretations and those of the participants (Yin, 2011).

Below is the Creswell data analysis framework for organising and analysing qualitative data.

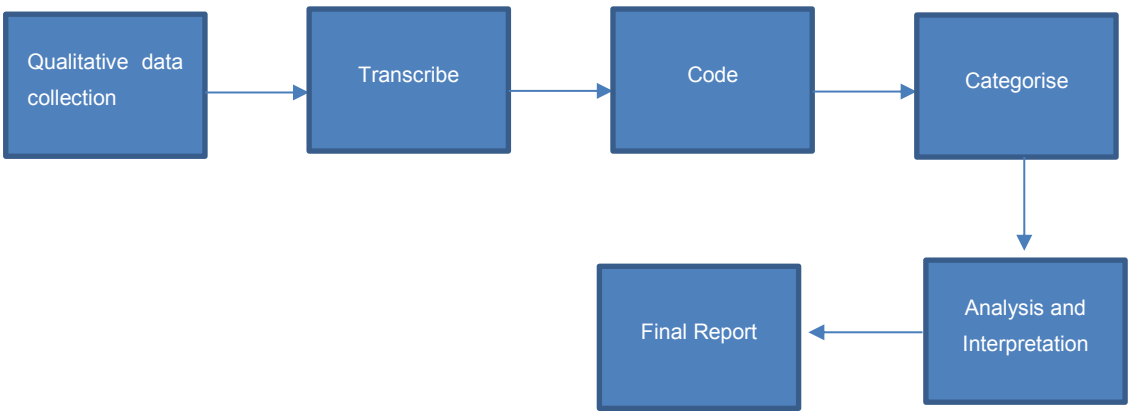


Figure 5: Creswell data analysis framework (Source: Leedy & Ormord, 2014)

The Creswell data analysis framework requires the researcher to go through the data several times (Leedy & Ormord, 2014). The following steps were undertaken:

1. Organise the data, breaking it down into smaller units, i.e. stories or sentences.
2. Peruse the data several times to get a sense of what it contains as a whole.
3. Identify general categories or themes.
4. Analyse and interpret what the data means.
5. Finalise the report.

Rossman & Rallis (2003) and Davis (2013) suggest the researcher must keep detailed records of the interviews and observations. Miles *et al*., (2014) propose that once the interviewer has transcribed the interview or compiled the field notes, he or she should then take the following steps for analysis:

1. Assign codes to the transcript.
2. Look for similar phrases or themes and categorise these into groups and subgroups.
3. Test these in a second round of data collection; not just the commonalities but also the differences.

4. Integrate these observations into a coherent narrative, lifting propositions and generalisations.
5. Compare with literature.

Regarding data categorisation, Saldaña (2009) defines it as organising and ordering the data into meaning-rich units that the researcher can better grasp. The researcher should also look at the possible interrelationships between the categories and use several permutations to analyse and organise the data gathered from the interviews. Yin (2011) stresses that all the data must be made available for inspection so that others can scrutinise both the researcher's work and the evidence used to support the findings and conclusions.

3.5. LIMITATIONS OF THE STUDY

The credibility and quality of the findings are often questioned in qualitative research projects (Noor, 2008), including case study research projects such as this one. Case studies, by design, are not representatives of the entire population and, therefore, generalisations cannot be made to the whole of the population (Siggelkow, 2007). So, while the findings of this study cannot be generalised, an inference can be made that the findings can apply to other South African financial services firms that are expanding or looking to expand into West Africa. All four companies selected are in the financial services sector, but the findings cannot be generalised for all South African companies across other sectors which are operating in West Africa. However, it can be inferred that the results also apply to them.

3.6. RELIABILITY AND VALIDITY

The reliability of the research is important as it informs the credibility of the findings (Welman, Kruger & Mitchell, 2005: p146). Labuschagne (2003) states that the reliability criterion for qualitative research focuses on "identifying and documenting recurrent, accurate and consistent (homogenous) or inconsistent (heterogeneous) features as patterns, themes, world views, and any other phenomena under study in similar or different human contexts".

Yin (2011) indicates that for a qualitative study to be trustworthy and credible it must satisfy the following:

1. The study must be transparent and open to scrutiny by others.
2. The research must be done methodically and follow some orderly set of research procedures to avoid unexplained bias and deliberate distortions.
3. The qualitative research must be based on an explicit set of evidence and adhere to that evidence. The evidence must also be tested for consistency across different sources.

The voice recordings were transcribed verbatim to minimise loss of data interpretation. Once the recordings were transcribed, both the interpretation and the recordings were shared with the participants for them to verify the accuracy of the interpreted data, in line with Lee (1999: p155) suggestion that interviewees should review the case study report as well to ensure its veracity, honesty, and clarity. The researcher looked for recurring themes and consistency in the answers provided by the participants. Once the data was analysed, the researcher confirmed with the participants that their views had been accurately interpreted. The full report cannot be shared with the participants as they are competitors both in South Africa and in West Africa and confidentiality is necessary.

3.7. ETHICAL CONSIDERATIONS

The principles that inform research ethics are universal where human subjects are concerned (Welman *et al*., 2005). These deal mainly with issues of integrity and respect for the participants. Pietilä, Nurmi, Halkoaho & Kyngäs (2019) argue ethical considerations in research studies mainly involve protecting the research subject and ensuring that the research adheres to ethical standards. However, according to Jackson (2013), research ethics are not merely limited to rules and regulations but form part of the ethical literacy process. The English Oxford Dictionary defines ethical literacy as a branch of knowledge that concerns itself with moral principles. So, this is not just a tick-box exercise where the researcher only adheres to minimum expected standards, the entire research process must be guided by ethical principles (Hasan, Rana, Chowdhury, Dola & Rony, 2021).

The research must be conducted in a manner that is beyond reproach. As Welman *et al*., (2005) state, while some research practices may be ethical, they can still be offensive and as such unacceptable to those involved. Research ethics are also not just concerned with board or committee approval for the protection of participants (Jackson, 2013). This same sentiment is shared by Cummings (2015), who argues that research ethics are not simply about "avoiding wrongdoing or questionable research practices"; instead, participants should have full awareness of what the studies are about and should participate without any coercion. According to Schindler (2019), not fully disclosing the details of the study is tantamount to deception. The researcher cannot just reveal to the participants part of the truth or hide the truth at all.

Jackson (2013) refers to the Nuremberg Code as one of the foundations of modern ethical frameworks. The first principle of the Nuremberg Code highlights the importance of voluntary consent by individuals who must have the legal capacity to do so without any undue coercion. This principle was fully adhered to during this research. When the request for interviews was sent out, all participants were informed that participation is voluntary. The purpose of the study was disclosed, and the participants were informed that they had the option to opt out even during the interview if they so wished.

Each participant was given a consent form before the interviews started. All participants were provided with sufficient knowledge about the subject under investigation and were able to make informed decisions on whether they wanted to participate in the study or not.

Voluntary participation and protection from harm are common principles across the reviewed literature. The four ethical principles that must underpin a research study are (Pietilä *et al*., 2019):

1. Autonomy
2. Non-maleficence
3. Beneficence
4. Justice

Dooly, Moore & Vallejo (2017) propose the GREIP research ethics protocol as a guide for researchers. It suggests the following:

1. The researcher must consider if the research project is likely to cause harm to anyone involved.
2. Sufficient information must be provided to the participants so they can make informed decisions on whether to participate or not.
3. The researcher must obtain informed consent from all participants.
4. The participants must always have an option to opt-out when they wish to do so.
5. Data cannot be shared without explicit approval of the participants.
6. Participants must be able to view the data and if they object to what has been collected, that data must be destroyed.
7. There must be transparency on how the data is processed.

The first three points above speak to the first principle of the Nuremberg Code. Data collection for this study proceeded once permission was obtained from the WITS University Ethics Committee. All the companies that participated in the study provided permission before any data was collected, and the data is also anonymised. This adheres to the principle of the right to privacy in a research study and is one of the important ethical principles that was observed.

3.8. REFLEXIVITY

The researcher works for one of the institutions selected to participate in the study, so it becomes important to address the question of reflexivity. Reflexivity generally refers to the researcher's beliefs and judgements and how these might influence the research process and findings (Warwick University, 2023). Dodgson (2019) defines reflexivity as "contextual intersecting relationships between the participants" and the researcher. The researcher needs to describe this relationship as it "increases the credibility of the findings" and provides a deeper understanding of the work (Dodgson, 2019). Reflexivity is important for establishing trustworthiness.

Gomes, Hoffmann & Finkler (2021) argue that it is not possible to separate the knowledge produced from the person who produced it, so the researcher needs to be aware of his behaviour in the field and how it influences the knowledge generation process. Dodgson (2019) states that in qualitative research it is assumed that the findings of the study are influenced by who the researcher is. Reflexivity is important in all phases of the research process, from thinking about the themes and research questions to data collection and report writing (Gomes *et al.,* 2021). Dodgson (2019) agrees with this stating that reflexivity "permeates the whole research endeavour".

The researcher for this study works for Absa Bank, one of the firms selected for the study. Absa Bank has a presence in Ghana and a representative office in Nigeria. Before embarking on this study, the researcher had not engaged or discussed the research with any of the individuals who participated in the study. Except for the Chief Executive Officer of Absa Africa Regional Operations whom the researcher once briefly worked with during the Absa/Barclays Plc Separation Programme, the researcher had not interacted with other participants whether based in West Africa or in South Africa. The researcher has not worked for Absa Africa Regional Operations and has not worked outside South Africa in his previous employment.

He last interacted with the Chief Executive Officer of Absa Africa Regional Operations in 2018. The questions for the semi-structured interviews were the same for all the firms which participated. While semi-structured interviews allow for flexibility when the researcher poses follow-up questions based on the participant's response, the researcher was always conscious of his position and avoided posing questions which could be interpreted to drive certain responses and outcomes.

CHAPTER 4 – DATA PRESENTATION

4.1. INTRODUCTION

This chapter presents data that has been gathered through both semi-structured interviews and archived documents from the companies that participated in the study, industry expert reports, and regulatory bodies. Analysis of the data will be presented in the next chapters. In some of the company archived documents it is not possible to extract a view of the performance of West African operations from the combined Rest of Africa portfolio performance. However, in others, there is commentary that specifically references performance and challenges in West Africa.

4.2. SEMI-STRUCTURED INTERVIEWS

All four companies which participated in the study availed their senior executives (12 in total) and senior managers (14 across all four companies) for the semi-structured interviews. Nine of the participants were executives based in South Africa who are involved in their respective businesses' West African operations.

Heigham & Croker (2009) states that interviews are one of the data collection methods that a researcher can use. Interviews are appropriate for gathering deep empirical data (Eisenhardt & Graebner, 2007). All the interviews were conducted virtually through Microsoft Teams, recorded with the permission of the participants. The data from the interviews is presented in this chapter without mentioning the names of the respondents and the companies they work for, unless that data is already public knowledge. It was agreed with the participants that the data would be anonymised, which was also declared for the ethics clearance application.

The presentation of data from archived documents will explicitly mention the companies as the data is public knowledge, available in company reports and from other sources referenced in the study. The Creswell data analysis framework presented in the previous chapter was followed. After each semi-structured interview was completed, the researcher listened to the recording and transcribed it. Participants agreed to verify the accuracy of the transcribed recordings. The interviews were scheduled for an hour but in some instances, they went beyond the allocated timeslot.

The main themes that emerged from the interviews were the following:

a. The company's strategic considerations for venturing into West Africa.
b. Entry mode into West Africa.
c. Challenges faced by South African financial services firms in West Africa.
d. Reasons why South African companies fail in West Africa.
e. Performance of the subsidiaries in West Africa.
f. Key considerations in order to be successful.

These themes will be discussed individually in turn. Of the four firms that participated, only Sanlam has a presence in both the Anglophone and Francophone West Africa. Others are present in Anglophone West Africa and are considering expanding their footprint into Francophone West Africa.

4.2.1 Strategic Considerations

The reasons why the participant companies decided to venture into West Africa was solicited. However, foreign country-based senior managers and executives did not seem to be aware of the strategic reasons that informed the decisions for South African financial services firms to open businesses in their host countries. The executives, specifically the CEO's of the international businesses of these companies, responded with confidence on why they decided to venture into West Africa.

Some of the drivers for going into West Africa are:

1. Not to be outdone by their South African competitors who were expanding into other African countries including West Africa.
2. Insurance penetration in West Africa is low, on average between 0,8% - 1%, which presents significant market opportunities.
3. Part of the ambition to become a truly Pan-African organisation is to have a presence in West Africa.
4. The population is relatively young, in most countries averaging around 35 years, presenting a lucrative opportunity for growth.
5. Economic growth; before the Covid pandemic, the economy in some countries was growing at more than five percent per annum.
6. Francophone West Africa has a strong currency.
7. Political stability, specifically in Ghana.
8. Continue servicing South African clients that have expanded their businesses into West Africa.
9. The Banking industry is not as well developed as in South Africa, presenting a growth opportunity for foreign banks.

While several reasons are cited by these organisations on why they ventured into West Africa, the overarching reason is that West Africa represents a lucrative market. For companies that want to have a large presence in Africa, West Africa has a large population of over 300 million people (Anyanwu & Yameogo, 2015).

4.2.2 Entry mode into West Africa

The information presented in this section is public knowledge and therefore the companies will be mentioned by name. Before 2019, Absa Bank had no presence outside South Africa except for a representative office in Nigeria. The Absa brand only existed in South Africa. However, the bank was part of the Barclays Group which had a presence in selected territories in Africa, including Ghana and Nigeria. When Barclays sold its majority stake in Absa and exited the African continent, Absa acquired Barclays operations in Africa, except for the businesses in Zimbabwe and Egypt.

Absa then rebranded those operations under its name. Absa's ambition is to become a Pan-African bank (Absa, 2023) so the acquisition of Barclays operations in Africa is in line with its growth plans. Absa has a full banking licence in Ghana and a representative office in Nigeria. At the moment, it has no presence in Francophone West Africa. It is not only Absa that took advantage of an acquisition opportunity and ventured into West Africa, Sanlam too, as part of its expansion into emerging markets strategy, acquired African Life, established in several African countries, and Saham, established in Francophone West Africa. However, its entry into Ghana and Nigeria was through establishing greenfield operations. Sanlam has used different entry models into different markets outside South Africa: through acquisitions, establishing greenfield operations, and strategic partnerships as can be seen with its recent partnership with Allianz (Sanlam, 2023).

Momentum Metropolitan was formed as a merger of Momentum and Metropolitan. Momentum was also a shareholder in African Life which already had a presence outside South Africa. Momentum later sold its shareholding to Sanlam and African Life management. Metropolitan had ventured outside South Africa to target the low-end market segment and had a bigger presence in Africa than Momentum. Momentum Metropolitan Africa is one of the four cash-generating business units of Momentum Metropolitan Holdings (Momentum Metropolitan, 2023), focusing on Momentum Metropolitan businesses outside South Africa. The international business was formed in 2012. Initially, it had a presence in 12 countries but exited some of the markets and currently has a presence in five countries. Ghana is the only West African country where Momentum Metropolitan Africa has a presence. Nigeria is one of the countries it exited.

Hollard is a South African insurance company with West African operations only in Ghana at the moment. Its entry into Ghana was through a technical services partnership with an existing insurance company. It had a similar arrangement with a different partner in Nigeria, although that partnership did not work and Hollard exited Nigeria. It focused on the operations in Ghana and over time took equity in the business. Hollard has since taken over the control of the business and has bought out the business partners in Ghana.

It describes the business opportunity in Ghana as opportunistic as it did not go out looking for it but was approached by the Ghanaian business partners. Hollard says this was a strategic move as the partnership gave the firm presence in the region and the opportunity to learn the market.

4.2.3 Challenges faced by South African financial services firms in West Africa

There are common challenges faced by South African financial services firms in West Africa which include the following:

1. High inflation rates
2. Regulatory requirements
3. Cultural and language differences
4. Government debt and its impact on the business operations
5. Scarcity of good talent

4.2.3.1 High inflation rate

The high inflation rate was mentioned by all participants as a major challenge. The South African-based executives state that inflation affects staff morale as the management is unable to raise salaries to match inflation rates. The in-country based staff expressed disappointment at the South African head office for not raising their salaries to at least match the inflation rates. One in-country participant stated that "every time we come to the salary review period, there is always that feeling that South African companies don't pay well. There is always that lingering dissatisfaction that we are not paid as much as we should be". They stated that subsidiary salary increases cannot be compared to salary increases in South Africa. This is not a fair comparison as their incomes get eroded by high inflation rates. High inflation does not only affect staff costs but also supplier spend. Government responds to this challenge by increasing interest rates, which further impacts consumer affordability and borrowing costs. This is a challenge acknowledged by all participants even though there are different perspectives on how the companies should respond to it.

4.2.3.2 Regulatory environment

The participants mentioned that the regulatory environment can be difficult to deal with. In some cases, like in Ghana, the insurance companies deal with different regulators depending on the products they are selling. The companies establish separate entities to target specific market segments, and each entity deals with its regulator. There are also capital investment requirements that are stipulated by the regulator. This can be prohibitive for loss-making businesses. In addition, the regulators stipulate which services must be procured locally and which services can be procured outside the country. For example, one of the services that the regulators stipulate must be procured locally is technology services. The participants' views on this are split. The South African-based executives believe this is counterproductive as it limits their ability to leverage economies of scale by using the same service providers across their African markets. They also state that using different technology service providers can expose the company to fraud, amongst other things.

However, the in-country executives think this is a good regulation. They state that local companies are usually cheaper than South African companies and question the rationale of using more expensive companies simply because they are used in South Africa. In-country executives also state that using expensive companies reduces profits, and this in turn negatively impacts their bonuses. The South African companies also charge back the subsidiaries for these services. The service agreements between the head office and the local subsidiary need to be approved by the regulators. One executive stated that they argued for the whole year with the regulator on why they could not source some of the services locally. The regulators cap the amount that must be paid to the head office per year and this has caused frustration for the head office because in some cases the maximum amount allowed does not cover the costs of the services rendered. One of the companies though is indifferent to this. Company A looks at each country separately and if there is a compelling case to use technology from local suppliers, they do so. They are not even married to their brand outside South Africa. If the local partner has a strong brand that is trusted in the country, they operate using that local brand.

Another executive stated that since insurance penetration is low in West Africa, the maturity of regulators in dealing with the underwriting business is low and the regulators tend to be invasive. In addition, there is also heightened oversight on offshore payments. This issue, according to the participants, is not unique to West Africa, they have seen it in other countries on the continent such as Kenya. One South African-based executive stated that: "the spirit of the regulator is to protect the consumer and we buy into that, but some of the regulations really tend to be driven by the likes of World Bank because of the funding that comes from that world. For example, the regulation on KYC (Know Your Customer) where we need to collect all our customer data - in most of our markets, people don't have a formal physical address, there are no demarcations where you can point to a street". These highlighted frustrations are caused by regulations which are imposed without considering the local conditions.

