Czech University of Life Sciences Prague

Faculty of Economics and Management

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Master's Thesis

Adaptation of Foreign Market Strategies in South Africa: Evidence from Selected Multinational Firm Performance

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

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DIPLOMA THESIS ASSIGNMENT

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Thesis title

Adaptation of Foreign Market Strategies in South Africa: Evidence from Selected Multinational Firm Performance.

Objectives of thesis

This study will examine the impact of adapting foreign marketing strategies on firm performance in South Africa over the period 2014–2024, focusing on three multinational corporations: Unilever, Nestlé, and Coca-Cola.
The primary aim of this research is to assess how multinational companies adjust and adapt their foreign market strategies to suit the economic and business conditions in the Republic of South Africa and how these adjustments affect firm performance.

The specific objectives of this study include:

1. To assess the impact of South Africa's economic conditions on the performance of multinational companies.
2. To determine how foreign direct investment influences competition among multinational firms in South Africa.
3. To examine the role of firm characteristics, such as size and age, in shaping business performance in the South African market.
4. To evaluate how multinational companies adapt their strategies to meet local market conditions in South Africa.

Methodology

A panel data regression approach will be used to examine firm performance over time, as it allows for the analysis of changes within firms while accounting for differences between them. The model includes firm and year effects to control for company-specific factors and broader economic conditions, providing a reliable framework for assessing the relationship between marketing strategies and performance.

Firm performance will be measured using revenue and return on assets (ROA). The analysis will also consider key economic factors such as inflation, foreign direct investment (FDI), and GDP, alongside firm characteristics like size and age. Overall, the study expects that adapting marketing strategies to the South African market will improve firm performance, while economic conditions and firm differences will also influence outcomes.

The proposed extent of the thesis

60-80 pages

Keywords

Market adaptation, Emerging market, Multinational corporations, International-Local integration, Institutional environment, Dynamic capabilities, Strategic adaptation.

Recommended information sources

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Declaration

I declare that I have worked on my master's thesis titled "Adaptation of Foreign Marketing Strategies in South Africa:Evidence from Selected Firm Perfomance. " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 31st March 2026 _____

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Adaptation of Foreign Market Strategies in South Africa: Evidence from Selected Multinational Firm Performance

Abstract

This research aims to explore how MNCs adapt their international business strategies when entering emerging markets, analysing subsidiary performance in South Africa. Global business strategy literature assumes that companies have the ability to transfer global strategies into every market as there is no need for re-creation of the global strategies. The research shows that while it is true that standard global market strategies can be utilised in many instances, due to various contexts, such as institutional, cultural, competitive conditions, there is frequent need for local adaptation of these strategies. The research considers these conflicting assumptions and examines how strategic localisation may influence performance at the firm level. Using a quantitative approach, the research analyses three multinational corporations (Unilever, Nestle, and Coca-Cola) operating in South Africa for the period between 2010 and 2024 using panel data through descriptive statistics, correlation analysis, and panel regression analysis to establish the relationship between variables associated with local adaptation strategies and financial performance indicators. The research concludes that selective strategic localisation (i.e., marketing, pricing, stakeholder engagement) had a statistically significant positive effect on subsidiary performance whereas excessive standardisation impaired subsidiary responsiveness and growth. The research further demonstrated that organisations that exceed their capacity to coordinate operations will suffer from diminishing returns as they local adapt. The research concludes that when there is an optimal balance between global integration and local responsiveness through calibrated hybrid strategies, multinational corporations can achieve optimum performance. The research recommends multinational managers utilise context sensitive decision-making frameworks and dynamic capability mechanisms to align their corporate strategies with host nation's Institutional realities consistently.

Keywords: Market adaptation, Emerging market, Multinational corporations, International-Local integration, Institutional environment, Dynamic capabilities, Strategic adaptation.

Adaptace strategií zahraničních trhů v Jihoafrické republice: Důkazy z výkonnosti vybraných nadnárodních firem

Abstrakt

Tento výzkum si klade za cíl prozkoumat, jak nadnárodní společnosti přizpůsobují své mezinárodní obchodní strategie při vstupu na rozvíjející se trhy, a analyzovat výkonnost dceřiných společností v Jižní Africe. Literatura o globální obchodní strategii předpokládá, že společnosti mají schopnost přenést globální strategie na každý trh, protože není nutné globální strategie znovu vytvářet. Výzkum ukazuje, že i když je pravda, že standardní globální tržní strategie lze v mnoha případech využít, vzhledem k různým kontextům, jako jsou institucionální, kulturní a konkurenční podmínky, je často potřeba lokální adaptace těchto strategií. Výzkum zvažuje tyto protichůdné předpoklady a zkoumá, jak může strategická lokalizace ovlivnit výkonnost na úrovni firmy. Pomocí kvantitativního přístupu výzkum analyzuje tři nadnárodní společnosti (Unilever, Nestlé a Coca-Cola) působící v Jižní Africe v období let 2010 až 2024 s využitím panelových dat prostřednictvím deskriptivní statistiky, korelační analýzy a panelové regresní analýzy k určení vztahu mezi proměnnými spojenými s lokálními adaptačními strategiemi a ukazateli finanční výkonnosti. Výzkum dochází k závěru, že selektivní strategická lokalizace (tj. marketing, ceny, zapojení zainteresovaných stran) měla statisticky významný pozitivní vliv na výkonnost dceřiných společností, zatímco nadměrná standardizace zhoršila jejich reaktivitu a růst. Výzkum dále ukázal, že organizace, které překračují svou kapacitu koordinace operací, budou trpět klesajícími výnosy, protože se budou přizpůsobovat lokálním podmínkám. Výzkum dochází k závěru, že pokud existuje optimální rovnováha mezi globální integrací a lokální reakcí prostřednictvím kalibrovaných hybridních strategií, mohou nadnárodní korporace dosáhnout optimálního výkonu. Výzkum doporučuje, aby nadnárodní manažeři využívali kontextově citlivé rozhodovací rámce a mechanismy dynamických schopností k důslednému sladění svých firemních strategií s institucionální realitou hostitelské země.

Klíčová slova: Adaptace na trh, Rozvíjející se trh, Nadnárodní korporace, Mezinárodní-lokální integrace, Institucionální prostředí, Dynamické schopnosti, Strategická adaptace.

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1 Introduction

Sub-Saharan Africa (SSA), for multinational corporations (MNCs) seeking global expansion and presence, has emerged as a significantly dynamic and challenging frontier (Hough, Parker, & Neuland, 2012). With more than 1.2 billion people residing in the region (World Population Review, 2025) and about 60 % of them being under 25 years of age (World Bank, 2023), Sub-Saharan Africa (Figure 1) is recognised as an untapped market for foreign direct investments with a vast customer base (Bartels, Alladina & Lederer, 2009; Görg, 2023). While SSA is endowed with several economic and social resources, technological advancements, and liberalisation, many foreign companies are often plagued with the inability to successfully adapt business and marketing strategies to the local environments, particularly due to heterogenous cultures, diverse languages, and weak social institutions (Bayero & Daneji, 2018).

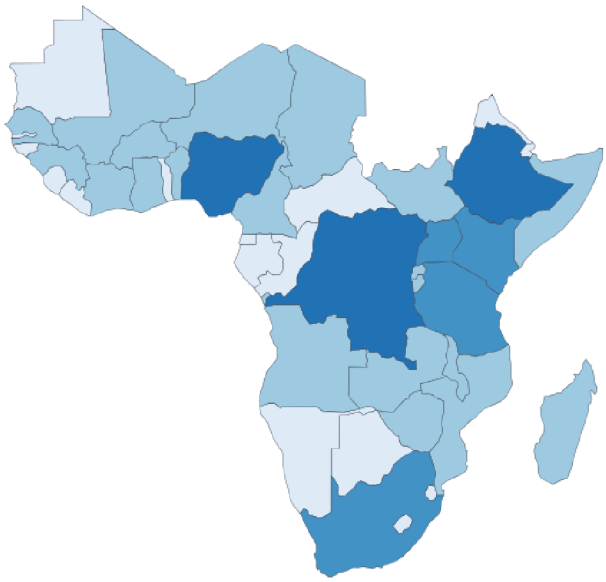

Figure 1. Sub-Saharan Africa Map (World Population Review, 2025)

Among countries in the sub-Saharan African region, the Republic of South Africa (hereinafter referred to as South Africa) is significant. Located at Africa's southern tip, South Africa has a population of 63 million people (Figure 2), with richness and diversity in culture, language, and complex history (World Population Review, 2026). It may not be an exaggeration in this respect to argue that South Africa offers an environment that promises to provide valuable insights into the phenomenon of multinational enterprise (MNE) adaptation in an emerging market setting (Luiz & Barnard, 2022). Not merely the most industrialised and diversified economy of the continent of Africa, South Africa poses an

environment that combines well-developed financial and retail systems with considerable inherent constraints and limitations in the form of issues like inequality in distribution of incomes, issues of energy supply, issues of regulations and regulations and regulations, and issues of stability in the areas of social and political stability (Andreoni et al., 2021; Khofi et al., 2025). Not merely that, it is a gateway to other developed infrastructures in the region that provide access to the wider financial markets of the wider region of southern Africa.

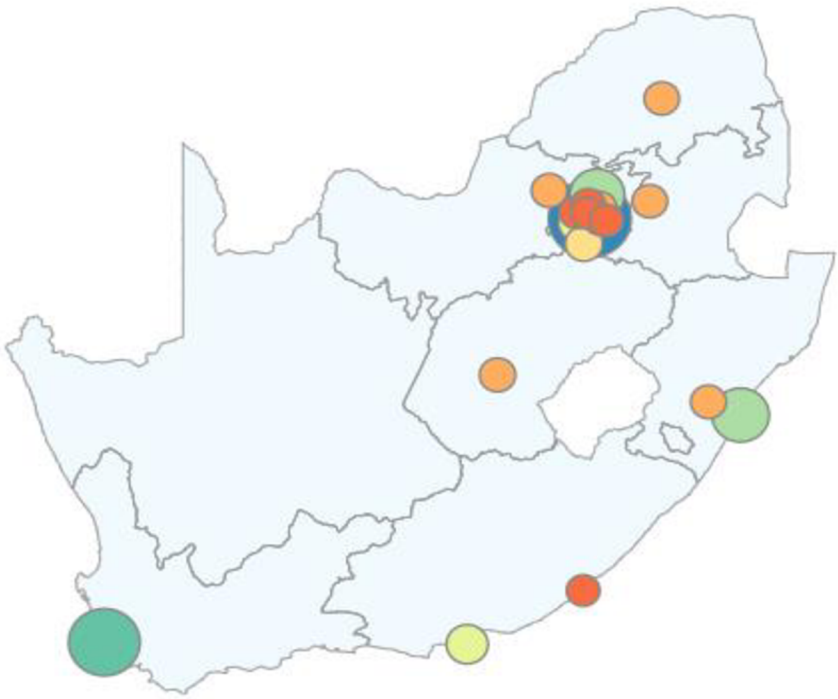

Figure 2. South Africa Map & Population Indicator (World Population Review, 2026)

The research looks at three long-term multinational companies: Coca-Cola, Nestle, and Unilever, that have been in South Africa for many years, and provide a good basis for comparative analysis. The businesses operate in the fast-moving consumer goods market, where there is a strong connection between consumer income patterns, distribution efficiency, brand positioning and local sourcing decisions (Helen & Selvi, 2022). They have a significant strategic resource advantage due to their global scale, strong brand equity and extensive regional infrastructure, but they must continuously adapt their product portfolio, pricing structure, supply chain, and marketing strategies to meet local conditions. Therefore, the relationship between the capabilities of these companies and the host environments where they operate offers an opportunity to study the influence of capabilities on performance outcomes.

Foreign market strategies are normally designed in the advanced economies and then exported to emerging economies with little or no modifications (Burgess & Steenkamp, 2013). Although the standardisation strategy may help in cutting costs of operation, it may not take into consideration the socio-cultural realities that influence consumer behaviour in Africa countries such as South Africa. For example, because of more than 2,000 languages and one ethnic affiliation (Eberhard et al., 2021), communication challenges are a significant threat to brand communications and market entry into Africa and other emerging economies in Africa. Values such as collectivism from culture and kinship ties of extended family units and religion are all influences on consumer trust and buying behaviour in Africa (de Mooij, 2019). Failure to appreciate these realities normally results in low adoption of foreign firms' products and loss of brand reputation. In relation to economic growth and development in emerging economies, marketing practices are not just business tools but tools of economic growth and innovative capability in emerging economies (Hoskisson et al., 2013). The structural conditions of sub-Saharan African economies exist as their fundamental economic weaknesses which encompass three major factors: outdated infrastructure, incomplete regulatory systems, and widespread informal employment (UNCTAD, 2022). The foreign marketing activities generate new pathways for organizations to transfer knowledge and share their innovation, yet these activities can only create limited effects on local markets when businesses adapt their operations to please local people through cultural and language modifications. Khanna and Palepu (2010) use their concept of institutional voids to explain the market development problems which exist in emerging markets.

Cultural and language differences between people create major obstacles that determine how customers act, which results in reduced market efficiency and decreased competitive ability (Zimu, 2023; Liu, 2023). African consumers show research findings which demonstrate their rising aspirational levels, urban development, and digital connectivity, while they maintain strong ties to their regional cultural customs (Maikaba & Msughter, 2019; Cinnamon, 2023). Social media platforms have developed into fresh pathways for consumers to engage in activism and demand businesses to take responsibility, which particularly attracts younger audiences (Jeswani, 2023; Miguel & Miranda, 2022). However, foreign companies that stick to Western-centric branding often struggle to connect with these digitally savvy yet culturally aware consumers, highlighting the importance of strategies that resonate locally (Cayla & Arnould, 2008; Panchal, 2025). Moreso, there are investment and innovation

implications to the interaction between SSA socio-cultural environment and foreign strategies (Dosso et al., 2020). Whereas, in one respect, market diversification in South Africa offers unparalleled opportunities for businesses willing to engage in co-creation, localisation of products, as well as grass-roots innovations (Prahalad, 2006), in another regard, complexity in cultural as well as linguistic diversification adds to transaction costs as well as the already prevalent "ease of doing business" issues in the region (World Bank, 2020). This dualism creates a paradox: South Africa is both promising as well as risky for MNCs.

Meanwhile, the majority of the literature currently available on marketing in emerging markets has concentrated on Asia and Latin America, with comparatively little attention paid to the African context (Sheth, 2020). When there are African studies, they frequently take a descriptive rather than an analytical stance, offering little understanding of the cultural and structural barriers faced by international businesses. Therefore, a critical analysis of how market strategies are adopted by foreign MNCs in the African continents and how they affect performance. The study, therefore, examines the point where market strategies meet local cultural and economic adaptations and the impact on organisational performance in South Africa. This research aims to establish effective methods for adapting foreign strategies to South Africa's diverse market environment to boost business success while driving investment along with innovation and economic development. The research investigates consumer behaviour and cultural adaptation and institutional factors to close theoretical and practical gaps in international marketing studies of emerging African economies.

2 Objectives and Methodology

2.1 Objectives

This research has a primary goal to examine how multinational companies adjust their foreign market strategies to suit the economic and business conditions in South Africa, and how these adjustments affect firm performance.

