Winners and losers in Africa: a longitudinal examination of market-share gains by advanced and emerging market multinationals versus local firms

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Abstract

***Purpose*:** Market share gain is one of the key objectives for all firms for seeking growth. It is also a fundamental aspect of competitive rivalry. The extant review of the literature points to a gap among market share performances of emerging market multinationals firms (EMNEs), advanced economy multinationals (AMNEs) and local firms. The purpose of the study is to delineate and contrast the market share performance of EMNEs, AMNEs and local firms in Africa.

Methodology: The study employed available longitudinal data (2013-2022) of six industries across four African countries from Euromonitor Passport, a rich, proprietary database.

Findings: Applying contingency theory, the study shows that, over time, there is no clear-cut winner in all markets and industries. Rather, market share gain is contingent on country and industry settings in Africa. Empirical analysis demonstrates that *high-tech EMNE firms operating in Africa will exceed those of high-tech AMNEs and local firms*. The findings also show that local firms generally performed better during the pandemic.

Originality: As Africa is a region of interest for scholars and practitioners, critical IB research contributions in Africa has predominantly focused on foreign investments from a particular nation. The present study enriches the literature by comparing the market share performance of AMNEs, EMNEs and local firms in this important region -- during and pre-pandemic. The study offers theoretical and managerial implications for understanding the long-term performance of these three types of firms.

Keywords: *emerging market multinationals; advanced economy multinationals; African local firms; Africa; market share gain performance; high-technology industry; low-technology industry; pandemic; contingency theory.*

1. Introduction

It is a common assumption that brands grow by stealing market shares from their rivals. The competitive rivalry for market share gain between advanced and emerging economy multinationals has remained a long-standing debate in international business. Developing and emerging markets have been an epicenter for advanced economy multinational (AMNEs) expansion (Ambulkar et al. 2015, Cavusgil 2021, Luo et al. 2019). Emerging market multinationals (EMNEs) have also been pursuing internationalization to other emerging markets for seeking growth (Buckley 2018, Cavusgil 2021, Liu et al. 2021). Meanwhile, local firms also strive to protect their market shares to confront foreign competitors in their home markets (Ayyagari et al. 2015, Luo and Tan 1998). One region of growing interest is Africa, with distinct characteristics, rendering it an intriguing context for IB theoretical contributions (Nachum et al. 2023). Increased investment in Africa is revealing new growth opportunities for multinational firms (Roberts et al. 2015).

Developing countries and emerging markets feature distinctive competitive landscapes which put firms under pressure to possess unique skills and strategies (Khanna et al. 2015, Cavusgil et al. 2012). One such challenging and dynamic market is Africa. Africa is amongst the world's top 10 fastest growing regions in terms of market potential. Foreign direct investment in Africa was $83 billion in 2021 (UNCTAD 2022), more than double from 2020 (UNCTAD 2021). Scholars and practitioners are gaining interest in exploring Africa's growth potential (Amankwah-Amoah et al. 2018a, McKinsey 2010). Africa has attracted many advanced and emerging economy multinational brands, including Microsoft, General Electric, and Haier (Khanna et al. 2015, Ozawa and Bellak 2011). This has given a rise to competitive pressure among EMNEs, AMNEs as well as local players to seek pathways for strengthening their foothold in this market.

The present investigation offers several contributions to the IB literature. First, most studies have examined the performance of *either* EMNEs *or* AMNEs in a given context (Luo et al. 2019, Li et al. 2021). One exception, Ozkan et al. (2022), compares EMNEs and AMNEs performance in each other's markets. The current study further extends the IB literature by responding to a need for comparative studies. This investigation advances our knowledge in multiple ways. In particular, the study examines different types of firms simultaneously, over the same period, allowing for direct comparison of EMNEs, AMNEs, in addition to indigenous market players. Second, Africa is a setting of interest to practitioners due to its geographic complexity, infrastructure gaps, and economic and political volatility (McKinsey 2018).

Increased investment in Africa is revealing new growth opportunities for multinational firms (Roberts et al. 2015, Amankwah-Amoah et al. 2018a, UNCTAD 2021, UNCTAD 2022). While scholars have been emphasizing the importance of understanding international business in this region, most studies have largely focused on the dyadic relationship between firms of a specific country doing business in Africa. For example, China's presence in Africa (Ado and Su 2016, Shan et al. 2018) or the UK (Osei et al. 2020). Therefore, focusing on this region of growing interest, we provide new insights regarding firm competition and performance in Africa, an understudied yet important continent from the standpoint of considering EMNEs, AMNEs and local firms.

Third, extant studies have predominantly considered either the EMNE or the AMNE perspective at a particular point in time. Furthermore, available work represents all cross-sectional studies. We contend that examining respective performance of EMNEs, AMNEs and local firms, and over a period of a decade, reveals insightful findings as to which firms are 'winners' and 'losers' in each market and in different industries. Thus, the present study responds to the scholarly call for further research on this rivalry (Ramamurti and Williamson

2019, Cavusgil 2021, Ozkan et al. 2022, Kafouros et al. 2022). We compare longitudinal market share performance of AMNEs, EMNEs and local firms in various country-industry settings over a period of ten years, from 2013 to 2022. Comparing their performance across six industries and four countries enables a fine-grained and holistic view of market share gains.

Fourth, examining the specific impact of the global pandemic on MNE performance is an additional contribution. Given that the time period under study partially coincides with a global health emergency – the COVID-19 pandemic – we also investigate the impact of this major external event on firm performance. While previous work examines social and business trends associated with the pandemic (Yeganeh 2021), there has been limited attention to MNE performance.

Finally, the present research offers theoretical contributions. Drawing from contingency theory (Zeithaml et al. 1988, Burke 1984, Day 1986, Hofer 1990, Hambrick 1983b, Hambrick 1983a), we contend that the performance of MNEs is dependent upon several idiosyncratic factors. This stream of literature suggests that firm performance in individual markets is contingent upon the industry and country conditions. We also argue that MNE and local firm performance in Africa is contingent upon the country and industry. Given the exploratory nature of this investigation, and the widely accepted understanding that much of what we can safely conclude about international business is contingent knowledge, this view is realistic (Moniz 2010). To understand EMNEs a dynamic IB contingency theory is called for, by Aharoni (2014).

