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From Home-Market Foundations to Transnational Reach: A Contextual Model of African Service-Firm Internationalisation

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ABSTRACT

This study examines how established African service-sector firms progress from strong domestic positions to regional and wider transnational reach. Using longitudinal multiple-case evidence from MTN, FirstBank and Shoprite, it traces how firms deploy, test, and reconfigure capabilities built in the home market across diverse institutional environments. The findings show that domestic scale, managerial experience, organisational routines, financial capacity, technology and market knowledge formed important foundations for later expansion. Regionalisation served as both a scaling and learning process, while entry into more distant or institutionally complex markets required reconfiguration of capabilities. Retrenchment in MTN and Shoprite further shows that internationalisation is neither linear nor irreversible. The study develops a contextual pathway linking home-market foundations, capability accumulation, regional scaling and learning, capability reconfiguration and transnational reach, moderated by strategic intent, host-country institutions, digital capability and service characteristics.

KEYWORDS: African multinationals; capability accumulation; regionalisation; dynamic capabilities; institutional context

1. Introduction

The internationalisation of African firms has become increasingly prominent as companies from the continent expand into regional and global markets. However, the existing literature remains fragmented across countries, sectors, and theoretical perspectives. Although research on African firm internationalisation is expanding, it continues to be theoretically uneven and disproportionately focused on particular firm types and settings (Zahoor et al., 2023; Sob & Dvouletý, 2023). This underscores the ongoing need for explanations that meaningfully engage with African institutional conditions, rather than presuming a single, distinctive trajectory for all firms.

Conventional internationalisation theories illuminate distinct aspects of the process. The Uppsala model emphasises gradual commitment through experiential learning and, in later iterations, highlights the importance of networks and outsidership (Johanson & Vahlne, 1977, 2009). International entrepreneurship and born-global perspectives account for firms that internationalise rapidly through innovation, knowledge, and entrepreneurial capability (Oviatt & McDougall, 1994; Knight & Cavusgil, 2004). The eclectic paradigm addresses ownership, location, and internalisation decisions (Dunning, 1988), while dynamic capability theory focuses on how firms sense, seize, and reconfigure resources in response to environmental change (Teece, 2007). Empirical evidence from Africa, however, increasingly points to hybrid pathways that combine these mechanisms rather than adherence to a single model. African firms may achieve substantial domestic scale, leverage acquisitions and networks for regional expansion, learn to operate in institutionally diverse markets, and later retrench or reorient their geographic portfolios (Kabongo & Okpara, 2019; Ochieng et al., 2024; Anderhofstadt et al., 2025).

The underdeveloped issue is the mechanism connecting strong home-market development to later regional and wider international reach. Research frequently begins once foreign expansion is already under way. Less attention is given to the domestic period in which firms accumulate managerial experience, routines, technological systems, financial resources, market knowledge and reputational assets that may later travel with the firm. In African environments, learning to operate under regulatory uncertainty, infrastructure constraints and market heterogeneity may itself contribute to capability formation.

This issue is especially relevant to established service-sector firms. Service characteristics affect the extent to which activities can be standardised, separated from customers and transferred across borders. Telecommunications and banking increasingly rely on information processing and digital coordination, whereas retail remains strongly dependent on physical outlets, logistics, procurement and local consumer knowledge. Research on service internationalisation therefore cautions against treating service firms as homogeneous (Erramilli & Rao, 1993; Taylor et al., 2021).

An earlier comparative study of MTN, FirstBank and Shoprite suggested that these firms did not fit neatly into either a conventional stages model or a born-global pathway. Each built a

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substantial domestic position before broad regional expansion, drawing on scale, managerial experience, firm-specific resources, technology and adaptive entry choices. More than a decade of subsequent developments now permits those trajectories to be revisited. MTN expanded aggressively and later refocused on Africa; FirstBank moved from prolonged domestic consolidation to a more integrated pan-African banking network; and Shoprite expanded widely before withdrawing from several markets. These developments make the cases particularly useful for examining capability accumulation, transferability, adaptation and reversal over time.