A country executive based in Ghana also highlighted the same issue, stating that the lack of physical addresses for their clients is a major challenge. She stated that some of the South African companies like Game Stores, which offered products on credit, were unable to recover their monies due to this problem.

However, not all participants thought the heightened regulatory oversight was a problem. Some participants viewed the involvement of the regulator positively, with one CEO stating that "the regulator is not passive; it is active and involved which makes it easy to engage and address issues”. The same participant stated that their company does not have challenges with the regulators. Whenever they visit the countries, they also make a point to visit the regulators with their local partners. There is an annual regulatory assembly where the South African regulator invites all the regulators from the continent, and the company makes use of this gathering to build and strengthen their relationships with the regulators.

4.2.3.3 Cultural and language differences

Participants based both in South Africa and in host countries state that cultural differences and language differences are a major challenge for South African companies doing business in West Africa, not only for the firms in financial services. Language differences are a major challenge in Francophone West Africa, not so much in Anglophone West Africa. The participants stated that it is not possible to do business in Francophone West Africa without a French interpreter. The business language used in those territories is often French. More important than a French interpreter though, is to get a local partner that understands both the language and the culture. The culture in West Africa is not uniform across the region, it is different in each country. Many examples were made by the participants to illustrate the differences in culture between South Africa and West Africa.

Some examples of culture differences are:

1. Selling a funeral cover in some West African countries is a challenge because it is taboo to talk about death. The communities believe planning for your death is a bad omen. Until recently, there were no funeral parlours in Ghana, it was taboo to take a body to a stranger, the family prepares the body for burial.
2. In some markets, business is conducted through community networks, which include tribal leaders and churches.
3. In most West African countries, people go to work in suits while in South Africa it is acceptable to wear smart casual attire.
4. There is a hierarchy protocol in West Africa and it is frowned upon to be seen as disagreeing with your boss. This is not the case in South Africa.

"You need to work with people who understand the cultural nuances. I cannot emphasise enough the importance of understanding cultural differences and being sensitive to those", stated one participant. A senior manager in Nigeria stated that understanding the culture and language is key to getting business in Nigeria.

4.2.3.4 Government debt and impact on local operations

Ghana's sovereign debt crisis is a matter of public knowledge. Ghana has liquidity problems and the government is struggling to service its debt. Absa highlighted in its 2022 integrated report the impact this had on impairments and that the bank had to raise R2.7bn to cover against high impairment charges (Absa, 2023). According to Reuters (2024), Ghana owes USD13 billion to private creditors holding Eurobonds. High inflation resulted in the rise of the debt servicing costs leading to Ghana defaulting on its debt in 2022. The sovereign debt in Ghana resulted in the government's domestic debt restructuring programme. All participants with business operations in Ghana mentioned this as one of the challenges faced by banks and insurance companies in that country. One of the executives said the government debt held in the balance sheet lost between 25% - 35% of the value, which the insurance companies and banks had to write off. This had an impact on the overall performance of the businesses in Ghana. The business operations were perceived by the participants to be performing well before the debt crisis, so they hope this is a short-term problem, an "exception rather than a rule", as one participant puts it. When financial results are normalised for this, Ghana is seen as one of the strong-performing markets.

4.2.3.5 Scarcity of good talent in West Africa

There is a general acknowledgement by all participants that good talent is scarce and expensive in West Africa. Executives who are involved in several countries across the continent stated that good financial services talent is scarce across Africa, not just in West Africa, and the fight for recruiting skills is rife. A senior manager based in Ghana said in every bank in Ghana you are likely to meet a former Barclays or Absa employee. The current Managing Director of Eco Bank in Ghana was the Managing Director of Absa Ghana until December 2023. Poaching of staff and staff accepting more lucrative offers is common. This is not only in banking but spans other sectors too - the current Managing Director of Hollard Ghana was previously a Managing Director of Barclays Ghana.

One of the executives based in South Africa stated that "the cost of people is higher than in many countries on the continent. For example, if you take a claims manager in Ghana and compare their salary to a claims manager in Botswana or Zambia, the person in Ghana will be significantly more expensive". The small pool of skilled and educated local talent in West Africa comes at a high cost. The regulators insist on companies employing local people; where the skill is not available in the country and needs to be imported from abroad, the company needs to demonstrate and prove to the regulator that they have looked for local talent and could not find it. The company will import the skills from outside the country for a limited period, usually two to three years, and during that period, they need to transfer the skills to the locals. Due to this shortage of talent, retention of good people is a challenge as they are always headhunted by competitors.

4.2.4 Reasons South African firms fail in West Africa

Participants mentioned several reasons why South African firms fail in West Africa. The common reasons stated by all participants are the following:

1. Imposing the South African business model into the host countries.
2. Not understanding the market and therefore coming up with a flawed business case which is based on wrong assumptions.
3. Lack of understanding and appreciation of cultural differences.
4. Going into business with a partner who does not have the same interests and values.
5. High context – the belief that South Africans know better than the locals and will therefore dictate what must be done.

One executive stated, "we went there wanting to South Africanise the continent. We didn't realise that these countries have unique cultures and each country is different". He made an example about life insurance and short-term insurance businesses, stating that life insurance is the "big brother" in insurance in South Africa but in West Africa and East Africa, short-term insurance is the "bigger brother". However, when South African insurance companies went into West Africa, they insisted that life insurance should be the "bigger brother" because that is how it is in South Africa and the rest of the world. This approach of imposing the South African way of doing things in different countries in the continent caused South African firms to fail in West Africa.

Some companies ventured into West Africa with flawed business cases and did not properly understand the actual size of the market but based their revenue forecasts on the population size. The issue of flawed business cases which are based on wrong assumptions was mentioned by participants based both in South Africa and in host countries. One of the examples given by a CEO is that the policy premiums in Ghana is three times smaller on average than the premiums in the Southern African countries, which means that the book in Ghana needs to be three times as big to make anything close to Southern African profits. He said those are things that companies do not look at, they are just attracted by the size of the population. Another executive stated the following in making the same point:

> "In Nigeria there are more than 200 million people, of those probably 190 million are on the streets selling products… When you start to distil down you realise that you are not dealing with 200 million in Nigeria, you are probably dealing with 5 million, and all the insurance companies are targeting that 5 million".

There is a general agreement among participants that there are more opportunities in the informal sector in West Africa than in the formal sector but most foreign firms focus on the formal sector. The market size of the informal sector in Ghana, according to one participant, is six times bigger than the formal sector and the competition is far less because companies channel their resources into winning the market in the formal sector.

Two of the companies that participated had operations in Nigeria and have since exited that market. The main reason was the breakdown of the relationship with the Nigerian partners. One of the executives stated that the partner was not adding value and this strained the relationship. What they learned from that experience is that it is important to take time to find the right partners. Another executive added that "the difference between Ghana and Nigeria is how the partners behaved and how the partners reacted to the challenges in the market. This codifies how we expand in the continent and the world. We partner with people who are aligned with us from a values perspective. Once you have that very strong relationship then the world is your oyster in terms of executing on the strategy". All three insurance companies that participated emphasised the importance of getting the right local partners.

When venturing into different countries in the continent, there are preconceived ideas that South Africans are arrogant. Some South African-based executives stated that they have worked hard fighting and trying to dispel these ideas as unfounded. However, they state that some South African companies have behaved in a manner that entrenched this negative perception. They went into countries, bought companies which were independently successful but then dictated what these companies must do, telling them that they did not know what they were doing, and that they would bring skills from South Africa to help them succeed. This arrogance and attitude worked to their detriment. As one executive puts it, "after we left those countries, those companies continued to do well".

4.2.5 Performance of the South African subsidiaries in West Africa

Company performance was assessed based on how the company performed against its peers in the same market and against its internal targets. Companies in whatever country of operation are impacted by the same macro-environmental factors, so it was important to assess how they performed against their industry peers. When South African companies entered these foreign territories, it was expected that progress would be slow in some cases, so it was also important to assess these companies against their internal targets. Participant responses, where possible, were checked against archived documents to verify if their perception of performance can be confirmed by company results.

Except for Ghana and the impact of the domestic debt restructuring programme in 2022, all participants believe that their companies are performing well in their selected markets. Even in Ghana, when results are normalised for the impact of the debt restructuring programme, the companies have performed well. All the companies involved in the study target to be in the top three performers in their selected markets. Absa and Hollard have already achieved this in Ghana, and the other two companies are in the top 10 as reported by the Ghana Insurance Commission (the table is shown under archived data below). It is to be noted that in the latest report available (2021) on the Ghana Insurance Commission website, Sanlam was still using the Saham brand in Ghana. The rebranding of Saham to Sanlam only happened recently, as reported in the Sanlam 2022 integrated report, so the Ghana Insurance Commission report provides data about Saham and not Sanlam. Sanlam does not appear in the report.

Absa's performance in West Africa has been commendable, according to the participants. The Ghana operations have been the main contributor to their ARO portfolio, contributing to top-line revenue and economic profits of the business cluster. Except for last year, the Ghana operations have consistently outperformed internal targets. The economic crisis in Ghana has resulted in a large inflow of deposits into Absa as it was seen as a safe haven by investors. Due to this, Absa has benefited from high interest rates resulting in the business operations exceeding expectations.

The main competitor for Absa in Ghana is the Ghana Commercial Bank. According to one of Absa’s senior managers based in Ghana, Ghana Commercial Bank is an indigenous bank owned by the government and has more footprint than Absa. An Absa South Africa executive believes there is still a lot of work that needs to be done by Absa in Ghana to grow its market share in the retail and business banking sector. In Nigeria, Absa has a representative office and not a full banking licence. They can only initiate transactions on behalf of Absa and Absa Bank South Africa concludes the transactions with the Nigerian clients.

Comparing the performance of the Absa office in Nigeria with other industry players like Stanbic which offers full banking services and products, would not give an accurate picture, as it would not be a like-for-like comparison. However, the participants both in Nigeria and South Africa believe that even though they are limited due to the size of their business operations in Nigeria, they "punch above their weight".

On the insurance side, the South African companies are also significant players in West Africa. As one executive in West Africa puts it, "South Africans come to play the game to win in financial services". As stated earlier, Hollard is in the top three in Ghana, and Sanlam and Momentum Metropolitan are in the top 10 (Ghana Insurance Commission, 2021). These companies aim to be in the top 3 in every market they operate in. Of the South African insurance companies operating in West Africa, Sanlam has the bigger footprint. It is the only one of the companies which participated in the study that has a presence in Francophone West Africa, and believes that its performance trend is moving upwards in the right direction.

4.2.6 Key considerations for South African financial services firms to be successful in West Africa

The South African financial services firms that have remained in West Africa attribute their success to the following factors:

1. Getting the right local partners.
2. Trusting the local team to run the operations.
3. The in-country strategy being developed by the local team. The head office can provide the framework or themes that the strategy should talk to.
4. Technology.
5. Good relationship between the head office and the subsidiary.
6. Enforceable legal contracts.

The assessment of the macro-environment is paramount - the political environment, the economic landscape and other external factors. All participants stated that every foreign company that decides to venture outside its borders would look into these factors as standard practice. However, these are not the only important factors to consider for South African financial services firms to succeed in West Africa, it is also important that they get the right local companies to partner with. "Get the relationships right, meaningful relationships that work for South Africa and the country", stressed one of the participants.

Participants mentioned that one needs partners who have skin in the game. These partners must assist the South African firm to bridge the gap between cultural and language differences. One executive emphasised that "you can't go to Francophone West Africa without a French-speaking person in your team, otherwise you will be schooled". The local partners must have strong relationships with relevant stakeholders including regulators. They must be your ears and eyes on the ground, according to an executive based in South Africa. You cannot manage from the head office.

All the operations in West Africa are managed and run by locals. The executives in South Africa and West Africa agree on this. They state that it is important for South Africans to trust the local teams to run the operations. In some instances, the senior management team has worked together for more than 10 years. That trust relationship is important for the company's success. One of the executives stated, "I sit in a grand office in South Africa and when I visit the countries, they sit in grand offices". He said this is important as it shows respect to local management. Where South Africans need to complement the local team because thereof a skills shortage, there must be a clear plan to transfer those skills to the locals. An executive based in West Africa made an example about a European company that has given equity to the local executives. This move, according to the participant, has helped to improve the performance of the local operations.

The participants also stated that the in-country strategy cannot be developed by the head office and imposed on the country. The head office can develop a framework or propose themes that the group wants to focus on but let the local management team develop the detail that talks to those themes. All of the participants agreed on this and this is the approach that has been used by all the South African financial services firms that participated in this study. One of the reasons for this is that the local team understands the market and regulatory landscape better, they understand what can and cannot be done, and it is important that they own the strategy.

All participants mentioned technology as a critical capability. "Digital capabilities have managed to differentiate us from our competitors", stated the Chief Financial Officer of one of the companies. This sentiment was echoed by other participants. Three of the companies that participated felt that the technology backbone should be standardised across all their operations in Africa. This was mainly the view of the South African-based executives. All the participants based in host countries believe this is unnecessary. There are companies in their countries which can provide similar capabilities at cheaper prices and feel that using the more expensive South African option erodes their profits and impacts their bonuses. The South African-based executives agree with this but insist that the subsidiaries are still part of the group and therefore cannot be allowed to do everything as they wish. Standardisation of technology across the group is a group decision and has its benefits - the technologies have been vetted and the group will benefit from economies of scale.

The South African-based executives of the participating companies emphasised the importance of contracting correctly in West Africa. "Be clear on expectations", stated one executive. Another said, “Ghanaians are very good at listening to you and agreeing when you are there but when you leave, they forget about you and do what they want to do”. They stated that it is important to have scorecards that clearly define what success looks like and build incentives that align the interests of both the head office and the subsidiary. “You must be firm on governance and ethics and be clear on expectations. We still have a reputation to protect”, stated one of the executives.

The participants stressed the importance of South African companies showing commitment to the countries. They must not be perceived as just coming to make a profit and take the money out of the country. One executive said, "You must approach the country with a developmental mindset, a partnership mindset, a commitment card to say we are coming today, measure us in 10 years, we will develop your local skills, we will develop your capital markets. The environment will be better because we are here". So, while contracting with the employees in the host country is important, the participants said it is important to contract with government as well, to show a long-term commitment to the country and state how the company will contribute towards economic growth and uplift the communities where it is doing business. An additional factor mentioned by two of the executives based in South Africa is that even South Africans assigned to West Africa need to be passionate about the countries they are assigned to. They said this is an important ingredient for success stating that other companies failed because the South African executives assigned to those countries lacked passion for the countries.

4.3. DATA GATHERED FROM ARCHIVED DOCUMENTS

This section presents data gathered from archived documents. This includes Annual Results and Investor Presentation documents available on company websites, data from the South African Reserve Bank, National Insurance Commission of Ghana, KPMG Insurance Survey reports, EY Global Insurance Outlook reports, and the South African Insurance Association (SAIA) Global Review Report. Most company reports have combined the performance view of their Africa Regional Operations and have not split these per different countries, except for Absa which compares its operations in Ghana against other countries. There are instances where a specific reference to West Africa is made in the report without the details or numbers presented. Hollard's performance is clearly stated in the National Insurance Commission report, but the company results in the documents available on the website do not show a separate view of Africa operations.

4.3.1 Industry reports from industry experts and regulators

The insurance industry has been steadily growing globally. According to the EY 2023 Global Insurance Outlook report, for the non-life insurance business, gross written premiums grew by 5.8% in the Americas between the years 2016 to 2021, 5.6% in Europe, Middle East, India and Africa (EMEIA) during the same period and 5.9% in Asia-Pacific (EY, 2023). For life and health insurance businesses, during the same period, these regions grew by 3.2%, 5.4% and 1.9% respectively. According to the South African Reserve Bank (2023), during the 2022/2023 financial year, the South African financial services sector showed growth both in profitability and overall liquidity. While South Africa's economy grew by 2% in 2022, lower growth was experienced in 2023 due to severe power cuts. The banks remain adequately capitalised and there has been overall improved performance by larger banks (South African Reserve Bank, 2023).

The KPMG Insurance Survey Industry Report 2022 highlighted that non-life and life insurers have bounced back after the Covid-19 pandemic (KPMG, 2023). It states that the average premium growth across the industry in 2021 was 9.4%, and that Momentum Metropolitan and Sanlam grew the value of their new business from 2019 to 2020 (KPMG, 2023). The EY 2023 Global Insurance Outlook report states that the insurance market moved from low inflation, low-interest rates, and integrated global markets to high inflation, high interest rates, and increased protectionism (EY, 2023). High inflation and high-interest rates continue to be a big challenge for the sector. The KPMG Insurance Survey Industry Report 2023 states that high inflation and interest rates continued to exert financial strain on individuals and businesses (KPMG, 2023). The EY 2024 Global Insurance Outlook report also mentions the same factors, adding the skills gap and the war in Europe and the Middle East as additional factors that continue to haunt the industry (EY, 2023). The insurance industry reported a 9.6% increase in gross written premiums (GWP) in 2022.

Despite the challenges mentioned above, the non-life insurance business performance exceeded expectations. The South African Insurance Association (SAIA) 2023 Global Review report indicates that the response of the sector to the COVID-19 pandemic was commendable, offering lifeline support to businesses and individuals battling financial loss (SAIA, 2023). Of the top ten insurers by GWP, on non-life insurance, Hollard reported the highest growth in profit after tax, an increase of 91% from 2021 to 2022 (KPMG, 2023). This success is mainly due to the performance of investments in linked portfolios and unit trusts.

The partnership of Sanlam with Allianz is expected to create the largest Pan-African non-banking financial services entity in Africa (Sanlam, 2023). Its strategic alliance with MTN to market and distribute insurance and investment products through the MTN Insurtech platform will assist in advancing Sanlam Allianz's strategic objectives (KPMG, 2023). The Sanlam results presented in the section below attest to the initial launch view on how this partnership has helped progress Sanlam's goals in Ghana.

Other companies, like Old Mutual, have also reflected on how they have leveraged digital technologies to achieve their strategic objectives. This has not always been the case, according to the KPMG Insurance Survey Industry Report 2021. As late as 2019, there was a low adoption of technology and online channels to allow customers to purchase cover without meeting an agent in person (KPMG, 2023). The EY 2024 Global Insurance Outlook report stresses that the insurance industry continues to be shaped by multiple disruptors, new entrances, technology advancements, and regulatory scrutiny coupled with changing customer behaviour and expectations (EY, 2023).

In Ghana specifically, the 2021 National Commission Report states that from 2010 to 2021 the insurance industry grew by 25% (National Insurance Commission, 2021). By 2021 the insurance sector's share of the total assets of the financial services sector was still at a miniscule 4% compared to 76% of the banking sector, 15% of the pension industry, and 5% of the securities industry (National Insurance Commission, 2021). Life insurance grew by 25% from 2020 to 2021 and non-life insurance grew by 29% during the same period.

Hollard is amongst the top five non-life insurers in Ghana; other insurers are Star Assurance, Enterprise Insurance, Ghana Union, and Vanguard Assurance (National Insurance Commission, 2021). In 2021, Hollard's profit after tax performance was ranked fourth on non-life insurance while for life insurance business, Momentum Metropolitan was ranked fifth on profit after tax.