2.1.1 Research Objectives

The specific objectives of this study include:

- To assess the impact of South Africa's economic conditions on the performance of multinational companies.
- To analyse how foreign direct investment influences competition among multinational firms in South Africa.
- To examine the role of firm characteristics, such as size and age, in shaping business performance in the South African market.
- To evaluate how multinational companies adapt their strategies to meet local market conditions in South Africa.

2.1.2 Research Questions

While the main research question revolves around how foreign market strategies in MNCs are adapted to fit local cultural and economic realities in South Africa and how it affects business performance, these specific research questions, following the research objectives, outline the research's focus:

- How do South Africa's economic conditions affect the performance of multinational companies?
- What effect does foreign direct investment have on competition and firm performance in South Africa?
- How do firm size and firm age influence the performance of multinational companies in South Africa?

- How do multinational companies adjust their strategies to suit the South African business environment?

2.2 Methodology

This chapter outlines the methodology employed in this research. The research methodology describes the research design, sources of data, and the analytical methods used to evaluate the performance of international corporations within South Africa. A quantitative research design was developed to measure the impact of changes in economic and institutional conditions on firm outcomes over time through the examination of panel data on Unilever, Nestle and The Coca-Cola Company between 2014 – 2024. Further, this chapter provides details on how each of the variables in this study were measured and how models used to analyse the data were developed in consideration of ethical standards in the research process. This methodology provides a robust basis for the assessment of how foreign multinationals adapt to the South African marketplace.

2.2.1 Research Philosophy and Approach

The research implements a research method based on positivist philosophy. According to positivism social phenomena need to be assessed through numerical measurements which can only be validated through observation. The study aims to investigate multiple research questions that link external elements to business success. According to Creswell 2014 research studies that combine statistical analysis with open data sources should adopt a positivist research framework. The research study applies a quantitative research methodology. The use of quantitative methods allows researchers to examine relationships between different numerical data points and develop general conclusions. The research approach needs to use this method because all key variables which include revenue profit and GDP work with numerical data. The implementation of numerical measurements enables organizations to track their progress throughout different periods and between different companies (Creswell 2014). Researchers can use quantitative methods to decrease personal bias in their research. The study uses standard definitions for its variables and public databases that include company reports and international databases as its main sources of information. The study process establishes definite operational guidelines which enable researchers to derive results from their work. The researchers selected standard sources which allow other researchers to access identical datasets while assessing the same models

(Wooldridge 2010). The research method enables researchers to test their hypotheses. The research establishes specific dependent and independent variables which the researchers analyze through statistical models to determine their relationships. The system enables researchers to establish likelihood of causal relationships while maintaining transparency about their basic assumptions. The design employs lagged variables along with robustness tests to decrease the likelihood of reverse causality (Wooldridge 2010).

2.2.2 Research Design

The research employs a panel data design which combines multiple observations of identical firms throughout different years. This research design effectively examines how market transformations and institutional developments impact changes in company performance. Researchers use panel data to track company-specific effects through time-based data which connects to their study subject (Baltagi, 2008). The primary benefit of panel data enables researchers to manage hidden characteristics which belong to individual companies. Brand strength and long-term strategic direction represent two examples of company traits which tend to remain unchanged throughout extended periods. The estimation process for relationships with time-dependent characteristics takes back all constant characteristics from the fixed effects of businesses. Year fixed effects remove shocks that affect all firms in a given year, for example national policy moves or global crises (Baltagi, 2008; Wooldridge, 2010). The model specification follows a standard fixed-effects panel regression. The dependent variable represents a measurement of firm performance which includes revenue and return on assets. The study uses country-level market and institutional indicators as independent variables. Control variables capture firm size and firm age. The basic model isolates within-firm changes over time while accounting for common year effects. The longitudinal focus establishes validity because it shows how South Africa's external environmental shifts affect the results of its respective firms. The approach provides better results because it reduces bias which occurs when firms get compared from different periods. The design provides support for multiple robustness assessments through different variable measurement methods and lagged specifications and clustered standard error analysis (Wooldridge, 2010).

2.2.3 Study Context

The country of focus for this analysis has been identified as South Africa, which has a large economy, making it one of the biggest in the African continent, as well as a large presence of multinational companies in the field of consumer goods as well as beverages. Additionally, the country has a constant stream of publicly available data regarding its macroeconomic environment, as well as its governance, which makes it feasible to connect the performance of the firms to the changes in the country (World Bank, 2024). In the context of the macroeconomic environment, there has been variation in the growth rate, inflation rate, exchange rate, as well as foreign direct investment in the country, which is a prerequisite to assess whether the changes in the market size, as well as the demand, have an effect on the performance of the firms. In the context of the institutional environment, there have been changes in the quality of the regulatory environment, as well as the rule of law, which have an impact on the costs of transacting, as well as the costs of complying with the rules (Kaufmann et al., 2010). Additionally, focusing on one nation presents several methodological advantages. The reduction of the heterogeneity caused by the cross-country differences among legal, cultural and accounting standards (Zeng, 2019) will facilitate the use of country level-variables directly, without the requirement of cross-country controls, making it easier to set out the relevance of South Africa's market and institutional changes for target firms. A further reason for selecting South Africa is that all three target firms (Unilever, Nestlé and Coca-Cola) have been operating in South Africa for a significant period of time and have reported financial statements over that period; this provides firm level financial time series data for the study period, resulting in the ability to use robust panel estimations and to discuss the study findings meaningfully in relation to South Africa.

2.2.4 Sample Selection Process and Strategy

The study focuses on three multinational companies: Unilever, Nestlé, and The Coca-Cola Company. These companies were chosen through multiple evaluation criteria. First, each company has operated in South Africa for many years and publicly reports financial information that is accessible for research purposes (Unilever, 2023; Nestlé, 2023; The Coca-Cola Company, 2023). Public reporting ensures data accuracy and consistency over time, which is critical for longitudinal analysis (Stritch, 2017). Second, all three firms operate in related sectors, mainly fast-moving consumer goods and beverages. The two

sectors exhibit similar characteristics which decrease the likelihood that performance differences arise from industry factors instead of market and institutional conditions (Galbreath & Galvin, 2008). Third, the firms use similar business models which depend on their local distribution networks and consumer demand patterns. The research benefits from this approach because it allows researchers to compare business operations across different countries while avoiding business structure variations. Fourth, these firms are large multinational corporations, meaning they are exposed to both market shifts and changes in regulatory and institutional environments. Their scale and international presence make them suitable subjects for understanding the interaction between foreign market strategies and domestic conditions (Doole & Lowe, 2012).

The panel data used in this research covers 11 years from 2014 to 2024 at the firm level and provides temporal depth as well as allows enough observation data points for statistical analysis, after having experienced several macroeconomic phases in South Africa (e.g., economic growth, currency fluctuations, foreign direct investment changes, and governance changes). Longitudinal studies such as this one assist with capturing the effect(s) that varying macroeconomic conditions have on firm performance over time. This research compares firms that are in the same sector; therefore, comparing within a country is more meaningful than comparing across countries. Although the total number of firms is small, the extended time also provides a large enough number of observations to use for the panel regression analysis. This study's specific design allows for the use of fixed-effect models which account for unobserved heterogeneity between the firms (Wooldridge, 2010). While the sampling methodology restricts the generalisability of the findings outside of large consumer multinational corporations in South Africa, it does enhance the internal validity of the study findings. Therefore, using the sample used within the same sector reduces potential confounding from large cross-industry differences. Supporting the segment and sector consistency of firms which are used allows for a focused analysis that reflects the research objective of determining how domestic conditions impact multinational strategy (Baltagi, 2008).

2.2.5 Data Collection Sources and Process

The data at the firm level was mainly collected from the annual reports of the parent firms, which give comprehensive information on the financial statements and their explanations

from the period 2014-2024. These sources were supplemented with the investor information provided in the annual reports of Unilever, Nestle, and The Coca-Cola Company (Unilever, 2023; Nestle, 2023; The Coca-Cola Company, 2023). Wherever possible, the sources at the subsidiary level have been used to specifically cover the case of South Africa at the country level. Where consolidated information is used, the limitations have been noted and the analysis has been done with caution.

The extra firm-level data was collected from recognized commercial databases, which include Bloomberg, Refinitiv/Datastream and. Orbis. These will subsequently allow for clean financial reporting (revenue, profit and assets). Utilizing the multiple sources also allowed for cross-referencing of any inconsistencies in the aforementioned variables. The researcher maintained a thorough log of all data that was collected (i.e. source, variable's definition, and transformation to/from currencies) which promotes transparency andwill also allow the researcher to replicate the same study at a future date.

Country level data pertaining to macroeconomic conditions and institutional variables was sourced from various public available international sources. Macroeconomic indicators (GDP, GDP per capita, annual inflation, exchange rate volatility and FDI inflows) were obtained from the following databases: World Bank's World Development Indicators and the International Monetary Fund. Additionally, the financial data produced from UNCTAD was referred to ensure the validity of data produced based on each source. These data sets were collected on an annual basis covering the years 2014-2024. The consistent frequency of data collected from both sets of data ensures comparability among variables and facilitates the use of panel data methodology. All data collection procedures were documented in accordance with Wooldridge (2010) standards for transparent, reproducible and the integrity of data.

2.2.6 Variables and Measurement

The study includes both dependent and independent variables, along with control variables, to measure the effects of domestic market and institutional conditions on firm performance.

Dependent Variables

The company uses revenue and return on assets (ROA) as its two main performance indicators. The first indicator revenue shows business operation size while the second indicator ROA which calculates operational efficiency through operating profit divided by total assets provides a basis for comparing companies of different sizes (Wooldridge 2010). The two variables together provide a complete assessment of organizational performance through financial results and operational efficiency metrics.

Independent Variables

Independent variables represent domestic market and institutional conditions in South Africa. Market variables include GDP (or GDP growth) as a measure of market size and demand, GDP per capita to capture average purchasing power, annual inflation to represent macroeconomic stability, exchange rate volatility measured as the annual standard deviation of monthly exchange rates, and FDI inflows to reflect the foreign investment environment. These indicators are widely accepted in international business research and provide consistent annual series suitable for panel analysis (Wooldridge, 2010).

Control Variables

Control variables will be used to control for variables that affect the firms, which could be independent of the domestic environment. These control variables will be the size of the firms, which will be represented by the log of total assets, as well as the age of the firms. Year fixed effects will be used to control for common shocks to the economy that affect all firms equally. There is a possibility that the independent variables could be correlated with the dependent variable, which could result in simultaneity bias. Therefore, the independent variables could be lagged by one year to address this issue, which would ensure that the dependent variable does not affect the independent variables in the same period (Arellano & Bond, 1991). All the variables have been well defined in the variable dictionary. The continuous variables have been adjusted to eliminate skewness, which has an effect on the estimation of the model, by using the logarithm, among other functions. Descriptive statistics and correlation matrices have been used before the panel regression to validate the measurement of the variables, which could be an issue if there is a high correlation among the independent variables (Baltagi, 2008; Wooldridge, 2010).

2.2.7 Model Specification and Estimation Techniques

The company uses revenue and return on assets (ROA) as its two main performance indicators. The first indicator revenue shows business operation size while the second indicator ROA which calculates operational efficiency through operating profit divided by total assets provides a basis for comparing companies of different sizes (Wooldridge 2010). The two variables together provide a complete assessment of organizational performance through financial results and operational efficiency metrics.

The base model is specified as follows:

$$Performance_it = \beta 0 + \beta 1 Market_t + \beta 2 Controls_it + \alpha_i + \gamma_t + \varepsilon_it$$

Where $Performance_it$ is the dependent variable for firm i in year t. $Market_t$ represent country-level market variable. $Controls_it$ includes firm-specific variables. α_i captures firm fixed effects, controlling for unobserved time-invariant characteristics, and γ_t represents year fixed effects to account for common shocks in a given year. ε_it is the error term. This structure isolates within-firm variation and removes bias from time-invariant firm characteristics (Wooldridge, 2010).

Fixed effects estimation is used to control for characteristics that do not vary over time by the firm such as company-specific factors like brand image, management practices, and strategy from years past. Year fixed effects include effects that all companies experience at the same time due to changes in government or changes in the economy. Heteroskedasticity and serial correlation over time within firms are addressed by using robust standard errors that are clustered at the firm level. The Hausman test will determine whether to use fixed effects or random effects models to ensure that the model with the appropriate estimator is selected based upon the degree of correlation among firm effects and regressors (see Hausman, 1978). To address potential endogeneity, such as reverse causation between firm performance and foreign direct investment (FDI) flows, dynamic panel estimation methods are also considered, such as the Arellano-Bond estimator. The Arellano-Bond dynamic panel estimation method employs lagged values of the dependent variable as instruments when correcting for simultaneous bias (see Arellano & Bond, 1991). Robustness checks were employed to explore the sensitivity of the models' results to lagging independent variables, using different definitions of independent variables, and by removing outlier years and

observing how stable the results of the models were. The estimation provides coefficient estimates, standard errors, t-statistics and R-squared measures across the within, between and overall variance of the data, providing an assessment of the overall fit of the models and how well they explain the variation in the dependent variables.

2.2.8 Ethical Considerations

Ethical considerations were at the core of deciding this research as valid and reliable. The research employs secondary and publicly available data only and hence no human subject or interview is involved. Thus, the ethical risk is very low. However, the highest ethical standards are followed in the handling of data, reporting, and analyzing the same (Creswell, 2014; Bryman, 2016). The researcher tracks all sources, download dates, and process steps recordings. This covers documentation for currency conversions, variable transformations, and dealing with missing data. A detailed data log is provided in the appendix to aid transparency and reproducibility (Wooldridge, 2010).

Proper citation of the source is strictly adhered to. All the tables, figures, and results acknowledge the original data providers. Any drawbacks generated by using consolidated company reports instead of country, specific data are pointed out. The researcher takes great care in ensuring that the data are the only ground for the conclusions and that he/she does not exaggerate the findings. Limitations, including a firm level small sample size, possible measurement error, and potential endogeneity, are openly acknowledged (Saunders, Lewis, & Thornhill, 2019). If required, suggestions for further studies are made. The ethical obligation is also replication, with the code and the estimation methods step-by-step description being documented. In cases where licensing permits, anonymized data or instructions for reconstructing the dataset are provided. These steps increase the trustworthiness and openness of the reporting (Baltagi, 2008).

3 Literature Review

This chapter contains the critical exploration of relevant existing literature to understand the extent and depth of the literature on cross-cultural markets and adaptation to foreign markets and their impact on business performance in South Africa.

3.1 Conceptual Review

This section reviews relevant concepts like the nature and scope of international marketing, cross-cultural marketing, and the importance of cultural adaptation and language in international marketing.

3.1.1 Nature and Scope of International Marketing

International marketing has become an essential component of international business strategy and how the two connect through internal corporate capabilities and the complexities of the external environment. (Tien et al., 2019). The systematic planning and implementation of marketing activities, which include product pricing, promotional and distribution channels, across national boundaries with the goal of achieving strategic business objectives for foreign markets (Rugimbana, 2003). While the tools of international marketing are the same as those within domestic marketing, the method of applying those tools in international marketing differs from that of applying them domestically, due to differences in economic, political, legal and cultural differences between countries. (James et al., 2024). One of the major conceptual differences in international marketing is the distinction between controllable and uncontrollable variables. Controllable variables are internal company-specific characteristics (production capabilities, infrastructure, financial assets, strategic orientation, management attitude, etc.) (Kotabe, 2008). These are those variables that a company can directly impact and adjust based on changes in various markets. Uncontrollable variables are those that relate to external sources (market conditions, foreign competition, regulatory environment, cultural differences, etc.) that a company does not have the ability to influence directly but must monitor and evaluate continually. The uncontrollable variables will help define the opportunities and threats present in the international market and, as a result, will require businesses to forecast how these markets will trend and proactively modify their marketing strategies accordingly.

