Practical Framework for the U.S. Market Entry of Latin American SMEs

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Abstract- ***The international expansion of Latin American small and medium-sized enterprises (SMEs) into the United States presents both strategic opportunities and operational challenges. This article proposes a practical and theoretically grounded framework that integrates the resource-based view, Uppsala Model, Springboard Perspective, institutional theory, and dynamic capabilities. Emphasizing internal capability assessment, network engagement, institutional adaptation, and continuous strategic learning, the framework offers a step-by-step approach for successful and sustainable market entry. By aligning theory with practice, it provides Latin American SMEs with actionable guidance to navigate the complexity of the U.S. business environment while enhancing their global competitiveness.***

Indexed Terms- ***Internationalization Strategy, Latin American SMEs, U.S. Market Entry, Dynamic Capabilities, Institutional Adaptation.***

I. INTRODUCTION

The entry of Latin American small and medium-sized enterprises (SMEs) into the United States market represents both an aspirational goal and a complex strategic challenge. Given the size, competitiveness, and regulatory demands of the U.S. economy, successful internationalization requires a practical framework that integrates theoretical models with real-world applicability. This article proposes a step-by-step strategy grounded in scholarly research and tailored to the unique strengths and constraints of Latin American SMEs seeking sustainable entry into the U.S. market.

The first step in the framework involves a diagnostic assessment of internal capabilities, aligned with the resource-based view of the firm. As proposed by Barney (1991), firms that possess valuable, rare, inimitable, and organizationally embedded resources are better positioned to create sustainable competitive advantages. For Latin American SMEs, this means evaluating core competencies—such as product innovation, operational efficiency, and leadership agility—and determining how these strengths can be leveraged or adapted to the U.S. context.

Next, the Uppsala Internationalization Model serves as a foundational guide for market selection and entry sequencing. According to Johanson and Vahlne (1977), firms tend to internationalize incrementally, entering markets that are psychically and geographically closer before expanding further. While cultural and institutional distances between Latin America and the U.S. may pose challenges, shared commercial ties and migration histories reduce some of these barriers. Additionally, the model's emphasis on experiential learning suggests that gradual engagement—through export partnerships, licensing, or digital channels—can minimize risk while accumulating knowledge about U.S. consumer preferences and regulatory standards.

However, given the dynamic and competitive nature of the U.S. market, the Uppsala model alone may be insufficient. The Springboard Perspective (Luo & Tung, 2007) provides a complementary view, emphasizing that firms from emerging economies often internationalize not only to sell products, but also to acquire strategic assets unavailable in their home countries. This includes brand recognition, technological capabilities, and managerial expertise. For Latin American SMEs, the U.S. offers unique opportunities to strengthen their global positioning through strategic alliances, participation in innovation ecosystems, and access to advanced logistics and digital infrastructures.

In this context, social capital becomes a critical enabler. Kontinen and Ojala (2011) highlight the importance of network ties in facilitating international opportunity recognition and reducing liability of foreignness. Latin American SMEs can benefit from engaging with diaspora communities, multicultural business chambers, and trade promotion agencies that offer soft-landing programs in key U.S. cities. Such networks can accelerate trust-building, lower transaction costs, and provide insider knowledge on local market dynamics.

Institutional theory further reinforces the importance of understanding the regulatory and normative environments in which the U.S. market operates. As Peng, Wang, and Jiang (2008) argue, firms must adapt their strategies to formal institutions (e.g., trade policies, labor laws, intellectual property protections) and informal institutions (e.g., business norms, consumer behavior). U.S. markets exhibit high levels of legal enforcement and compliance expectations, which demand strong due diligence and adaptation from foreign entrants. Engaging legal advisors, compliance consultants, and industry associations is thus essential for SMEs to navigate the complexity of U.S. institutional frameworks.

Finally, dynamic capabilities provide the mechanism through which Latin American SMEs can continuously adapt and thrive in the U.S. market. Teece, Pisano, and Shuen (1997) define dynamic capabilities as the firm's ability to integrate, build, and reconfigure internal and external competencies in response to environmental change. In practice, this involves iterative market learning, agile decision-making, and reinvestment in capabilities such as digital transformation, supply chain flexibility, and human capital development. The U.S. market rewards responsiveness and innovation, making dynamic capabilities a core pillar of sustained success.

The infographic titled *"Practical Framework for U.S. Market Entry of Latin American SMEs"* visually outlines a strategic six-step process designed to guide small and medium-sized enterprises from Latin America in expanding into the U.S. market. It begins with an internal capability assessment, grounded in the Resource-Based View, to identify core competencies. This is followed by an incremental entry strategy inspired by the Uppsala Model, encouraging low-risk approaches like exporting. The third step leverages the Springboard Perspective to seek strategic assets such as technology and branding. The framework then emphasizes the importance of network engagement through diaspora and trade organizations, and stresses institutional adaptation to align with U.S. regulatory and cultural norms. Finally, it highlights the development of dynamic capabilities to ensure continuous learning and innovation, culminating in a sustainable and competitive market presence.

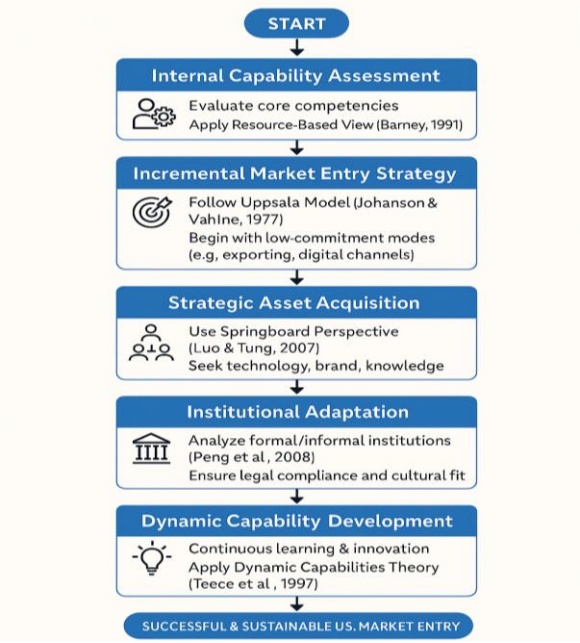

Figure 1. Practical Framework for U.S. Market Entry of Latin American SMEs.

Source: Created by author.

In conclusion, the practical framework for U.S. market entry by Latin American SMEs must integrate theoretical insights with pragmatic actions. Starting from internal capability assessment, firms should adopt a phased and learning-oriented approach to market entry, supported by strategic resource acquisition, social network mobilization, institutional awareness, and continuous capability enhancement. When applied holistically, this framework enables Latin American SMEs not only to enter the U.S. market but to establish a resilient and competitive international presence.

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