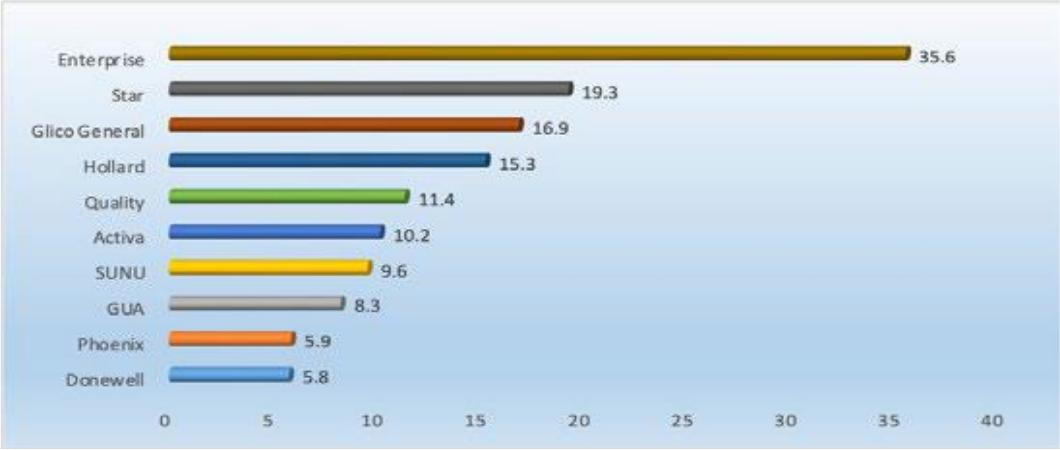


Figure 6: Market leaders for non-life insurance – Profit after tax (GHS' millions)

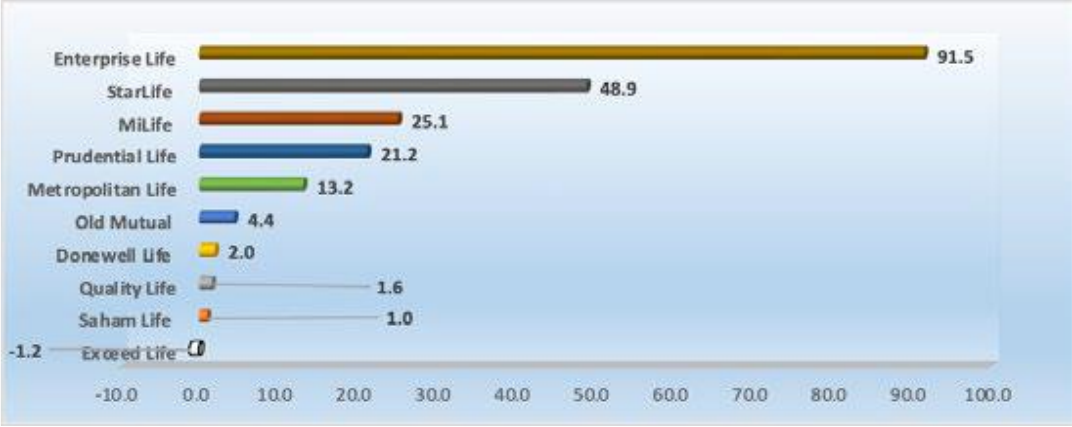


Figure 7: Market leaders for life insurance – Profit after tax (GHS' millions)

Also, in 2021, according to the National Insurance Commission (2021), both Hollard and Momentum Metropolitan were amongst the top ten in terms of the assets held in non-life and life insurance respectively.

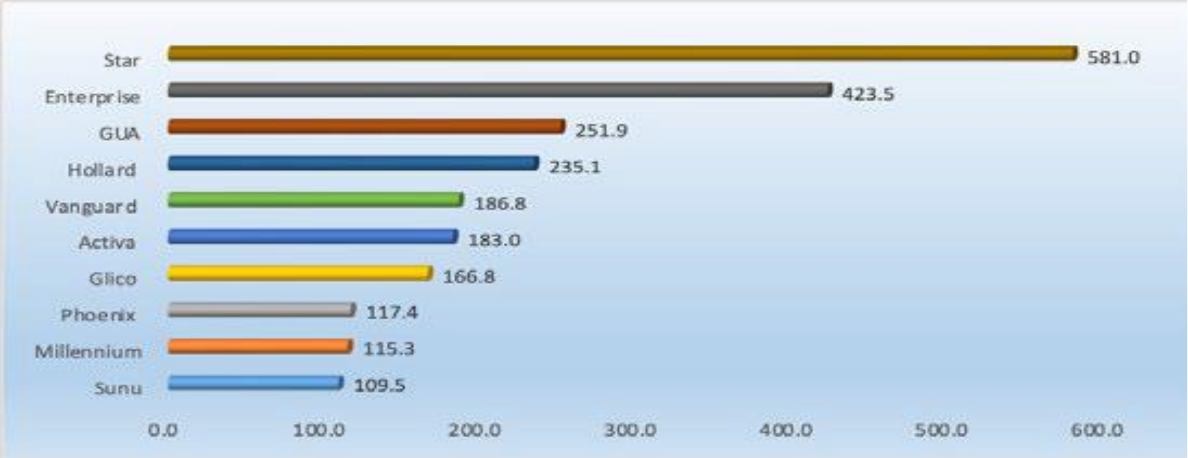


Figure 8: Market leaders for non-life insurance – Total asset (GHS' millions)

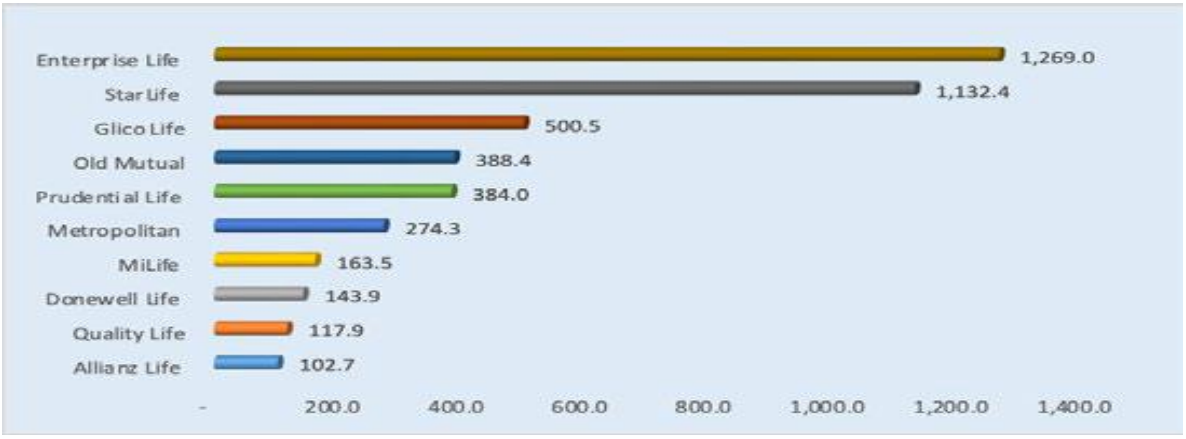


Figure 9: Market leaders for life insurance – Total asset (GHS' millions)

The growth in the life insurance sector has narrowed the gap between gross premiums in the life and non-life industries (KPMG, 2021). This indicates a significant improvement in the awareness of the benefits of purchasing life insurance products in the market. Over the years, the industry has experienced growth and a rapid increase in the number of private companies and brokers (KPMG, 2023). One of the challenges faced by banks and insurance companies in Ghana is the public's mistrust of the financial services industry (KPMG, 2023). The sovereign debt crisis also contributed to this.

According to EY (2023), “trust should be the foundation of the insurance sector, the bedrock of all relationships and the core of every interaction, communication and policy”. This was also mentioned by participants during the semi-structured interviews. The EY report states that high degrees of trust are the hallmark of top insurance brands (EY, 2023). The report further states that trust and brand awareness typically contribute about 75% towards the ecosystem profits. Given the very low average age in Ghana, utilisation of social and digital channels is expected to increase as this age group is native in digital technologies. To differentiate on customer experience, insurers need to better understand the preferences of this younger generation by leveraging data and analytics capabilities (KPMG, 2023). According to KPMG (2023), the range of options for back-office automation, optimisation, and digitisation available now will also allow the forward-thinking insurer to cut costs and consequently offer better value for money. In 2022 the industry average growth rate on new business volume was 19% while Sanlam grew by 28%.

4.3.2 Absa Bank

South Africa's banking sector is dominated by the five largest banks, which collectively held 89.5% of the total banking assets as of 31 March 2023 (South African Reserve Bank, 2023). Absa Bank is one of the five largest banks in South Africa. The data presented here is available from the company's website. According to Absa (2023), in H1 2023 the headline earnings for the South African operations declined by 17% while the earnings for the regions outside South Africa, the Africa Regional Operations (ARO), almost doubled.

New-to-bank retail transactional account sales increased by 23% in South Africa, with active customers in ARO up 16%. The report states that in sub-Saharan Africa high inflation rates and sovereign debt challenges across certain markets remain a challenge.

Referencing the contribution of ARO retail and business banking, the report indicates that:

> Headline earnings increased by 84%, given strong revenue growth. The improved performance was supported by a range of digital advances including the launch of a digital onboarding capability - a quick and efficient, channel-agnostic onboarding solution, which provides an enhanced customer experience in six ARO markets. MobiTap, a first-to-market innovation, now allows merchants and SMEs to use their smartphones in place of traditional point-of-sale devices to process contactless card transactions in three markets. Mobile lending for previously under-banked and unbanked customers continued to accelerate, with disbursements increasing by 44% to R3.6 billion, in line with our strategy to improve financial inclusion.

Corporate and Investment Banking also performed well, according to the report. This is due to strong new client acquisition in priority and growth sectors in South Africa and ARO (Absa, 2023). The pre-provision split is 29% from ARO and 71% from SA operations. The ARO profit contribution has improved in comparison with the same period in 2018, where the pre-provision split was 19% from ARO and 81% from South Africa. Compared with the same period in 2022, ARO H1 revenue grew by 36% to R15.4 billion. ARO's retail and business banking customer base increased by 10% to 1.9 million customers year on year. Customer loans between H1 2021 to H1 2023 increased by 20%. The Absa H1 2023 results show impressive growth in the ARO business. Even though the H1 2023 results do not show the contribution of each specific ARO country, Ghana's contribution, according to participants, is significant to the ARO portfolio.

The 2022 Absa Group Integrated Report provides a breakdown per country. The report states that ARO retail and business banking invested in digital capabilities and services to enhance its value proposition beyond physical infrastructure. Also, new product offerings by ARO such as micro-lending have expanded Absa's traditional banking reach (Absa, 2023).

The table below from the 2022 Absa Group Integrated Report shows the extent of Absa's presence in Africa in each of the countries where it offers full banking services. PoS stands for Point of Sale. This excludes the representative offices in Nigeria and Namibia (Absa, 2023).

Country	Employees	PoS	ATM's	Branches	Founded
Botswana	1073	4810	114	32	1950
Ghana	1187	1361	166	52	1917
Kenya	2304	5318	194	83	1916
Mauritius	754	1585	38	9	1919
Mozambique	767	1473	93	45	2002
Seychelles	270	2060	22	6	1959
South Africa	25719	92026	5364	559	1888
Tanzania	1478	1418	242	62	1945
Uganda	922	2124	79	39	1927
Zambia	786	2720	104	32	1918

Table 3: Absa footprint in Africa (Source: 2022 Absa Group Integrated Report)

The following table, also from the 2022 Absa Group Integrated Report, attests to Absa Ghana's performance against its peers in the same market (Absa, 2022).

Country	GDP (USD' bn)	GDP growth (%)	Population (milions)	Banking revenue pool (R'bn)	Number of banks	% of total banking income held by the top 5 banks	Rank by income	Return on equity	Cost-to-income
Botswana	18.0	4.1	2.4	10.9	11	81.6	2nd	4th	3rd
Ghana	76.0	3.6	32.1	44.5	27	49.2	3rd	1st	1st
Kenya	114.9	5.3	50.9	65.8	39	61.9	5th	3rd	4th
Mauritius	11.5	6.1	1.3	13.8	20	96.2	3rd	5th	4th
Mozambique	17.9	3.7	32.9	19.2	20	80.6	4th	4th	5th
Seychelles	2.0	10.9	0.1	1.7	7	99.9	2nd	3rd	5th
South Africa	411.5	2.1	61.1	564	64	82	3rd	2nd	1st
Tanzania	76.6	4.5	61.5	24.6	40	68.3	3rd	3rd	3rd
Uganda	48.4	4.4	43.7	16.6	27	64.9	3rd	3rd	5th
Zambia	27.0	2.9	20.0	17.4	17	60.6	2nd	2nd	1st

Table 4: Absa Ghana's performance against its peers in Africa (Source: 2022 Absa Group Integrated Report)

Ghana’s performance on three metrics: income, return on equity, and cost-to-income is in the top three ranking, taking the number one spot on return on equity and cost-to-income ratio. Some of the challenges in Ghana, according to Absa (2023), are the rising inflation and the economy that is slipping into crisis with the government announcing a domestic debt exchange programme. In 2022 the GDP growth was just above 3% and inflation closed at 54.1% year-on-year.

4.3.3 Sanlam

Sanlam's ambition, according to its investor presentation document, is to "make real, sustainable difference to people and the planet" (Sanlam, 2023), and the company has committed more than R35 billion towards UN Sustainable Development Goals. Sanlam’s reports refer to emerging markets and Pan-African Operations. The performances of West and North Africa are combined. As stated earlier, Sanlam and Allianz's joint venture that combines their Africa businesses outside South Africa was approved by regulators (Sanlam, 2023). This partnership, according to Sanlam (2023), will enable growth through financial inclusion. The joint venture's ambition is to be a top three insurance company in all its chosen markets. The joint venture with Allianz was only approved last year and so the results reported in this section are only Sanlam results, excluding Allianz.

According to Sanlam (2023), the life insurance business reported strong performance. The emerging markets operations’ earnings increased by 47% and they attributed this to favourable risk experience across their portfolio and improved asset-based income in some of the countries. There was an increase in new business volumes in North and West Africa. Emerging market contribution on Net VNB (Value of New Business) increased by 14%. For general insurance, the Pan-African operations grew by 10% and this is as a result of continued book growth and improved underwriting performance. The new business volumes increased by 16% (Sanlam, 2023).

The table below shows the contribution of each business division per region to Sanlam's equity value.

R million	Total		Life business		General insurance	
Region	Jun-23	Dec-22	Jun-23	Dec-22	Jun-23	Dec-22
Southern Africa	98555	102304	56073	55474	21072	19053
North and West Africa	17637	15752	1541	1682	17570	15467
East Africa	1913	1701	832	753	1097	959
Other International	25439	21019	2566	2249	3506	2914
Total	**143544**	**140776**	**61012**	**60158**	**43245**	**38393**

Table 5: Sanlam's group equity value per line of business per region

Looking specifically at the year-on-year contribution of the general insurance and reinsurance business, the company results show improvement as shown by the table below. There is a remarkable business improvement in North and West Africa.

R million	Gross written premiums		Insurance revenue		Underwriting result	
Sanlam Pan-Africa General Insurance	Jun-23	Jun-22	Jun-23	Jun-22	Jun-23	Jun-22
Southern Africa	3168	2274	2960	2208	427	310
North and West Africa	10654	8475	9771	8194	206	334
East Africa	833	733	769	736	5	(38)
Other International	1405	1117	1342	1066	(29)	(36)
Total	**16060**	**12599**	**14842**	**12204**	**609**	**570**

Table 6: Sanlam's general insurance and reinsurance business contribution per region

The emerging market revenue improved from R18 billion in June 2022 to R19.4 billion in June 2023, a 7% increase. Sanlam partnered with MTN in the rest of Africa to leverage its Fintech ecosystem (Sanlam, 2023). When Sanlam Life went live in September 2022 on the MTN aYo platform, gross written premiums on the first day in Ghana were USD36,586, from 626 468 transactions conducted on the same day (Sanlam, 2023).

Sanlam has successfully rebranded its operations in Ghana, Nigeria and Morocco. As stated before, Sanlam was operating under the Saham brand in West Africa. High inflation and interest rates remain a risk that puts pressure on the ability to acquire new business (Sanlam, 2023). With high inflation and high interest rates, consumers' disposable income gets eroded. While the focus of this study is specifically on West Africa, the combined performance of the West and North Africa regions show improvement and it can be assumed that West Africa contributed positively to these results.

4.3.4 Momentum Metropolitan

Momentum Metropolitan Africa is one of the four cash-generating entities under Momentum Metropolitan Holdings (Momentum Metropolitan, 2024), operating in five countries with a presence in Ghana only in West Africa. The reported performance of the Africa business portfolio in company reports includes all five countries. According to the 2022 integrated report, Africa business sales grew by 22% in 2022 (Momentum Metropolitan, 2023). The 2023 interim results state that the Present Value of New Business Premiums (PVNBP) increased from R2.8 bn in 2021 to R3.4 bn in 2022. This value has increased to R4 bn in the first half of 2023. The Normalised Headline Earnings (NHE) doubled from R250 million at the end of 2022 to R500 million in 2023. While the business grew on the above metrics, new business margins in December 2022 were at their lowest since 2019, sitting at -0.8%. Cash generated by Momentum Metropolitan Holding in December 2022 was R1,452 bn and the Africa business contributed a minute R85 million towards that (Momentum Metropolitan, 2023).

Higher inflation is also stated as a challenge by Momentum Metropolitan; the report states that "higher inflation and economic volatility are creating uncertainties that influence consumer behaviour, including the risk of the reduced purchasing power of households and weaker demand for savings and protection products in the years ahead" (Momentum Metropolitan, 2023). The report further states that in 2022 Momentum Metropolitan Africa's financial performance was still impacted by mortality losses due to the third wave of COVID-19. The business had not experienced significant Covid-19 claims in 2021. The operating profit was R8 million compared to R62 million the previous year.

Each of the five businesses is differently structured to speak to the local market in each country. In Ghana, for example, Momentum Metropolitan Africa deals with three regulators. The business launched a family wellness project in Ghana which included an income protection product to respond to market demands (Momentum Metropolitan, 2023). The table below shows the performance of the Africa business between June 2018 to June 2022 (Momentum Metropolitan, 2023).

Momentum Metropolitan Africa (5year review in R'million)	**Jun-22**	**Jun-21**	**Jun-20**	**Jun-19**	**Jun-18**
Net Insurance Premium	5707	4839	4698	4692	4251
Present Value of New Business Premiums (PVNBP)	3470	2843	2656	2498	2337
Value of New Business	-12	-3	18	4	-5
Normalised Headline Earnings	118	256	317	262	147

Table 7: Momentum Metropolitan Africa 5-year performance review

As stated earlier, Momentum Metropolitan's results do not split company performance per region. So, it is not possible from the company documents to split the performance of the Africa region - both SA and international business results are combined.