The study therefore asks: How do capabilities developed within the home market shape the progression of African service-sector firms towards regional and wider transnational reach over time? It has four objectives: to examine how home-market conditions contributed to capability accumulation in the three firms; analyse how accumulated capabilities were deployed and reconfigured during expansion; assess the influence of strategic intent, host-country institutions, digital capability and service characteristics; and develop a contextual model of progression from domestic foundations to wider transnational reach. The contribution is not a new universal stage model. Rather, it is a context-sensitive explanation of how capabilities are formed, transferred, tested and reconfigured as established African service firms internationalise.

2. Literature Review and Conceptual Framework

2.1 Internationalisation Theories and African Context

The Uppsala model remains useful for explaining experiential learning and progressive commitment. Its later reformulation recognises that firms internationalise through networks as well as through accumulated market knowledge, with outsidership becoming an important source of uncertainty (Johanson & Vahlne, 1977, 2009; Vahlne & Johanson, 2020). Born-global and international entrepreneurship perspectives offer a contrasting explanation in which firms can internationalise rapidly from or near inception because of innovation, entrepreneurial orientation, networks and distinctive organisational capabilities (Oviatt & McDougall, 1994; Knight & Cavusgil, 2004). These perspectives are powerful in explaining speed, but less directly suited to mature firms that first establish a substantial domestic base.

Other theories illuminate complementary dimensions. Dunning's eclectic paradigm explains why firms internalise activity and select particular foreign locations and entry forms when ownership, location and internalisation advantages align (Dunning, 1988). Network explanations emphasise access to information, partners and legitimacy. Dynamic capability theory focuses more directly on the ability to deploy and reconfigure resources under changing conditions (Teece, 2007). These perspectives need not be treated as mutually exclusive. They can be used as comparative lenses for different moments in the internationalisation process.

African-focused research supports this theoretical combination. Zahoor et al. (2023) identify a fragmented but expanding literature on the international entrepreneurial behaviour of African SMEs. Sob and Dvouletý (2023) similarly show that African firm internationalisation has developed into a significant research stream but remains concentrated around a limited set of themes. Empirical studies indicate that firms from the continent combine learning, capabilities, acquisitions, networks and institutional adaptation. Kabongo and Okpara (2019), examining African banks, show that internationalisation timing and speed are influenced by organisational learning, capability extension, acquisitions, alliances and managerial characteristics. White and Van Dongen (2017) find that South African retailers rely on varied combinations of firm capabilities, inter-firm networks and market learning. Ochieng et al. (2024) identify mixed pathways among African sharing-economy companies, including the use of gateway markets as strategic launchpads. Anderhofstadt et al. (2025) further show that firm-level governance capabilities interact with institutional systems in shaping African firms' internationalisation.

The implication is that geographical proximity alone provides an incomplete explanation. Regional markets may be proximate, yet still differ sharply in regulation, infrastructure, political institutions and market-support systems. African firms can therefore face substantial institutional distance within their own region. This makes it useful to ask not simply where firms expand first, but what capabilities they carry into those markets and how those capabilities change through experience.

2.2 Home-Market Foundations and Capability Accumulation

A central proposition of this study is that home-market development is not merely a period before internationalisation. It may be a formative period in which the capabilities needed for cross-border expansion are accumulated. Domestic scale can provide financial resources; long operating experience can create managerial judgement and routines; technology investment can strengthen information and coordination systems; and repeated engagement with regulators, customers, suppliers and infrastructure constraints can build adaptive capacity.

This argument is consistent with dynamic capability theory. Firms do not derive advantage simply from possessing resources; they must be able to deploy, combine and reconfigure them as conditions change (Teece, 2007). Internationalisation therefore depends on both capability possession and capability transferability. A capability that is effective at home may be portable, may require adaptation, or may prove unsuitable under different institutional or competitive conditions.

Regional expansion is especially important within this logic. It can function as both scaling and learning. Firms deploy home-grown capabilities into new markets, test their transferability, build cross-border networks and develop experience in multi-country coordination. Regionalisation can therefore generate a second layer of capability accumulation. The learning gained may support movement into more distant markets, but it may also reveal the limits of the existing business model.