2. Overview of Key IB Literature in the Context of Africa

Africa is a continent with a unique and dynamic market environment plagued with such challenges as poverty, war, disease, a lack of skilled labor, and high unemployment. Nonetheless, it is a growing emerging market (UNCTAD 2022) with a rapidly improving

regulatory environment (Nachum et al. 2022). Through development programs such as the G7 *Build Back Better World* and the *EU-Africa Business Forum*, political institutions across the globe are considering Africa as a potential location for IB activities and economic development (Stevens and Newenham-Kahindi 2021). According to Boso et al. (2018) and George et al. (2016), the continent is becoming an epicenter for internationalization. Due to improving regulatory conditions, Africa is ripe with opportunity for firms to flourish. Accordingly, it has become a new focus in IB research (Mol et al. 2017). Scholars are interested in advancing specific knowledge of doing business and succeeding in Africa (Holm et al. 2017, Getachew and Beamish 2017). Yet, extant research on internationalization in African markets have produced conflicting and incomplete findings (Dike and Rose 2019, Adomako et al. 2021). Cognizant of this inconsistency, scholars and practitioners are keen to explore the nuances of doing business in this region (Amankwah-Amoah et al. 2018b, Boso et al. 2019). As noted by Nachum et al (2023), examining this region is critical also for the purpose of advancing theory.

Table 1 presents select studies on internationalization and firm performance in Africa. A review of the IB literature shows that the majority of studies attempt to understand FDI (Glaister et al. 2020) and internationalization patterns of African firms (Boso et al. 2017, Chowdhury 2006, Soontiens 2002). Limited studies have considered the performance in an African context. Performance based studies have mainly considered the survival of equity ventures (Demirbag et al. 2011), the exit of subsidiaries (Getachew and Beamish 2017), and performance of joint ventures (Boateng and Glaister 2002, Wang and Cuervo-Cazurra 2017). Notably, Researchers have yet to empirically examine the longitudinal performance of AMNEs, EMNEs and local firms in this geographic region. A more complete understanding of this firm level competition in Africa is warranted.

*** Insert Table 1 about here ***

3. Hypothesis Development

In order to advance our understanding of MNE performance in Africa, we examine competition between AMNEs, EMNEs, and local players in this critical region, as existing knowledge is scant. One study suggests that Africa-based MNEs adopt both defensive and offensive strategies to become global industry leaders; their home market domination allows them to develop firm-specific advantages that are non-location based (Klein and Wöcke 2007). Exactly how Africa-based, local firms compete with EMNEs and AMNEs in their home market is an under-researched topic. Contingency theory asserts that firm performance is subject to contingent variables such as markets, industry, technology, environment, and similar factors external to the firm (Burns and Stalker 1961, Porter 1980, Hambrick 1983b, Hambrick 1983a). We also acknowledge that, as advocated by the neo-Schumpeterian's view, firms possess distinctive capabilities which are always evolving (Winter 2006). There are certain firm characteristics that differentiate them based on patterns of routine practices and repertoire of actions (Winter 2006). Levinthal (2006) further affirms the principle of varying performance among firms contingent upon idiosyncratic capabilities. Based on these perspectives, we advance the view that the market performance of firms with different origins, capabilities, and resource endowments will vary. Moreover, African markets, with their unique characteristics, will lead to different levels of success for AMNEs, EMNEs and local firms (Nachum et al. 2023).

Traditionally, EMNEs are assumed to be disadvantaged compared to AMNEs in terms of brand recognition and technology leadership (Luo and Tung 2007). Besides these limitations, EMNEs are thought to suffer from institutional voids, underdeveloped market factors, and corrupt and political unstable home markets (Luo and Tung 2007). They also face liability of origin (Pant and Ramachandran 2012).Although liability of foreignness

affects both AMNEs and EMNEs in the host market, EMNEs face greater challenges due to quality perceptions and country-of-origin effects (Johansson et al. 1994).

EMNEs often benefit from country-specific advantages such as low-cost production and exploitative capabilities in emerging market locations (Rugman 2009). They also have a deep understanding of customers in emerging markets and possess an ability to navigate through unstable political conditions (James et al. 2020). Compared to AMNEs, EMNEs also have advantages due to their ability to navigate adverse political environments agility and organizational adaptability, and networking skills (Guillén and García-Canal 2009). EMNEs also possess capabilities for operating in turbulent developing economic circumstances (Barnard 2010). These capabilities and skills allow emerging market internationalizing firms to perform well in host markets (Khan and Khan 2021).

With the growth of EMNEs entering into host markets, scholars are interested in comparing their performance to AMNEs and local rivals in these markets. For example, Ozkan et al. (2022) examined the performance of AMNEs and EMNEs in each other's turf, finding that EMNEs generally perform better in advanced economies, and AMNEs tend to perform poorly in emerging economies over a considerable time period. Given our understanding of neo-Schumpeterian firm capabilities and contingency theory, it is plausible that over time, growth in the market shares of EMNEs operating in Africa will be greater than those of AMNEs.

Similarly, EMNE performance may surpass that of local firms as local firms in Africa are often resource-constrained (Chakravarty 2022, Busch and Barkema 2021), and may not possess complementary skills to compete with their multinational counterparts (Forbes 2024, Forbes 2022, McKinsey 2010). Studies of Africa-based firms also suggest that when they internationalize, they prefer their own region (Boso et al. 2017, Chowdhury 2006, Soontiens

2002) as they are often resource-constrained and lack access to financial capital (Jekanyika Matanda 2012). This is arguably indicative of local firms' weaknesses.

In addition, there are fewer large local firms in Africa compared to other emerging markets (McKinsey 2018). However, large firms are the primary drivers of economic growth. For instance, dominance of family-owned large conglomerates is one of the factors contributing to the long-term performance of emerging markets. Large firms have the potential to attract capital. Thus, we argue that firm size is another reason why EMNEs may perform better in Africa.

While Africa is considered to be a lucrative destination for economic activities, firms' market performance varies based on country of origin. (Mukherjee et al. 2023). Indeed, a recent study in this context has isolated the relative performance of advanced, emerging and nascent MNEs in terms of their engagement with local, national, regional and supranational institutions (Barnard et al. 2023).

Based on the expectation that firms from different backgrounds will not experience identical performance characteristics, we advance the following hypotheses:

H1a : *Market shares of EMNEs operating in Africa will exceed those of AMNEs.*

H1b : *Market shares of EMNEs operating in Africa will exceed those of local firms.*

Technological Prowess. Early studies of technological advances suggest that technology is shaping the evolution of business management models. Technological innovations are spurring firm growth (Chandler 1965, Chandler 1990). In this stream of literature, Schumpeter (1934) widely noted the role of technological revolutions and economic growth. Neo-Schumpeterian views on firm capabilities see technological advancements generating clusters of capabilities and processes advancements. However, such developments require firm specific capabilities (Bodrožić and Adler 2018). Moreover, firm capabilities evolve over time, and the development of capabilities is not commonly available

to all firms. In other words, firms do not exhibit identical capability profiles; they display asymmetric capabilities (Winter 2006). It is further asserted that attributes that make the firm a significant entity is its pattern of routine practices, repertoire of actions, and the terms in which individuals conceptualize the firm and their participation in it (Winter 2006). According to Levinthal (2006), neo-Schumpeterian's perspective on capabilities recognizes performance differences among firms, and these differences in capabilities may also serve as a contingent variable for market share gain (Burns and Stalker 1961, Porter 1980, Hambrick 1983b, Hambrick 1983a, Zeithaml et al. 1988).