4.4. CONCLUSION

The data gathered from different sources, whether through semi-structured interviews or archived documents, show a promising prospect for South African financial services firms doing business in West Africa. The South African banks and insurance firms have not aggressively expanded into the Francophone West Africa. Of the four firms that participated in the study, only Sanlam has a presence there. There are numerous challenges faced by South African companies in West Africa and there are identified factors that must be considered by them to be successful in that region. All the reports and participants mentioned inflation and interest rates as some of the major challenges.

The South African Reserve Bank (2023) describes inflation as a persistent general increase in prices. The Reserve Bank states several reasons why inflation is bad, including the erosion of the purchasing power of the amounts saved, the purchasing power of people with fixed income such as salaries diminishes over time, and also if the salary increases are made in line with inflation, taxpayers often end up in higher tax brackets paying more tax anyway. The government debt restructuring programme in Ghana impacted the financial performance of both insurance companies and the banks in that country. Language and cultural differences were mentioned as big challenges for South African financial services firms in West Africa.

There are nuances specific to each market that the companies need to be aware of. Some of the factors that the participants believe are important to consider include:

1. Choosing the right local partners who will help you navigate the regulatory landscape and build solid relationships with all relevant stakeholders.
2. Entrusting the locals to run the local operations.
3. Ensuring that the strategy is owned by the local staff and not imposing a South African strategy or model on them but rather providing guidance through a framework or themes that the group is focusing on.
4. The importance of a good relationship between the head office and the subsidiary is important for the company's success in the host country.

5. Digital technologies and partnerships with fintechs and insurtechs are seen as important capabilities for firms to achieve their strategic goals.

The archived documents show how the different businesses performed over recent years. Absa is amongst the top three banks in Ghana; Hollard, according to the 2021 Ghana National Insurance Commission report, is in the top four for non-life insurance business, while Momentum Metropolitan is in the top eight for life insurance business. Sanlam combined North and West Africa in its results while Momentum Metropolitan reported its combined Africa portfolio. In both cases, it was not possible to separate the performance of the West Africa region. Hollard's results are reported at a group level and do not split performance per business portfolio or business line. However, it is clear from the industry reports that the insurance sector generally performed well in their Rest of Africa operations. EY and KPMG reports stress the importance for the insurance firms to demonstrate the value that they are adding to the societies they operate in. So, the businesses cannot just extract profits but need to also uplift the communities and their employees in the foreign territories.

CHAPTER 5 – DATA ANALYSIS AND DISCUSSION

5.1. INTRODUCTION

This chapter merges empirical data with theory, juxtaposing the data gathered against the reviewed literature. It examines whether the literature supports the findings and whether there are any gaps in the literature that the study can fill. This chapter specifically provides an analysis of the literature and data gathered to answer the first two research questions: “What are the strategies deployed by South African financial services firms entering West Africa?” and “What are the factors that enable South African financial services firms to succeed or cause them to fail in West Africa?”. In answering the research questions, the main focus of the analyses is to reflect on the connection between theory and practice.

As indicated in the previous chapter, the main themes that emerged from the gathered data are:

a. The company’s strategic considerations for venturing into West Africa.
b. Entry mode into West Africa.
c. Challenges faced by South African financial services companies in West Africa.
d. Reasons for South African companies failing in West Africa.
e. Performance of the subsidiaries in West Africa.
f. Key considerations in order to be successful.

These themes are also discussed in detail in this chapter.

5.2. STRATEGIES DEPLOYED BY SOUTH AFRICAN FIRMS ENTERING WEST AFRICA

This section answers the first research question by examining the entry strategies of the South African financial services firms when they go into West Africa and what the literature and the participants say about these strategies.

5.2.1 Entry mode into West Africa

Internationalisation is seen as a hierarchical decision in which managers choose target market (and risk profile) and view entry-mode choice as subordinate to other environmental factors (Kraus, Ambos, Eggers & Cesinger, 2015). This is supported by Ciravegna, Kundu, Kuivalainen & Lopez (2019) who state that strategic internationalisers choose markets and entry modes using economic rationale. These may include costs, efficiency, sustainability and relationships benefits. Entry mode research has focused on the choices firms make to enter foreign markets and the underlying reasons for those choices (Anderson & Gatignon, 1986; Brouthers & Hennart, 2007). Kabongo & Okpara (2019) state that firms enter foreign markets by selecting the best method of operation (exporting, licensing, alliances, green-fields, or acquisitions) to benefit from the existing technological advantage depending on the ease of contract creation, the specificity of assets, and the ease of protection against opportunism.

It is important to note that South African financial services firms in general, including those that have refused to participate in this study, prefer to expand through an incremental process when they go outside the South African borders. As stated earlier, Standard Bank opened its first branch outside South Africa in Harare in 1892, followed by Namibia in 1915 (Standard Bank, 2023). Old Mutual went into Zimbabwe in 1901, then into Namibia in 1930 and Kenya in 1939 (Old Mutual, 2023). This supports the view by Whitelock (2002), that firms first expand into geographically close markets.

When companies expand to neighbouring countries, they are more likely to find consumers with preferences and behaviours that are similar to those of consumers in their home countries. In turn, these consumers are more likely to buy existing products with little need for adaptations (Conti *et al*, 2016). Some scholars believe that it is beneficial for multinational companies to focus on a few countries or regions because it reduces the control and co-ordination costs associated with managing operations in dispersed markets, allowing for an overall effective resource allocation and resource management (Surdu, Greve & Benito, 2020).

While the Southern African markets are different to the West African markets, they provide the South African firms with the experience of conducting business in foreign territories. Some of the lessons learned from this initial expansion can be applied in other markets as the company grows its footprint in Africa. Expanding into countries that are geographically close to the home country, which have strong political ties with the home country, and speak a common business language increases the chances of success for the South African firms operating in those countries. This strategy supports Ghemawat's CAGE Distance Framework, which argues that the CAGE distance factors are an important consideration if a company wants to succeed in its foreign endeavours (Ghemawat, 2001).

This approach also supports the Internationalisation Process Theory which indicates that companies expand through an incremental process (Amdam, 2009). Kim *et al*., (2020) analysed data from 767 publicly listed Chinese Multinational Enterprises (CMNEs) from the years 2002 to 2014 and concluded that that the faster the intra-regional internationalisation, the better the firm's financial performance, whereas faster inter-regional internationalisation results in financial performance. This may explain the preference for intra-regional expansion first by South African financial services firms before inter-regional expansion.

While this incremental approach is generally a preferred strategy by South African financial services firms when they venture outside their borders, there are always a few exceptions. The two main entry strategies into West Africa by South African financial services firms are through acquisitions and strategic partnerships.

5.2.2 Acquisition as an entry strategy

As stated by Anand & Delios (2002), acquisitions help the firm to meet the capability requirements of the new market so the firm does not have to build the capabilities from scratch. Moshirian (2008) states that banks use foreign direct investment to enter new markets and access foreign customers. Absa Bank and other South African banks like Nedbank and Standard Bank entered West Africa by acquiring existing operations.

Nedbank and Standard Bank entered by acquiring minority stakes in established banking operations in West Africa. While acquisition has its advantages, it also has challenges.

Some of the advantages of acquiring an existing firm are:

1. The foreign acquiring firm immediately has local clients from the acquired firm.
2. There is a corporate structure in place and operations that are already generating business.
3. There are established relationships with key stakeholders.
4. The brand is already known in the market.
5. There is an infrastructure that the foreign acquiring firm can immediately leverage.

However, there are also challenges that come with acquiring a new firm, which need to be addressed. If not addressed, the acquisition strategy may prove to be detrimental to the firm's success. These may include the following:

1. System integration, especially when the head office wants to standardise its information technology systems across all its operations.
2. Infusing a culture that works for both the subsidiary firm and the head office. While it's important to ensure that the head office understands and appreciates the culture and business practices of the host country, some practices and behaviours must talk to the identity of the parent company.
3. Dealing with people’s fears about the future of the company and their careers. The executives need to address these, especially when there are changes to the operating model and the structure. Companies often go through restructuring after acquisitions to ensure cost containment and improve efficiencies.

5.2.3 Strategic Partnerships

South African firms mostly formed partnerships and entered into strategic alliances to counter the risks associated with distance-related factors like language, culture, understanding of business practices, etc. This is supported by Shijaku *et al*., (2020) when they state that one of the ways to mitigate against the risk associated with distance factors is for companies to form international strategic alliances. According to Ghemawat (2007), liability of foreignness is one of the major challenges faced by firms in foreign countries. Johanson & Vahlne (2009) refer to it as the liability of outsidership. Foreignness is inherent in the nature of internationalisation (Lu *et al.,* 2022). For example, when you are viewed as an outsider by the market, you can sometimes be excluded from certain deals or discussions merely because you are a foreigner. So when you acquire an existing local firm or partner with a local company, the foreign firm also speeds up the process of learning and understanding the market.

The South African firms also used partners to leverage the networks that these partners have with key stakeholders. As stated by Johanson & Vahlne (2009), not being part of these networks is a liability as business is conducted within these networks. So having strategic partners or forming strategic alliances with locals helps the foreign firm to become part of these networks. Challenges associated with cultural differences and language, which are important factors to consider when a firm internationalises (Ghemawat, 2001), can be addressed through the formation of strategic alliances. Cultural differences between countries may significantly hinder entry strategies into foreign markets (Annushkina & Colonel, 2013). Locals are entrenched in the culture and would probably be native speakers of the country's language as well; having locals as partners helps address such challenges.

5.2.3.1 Absa Bank

Absa's expansion outside South Africa into the rest of the continent was opportunistic. As stated under the reflexitivity section in Chapter 3, the researcher works for Absa and was involved in the Absa/Barclays Plc divestment programme, known as the Absa/Barclays Separation Programme. Barclays Plc was the main shareholder in Absa and when it decided to divest from Africa, Barclays sold its Africa operations to Absa, except for the businesses in Zimbabwe and Egypt. This gave Absa immediate access to 10 African countries where it previously had no presence. Anand & Delios (2002) state that firms also enter new markets by acquiring resources in those markets. Acquisition helps the firm to meet the capability requirements of the new market. In the case of Absa, some of the Barclays' businesses it acquired had been operating in those countries for more than a hundred years. As shown in table 3 in the previous chapter, the Ghana operations were founded in 1917.

While Absa acquired existing operations in Ghana, it established greenfield operations in Nigeria. So, the entry mode into Nigeria is different to the approach used in Ghana and other African countries. In Nigeria, Absa established a representative office. This is in line with the approach suggested by Johanson and Vahlne in the Uppsala Model where firms first set up agencies in foreign countries before establishing fully-fledged operations (Johanson & Vahlne, 1977). The representative office in Nigeria does not offer full banking services and is run by a small team of about 14 people. Absa has not indicated whether it wants to expand its services and presence in Nigeria. Of the big South African banks, it is only Standard Bank that has fully-fledged banking operations in Nigeria, Absa and First Rand also only have representative offices.

The representative office that Absa established in Nigeria can be seen as an agency and the Absa head office in South Africa as the principal. This office initiates deals on behalf of Absa, which are signed off by the head office. As stated by Shapiro (2005), the relationship between the agent and the principal is not a relationship of equals. It is a relationship where "one party acts on behalf of another". In this case, the Nigerian office acts on behalf of Absa South Africa.

So, while Absa's expansion and entry mode into the rest of the African continent has mostly been through acquisition, which enabled it to immediately have access to customers, networks and other stakeholders, Nigeria was an exception. The acquisition strategy also helped Absa to tap into existing networks established already by Barclays Plc. Being part of these networks helps to reduce the liability of foreignness and the liability of outsidership (Johanson & Vahlne, 2009; Ghemawat, 2007).

5.2.3.2 Sanlam

Sanlam has used multiple entry strategies into the rest of the African continent. For example, Sanlam acquired direct stakes in financial organisations in Namibia, Botswana, Swaziland, Zimbabwe, Mozambique, Mauritius, Malawi, Zambia, Tanzania, Rwanda, Uganda, Kenya, and Nigeria, while establishing insurance operations through a strategic partnership with Allianz in Morocco, Angola, Algeria, Tunisia, Ghana, Niger, Mali, Senegal, Guinea, Burkina Faso, Cote D'Ivoire, Togo, Benin, Cameroon, Gabon, Republic of the Congo, Madagascar, Burundi, and Lesotho (Allianz, 2023). Sanlam executives stated that they bought Saham as an entry strategy into Francophone West Africa. There has been an increasingly widespread use of multiple entry modes by foreign firms. For example, a firm may establish greenfield operations while at the same time acquiring an existing firm to target different segments of the market. (Benito, Petersen & Welch, 2011; Clark, Pugh & Mallory, 1997; Putzhammer, Fainshmidt, Puck & Slangen, 2018). This is the strategy that Sanlam adopted for West Africa.

The mode of entry is not uniform across the regions. In West Africa it acquired shareholding in Nigeria while establishing insurance operations in some of the countries like Ghana, Niger, Mali and other Wester African countries. This entry mode through a partnership approach and buying direct stakes in already existing operations reduces the liability of foreignness, which scholars cite as one of the major challenges for foreign firms entering new territories (Peng, 2001; Ghemawat, 2007).

It also allows Sanlam to tap into existing networks and leverage already existing institutional knowledge to grow its operations. Sanlam has now formed a strategic partnership with Allianz to further expand its footprint in Africa (Sanlam, 2023). Establishing greenfield operations and growing the firm organically usually takes time. The firm needs to build its brand, build relationships and networks, and learn and understand the market.

All the participants mentioned that all their foreign operations are run by locals. This helps to bridge the knowledge gap between the head office and the subsidiary firm, as well as bridging the cultural differences between the two countries. It also confirms the importance of the subsidiary in helping the foreign firm build superior resources (Peng, 2001).

Sanlam's entry strategy into foreign markets, based on the data gathered during interviews, seems to focus on reducing the risk associated with being an outsider. This approach is supported by the CAGE Distance Framework and the Uppsala Model. They state that the liability of foreignness and liability of outsidership is an important consideration for firms when they internationalise.

5.2.3.3 Hollard

Hollard's strategy for international expansion is incremental. Hollard started by expanding to countries which neighbour South Africa, (Hollard, 2023) such as Namibia, Mozambique, Lesotho, and Botswana. It also went into Zambia, a country which has strong political ties with South Africa. Geographic, political and economic distances seem to have been a consideration by Hollard in their Africa expansion strategy. The are factors highlighted in the CAGE Distance Framework and PESTEL which seem to have influenced Hollard's internationalisation strategy. This also supports Whitelock research (2002), in that firms first expand into physically close markets.

Going into West Africa, Hollard initially entered into a technical support arrangement with partners in Nigeria and Ghana. The partnership in Nigeria did not work and Hollard exited that market. In Ghana, Hollard bought a minority stake in an existing entity, later buying out the majority shareholder and taking over the business. Hollard entrenched itself in Ghana and expanded its services. It took an incremental approach to assessing the market through a technical arrangement where it provided support without committing any investment in that region. When Hollard gained sufficient information about the market in Ghana, it increased its commitment by increasing investment in that country. Hollard bought an existing entity and expanded its insurance business. This supports the incremental approach suggested by the Internationalisation Process Theory. This also supports the Johanson and Vahlne's Uppsala Model, that companies use agencies to test the market and gather information. They then increase their commitments to those markets based on the flow of information and a better understanding of those markets (Johanson & Vahlne, 1977; Oviatt & McDougall, 1997; Amdam, 2009).

This entry strategy into West Africa enabled Hollard to leverage the existing networks in Ghana and build its own relationships with critical stakeholders such as the industry regulators. There are significant cultural differences between South Africa and Ghana, as noted by the participants, which may significantly hinder entry strategies into foreign markets (Annushkina & Colonel, 2013). However, the networks that Hollard established through the initial partnership in Ghana helped it adapt to the business practices of that country.

5.2.3.4 Momentum Metropolitan

Momentum Metropolitan Africa is a subsidiary of Momentum Metropolitan Holdings Limited. Its presence in the rest of Africa at the moment is mostly confined to Southern African countries such as Botswana, Lesotho, Namibia and Mozambique, with the exception of Ghana as the only country outside Southern Africa (Momentum Metropolitan, 2023). All the four Southern African countries share borders with South Africa. Except for Mozambique which uses Portuguese as the main language, others use English as a business language.

The strong political and economic ties, and the physical proximity of these countries to South Africa support the argument advanced by Ghemawat in the CAGE Distance Framework that geographic distance, political distance, and economic distance matter when firms expand (Ghemawat, 2001). These can determine whether the firm succeeds or not in a foreign country.

As stated earlier, Momentum Metropolitan Africa previously had a presence in 12 African countries but it has since exited some of the markets and now has a presence in only five countries. Momentum Metropolitan initially ventured into West Africa through the acquisition of African Life and Metropolitan, which had a presence in Ghana and other African countries. Momentum entered Nigeria through a partnership with a local entity but the partnership did not work and Momentum exited Nigeria. The Nigerian partners could be seen as agents and Momentum the principal. The relationship with the partners in Nigeria highlights the importance of the Agency Theory as highlighted by Eisenhardt (1989) where one of the main focuses of the theory is to address the misalignment of the objectives and goals between the principal and the agent. This seems to have been the problem between these two parties.

Currently, Momentum Metropolitan's focus in West Africa is in Ghana, with no immediate plans to expand into other West African countries. Momentum Metropolitan is taking a cautious approach to West Africa. This could be due to the factors highlighted in the CAGE Distance Framework that the bigger the CAGE distance is between the home and the host country, the more difficult it is for the foreign business to succeed (Ghemawat, 2001). However, as indicated above, other businesses have used acquisition strategies or forming strategic alliances with locals to overcome distance-related challenges.. This also supports the Strategic Choice Theory, that where and when to invest in foreign markets is the preserve of the power holders (Child, 1997). In this instance, the power holders have made the decision to focus in Ghana and nowhere else in West Africa currently.

While there is no uniform entry strategy adopted by these companies, the most common one used is the acquisition strategy. There are instances, only in the Anglophone West African countries, where greenfield operations were established. Partnering with existing businesses in a foreign country or acquiring existing businesses helps the companies overcome the liability of foreignness.

Once the firms entered West Africa, the study then looked at the factors that enable South African financial services firms to succeed or cause them to fail, answering the second research question of “What are the factors that enable South African financial services firms to succeed or cause them to fail in West Africa?”

5.3. FACTORS THAT CAUSE SOUTH AFRICAN FINANCIAL SERVICES FIRMS TO SUCCEED OR FAIL IN WEST AFRICA

This section provides an analysis of the literature and data gathered answering the research question “What are the factors that enable South African financial services firms to succeed or cause them to fail in West Africa?". South African firms face several challenges in West Africa and there are common factors that enable them to succeed or cause them to fail in that region.

5.3.1 Challenges faced by South African financial services firms in West Africa

Common challenges faced by South African companies in West Africa are high inflation rates, regulatory requirements, cultural and language differences, government debt and its impact on business operations, and scarcity of good talent. Some of these challenges are also faced by local firms, not just South African companies. For example, high inflation and regulatory requirements are the same for all firms operating in that environment, and all the firms compete for the same scarce skilled resources. The government debt restructuring programme in Ghana affected all financial services companies in that country, not just the South African companies.