Aligned with a dual framework, the strategic base of international marketing derive from the capability of a company to design and implement a coherent action plan. This means that the company should arrange its marketing mix in a way that it can satisfy the unique requirements of each international market. While the basic instruments, for example, product, price, place, and promotion, are the same in theory, their practical application varies greatly in the international arena because of differences in consumer behaviour, legal systems, and infrastructure (Rugimbana, 2003). Hence, international marketing forms a part of the overall strategic framework of the firm (Douglas et al., 2001). It is not a separate department but continuously interacts with other areas such as research and development (R&D), finance, logistics, and human resources. Thus, international marketing, as a cyclical and adaptive process, must be continuously evaluated so that firms can learn from the results and adjust their strategies accordingly (Song, 2021). This strategic flexibility increases the firm's capability to respond to changing situations in the global market.

It is important to recognize that the choice to venture into foreign markets is not just for the big players like multinational corporations. Small and medium-sized enterprises (SMEs) are stepping up their game in international trade, thanks to the digital age and the boom of e-commerce platforms (Westerlund, 2020). However, diving into international markets requires a keen understanding of various environmental factors, such as regulatory hurdles, cultural differences, and geopolitical challenges (James et al., 2024). Unlike marketing at the domestic level, international marketing pushes companies to make extra strategic choices, like picking the right market, deciding on an entry method (e.g., exporting, franchising, or joint ventures), and managing operations across borders (Kotabe, 2008). Moreso, the global business landscape is filled with more diversity and unpredictability (Ahmad & Mahmood, 2019). Companies have to navigate different consumer tastes influenced by language, religion, traditions, economic conditions, and tech capabilities. These elements directly impact the customization of marketing strategies. For example, a standardized global strategy may be efficient in terms of reducing costs and achieving a strong brand image, but it may not perform optimally in a culturally sensitive environment. Similarly, a multi-domestic strategy may perform optimally in a local context, compromising on economies of scale (Douglas & Craig, 2011). Hence, to perform optimally in the context of international marketing, a balance of global integration and local responsiveness is required. It involves rigorous market research, analysis of the situation, and a flexible

approach to strategy. It is important for the company to gain a deep insight into foreign environments and develop adaptive strategies in line with internal and external needs.

3.1.2 Introduction to Cross-Cultural Marketing

Cross cultural marketing has become a major area of focus for international marketers today due to the increasing pace of globalisation and the resulting saturation of mature or developed markets (Huang, 2023). Over the past 20 years, there has been a significant shift in strategic focus from wealthy, developed markets to the developing countries with larger middle classes and greater potential for consumption of consumer goods (De Mooij, 2015). Sequentially, this transition has highlighted our limited knowledge of how to effectively navigate and manage cross-cultural differences when dealing with these diverse cultures. Scholars have recently begun to critique the overly simplistic way in which cultural differences have been treated; this has occurred because marketers primarily use the country as their primary unit of analysis and, in most cases, do not account for the internal heterogeneity that exits within that country (Vaddadi & Thandavca, 2019).

Marketing practices rely on cultural presence which exists everywhere yet remains difficult to capture. Consumer behaviour gets influenced by multiple factors but Nayeem 2012 shows that cultural aspects serve as one of these factors. Hofstede 2001 explains that cultural values represent only one part of the complex system which directs human conduct through its interactions with personal, workplace, and environmental elements. The process becomes difficult because researchers must separate cultural effects from other factors which become visible through local consumer behavior and international consumer patterns. Cross-cultural marketing shows how ethnic and multicultural marketing function through their strategic marketing approach which targets consumers who show significant cultural differences from the marketers (De Mooij 2015). People choose to express their cultural identity through multiple characteristics which include language, religion, traditional practices, educational background, and daily activities. The primary objective of this research project involves developing marketing methods which meet the cultural standards and real-life experiences of various consumer segments to achieve better brand connections (Wilkinson & Cheng 1999).

Global business operations create more difficult challenges than local business operations because companies need to handle their workforce while dealing with market behaviors

which are rooted in different cultural traditions (Gupta et al. 2024). Multicultural environments create challenges for businesses because they need to handle risks that include cultural insensitivity as well as branding problems which arise from miscommunication. The risks become more serious when combined with political instability and currency exchange rate changes and differences in legal systems between countries (Vaddadi & Thandavca 2019). Marketing campaigns which disregard cultural context lead to business failures because they fail to create meaningful connections with consumers which results in decreased brand loyalty and weak market presence (Zou & Cavusgil 2002). Companies which implement culturally specific strategies through McDonald's international menu adaptations achieve better brand value and customer trust. Cross-cultural marketing success depends on a brand's ability to listen and learn while implementing local solutions (Alan 2022). Multicultural marketing requires businesses to recognize differences which they should use as strategic resources (Udeh et al. 2023). According to Solomon et al. (2016) brands use effective multicultural marketing to reach specific cultural audiences through local storytelling and symbolism and identity establishment. Marketers need to develop products and advertising campaigns which create genuine connections with their target audience through cultural understanding and cultural empathy.

Ultimately, cross-cultural marketing requires more than just appreciating differences or recognizing that consumers come from different cultures; it involves utilizing cultural insights to shape a company's marketing strategy (Song et al., 2018). There are three major factors that contribute to the success of cross-culture marketing: conducting thorough research about different cultures; developing partnerships with local businesses and experts; and having the flexibility to modify how products are presented and marketed so they reflect the values of various customer groups (Rachwal-Mueller & Fedotova, 2024). As the world becomes more tightly connected through trade while we still see many unique cultures, marketers must understand the importance of cultural competence in cross-cultural marketing (Udeh et al., 2023).

3.1.3 Importance of Cultural Adaptation in International Marketing

Cultural adaptation is an essential factor that determines success in international marketing strategy. When companies move beyond their domestic market, they find consumers with distinct socio-cultural influences, values, and behavior. Marketing to consumers across

cultures is more than just translating products; therefore, it is essential to have an in-depth understanding of the local culture, values, and aesthetics. Without cultural adaptation, even the most expensive international marketing strategies can lead to failure (De Mooij, 2015). International marketing, therefore, means to promote products and services to consumers in another market, which is characterized by unique expectations, preferences, and decision-making styles embedded in distinct cultural influences. While economic and regulatory factors continue to play an essential role in entering new markets, the success of a brand is often determined by its ability to align with the values, perceptions, and expectations of the local culture (Ahmed et al., 2014). Studies have found that failure to align marketing strategies with local cultural influences can lead to brand misinterpretation and, in some cases, cultural offense, thereby affecting the corporate image and building distrust with customers (Nazarpour, 2009).

International marketers must understand that all worldwide populations consist of many diverse groups of people who have different cultures; therefore, there will be many cultural differences in the numerous global markets. The core areas where cultures vary will affect how customers see and respond to marketing campaigns. For example, humour may work well when marketing globally; however, some markets may feel like humour is inappropriate or offensive. Additionally, colours, symbols, and gestures all carry different meanings across cultures. For example, red is viewed as very positive in Chinese culture as being representative of good fortune, however, in some Western cultures red can be viewed negatively as a warning sign of danger (Roosta et al., 2006). These various cultural differences require international marketers to adapt their strategies from not only content but also to how the strategy is implemented. This adaptation may consist of changes to product design, packaging design, messaging, and promotional design. The need to adapt is driven primarily by cultural determinants; these are the shared values, beliefs, language, norms, and social behaviours that influence how consumers in a specific country behave. Cultural determinants are not permanent; they change through time and are shaped by historical, religious, and social influences. Consequently, it is important for marketers to understand the cultural determinants of their target market in order to develop brand narratives that create emotional and psychological connections with the target market (Hofstede, 2001). Collectivistic cultures tend to respond better to messages which demonstrate group harmony and social bonds, whereas individualistic cultures value personal independence and

individual achievement. The functions of language serve as both actual and cultural symbols which people use to express their identity. The element determines the brand image through its complete product development and specific product name selection. Marketing content must therefore move beyond direct translation to transcreation, which means the process of culturally adapting a message, so it maintains its intent and emotional impact in the target language. Brand credibility suffers severe damage through translation errors and cultural tone-deafness. Western societies prefer direct communication which employs assertive language, while Asian and Middle Eastern cultures use subtlety and indirect communication methods (Ahmed et al., 2014).

Regulatory differences also have an important part to play in the formulation of international marketing strategies (Yi & Abdul Latiff, 2024). Every country has its own regulatory framework, ethical code of conduct, and advertising codes of practice, which are often closely linked with the culture of the people. For instance, what is acceptable in the advertising campaigns of the West might not be acceptable under the decency laws of another country. Hence, regulatory compliance is not only necessary through the legal team but also through the cultural team. After the external environment, the next area is the organisation itself. Success in international marketing is often contingent upon the ability of the organisation to demonstrate its cross-cultural competence by ensuring the marketing team has the necessary cultural intelligence to identify, respect, and respond appropriately to cultural differences (Huttayavilaiphan, 2024). Firms like Coca-Cola and Unilever have developed cultural adaptation into their organisations by involving the local team in the decision-making process. Recognizing the historical shift going on in development paradigms is just as important. The 20th century development paradigm was purely economic. But in the 21st century, the paradigm became more culturally nuanced. For instance, Nazarpour (2009) posits that sustainable development is impossible without integrating cultural aspects into the economic plan. As marketing serves as a link between consumers and businesses, it is therefore in a unique position to harness cultural values as a means of achieving sustainable business growth (Sintani et al., 2023). In fact, cultural identity itself has become a competitive tool, as it is evident in the global triumph of companies that truly local culture in their brands, be it through fashion, food, entertainment, or social media (Kerubo, 2024).

Thus, cultural adaptation is not an ancillary function of international marketing; rather, it is a strategic necessity. Globalisation has not only shrunk markets geographically but has also underscored the significance of cultural distinctiveness. Companies that appreciate and celebrate diversity possess a major competitive advantage. It is not just the ability to appreciate culture that is important; rather, it is the ability to incorporate this appreciation into all aspects of the marketing process that makes the difference. For companies that ignore the role of culture in international marketing, the future is perilously bright indeed.

3.1.4 Importance of Language in International Marketing

The success of international marketing strategy and multinational business operations depends on language which most people do not recognize as an essential factor. Language impacts internationalization because it determines how organizations create their strategic plans and it shapes the comprehension of those plans by people across different markets. Multinational companies (MNCs) use their chosen language to express their planned market entry and business expansion but the language they use for their strategic decisions receives insufficient attention (Brannen & Doz, 2012). The disregard is serious because language functions as both a method for expressing meaning and a tool for understanding strategic purposes. The decision-making process at many MNCs uses specialized language which undergoes changes due to two main factors: corporate culture and the linguistic traditions of the national environment. The internal language of the company which contains cultural acronyms and metaphors and idioms, creates a barrier between external stakeholders and foreign subsidiaries who lack familiarity with the company's internal communication system (Welch, Welch, & Piekkari, 2005). The absence of an inclusive language strategy which requires clear articulation will result in three negative outcomes: your organization will struggle to achieve strategic alignment, your organization will face challenges in international collaboration and your organization will experience difficulties in communicating with markets.

Language difficulties in international marketing are evident in various aspects of the practice. On the organisational side, language standardisation (frequently by adopting a lingua franca such as English) has been found to facilitate coordination and decrease ambiguities in multinational enterprises. However, this strategy also has drawbacks. Thus, while a designated corporate language may strengthen the bond among the staff at the

headquarters, it may at the same time generate communication imbalances and power inequalities between the home and the host country subsidiaries, particularly when the latter continue to be in geographically and culturally different environments (Brannen & Doz, 2012; Marschan et al., 1997). Such a situation may hamper the accurate transmission of the strategists intentions, stifle local innovativeness, and exclude non, native speakers from participation in corporate discourse. There is also a line of research that investigatively points out the consequences of language difference (LD) on the performance of multinational subsidiaries. It is well known that language barriers hinder the transfer of knowledge, interrupt communication flows, and influence the reliance on control and coordination mechanisms within MNCs (Harzing & Feely, 2008; Cuypers et al., 2015; Konara & Wei, 2019). These factors are especially evident in international marketing, given that this area depends to a great extent on feedback from the market, brand positioning, and consumer responsiveness. In particular, if the company fails to be linguistically sensitive in its consumer engagement, advertising, or even product labelling, then so, called 'lost, in, translation' issues, cultural faux pas, and even damage to the brand image are likely to result.

The international business literature has recognized language as an important element since its inception but scholars have continued to treat it as a minor element of cultural studies according to Welch and his colleagues who published their research in 2001. The existing research has established a need to investigate language as a separate element which interacts with cultural variations yet exists independently from them according to the findings of Karhunen and his colleagues who published their research in 2018. Recent research identifies three main concepts which scholars use to study language in international marketing through three distinct viewpoints: structural, functional, and social practice perspectives. The structural view treats language as an independent system, which contains its own rules and structures, that determines the difficulty of acquisition and translation and institutionalization processes. The research provides a detailed method to assess how different countries experience linguistic distance which affects their marketing activities including product naming and promotional slogan interpretation in international markets according to Schomaker and Zaheer 2014. The functional view establishes language as a part of culture which functions as a medium through which cultural values are transmitted. The marketing research demonstrates that businesses need to adjust their communication methods, humor usage, and symbolic elements to suit the preferences of different local

markets. The social practice view demonstrates that people use language as a social practice which exists only within particular cultural and social environments. The approach demonstrates that organizations must create genuine consumer relationships which enable communication and understanding between people who speak different languages.

A very under-explored but highly crucial aspect of international marketing is the impact of language on market research, ad campaign effectiveness, and consumer psychology. Several studies have established that language plays an integral part in influencing consumer perception and purchase behavior (Craig & Douglas, 2006; Holmqvist et al., 2019). For example, it has been found that advertisements carried out in one's native language tend to be more effective, as they create an emotional and mental connection with the consumer. On the contrary, advertisements carried out in another language may create more confusion and alienation. Furthermore, with the emergence of digital technologies and virtual communication, language has come to play an increasingly central role in defining brand identities and consumer interactions. Today, companies have to operate across several digital platforms, including emails, social media, webinars, and chats, which require linguistic accuracy and sensitivity. Inconsistencies and mistranslations can not only create alienation but can potentially alienate consumers in culturally diverse environments.

3.2 Theoretical Review

This section provides a critical review of the Hofstede's cultural dimensions and the scholarly debate between standardisation and adaptation in relations to the international and cross-cultural marketing.

