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Editorial

Letter from the Editors: Trade and Foreign Direct Investment in Africa

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The first of three special issues focusing on international business in Africa, this issue addresses topics related to trade and foreign direct investment in Africa. Within this context, individual articles focus on various factors related to the African Continental Free Trade Area, access to capital and finance in Africa, foreign direct investment versus entrepreneurial growth, moving beyond commodity-based growth, better utilizing Africa's agricultural advantages, and overcoming data accuracy issues pertaining to African development.

Africa, the second largest continent in terms of both population and size, is incredibly diverse – in terms of its 54 countries and the individuals who reside within them. At the country level, there is huge variation in economic development, government type, institutions, resource endowments, climate and biodiversity, to name a few. (See, e.g., Ilina & Littrell, for an overview of differences across five business regions in Africa.) At the individual level, differences in education, literacy, standard of living, access to health care and other basic services, among others, create variation in opportunities for advancement both within and between countries. Africa also has a complicated history with the rest of the world; the remnants of slave trade and colonialism continue to influence international relations. While attention to the continent in the international business (IB) field is growing (e.g., Nachum et al., 2023), research has thus far provided limited practical advice related to conducting cross-border business in the African context. As the first in a three-part series, this *AIB Insights* issue aims to provide guidance to international business practitioners, including articles first presented at a two-day *AIB Insights* Paper Development Workshop held at Strathmore Business School in Nairobi, Kenya on May 28–29, 2024, combined with submissions to an open call for papers on international business in Africa. This issue presents articles related to trade with Africa, while our next issues focus on Africa-focused sustainability and international business more generally.

On January 1, 2021, trading began under The African Continental Free Trade Area (AfCFTA), which was established in 2018 and ratified in 2019. As the world's largest free trade area, in terms of number of countries, the AfCFTA supports intra-Africa trade through the reduction of trade barriers across the continent. The trade area includes 54 signature states (48 of which have deposited instruments of ratification to date) that represent a population of 1.3 billion. It is a flagship project under the broader "Agenda 2063: The Africa We Want" (AfCFTA, 2026). Given the trade agreement's central role in the promotion of international business in Africa, combined with the relative recency of its enactment, it is not surprising that multiple papers in this special issue directly address issues associated with the AfCTA.

Complementing AfCTA-focused articles, other articles address important problems related to African trade, both within and external to Africa. Access to financial capital is a vexing issue in Africa, particularly for smaller, entrepreneurial firms. Additionally, given the substantial focus on entrepreneurial growth on the continent, the degree to which countries should aim to balance growth driven by foreign direct investment versus entrepreneurship is an important issue. Relatedly, the questions of how countries can move beyond commodity-based growth and how to better utilize Africa's agricultural advantages are important. Finally, data (in)accuracy creates substantial issues for managing African development, particularly given the limited tracking of the large informal component of most African economies.

This issue features nine articles, authored by a mix of authors resident in African countries - including Cote d'Ivoire, Kenya, Uganda and South Africa – and elsewhere (Canada, Denmark, Finland, Poland, the UK, and the USA).

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Many of the authors based outside of the continent are from Africa. As such, the issue builds on local African knowledge and expertise, combined with external perspectives, collectively providing a balance between emic and etic approaches to understanding this complex and interesting continent that is of crucial importance to the future of international business.

Roger Fon (Northumbria University, UK), **Yamlaksira S. Getachew** (Babson College, USA), and **Michael J. Mol** (Copenhagen Business School, Denmark, and University of Birmingham, UK) start the issue off with "Turning the African Continental Free Trade Area into an International Business Success Story: Lessons from Inside and Outside Africa". Recognizing the importance of the African Continental Free Trade Area (AfCFTA) in advancing international business in Africa, the authors build on lessons learned from the eight regional economic communities in Africa, along with European integration, to provide guidance to assist the AfCTA in reaching its promise, despite the challenges inherent in this effort related to weak supranational institutions, cross-national institutional variability and uneven distribution of returns within the region. The authors develop recommendations at multiple stakeholder levels for supranational-level policymakers, national-level policymakers and international managers, to facilitate success of the AfCFTA in promoting international business in Africa.

Continuing the AfCTA conversation, **Abbi Kedir** (African Economic Research Consortium, Kenya), **Juliana Siwale** (Nottingham Trent University, UK) and **Samppa Kamara** (University of Sheffield, UK and University of Oulu, Finland) penned "The Contribution of Informal Cross-Border Trade (ICBT) to a Successful African Continental Free Trade Area (AfCFTA)". A commonly noted feature of the African economy, raised in multiple articles in this issue, is a strong impact of informal cross-border trade. As noted by Kedir, Siwale and Kamara, this is particularly important to entrepreneurship and job creation among marginalized populations, such as women and youth. However, these data are difficult to capture and integrate into decision making associated with the AfCFTA. Noting the challenges of capturing ICBT data, the authors offer a series of recommendations in the areas of (1) policy recognition and facilitation for inclusive growth, (2) standardized data collection for informed policymaking, and (3) leveraging technology for financial and digital inclusion.

Our next article, "From Thousands of African Languages to a Pan-African Language for the African Continental Free Trade Area (AfCFTA): A Framework Promoting Kiswahili as Common Language for Intra-African Trade", is written by **Elie V. Chrysostome** (Ivey Business School, Canada), **Abiodun Adegbile** (Birmingham City University, UK), **Christopher Boafo** (University of British Columbia, Canada), and **Fuhad Ogunsanya** (Ivey Business School, Canada). The authors note that a difficulty inherent in the success of the AfCTA in promoting intra-African trade is the existence of over 3000 spoken languages on the African continent, without a pan-African *lingua franca*. Recognizing the difficulties that this language division creates, the authors propose a path towards adopting Kiswahili as the pan-African language to support the AfCFTA's goal of promoting intra-African trade. They draw on institutional theory's regulative, normative, and cognitive pillars to develop a five-phase roadmap for a strategy plan to accomplish this goal over a 25-year period.