2.3 Service Characteristics and Digital Capability

The service context matters because international transferability differs across sectors. Erramilli and Rao (1993) show that service characteristics affect foreign entry-mode choice, while Taylor et al. (2021) demonstrate that hard and soft service firms display different internationalisation drivers, target markets and modes. In telecommunications, core value creation depends on network infrastructure, licensing and technology, but many coordination and customer-facing activities can be digitally integrated across markets. Banking similarly combines strong host-country regulation with increasingly digital transaction and service

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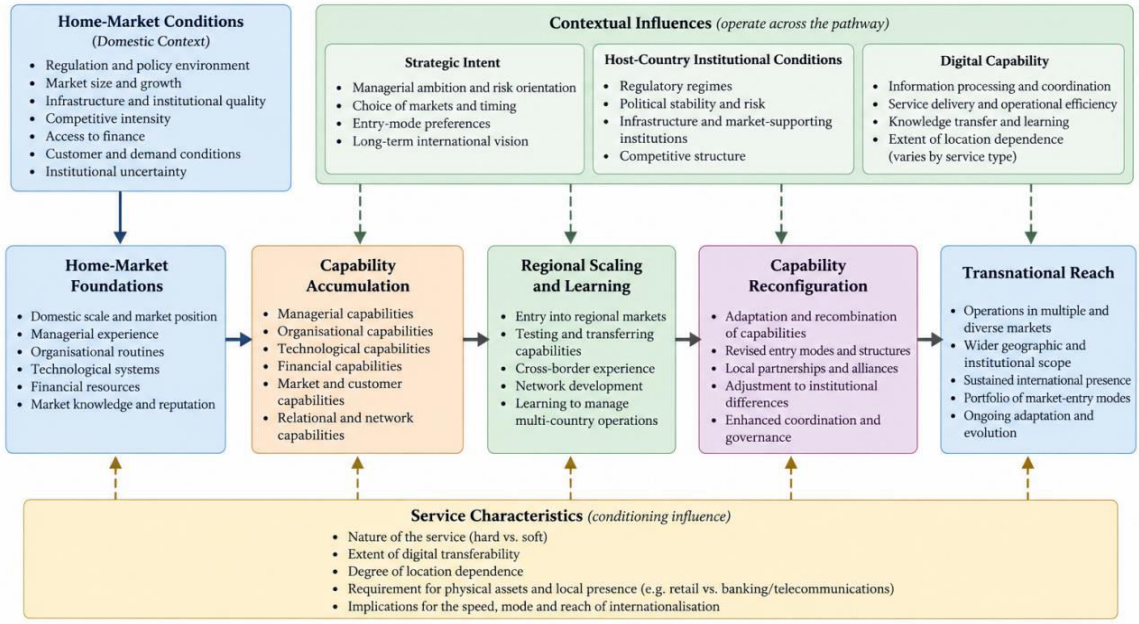
platforms. Retail, by contrast, remains heavily dependent on physical stores, distribution systems, procurement, property, local suppliers and consumer knowledge.

Digital capability therefore changes, but does not remove, the significance of distance. It can reduce coordination costs, support standardisation and enable some services to travel more easily, yet its effect is conditioned by the underlying service model. In the present study, digital capability is treated as an accelerator and conditioning influence rather than an independent explanation.

2.4 Conceptual Framework

The literature suggests a contextual pathway with five linked elements: home-market foundations, capability accumulation, regional scaling and learning, capability reconfiguration and transnational reach. Home-market foundations include domestic scale, managerial experience, organisational routines, technology, financial resources, market knowledge and reputation. Capability accumulation refers to the process through which these foundations become deployable managerial, organisational, technological, financial, market and network capabilities. Regional scaling and learning occur as capabilities are transferred into neighbouring or regional markets and tested through cross-border operations. Capability reconfiguration becomes increasingly important when firms encounter more institutionally or geographically distant environments. Transnational reach refers to a widening presence across diverse markets; it does not imply a fully integrated transnational organisational form.

The framework is explicitly non-deterministic. Firms can accelerate, stall, consolidate, withdraw or redirect their internationalisation. Three contextual influences operate across the pathway: strategic intent, which shapes where and how capabilities are deployed; host-country institutional conditions, which affect the feasibility and cost of transfer; and digital capability, which affects coordination and scalability. Service characteristics condition the process by determining which activities are portable and which remain location-dependent.