Integrating these perspectives, we argue that market share performance of AMNEs, EMNEs and local firms operating in Africa will exhibit variations depending upon their high-tech vs. low-tech industry origins. There is evidence, for example, that compared to AMNEs, EMNEs possess superior technology adaptation capabilities (Guillén and García-Canal 2009). When these skills are combined with their home-country advantages, EMNEs may enjoy superior performance (Tolentino 2010). Traditionally, EMNEs are not pioneers in technological innovation. They are, however, fast adopters and excel in such adaptation. These capabilities facilitate their foreign ventures (Wang et al. 2012). As widely accepted, MNE capabilities are fast evolving such that EMNEs are becoming increasingly relevant global players. These advantages may be observed in high-tech and knowledge intensive sectors.

As an example, Chinese and Indian MNEs are on an impressive trajectory in these industries (Narula 2012). EMNEs adopt technologies to develop innovative products (Ozkan et al. 2022), as in the case of white goods company Haier developing washing machines that can be used for washing vegetables. In addition to these technologies, EMNEs acquire country-specific advantages to offer superior value to customers (Hennart 2012, James et al. 2020). They also enjoy lower cost in acquiring new technology (Pananond 2007). Emerging

markets are leapfrogging in adopting technology for economic growth (Fu et al. 2011). The performance of EMNEs such as Acer, Samsung and LG in high tech industries illustrates this contention (Kedia et al. 2012). Lenovo successfully established its global identity to overcome a 'late comer' disadvantage in computers (Feng et al. 2023).

Africa-based firms generally lag behind in technology intensive industries (Osabutey et al. 2014). They need to move forward to become a hub for technology and innovation (Forbes 2022). According to McKinsey (2019), South African firms need to learn and develop technological capabilities from global winners. Being distant from global centers of excellence in high technology industries is one challenge African firms face (Das and Drine 2020). Adoption of new technologies however can provide opportunities to advance across a range of sectors for economic development (Amankwah-Amoah 2016, Amankwah-Amoah et al. 2018c). International technology transfer is critical for improving productivity in African markets (Erdilek 1984). In collaboration with international firms, technology-led smart city initiatives are being implemented in Africa to mitigate socio-economic inequalities (Bandauko and Nutifafa Arku 2023). Local firms may also adopt foreign technologies to boost regional competitiveness (Hoekman et al. 2005, Osabutey et al. 2014). Thus, we contend that:

H2a ***:*** *Market shares of high-tech EMNE firms operating in Africa will exceed those of high-tech AMNE firms.*

H2b ***:*** *Market shares of high-tech EMNE firms operating in Africa will exceed those of high-tech local firms.*

Global Health Pandemic as a Contingent Element. The recent COVID-19 pandemic has impacted the performance of firms across the globe. This macro event further exacerbated the negative impact on international business operations (Contractor 2021, Hitt et al. 2021), whereby MNEs are now compelled to come up with new capabilities and skills to effectively compete in foreign markets (Orlando et al. 2022). At the same time, the COVID-19 pandemic

is noted as a rare event that has impacted global business strategies (Beamish and Hasse 2022), including firms in Africa (David et al. 2020).

The impact of the pandemic on international business operations has been noted in various domains including value chains (Ambos et al. 2021), marketing practices (Khan 2022) and digital transformations (Furr et al. 2022). Indeed, the pandemic has created a debate about new ways of carrying out global business (Nachum and Buckley 2022, Guedhami et al. 2022). Hence, it is plausible to expect that the pandemic would have had a detrimental effect on MNE activity, given border closures and supply chain exigencies.

Thus, it is critical to empirically examine effects of the global pandemic on cross-border business in Africa. In particular, it is worthwhile to investigate the differential impact based on industry origins of AMNEs, EMNEs and local firms. We know that MNEs have revisited and adjusted their business models to mitigate detrimental effects of the pandemic (Amankwah-Amoah et al. 2021). Whether the pandemic affected performance evenly across industries, or industry-specific effects have been materialized is an open question. While one may expect that the local firms may have weathered the adverse effects of the pandemic better than the MNEs, this contention needs to be validated. We contend that:

H3 **:** *Over the period of the global health pandemic, market shares of local firms are expected to exceed those of AMNEs and EMNEs.*

4. Methodology

4.1. Data

In line with the objectives of the study, we examine the market share gains by EMNEs, AMNEs and Africa-based local firms operating in six industries and four countries in Africa. The data for this study was drawn from *Euromonitor Passport*, a proprietary database which allows granular (industry- and country-specific) level analysis.

The *Euromonitor Passport* database avails several advantages. First, it allows us to examine annual market share performance of each firm by country and industry sectors. Market share is a robust indicator of gauging firm performance (Katsikeas et al. 2016, Talay et al. 2015, Iversen and Hem 2011, Ozkan et al. 2022). It is also widely accepted as an important benchmark of business profitability (Reibstein et al. 2006, Szymanski et al. 1993). Second, availability of longitudinal data across 10 years enables us to delineate long-term patterns and robust findings. Third, this database provides annual market share data in percentage points for each firm operating in each country-industry combination, or a country-industry dyad. This enables comparisons between those firms who register market share gains versus those with stagnant or declining market shares in a particular country-industry context. This data base has also been used in international business scholarship (Ozturk et al. 2021).

Fourth, the database allows exploration of the contingent nature of market share performance of AMNEs, EMNEs and local firms based on prevailing country-industry combinations. In analyzing the data, we consider advanced economy and emerging markets multinationals as well as local firms, across six industries -- retail, apparel, soft drink, personal, small home appliances, and electronics-- and four countries -- Nigeria, Egypt, South Africa, and Morocco. These industry and country choices afford us the opportunity to explore industry- and country-specific factors and delineate patterns of converging or diverging findings.

4.2. Study Context

For this analysis, we selected a representative sample of African markets and a sample of service and manufacturing industry sectors. The countries selected include Nigeria, Egypt, South Africa, and Morocco. This decision is based on the following considerations: i) data on these countries is available in the *Euromonitor Passport* database, ii) these countries

represent the major economies in Africa with high GDPs (greater than US $100 billion); and iii) these selections are congruent with earlier studies (Ozkan et al. 2022).