George Okello Candiya Bongomin (Makerere University Business School, Uganda), **Elie Chrysostome** (Ivey Business School, Canada), **Michael Atingi-Ego** (Bank of Uganda, Uganda), and **Pierre Yourougou** (Institut National Polytechnique Félix Houphouët-Boigny de Yamoussoukro, Cote d'Ivoire) authored "Fueling Sustainable Digital Future for Intra-African Trade: Using Mobile Money Interoperability to Increase the Trade Prospects of the African Continental Free Trade Area". The authors note how digital interoperability can assist in overcoming a lack of adequate infrastructure in much of Africa to allow traders access to finance in support of the goals of the AfCFTA. The authors identify a number of policy issues that affect digital interoperability in Africa, along with a series of recommendations for various stakeholders to address these concerns.

Complementing the digital financing issue raised in the prior article, **Helena Barnard** and **Samson Ruwisi** (University of Pretoria, South Africa) authored "Raising Capital in Africa: How Nascent Multinationals Navigate Its Institutional Voids". In this article, Barnard and Ruwisi note how multinational enterprises in Africa often struggle to move funds between countries. They describe a vicious cycle related to macro-economic conditions, government policies and regulations, and administrative "oversight", which makes obtaining funding in capital markets challenging in Africa. Barnard and Ruwisi provide a series of recommendations for managers seeking capital in Africa that involve developing people, managing operations, and structuring financial arrangements. Related to these three areas, they provide within-country, cross-country, and outside-country solutions.

Arilova Randrianasolo (Loyola University Chicago, USA) penned "FDI, The Opportunity-to-Necessity Entrepreneurship Ratio, and African Development". Randrianasolo notes that African development benefits from both foreign direct investment (FDI) and entrepreneurship. However, policymakers could use guidance on the appropriate balance between these two drivers of development, along with the types of entrepreneurship that may be beneficial at different country development levels. Distinguishing among African countries, ranging from Low Development to Very High Development levels, Randrianasolo develops propositions regarding an optimal balance between these development activities at different country development stages in Africa, along with providing practical implications for policymakers.

"FDI-driven Graduation of Botswana and Equatorial Guinea from Least Developed Countries: Challenges Ahead" is written by **Zbigniew Zimny** (Vistula University, Poland). Zimny first notes how Botswana and Equatorial Guinea are exemplars among resource-rich countries in Africa that have avoided the resource curse to advance to upper-middle income status. However, Zimny also notes that these two countries now face a middle-income trap, illustrated by a slow-down in growth that requires a new growth model for further advancement. Zimny proposes a growth model promoting new areas of diversification for both countries that incorporates greater private investment, including FDI, noting that some policy actions will be similar for both Botswana and Equatorial Guinea, along with other countries that depend upon natural resources. Others may vary based on specific country conditions such as resource endowments, governance systems, geographical location, and institutions.

Recognizing favorable conditions in Africa related to agriculture, **Lilac Nachum** (University of Leeds, UK and Strathmore University, Kenya) authored "The Export Performance of Africa's Agribusiness Sector: A Policy Agenda for Change". Nachum notes that the comparative advantages of many African countries in agriculture have not materialized into agricultural exports, and advocates for an agriculture-led export strategy for African advancement. To assist in promoting agricultural exports from the region, Nachum develops a policy agenda focused on domestic obstacles, such as access to capital and land ownership, and cross-border obstacles, such as aggregated regional and industrial trade policy and ineffective incentives for export upgrading. Policy measures are suggested to remove or lessen each of these obstacles.

Our issue's final article, "Data Accuracy Challenges and Impacts on Investment Decisions in West African Markets: Strategies for Policymakers and Investors", is written by **Ekenedilichukwu CyrilNorbert Moses** (Northumbria University, UK), **Hyeyoun Park** (University of Surrey, UK), and **Joseph Amankwah-Amoah** (Durham University, UK). The authors note how data accuracy is a challenge in many developing-economy settings, with West Africa being no exception. They identify the categories of challenges associated with (1) the informal economy and misinterpretation of local terminologies, (2) infrastructure deficits and data gaps, and (3) regional and regulatory variations. The authors then develop a series of guidelines to address these challenges and improve data collection and validation in Africa.

We hope that you find this first of three Africa-focused special issues enjoyable. Please stay tuned for our next issue on Sustainability in Africa, followed by an issue that addresses broader issues related to international business in Africa. We also note the upcoming AIB Africa Chapter Conference, which will be held at Strathmore University Business School on May 27–29, 2026. A session overviewing the content of the *AIB Insights* Africa-focused special issues is expected to be included in the conference.

Please also see our calls for papers on the 2026 AIB theme, "Generational Shifts and International Business: Navigating Demographic Change in a Diverging World", with submissions due February 28, 2026; "Underrepresented Voices in International Business Research: Insights from Island Economies", with submissions due April 10, 2026; and "The Implications of Digital Globalization in International Business", with submissions due April 30, 2026. We, of course, welcome submissions on any topic related to international business on an ongoing basis, and would indeed encourage more submissions that extend our current coverage of international business in and into the African continent.

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