Source: Author's conceptualisation based on Johanson and Vahlne (1977, 2009), Dunning (1988), Teece (2007), Kabongo and Okpara (2019), White and van Dongen (2017), Taylor *et al.* (2021), Zahoor *et al.* (2023), Ochieng *et al.* (2024) and Anderhofstadt *et al.* (2025).

Figure 1: Conceptual Framework: From Home-Market Foundations to Transnational Reach in African Service Firms

The analytical pathway is therefore: Home-Market Conditions → Home-Market Foundations → Capability Accumulation → Regional Scaling and Learning → Capability Reconfiguration → Transnational Reach. This pathway serves as an organising framework for the longitudinal comparison rather than as a claim that all African service firms follow the same sequence.

3. Methodology

3.1 Research Design and Case Selection

The study adopts a longitudinal multiple-case design to examine how internationalisation trajectories develop over time. Case research is appropriate where the objective is to explain processes within organisational and institutional contexts, while multiple cases allow recurring mechanisms and contingent differences to be compared (Eisenhardt, 1989; Yin, 2018). The longitudinal dimension is central because the study revisits firms first examined more than a decade ago and reassesses their trajectories in light of subsequent expansion, restructuring and withdrawal. This approach is consistent with longitudinal research concerned with continuity, change and process (Pettigrew, 1990).

MTN, FirstBank and Shoprite were selected purposively. Each developed substantial home-market operations before broad cross-border expansion, has a sufficiently long operating history for longitudinal analysis, and operates in a service sector with a different delivery logic. MTN represents telecommunications, where technological infrastructure, licensing and network coordination are central. FirstBank represents regulated financial services, where institutional credibility, governance and digital capability are critical. Shoprite provides a contrasting retail case in which internationalisation depends strongly on physical outlets, logistics, procurement and local consumer knowledge. The objective is analytical comparison rather than statistical representation.

3.2 Data Sources and Analysis

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The study combines the historical baseline from the earlier comparative research with documentary evidence on subsequent developments. Sources include annual and integrated reports, audited financial statements, company strategy and investor publications, official announcements, regulatory disclosures, company histories, industry material, academic studies and credible business reporting where needed to establish major entry, acquisition, restructuring or exit events. Priority is given to first-party corporate and regulatory material for factual developments, with academic and independent sources used primarily for contextualisation and interpretation. Documentary analysis is appropriate for tracing organisational events across extended periods when evidence is critically compared across sources (Bowen, 2009).

Analysis proceeded first within each case and then across cases. For each firm, evidence was organised chronologically around home-market foundations, capability accumulation, regional expansion, wider internationalisation, reconfiguration and, where relevant, retrenchment. Cross-case comparison then examined recurring patterns and differences in capability transfer, institutional adaptation, strategic intent, digitalisation and service characteristics.

Several procedures strengthened analytical rigour. Major developments were triangulated across multiple documentary sources where possible. A common analytical framework was applied to all three cases while preserving sectoral variation. The longitudinal design provided temporal triangulation by allowing earlier interpretations to be reconsidered in light of later events. Finally, the analysis maintained an explicit chain from documentary evidence to within-case interpretation, cross-case comparison and conceptual claims (Yin, 2018).

The study does not assume continuous successful expansion. Exit and retrenchment are treated as analytically important because they reveal the limits of capability transferability and the conditions under which firms reallocate, redesign or withdraw capabilities from particular markets.

4. Findings

4.1 MTN: Capability Deployment, Institutional Learning and Strategic Refocus

MTN's trajectory shows how a strong domestic technological and organisational base can support rapid cross-border scaling, but also how later institutional pressures can force capability reconfiguration. Established in South Africa in 1994, MTN developed early capabilities in infrastructure deployment, network management, technology, finance and organisational coordination. Its first foreign telecommunications licence in Uganda in 1998 tested the transferability of these capabilities outside the home market, while entry into Nigeria in 2001 placed them under substantially greater scale and institutional complexity.

The 2006 acquisition of Investcom marked a shift from regional capability deployment to accelerated multi-market scaling. The transaction expanded MTN's footprint from 11 to 21 countries and added 8.4 million subscribers at acquisition, demonstrating that the Group had developed sufficient financial and organisational capacity to integrate a major cross-border acquisition (MTN Group, 2006). This phase cannot be explained only as incremental experiential expansion. Acquisition allowed MTN to combine accumulated internal capabilities with an established external network of licences, customers and operating companies.

