Market Entry Strategies in Africa: A Conceptual Framework for Emerging Market Firms

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Abstract:
Business internationalization is marked by fierce competition, increasing geopolitical uncertainty and trade liberalization. In this global context, Africa attracts more and more international investments from all over the world, especially from emerging economies. Previous studies have examined separately these factors: dynamic capabilities, institutional environments, and market entry strategies. However, little attention has been given to how these factors interact in one conceptual framework to understand South–South internationalization. This paper develops a framework that helps explain how dynamic capabilities and institutional characteristics of the host country interact and consequently affect the entry mode decisions in a South-South context. This conceptual paper provides three main contributions. First, it combines two different frameworks that are generally used separately: dynamic capacities and institutional theory. Second, it considers entry modes as a strategic decision not as an internationalization choice, and lastly, it suggests a framework adapted to south-south internationalization by adapting the internationalization of emerging economies firms into the African market. This proposed framework lays the foundation for future research and offers a clear understanding to practitioners and executives about devising market entry strategies in uncertain contexts.

Keywords:
Dynamic capabilities, Institutional theory, Internationalization, Market entry strategy, Africa.