Industry selection is based on accessibility of data as well as generalizability to support our hypotheses. Industry sectors selected for this analysis include retail, ready meal, apparel, soft drinks, personal care, small home appliance, and electronics (Ozkan et al. 2022). These industries have been open to competition for more than a decade and MNEs compete rather freely in foreign markets. In addition, these selections include a range of service, medium-technology, medium-high-technology, and high-technology industries, enabling rich comparisons.

4.3. Analysis

To carry out our empirical investigation, we compared cumulative market share gains over the study period by '*leading*' firms in each of the AMNE, EMNE, and local firm categories. We define leading firms as those that registered market share gains above the median. We employed the median value as a benchmark for several reasons. First, those firms registering below median market share gains were generally smaller players, typically with market shares of less than one percent. Second, market share performance of these firms exhibited small but irregular patterns. Our study aims to explore the actual performance of AMNEs (as a category) and EMNEs (as a category) operating in Africa in accordance with the Euromonitor Passport data and reflecting *actual market conditions*. Thus, it is expected that the number of operating AMNEs and EMNEs in the markets examined may vary. Our analysis provides a comprehensive understanding of the performance in the four leading African markets and seven industries over a ten-year time period. This approach is also consistent with recent work by Ozkan et al. (2022).

We employed the following formula to calculate the cumulative market share gains by leading firms:

Cumulative Market Share Gain Performance of Leading EMNEs/Locals/AMNEs	=	*Total Market Share Gain of Leading AMNEs/Locals/EMNEs* ***(2022)***	-	*Total Market Share Gain of Leading AMNEs/Locals/EMNEs* ***(2013)***

Thus, a high positive value delineates market share gainers in particular country-industry contexts. We characterize such firms as 'winners' in the rivalry for market share gains. Extant literature supports the use of market share for the measurement of firm performance (Katsikeas et al. 2016, Talay et al. 2015). It is also regarded as one of the principal determinants of business profitability (Bendle et al. 2006, Szymanski et al. 1993).

5. Findings on Competition for Market Share Gains in Country-Industry Dyads

Figure 1 presents the results of our study by country-industry dyads over the study period. Each cell in this exhibit displays either a positive increment from the median market share gain among leading firms, suggesting superior performance, or a negative increment implying inferior performance. This value is shown for each of AMNE, local, and EMNE firms.

Overall, empirical results suggest a mixed scenario. Over the study period, AMNEs, LOCALs, and EMNEs exhibit superior market share gains in seven (29%), eight (33%), and nine (38%) country-industry dyads, respectively. Thus, there are fewer instances of AMNEs having had market share success relative to local firms and EMNEs. Divergent records of success are most noticeable in consumer electronics dyads. For example, in the consumer electronics industry in Nigeria, EMNEs achieved a positive increment of 58.6 percent as opposed to AMNEs that saw their markets shares regress by 56.3 percent for the same period. In fact, EMNE-based consumer electronics firms have registered positive market share gains in all four countries. In contrast, in home appliances, local firms have outperformed their MNE rivals in three of the four countries in terms of gaining market share. EMNEs tended to

outperform AMNEs and local firms in at least a third of the industries in Nigeria, Egypt, and South Africa.

Local firms tend to do well in specific country-industry scenarios. For example, they surpass their AMNE and EMNE counterparts in: Nigerian home appliance markets, Moroccan soft drinks sector, and in South African retail industries.

In conclusion, there is partial support for H1a and H1b, implying that EMNEs display superior firm performance, compared to their AMNE and local firm counterparts.

*** Insert Figure 1 about here ***

Turning to our second hypothesis investigating industry effects, we find a consistent pattern. As depicted in Figure 1, EMNEs outperformed their rivals, especially in high-technology and in medium-high technology industries. EMNE's market share gain over the study period is 58,6%, 49,9%, 13,8%, and 19,1% in Nigeria, Egypt, South Africa, and Morocco, respectively. This is an impressive performance in key African markets where AMNEs are also present. We also observe that AMNEs have registered market share losses, particularly high-technology industries in major African economies (-56.3% in Nigeria and -36.2% in Egypt).

In addition, we find that local firms and AMNEs outperformed their rivals in medium-high-technology industries including home appliances, personal care and beauty. Yet their market share gains are relatively modest compared to those of EMNEs. EMNEs seem to have entered medium-high-technology industries in our dataset, increasing their market shares consistently. In conclusion, we find support for our Hypotheses 2a and 2b.

To address Hypothesis 3, we analysed the cumulative market share gains separately for two periods -- before the Covid-19 disruption (2013–2019), and during the Covid-19 disruption (2020-2022).

As illustrated in Figures 2a and 2b, there is no clear-cut pattern between these two periods. Findings are similar to those of the entire ten-year analysis, with slight changes. Overall, AMNEs outperform their rivals in only one more country-industry dyad, whereas local firms display market share loss in one market. AMNEs, LOCALs, and EMNEs exhibit superior performance in four (17,5%), nine (39%), ten (43,5%) country-industry dyads, respectively. In conclusion, we do not find strong empirical support for Hypothesis 3. It is possible that the African markets were less affected by COVID-19 disruptions than other regions (World-Bank 2021), and that local firms were able to pivot to changing conditions. It is also reasonable to argue that a longer period should be considered to empirically validate the effects of the pandemic.

*** Insert Figures 2a and 2b about here ***

6. Discussion and Implications

The present study is novel in several ways. First, it reports robust empirical findings on market performance of three groups of firms (AMNEs, EMNEs, and indigenous firms) over a fairly considerable period of time. Second, by focusing on realized market share gain/loss as the criterion variable, the study presents meaningful and unambiguous results. Third, this investigation sheds light on the unresolved controversy concerning the assumed superiority of western multinationals over EMNEs and indigenous firms. Fourth, by expanding the study context to six select industry groups – from apparel to consumer electronics – implications of findings are made more precise and insightful. Finally, four select African countries constitute a welcome addition to extant literature as this region has been traditionally neglected in international business studies.

6.1. Theoretical Implications

These findings give credence to the contingent nature of international business knowledge. It is difficult to make blanket statements about firm performance in international markets, or to formulate universally valid conclusions.