High inflation erodes consumer disposable income (South African Reserve Bank, 2023), so consumers tend to be more diligent in how they spend their money, looking at the value proposition, product benefits and other value-added benefits to underpin their purchasing decisions (South African Reserve Bank, 2023).

Cultural differences can pose a major risk. The South African Institute of International Affairs (2005) states that cultural differences are one of the major challenges faced by South African firms in West. All the participants emphasised the importance of understanding the host country's culture, language, and business practices. Foreign companies which do not pay attention to these often fail and are forced to close their businesses. Johanson & Vahlne (1977), in the Uppsala Model state that the pace of internationalisation is influenced by the psychic distance, and by that they mean the differences in language, culture, business practice, education, and industrial development between the home country and the host country. Pangarkar & Lim (2003) go further to state that differences in language and culture between the home country and the host country also impact company profitability. So, the company's financial performance can be directly impacted by the differences in culture and language.

5.3.2 Factors that cause South African financial services firms to fail in West Africa

Participants stated that factors that cause South African firms to fail in West Africa include the following:

1. Imposing the South African business model into the host countries.
2. Not understanding the market and therefore coming up with flawed business cases which are based on wrong assumptions.
3. Lack of understanding and appreciation of cultural differences.
4. Going into business with a partner who does not share the same interests and values.
5. High context culture

Levitt (1983)'s important distinction between multinational companies and global companies in that multinational company customises its offerings and prices for the local markets whereas global companies don't, aligns with Mandler *et al.,* (2021) who state that consumers - especially in western markets - have become cynical of globalisation and prefer local goods. In that case, the preference is not necessarily for local suppliers but for products and services that talk to their needs and preferences, irrespective of who provides them. This is what Sasaki *et al.,* (2021) referred to when they suggested that in overcoming cultural differences, firms should adapt their products to better fit the preferences and lifestyles of foreign customers.

Some South African companies failed because they behaved like global companies, according to the Levitt (1983) definition, as opposed to multinational companies - they did not customise their offerings and prices for the local markets. None of the South African financial services firms that have ventured out of the country are truly global companies. They have a presence in several countries either in the continent or outside the continent but that does not make them global companies

The participants stated that South African firms fail in West Africa because they do not adjust to the local market. They enter the country and impose a South African business model into the host countries. One participant said South African firms want to South Africanise the countries. Since they do not understand the markets their business cases are based on wrong assumptions, so they go in with flawed business cases. They have little understanding and appreciation of the culture, in some cases they choose the wrong business partners and they are perceived to have a high context culture.

All of this indicates the importance of investing time and resources to understand the host country's culture and market. This can be achieved through various means including building networks in the host country, contracting an agent to act on your behalf, acquiring existing businesses, or forming strategic alliances and partnerships with local companies. All of these actions support the theories on internationalisation of firms.

Going into a foreign country and dictating how business should be conducted and what products must be sold because that works in South Africa is counterproductive. It undermines the locals who have been successful in that market for a long time. Sasaki *et al.,* (2021), state that firms should adapt their products to better fit the preferences and lifestyles of foreign customers. Some of the South African firms did not do this. The attitude of these companies, as stated by one of the executives based in South Africa, “smacked of almost a colonialist approach”. This did not serve them well, and some of the South African firms failed then left those markets while others needed to adapt their approach when they saw they were failing. Wanting to standardise business practices across all markets “to South Africanise the continent” was a flawed strategy by many South African firms. These companies went into the foreign territories and did not consider the psychic distance and the CAGE distance-related matters as proposed by Ghemawat and Johanson & Vahlne (Johanson & Vahlne, 1977; Ghemawat, 2001).

5.3.3 Key considerations for South African financial services firms to be successful in West Africa

The common factors stated by participants that enable South African firms to be successful in West Africa include the following:

1. Getting the right local partners.
2. Trusting the local team to run the operations.
3. The in-country strategy must be developed by the local team. The head office can provide the framework or themes that the strategy should talk to.
4. Technology.
5. Good relationship between the head office and the subsidiary.
6. Enforceable legal contract.

Hollard and Momentum Metropolitan exited Nigeria because they did not have the right partners there and because of that, they could not overcome the distance-related factors such as culture, administrative distance (regulatory landscape), and issues associated with different business practices. "You cannot manage the business remotely, you need to have people on the ground", said one of the executives. The people they had on the ground, which were locals, did not do what they were expected to do, and the centre could not manage the business remotely. There was no reciprocal commitment which Johanson & Vahlne (2009) advocated for, stating “successful internationalisation requires a reciprocal commitment between the firm and its counterparts”. Hollard and Momentum Metropolitan had established strategic alliances with local partners which did not yield the desired outcomes as defined by Shijaku *et al*., (2020): "Collaborations of two or more firms involving long-term commitment of resources that would serve strategic goals of partners based in different locations, and where the alliance operates in a different country from the partners' headquarters". The strategic goals of the South African partners were not served by the local partners in Nigeria. Local partners should help the foreign firm build business networks and relationships in the host country.

There is a vast literature that supports the need for a trusted network relationship, as highlighted in the literature review in Chapter 2. Established networks are critical for South African companies to survive in West Africa and local partners are expected to assist with this. This is also related to another important consideration highlighted by participants - that South African companies need to trust the local people to run the business operations. They understand the market, the culture, the language, and local business practices, which gives locals an advantage over foreign resources. All the West African business operations of the companies that participated in the study are run by locals. This is in line with the Resource-Based View Theory, which details how a firm can better deploy and utilise its resources to create a competitive advantage (Andersen *et al*., 2014). Resources such as company brand, technology, people, capital, and machinery can be sourced abroad where not available in the country, but there must be deliberate efforts to transfer those skills and resources to locals.

The development of the strategy by the locals, with support from the head office, ensures that locals own the strategy as they are the ones who will be responsible for implementing it. The strategy needs to be responsive to local conditions hence local staff are better positioned to develop it. While the head office can provide the framework, check and challenge the strategy to ensure that it aligns with broader organisational objectives, it should not dictate what the in-country strategy should be.

The South African executives emphasised the importance of having the right contracts in place, having clear deliverables, and scorecards that clearly define what success should look like, setting clear expectations. Agency Theory talks about managing the relationship between the agent and the principal (Shapiro, 2005). Eisenhardt (1989) states that the primary focus of the agency theory is to address "two problems that can occur in agency relationships: (a) misalignment of the objectives and goals between the principal and the agent and (b) when the principal cannot verify what the agent is doing, if indeed the agent is doing what the principal expects them to do". This is to avoid some of the challenges experienced by South African firms in West Africa. Proper contracts that align the interests of the agent and the principal will help avoid this challenge. Also, the important role of trust and loyalty in the relationship, as highlighted by Cuevas-Rodríguez *et al.,* (2012), should not be underestimated.

5.4 CONCLUSION

The strategies deployed by South African financial services firms entering West Africa focused on the entry mode and how to overcome distance-related factors. The South African firms acquired businesses which had a presence in West Africa and in some cases, entered into technical arrangements before establishing fully-fledged operational businesses. This approach helped South African firms to understand the market quicker as they could leverage resources who understood those markets. Participants mentioned that as standard practice, companies consider economic factors like GDP growth, income per capita, population size, and industrial development. However, South African firms also understand the importance of networks, culture, and language when entering new countries, so some established strategic partnerships when entering new territories.

As stated, Hollard initially entered into a technical support arrangement in Ghana before acquiring equity in an existing firm. Strategic alliances and partnerships help the foreign firm to learn the market and also build networks. Connecting the empirical data and the theory, the data gathered supports the Internationalisation Process Theory on the process of internationalisation, and The Resource-Based View on the importance of how resources are deployed and utilised. As per Anand & Delios (2002), acquisition helps to meet resource requirements of the new market, and strategic alliances and partnerships helped South African companies overcome challenges caused by cultural and language differences. These are factors highlighted by the CAGE Distance Framework (Ghemawat, 2001).

In entering West Africa, Absa acquired a bank that had been in existence in those markets since 1917 and did not tamper with operations and the management, except to rebrand the entity. This ensured that Absa continued to leverage the knowledge and networks that had been in place for a long time, aligning with the Network Theory. Thus, the importance of networks is also supported by the empirical data - some of the companies were not successful in certain markets because they did not have the right partners who could help them build the required business networks. Johanson & Vahlne (2009) stress that not being part of the networks is a liability as business is conducted within these networks.

Deployment and utilisation of resources are key to success. This supports the Resource-Based View which states that how companies deploy and utilise their resources is critical for success. Without exception, all South African financial services firm which are doing business in West Africa understand this and trust locals to run their operations. The importance of having proper contracts in place supports The Agency Theory, which talks about the management of relationships between the agents and the principals. The study data shows that there are instances where subsidiary firms (agents) would do something that has not been agreed to with the head office (principals). The participants emphasised the importance of managing the agency relationship by setting clear expectations and having scorecards with clear deliverables.

The participants stated that, as standard practice, South African companies look at economic factors like GDP growth, income per capita, inflation, and other macro-economic metrics when considering expansion into West Africa. They also consider political stability. These are factors suggested by PESTEL, CPA and the CAGE Distance Framework. In addition, the data supports the importance of understanding language and cultural differences. These are elements that form part of Ghemawat (2001) CAGE Distance Framework. Participants stated that some South African firms have not been successful because they undermined these factors, entering foreign territories and wanting to impose the South African way of doing business. This study's data highlights the importance of taking into consideration the factors that are mentioned in the three main frameworks used by companies when they internationalise. There is no evidence from the data gathered to support Paul & Gupta (2014) assertion that firms in the service sectors tend to internationalise faster due to low capital costs required than in other sectors.

CHAPTER 6 – COMMON FRAMEWORK WHICH WILL ENABLE SOUTH AFRICAN FINANCIAL SERVICES FIRMS TO SUCCEED IN WEST AFRICA

This chapter provides an analysis of the literature and data gathered answering the last research question “what common framework will enable South African financial services firms to succeed in West Africa?". Based on the data gathered, the South African financial services companies that participated in the study are performing well in West Africa. There are common factors identified by the participants, based both in South Africa and West Africa, that enable South African financial services firms to succeed in West Africa.

6.1 PERFORMANCE OF SUBSIDIARIES IN WEST AFRICA

The South African financial services firms that have participated in this study have decided to continue doing business in West Africa and are performing well. This is confirmed by the participants and the data gathered from archived documents and industry reports. As stated in the 2022 Absa integrated report, Absa is ranked third on revenue income in Ghana, and first on both return on equity and cost-to-income ratio, out of the 27 banks in Ghana. The ARO business profit contribution improved from 18% in 2019 to 29% in 2022. Absa acquired existing businesses from Barclays Plc and rebranded them. This was not a greenfield operation; Barclays had been operating in Ghana since 1917 (Absa, 2023). So, the bank understood the local market well and when Absa took over, it did not have to face the challenge associated with foreignness, even the rebranding landed well, according to the participants. Absa was part of the Barclays group so the Barclays operations in the rest of Africa were not acquired by an outside company, it was an agreement as part of Barclays’ divestment from Africa.

When Ghana experienced the sovereign debt crisis, there was an increase in deposits as Absa was seen as a pair of safe hands, according to the participants. While Absa is a South African-based company, it seems to have overcome most of the challenges faced by South African financial services firm in foreign territories. So, most of the distance-related factors that are articulated by Ghemawat (2001) in his framework do not have a major impact on Absa's West African operations.

The performance of Sanlam's Pan-African business has improved with the emerging market earning growth of 47% and its contribution to Net New Business Value of 14% (Sanlam, 2023). The gross written premiums in North and West Africa for general insurance and reinsurance businesses increased from R8.4 bn in June 2022 to R10.6 bn in June 2023. Sanlam also acquired businesses that had a presence in West Africa like African Life and Saham. While it would later establish greenfield operations in Ghana and Nigeria, Sanlam emphasised the importance of getting the right partners in foreign countries and using locals to run operations. So, the approach in Nigeria and Ghana was incremental and in line with what Internationalisation Process Theory, while in Francophone West Africa, internationalisation was through acquisition. The acquisition of Saham helped Sanlam to overcome the liability of foreignness in Francophone West Africa.

Sanlam did not immediately rebrand Saham, it continued to operate under that brand which helped to reduce the psychic distance as Saham already understood the culture, language, and business practices in those markets. Saham was an established, well-known brand. Sanlam's ambition is to be in the top three performers in all the markets it operates in (Sanlam, 2023), so to achieve this, Sanlam has formed a strategic partnership with Allianz. This partnership has enabled the Sanlam Allianz joint venture to become the largest non-banking financial services firm in Africa (Sanlam, 2023).

Momentum Metropolitan and Hollard are both ranked in the top ten performers in Ghana, according to the 2021 National Insurance Commission report. Both companies entered West Africa through strategic partnerships in Nigeria and Ghana. However, in both cases, the partnerships in Nigeria did not work and both exited that market.

According to these companies, the chosen partners in Nigeria did not share the same values and interests which led to the companies failing in Nigeria. Manole & Spatareanu (2015) state that foreign networks reduce information costs and enable the firm to have a better understanding of consumer preferences, market structure, regulations, distribution channels and other relevant market characteristics. This was not the case with the partnerships in Nigeria for both Hollard and Momentum, and the companies derived no value from those partnerships. In Ghana, though, the partners had personal investment in the subsidiaries; these vested interests in the businesses helped the South African firms build sustainable relationships with the relevant stakeholders and the companies to succeed. This supports Li & Fleury's view (2020) that for foreign firms to overcome the liability of outsidership, they need to forge strong relationships with local firms.

The South African companies that participated in the study and still have operations in West Africa seem to have considered the important factors highlighted in both the dominant theories and frameworks on internationalisation. The factors indicated by the participants and the performance data highlighted in the company documents and industry reports support this. Some of these companies learned through making mistakes in certain markets and adapted their approach in West Africa.

6.2 DEVELOPING A FRAMEWORK THAT WILL ENABLE SA FINANCIAL SERVICES FIRMS TO SUCCEED IN WEST AFRICA

Mathews (2006) argues that the dominant theories and frameworks are unable to provide adequate explanation for internationalisation of African firms. The internationalisation path of African firms appears unique as these firms are often less directed by psychosomatic, geographic, and economic differences between their home and host countries. International business is always changing and as such theories and frameworks on internationalisation of firms should be flexible to reflect the different contexts. Organisations' priorities and internationalisation approaches vary and as such resources allocated to specific goals at a given point in time would reflect this. "The over-reliance on a few theories leaves our understanding of firm internationalisation incomplete" (Surdu *et al*., 2020).

The new framework expands on the CAGE distance framework. Based on the data collected, distance still matters. The differences in culture and language are important for South African financial services companies to consider when they venture into West Africa. South African firms targeting Anglophone West Africa use Ghana to launch their businesses. One of the reasons for this, according to the executives who participated in the study, is that Ghana is politically stable. This supports one of the factors in the CAGE distance framework, which is the administrative/political distance.

The new framework introduces other distance related factors such as business practices between the home and the host country. Employing locals and getting local partners are important factors to bridge the culture and language differences between South Africa and West Africa. The regulators also insist on this, so it is a business imperative if South African companies want to succeed in West Africa. A legally enforceable contract helps to manage the expectations and outcomes so that the risks associated with the geographical distance are reduced. This is something that the agency theory suggests. The factors in the new framework assist the South African companies to bridge the distance related matters.

Some of the factors that the researcher believed were important for South African companies to succeed, like brand identity, were proven to not be that significant, as shown by both Absa and Sanlam in West Africa. Barclays had been in existence in Ghana since 1917 before Absa started rebranding the operation in 2018 and introduced an Absa brand. According to the participants, this process was well received and did not negatively impact Absa's performance in Ghana. This is confirmed by Absa's results both in 2022 and 2023.

Sanlam, on the other hand, believes that if the brand of the entity it acquires is strong, well-known and preferred by the locals, it does not bother to change it; that has not proven to be detrimental to the organisation. It has recently launched its brand in Nigeria, Ghana and Morocco, and has seen improved performance in North and West Africa as shown by the 2023 interim results. So, whether the brand is changed or not, it does not seem to have a significant impact on the company's prospects for success.

The common factors that the participants mentioned which are also highlighted in PESTEL, CPA, and CAGE are economic factors, technology, culture, and language. While these are important factors to consider, there are other factors which are critical in West Africa and which are not highlighted by these frameworks. These are getting the right local partners, employing mainly locals, establishing and maintaining the relationship between the head office and the subsidiary, local strategy and business model, and legally enforceable contracts. Without paying attention to these factors as well, a foreign firm is unlikely to succeed in West Africa.

As shown in Figure 3, the frameworks have common elements as shown again below.

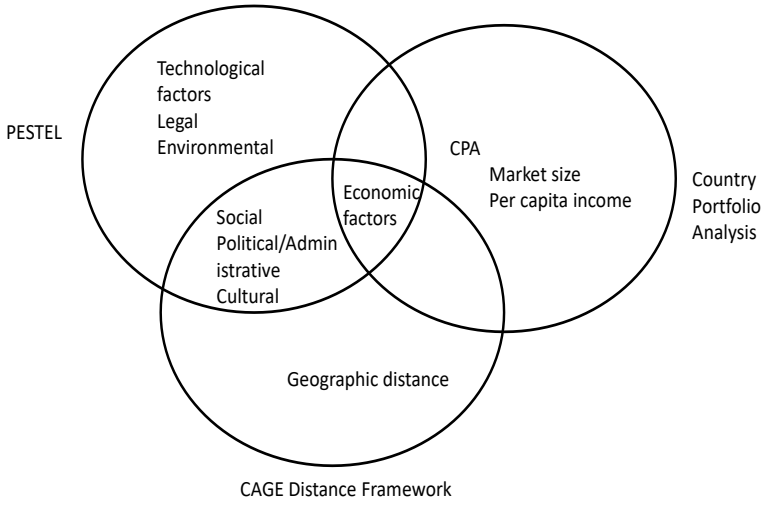


Figure 10: Internationalisation frameworks showing common elements

This is adapted to the framework below, which the author developed and believes should be used by South African financial services firms if they want to be successful in West Africa. Based on the data gathered from the participants, these common factors included in the framework enable South African financial services firms doing business in West Africa to be successful. The performance of these companies in that region was also confirmed by the collected empirical data.



Figure 11: Framework for SA financial services firms doing business in West Africa (Author's own work)

6.3 CONCLUSION

The commonly used frameworks like CAGE Distance Framework, CPA and PESTEL highlight important factors that companies must consider when they internationalise. Economic growth and population size, for example, are good indicators of whether there are business opportunities in the country or not. Culture and language are important considerations as the foreign firm needs to adapt its strategy to talk to the local conditions. However, there are nuances which are specific to West Africa. For example, bringing foreigners who speak the local language and understand the culture is not sufficient, the market demands that the face of the company must be local people.

The foreign firm must partner with the right local partners and also employ local people to succeed. There must be enforceable legal contracts, and this supports the Agency Theory that one of the mechanisms to manage the relationship between the principal and the agent is through a contract.