3.2.1 Hofstede's Cultural Dimensions and Their Relevance

Hofstede's Cultural Dimensions Theory is one of the oldest frameworks for understanding what international marketing is about and how to communicate across cultures. He defines culture as "the collective programming of the mind that differentiates the members of one group or category from each other" (Hofstede, 2011, p.3). This cultural dimensions model demonstrates that there are systematic cultural differences from one culture to another based upon where someone comes from and that these systematic cultural differences can greatly affect the way marketers create their globalization strategies when marketing internationally. Hofstede's cultural dimensions theory came from an analysis of over 50 countries' employee

data at IBM during an extensive period of time from 1968-1972. The cultural dimensions theory has a number of different dimensions of cultural differentiation; however, there are four primary dimensions that Hofstede utilized as part of his study: individualism vs collectivism, power distance index (PDI), uncertainty avoidance index (UAI), and masculinity vs femininity (Hofstede 1980). Long-term vs short-term orientation (fifth dimension), and finally indulgence vs restraint (sixth dimension) were added later through collaboration with Michael Bond (fifth dimension) and Minkov (sixth dimension) (Hofstede et al., 2010).

The idea behind the Hofstede approach is based on the fact that culture is like a computer program. This computer program is installed in the minds of people. The culture program is based on the people who are around us. It determines the way we think, the way we behave, and the way we interact with other people, according to Hofstede in 1991. The culture program is not based on what differentiates one person from another. It is based on the values shared by people in society. This is the main reason why the approach by Hofstede is based on the culture of different nations instead of different people. The idea of grouping different people based on the country they come from has been considered not effective since it ignores the differences within the country. This idea is still useful for understanding the overall culture of the people in different nations and the way they behave while buying different things and the way they respond to advertisements. The six different parts of the idea are useful for understanding the different ways organizations can view what the people in different cultures need and like. In places like the United States and the United Kingdom, people really cherish their independence and the freedom to pursue their own interests. They tend to respond well to ads that highlight how unique a product is and how it can benefit them personally. Understanding these cultural dimensions is crucial for marketers aiming to connect with audiences in the U.S. and the UK, as it helps them tailor their marketing messages effectively. On the flip side, in collectivist cultures such as China and Nigeria, the focus is more on group harmony, family, and community. This means marketers need to craft campaigns that resonate with social values and highlight the importance of collective well-being or relational connections (De Mooij, 2015).

Power distance is a measure of the extent to which individuals in a given culture have accepted relatively unequal powers in society. Advertising messages as well as brand identity must be viewed through a different lens, whereby research has shown that the

effectiveness of various advertising messages on different brands is influenced by culture (Feng et al., 2025; Jain & Jain, 2018). Members of cultures that are characterized by higher degrees of power distance must show respect for their leaders and those who hold a high status. Therefore, members of these cultures would tend to place a greater degree of faith in aspirational brands and celebrity endorsements than would members of a culture with a lower degree of power distance (Winterich et al., 2018). In cultures with a lower degree of power distance has been found to treat individuals equally; therefore, they respond more positively to informal and humorous messages (similar to conversations among friends) (Soares et al., 2007). In addition, the uncertainty avoidance dimension of a culture measures the extent to which its members accept uncertainty and/or dangerous situations. Cultures where degree of uncertainty avoidance is high are expected to operate in conformity with pre-established procedures (i.e., they are expected to have rules and regulations that govern how they operate daily). Communications that convey product information to customers from cultures with high degrees of uncertainty avoidance should educate those customers about the various methods of risk reduction of the product in question as well as the availability of any and all forms of product protection(s) as long as those protections do not add an undue expense on the customer (Yang et al., 2025; Kim & Zhang, 2014). In societies with low uncertainty avoidance, businesses will experiment with new product innovations, as well as marketing and brand management methodologies that utilize abstract brand design. Hofstede's masculinity-feminity dimension can be criticized for its two-gender model, as it indicates how much masculinity (dominance, competition) values achievement within a culture versus caring/feminine (community/caring/cooperation and protecting human rights) values (Hussein et al. 2020). The value of the brand will be perceived differently depending on the value each brand displays to its target audience (Agarwal, 2024; Monfort et al., 2025). In masculine cultures, assertive or performance-oriented types of messages or mottoes may work well for the brand, while in feminine cultures, the social impact of a brand focusing on sustainability, inclusiveness and social well-being will do better than other types of marketing efforts (Sun & Kim 2023; Delgado-Ballester & Fernandez-Sabiote 2024).

With the addition of long-term/short-term orientation and indulgence vs. restraint dimensions, the number of dimensions of Hofstede's theory of cultural context continues to increase. Long-term-oriented cultures include East Asian countries, which are focused on

the future and plan accordingly. Hence, they would respond better to messages related to investing for the future, growth, and sustainability (Miska et al., 2018; Afzal et al., 2019).

Short-term-oriented cultures focus on tradition and immediate gratification. Similar to indulgent cultures, which give high priority to leisure activities and 'fun' and the expression of emotions, restrained cultures give high priority to the need for discipline and adherence to normative behaviors. Hence, marketing strategies need to be more conservative in short-term/indulgent and restrained cultures compared to other types of cultural settings (Hofstede et al, 2010). Despite its ongoing relevance, Hofstede's model has drawn criticism from various scholars. Detractors point out the drawbacks of reducing complex and varied cultural differences to simple national averages, the outdated nature of the original dataset from IBM, and a lack of attention to intra-national variations as well as the effects of globalization on culture (McSweeney, 2002). Additionally, the notion that culture is solely tied to a nation does not really accommodate individuals with multicultural identities or diasporic markets. Nevertheless, the Hofstede dimensions serve as a useful guideline for international marketers aiming to craft culturally sensitive campaigns. This model is frequently utilized in cross-cultural segmentation, communication design, and consumer behavior analysis due to its accessibility and strong predictive capabilities (Soares et al., 2007; Connell et al., 2022). If marketers recognize its limitations and pair it with local market research, it can form a solid foundation for a successful global marketing strategy.

3.2.2 Resource-Based View Theory for Market Adaptation

The Resource Based View (RBV) provides a theoretical basis for analyzing how MNCs differ in terms of their ability to adapt their approaches to serve foreign markets. A key characteristic of the RBV perspective is that it demonstrates organisational success does not necessarily mean the organisations share common characteristics associated with being successful at an industry level (Mailani et al., 2024). The scholars have made popular the RBV theory and contend based on their research, that differing types of resources provide different levels of advantage to an organisation, that is, organisational resources that are valuable, rare, difficult to replicate and have non-substitutable characteristics have the potential to create long-term competitive advantages (Komakech et al., 2025; Makina & Oundo, 2020). Furthermore, the resource facing organisations does not provide totality of insights solely to organisational resources, but this understanding addresses how

organisational responses to or perceptions of actual organisational approaches to serving different markets require an assessment of the organisations' capability using resource reorganisations (recombination processes) to create financial capital that has value based on their new institutional context (Burton & Rycroft-Malone, 2014). I It can be quite challenging to pinpoint a situation where financial capital acts as a VRIO catalyst. This is because other intangible resources often play a crucial role in driving organizational advantage by influencing how well managers can adapt to and interpret changes in their environment.

International adaptation to host country environments exists as an autonomous process which requires specific resources for its implementation (Eriksen et al., 2021). The organizational culture and experiential knowledge of the company together with its reputation create a socially complex path-dependent system which provides legitimacy and decreases foreign business risks while enabling strategic options (Barney, 1989; Fombrun, 1996). Firms accumulate their resources instead of trading them because these resources reach high protection levels through causal ambiguity and social complexity (Dierickx & Cool, 1989; Kogut & Zander, 1992). The resource-based view requires critical analysis because tacit knowledge presents special challenges for researchers. The imitation problem of tacit knowledge prevents organizations from responding effectively because their operational procedures become inflexible (Levitt & March, 1988). The dynamic resource of adaptive capability links the internal abilities of an organization to its external customer requirements through its ability to change products pricing strategies and supply chain and partnership systems (Grant, 1996; Buckley & Casson, 1998). Global companies operating in Africa/South Africa face higher uncertainty because these regions experience both institutional instability and diverse socio-economic conditions.

3.2.3 The Standardisation versus Adaptation Debate in International Marketing

The discussion about standardisation versus adaptation in international marketing studies started during the early 1960s when Elinder first introduced the concept and Buzzell expanded it in 1968. Standardisation involves using a single marketing approach which companies apply to all their international markets but adaptation requires businesses to develop particular marketing methods which match their target markets' unique characteristics including their language and cultural background and socio-political

environment and customer tastes. Standardisation and adaptation marketing approaches offer different advantages but these methods become difficult to use when organizations operate in regions which contain multiple cultural groups and multiple language groups such as Sub-Saharan Africa. Standardisation supporters believe that the world functions as a single global community because modern technology enables people to share identical tastes and expectations through worldwide media coverage and unrestricted travel opportunities (Levitt, 1983). The business model enables organizations to achieve economies of scale and maintain brand consistency across the globe while reducing their operational expenses through standardized product offerings which maintain consistent branding and communication approaches. According to Levitt (1983) successful businesses should direct their efforts toward universal consumer needs by creating products which customers can trust and function well at affordable prices. The method shows that standardisation provides brands with a path to achieve global expansion through its ability to simplify market structures.

Notably, this viewpoint has received substantial criticism in light of the destructive effects on the variety of culture, language, and institution which exist within each geographic area and which will contribute to the shaping of how consumers will react to products in different locations within the world. According to Ruigrok and van Tulder (1995), "globalisation is much more of an ideology than it is of the empirics to support it" and observes that the reality in the world's market is that they are all very different and diverse from each other. Lipman (1988) highlights that an entirely standardised approach to markets may result in the alienation of local consumers and will not follow the expectations of the local consumers. Thus, making sure to adapt to the specific culture of a geographic market is critical to the success in each of those markets, especially when a market is substantially different in terms of history, language, religion, and socioeconomic factors as compared to the rest of the world (Czinkota and Ronkainen, 1998). Sub-Saharan Africa is an example of where a rigid standardised approach would probably not work effectively. It is very large geographically but it is also very diverse culturally and linguistically, with more than 2,000 languages and many ethnic backgrounds, religions, and colonial legacies that shape how the consumers feel about products and communicate with those products (Kamoche, et al., 2012). For example, a product promotional campaign that performs well in urban Nairobi may not have the same impact on the consumers in rural Northern Nigeria due to differences in language, literacy,

culture, and even visual aspects. Therefore, adapting your strategy has to go beyond being a strategic choice, and in some cases must become a practical necessity.

Language functions as the main factor which determines how well marketing messages will reach their target audience throughout Sub-Saharan Africa. The English-language campaign which standardizes its content works best for business centers and elite groups but it fails to connect with people who live in rural areas and those who speak different languages. Brands lose their appeal because of poor communication which produces insensitive messages that trigger cultural backlashes. Brannen and Doz (2012) explain that language functions as a message delivery system which enables organizations to determine their strategic direction while simultaneously decoding information. Cross-cultural communication requires people to learn new linguistic expressions and semiotic systems to achieve effective communication. Hofstede's cultural dimensions theory stands as an effective tool which helps people understand how to adapt their behavior when they enter new cultural environments. The research shows that Sub-Saharan African communities strongly embrace collectivism while maintaining strict hierarchical social structures which require marketers to adapt their message delivery methods and choice of brand representatives and marketing approaches according to Hofstede et al. (2010). The advertising approach which shows community advantages together with family traditions and local leader backing proves to be more successful than Western advertising methods that focus on personal gain and use jokes. The way consumers behave in this area depends on their traditional stories and their religious beliefs and their practice of making decisions together which requires marketing approaches that understand local customs and cultural backgrounds.

The two approaches show an evident division but researchers now support a hybrid or contingency approach to their study. Vrontis (2005) and Prahalad and Doz (1986) propose a solution that enables organizations to create a main operating system which they can adjust according to their local needs. The hybrid model known as glocalisation shows its most effective application in Sub-Saharan Africa because businesses can maintain their worldwide brand presence while they change their language and packaging and pricing and advertising materials to match local preferences. Organizations struggle to implement this method because it requires extensive resources. African businesses face three main challenges which include expensive localization expenses and insufficient market information and uncoordinated market systems. The risk of losing consumers who do not

connect with the brand because of cultural differences proves to be more dangerous than the financial advantages that come from complete standardization. According to Harris and Attour (2003) and Kanso and Kitchen (2004) research shows that changing both linguistic and visual elements gives marketers better results when they market to different cultural groups. Organizations need to find strategic equilibrium between standardization and adaptation because this conflict between their two approaches creates three different resolution paths. The need for standardization in Sub-Saharan African regions prevents organizations from effective operations because these regions contain various cultural and linguistic differences. Organizations achieve sustainable competitive advantage through their combination of standardization efficiency with adaptation methods that create cultural connections through their understanding of specific situations.

3.3 Empirical Review

This section of this literature explores several existing literature, critically analysing their relevance to the subject matter, in order to explore the extent of the literature.

3.3.1 Overview of Sub-Saharan Africa as a Diverse Marketing Environment

The business and economic environment of Sub-Saharan Africa (SSA) has experienced fundamental changes during the past 40 years. Through time African narratives used to focus on three main themes which include warfare and poverty and weak government systems but current research shows that African economies have started to recover while their marketplaces have developed into active consumer markets (Addison Le Billon and Murshed 2002; Frynas and Mellahi 2003; Amankwah-Amoah 2016). Current research shows that Sub-Saharan Africa contains both rapidly expanding economies and domestic companies which have reached a high level of development and generate international revenue through their global market activities (The Africa Report 2013). Sub-Saharan Africa experiences transformation because three main factors drive its economic development which includes demographic shifts and increased value for free market systems. The World Bank (2016) reports that the region experiences ongoing economic progress because its middle class develops together with its youth population who create new spending patterns. Global companies now evaluate their African market strategies because they want to expand their operations and compete with other companies after observing these market changes which

attract their attention (Khanna & Palepu 2010; Ozawa & Bellak 2011). The current situation demonstrates that SSA does not function as a global business trend follower because it creates its own marketing environment through the influence of both domestic and international factors.

While these advancements are appreciated by all stakeholders of Sub-Saharan Africa as a whole, it is also apparent that the marketplace remains unique and highly complicated when compared to western nations due to many factors including; greater diversity in cultures, societies and political climates, as well as the prevalence of informal economy practices. According to McFarlin, Coster, and Mogale-Pretorius (1999) while, increasingly, African businesses have adopted Euro-American (mainstream) marketing principles, their practices are influenced by their specific local experiences and knowledge. These include indigenous knowledge systems, community-based value chains, unique buying rituals, and loyalty preferences. The historical and sociocultural context of Africa creates a marketplace where one cannot generalize and therefore requires context-specific marketing strategies. In addition, SSA's competitive environment is changing rapidly. Many large international companies are entering the SSAs with advanced technology and large amounts of capital, thereby increasing the pressure on African businesses to implement market-focused and customer-driven marketing strategies, while using their own unique local insight to compete successfully (Kamoche et al., 2012). This growing dual pressure (both internal and external) for African companies to transform themselves and compete requires that re-evaluate existing marketing models that were created primarily on the basis of a Euro-American framework. As an example, traditional segmentation approaches or communication models may not be suitable for many Segmentation or communication models may not be appropriate for the non-formal, relationship-driven and collectivity-based market behaviours.