Later developments show that capability accumulation did not remove institutional vulnerability. In 2015, MTN Nigeria faced a major regulatory sanction connected to subscriber-registration requirements. MTN's subsequent reporting described stronger Group oversight, regulatory engagement and compliance structures (MTN Group, 2015). The episode is important because the learning response involved organisational correction rather than simple geographic growth. International experience had to be translated into revised governance and compliance capability.

The trajectory became even less linear from 2020, when MTN announced an orderly exit from the Middle East and a renewed focus on a pan-African strategy (MTN Group, 2020). The decision indicates that retrenchment can represent strategic reallocation rather than the disappearance of international capability. By 2025-2026, MTN's strategic emphasis increasingly centred on three connected platforms - connectivity, fintech and digital infrastructure - across its African footprint (MTN Group, 2026). The firm had therefore moved from geographic expansion as an end in itself towards a more selective use of technological and platform capabilities within a narrower strategic geography.

MTN thus supports a non-linear capability pathway: domestic formation enabled regional and multi-market expansion; host-country pressures exposed weaknesses and stimulated governance reconfiguration; and later portfolio exits concentrated capability around a revised African platform strategy.

4.2 FirstBank: Prolonged Domestic Consolidation and Acquisition-Led Regional Scaling

FirstBank provides the clearest illustration of home-market consolidation preceding broad regional internationalisation. Founded in 1894, the Bank accumulated scale, reputation, customer relationships, governance routines, liquidity, risk-management experience and extensive knowledge of the Nigerian financial system over more than a century. It maintained international links through London and other representative presences, but these did not initially amount to broad African retail expansion.

The Bank's own 2009 reporting is particularly revealing. It indicated that FirstBank had prioritised strengthening its Nigerian position before selectively expanding into African markets, with proposed expansion to be guided by economic logic and strategic fit rather than prestige (First Bank of Nigeria Plc, 2009). This provides unusually direct evidence that home-market development was understood by the firm as a foundation for later internationalisation. Organisational restructuring preceded accelerated expansion. FirstBank strengthened operating systems and customer orientation before beginning a more deliberate acquisition-led African strategy. The acquisition of Banque Internationale de Crédit in the Democratic Republic of Congo in 2011 was followed in 2013 by the acquisition of International Commercial Bank operations in Ghana, The Gambia, Guinea and Sierra Leone, and subsequently Senegal. Acquisitions enabled the Bank to obtain licences, customers, branch networks and local organisational knowledge rather than recreating each market position from the ground up.

The post-acquisition phase demonstrates that entry and ownership do not complete the internationalisation process. Subsidiaries had to be integrated across different regulatory, credit and competitive environments. Governance, risk management, coordination, technology and performance management therefore

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became increasingly important. By 2023, the phased renaming of international subsidiaries under the FirstBank identity signalled a move towards greater organisational and brand integration across the network (FirstBank, 2023).

Digital capability subsequently deepened this integration. Mobile, online and cross-border transaction systems increasingly allowed the Bank to coordinate and serve customers across geographically dispersed operations. Yet digitalisation did not displace the importance of host-country banking regulation, licensing and institutional legitimacy. FirstBank's pathway therefore combines prolonged domestic capability accumulation, selective acquisition-led expansion, cross-border organisational learning and later integration of brand, governance and digital systems.

4.3 Shoprite: Physical Capability Transfer, Local Adaptation and Selective Withdrawal

Shoprite provides the strongest test of capability transferability because retail depends heavily on physical and locally embedded resources. From a small Western Cape base, Shoprite grew through domestic acquisition and national expansion, developing capabilities in store operations, integration of acquired businesses, procurement, information systems, logistics and management. The turnaround and integration of large acquired retail chains further deepened these routines before wide international expansion.

Early cross-border activity began close to South Africa, including Namibia and Zambia, before the Group expanded more widely across Africa and later into India. Shoprite's own reporting linked international confidence to experience accumulated through domestic and African operations. The 2004 annual report, for example, argued that experience in managing the complexity of operations across numerous countries had equipped the Group with skills for further international expansion (Shoprite Holdings, 2004). Regionalisation therefore functioned as both growth and learning.

