Going regional: internationalisation strategies of Ghanaian service companies within the ECOWAS market

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Abstract

This paper investigates the internationalisation strategies of Ghanaian service companies within the economic community of West African States (ECOWAS) market. The topic was necessitated by the increasing interest in the study of internationalisation processes of local firms in this era of globalisation, which hitherto was the preserve of multinational enterprises from the developed world. There is very little research on internationalisation processes of firms within the developing economy context as most of the existing literature is biased towards the developed economy context especial in the UK and USA. This paper examines the internationalisation strategies of Ghanaian service companies within the ECOWAS market in order to determine the key strategies adopted by Ghanaian service companies when expanding their operations abroad. The research was based on three case studies of service-oriented firms in Ghana using semi-structured interviews. Data was analysed using cross-case synthesis. Key strategies such as modes of entry of the three companies were analysed.

The results of this study validates previous studies such as the Uppsala model which suggests that companies often expand their operations internationally on incremental and gradual fashion, and the eclectic paradigm which contends that three major sets of factors that are interdependent will influence the extent, industrial composition and geography of foreign production undertaken by a firm. Implications are also drawn for service companies, policy makers and researchers.

Key words: Economic Community of West African States (ECOWAS), Internalisation strategy, Uppsala model
JEL classifications: F23, F21, M16, O14, O15

Introduction and background to the research

Over the past two decades, there has been growing interest in international operations not only among entrepreneurs and investors but also among policy makers, academics and other researchers (Amal et al, 2009). Tayeb (2000), Welch and Luostarinen (1999) both define internationalisation as the “increasing involvement of a firm in international operations”. This definition appears to be the most widely used one among interested scholars and researchers.

In recent times many firms have been forced to expand beyond their national borders for many reasons such as looking for new markets, seeking efficiencies and resources or to acquire strategic assets (Tayeb, 2000). This increased movement of businesses from their home markets to foreign ones owes its roots to the rapid trends of globalisation. Globalisation as a phenomenon has been influenced largely by increased liberalisation of markets, increased mobility of the factors of production and advances in technology (Daniels et al, 2007; Morrison, 2006). Furthermore, internationalisation is considered a survival strategy for many firms, based upon the realisation that, “... more and more companies, whether small or large, young or old, recognise that the choice is between becoming global or becoming extinct” (Marquardt; 1999:p3).

Historically, however, studies on internationalisation of the firm have focused on large multinational companies (Tayeb, 2000 and Turner & Johnson, 2007). These large multinationals have dominated, for many years, international trade and supply chains and have led the market in production and distribution (Daniels et al, 2007). However, in recent years the role of local firms and small and medium-sized enterprises (SMEs) in the globalisation process and their contribution to the world economy has received increased attention due to their ever-increasing relevance (Turner & Johnson, 2007).

SMEs make considerable contributions to international business such as being “domestic suppliers of inputs to products exported by larger enterprises, exporters of specialised niche products, importers/distributors of goods from foreign markets and providers of support services to the international trade transactions” (Johnson & Turner, 2007: 129). One study for instance suggests that 53% of SMEs have already internationalised (KPMG, 2007, cited in European Commission, Report, 2007). Given the background provided there have been calls for more SME-specific research to gain better understanding of their operations (Storey, 1994). SMEs continue to play a significant role in job creation, delivery of innovation, provision of services and manufacture of international goods in least developed countries (LDCs) (Tayeb, 2000; Turner & Johnson, 2007).

In order for firms to compete in international markets, they have to possess firm-specific advantages to override the advantage enjoyed by competitors in the host market (Tayeb, 2000). The specific internationalisation strategy adopted can facilitate or undermine the internationalisation drive. For many SMEs in particular, the specific strategy of the firm remains very significant and has considerable impact on how the firm expands abroad. This triggers important research interest especially for developing economies, where many policy makers are interested in making their SMEs more international. For example, many African countries like South Africa, Ghana and Nigeria are increasingly becoming interested in making their SMEs more international, an effort which is hampered partly by little understanding of strategies which influence internationalisation of SMEs in an African context. This therefore raises the need for critical investigation of the best or dominant strategies influencing the internationalisation of SMEs in emerging economies.

A strategy can be defined as the actions managers take to attain the goals of a firm (Hills, 2008). For most firms, the prominent goal is to maximise shareholder value. This requires firms to focus on increasing their profitability and the growth rate of profits over time. International expansion may enable a firm to earn greater returns by transferring the product offerings derived from its core competencies to markets where indigenous competitors lack those product offerings and competencies. It may pay a firm to base each value creation activity it performs at that location where factor conditions are most conducive to the performance of that activity. A multinational firm can create value by identifying valuable skills created within its foreign subsidiaries and leveraging those skills within its global network of operations.