Divergent performance of the three groups of firms in African country-industry settings suggests that it is not possible to confirm the validity of a uniform pattern that can be universally applied to all settings. Instead, we are led to accept that each country-industry combination is unique, and idiosyncratic conditions must be taken into account. This conclusion supports Contingency Theory (Zeithaml et al. 1988, Burke 1984, Day 1986, Hofer 1990, Hambrick 1983b, Hambrick 1983a). The contingency approach favors delineation of unique conditions – behaviors, strategies, or structures – that influence outcomes of concern. Our key finding is consistent with the expectation of the Contingency Theory. Rather than opting for simplistic, blanket statements about the firm rivalry in African markets, we ought to consider unique country and industry moderators as a minimum. Other factors likely to impact the outcome of market share competition include regulatory environment, consumer preferences, channel conditions, and other institutional dimensions. The present study aligns with Contingency Theory and serves as another case where more complex explanations need to be sought by scholars. In this sense, this inquiry substantiates and makes a novel contribution to the international business literature. More specifically, it provides an understanding of the dynamics of rivalry between foreign and local players in the context of Africa.

Second, unlike many studies in international business, the present investigation employed a longitudinal data base, enabling us to formulate robust findings on firm performance. Further, making a distinction among three groups of firms – AMNEs, EMNEs, and local companies -- this investigation makes it possible to delineate differences in firm performance. This design, along with the consideration of industry sectors, leads us to

conclude that competition for market share among the three sets of companies is fairly vigorous and dynamic. Even though EMNEs exhibit more frequent instances of market share gains, AMNEs and local firms excel in certain country-industry contexts.

Third, the present study questions the notion that advanced economy multinationals will unconditionally prevail in foreign markets, vis-à-vis their emerging market counterparts, and local firms. Consistent with the findings of Ozkan et al. (2022), we conclude that none of the three types of firms dominate in terms of market share gains across *all* industry-country combinations. Thus, we can rule out the simplistic assumption that AMNEs will dominate due to their impressive assets and global reputation. This conclusion is verified in the context of four major African markets. Considering the case of EMNEs, we find that they feature superior performance vis-à-vis their local rivals in small home appliance, and electronics, but not in beauty and personal care sectors. Yet their market share gains are not significantly better than those of AMNEs.

Fourth, we can confirm that technological prowess of firms is a relevant determinant of firm performance. In particular, we find that the performance of high-tech EMNE firms exceed those of high-tech AMNEs and local firms, at least in some country-industry combinations. Indeed, superior technology adaptation skills combined with inexpensive labor in emerging markets is a meaningful source of competitive advantage for EMNEs (Ferrantino 1992, Tolentino 2010, Ozkan et al. 2022). Fast adaptation and implementation of new technologies results in firms advancing, particularly in industries such as telecommunications. We also contend that EMNEs follow a different path than AMNEs in developing non-traditional ownership advantages in the context of the eclectic paradigm (Ramamurti 2012, Hennart 2012). Fast adaptation of cutting-edge technologies developed by AMNEs and innovating accordingly is a characteristic of EMNEs. For example, Lenovo, Huawei, and Suzlon gained technological knowhow and skills from AMNEs (Hennart 2012).

6.2. Managerial Implications

The study reported here offers rich implications for both MNE and local company managers. First, there is limited research that examines the performance of AMNEs, EMNEs, and local firms in Africa. Moreover, such studies examine the performance of *either* EMNEs *or* AMNEs at a particular point in time. Therefore, our study provides useful insight that can help managers in decision-making. We offer some key take-aways.

First, despite the lower average income, Africa still offers myriad opportunities to MNEs due to its young and fast growing population (ibid), rich natural resources (Nakouwo et al. 2023), and growing foreign investment in this region (Barnard et al. 2023). The region has potential to be a center of production and consumption in the future (PwC 2024). In context of unique market, the current study provides insights to managers about the competition in several industries (from low-tech to high-tech) in this growing region, differentiating between AMNEs and EMNEs. Thus, practitioners may reconsider their diversification and long-term plans.

Second, MNE managers are reminded, once again, that EMNEs are advancing, and success in foreign markets is not guaranteed. There is no clear-cut superiority of each firm category (local African firms, AMNEs or EMNEs) in Africa. Over the study period, LOCALs, AMNEs, and EMNEs take the lead in eight, seven, and nine country-industry dyads, respectively. However, there are some trends as seen in Figure 1. For instance, in accordance with Ozkan et al. (2022), EMNEs exhibit high growth in consumer electronics. They outperform their rivals in all countries in the context of this study. Therefore, local firms and AMNEs should closely monitor EMNE competitors.

Considering the varying performance of LOCALs, AMNEs and EMNEs, one must take into account unique country and industry settings and formulate suitable strategies that accommodate these institutional factors. A host of factors will determine eventual outcome of

inter-firm competition, including firm resources, dynamic capabilities, product appeal, channel strength, pricing strategies, etc.

Mode of entry may play a critical role for multinationals if they wish to succeed in Africa. For example, exporting, while perhaps suitable short term, may turn out to be a liability in the long-term. Without a local presence, foreign multinationals may not be able to discover and react to local nuances. Serving these markets via foreign direct investment naturally affords greater control over in-country decisions but will require deeper and sustained commitment on the part of the multinational. While MNE experience in market performance may differ from country to country, there is still the opportunity to formulate consistently successful strategies and disseminate best practices across these markets.

The age-old issue of standardization versus adaptation is another consideration. Managers must find a fine balance between localized and standardized strategies (Bartlett and Ghoshal 2002, Schmid and Kotulla 2011). MNEs are advised to exploit such firm-specific advantages as reputation, brand equity, technology, and scale, while adjusting their in-country choices such as sales and marketing, customer service, pricing, and product modification.

Unique industry conditions will prevail and figure prominently in foreign market success. For example, multinational retailers encounter tough challenges in transferring their home-country success to foreign markets. Factors such as regulatory restrictions local sourcing challenges, or inability to create scale in procurement will hinder multinational retailers (Ozkan et al. 2022). Finally, local firms will need to find ways of mitigating foreign multinational advantages. Their home-grown advantages such as political clout, access to distribution, and knowledge of local market preferences will assist them in countering foreign multinationals.

Finally, our study covers the recent disruption period of global Covid-19 pandemic, which is associated with chaotic supply chain disruptions. We underscore the importance of disruptions and reveal the impact in the context of the current study. Even if there is no strong empirical support that local firms outperformed MNEs due to closures and interrupted supply chains, the impact may be different in smaller economies in Africa, in other regions of the world, or in possible future disruptions. Therefore, it may be beneficial for MNEs to: i) learn from the impact of Covid-19 pandemic, and ii) consider the possible impact of future disruptions in their strategic plans (McKinsey 2019).

6.3. Public Policy Implications

The present investigation offers practical implications for both home country and host country governments and trade development agencies. For many home country governments, Africa is still an underdeveloped potential market destination. In recent years, Chinese companies have received substantial public sector incentives to cultivate market opportunities in China, and initiate numerous infrastructure projects. Similarly, some emerging markets such as Turkey and India have stepped up their efforts to encourage local firms to do business in Africa.