However, the capabilities required for retail could not simply be copied unchanged. Shoprite had to develop and adapt distribution centres, central buying, local sourcing relationships, store formats and logistics to operate across markets with different infrastructure and consumer profiles. Local staff, suppliers and market-specific formats became important complements to standardised systems. The case therefore illustrates capability reconfiguration rather than replication.

The limits of transferability became increasingly visible in later years. Between 2020 and 2022, Shoprite exited or substantially reduced exposure to markets including Kenya, Nigeria and Uganda. These exits are analytically important because they occurred after considerable international experience. They suggest that accumulated capability does not guarantee that a market remains strategically attractive or that a business model can overcome all combinations of currency, logistics, property, competition and institutional conditions.

By 2024-2025, Shoprite remained an important multi-country African retailer but with a more concentrated geographic footprint than at its earlier peak. Its trajectory can therefore be understood as domestic capability building, regional scaling, market learning and adaptation, followed by selective retrenchment where the economics and institutional demands of transfer became less favourable.

4.4 Cross-Case Patterns

Across the three cases, home-market development generated more than scale. It produced organisational and managerial routines that later became inputs into internationalisation. MTN accumulated technological and network-management capabilities; FirstBank developed governance, financial, reputational and risk-management strength; and Shoprite built acquisition-integration, procurement, logistics and retail-operating capabilities. The content of the capabilities differed, but the mechanism was similar: substantial domestic operation created a platform from which the firms could attempt cross-border transfer.

Regional markets then became learning environments. MTN tested network and regulatory capability across African operating companies; FirstBank learned to integrate acquired banks across distinct regulatory systems; and Shoprite learned to adapt sourcing, distribution, formats and management practices. Regional expansion was therefore not simply a movement into nearby markets. It was a process through which the firms learned which capabilities could travel, which had to be modified and which were constrained by host-country conditions.

Capability reconfiguration became more visible as complexity increased. For MTN, it involved governance, compliance and later platform strategy. For FirstBank it involved subsidiary integration, risk systems, brand harmonisation and digital coordination. For Shoprite it involved local sourcing, logistics, formats and eventually geographic portfolio reduction. These findings support a distinction between capability possession, transferability and reconfiguration.

The cases also demonstrate different relationships between digital capability and international reach. Digital capability is central to MTN's platform model and increasingly important to FirstBank's service delivery and coordination. Shoprite uses digital and information systems extensively, but its core international operations remain tied to physical stores, supply chains and local markets. The effect of digitalisation is therefore mediated by service characteristics.

Finally, internationalisation is reversible. MTN's Middle Eastern withdrawal and Shoprite's exits from several African markets show that greater experience does not produce an automatic progression towards ever-wider geographic reach. Market exit can reflect portfolio discipline, changing strategic intent, or recognition that particular capabilities are too costly to adapt to a host environment. FirstBank shows a different form of non-linearity: periods of integration and performance improvement following acquisition before further consolidation.

Table 1: Cross-case comparison of capability development and internationalisation

Dimension	MTN	FirstBank	Shoprite
Home-market foundation	Network infrastructure, technology, management and finance	Scale, reputation, governance, risk and financial capacity	Store operations, acquisition integration, procurement and logistics
Regional scaling mechanism	Licences, greenfield growth	Selective acquisitions of	Store expansion, acquisition,

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	and acquisition	existing banking operations	distribution and local sourcing
Key learning/reconfiguration	Regulatory compliance, Group oversight and platform strategy	Subsidiary integration, governance, brand and digital coordination	Local sourcing, formats, supply chains and logistics adaptation
Digital capability	Core to service delivery and multi-country platform model	Increasingly central to transactions and cross-border coordination	Supports coordination but cannot replace physical retail infrastructure
Non-linearity	Middle East exit and Africa refocus	Consolidation and integration after acquisition	Selective exits including Kenya, Nigeria and Uganda

5. Discussion

5.1 Home-Market Development as Capability Formation

The findings support a capability-based explanation of established African service-firm internationalisation, but they also qualify any simple progression from domestic strength to wider international reach. All three firms accumulated substantial capabilities before broad foreign expansion. Those capabilities enabled entry and scaling, but they did not travel frictionlessly. Regional markets tested transferability, host-country institutions shaped the cost and effectiveness of deployment, and later expansion required repeated adaptation.