Hills (2008) opines that the best strategy for a firm to pursue often depends on a consideration of the pressures for cost reduction and local responsiveness. Firms pursuing an international strategy transfer the products derived from core competencies to foreign markets while undertaking some limited local customisation. Many industries are now so competitive that firms must adopt a transnational strategy. This involves a simultaneous focus on reducing costs, transferring skills and products and boosting local responsiveness. However, implementing such a strategy may not be easy.

Research rationale

This research focused on investigating the key internationalisation strategies adopted by service companies in Africa’s developing economies. The research results are relevant for at least three key reasons:

- contribution to the scant literature
- as a valuable source of education for prospective SMEs in developing countries that want to expand operations abroad
- as useful information for government policy makers in Africa because internationalisation is seen as an integral part of the development strategies of many African countries.

To expand on the motivations provided for the relevance of the research, there is currently very limited literature that investigates the key internationalisation strategies of African companies and particularly the success or otherwise of such strategies. Such a research is key as it can help policy makers and local firms in the service sector to know which strategies to adopt when going international. Many African countries are struggling to become part of the top 20 most powerful nations in the world, with internationalisation seen as being important to achieving this aspiration. For example, Ghana’s Vision 2020 was to attain a middle income country status by 2015, side by side with the attainment of the Millennium Development Goals (MDGs). The latter was achieved, although Ghana remains just a lower middle income country. The Sustainable Development Goals (SDGs) that have replace the MDGs still find relevance for SMEs so internationalisation remains a vital policy lever for the drive to middle income status. In contrast Nigeria's Vision 2020 goal is to become among the top 20 most powerful nations by 2020. Thus, research on specific strategies for internationalisation of SMEs in the African context could serve as a step forward in formulating informed policy that could help African nations achieve this goal.

The peculiar challenges service companies face regarding international business expansion is little understood especially in the context of Ghana since almost all previous research looked SMEs in the manufacturing sector. Since the service sector plays a very significant role in the development of an economy, especially in West Africa, it is very important to examine the strategies that these companies normally adopt and to what extent those strategies have been successful as far as internationalisation is concerned. This research therefore provides a deeper insight and a better understanding of Ghanaian service companies in the West African market, setting it apart from studies such as Hutchinson et al (2006) which examined the influence of management characteristics in general. Therefore, by focusing on the developing economy context, this research could enrich our understanding of the internationalisation strategies.

Research question

This research developed three key questions to be answered by the end of this study. The questions are framed as follows:

1. what are the key internationalisation strategies adopted by companies in the Ghanaian service industry when venturing into the West African market?
2. what are the push and pull factors for internationalisation of Ghanaian service companies?
3. what are the main barriers to internationalisation in the ECOWAS market?

Research objectives

In line with the stated research question, this study sought to address the following research objectives:

- to identify the main steps taken by Ghanaian service companies in the West African market
- to identify the push and pull factors to be considered when going international
- to establish whether there is a Ghanaian or West African specific approach towards internationalisation different from what other authorities (Dunning & Lundan, 2008; Hills, 2008) have recommended.

Literature review

Internationalisation of businesses – definitions

Over the past two decades, there has been growing interest in international operations not only among entrepreneurs and investors but also among policy makers, academics and other researchers. Amal et al, Tayib (2000), Welch and Luostarinen (1999) all define internationalisation as the "increasing involvement of a firm in international operations". This definition appears to be the most widely used among interested scholars and researchers. Other authors have, however, expressed their views on the definition of internationalisation. Some of them are stated in the table below.

Table 1: Different views on internationalisation of businesses

author	*main theme*	*definition*
Reynolds (1997)	extending business activities beyond domestic view	increasing activities in international markets, thus contributing to the economic growth
Williams (1975) Dunning (1988)	foreign direct investment (FDI)	pattern of investment in foreign markets, explained by rational economic analysis of ownership and location-specific advantages
Havnes (1998)	further expansion of activities beyond the present focus of international trade	a process that changes the extent of cross border commitments of the firm
Beamish (1990:77)	international extension of activities through marketing	increase in direct and indirect influence of international transactions, establish and conduct transactions with other countries
Melin (1992)	initiate international commitment	ongoing process whereby firm increases international involvement as a function of increased knowledge and international commitment

Source: Isah (2009) cited by Dake (2010)

Internationalisation theories

There are two conventional theories around the process of business internationalisation: the eclectic paradigm and the Uppsala model. These two theories in addition to others such as the theory of international new ventures ('born globals') and the network or relationship theories have dominated and formed the theoretical bases for many research articles in the field of internationalisation. The main theories are discussed below.