Such efforts can be more productive when considering the findings of the present study. First, market cultivation efforts should take into account particular country-industry conditions. Pinpointing most attractive country-industry combinations, and pursuing 'best-fit' opportunities will likely be more successful. The public sector can carry out such focused market potential analyses, and guide their national firms into attractive ventures. Second, given the advantageous market position of local firms in some African markets, trade and investment agencies may suggest and facilitate collaborative ventures between their firms and indigenous companies. Third, given the important role technology plays in market share

rivalry, governments may boost their firms' technological capabilities while they are pursuing opportunities in Africa.

Host country governments in Africa may consider incentives to foreign firms interested in entering their markets. Certain industry sectors may be relatively underdeveloped and foreign investment may be more welcome. Additionally, host governments may benefit from prioritizing industry sectors relatively more open to foreign multinational competition rather than those with some degree of market protection. Lastly, given that certain external events such as the COVID pandemic cause disruptions to the performance of local firms, host country government can offer advisory services and technical support to help alleviate the shocks that may be experienced by local firms, and thus help preserve their market shares.

6.4. Limitations and Future Research Directions

The present study has some limitations that may be addressed by scholars in future studies. Future work may compare those firm-specific and environmental factors impacting market share rivalry. Studies can also explore the longevity of AMNEs, EMNEs and locals in various markets. It is plausible to expect that local firms will possess greater staying power as compared to publicly owned multinationals compelled to generate shorter terms results. The market exit versus survival could be another avenue for extending the work, with the underlying factors that contributes to success vs. failure in the market. Future studies may also complement the current findings with a mixed method approach, conducting in-depth interviews with market leading firms. This will distil critical information regarding the reasons for their success in this market. Similarly, interviews with managers of leading firms could shed light on the capabilities that lead to performance management under crises. Future studies can also consider the role of industry concentration in market share gain. Finally,

scholars can examine performance in the post-pandemic era. In conclusion, it is hoped that this study inspires other scholars and provides guidance for follow-up inquiries.

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Table 1. Select Studies on Internationalisation in Africa

Source(s)	Study Focus	Themes
Glaister et al. (2020)	Negative relationship when country was a colony and FDI	FDI
(Bartels et al. 2014)	Political economy and trade dynamics	FDI
(Chen et al. 2017)	MNEs are likely to adopt greenfield mode in markets with formal institutions; acquisition mode is taken with rapid development factor markets. The first effect is positively moderated by regional experience. Both effects are positively moderated by institutional ties	FDI
(Adomako et al. 2020)	Institutional pillars (regulatory, cognitive, normative) increase domestic environment uncertainty in Africa, which motivates African firms to internationalise	African firms' internationalisation
(Boso et al. 2017, Chowdhury 2006, Soontiens 2002)	African firms tend to internationalise in their own region.	African firms' Internationalisation
(Osabutey et al. 2023)	Foreign subsidiaries in Africa depend upon non-location bound firm specific advantages, whereby Ghanian firms exporting to regional Africa reply on home market location bound firm specific advantages	Internationalisation in Africa
(Boateng and Glaister 2002)	Partner capability, capital adequacy, congruity of motives and goal	Performance of international joint ventures
(Mazé and Chailan 2021)	Government-business networks	Chinese MNEs develop foothold in Africa
(Demirbag et al. 2011)	Institutional distance, economic distance, economic freedom distance, and subsidiary distance	Survival of Japanese equity ventures in Africa
(Getachew and Beamish 2017)	Investment purpose diversity and orientation	Foreign subsidiary exit from Africa
(Wang and Cuervo-Cazurra 2017)	Joint venture with foreign partners overcomes negative consequences of performance due to lack of human capital	Joint ventures with foreign partnerships

(Peng et al. 2009)	Interactions between firms, industries and institutional environment	African firm can achieve competitive advantage if they select niche market
(Wang et al. 2022)	Chinese state owned MNEs political capital in responding to institutional voids	Institutional voids
(Luiz et al. 2021)	Institutional environment affects strategic responses (defensive strategy by AMNEs, aggressive agility by EMNEs, rationalisation by locals) to manage institutional voids	Institutional voids
(Peprah et al. 2024)	Using an African e-commerce as case, the study finds that institutional voids create market inefficiencies and legitimacy issues. MNEs utilitse nonmarket strategies to validate, consolidate and diffuse business model, and for obtaining legitimacy	Institutional voids and non-market strategies
(Barnard et al. 2023)	The study distinguishes between advanced, emerging, and nascent MNEs operating in Africa in terms of their development opportunities, engagement with local, national, regional and supranational institutions, and discusses why this matters for the IB policy.	Opportunities for MNEs in Africa
(Saha et al. 2023)	The work examines the India's South-South cooperation for trade and technology in East Africa, as a mean to facilitate value addition in global value chain	Cooperations for Global value chain

Table is developed by authors, based on studies cited above.

Figure 1 - Collective Market Share Gains of AMNEs LOCALs and EMNEs in Select African Countries

FIRMS	INDUSTRY	AFRICA				INDUSTRY	FIRMS
		Nigeria	Egypt	South Africa	Morocco		
EMNEs	Retail	- **1.3** 0.6	0.5 0.0 **2.5**	0.3 **10.6** (0.3)	**0.5** 0.0 **2.0**	Retail	AMNEs
	Apparel	0.8 (0.5) **3.2**	**6.2** 0.0 1.4	- **5.1** 0.8	**6.8** (0.2) 2.2	Apparel	
	Soft Drinks	**(0.1)** (0.7) (6.0)	0.7 **5.9** 3.9	- 6.9 **7.8**	- **25.1** (2.5)	Soft Drinks	
	Personal Care	2.3 2.5 **3.6**	1.8 (1.9) **4.5**	**6.1** (0.7) (2.6)	2.2 0.7 **4.9**	Personal Care	
	Home Appliance	(3.5) 10.8 (2.9)	15.1 **18.1** 0.9	**1.4** **1.6** (12.1)	**1.6** - (1.3)	Home Appliance	
	Consumer Electronics	**58.6** - (56.3)	**49.9** 0.7 (36.2)	**13.8** 1.0 (7.5)	**19.1** - (9.5)	Consumer Electronics	
FIRMS	INDUSTRY	Nigeria	Egypt	South Africa	Morocco	INDUSTRY	FIRMS
		AFRICA					