The first contribution is to bring pre-internationalisation capability formation more clearly into the analysis. Uppsala theory emphasises learning generated through foreign-market experience (Johanson & Vahlne, 1977, 2009), while international entrepreneurship gives greater attention to firms that internationalise rapidly through entrepreneurial and knowledge-based advantages (Oviatt & McDougall, 1994; Knight & Cavusgil, 2004). The present cases occupy a different space. MTN, FirstBank and Shoprite each developed important capabilities through domestic scale and organisational development before wide international expansion.

This does not mean that the home market mechanically causes internationalisation. Strategic choice remains necessary. Rather, domestic development can create the financial, managerial, technological, reputational and organisational resources that make international expansion feasible. In African contexts, where firms often operate under infrastructure constraints and regulatory variability, home-market operation may also build experience in problem-solving and institutional navigation. The finding therefore complements recent African internationalisation research by showing that capabilities observed during foreign expansion may have important domestic origins (Kabongo & Okpara, 2019; Anderhofstadt et al., 2025).

5.2 Regional Scaling as Learning Rather Than Proximity Alone

The second contribution concerns regionalisation. The three cases show that regional markets functioned as arenas for both scaling and learning. This supports African evidence that firms combine networks, acquisitions and adaptive strategies rather than following a simple psychic-distance sequence (White & Van Dongen, 2017; Ochieng et al., 2024). Regional markets can be geographically close but institutionally heterogeneous. Their value in the internationalisation process therefore lies partly in allowing firms to test capabilities across multiple regulatory and market contexts.

For MTN, African expansion tested network, licensing and stakeholder-management capability. For FirstBank, regional acquisition created a need to integrate banks operating under different regulatory systems. For Shoprite, cross-border retailing revealed the importance of local sourcing, logistics and format adaptation. Regional expansion in each case generated new organisational knowledge that could not have been produced through domestic scale alone.

5.3 Capability Possession, Transferability and Reconfiguration

A third contribution is the distinction between possessing a capability and being able to transfer it successfully. Dynamic capability theory emphasises sensing, seizing and reconfiguring resources as environments change (Teece, 2007). The longitudinal evidence shows why reconfiguration matters in internationalisation. Strong capabilities can support entry but still prove insufficient in their original form.

MTN's technological and managerial strength did not prevent a regulatory crisis in Nigeria; the response required stronger compliance and governance structures. FirstBank's financial and reputational strength supported acquisition, but cross-border banking required subsequent integration of risk, technology, governance and brand systems. Shoprite's operating model supported wide expansion, yet the physical and locally embedded character of retail required repeated adaptation and eventually contributed to selective withdrawal from some markets.

The more useful sequence is therefore not simply capability accumulation followed by international growth. It is capability accumulation → deployment → market learning → capability reconfiguration → continued expansion, consolidation or withdrawal. This formulation better accommodates both successful transfer and strategic reversal.

5.4 Strategic Intent, Institutions and Digital Capability

The cases also show that capability operates within a contextual field. Strategic intent shapes whether and where capabilities are deployed. FirstBank's deliberate emphasis on domestic consolidation before selective African expansion illustrates that internationalisation can be postponed until management judges the organisation ready. MTN's later refocus on Africa shows that strategic intent can also narrow an established international footprint. Shoprite's portfolio exits similarly reflect the interaction of internal capability with market attractiveness and operating economics.

Host-country institutional conditions influence the performance of transferred capabilities. Telecommunications and banking face strong licensing and regulatory demands, while retail is exposed to trade rules, logistics, property conditions, currencies and local market structures. The findings therefore reinforce research showing that firm capability and institutional systems interact rather than operate independently (Anderhofstadt et al., 2025).

Digital capability further modifies transferability. It strengthens cross-market coordination in MTN and FirstBank, but it

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does not make host-country institutions irrelevant. In Shoprite, information systems improve procurement and coordination, yet physical infrastructure remains fundamental. This supports service internationalisation research that treats service characteristics as an important condition on entry, delivery and control (Erramilli & Rao, 1993; Taylor et al., 2021).