South African financial services firms that want to succeed in West Africa would need to go beyond what is suggested by CAGE, PESTEL and CPA. The data gathered by the researcher supports some of the theories on internationalisation. It supports the Network Theory, Agency Theory, Internationalisation Process Theory, and The Resource-Based View. However, the data also highlights the limitations of the frameworks commonly used, which highlight some important factors for success but omit others. The proposed conceptual framework will increase the success rate of South African financial services firms that seek to do business in West Africa.

CHAPTER 7 - CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

Chapter 1 provides a broad overview of the purpose and significance of the study, followed by a literature review and research methodology in Chapter 2 and 3. Qualitative research was deemed appropriate for this study as articulated in Chapter 3. Chapter 4 presented the results from the 26 participants and empirical data from archived documents. Chapters 5 analysed the data and answered the first two research questions. Chapter 6 answered the last research question and presents a conceptual framework developed by the researcher to help South African financial services firms to succeed in West Africa.

This chapter presents the key findings and recommendations of the study. The data gathered during this research shows that there are common factors which enable South African financial services to succeed in West Africa and there are also common factors which cause them to fail. Some of the factors — like economic and political factors — are highlighted in all the commonly used frameworks like the CAGE Distance Framework and PESTEL. They were also mentioned by the participants. However, there are factors which were mentioned by the participants, are not highlighted in those frameworks, but which are important for the success of South African financial services firms operating in West Africa. These include the importance of partnership with the right local partners, employing locals, not imposing the strategy from the head office but letting the locals develop and own the strategy with the guidance, if necessary, from the head office, putting in place legally enforceable contracts, and ensuring that there is a good relationship between the head office and the subsidiary firm.

This study expands the existing frameworks by providing common factors that enable South African financial services companies to be successful in West Africa, factors that are not highlighted in other frameworks. The study also provides a framework that can be used by South African financial services firms when they go into West Africa. This is a framework that the South African executives can use to increase their chances of success in that region. It highlights factors they need to consider when they go into West Africa.

7.2 IMPORTANT CONSIDERATIONS

Participants mentioned that as a standard practice, the companies consider economic factors like GDP growth, population size, income per capita, and political stability. These are the factors mentioned by PESTEL, Country Portfolio Analysis, and the CAGE Distance Framework. As Asongu & Odhiambo (2019) state, these are important considerations because social, political-, and economic risks are known to impact negatively on long-term investment decisions. The economy in some countries before the Covid-19 pandemic was growing above five percent per annum, according to some of the participants; Basu & Srinivasan (2002) state that African countries that have attracted large foreign direct investments are typically the ones with higher levels of economic development.

Sanlam noted the political instability in Francophone West Africa in 2023 and mentioned that they take a long-term view when they invest in a country and political instability would not be a sufficient reason for them to pull out of those countries. Cuervo-Cazurra & Genc (2008) state that when there is a political crisis, for example, foreign firms often become the target of attacks. Sanlam has not been attacked in the West African countries where they have operations and which have experienced military coups in the recent past. Political stability, though, remains a consideration for Sanlam before any investment is made into a foreign country.

According to the data gathered, the main reason for South African companies to venture into West Africa is to increase their market presence. For example, insurance penetration in West Africa is very low. This motivation is in line with what Grant (2013) and Friedman (1970) state - that firms exist and enter foreign markets to pursue profits. This also supports what Luiz & Charalambous (2009) state, that the main reason driving South African financial services companies to invest in sub-Saharan Africa, which includes Nigeria, Ivory Coast and Ghana, is to explore market opportunities to grow their revenues and profits. So, South African companies have been driven mostly by opportunities to expand their markets, which also confirms what Banerji & Chandrawanshi (2014) say about the basic motives behind international investments being resource-seeking-, efficiency-seeking-, and market-seeking opportunities.

While there are other considerations mentioned by the participants, such as developing the communities and making a difference in the foreign country, these are not the primary reasons for the South African firms to establish international operations. The primary reason being the multiple identified opportunities for South African financial services firms to grow their markets in West Africa. According to Doucoure & Çankaya (2021), the number of banked individuals in West Africa almost doubled between 2012 and 2018. McKinsey & Company (2020) report states that Nigeria has the “biggest insurance market in Africa”. The insurance penetration, as per the Deloitte 2022 Africa Insurance Outlook Report, remains low (Deloitte, 2022). These presents opportunities for South African financial services companies that want to grow their markets in West Africa.

While the main motivation may have been profit making, all the firms that have ventured into West Africa appreciate that they have to make a meaningful societal contribution in the countries in which they do business. As stated by the EY 2024 Global Insurance Outlook, societal impact is a prerequisite in today's market. Firms need to think about philanthropic endeavours (EY, 2023). The participants also mentioned the importance of demonstrating long-term commitment to the country and being deliberate about some of the initiatives to uplift the communities and the local employees.

South African companies also wanted to continue servicing clients which have expanded into West Africa. As stated by Luiz & Charalambous (2009), South African firms follow their existing customers into that region. This ensures that the clients remain with them while they increase the revenue stream from those clients. This is a view also shared by Verhoef (2016), that service-based firms mainly internationalise to grow their markets and follow their clients.

7.3 KEY FINDINGS

The purpose of this study is to develop a framework that will enable South African companies in the financial services sector to have better chances of success when entering West Africa. It provides factors that should be considered to increase the chance of success in that region. The study intends to add to the existing internationalisation frameworks with a specific focus on South African financial services firms which have decided to venture into West Africa. The main framework that underpins this study is the CAGE Distance Framework. The study answered the following research questions:

1. What are the factors that enable South African financial services firms to succeed or cause them to fail in West Africa?
2. What are the strategies deployed by South African financial services firms entering West Africa?
3. What common framework will enable South African financial services companies to succeed in West Africa?

7.3.1 Factors that cause South African companies to succeed or fail in West Africa

Several factors cause South African companies to succeed or fail in West Africa. Factors that cause them to succeed include:

1. Getting the right local partners.
2. Trusting the local team to run the operations.

3. The in-country strategy must be developed by the local team. The head office can provide the framework or themes that the strategy should talk to.
4. Technology.
5. Good relationships between the head office and the subsidiary.
6. Enforceable legal contracts.

Factors that cause them to fail include the following:

1. Imposing the South African business model into the host countries.
2. Not understanding the market and therefore coming up with a flawed business case which is based on wrong assumptions.
3. Lack of understanding and appreciation of cultural differences.
4. Going into business with a partner who does not have the same interests and values.
5. High context culture

The South African financial services firms that failed in West Africa did so mainly due to the lack of understanding of the markets, and going into West Africa wanting to impose the South African model without taking into consideration consumer needs and preferences. They chose the wrong business partners in some instances, who did not assist the companies in building the required relationships with stakeholders or help them navigate the regulatory landscape. This talks to both the psychic distance referred to by Johanson & Vahlne (1977) and the impact of the cultural distance that Ghemawat (2001) talks about in the CAGE Distance Framework.

The South African companies that have managed to be successful in West Africa have managed to overcome the risks associated with distance factors. They have overcome the liability of foreignness or outsidership. They have done this by acquiring firms that already had a presence in those markets, partnering with local companies which helped them build relationships and grow their markets, and entrusting local people to run their operations. They ensured that there were proper contracts in place to manage the relationships with the locals, which supports the Agency Theory.

7.3.2 Strategies deployed by South African financial services firms entering West Africa

There is no single common strategy that has been deployed by South African financial services companies entering West Africa. Most of them, though, have entered the region by first acquiring minority stakes in existing operations and then expanding or taking over those operations. This follows the incremental approach suggested by the Internationalisation Process Theory. Some of the companies like Absa and Sanlam acquired existing businesses such as Barclays Banks and Saham respectively. This helped them to overcome cultural differences and language differences in the case of Sanlam in Francophone West Africa. They have also entered West Africa through strategic partnerships, such as Hollard entering via a technical support arrangement in Nigeria and Ghana. Again, this incremental approach helped Hollard to first learn and understand the market before deciding to exit one and expand its services in another.

While there is not a single approach by South African firms entering West Africa, what is common is the involvement of locals in the entry modes. While partnering with locals is not a pre-requisite for entering new markets, it is a recommended approach as it helps the foreign firm to quickly understand market dynamics, build relationships, leverage the local networks, and learn the culture and the language. Partnering with locals is certainly an important factor to consider for success in West Africa.

7.4 CONTRIBUTION AND SIGNIFICANCE OF THE STUDY

7.4.1 Theoretical Contribution

As stated in Chapter 1, according to Makadok *et al*., (2018), theoretical contribution can consist of a variation, modification, or combination of existing theories. They state that while the three elements that characterise a theory are accuracy, simplicity, and generality, it is almost impossible for any theory to achieve all three.

They also argue that as a minimum requirement, theoretical contribution should fill "smaller gaps in literature" providing "incremental extensions to our knowledge". This is what this study achieved; it provides "incremental extensions to our knowledge" by filling some gaps in literature.

The CAGE Distance Framework highlights culture, administrative distance, and geographical and economic distances as important factors to consider when venturing into foreign territories. It also highlights communication and connectivity under geographic distance as important attributes to consider for the financial services industry (Ghemawat, 2001). The framework does not specifically indicate the importance of strategic partnerships with locals and the importance of employing locals for financial services firms to be successful in West Africa. This is a fundamental requirement for South African companies to succeed in West Africa. It also does not highlight the importance of the relationship between the head office and the subsidiary firm including an enforceable legal contract to manage this relationship. These factors and others highlighted in the conceptual framework are critical for South African financial services firms to succeed in West Africa. It is also important for South African firms not to impose their South African models and strategies in their foreign subsidiaries if they want to succeed in West Africa. This important consideration is also not covered in the current frameworks. This study goes beyond the CAGE Distance Framework and expands the current body of knowledge by providing common factors that enable South African financial services firms to succeed in West Africa.

7.4.2 Empirical Contribution

Crane *et al.,* (2016) state that empirical contribution is mostly concerned with theory application where theory explains empirical data. They state that the researcher needs to demonstrate a critical analysis of the literature and highlight those elements which are relevant to explain the phenomenon. The approach of South African financial services companies when they venture outside their borders, specifically into West Africa, is either through acquisitions, strategic partnerships, or starting greenfield operations. They buy minority stakes into existing firms or enter into strategic alliances, and over time expand their services and take over those companies.

This approach is described by the Internationalisation Process Theory where firms take an incremental approach when they internationalise and that based on the knowledge that they accumulate over time, they increase their commitment to those foreign markets (Amdam, 2009). This is exactly what the South African firms did.

Participants emphasised the importance of ensuring there are legally enforceable contracts in place; the expectations and deliverables should be made clear and everyone must know what success looks like. This is what Agency Theory describes, it highlights the importance of ensuring alignment between the agent and the principal. It's a relationship, according to Shapiro (2005), that needs to be managed through a contract and be monitored closely. Eisenhardt (1989) also states that one mechanism to reduce the risk of agent opportunism is to craft a contract in such a way that it binds the agent into specific deliverables. This is in line with what the participants stated that the expectations must be clearly articulated and agreed to.

One of the success factors for South African financial services firms operating in West Africa is to partner with the right local companies and employ local staff. The local partners, according to the participants, are expected to help build relationships with the regulators and other relevant stakeholders, influence policy, identify business opportunities, and grow the market. Both local partners and local employees understand the environment, culture, language, and business practices better, and will therefore bridge the knowledge gap between the South African company and the host country. One of the roles of the local partners is to build these solid networks, which is expected to contribute positively to the company's performance. The Network Theory looks at the role of these relationship networks in the internationalisation of firms. Both Gulati *et al.,* (2000) and Andersson, *et al*., (2002), state that networks significantly influence a company’s performance.

If empirical contribution, as explained by Crane *et al.,* (2016), is mostly concerned with theory application where theory explains empirical data, this study has made an empirical contribution where at least three theories on the internationalisation of firms have been proven to explain the empirical data gathered from South African financial services firms doing business in West Africa. The study also provides a developed framework of common success factors which South African executives can use when they want to expand into West Africa.

7.4.3 Methodological Contribution

As stated in the first chapter, Bergh *et al*., (2022), provide guidance on what constitutes sufficient methodological contribution and propose four ways in which research can make methodological contribution.

These are (Bergh *et al*., 2022):

1. The study suggests a major shift in how the research is conducted for a relatively large audience.
2. The study offers modest changes which matter to a large audience, making an incremental methodological contribution.
3. The methodological contribution is modest and cannot stand on its own but supports a comprehensive theoretical contribution.
4. A study can offer a minor methodological contribution if it makes small changes to a set of future studies. Bergh *et al*., (2022) state that a paper that only offers this contribution is unlikely to be accepted by major journals.

As stated in Chapter 1, using case study research, this study provides useful framework for entering certain West African countries. To points 1-3 above, the study contributes as follows:

1. Provides insights on how to conduct case study research virtually with a large audience sitting in multiple countries across the African continent.
2. Development of a new framework important to the audience as the framework highlights factors that the audience can use to expand into other West African countries.
3. While case study research is a common methodology, for this research it supports a comprehensive theoretical contribution. A theoretical framework that expands the commonly used frameworks on internationalisation has been developed. This conceptual framework highlights factors which are important for South African companies to consider if they want to succeed in West Africa.

7.5 LIMITATIONS

This is a qualitative research study and data was gathered through semi-structured interviews and archived documents. In this study, all interviews were conducted virtually through Microsoft Team. This has limitations as the researcher could not properly assess some of the important data elements, like body language and participant gestures. Rossman & Rallis (2003) stress that observation is an important data gathering technique as it enables the researcher to assess the participant's emotions, attention, and interest in the subject.

Other South African major banks did not participate in the study because the researcher works for a competitive bank. This is case study research and the primary goal of case study research, according to Koerber & McMichael (2008), is not to ensure generalisability; inferences can be made that the findings apply to other similar cases. That in itself, according to Koerber & McMichael (2008), is useful. Two other participants could have been added to the study if the researcher did not work for a competitor, and therefore the case study sample size could have been larger.

The dynamics in East Africa and North Africa may be different and so these findings cannot be assumed to be applicable in those regions as well. They also cannot be assumed to apply to other markets outside the African continent. Also, there are other South African companies, outside financial services, doing business in West Africa. These findings cannot be assumed to apply to other sectors in West Africa, other than the financial services sector.

7.6 FURTHER STUDY

This study answered the three research questions as covered in Chapters 5 and 6, and achieved its purpose of developing a framework that will enable South African companies (specifically in the financial services sector) to have better chances of success when entering West Africa. Further studies may cover the following:

1. Key factors that enable success for South African companies in the non-financial services sector. Some of these companies like MTN, despite their challenges in West Africa, have continued to operate in that region. Others have exited the region. A framework that will enable South African companies, in general, to succeed in West Africa, both in the Anglophone and Francophone regions would be useful. Depending on the industry and or services offered, some of these factors may include, for example, import duties, rail and road infrastructure, time to clear goods at the ports of entry, and others.

2. There are numerous studies on the Chinese impact on Africa. A comparative study on the factors that enable these companies to succeed in Africa as opposed to South African companies in the same territories would be useful in adding to the body of knowledge. According to the United Nations (2024), Africa's population is expected to reach 2.5 billion, meaning 25% of the world's population is expected to be African. This presents opportunities for companies which are looking at growing their markets on the continent. This study could explore the models used by Chinese companies in Africa compared to the ones used by South African companies in the rest of the continent. It can also look at the factors that cause the Chinese companies to fail in Africa.

3. A comprehensive study that looks at emerging markets, in general. A common framework that will enable South African companies to succeed in emerging markets will “provide incremental extensions to our knowledge”, filling “smaller gaps in literature” (Makadok *et al*., 2018). South African companies like Sanlam, Hollard, Naspers, and MTN do not only have operations in Africa but in other emerging markets like India, Pakistan and others. A framework with common factors that will enable South African companies to be successful in emerging markets would be a significant contribution to knowledge.

REFERENCES

Absa. (2023). [online]. Available from: http://www.absa.co.za [Accessed 25 March 2023]

Absa. (2023). [online]. Absa Group: *1H23 results presentation*. Available from: https://www.absa.co.za [Accessed 24 December 2023]

Absa. (2023). [online]. Absa Group Limited: *Integrated report 2022*. Available from: https://www.absa.co.za [Accessed 24 December 2023]

Adams, K., Debrah, Y.A., Williams, K. & Mmieh, F. (2014). Causes of Financial FDI inflows into Sub-Saharan Africa (SSA): Evidence from Ghana. *Thunderbird International Business Review,* 56(5), 439-459.

Adeleye, I., White, L. & Boso, N. (2016). *Africa-to-Africa internationalization - key issues and outcomes.* Basingstoke and New York: Palgrave Macmillan.

African Business. (2007). [Online]. Insurance in Nigeria. Available from: https://african.business [Accessed 08 June 2023]

African Development Bank. (2024). [Online]. Africa's microeconomic performance and outlook. Available from: https://www.afdb.org [Accessed 27 April 2024]

Agbaenyi, A.N. & Chimezie, A.O. (2019). Nigeria And South Africa: A Study Of Unequal Investment Relations. *International Journal of Innovative Research and Advanced Studies,* 6(4), 2394-4404.

Allianz. (2023). [online]. Available from: http://www.allianz.com [Accessed 19 May 2023]

Al-Kwifi, O.S., Frankwick, G.L. & Ahmed, Z.U. (2020). Achieving rapid internationalization of sub-Saharan African firms: Ethiopian Airlines' operations under challenging conditions. *Journal of Business Research,* 119, 663-673.

Amdam, R.P. (2009). The internationalisation process theory and the internationalisation of Norwegian firms, 1945 to 1980. *Business History,* 51(3), 445-461.

Anand, J. & Delios, A. (2002). Absolute and relative resources as determinants of international acquisitions. *Strategic Management Journal,* 23, 119-134.

Andersen, P., Ahmad, S.Z. & Chan, W.M. (2014). Revisiting the Theories of Internationalization and Foreign Market Entry Mode: A Critical Review. *International Journal of Business and Commerce,* 4(1), 37-86.

Anderson, E. & Gatignon, H. (1986). Modes of foreign entry: A transaction cost analysis and propositions. *Journal of International Business Studies*, 17(3), 1–26.

Andersson, U., Forsgren, M. & Holm, U. (2002). The strategic impact of external networks: Subsidiary performance and competence development in the multinational corporation. *Strategic Management Journal,* 23, 979-996.

Annushkina, O.E. & Colonel, R.T. (2013). Foreign Market Selection by Russian MNEs – beyond a binary approach? *Critical perspective on international business*, 9(1), 58-87.

Anyanwu, J.C. & Yameogo, N.D. (2015). What Drives Foreign Direct Investments into West Africa? An Empirical Investigation. *African Development Review,* 27(3), 199-215.

Armat, M.R., Assarouddi, A., Rad, M., Sharifi, H. & Heydari, A. (2018). Inductive and Deductive: Ambiguous Labels in Qualitative Content Analysis. *The Qualitative Report,* 23(1), 219-221.

Asongu, S.A. & Odhiambo, N.M. (2019). Challenges of Doing Business in Africa: A Systematic Review. *Journal of African Business*, 20(2), 259-268.