LIGHT GREEN BACKGROUND means EMNEs OUTPERFORM

LIGHT BLUE BACKGROUND means AMNEs OUTPERFORM

LIGHT BROWN BACKGROUND means African Locals OUTPERFORM

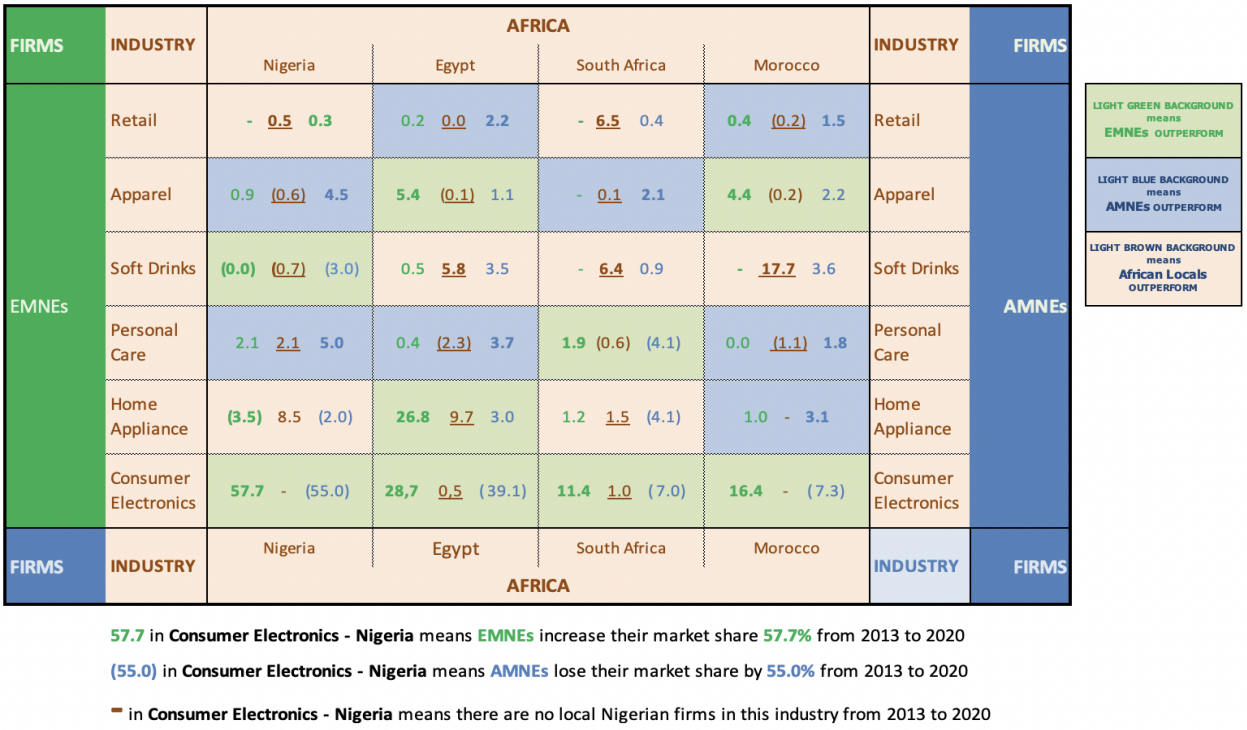
58.6 in **Consumer Electronics - Nigeria** means EMNEs increase their market share 58.6% from 2013 to 2022

(56.3) in **Consumer Electronics - Nigeria** means AMNEs lose their market share by 56.3% from 2013 to 2022

- in **Consumer Electronics - Nigeria** means there are no local Nigerian firms in this industry from 2013 to 2022

Figure by authors

Figure 2a - Collective Market Share Gains before Covid-19 Disruption: 2013 - 2019



FIRMS	INDUSTRY	AFRICA Nigeria	AFRICA Egypt	AFRICA South Africa	AFRICA Morocco	INDUSTRY	FIRMS
EMNEs	Retail	- 0.5 0.3	0.2 0.0 2.2	- 6.5 0.4	0.4 (0.2) 1.5	Retail	AMNEs
	Apparel	0.9 (0.6) 4.5	5.4 (0.1) 1.1	- 0.1 2.1	4.4 (0.2) 2.2	Apparel	
	Soft Drinks	(0.0) (0.7) (3.0)	0.5 5.8 3.5	- 6.4 0.9	- 17.7 3.6	Soft Drinks	
	Personal Care	2.1 2.1 5.0	0.4 (2.3) 3.7	1.9 (0.6) (4.1)	0.0 (1.1) 1.8	Personal Care	
	Home Appliance	(3.5) 8.5 (2.0)	26.8 9.7 3.0	1.2 1.5 (4.1)	1.0 - 3.1	Home Appliance	
	Consumer Electronics	57.7 - (55.0)	28,7 0,5 (39.1)	11.4 1.0 (7.0)	16.4 - (7.3)	Consumer Electronics	
FIRMS	INDUSTRY	Nigeria	Egypt	South Africa	Morocco	INDUSTRY	FIRMS
		AFRICA					

LIGHT GREEN BACKGROUND means EMNEs OUTPERFORM

LIGHT BLUE BACKGROUND means AMNEs OUTPERFORM

LIGHT BROWN BACKGROUND means African Locals OUTPERFORM

57.7 in **Consumer Electronics - Nigeria** means EMNEs increase their market share 57.7% from 2013 to 2020

(55.0) in **Consumer Electronics - Nigeria** means AMNEs lose their market share by 55.0% from 2013 to 2020

- in **Consumer Electronics - Nigeria** means there are no local Nigerian firms in this industry from 2013 to 2020

Figure by authors

Figure 1

58.6 in **Consumer Electronics - Nigeria** means EMNEs increase their market share 58.6% from 2013 to 2022

(56.3) in **Consumer Electronics - Nigeria** means AMNEs lose their market share by 56.3% from 2013 to 2022

- in **Consumer Electronics - Nigeria** means there are no local Nigerian firms in this industry from 2013 to 2022