The spread of technology functions as a transformational force which reshapes marketing methods throughout this particular area. People now access markets through their mobile phones which also allow them to interact with consumers by using their internet-connected devices. The business models of mobile money platforms and social media marketing and digital entrepreneurship have expanded throughout Kenya and Nigeria and Ghana to form fresh methods for customer access and market data collection (Nyuur et al., 2016). The digital advancements allow overseas and local businesses to move past their usual

infrastructure obstacles which lets them reach new market segments through affordable and expandable methods. The economic progress of the country brought along political changes which made the government more trustworthy to investors. The countries of Rwanda and Ivory Coast have made important progress in building their institutions and improving business rules and creating a better environment for business operations (De Vries, Timmer, & de Vries, 2015; Noman & Stiglitz, 2015). The market access reforms established new business opportunities which allowed companies to create more strategic customer-focused marketing approaches for building enduring relationships. Marketers who work in this region need to show strong adaptability because they face multiple obstacles which include changing policies and poor infrastructure and unpredictable customer spending patterns.

More importantly, the diversity of SSA is not just a challenge; it is a strategic opportunity too. The richness of SSA's tapestry of language, tradition, consumer identity, and value systems provides marketers with a chance to connect very deeply with their target audiences. Rather than adopting a standardized global marketing approach, marketers in SSA need to adopt a hyper-local approach to connect with consumers in SSA. Moreso, imposing a standardized global approach may also not be solely effective, marketers in SSA also need to adopt a hyper-local approach to connect very deeply with consumers in SSA. In conclusion, Sub-Saharan Africa is a unique and ever-evolving marketing environment characterized by significant economic, demographic, cultural, and connectivity changes in the region. Therefore, it is necessary to look beyond conventional models of international marketing in SSA and instead adopt a context-sensitive approach to understanding the socio-cultural nuances of SSA as a potential opportunity for marketers. SSA is not just an emerging market; it is a cluster of separate yet interlinked markets, each of which needs to be served in a manner that is informed by local understanding and global developments.

3.3.2 South Africa as a Case Study: A Review

South Africa's market is an observable reality that shows how its developed economy interfaces with its developing economy, to create a complex business environment. The World Bank (2022) and IMF (2008) both state that South Africa has well-developed financial and retail sectors and is connected to global trade, which allows both foreign and local businesses to access sophisticated distribution networks and market information systems (World Bank, 2023 data). However, South Africa's economy has an official

framework, and social inequalities continue to exist in the country along with high unemployment and the huge gap between the rich and poor. These create distinct consumer markets that require different price structures and brand/product differentiation and marketing strategies based on their perceived value (Fortuin et al., 2022; Games, 2004). Research shows that South African businesses must enhance their premium brand image by providing options for middle- and upper-class customers, while providing affordable options to budget customers who buy their standard product lines (Cant et al., 2013; Meyer & Tran, 2006).

Cultural diversity adds another layer of complexity to marketing practices. In South Africa, a country rich in languages and cultures, this diversity significantly influences communication strategies, branding symbols, and how consumer trust is built (Ijabadeniyi et al., 2015; Peracchio et al., 2014). Research on consumer behavior in diverse societies indicates that culturally relevant messages and localized brand narratives are crucial for gaining market acceptance, especially in contexts where historical inequalities shape people's views on corporate legitimacy (Rachwal-Mueller & Fedotova, 2024; Rua & Santos, 2022; Shavitt & Cho, 2016). In South Africa, successful marketing often involves using local languages, engaging with communities, and developing socially responsible brands, all of which have been vital in enhancing brand equity and customer loyalty, particularly in the fast-moving consumer goods sector (Okonkwo et al., 2023; Moyo, Dufett & Knott, 2022). Conversely, global campaigns that overlook cultural differences can face backlash or be seen as out of touch (Nie & Wang, 2019).

The institutional and socio-political environments create an effect on corporate strategy because these settings include localisation/empowerment legislation and regulatory transformation policies. These elements influence how organizations select their sourcing methods and their partnership structures and their corporate social investment programs (Bozos et al., 2025; Arslan & Alqatan, 2020).Organizations use Hybrid operational systems which merge global operational efficiencies with local partnerships to handle their regulatory compliance risks and they work to keep their competitive advantages (Kormakova et al., 2023).The current infrastructure limitations which include restricted access to electricity and insufficient transportation systems and inadequate logistics networks create challenges for distribution planning and inventory management which leads to higher operational expenses. The supply chain systems need to adopt hybrid structures because organizations must

respond to these conditions through their supply chain systems which require both adaptability and durability (Ebrahimi et al., 2025; Guo et al., 2025). The existing academic literature shows South Africa as an emerging market which contains various economic and cultural and institutional elements. Organizations must create particular marketing solutions which adapt to their operational environment instead of following standardised or country-specific localisation methods.

3.3.3 Multilingualism and Its Implications for Branding and Advertising

The need to expand internationally is a dominant imperative for businesses in the face of growing global competition and economic integration. Cross-border consumerism and economic integration offer businesses the dual opportunity and challenge posed by the multiple languages. In this sense, the role of multilingualism has become a central consideration, especially in branding and advertising, where language is a vehicle for communication and also represents and conveys a culture (Liébanas-Cabanillas et al., 2023; Emmendoerfer et al., 2023).

The ability to operate across languages can substantially enhance firms' global competitiveness. Organizations that possess multiple languages enable themselves to engage with diverse cultural groups and to conduct business activities across international borders. The strategic use of language in marketing demonstrates its value beyond basic understanding and translation according to multiple research studies. The value of language extends beyond its basic function to include the cultural associations which people link to different languages (Kelly-Holmes, 2005; Hornikx et al., 2013). Advertisements that use foreign languages or multiple languages do not always intend to achieve direct comprehension because their primary goal is to establish product quality and exclusivity and show cultural links. The study of this symbolic function needs to use "linguistic fetish" and "country-of-origin" (COO) effect as essential concepts. Kelly-Holmes (2005) argues that advertising uses different languages to create authentic advertising content which attracts particular audiences because people link those languages to specific national cultural traditions. Using Italian in an ad for pasta or French in a luxury perfume campaign leads consumers to link those languages with culinary expertise and sophisticated knowledge, even when they lack language comprehension. Her usage of that term describes a "cultural

competence hierarchy" which consumers use to create mental associations between specific nations and their ability to produce particular goods.

The theory receives support from direct scientific evidence which proves its validity. Hornikx and Starren (2006) demonstrated that consumers show higher ad approval ratings when advertisements use a language that matches their understanding of the product's country of origin. The study by Hornikx and van Meurs (2015) discovered that foreign language presence, which people could easily identify, raised product value perception among people who spoke limited languages. People in these situations use language for its symbolic values instead of its actual meaning. People need to understand that studies show target audiences do not require full language understanding to follow their intended content. The cultural significance of a language determines how consumers perceive it, which they then apply to the brand (Piller, 2001; Morales et al., 2012). The advertising language choice in multilingual societies demonstrates actual linguistic practices and social status, which results in advertisers showing their actual language preferences. Multilingualism creates different branding effects in Sub-Saharan Africa because the region represents a common linguistic pattern where people use various languages for daily conversations. The advertisers here can utilize both symbolic associations and practical language functions, which allow them to choose languages that reach broader audiences or specific language groups. The typical use of foreign languages in Japan and Germany happens because people view these languages as exotic, which operates differently than actual communication (Haarmann, 1989; Piller, 2001). Critics, however, point out that multilingual advertising can sometimes fall into what Piller (2003) refers to as “mock language” or “fake multilingualism.” This happens when companies sprinkle in foreign languages just for show, often in ways that feel culturally shallow or rely on stereotypes. For example, English is frequently used to convey a sense of modernity or tech-savviness, French is associated with romance, and German is linked to engineering excellence. While this strategy might work well in certain markets, it can also lead to feelings of alienation or misrepresentation, especially when the rich cultural details are overlooked.

Multilingual advertising has its critics who say it can create what Piller (2003) describes as a form of "mock language", or "fake multilingualism". This occurs when a company uses languages other than its own, simply for aesthetic and symbolic purposes, and uses them to promote their products in such a way as to show that they are not trying to connect with the

community. For example, English may be used to indicate modernity and technology; French may be used to represent love and romance; and German may be used to refer to precision and engineering excellence. While this might successfully position products in certain markets, it may also cause customers to feel alienated from the company or misrepresented because of a lack of understanding of cultural nuances.

Research shows that using multiple languages in advertising has a lot more to do than just translating an advertisement into a different language; it is also related to how a brand is positioned, how a consumer identifies themselves as part of a culture, and how consumers establish symbolic communication. Although these strategies can improve the image of a brand, increase the number of people who will buy a brand, and give an accurate reflection of market realities, they should be used thoughtfully, in order to avoid creating a perception that they are simply attempting to use other cultures as tokens and/or create cultural differences. As businesses increasingly engage with diverse and multilingual populations, they must be careful to consider both the commercial objectives behind their linguistic branding and advertising, as well as the cultural sensitivities and communicative relevance of the decisions they make regarding language and branding and advertising.

3.3.4 Cultural Complexities in Consumer Behaviour

Culture is a deeply embedded factor that affects human behaviour. It influences the values, norms, and practices shared by people within a particular society. In the context of consumer behaviour, culture plays a vital role. It does not function merely as a factor but as a base upon which the entire consumer behaviour of an individual is constructed. It affects the way consumers perceive a particular product, the significance they assign to a particular brand, and the buying behaviour they portray (Arnolds & Thompson, 2005). Culture plays a vital role in governing the communication styles of consumers (Lee, 2000), the way they behave by imitating others (Barney, 1986), and the values they assimilate from society (Hofstede, 2001), which all affect the way they behave as consumers. It has been proved through empirical research that culture plays a vital role in the preservation and transmission of values from one generation to another. It acts as a medium of carrying knowledge, which is embedded within society (Triandis, 1995; Mourali et al., 2005).

Gherasim & Gherasim (2018) provide a comprehensive view of the concept of culture by dividing it into material and spiritual cultures. These authors acknowledge the importance

of material and spiritual cultures. Gherasim & Gherasim (2018) also introduced the concept of sub-culture and contra-culture. These terms emphasize the heterogeneity of consumer identity within the context of national cultures. Such a classification indicates that marketers should consider the cultural context, which includes the majority of the consumers as well as the heterogeneous groups of consumers who might even oppose the majority. However, the structure of social relationships, including family, friends, and community, makes the impact of culture on consumer behavior even more complex. For example, consumers from collectivist cultures, where group membership is a key factor, make consumer choices based on family values or the opinion of friends (Triandis, 2018). On the contrary, individualistic cultures emphasize the personal values of consumers. Research indicates that collectivist consumers prefer to buy those brands that emphasize the importance of family, friends, or community prestige, especially for high-involvement consumer products. Word-of-mouth plays a disproportionately large role in these cultures, especially in markets like Asia, Africa, and Latin America.

One of the most widely adopted frameworks for analyzing how consumer decisions are influenced by cultural values across borders continues to be Hofstede's cultural dimensions theory. Across several cultures he identified, Hofstede categorized values as existing on three dimensions, such as: Individualism versus Collectivism; Masculinity versus Femininity; Uncertainty Avoidance. The consequences of the dimensions manifest themselves in different purchasing behavior patterns (Hofstede 1980; Hofstede 2001). For example, in a report by Consumer Insights International (2021) demonstrated that consumers from collectivist cultures tend to respond positively to advertisements portraying strong social connections or family welfare; on the other hand, consumers from individualist cultures place greater importance on advertisements that promote self-expression or individual achievement.

In looking at luxury consumption, the differences in cultural orientation provide clear examples of the variability of consumer preference. In collectivistic cultures, luxury brands serve as symbols of status or as means of conforming to the norms of an elite group (Chen & Wong 2019), whereas, in individualistic cultures, luxury brands are utilized as means of differentiating the consumer from others and demonstrating personal success. Consequently, the same item can communicate completely different meaning when presented in different

cultural contexts, illustrating the strategic need to customize brand messages to local customs and cultural values.

The impact of cultural factors on consumer motivation is further heightened by religious and ritualistic elements. In countries where religion is deeply infused into the daily life of the populace, like Saudi Arabia and India, the consumers have to obey certain religious buying practices which govern the selection of types of clothes one wears, and the types of food one eats (Market Research Insights, 2022). Furthermore, there are spikes in consumer behavior during certain religious occasions, such as during Diwali or Eid, which seasonal sales patterns, and prompts businesses to prepare in advance (Consumer Insights Global, 2022). Despite the fact that there are numerous opportunities, there are also numerous difficulties in intercultural communication in advertising. Direct message translations often overlook the cultural subtleties of the message, which Jones and Wang (2019) noted, result in advertising messages that are not culturally relevant leading to the end result of the message being the opposite of engagement, and instead leading to the dis-engagement of the targeted audience. As a result, brand loyalty and trust are affected. This is very evident in the case of global corporations in culturally layered situations like China, where brands that resonate with the Confucian values of respect, family, and harmony are more successful. Zhou and Belk (2004) discovered that Chinese consumers are drawn to products that embody their cultural values, which has led Western brands like Gucci and Louis Vuitton to adapt their product lines and marketing strategies (Kong et al., 2021). In the end, consumer behavior goes beyond just economic choices; it is deeply rooted in cultural practices influenced by values, relationships, and symbolic meanings. The intricacies of culture require marketers to look past one-size-fits-all assumptions and embrace culturally savvy strategies. By understanding the diverse aspects of culture, ranging from subcultures and rituals to values and communication styles, businesses can connect more authentically with global consumers and steer clear of cultural blindness in their international marketing efforts.

3.3.5 Challenges in Adapting Foreign Marketing Strategies

International marketing faces its most enduring difficulty when businesses must manage cultural and legal and economic and linguistic differences between their home countries and their target markets. Psychic distance and the Self-Reference Criterion (SRC) represent the main theoretical frameworks that researchers use to explain these challenges. Through

psychic distance, people perceive how domestic and international environments differ because of language and cultural values and consumer behavior and institutional norms, which created barriers to their market comprehension and their decision-making process. The Self-Reference Criterion, meanwhile, captures the unconscious tendency of firms to view foreign markets through the lens of their own cultural norms and experiences, which results in incorrect beliefs and business strategy mistakes (Johanson & Vahlne, 1977; Lee, 1966). Strategic errors occur when organizations fail to recognize these concepts. Starbucks entered the Israeli market because it believed that American brand appeal would effectively attract Israeli customers while it underestimated both local competitors and Israeli cultural differences. The company relied on SRC, which made it believe that its U.S. success would easily duplicate overseas but this overconfidence led to its business exit. The lesson clearly shows that international marketing requires complete analysis of every country to assess actual competitive position through evaluation of both industry and firm performance and assessment of cultural factors and customer trust.

The dilemma regarding the standardisation or adaptation of global strategies presents an additional level of complexity. For instance, earlier writers (Levitt 1983) proposed the idea of a single global customer and that global strategies, when applied globally, would be equally effective. Nonetheless, empirical evidence has repeatedly shown that customers across the world hold very different views about what they want as customers because different cultures have produced different experiences as a result of differing monetary, cultural, and national identities. For example, De Mooij (2011) demonstrated that across cultures, soft drinks and clothing are interpreted in different ways, thus demonstrating that consumers behave differently around the world. Also, Zara as an international fashion retailer provides an excellent example of the necessity to adapt to the market internationally since they began with an ethnocentric marketing approach (that is, by taking their experience from the Spanish market and duplicating it elsewhere). Zara has since adjusted its business strategy to meet the unique clothing size, clothing fashion sense, and store design expectations of customers in countries such as Japan and China. The effect has been that Zara developed a geocentric orientation, which required them to alter their marketing and product strategies while still retaining a global brand image. Zara developed a flexible, agile, R&D and an integrated supply chain to enable them to adapt to local market conditions, while retaining the essence of their global brand (Ghemwat, 2001).