5.5 Retrenchment, Non-Linearity and Theoretical Synthesis

The longitudinal design makes retrenchment visible as part of internationalisation rather than as an anomaly. MTN and Shoprite both narrowed parts of their geographic portfolios after extensive cross-border experience. This challenges linear readings of internationalisation in which experience continually produces deeper or wider commitment. Firms may learn that a market is no longer attractive, that the cost of adaptation is too high, or that capabilities create greater value elsewhere.

Retrenchment should therefore not automatically be interpreted as failure. It can represent strategic reallocation and evidence-based recognition of the limits of transferability. The framework consequently allows firms to move forward, pause, consolidate, reverse or redirect at different points.

Taken together, the cases suggest that established African service firms are better understood through theoretical combination than model conformity. Uppsala theory explains learning and commitment; network perspectives explain access and relationships; OLI informs entry and ownership choices; international entrepreneurship clarifies the role of innovation and strategic opportunity; and dynamic capability theory explains reconfiguration. The distinctive contribution of the present study is to connect these mechanisms through a longitudinal capability pathway grounded in African service-sector evidence.

The resulting model is: Home-Market Conditions → Home-Market Foundations → Capability Accumulation → Regional Scaling and Learning → Capability Reconfiguration → Transnational Reach, with strategic intent, host-country institutional conditions, and digital capability operating across the pathway, and service characteristics conditioning how readily capabilities travel.

The framework shifts the central question from "Which internationalisation model do African firms follow?" to "How are capabilities formed, transferred, tested and reconfigured as African firms move across increasingly diverse markets?" This reframing preserves the value of established theory while creating space for the contextual and non-linear patterns visible in African firm trajectories.

6. Conclusion and Implications

This study examined how capabilities developed in the home market shape the progression of established African service-sector firms towards regional and wider transnational reach. Longitudinal evidence from MTN, FirstBank and Shoprite indicates that substantial domestic development preceded broad international expansion and created important managerial, organisational, technological, financial and market capabilities. Regionalisation then acted as both a scaling mechanism and a learning environment in which those capabilities were tested under different institutional and competitive conditions.

The findings also show that capability possession does not guarantee successful transfer. Wider internationalisation required reconfiguration, and both MTN and Shoprite later reduced parts of their geographic footprints. Internationalisation is therefore better understood as a reversible capability-development process than as a fixed sequence of increasing foreign commitment.

The study makes four main theoretical contributions. First, it gives greater prominence to capability formation before foreign expansion. Second, it reframes regionalisation as an environment for learning as well as growth. Third, it distinguishes capability possession from transferability and reconfiguration. Fourth, it incorporates retrenchment and portfolio redirection within the internationalisation process. These contributions are brought together in a contextual framework linking home-market conditions, home-market foundations, capability accumulation, regional scaling and learning, capability reconfiguration and transnational reach.

For managers, the findings suggest that international readiness should be assessed in capability terms rather than through financial scale alone. Firms need to identify which routines and resources are genuinely portable, which require local adaptation, and which create unacceptable cost or risk in particular institutional settings. Regional markets can provide useful testing environments, but proximity should not be mistaken for institutional similarity. Digital capability can improve coordination and scalability, especially in telecommunications and banking, but does not remove the need for regulatory legitimacy, local knowledge and organisational adaptation.

For policymakers, the findings imply that supporting African firm internationalisation requires more than expanding formal market access. Strong domestic institutions, reliable infrastructure, managerial capability, technology adoption, financing and regional regulatory coordination all affect firms' ability to build and transfer capabilities. Regional integration is therefore likely to support internationalisation most effectively where it reduces institutional fragmentation and facilitates the movement of capital, knowledge, technology and business services.

The study is limited by its focus on three large, established firms and its reliance on documentary evidence. The framework should not be generalised automatically to SMEs, manufacturing firms or born-global ventures. Future research could test the model across larger and more diverse samples, examine the role of digital platforms in changing capability transferability, and investigate more directly when retrenchment represents capability failure, strategic discipline or successful reconfiguration.

The model developed here is consequently offered as a basis for further empirical testing rather than as a universal African internationalisation sequence. Its central proposition is that the international reach of established African service firms depends not only on what they learn abroad, but also on what they have already built at home and how effectively those capabilities are adapted as markets change.

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