Figure 2a

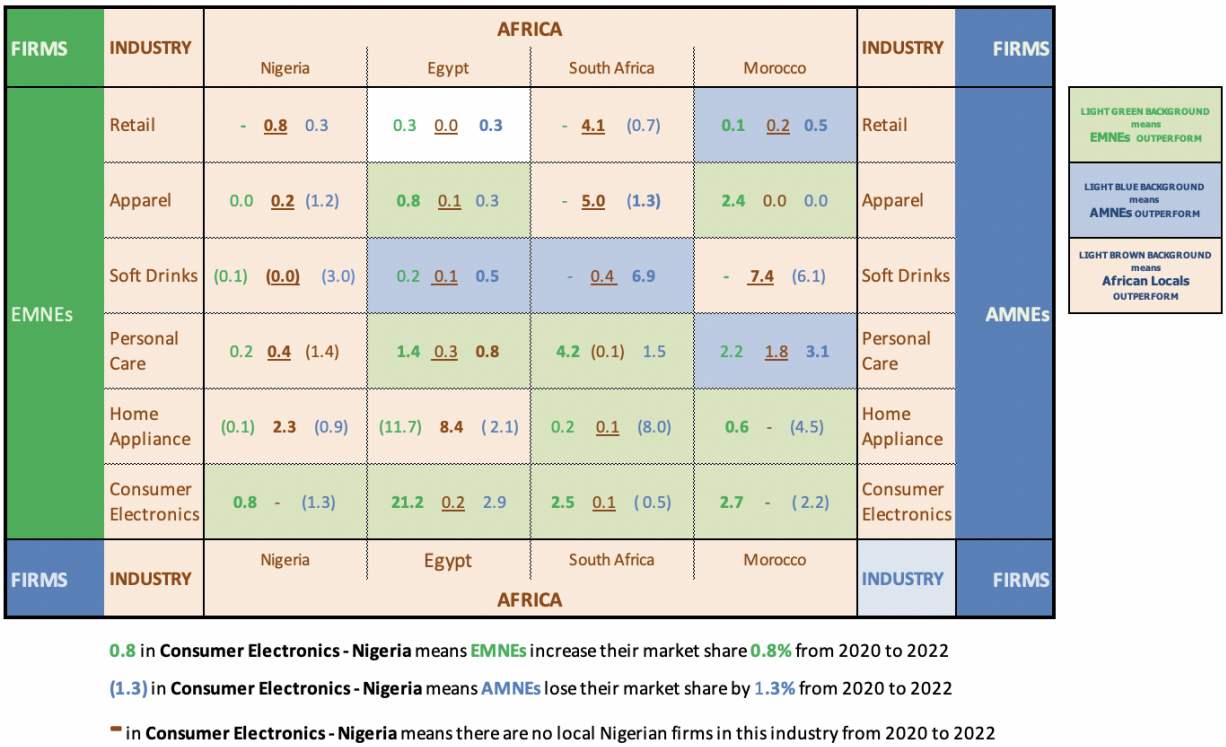
57.7 in **Consumer Electronics - Nigeria** means EMNEs increase their market share 57.7% from 2013 to 2020

(55.0) in **Consumer Electronics - Nigeria** means AMNEs lose their market share by 55.0% from 2013 to 2020

- in **Consumer Electronics - Nigeria** means there are no local Nigerian firms in this industry from 2013 to 2020

Note: Figure 1 and Figure 2a have been shown above side by side for ease of comparison.
Figures by authors

Figure 2b - Collective Market Share Gains during Covid-19 Disruption: 2020 - 2022



FIRMS	INDUSTRY	AFRICA: Nigeria	Egypt	South Africa	Morocco	INDUSTRY	FIRMS
EMNEs	Retail	- 0.8 0.3	0.3 0.0 0.3	- 4.1 (0.7)	0.1 0.2 0.5	Retail	AMNEs
	Apparel	0.0 0.2 (1.2)	0.8 0.1 0.3	- 5.0 (1.3)	2.4 0.0 0.0	Apparel	
	Soft Drinks	(0.1) (0.0) (3.0)	0.2 0.1 0.5	- 0.4 6.9	- 7.4 (6.1)	Soft Drinks	
	Personal Care	0.2 0.4 (1.4)	1.4 0.3 0.8	4.2 (0.1) 1.5	2.2 1.8 3.1	Personal Care	
	Home Appliance	(0.1) 2.3 (0.9)	(11.7) 8.4 (2.1)	0.2 0.1 (8.0)	0.6 - (4.5)	Home Appliance	
	Consumer Electronics	0.8 - (1.3)	21.2 0.2 2.9	2.5 0.1 (0.5)	2.7 - (2.2)	Consumer Electronics	
FIRMS	INDUSTRY	Nigeria	Egypt	South Africa	Morocco	INDUSTRY	FIRMS
		AFRICA					

LIGHT GREEN BACKGROUND means EMNEs OUTPERFORM

LIGHT BLUE BACKGROUND means AMNEs OUTPERFORM

LIGHT BROWN BACKGROUND means African Locals OUTPERFORM

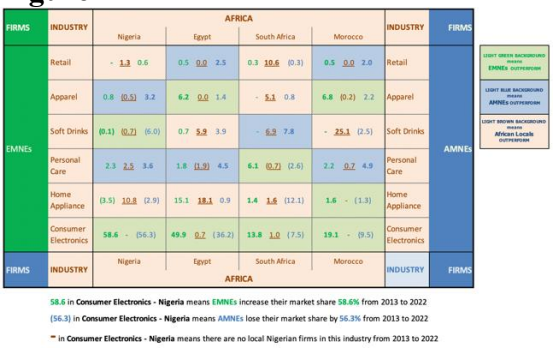
0.8 in **Consumer Electronics - Nigeria** means EMNEs increase their market share 0.8% from 2020 to 2022

(1.3) in **Consumer Electronics - Nigeria** means AMNEs lose their market share by 1.3% from 2020 to 2022

- in **Consumer Electronics - Nigeria** means there are no local Nigerian firms in this industry from 2020 to 2022

Figure by authors

Figure 1

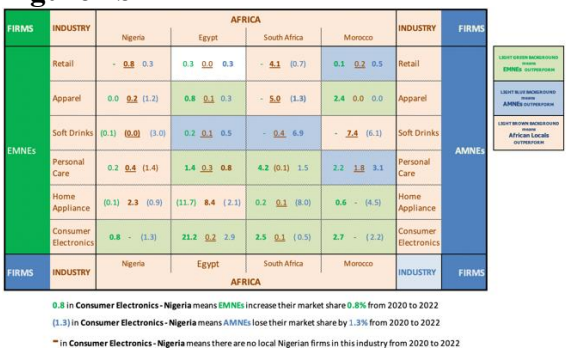


58.6 in **Consumer Electronics - Nigeria** means EMNEs increase their market share 58.6% from 2013 to 2022

(56.3) in **Consumer Electronics - Nigeria** means AMNEs lose their market share by 56.3% from 2013 to 2022

- in **Consumer Electronics - Nigeria** means there are no local Nigerian firms in this industry from 2013 to 2022

Figure 2b



0.8 in **Consumer Electronics - Nigeria** means EMNEs increase their market share 0.8% from 2020 to 2022

(1.3) in **Consumer Electronics - Nigeria** means AMNEs lose their market share by 1.3% from 2020 to 2022

- in **Consumer Electronics - Nigeria** means there are no local Nigerian firms in this industry from 2020 to 2022

Note: Figure 1 and Figure 2b have been shown side by side above for ease of comparison.
Figures by authors