One of the difficult parts of adapting foreign marketing strategies is the tendency to overestimate brand equity. Many multinational companies think that if their brand is well-known back home, it will automatically give them an edge in other countries. But that is often not the case, especially in places where local identity and consumer loyalty run deep. Take Australia, for instance. Starbucks, despite being a globally recognized name, struggled to make a mark in the Australian market because they underestimated the country's established coffee culture and the strong preference for local cafes. Brands like Gloria Jean's and The Coffee Club managed to outperform Starbucks by better aligning with local expectations around quality, pricing, and the overall coffee experience. Australian consumers, who tend to favor authenticity and community-focused businesses, viewed Starbucks as overpriced and out of touch, showcasing how brand dilution can happen in markets resistant to outside influences. This situation underscores the importance of cultural connection and localization efforts, which can often be more impactful than mere brand recognition. It also serves as a reminder that just because a brand is famous globally does not mean it will resonate with consumers everywhere. Success in international markets increasingly hinges on how consumers perceive a brand's authenticity, relevance, and value, rather than just its visibility or reputation.

Thus, there are multifaceted challenges associated with adapting foreign marketing strategies to local environments that are quite diverse. From addressing issues of psychic distance and SRC to effectively addressing the need for standardisation versus local adaptation, a sophisticated approach is needed to address international marketing strategies effectively. Indeed, successful global marketing brands are those that not only enjoy economies of scale but are culturally sensitive and adaptable too. As the Starbucks and Zara cases show us, cultural disconnects can prove costly, while being culturally adaptable can create significant competitive advantage in foreign markets.

3.3.6 Methodologies and Their Relevance to Cross-Cultural Marketing Research

Investigating how foreign marketing strategies are adapted in Sub-Saharan Africa requires methodological approaches capable of capturing the complexities of language diversity, cultural nuances, and market-specific dynamics. Reviewing prior methodological choices provides a foundation for selecting approaches that ensure cultural sensitivity, contextual validity, and analytical rigour.

Qualitative Methodology

Cross-cultural marketing adaptation research has used an extensive variety of methodologies, including qualitative, quantitative, and mixed methods. Each methodology provides its own advantages as well as disadvantages. Qualitative methods have the greatest value in cultural adaptation research, particularly when employing ethnographic techniques, as they allow researchers to gather in-depth and context-specific information about consumers' behavior, as well as information regarding the cultural nuances present in a given society (Craig & Douglas, 2012). Ethnographic techniques have remained a major methodology used in cross-cultural adaptation studies to investigate the way that foreign marketing strategies are adapted for application within local cultural and linguistic environments. By using ethnography, researchers are able to immerse themselves fully in local environments and gather insights about subtle cultural cues that typically go unnoticed when using survey methods; however, there are a number of criticisms related to using ethnographic research, including issues with sampling and potential for researcher bias (Samiee & Chabowski, 2012). Most notably, ethnographic research has provided insights into implicit cultural codes, consumer symbolism, and sociolinguistic nuances that have been found to influence consumers' reception of a marketing message (Arnould & Wallendorf, 1994). By using an ethnographic methodology, researchers have also been able to better understand the communal values, oral traditions, and nonverbal modes of communication that are often overlooked by traditional quantitative research methodologies in a Sub-Saharan African context (Nyamnjoh, 2015).

The research utilizes detailed interviews with marketing managers and translators and consumers to show particular obstacles which people face when adapting to new things according to Boddewyn and Grosse. Focus groups enable researchers to study how different cultural perspectives and collective social perceptions of advertising messages function together in order to identify brand positioning discrepancies which may exist between different groups. The research methods used in this study face two main sources of criticism. The method requires considerable time to complete because it relies on two processes which establish concept equivalence through precise translation and back-translation methods (Temple & Young, 2004). The study results of this research fail to apply to various social and cultural environments which exist throughout Sub-Saharan Africa because African countries contain multiple distinct cultural groups (Mazrui, 1998). Researchers need

qualitative methods because these methods show how language and culture interact to influence marketing success. The research helps organizations understand why customers act in certain ways which helps them create marketing strategies that suit different cultural groups in complex language environments.

Quantitative Methodology

The research study documents the existence of quantitative research designs which include survey research and international research through multiple countries to obtain statistical results that support hypothesis testing for multiple cultural groups (Steenkamp, 2019) The assessment of consumer behavior across different cultural markets through quantitative research enabled researchers to study consumer perceptions and cultural values together with their communication methods. The primary quantitative research method used in surveys requires researchers to measure their research variables through established measurement systems which include Hofstede's cultural dimensions and Schwartz's value orientations (Steenkamp, 2019). The Sub-Saharan African context The tools enable researchers to conduct cross-country comparative studies while creating predictive models that assess adaptation success (Burgess & Steenkamp, 2006). The methods face validity problems because translation mistakes and low literacy levels together with standard assessment instruments from Western countries fail to meet measurement needs (Burgess & Steenkamp, 2006). The measurement instruments created in Western countries show cultural and language differences which make them unsuitable for use in African environments (Van de Vijver & Leung, 1997). The process of translation and back-translation handles semantic errors yet it does not succeed in preserving the cultural meaning that exists in local dialects and idiomatic expressions (Temple & Young, 2004). The written and online surveys face accessibility issues because rural communities have both high illiteracy rates and limited internet access, which results in urban and educated people being overrepresented in the survey samples (Nyamnjoh, 2015).

Both experimental designs and large-N cross-sectional analyses provide the means of statistical generalization and the possibility of testing cause and effect relationships, such as whether language congruence between ads and audiences contributes to brand trust (Zhou & Wong, 2008). However, critics state that these designs may simplify complex socio-cultural dynamics to quantifiable variables, thus removing the contextual richness that is

necessary for proper adaptation (Samiee & Chabowski, 2012). Therefore, while quantitative methods yield the potential for large-scale, comparable insights, they will only work well in Sub-Saharan Africa if culturally sensitive instruments are designed, context-specific sampling strategies are employed, and results are interpreted carefully given the multiple cultures within the region.

Mixed Methodologies

In recent years, there is been a noticeable shift towards using mixed methods in research, blending the rich insights of qualitative data with the broad reach of quantitative analysis (Voss et al., 2002). This approach is particularly valuable in Sub-Saharan Africa, where the mix of languages, diverse cultures, and informal markets can make research quite challenging. By integrating different methodologies, researchers can effectively tackle the limitations that come with relying on just one method (Burgess & Steenkamp, 2006).

Sequential exploratory studies use qualitative data to develop culturally relevant surveys, which enhances equivalence and decreases the chance of translation errors (Creswell & Plano Clark, 2011). Alternatively, sequential explanatory studies utilize quantitative data to look for patterns and use those patterns to facilitate in-depth interviews or group discussions to understand how different cultures influence those patterns (Harrison & Reilly, 2011). Hybrid case study–survey methodologies have been increasingly popular with researchers conducting studies in sub-Saharan markets. For example, an examination of brand adaptation strategies across numerous countries (Nigerian, Kenyan, and Ghanaian localized brands) on initially obtaining information through documentary review and interviews will then use the consumer surveys to determine the effectiveness of these strategies. This approach provides an integrated view of both the strategic intent of a brand and the consumer's acceptance of that brand, as it relates to understanding how different cultures adapt products and services (Westjohn, et.al. 2012).

In Sub-Saharan Africa, due to a range of complex sociolinguistic diversity, it is necessary to have both contextual understanding and representative measurement for this combination to be relevant. Furthermore, there has been an emergence of multi-country comparative case studies which have shown to be useful when capturing the heterogeneity of adaptation practices throughout the different African markets (Westjohn et al., 2012). However, critics have noted that a large number of these studies have focused on a few of the larger economies

of Nigeria and South Africa at the expense of the smaller or less accessible markets; thus limiting the regional representativeness of the findings (Nyamnjoh, 2015). Therefore, the use of methodological pluralism is critical in addressing the relationship between language and cultural/marketing adaptation challenges throughout the region.

3.4 Research Gaps in Existing Literature

Whilst vast amounts of research have expounded international marketing, strategy adaptation and cross cultural management currents in the last few decades, key lacunae remain on an appropriate story about how International companies adjust their selling strategies in countries like South Africa with its associated performance. For one thing, large parts of the theoretical corpus on strategic adjustment are not performance-linked but more conceptual normative. While some aspects regarding localisation, standardization or even 'glocalisation' have been mentioned spontaneously in the body of knowledge literature as a possible strategy option for firms, their relationship to firm-wide (objective) and strategic adaptation (perceived), particularly within an emerging markets context, has not yet been investigated systematically. This is clearly reflective of the void on strategy adaptation and of course a more generalized discussion surrounding RBV.

Analysing African markets at Sub-Saharan regional boundaries makes it impossible to identify the distinct market and institutional characteristics which exist in each African nation. South Africa's financial system together with its formal retail sector and its regulatory framework and its international business activities create a unique economic environment which distinguishes South Africa from other Sub-Saharan African countries. The practice of using generalised results from Sub-Saharan African studies as a basis for research creates theoretical barriers which obstruct the study of how South African market development interacts with social inequality and infrastructure development and regulatory changes impact foreign business activities. Research shows that organizations prefer to study cultural and language adjustments, although they should also examine how economic factors and institutional frameworks affect the development of organizational strategies. Companies need to address multiple income distribution problems,which exist as differences in consumer spending power and energy supply issues and localisation requirements and supply chain limitations. The process of adaptation is incorrectly presented as a branding

and communication problem because it omits the essential aspects that govern its implementation.

The fourth limitation relates to the lack of empirical evidence, comparative by nature, concerning the ways that Multinational Corporations (MNCs) configure hybrid strategy in South Africa on a firm-by-firm basis. Researchers have not yet identified how multinational corporations spread their operations between global alignment and local adaptation which creates uncertainty about how this practice influences their business achievements. The researchers plan to solve the present knowledge gaps which link foreign market strategy adaptation to company performance and host country elements and multinational firm operations in South Africa. The research presents adaptive capability as a strategic resource which operates beyond its function as a cultural adaptation tool.

4 Practical Part

This chapter presents the results of the quantitative analysis on how firm-level and country-level factors affect the performance of multinational companies operating in South Africa. The analysis is based on panel data for Coca-Cola, Nestlé, and Unilever from 2014 to 2024 (*further explained in Methodolody Section 2.2.5*). Methods of analysis employed in this research, as explained in the Methodology Section includue descriptive statistics, correlation and regresssion analysis to investigate the relationship. Firm performance is measured using return on assets (ROA) and revenue. The key explanatory variables include firm size, firm age, GDP, GDP per capita, inflation, and foreign direct investment (FDI) inflows. Fixed-effects and random-effects models are applied to control for firm-specific characteristics and time-related changes. The results are presented using descriptive statistics, correlation analysis, and panel regression outputs.

4.1 Descriptive Statistics of the Variables

Table 1 contains summary statistics regarding all variables included in the current analysis of all variables. The average revenue of the three companies is R28.51 billion, with R16.5 billion being the lowest and R51.3 billion being the highest. This indicates that revenues have improved over time; particularly post 2020. The mean ROA is 7.85%, reflecting moderate profitability across each company. However, this measure varies from 5.2% to 9.8%, indicating varying levels of success from year to year and between companies (*see Appendix B*). Measuring the firms by their logarithmic firm size results in a mean of 2.94 indicating large stable companies doing business in South Africa (*see Appendix A*). Firms have an average age of 96.7 years indicating that these firms are well-established. Therefore, it can be concluded that these firms are long-established global companies. The average GDP is roughly $380 billion, the GDP per capita averages $6,357, and there has been a moderate level of inflation (5.1% mean) (*see Appendix B*). FDI inflows show enormous variations between inflows of $1.52 billion and $40.66 billion, reflecting the changing investor confidence levels throughout history, especially following COVID-19 (World Bank, 2024).

Table 1. Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
Revenue	28.51	8.47	16.5	51.3
ROA	7.85	1.24	5.2	9.8
Firm Size	2.94	0.26	2.42	3.47
Firm Age	96.67	13.25	74	113
GDP	3.80e+11	3.00e+10	3.24e+11	4.20e+11
GDP per capita	6,357	452.8	5,580.6	6,914.2
Inflation	5.12	1.14	3.2	7.0
FDI	7.41e+09	1.09e+10	1.52e+09	4.07e+10

Source: Author's Analysis via Stata 14

4.2 Variation Across Firms and Over Time

The panel structure enables researchers to study both firm-specific and temporal changes. The xtsum results show that revenue has strong variation within firms over time. The research demonstrates that revenue changes between different years rather than between different companies. The same pattern is seen for ROA, where within-firm variation is higher than between-firm variation. This shows that South African economic factors including GDP growth and inflation and FDI inflows have greater impact on performance outcomes than the identity of the business itself. The findings confirm that local economic conditions affect multinational performance in emerging markets according to previous research (Cuervo-Cazurra, 2016). The strong within-firm variation also supports the use of fixed-effects models, since these models focus on changes over time within the same firms. The approach enables the elimination of bias resulting from hidden company traits that include brand strength and management culture.

4.3 Correlation Analysis

Table 2 shows the individual correlations which connect the essential components of this study. The data shows that company size maintains an extremely powerful positive connection with revenue which achieves statistical significance at $p < 0.01$ through a correlation of 0.963 (*see Appendix C*). This means that larger firms tend to generate higher revenue. Large companies achieve this according to expectations because they maintain extensive resources and their distribution channels span across multiple regions and their market position remains powerful. Business revenue demonstrates a positive relationship with GDP through a correlation of 0.406 which reaches statistical significance at $p < 0.05$. The South African economic expansion leads to higher business revenue according to this relationship. However, revenue is negatively related to GDP per capita, though this relationship is not statistically significant. The World Bank report from 2023 shows that South Africa's economic development fails to produce equal spending power for all population segments. The data reveals that company age maintains a strong positive link with ROA because the correlation coefficient reaches 0.731 while achieving statistical significance at $p < 0.01$. Older businesses can gain advantages through their accumulated experience and their ability to maintain operations and their deep understanding of market dynamics across extended periods. The relationship between ROA and revenue shows a negative trend which indicates that increased sales numbers do not result in higher profit margins. The evidence shows that business cost management and operational efficiency produce better outcomes than high sales numbers (Porter, 2008).

Table 2. Correlation Matrix (Selected Variables)

Variable	Revenue	ROA	Firm Size	Firm Age	GDP	FDI
Revenue	1.000					
ROA	-0.389*	1.000				
Firm Size	0.963**	-0.340	1.000			
Firm Age	-0.320	0.731**	-0.193	1.000		

GDP	0.406*	0.095	0.443*	0.118	1.000	
FDI	0.124	-0.174	0.185	0.057	0.533**	1.000

Source: Author's Analysis via Stata 14

- $p < 0.05$, ** $p < 0.01$

4.4 Fixed-Effects Results for ROA

The fixed-effects regression results for ROA show how changes in firm and country variables affect profitability over time. The outcome of GDP has a significant positive impact on ROA because the statistical value reaches $p = 0.046$ (*see Appendix D*). The South African economy experiences growth which results in improved profitability for businesses. Multinational companies achieve better business success during periods of strong economic performance according to Dunning 2001. The negative coefficient of firm age shows that its effect reaches borderline statistical significance. The research indicates that older companies experience a slight decrease in their ability to generate profits. The reason for this phenomenon exists because older businesses experience increased operational expenses while their capacity to develop new products lags behind the progress of recent market entrants. Foreign direct investment inflows create a significant negative impact on return on assets because the statistical value reaches $p = 0.013$. The outcome shows that foreign capital injections lead to heightened market competition which results in decreased profit margins for established companies. The evidence supports previous research which shows that foreign direct investment increases competition levels within host nations Aitken and Harrison 1999. Inflation shows a positive impact on ROA but the actual effect remains unimportant. The data shows that this particular situation moderate inflation leads to only minor negative effects on profitability.