Azungah, T. (2018). Qualitative research: deductive and inductive approaches to data analysis. *Qualitative Research Journal,* 18(4), 383-400.

Baharein Mohd Noor, K. (2008). Case Study: A Strategic Research Methodology. *American Journal of Applied Sciences,* 5(11), 1602-1604.

Bai, W., Johanson, M., Oliveira, L. & Ratajczak-Mrozek, M. (2021). The role of business and social networks in the effectual internationalization: Insights from emerging market SMEs. *Journal of Business Research,* 129, 96-109.

Banerji, A. & Chandrawanshi, A.G. (2014). Review of Outward Direct Foreign Investment from India Post Liberalization. *American Journal of Business Research,* 7(1), 19-44.

Bansal, P.T. & Corley, K. (2011). The coming of age for qualitative research: Embracing the diversity of qualitative methods. *Academy of Management Journal,* 54(2), 233-237.

Basu, A. & Srinivasan, K. (2002). *Foreign Direct Investment in Africa – Some Case Studies*. African and International Capital Markets Department. International Monetary Fund.

Beach, L. & Mitchell, T. R. (1978). A contingency model for the selection of decision strategies. *Academy of Management Review*, 3 (3), 439-449.

Beck, T. & Cull, R. (2013). *Banking in Africa*. Development Research Group. The World Bank.

Bekoe, W., Jalloh, T. & Rahaman, W.A. (2021). Corruption and Foreign Direct Investment Inflows: Evidence from West Africa. *International Journal of Business and Economic Sciences Applied Research,* 7-25.

Bendickson, J., Muldoon, J., Liguori, E. & Davis, P.E. (2016). Agency theory: the times, they are a-changin'. *Management Decision,* 54(1), 174-193.

Benedictine University. (2024). [Online]. Public Health Research Guide: Primary & Secondary Data Definitions. Available from: https://researchguides.ben.edu/ [Accessed 28 October 2024]

Benito, G. R. G., Petersen, B. & Welch, L. S. (2011). Mode combinations and international operations: Theoretical issues and an empirical investigation. *Management International Review,* 51(6), 803–820.

Bennett, A. & Elman, C. (2006). Qualitative Research: Recent Developments in Case Study Methods. *Annual Review of Political Science,* 9, 455-476.

Bergh, D.D., Boyd, B.K., Byron, K., Gove, S. & Ketchen, D.J. (2022). What Constitutes A Methodological Contribution?. *Journal of Management,* 48(7), 1835-1848.

Bhandari, P. (2023). [Online]. *What is Qualitative Research / Methods & Examples.* Scribbr. https://www.scribbr.com/methodology/qualitative-research/ [Accessed 17 May 2023]

Bluhm, D. J., Harman, W., Lee, T. W. & Mitchell, T. R. (2011). Qualitative research in management: a decade of progress. *Journal of Management Studies*, 48, 1866-91.

Boustanifar, H., Zajac, E.J. & Zilja, F. (2022). Taking chances? The effect of CEO risk propensity on firms' risky internationalization decisions. *Journal of International Business Studies,* 53(2). 302-325.

Brouthers, K. D. & Hennart, J.F. (2007). Boundaries of the firm: Insights from international entry mode research. *Journal of Management*, 33(3), 395–425.

Bruno, V. & Hauswald, R. (2014). The Real Effect of Foreign Banks. *Review of Finance*, 18, 1683-1716.

Burlacu, S., Gutu, C. & Matei, F. O. (2018). Globalization–pros and cons. *Calitatea, 19*, 122–125.

Business Day. (2021). [online]. Available from: http://www.businesslive.co.za [Accessed 25 March 2023]

Busse, M., Erodgand, C. & Mühlen, H. (2016). China's Impact on Africa – The Role of Trade, FDI and Aid. *Kyklos,* 69(2), 228-262.

Cannizzaro, A.P. (2020). Social influence and MNE strategic response to political risk: A global network approach. *Journal of International Business Studies,* 51, 829-850.

Capitec. (2023). [online]. Available from: http://www.capitec.co.za [Accessed 24 May 2023]

Cavusgil, S.T. & Knight, G. (2015). The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization. *Journal of International Business Studies,* 46(1), 3–16.

Chen, W., Dollar, D. & Tang, H. (2018). Why is China Investing in Africa? Evidence from the Firm Level. *The World Bank Economic Review*, 32(3), 610-632.

Child, J. (1972). Organizational Structure, Environment and Performance: The Role of Strategic Choice. *Sociology,* 6(1), 1-22.

Child, J. (1997). Strategic Choice in the Analysis of Action, Structure, Organizations and Environment: Retrospect and Prospect*'. *Organization Studies,* 18(1), 43-76.

Chizema, D., Kleynhans, E.P.J., Bezuidenhout, H. & Mhonyera, G. (2021). Identifying the determinants of outward foreign direct investment decisions of South African retail enterprises investing into Africa. *Acta Commercii - Independent Research Journal in the Management Sciences,* 21(1), 1684-1999.

Chrysostome, E. (2010). The success factors of necessity immigrant entrepreneurs: in search of a model. *Thunderbird International Business Review,* 52 (2), 137–152.

Ciravegna, L., Kundu, S.K., Kuivalainen, O. & Lopez, L.E. (2019). The timing of internationalization – Drivers and outcomes. *Journal of Business Research,* 105, 322-332.

Clark, T., Pugh, D. S. & Mallory, G. (1997). The process of internationalization in the operating firm. *International Business Review,* 6(6), 605–623.

Connecting Africa. (2023). [online]. Available from: http://www.connectingafrica.com [Accessed 26 March 2023]

Conti, C.R., Parente, R. & de Vasconcelos, F.C. (2016). When distance does not matter: Implications for Latin American multinationals. *Journal of Business Research,* 69(6), 1980-1992.

Cornelissen, J. P. (2017). Preserving Theoretical Divergence in Management Research: Why the Explanatory Potential of Qualitative Research Should Be Harnessed Rather than Suppressed. *Journal of Management Studies*, 54(3), 368-383.

Coviello, N.E. (2006). The network dynamics of international new ventures. *Journal of International Business Studies,* 37, 713-731.

Coviello, N., Kano, L. & Liesch, P. W. (2017). Adapting the Uppsala model to a modern world: Macro-context and micro foundations. *Journal of International Business Studies*, 48(9), 1151–1164.

Crane, A., Henriques, I., Husted, B.W. & Matten, D. (2016). What Constitutes a Theoretical Contribution in the Business and Society Field?. *Business & Society,* 55(6), 783-791.

Cuervo-Cazurra, A. & Genc, M. (2008). Transforming disadvantages into advantages: developing-country MNEs in the least developed countries. *Journal of International Business Studies*, 39, 957-979.

Cuevas-Rodríguez, G., Gomez-Mejia, L.R. & Wiseman, R.M. (2012). Has Agency Theory Run its Course?: Making the Theory more Flexible to Inform the Management of Reward Systems. *Corporate Governance: An International Review,* 20(6), 526-546.

Cummings, C.R. (2015). ”Research Integrity and Responsible Conduct of Research” by Nichols-Casebolt. *Journal of Social Service Research*, 41, 141-142.

Cuypers, I.R.P., Ertug, G., Cantwell, J., Zaheer, A. & Kilduff, M. (2020). Making connections: Social Networks in international business. *Journal of International Business Studies,* 51, 714-736.

Davis, A. (2013). Exploring the strategising practices of middle managers – A case study at a South African University. DBL Thesis. University of South Africa, Pretoria.

Deloitte. (2022). [Online]. African Insurance Outlook 2022. Available from: http://www2.deloitte.com. [Accessed 08 June 2023].

Demirbag, M. & Mirza, H. 2000. Factors affecting international joint venture success: an empirical analysis of foreign–local partner relationships and performance in joint ventures in Turkey. *International Business Review,* 9. 1–35.

Dodgson, J.E. (2019). Reflexivity in Qualitative Research. *Journal of Human Lactation,* 35(2), 220-222.

Dooly, M., Moore, E. & Vallejo, C. (2017). Research Ethics. *Qualitative approaches to research on plurilingual education,* 351-362.

Doucoure, A. & Çankaya, S. (2021). The effect of the Banking Sector efficiency on the economic development in West Africa. *International Journal of Commerce and* Finance, 7(2). 50-70.

Du, J. & Zhao, E.Y. (2023). International expansion and home-country resource acquisition: A signaling perspective of emerging-market firms' internationalization. *Journal of International Business Studies,* 54(9), 1642-1660.

Ebegbulem, J.C. (2013). An Evaluation of Nigeria – South Africa Bilateral Relations. *Journal of International Relations and Foreign Policy,* 1(1), 32-40.

Eisenhardt, K.M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, 4(4), 532-550.

Eisenhardt, K.M. (1989). Agency Theory: An Assessment and Review. *Academy of Management Review*, 14(1), 57-74.

Eisenhardt, K.M. & Graebner, M.E. (2007). Theory Building from Cases: Opportunities and Challenges. *Academy of Management Journal*, 50(1), 25-32.

EY. (2023). [Online]. 2023 Global Insurance Outlook. Available from: https://www.ey.com/en_gl [Accessed 27 December 2023]

EY. (2024). [Online]. 2024 Global Insurance Outlook. Available from: https://www.ey.com/en_gl [Accessed 27 December 2023]

Fahinde, C., Abodohoui, A., Mohiuddin, M. & Su, Z. (2015). External financial inflows and domestic investment in the economies of WAEMU: Crowding-out versus crowding-in effects. *The Journal of Developing Areas,* 49(3), 229-248.

Ferreira, M.P., Serra, F.R., Costa, B.K. & Almeida, M. (2016). A Bibliometric Study of the Resource-based View (RB V) in International Business Research Using Barney (1991) as a Key Marker. *Innovar: revista de ciencias administrativas y sociales,* 26(61), 131-144.

Forsgren, M. & Holm, U. (2021). Complementing the Uppsala model? A commentary on Treviño and Doh's paper ''Internationalization of the firm: A discourse-based view''. *Journal of International Business Studies,* 52(1), 1407-1416.

Freixanet, J. & Renart, G. (2020). A capabilities perspective on the joint effects of internationalization time, speed, geographic scope and managers' competencies on SME survival. *Journal of World Business,* 55(6), 1-14.

Friedman, M. (1970). The Social Responsibility of Business is to Increase Its Profits. *The New York Times Magazine,* Available from: http://www.proquest.com [Accessed 16 May 2023]

Gammeltoft, P. & Cuervo-Cazurra, A. (2021). Enriching internationalization process theory: insights from the study of emerging market multinationals. *Journal of International Management,* 27(3), 1-16.

Gayle, D.J. (2002). The impact of financial services globalization upon the Caribbean common market. *The Review of Policy Research,* 19(1), 107-129.

Ghana National Insurance Commission. (2020). [Online]. National Insurance Commission 2020 Annual Report. Available from: NIC (nicgh.org) [Accessed 24 December 2023].

Ghana National Insurance Commission. (2021). [Online]. National Insurance Commission 2021 Annual Report. Available from: NIC (nicgh.org) [Accessed 24 December 2023].

Ghemawat, P. (2001). Distance Still Matters: The Hard Reality of Global Expansion. *Harvard Business Review*, 79(8), 137-147.

Ghemawat, P. (2007). *Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter*. Boston, Massachusetts: Harvard Business School Press.

Ghemawat, P. (2018). *DHL Global Connectedness Index* [online]. Available from: http://www.ghemawat.com [Accessed 17 October 2020]

Goerzen, A. (2007). Alliance networks and firm performance: The impact of repeated partnerships. *Strategic Management Journal,* 28, 487-509.

Goldkuhl, G. (2012). Pragmatism vs interpretivism in qualitative information systems research. *European Journal of Information Systems,* 21 (1), 135-146.

Gomes, D., Hoffmann, J.B. & Finkler, M. (2021). Ethical reflexivity in qualitative research: the use of cinematographic movies as an instrument for continuous training. *Revista Brasileira de Enfermagem*, 74(3), 1-5.

Grant, R. (2001). Liberalization policies and foreign companies in Accra, Ghana. *Environment and Planning,* 33, 997-1014.

Grant, R.M. (2013). *Contemporary strategy analysis text and cases.* 8th ed. Malden, MA: Blackwell.

Gulati, R., Nohria, N. & Zaheer, A. (2000). Strategic Networks. *Strategic Management Journal,* 21, 2003-215.

Haapanen, L., Juntunen, M. & Juntunen, J. (2016). Firms' capability portfolios throughout international expansion: A latent class approach. *Journal of Business Research*, 69(12), 5578-5586.

Haelg, F. (2021). Drivers of financial globalisation: The role of informational frictions. The *World Economy,* 45(3), 608-636.

Halcomb, E. & Hickman, L. (2015). Mixed methods research. *Nursing Standard: promoting excellence in nursing care*, 29 (32), 41-47.

Harley, B. & Faems, D. (2017). Theoretical Progress in Management Studies and the Role of Qualitative Research. *Journal of Management Studies*, 54(3), 366-367.

Harney, B. (2016). Strategic Choice. *An Encyclopedia of Human Resource Management*, 414-415.

Hasan, N., Rana, R.U., Chowdhury, S., Dola, A.F. & Rony, M.K.K. (2021). Ethical Considerations in Research. *Journal of Nursing Research, Patient Safety and Practise,* 1(1), 1-4.

Heigham, J. & Croker, R.A. (2009). *Qualitative Research in Applied Linguistics: A Practical Introduction.* England: Palgrave MacMillan.

Hennart, J., Majocchi, A. & Hagen, B. (2021). What's so special about born globals, their entrepreneurs or their business model?. *Journal of International Business Studies,* 52, 1665-1694.

Holland, C.P. (1998). The globalisation of financial services. *The Journal of Strategic Information Systems,* 7(3). 161-163.

Hollard. (2023). [online]. Available from: http://www.hollard.co.za [Accessed 13 May 2023]

Huggins, R. & Thompson, P. (2015). Entrepreneurship, innovation and regional growth: a network theory. *Small business economics,* 45(1), 103-128.

Hult, G.T.M., Gonzalez-Perez, M.A. & Lagerstrom, K. (2020). The theoretical evolution and use of the Uppsala Model of internationalization in the international business ecosystem. *Journal of International Business Studies,* 51, 38-49.

Hultman, M., Iveson, A. & Oghazi, P. (2021). The Information Paradox in Internationalization: Can ignorance ever be bliss? Evidence from emerging market SME managers. *Journal of Business Research,* 131, 268-277.

Ibrahim, M., Adam, I.O. & Sare, Y.A. (2019). Networking for Foreign Direct Investment in Africa: How important are ICT Environment and Financial Sector Development? *Journal of Economic Integration*, 34(2), 346-369.

Jackson, D. (2013). ”What are Qualitative Research Ethics?” by Rose Wiles. *Journal of Research Administration*, 44(1): 93-95.

Jean, R. J., & Kim, D. (2020). Internet and SMEs’ internationalization: The role of platform and website. *Journal of International Management*, 26(1), 1–14.

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

Johanson, J. & Vahlne, J. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies,* 40, 1411-1431.

Kabongo, J.D. & Okpara, J.O. (2019). Timing and speed of internationalization: Evidence from African banks. *Journal of Business Research,* 102, 12-20.

Kamal, S.S. (2019). Research paradigms and the philosophical foundations of qualitative study. *International Journal of Social Sciences,* 4(3), 1386-1394.

Karami, M., Ojala, A. & Saarenketo, S. (2020). Entrepreneurial orientation and international opportunity development by SMEs: The mediating role of decision-making logic. *Journal of Small Business Management*, 1–29.

Kim, H., Wu, J., Schuler, D.A. & Hoskisson, R.E. (2020). Chinese multinationals’ fast internationalization: Financial performance advantage in one region, disadvantage in another. *Journal of International Business Studies,* 51(7), 1076-1106.

Kinda, T. (2012). Foreign ownership, sales to multinationals and firm efficiency: the case of Brazil, Morocco, Pakistan, South Africa and Vietnam. *Applied Economics Letters,* 19. 551-555.

Koerber, A. & McMichael, L. (2008). Qualitative Sampling Methods: A Premier for Technical Communication. *Journal of Business and Technical Communication,* 22(4), 454-473.

KPMG. (2021). [Online]. The South African Insurance Industry Survey 2021. Available from: https://kpmg.co.za [Accessed 27 December 2023]

KPMG. (2022). [Online]. The South African Insurance Industry Survey 2022. Available from: https://kpmg.co.za [Accessed 27 December 2023]

KPMG. (2023). [Online]. The South African Insurance Industry Survey 2023. Available from: https://kpmg.co.za [Accessed 27 December 2023]

Kraus, S., Ambos, T.C., Eggers, F. & Cesinger, B. (2015). Distance and perceptions of risk in internationalization decisions. *Journal of Business Research*, 68(7), 1501-1505.

Krukowska, M. (2018). China's economic expansion in Africa – selected aspects. *International Business and Global Economy,* 37, 84-97.

Kudaisi, B.V. (2014). An empirical determination of foreign direct investment in West African countries: A panel data analysis. *International Journal of Development and Economic Sustainability,* 2(2), 19-36.

Kumar, V., Singh, D., Purkayastha, A., Popli, M. & Gaur, A. (2020). Springboard internationalization by emerging market firms: Speed of first cross-border acquisition. *Journal of International Business Studies,* 51(2). 172-193.

Kuskova, V.V., Podsakoff, N.P. & Podsakoff, P.M. (2011). Effects of theoretical contribution, methodological rigor, and journal quality on the impact of scale development articles in the field of entrepreneurship. *Strategic Entrepreneurship Journal,* 5, 10-36.

Labuschagne, A. (2003). Qualitative research: airy fairy or fundamental?. *The Qualitative Report*, 8(1),100-103.

Lee, C.G. (2012). Reconsidering Constructivism in Qualitative Research. *Educational Philosophy and Theory,* 44(4), 403-412.

Lee, T.W. (1999). *Using Qualitative Methods in Organisational Research*. 1st ed. United States of America: Sage Publications Inc.

Leedy, P.D. & Ormrod, J.E. (2014). *Practical Research: Planning and Design*. 10th ed. Essex: Pearson Education Limited.

Levitt, T. (1983). The globalisation of markets. *Harvard Business Review,* 61, 92-102.

Levy, J.S. (2008). Case Studies: Types, Designs, and Logics of Inference. *Conflict Management and Peace Science.* 25(1). 1-18.

Li, J. & Fleury, M.T.L. (2020). Overcoming the liability of outsidership for emerging market MNEs: A capability building perspective. *Journal of International Business Studies,* 51, 23-37.

Lu, J.W., Ma, H. & Xie, X. (2022). Foreignness research in international business: Major streams and future directions. *Journal of International Business Studies*, 53, 449-480.

Luiz, J.M. & Charalambous, H. (2009). Factors influencing foreign direct investment of South African financial services firms in Sub-Saharan Africa. *International Business Review,* 18, 305-317.

