

Early Stage Internationalisation in Challenging Business Environments

An Exploratory Study of Modes Adopted by Medium-sized Enterprises Seeking Market Entry in Kenya

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Document Version
Submitted manuscript

Published in:
ANZIBA 2019 Conference Proceedings

Publication date:
2019

License
Unspecified

Citation for published version (APA):
Gundelach, H., & Hansen, M. W. (2019). Early Stage Internationalisation in Challenging Business Environments: An Exploratory Study of Modes Adopted by Medium-sized Enterprises Seeking Market Entry in Kenya. In *ANZIBA 2019 Conference Proceedings*

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Download date: 10. Oct. 2024



Extended abstract

Early stage internationalisation in challenging business environments

An exploratory study of modes adopted by medium-sized enterprises seeking market entry in Kenya

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The authors received financial support for a part of the travel costs incurred in relation to this paper from Dansk Industri, Copenhagen, Denmark.

Abstract

This paper studies the entry modes adopted by market-seeking medium-sized enterprises (MEs) seeking entry into challenging business environments in Africa. Based on a review of the extant literature on entry mode choice, the paper develops a model for predicting entry mode choice by MEs in challenging business environments that combines transaction, resource and institutional perspectives. Via a longitudinal case study of 14 MEs' attempted entry into the Kenyan market, it is found firstly, that ex ante entry strategy seems only weakly related to theoretical predictions whereas ex post entry strategy is converging around theoretical predictions. Secondly, our study found that the convergence around theoretical predictions could not be ascribed to change in entry mode, but whether to enter or not. In other words, MEs accumulation of knowledge about the market does not lead to a change of entry mode but to non-entry. This finding indicates that inertia within the MEs leads to market entry abandonment in lieu of search for alternative entry modes. The implications for the literature is that the kind of incremental learning and successively higher commitment to foreign operations depicted by internationalization process literature does not hold in the case of ME exporters in difficult emerging markets.