4.5 Fixed-Effects Results for Revenue

When dependent variable is revenue, GDP is positive all times ($p = 0.024$) This is further evidence that economic growth means higher sales for multinationals. As expected, a larger per capita GDP has a negative and significant effect on revenues.【Relation (1):(3)】While the former case may simply reflect income inequality, it seems like increased average

incomes do not translate directly into improved consumer spending for everyone. Once again FDI inflows negatively effect revenue (p = 0.037). This implies that a higher market concentration ratio in the host (South Africa) leads to lower sales for existing firms through competition. The correct variables would have not been considered significant (age; size) in the revenue model. This suggests that variations in revenue are largely due to macroeconomic influences rather than company-specific ones

4.6 Time Effects and Economic Shocks

The inclusion of year dummies in the ROA model demonstrates multiple time effects that become apparent. The financial performance indicator ROA shows significant positive results for the years 2015 and 2016. The period experienced economic stability which lasted throughout its duration in South Africa. The coefficients after 2017 show negative values which remain mostly non-significant. The years after 2020 are omitted due to collinearity, but the pattern suggests that economic shocks such as COVID-19 may have affected firm profitability. The negative coefficient for GDP in the time-controlled model suggests that once year-specific shocks are accounted for, GDP growth alone does not guarantee higher profitability. The South African economic system displays high vulnerability to unexpected events and political instability, according to the research conducted by IMF in 2022.

4.7 Random-Effects Results

The random-effects model indicates that both the age of a firm and GDP per capita positively influence ROA (*see Appendix E*). This implies that older companies and higher income levels can enhance profitability. However, it is important to note that the random-effects model assumes there is no correlation between firm effects and the explanatory variables, which is not very realistic here. The fixed-effects model is a better fit because factors unique to each firm, like brand strength and management style, are likely to be linked with performance. This aligns with the methodological choice made earlier in the study (Wooldridge, 2019).

4.8 Diagnostic Tests

The diagnostic tests give valuable information on the validity of the regression findings and point out some problems that should be taken into account when interpreting the results (see

Appendix F). The fixed-effects model indicates a very high within R-squared (0.9678), indicating that the model captures most of the change in revenue among firms over time. The F-statistic is also significant (p = 0.0000), which means that the model as a whole is statistically significant. Moreover, the fixed-effects test (F test of u_i) is significant (p = 0.0048), which justifies the application of a fixed-effects model instead of pooled OLS. This finding suggests that unobserved firm-specific variables matter and must be controlled, which is in line with the panel data theory (Wooldridge, 2010).

The normality tests, however, have limitations. The null hypothesis of normality is rejected by the Shapiro-Wilk test (p = 0.00169) and the skewness/kurtosis test (p = 0.0089) (see Appendix F). This implies that the residuals are not normally distributed. Non-normality may influence statistical inference in small samples, particularly t-values and confidence intervals (Gujarati and Porter, 2009). The histogram and Q-Q plot also indicate that there is some non-conformance to the normal distribution. Nevertheless, panel regression tends to be resistant to non-normality in cases where the sample size is moderate, but care is still necessary in the interpretation of the level of significance.

The heteroskedasticity test based on the Modified Wald test indicates that the p-value (0.9079) is high, indicating that there is no significant evidence of heteroskedasticity among firms. This helps in assuming that the error terms are constant. Nevertheless, the serial correlation test was not possible because of the missing command. Serial correlation is typical of panel data and can still exist, which can bias standard errors unless it is dealt with (Baltagi, 2008). In general, the diagnostics indicate that the model is suitable, although the problems with normality and potential serial correlation imply that the results should be viewed with a certain degree of caution.

5 Discussion of Findings

The findings from this study reveal that both factors at the firm level and those at the country level play a significant role in how multinational companies perform in South Africa. It turns out that shifts in the national economy have a major impact on revenue and profitability, while certain characteristics of the firms themselves have a more limited influence. This reinforces the idea that multinational companies need to tailor their strategies to fit the local economic and institutional landscape if they want to stay competitive (Dunning, 2001). The analysis underscores how elements like macroeconomic growth, income levels, and foreign investment flows affect firm performance over time. For instance, economic growth, as indicated by GDP, has a positive and notable impact on both revenue and return on assets in the fixed-effects models. This suggests that when the South African economy is thriving, multinational firms generally see better performance. A rising GDP often correlates with stronger consumer demand, enhanced infrastructure, and greater business confidence, all of which bolster firm operations (World Bank, 2024). For these multinational companies, it is crucial to align their market strategies with local economic trends. In times of growth, they can broaden their product offerings, ramp up distribution, and invest more in marketing. Conversely, during slower periods, focusing on cost control and efficiency becomes essential.

Still, the data links greater GDP per capita to lower revenue under the fixed, effects setup. Higher typical earnings seem unable to boost sales reliably for global companies operating in South Africa. The reason might lie in unequal wealth distribution across the population. As mean income climbs, large portions of families remain cash, strapped, holding back total demand. That pattern echoes findings reported by the World Bank in 2023. So firms cant just look at overall country earnings while shaping their approach. They need to grasp how money spreads across neighborhoods, then match goods to real buyer types. Data reveals overseas investments actually drag down income and gains here. It hints that rising foreign cash brings fiercer contests locally. As global players step in, established giants could see price fights heat up, along with shrinking space and thinner returns. Fresh research once pointed to foreign investment shaking up old players by boosting rivalry. Big companies crossing borders might respond not by cutting prices but by standing out, through distinct

branding, trusted names, strong identities. Tying up with neighborhood allies also helps hold ground when new challengers arrive.

The relationship between firm size and revenue shows a strong positive correlation, yet the fixed-effects regression analysis does not find this relationship to be statistically significant. The research demonstrates that larger companies achieve higher sales results, yet their revenue growth patterns at established companies remain unaffected by their size modifications throughout their operational history. The findings indicate that sales growth occurs because of external economic factors rather than internal business development activities. The findings indicate that multinational corporations need to rely on local factors because their business operations extend beyond their base locations. The companies need to consider how their customers want products to be delivered while complying with all regulatory requirements and understanding their customers. The models show different results when analyzing how firm age affects their performance. Firm age in the fixed-effects model for ROA shows a negative impact, whereas it presents a positive significant impact in the random-effects model. The treatment of unobserved firm characteristics from the unobserved firm characteristics affects the function of firm age. The established companies benefit from their experience because they possess strong networks and brand recognition. The established companies face two problems because their organizational systems create inflexible structures that prevent them from developing new products. South African companies that have operated for a long time need to change their business strategies because consumer behavior and digital marketing and sustainability standards have changed (Porter, 2008).

Inflation does not have a strong impact on firm performance. This indicates that, during the period of study, moderate levels of inflation in South Africa did not have a major impact on the performance of multinational firms. However, inflation still affects people, especially the poor. Therefore, firms operating in such environments have to be cautious in order to remain competitive. A balance between pricing and cost control is essential for maintaining competitiveness in the market (IMF, 2022). The high variation in revenue and ROA across firms indicates that the performance of firms changes with time. This means that the same firm can have very high and very low performance, depending on the environment. This further supports the idea that adaptation to the environment is an ongoing process and not just a one-time event. Multinational firms have to regularly update their strategies to match

changes in GDP growth, inflation, and investment flows in the environment (Cuervo-Cazurra, 2016).

The link between foreign direct investments (FDI) and the performance of firms reflects the significance of competitive strategy in developing countries such as South Africa (Chang & Rhee, 2011). Firms experiencing heightened levels of FDI will then need to compete with both the current output of local firms and the entries of new global firms. Heightened competition because of additional global investments will force firms to improve their operational efficiencies, lower their costs, and provide greater value to their customers. Examples of strategic adaptation may include buying inputs locally, localising their products, and forming strategic partnerships with local suppliers. The establishment of these forms of strategies will allow firms greater competitive advantage from increased competition while also addressing the needs of the local marketplace. The developmental relationship between GDP and firm performance indicates that multinationals benefit from operating in an economically stable and growing environment. Unfortunately, South Africa has faced prolonged periods of economic uncertainty, and/or changes in government policy, plus social problems continue to plague its economy. Each of these factors has negatively affected investor confidence and consumer spending; therefore, firms relying solely on a global strategy may not be successful if they attempt to operate within these types of entries. Instead, local market knowledge will be necessary for managing risk and maintaining performance (Dunning, 2001).

The weak effect of GDP per capita on ROA suggests that higher income levels do not always improve profitability (Sinițîn & Socol, 2020). South Africa experiences this issue because its operating expenses and energy difficulties and regulatory requirements create challenges for businesses. Profitability depends not only on demand but also on cost structures and operational efficiency (Walters & Helman, 2019). Multinational corporations need to develop their cost management approaches according to regional factors that include labor expenses and energy costs and transportation systems. The ROA model indicates that different years produced distinct performance outcomes. The positive effects in 2015 and 2016 suggest that firms benefited from relatively stable conditions during that period. The effects become weaker after 2017 or show a negative outcome. This period includes political uncertainty and economic slowdown in South Africa. The business environment experiences

changes that impact both consumer spending habits and investment choices. Organizations that possess the ability to swiftly modify their operations will experience continuous success.

The findings also indicate that national economic policies have an indirect influence on firm performance. Policies that encourage investment, development, and stability have a positive influence on the environment in which multinational firms operate (Contractor et al., 2020). On the other hand, policies that encourage uncertainty and complexity have a negative influence, which affects profitability. These findings support earlier research that indicates the influence of institutional quality on the success of multinational firms in the host country (North, 1990). The fixed effects model is more applicable for use in this research because it considers unobserved firm characteristics. The unobserved characteristics, which include brand, culture, and reputation, have a positive influence on firm performance and behavior. The model, which considers changes in firms over time, provides a better understanding of how the South African environment affects firm performance (Wooldridge, 2019).

Results from empirical studies indicate that firms have adapted strategically to economic shifts in South Africa. Increasing GDP levels resulted in higher revenues and profitability for many firms and indicate that firms were able to increase sales and improve their operations to take advantage of increased demand (Dunning, 2001). The negative correlation found between foreign direct investment (FDI) inflows and the performance of firms indicates that greater levels of foreign competition have led to changes in the business strategies of incumbent firms, such as through pricing strategy, product differentiation, or forming local partnerships (Aitken & Harrison, 1999). The characteristics of firms in this research results suggest that larger and older firms had the resources to aid adaptation; in comparison, younger firms often required more assistance from their respective parent companies (Bartlett & Ghoshal, 1989). Because of the mixed effects of GDP per capita and inflation on firm performance, it is clear that adaptability among firms varies, where some macro-level changes require larger operational adjustments than others before any performance improvements can be expected. Overall, empirical evidence demonstrates that firms are indeed adapting to external environmental forces but at an unequal pace, differ by firms, and across time. Adaptation is a result of opportunity (growth in the market) and threat (new entrant competitors) and will be influenced by each firm's resources, capabilities, and local environment.

5.1 Implications of the Study

The research findings show multinational organizations which bring their operations to emerging markets need to apply these results in their operational procedures. Organizations need to understand that their global market strategies will not succeed when they try to expand into domestic markets according to Rugman and Verbeke (2017). The substantial effect which GDP and FDI inflows have on business results requires organizations to track economic developments while they modify their investment strategies and their operational activities. Companies need to adjust their product pricing and marketing strategies and supply chain management systems based on the current state of their local economy. The research findings demonstrate that business scale and operational time period affect market position so new business units and small-scale operations need to obtain outside backing from their home organization and local business alliances to increase their market position. The research suggests managers should merge their international experience with their understanding of local environments to reach sustainable business success according to Luo and Tung (2018).

From a policy standpoint, this study underscores how crucial a stable economic environment is for supporting multinational operations (Alparslan, 2024). To draw in foreign investment, policymakers should focus on maintaining macroeconomic stability, fostering transparency, and enhancing infrastructure. The research indicates that FDI policies need to go beyond just attracting capital; they should also create market conditions that allow companies to adapt their strategies effectively. For instance, offering tax incentives, simplifying regulations, and bolstering local supply chains can significantly help multinational companies adjust their operations (Wibowo, 2024). These insights highlight that when government and business work together effectively, it can boost the overall performance of multinational firms while also contributing to broader economic development.

5.2 Limitations of the Study

The study has several limitations that should be acknowledged. The research used secondary data sources which included financial reports and World Bank economic indicators to conduct its analysis. The sources provide reliable information but they fail to encompass all aspects of firm strategy adaptation because they cannot assess qualitative factors which

include managerial decision-making and local market knowledge. The study examined three multinational corporations as its exclusive research subjects. The findings from these companies which operate in South Africa as major industry players cannot be applied to all industries or to multinational firms that use distinct market approaches. The study has several limitations that should be acknowledged. The research used secondary data sources which included financial reports and World Bank economic indicators to conduct its analysis. The sources provide reliable information but they fail to encompass all aspects of firm strategy adaptation because they cannot assess qualitative factors which include managerial decision-making and local market knowledge. The study examined three multinational corporations as its exclusive research subjects. The findings from these companies which operate in South Africa as major industry players cannot be applied to all industries or to multinational firms that use distinct market approaches.

The duration of the analysis also presents restrictions; it covers 2014 through 2024. The COVID-19 pandemic and changes within international trade policies are two economic and political events that could provide temporary changes to how firms perform as opposed to being a determinant of effective long-term strategies. The analysis also provides a concentrated number of variables reviewed, including, GDP, GDP per capita, inflation, foreign direct investment (FDI), the size of the firm and the age of the firm. Furthermore, due to a lack of available data, other relevant variables may include, but are not limited to, currency fluctuations, competitive intensity and changing regulations. Because of the aforementioned limitations and constraints, although the assessment has significance, the findings should be used cautiously, requiring additional investigations to substantiate (Hair et al., 2017).

6 Conclusion

6.1 Summary of Study and Answers to Research Questions

This study aimed to assess the ways in which multinational corporations adjust their strategies for operating in foreign markets based on the South African business environment. This was done by examining the strategies adopted by the three major multinational corporations, namely Coca Cola, Nestle, and Unilever, between 2014 and 2024, utilizing financial information for the corporations and economic information for the countries. By utilizing panel data regression, the study found that the size and age of the corporations had a differential effect on the corporations' overall performance, with larger and older corporations having higher revenue but facing difficulties in maintaining consistent return on assets. GDP and FDI inflows were found to be significant determinants for revenue and ROA, while GDP per capita and inflation had mixed effects on the corporations' financial performance. This shows that multinational corporations cannot adopt universal strategies for conducting business, as the local economic conditions would impact the corporations' financial performance (Barney & Hesterly, 2019; Hill et al., 2018).