Makadok, R., Burton, R. & Barney, J. (2018). A practical guide for making theory contributions in strategic management. *Strategic Management Journal,* 39, 1530-1545.

Makri, C. & Neely, A. (2021). Grounded Theory: A Guide for Exploratory Studies in Management Research. *International Journal of Qualitative Methods,* 20 (1), 1-14.

Manole, V. & Spatareanu, M. (2015). Investment climate, foreign networks and exporting – evidence from Africa*. International Review of Applied Economics,* 29(3). 349-373.

Mandler, T., Bartsch, F. & Han, C.M. (2021). Brand credibility and marketplace globalization: The role of perceived brand globalness and localness. *Journal of International Business Studies,* 52, 1559-1590.

Marshall, M. (1996). Sampling for qualitative research. *Family Practic*e, 13(6). 522–525.

Mathews, J.A. (2006). Dragon multinationals: New players in 21st century globalization*. Asia Pacific Journal of Management*, 23(1), 5–27.

Matysiak, L., Rugman, A.M. & Bausch, A. (2018). Dynamic Capabilities of Multinational Enterprises: The Dominant Logics Behind Sensing, Seizing, and Transforming Matter!. *Management International Review,* 58(2), 225-250.

McGee, J.E., Dowling, M.A. & Megginson, W.L. (1995). Cooperative Strategy and New Venture Performance: The Role of Business Strategy and Management Experience. *Strategic Management Journal,* 16(7), 565-580.

McKim, C.A. (2017). The Value of Mixed Methods Research: A Mixed Methods Study. *Journal of Mixed Methods Research,* 11(2), 202-222.

McKinsey & Company. (2020). [Online]. The African insurance market is set for take-off. Available from: http://www.mckinsey.com. [Accessed 08 June 2023].

Miles, M.B., Huberman, A.M. & Saldaña, J. (2014). *Qualitative Data Analysis*. 3rd ed. United States of America: Sage Publications Inc.

Mishkin, F.S. (2009). Globalization and financial development. *Journal of Development Economics,* 89(2), 164-169.

Mohsin, H.J., Ahmed, S.A. & Streimikiene, D. (2020). Evaluation the financial performance by considering the effect of external factors on organization cash flow. *Contemporary Economics*, 14(3), 406-414.

Molina-Azorin, J.M. & Camron, R. (2010). The Application of Mixed Methods in Organisation Research: A Literature Review. *The Electronic Journal of Business Research Methods,* 8(2), 95-105.

Momentum Metropolitan. (2023). [online]. Momentum Metropolitan: *Interim results presentation*. Available from: https://www.momentummetropolitan.co.za [Accessed 24 December 2023]

Momentum Metropolitan. (2023). [online]. Momentum Metropolitan: *Full integrated report 2022*. Available from: https://www.momentummetropolitan.co.za [Accessed 24 December 2023]

Montanari, J.R. (1979). Strategic Choice: A Theoretical Analysis. *The Journal of Management Studies,* 26(2), 202-221.

Moshirian, F. (2008). Financial services in an increasingly integrated global financial market. *Journal of Banking & Finance,* 32(11), 2288-2292.

MTN. (2022). [online]. Available from: http://www.mtn.co.za [03 February 2022]

Naspers. (2020). [online]. Available from: http://www.naspers.com [Accessed 20 October 2020]

Newbert, S.L. (2007). Empirical research on the resource-based view of the firm: An assessment and suggestions for future research. *Strategic Management Journal,* 28, 121-146.

Newman, C., Page, J., Rand, J., Shimeles, A., Soderbom, M. & Tarp, F. (2020). Linked-in by FDI: The Role of Firm-Level Relationships for Knowledge

Transfers in Africa and Asia. *The Journal of Development Studies,* 56(3). 451-468.

Nilmanat, K. & Kurniawan, T. (2021). The Quest in Case Study Research. *Pacific Rim International Journal of Nursing Research*, 25(1), 1-6.

Noble, C.H., Sinha, R.K. & Kumar, A. (2002). Market Orientation and Alternative Strategic Orientations: A Longitudinal Assessment of Performance Implications, *Journal of Marketing*, 66(4), 25-39.

Noor, K.B.M. (2008). Case Study: A Strategic Research Methodology. *American Journal of Applied Sciences*, 5(11), 1602-1604.

Nutt, P.C. (1998). Evaluatiing Alternatives to Making Strategic Choices. *Omega (Oxford),* 26(3), 333-354.

Nyame-Asiamah, F., Amoako, I.O.,Amankwah-Amoah, J. & Debrah, Y.A. (2020). Diaspora entrepreneurs' push and pull institutional factors for investing in Africa: Insights from African returnees from the United Kingdom. *Technological Forecasting & Social Change,* 152, 1-16.

Nyuur, R.B., Wanjiru, R., Amankwah-Amoah, J. & Ifere, S.E. (2018). Critical perspectives on international business in Africa: An overview and proposed new research agenda. *Critical Perspectives on International Business*, 14(2), 102-110.

O'Rourke, K.H. & Williamson, J.G. (2002). When did globalisation begin?. *European Review of Economic History,* 6, 23-50.

O'Sullivan, E., Rassel, G.R. & Berner, M. (2007). *Research Methods for Public Administrators*. London. Routledge.

Oguji, N. & Owusu, R.A. (2021). Market entry into Africa: Acquisitions and international joint ventures. Studies of foreign firms' market entry strategies, challenges, and performance in Africa. *Thunderbird International Business Review,* 63, 5-9.

Old Mutual. (2023). [online]. Available from: http://www.oldmutual.co.za [Accessed 13 May 2023]

O'Reilly, M. & Parker, N. (2012). 'Unsatisfactory saturation': A critical exploration of the notion of saturated sample sizes in qualitative research. *Qualitative Research,* 19(2). 190-197.

Oviatt, B.M. & McDougall, P.P. (1997). Challenges for Internationalisation Process Theory: The Case of International New Ventures. *Management International Review,* 37, 85-99.

Oviatt, B.M. & McDougall, P.P. (2005). Defining International Entrepreneurship and Modelling the Speed of Internationalization. *Entrepreneurship Theory and Practice,* 537-553.

Owusu, R.A. & Habiyakare, E. (2011). Managing Risk and Turbulence in Internationalization of Foreign Companies to South Africa: Lessons from Seven Finnish Business-to-Business Firms. *Journal of African Business,* 12, 218-237.

Pangarkar, N. & Lim, H. (2003). Performance of foreign direct investment from Singapore. *International Business Review,* 12. 601–624.

Pant, P. (2019). 'SWOT Analysis: A Powerful Tool of Strategic Competitive Management Effectiveness', *A Journal of Management Sciences*, 9(2): 31-37.

Paul, J. & Gupta, P. (2014). Process and intensity of internationalization of IT firms – Evidence from India. *International Business Review,* 23, 594-603.

Pelto, P.J. (2015). What is so new about mixed methods?. *Qualitative Health Research,* 25(6), 734-745.

Peng, M.W. (2001). The resource-based view and international business. *Journal of Management,* 27(6), 803-829.

Pepper, A. & Gore, J. (2015). Behavioral Agency Theory: New Foundations for Theorizing About Executive Compensation. *Journal of Management,* 41(4), 1045-1068.

Pietilä, A., Nurmi, S., Halkoaho, A. & Kyngäs, H. (2019). [Online]. *The Application of Content Analysis in Nursing Science Research*. GoogleScholar. [Accessed on 06 July 2021].

Pitelis, C.N. (2004). Edith Penrose and the resource-based view of (international) business strategy. *International Business Review,* 13(4), 523-532.

Potrafke, N. (2015). The Evidence on Globalisation. *The World Economy,* 38(3), 509-552.

Poulis, K., Poulis, E. & Plakoyiannaki, M.E. (2013). The role of context in case study selection: An international business perspective. *International Business Review*, 22 (1), 304-314.

Pratt, M.G. (2009). For the lack of Boilerplate: Tips on Writing Up (And Reviewing) Qualitative Research. *Academy of Management Journal,* 52(5), 856-862.

Puig, F., Madhok, A., & Shen, Z. (2020). Investigating firm heterogeneity in country-of-origin cluster location choice decisions. *Multinational Business Review,* 28(2), 221–244.

Putzhammer, M., Fainshmidt, S., Puck, J. & Slangen, A. (2018). To elevate or to duplicate? Experiential learning, host-country institutions, and MNE post-entry commitment increase. *Journal of World Business,* 53(4), 568–580.

PwC. (2015). [Online]. Doing Business in Africa: *Focus on Nigeria*. Available on http://www.pwc.com. [Accessed on 17 May 2023]

Qian, G., Li, L., Li, J. & Qian, Z. (2008). Regional diversification and firm erformance. *Journal of International Business Studies*, 39(2), 197–214.

Radovic-Markovic, M., Brnjas, Z. & Simovic, V. (2019). The impact of globalization on entrepreneurship. *Economic Analysis, 52*, 56–68.

Ramamurti, R., & Hillemann, J. (2018). What is ‘‘Chinese’’ about Chinese multinationals? *Journal of International Business Studies*, 49(1): 34–48.

Reuters. (2024). [Online]. Ghana overseas debt restructuring seen delayed not scuppered by new fin min. Available on https://www.reuters.com. [Accessed on 26 April 2024]

Rossman, G.B. & Rallis, S.F. (2014). *Learning in the field: An Introduction to Qualitative Research*. 2nd ed. United States of America: Sage Publications Inc.

Rumyantseva, M. & Welch, C. (2023). The born global and international new venture revisited: An alternative explanation for early and rapid internationalization. Journal of International Business Studies, 54(7), 1193-1221.

Saldaña, J. (2009). *The coding manual for qualitative researchers*. Thousand Oaks, CA: Sage.

Saldaña, J. (2011). *Fundamentals of qualitative research*. New York: Oxford University Press.

Sanlam. (2022). [online]. Available from: http://www.sanlam.co.za [Accessed 03 February 2022]

Sanlam. (2023). [online]. Sanlam: *Interim results presentation*. Available from: https://www.sanlam.co.za [Accessed 24 December 2023]

Sanlam. (2023). [online]. Sanlam: *Investor conference presentation 2022*. Available from: https://www.sanlam.co.za [Accessed 24 December 2023]

Sartor, M.A. & Beamish, P.W. (2020). Integration-oriented strategies, host market corruption and the likelihood of foreign subsidiary exit from emerging markets. *Journal of International Business Studies,* 51, 414-431.

Sasaki,I., Nummela, N. & Ravasi, D. (2021). Managing cultural specificity and cultural embeddedness when internationalizing: Cultural strategies of Japanese craft firms. *Journal of International Business Studies,* 52, 245-281.

Schaefer, K.J. (2020). Catching up by hiring: The case of Huawei. *Journal of International Business Studies,* 51, 1500-1515.

Schindler, P.S. (2019). *Business Research Methods.* 13th ed. New York, USA: McGraw-Hill/Irwin.

Scholte, J.A. (2008), Defining Globalisation. *The World Economy,* 31(11), 1471-1502.

Sechrest, L. & Sidani, S. (1995). Quantitative and Qualitative Methods: Is there an alternative?. *Evaluation and Program Planning,* 18(1), 77-87.

Shapiro, S.P. (2005). Agency Theory. *The Annual Review of Sociology,* 31, 263-284.

Sharma, P., Leung, T.Y., Kingshott, R.P.J., Davcik, N.S. & Cardinali, S. (2020). Managing uncertainty during a global pandemic: An international business perspective. *Journal of Business Research,* 116, 188-192.

Shenkar, O., Tallman, S.B., Wang, H. & Wu, J. (2022). National culture and international business: *A path forward. Journal of International Business Studies,* 53, 516-533.

Shijaku, E., Larraza-Kintana, M. & Urtasun-Alonso, A. (2020). Network centrality and organizational aspirations: A behavioral interaction in the context of international strategic alliances. *Journal of International Business Studies,* 51, 813-828.

Siggelkow, N. (2007). Persuasion with case studies. *Academy of Management Journal*, 50(1), 20-24.

Smit, A.J. (2012). Management Perceptions about Globalisation of Markets and Production: Myth or Reality?. *International Journal of Business and Management Studies*, 1(2), 293-305.

Smith, T.S. (2019). *Qualitative and Quantitative Research*. Great Neck Publishing. [Accessed 26 April 2021]

Solomon, S.J., Bendickson, J.S., Marvel, M.R., McDowell, W.C. & Mahto, R. (2021). Agency theory and entrepreneurship: A cross-country analysis. *Journal of Business Research,* 122, 466-476.

South African Insurance Association. (2023). [Online]. Annual Review 2023. available on https://www.saia.co.za [Accessed on 27 December 2023].

South African Reserve Bank. (2023). [Online]. Why inflation is bad?. available on https:// www.resbank.co.za [Accessed on 27 December 2023].

South African Reserve Bank. (2023). [Online]. Prudential Authority Annual Report 2022/23. available on https:// www.resbank.co.za [Accessed on 27 December 2023].

Stallkamp, M., Hunt, R.A. & Schotter, A.P.J. (2022). Scaling, fast and slow: The internationalization of digital ventures. *Journal of Business Research,* 146, 95-106.

Standard Bank. (2023). [online]. Available from: http://www.standardbank.co.za [Accessed 19 May 2023]

Sullivan, D. (1994). Measuring the degree of internationalization of a firm. *Journal of International Business Studies*, 25(2), 325–342.

Surdu, I., Greve, H.R. & Benito, G.R.G. (2020). Back to basics: Behavioral theory and internationalization. *Journal of International Business Studies,* 52(6), 1047-1068.

Tellis, W. (1997). Introduction to Case Study. *The Qualitative Report,* 3(2). 1-14.

The Africa Report. (2020). [online]. Available from: http://www.theafricareport.com [Accessed 25 March 2023]

The South African Institute of International Affairs. (2003). [Online]. The Experience of South African Companies Doing Business in Africa: A Preliminary Survey and Analysis. Available from: https://saiia.org.za. [Accessed 18 May 2023]

The South African Institute of International Affairs. (2004). [Online]. 'An Oil Giant Reforms': The Experience of South African Companies Doing Business in Nigeria. Available from: https://saiia.org.za. [Accessed 26 March 2023]

The South African Institute of International Affairs. (2005). [Online]. Glimpse of Hope in West Africa: The Experience of South African Firms Doing Business in Ghana. Available from: https://saiia.org.za [Accessed 26 March 2023]

The South African Institute of International Affairs. (2008). [Online]. SA companies use Ghana as gateway to West Africa. Available from: https://saiia.org.za [Accessed 17 May 2023]

Tiger Brands. (2023). [online]. Available from: http://www.tigerbrands.com [Accessed 25 March 2023]

Treviño, L.J. & Doh, J.P. (2020). Internationalization of the firm: A discourse-based View. *Journal of International Business Studies*, 52, 1375-1396.

University of Nottingham. (2024). [Online]. Understanding Pragmatic Research. Available from: https://www.nottinghma.ac.uk [Accessed 27 April 2024]

University of Pretoria. (2011). *Research Methodology: notes for INI 800*. Pretoria.

University of Witwatersrand. (2019). Standard Bank: Making Côte D'Ivoire Home. Johannesburg.

Vahlne, J. & Johanson, J. (2017). From internationalization to evolution: The Uppsala Model at 40 years. *Journal of International Business Studies,* 48, 1087-1102.

Valdemarin, S. (2015). Analysis regarding the growing presence of Italian firms in Romania. *Central European Business Review*, 4(4), 58-70.

Valentino, A., Mayrhofer, U. & Caroli, M. (2022). Lets stay connected: The impact of social and business networks on foreign subsidiary performance. *Management International,* 26(2), 116-132.

Verhoef, G. (2016). 'Not to bet the farm': SANLAM and internationalisation, 1995–2010. *Business History,* 58(6), 947-973.

Wach, K. (2021). The evolution of the Uppsala model: Towards non-linearity of internationalisation of firms. *International Entreprenenurship Review,* 7(2), 7-19.

Warwick University. (2023). [online]. Available from: https://warwick.ac.uk [Accessed 12 June 2023]

Welman, C., Kruger, F. & Mitchell, B. (2005). *Research Methodology.* 3rd ed. Cape Town, South Africa: Oxford University Press.

Wernerfelt, B. (1984). A Resource-based View of the Firm. *Strategic Management Journal,* 5, 171-180.

Wernerfelt, B. (2103). Small forces and large firms: Foundations of the RBV. *Strategic Management Journal,* 34(6), 635-643.

White, L., Kitimbo, A. & Rees, L. (2019). Institutions and the location strategies of South African firms in Africa. *Thunderbird International Business Review,* 61, 61-73.

White, L. & Van Dongen, K. (2017). Internationalization of South African Retail Firms in Selected African Countries. *Journal of African Business,* 18(3), 278-298.

Whitelock, J. (2002). Theories of internationalisation and their impact on market entry. *International Marketing Review,* 19(4), 342-347.

Whitler, K. A. (2019). What Western markets can learn from China. *Harvard Business Review*, 97(3): 74–82.

Witt, M.A. (2019). De-globalization: Theories, predictions, and opportunities for international business research. *Journal of International Business Studies,* 50, 1053-1077.

Wohlin, C. & Runeson, P. (2021). Guiding the selection of research methodology in industry–academia collaboration in software engineering. *Information and Software Technology,* 106678, 1-14.

World Bank. (2024). [Online]. The World Bank in Côte d'Ivoire. Available from: https://www.worldbank.org [Accessed 29 April 2024]

Wu, H., Xu, Z. & Skare, M. (2022). How do family businesses adapt to the rapid pace of globalization? a bibliometric analysis. *Journal of Business Research,* 153, 59-74.

Yin, R.K. (2011). *Qualitative Research from Start to Finish.* 1st ed. New York, USA: The Guilford Press.

Yukl, G. (2013). *Leadership in organisations*. 8th ed. England: Pearson.

APPENDIX

Semi-structured interview questions:

Opening questions

1. Tell me more about yourself and your career at your company.
2. Can you describe what your role is?
3. How long have you been involved with the West African subsidiary?

Strategic considerations

4. Why have you chosen to invest in West Africa?
5. What are the key consideration in your strategy and what informed those?
6. What is the Head Office's involvement in strategy development and implementation?
7. What was your entry strategy into West Africa?
8. How has the subsidiary firm been performing against your targets?
9. How is the subsidiary performing against competitors in West Africa and what is driving that performance?
10. What do you think needs to be done to improve the current performance?
11. What challenges are faced by the local subsidiary and what are the causes of those challenges
12. Would you consider your company to be successful in West Africa? and what would you attribute that success to?

Testing external factors

13. What are the key external factors that affect your performance in West Africa and why?

Assessing the impact of internal factors

14. What are the key internal capabilities which are critical for your success?
15. Is the company brand well known in the host country? How is it being perceived by the market in your country and how does that perception impact on your performance?
16. What is your view on the issue of employing locals versus foreigners and does this have any impact on the performance of the business? Can you elaborate?

17. Are shared services, like procurement, information technology and others, centrally controlled or locally based, and does this have any contribution to success?
18. What is your view on the involvement of Head Office on the local branch?
19. What internal changes do you think the organisation needs to make to be more successful and why?