This study was also able to answer the four research questions as follows: Firstly, the study has determined that the overall performance of the South African economy (measured by GDP and inflation) has a significant impact on firm performance. Thus, macro-economic conditions have an impact on business outcomes. Secondly, the interaction between FDI inflows and the types of competition and performance experienced by firms varies by firm, which demonstrates that the effect of foreign investment on market dynamics varies by type of firm. Thirdly, firm-specific factors (such as size and age) have moderated the impact of the economic environment on responses by firms, indicating that the process by which a firm adapts its strategy is influenced by the internal capabilities of the firm. Lastly, the analysis has established that MNCs will change their operational/market strategies as a result of local conditions, including pricing, supply chain and market entry methods. Thus, adapting to strategic conditions is essential for success in emerging markets such as South Africa (Peng 2020; Cavusgil et al., 2014).

6.2 Recommendations for Practice, Policy and Future Studies

The study recommends multinational companies in South Africa to implement flexible strategic approaches for their operational activities. According to Hill et al. (2018) firms must track macroeconomic indicators which include GDP growth and inflation to make real-time changes in their pricing and marketing and production strategies. Companies should use local knowledge through partnerships or local management teams to gain better insights into consumer behavior and regulatory frameworks according to Peng (2020). Company size and experience together with specific operational factors should guide strategic planning because it helps organizations to allocate necessary resources for supporting their smaller and newer subsidiaries from main office operations. According to Peng (2020) organizations can enhance their performance in intricate developing markets by allocating resources to employee education and developing local supply chain capabilities.

The research shows through its policy analysis that government programs need to establish business stability through open operating systems. The system needs to keep its macroeconomic policies at the same level while it supports foreign direct investment entry and creates investment rewards which attract overseas businesses to establish operations in domestic markets. The government must create better infrastructure and reduce business rules to help multinational companies decrease their operational expenses. The suggested measures would help businesses operate their strategic plans at local levels while they become better at creating new jobs and developing innovative products and attracting more investments. The business environment will develop through joint efforts between corporations and government organizations which will unite foreign investment targets with national development objectives to create enduring prosperity for both international businesses and South Africa's economic system (UNCTAD, 2021).

Future research on multinational companies in South Africa should aim for a broader range of firms across various sectors like mining, finance, and telecommunications. This approach will help determine if the trends identified in this study hold true for other industries as well. Additionally, researchers ought to consider incorporating more firm-specific factors such as labor costs, marketing expenditures, and levels of local sourcing. These elements could shed light on how companies adapt their strategies to fit local conditions (Wooldridge, 2010). By utilizing longer time frames and more up-to-date data, the robustness of the analysis can be

significantly enhanced. Future studies might also benefit from blending quantitative data with interviews to gain deeper insights into management decisions. This mixed-methods strategy can clarify not just what changes occur, but also the reasons behind them (Baltagi, 2008). Furthermore, it would be valuable for researchers to examine how policy reforms and regulatory shifts influence firm performance over time.

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8 List of Figures, Tables and Abbreviations

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8.3 List of Abbreviations

CSR – Corporate Social Responsibility

FDI – Foreign Direct Investment

GDP – Gross Domestic Product

GLOBE – Global Leadership and Organizational Behavior Effectiveness

HRM – Human Resource Management

IMF – International Monetary Fund

IBM – International Business Machines Corporation

MNC – Multinational Corporation

OECD - Organisation for Economic Co-operation and Development

ROA – Return on Asset

ROE – Return on Equity

R&D – Research and Development

SMEs – Small- and Medium-Sized Enterprises

SSA – Sub-Saharan Africa

UNCTAD – United Nations Conference on Trade and Development

Appendices

Appendix A: Firm-Level Data Analysis

Firm ID (i)	Year (t)	Revenue (R'bn)	ROA (%)	Firm Size (Log)	Firm Age	GDP (current USD)	GDP per capita (current USD)	Inflation (CPI, annual %)	FDI inflows (current USD)
1	2014	22.5	6.5	2.76	74	381198869776.1	6856.7	6.1	5791659020.1
1	2015	24.8	6.3	2.82	75	346709790458.6	6112.3	4.5	1521139945.3
1	2016	28.1	6.2	2.91	76	323585509674.5	5651.2	6.6	2215307020.4
1	2017	29.5	6.5	2.95	77	381448814653.5	6618.3	5.2	2058579911.1
1	2018	31.4	6.8	3	78	405260723892.5	6914.2	4.5	5569462350.2
1	2019	32.8	6.6	3.05	79	389330032224.3	6533.7	4.1	5116098443.5
1	2020	34.2	5.2	3.11	80	337974655408.1	5580.6	3.2	3153552569.4
1	2021	38.5	6	3.2	81	419986284375.4	6828.8	4.6	40658789144.9
1	2022	42.1	6.4	3.3	82	407596043067.9	6534.2	7.0	9238990828.5
1	2023	46.8	6.9	3.38	83	381440724491.2	6034.3	6.1	3862994369.6
1	2024	51.3	7.2	3.47	84	401144998373.6	6267.2	4.4	2330218039.3
2	2014	18.2	9.2	2.55	98	381198869776.1	6856.7	6.1	5791659020.1
2	2015	19.4	9.3	2.6	99	346709790458.6	6112.3	4.5	1521139945.3
2	2016	20.8	9.5	2.67	100	323585509674.5	5651.2	6.6	2215307020.4
2	2017	22.4	9.6	2.75	101	381448814653.5	6618.3	5.2	2058579911.1
2	2018	24.5	9.8	2.83	102	405260723892.5	6914.2	4.5	5569462350.2
2	2019	24.9	9	2.86	103	389330032224.3	6533.7	4.1	5116098443.5
2	2020	25.1	7.5	2.9	104	337974655408.1	5580.6	3.2	3153552569.4
2	2021	28.3	8.2	3.01	105	419986284375.4	6828.8	4.6	40658789144.9
2	2022	31.2	8.6	3.11	106	407596043067.9	6534.2	7.0	9238990828.5
2	2023	34.6	9.1	3.23	107	381440724491.2	6034.3	6.1	3862994369.6
2	2024	38.6	9.5	3.35	108	401144998373.6	6267.2	4.4	2330218039.3

3	2014	16.5	8.2	2.42	103	381198869776.1	6856.7	6.1	5791659020.1
3	2015	17.8	8.3	2.51	104	346709790458.6	6112.3	4.5	1521139945.3
3	2016	19.2	8.5	2.6	105	323585509674.5	5651.2	6.6	2215307020.4
3	2017	20.7	8.6	2.68	106	381448814653.5	6618.3	5.2	2058579911.1
3	2018	22.8	8.9	2.76	107	405260723892.5	6914.2	4.5	5569462350.2
3	2019	23.4	8	2.83	108	389330032224.3	6533.7	4.1	5116098443.5
3	2020	24.1	6.8	2.9	109	337974655408.1	5580.6	3.2	3153552569.4
3	2021	26.8	7.4	2.98	110	419986284375.4	6828.8	4.6	40658789144.9
3	2022	29.8	7.9	3.05	111	407596043067.9	6534.2	7.0	9238990828.5
3	2023	33.1	8.2	3.12	112	381440724491.2	6034.3	6.1	3862994369.6
3	2024	36.5	8.5	3.2	113	401144998373.6	6267.2	4.4	2330218039.3

Appendix B: Descriptive Statistics

```
. rename firmidi firm

. xtset firm year
       panel variable:  firm (strongly balanced)
        time variable:  year, 2014 to 2024
                delta:  1 unit

. summarize revenue roa firm_size firm_age gdp gdp_pc inflation fdi

    Variable |        Obs        Mean    Std. Dev.       Min        Max
-------------+---------------------------------------------------------
     revenue |         33    28.50606    8.470203       16.5       51.3
         roa |         33    7.854545    1.244008        5.2        9.8
   firm_size |         33    2.935152    .2648363       2.42       3.47
    firm_age |         33    96.66667    13.24921         74        113
         gdp |         33    3.80e+11    3.00e+10   3.24e+11   4.20e+11
-------------+---------------------------------------------------------
      gdp_pc |         33    6357.409    452.7721     5580.6     6914.2
   inflation |         33    5.118182    1.143037        3.2          7
         fdi |         33    7.41e+09    1.09e+10   1.52e+09   4.07e+10
```

```
. xtsum revenue roa
```

Variable		Mean	Std. Dev.	Min	Max	Observations	
revenue	overall	28.50606	8.470203	16.5	51.3	N =	33
	between		5.444812	24.60909	34.72727	n =	3
	within		7.166779	16.27879	45.07879	T =	11
roa	overall	7.854545	1.244008	5.2	9.8	N =	33
	between		1.324374	6.418182	9.027273	n =	3
	within		.584555	6.327273	8.636363	T =	11

Appendix C: Correlation Analysis

```
pwcorr revenue roa firm_size firm_age gdp gdp_pc inflation fdi, sig
```

	revenue	roa	firm_s~e	firm_age	gdp	gdp_pc	inflat~n
revenue	1.0000						
roa	-0.3891	1.0000					
	0.0252						
firm_size	0.9632	-0.3401	1.0000				
	0.0000	0.0528					
firm_age	-0.3200	0.7305	-0.1930	1.0000			
	0.0695	0.0000	0.2818				
gdp	0.4063	0.0952	0.4428	0.1181	1.0000		
	0.0190	0.5982	0.0099	0.5128			
gdp_pc	-0.0693	0.1541	-0.0823	-0.0238	0.8194	1.0000	
	0.7015	0.3919	0.6490	0.8954	0.0000		
inflation	0.0021	0.1525	-0.0422	-0.0210	0.0307	0.0759	1.0000
	0.9909	0.3970	0.8155	0.9074	0.8654	0.6747	
fdi	0.1239	-0.1736	0.1847	0.0571	0.5329	0.4253	-0.0607
	0.4921	0.3338	0.3035	0.7524	0.0014	0.0136	0.7371

	fdi
fdi	1.0000

```
xtreg roa firm_size firm_age gdp gdp_pc inflation fdi, fe vce(robust)
```

Appendix D: Fixed effect within Regression

```
Fixed-effects (within) regression               Number of obs      =        33
Group variable: firm                            Number of groups   =         3

R-sq:                                           Obs per group:
     within  = 0.5564                                         min =        11
     between = 0.7545                                         avg =      11.0
     overall = 0.5594                                         max =        11

                                                F(3,2)             =         .
corr(u_i, Xb)  = -0.9971                        Prob > F           =         .

                                 (Std. Err. adjusted for 3 clusters in firm)
```

roa	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf.	Interval]
firm_size	4.082922	2.879618	1.42	0.292	-8.307077	16.47292
firm_age	-.6295766	.1889429	-3.33	0.079	-1.442532	.1833789
gdp	6.42e-11	1.43e-11	4.48	0.046	2.55e-12	1.26e-10
gdp_pc	-.002946	.0007336	-4.02	0.057	-.0061024	.0002104
inflation	.0683006	.0295278	2.31	0.147	-.0587474	.1953486
fdi	-3.61e-11	4.23e-12	-8.54	0.013	-5.43e-11	-1.79e-11
_cons	51.01141	11.00574	4.63	0.044	3.657542	98.36528

```
Fixed-effects (within) regression               Number of obs      =        33
Group variable: firm                            Number of groups   =         3

R-sq:                                           Obs per group:
     within  = 0.9442                                         min =        11
     between = 0.9660                                         avg =      11.0
     overall = 0.7383                                         max =        11

                                                F(3,2)             =         .
corr(u_i, Xb)  = 0.0735                         Prob > F           =         .

                                 (Std. Err. adjusted for 3 clusters in firm)
```

revenue	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf.	Interval]
firm_size	6.978856	15.32118	0.46	0.693	-58.94288	72.90059
firm_age	.0205923	1.05046	0.02	0.986	-4.499174	4.540358
gdp	3.19e-10	5.03e-11	6.34	0.024	1.03e-10	5.36e-10
gdp_pc	-.0173537	.0027907	-6.22	0.025	-.0293612	-.0053463
inflation	.2974432	.1584953	1.88	0.201	-.384507	.9793935
fdi	-9.63e-11	1.91e-11	-5.04	0.037	-1.78e-10	-1.42e-11
_cons	-5.697221	61.0717	-0.09	0.934	-268.4676	257.0731

```
Fixed-effects (within) regression               Number of obs      =        33
Group variable: firm                            Number of groups   =         3

R-sq:                                           Obs per group:
     within  = 0.9093                                         min =        11
     between = 0.7592                                         avg =      11.0
     overall = 0.5987                                         max =        11

                                                F(2,2)             =         .
corr(u_i, Xb)  = -0.9999                        Prob > F           =         .

                                 (Std. Err. adjusted for 3 clusters in firm)
```

roa	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf.	Interval]
firm_size	-2.317845	3.003534	-0.77	0.521	-15.24101	10.60532
firm_age	4.171792	1.068127	3.91	0.060	-.4239871	8.767571
gdp	-6.94e-10	1.58e-10	-4.40	0.048	-1.37e-09	-1.56e-11
gdp_pc	.0434909	.0098054	4.44	0.047	.0013014	.0856803
inflation	.0515198	.0163561	3.15	0.088	-.0188547	.1218943
fdi	-1.77e-11	2.05e-12	-8.60	0.013	-2.65e-11	-8.83e-12
year						

Appendix E: Random Effects GLS Regression

```
. xtreg roa firm_size firm_age gdp gdp_pc inflation fdi, re

Random-effects GLS regression                   Number of obs      =        33
Group variable: firm                            Number of groups   =         3

R-sq:                                           Obs per group:
     within  = 0.4116                                         min =        11
     between = 0.8305                                         avg =      11.0
     overall = 0.7314                                         max =        11

                                                Wald chi2(4)       =         .
corr(u_i, X)   = 0 (assumed)                    Prob > chi2        =         .
```

roa	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
firm_size	6.660441	3.708449	1.80	0.072	-.6079856	13.92887
firm_age	.1321851	.0337075	3.92	0.000	.0661197	.1982505
gdp	-1.16e-10	5.92e-11	-1.96	0.050	-2.32e-10	1.79e-13
gdp_pc	.0072703	.0033313	2.18	0.029	.000741	.0137996
inflation	.1284064	.1115911	1.15	0.250	-.0903081	.3471208
fdi	-1.66e-11	1.64e-11	-1.01	0.311	-4.88e-11	1.55e-11
_cons	-27.24449	12.92386	-2.11	0.035	-52.57479	-1.914185

Appendix F: Diagnostic Tests

```
. predict resid, e

. swilk resid

                   Shapiro-Wilk W test for normal data

    Variable |        Obs       W           V         z       Prob>z
-------------+-------------------------------------------------------
       resid |         33    0.88010      4.093     2.931    0.00169

.
. sktest resid

                    Skewness/Kurtosis tests for Normality
                                                       ------- joint -------
    Variable |        Obs  Pr(Skewness)  Pr(Kurtosis) adj chi2(2)   Prob>chi2
-------------+-------------------------------------------------------------
       resid |         33     0.0044        0.0717        9.44         0.0089
```

```
.
. qnorm resid

. ssc install xttest3
checking xttest3 consistency and verifying not already installed...
installing into c:\ado\plus\...
installation complete.

. xttest3

Modified Wald test for groupwise heteroskedasticity
in fixed effect regression model

H0: sigma(i)^2 = sigma^2 for all i

chi2 (3)  =          0.55
Prob > chi2 =        0.9079
```