The eclectic paradigm

The first, eclectic paradigm is also known as the economic perspective. Amal et al, (2009) observed that this theory stood as a pillar which helped the development of different approaches relating to international investment strategies by Hymer (1976), Buckley & Casson (1976) and Dunning (1988: 2000). Dunning's (1980, 1988, 1990, and 1995) eclectic theory is a transaction cost-based theory that seeks to explain the transfer, internationalisation and firm-specific ownership advantages. While multifaceted, eclectic theory suggests the importance of firm- and location-specific factors to explain international operations. Dunning (1980) states that specific organisational skills or technologies allow a firm a competitive advantage in the marketplace. Second, Dunning (1980) indicates that country-specific factors are also essential to successful international operations. He contends that the characteristics of the market entered significantly influence a firm's international efforts. While originally intended to explain international investment, eclectic theory can be extended to explain how firms, either service or manufacturing, approach internationalisation.

Dunning (1980) contends that three major sets of factors that are interdependent will influence the extent, industrial composition and geography of foreign production undertaken by a firm. These include (O) ownership advantages, (L) location advantages and Internationalisation advantages (I). The 'O' sub-paradigm says that the greater the relative competitive advantages of the firm, the more likely it is that they will engage in foreign production. The 'L' sub-paradigm posits that the more the natural, immobile or created endowments needed by the firm are associated with the foreign location, the more likely that a firm will engage in FDI. The last one, the 'I' sub-paradigm offers a framework for evaluating alternative ways in which firms may organise their activities within domestic and foreign markets (Amal et al, 2009)

The Uppsala model

The Uppsala model is related to studies conducted by a team of researchers from the Uppsala University (Hornell and Vahlne, 1973; Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1990) as cited in Amal and Filho (2009). Proponents of the Uppsala model posit that internationalisation must be seen as a process starting from the interaction between learning about international operations as well as being committed to international business.

The study that birthed the Uppsala model determined that a major obstacle to internationalisation is the lack of knowledge on external markets and operations. From their perspective, knowledge about a foreign market can only be acquired and developed through experiences and operations abroad. The authors suggested that companies often expand their operations internationally on incremental and gradual fashion, rather than sudden and early investments in foreign operations. They further opined that many companies follow a particular sequence of steps when going international. To them, firms will only consider localised production in the host country after first exporting through an agent and subsequently establishing a subsidiary. In support of this theory, Johanson and Wiedersheim-Paul, (1975); Johanson and Vahlne, (2003) as cited in Chetty et al (2001) and Manolopoulos (2010) all acknowledge that overseas experience is very important as it provides a company with the ability to develop new ventures, learn with them and also to reduce the levels of uncertainty that may be associated with the involvement and commitments in foreign markets. As knowledge is progressively improved, the foreign expansion will increase following a linear and gradual progression (Johanson and Vahlne, 2003).

The network approach

In their criticism of the Uppsala model, Amal and Filho (2009) pointed out some limitations of this linear approach which they claimed had fallen short of the relevant variables to explain the phenomenon of SMEs internationalisation. This position led to the genesis of the network theory which also contributed significantly in terms of reconsidering the basic assumptions of the Uppsala model.

Chetty and Holm (2000) define a business network as a collection of two or many business organisations connected by relationships and this relationship can happen through commercial companies and they are contextualised by collective actors. The actors mentioned in the definition include customers, competitors, providers, distributors and the government. Simply put, a business network is a set of international business relationships, in which each exchange relation is between business organisations that are conceptualised as collective actors, Johanson and Vahlne (2003, p. 92).

This new theoretical framework has proven to be relevant upon analysing foreign expansion strategies of SMEs which were able to expand internationally mainly through alliances with other partners, overcoming their resources and market knowledge's limitations. "Internationalisation depends largely on the ability of companies to relate innovative and proactive international behaviour to learning processes through the maintenance of national and international networks" (Amal and Filho, 2009).

The relationship networks approach is meant to be a natural evolution of the Uppsala model. This is because the concept of internationalisation can be more related to an interactive process between a company's competitive advantages and that of other members of the company's networks. The relationships network theory therefore lays special emphasis on the cognitive as well as social connections among companies that act and get involved in international business relations. It is also important to note that the network approach represents a very powerful view for research on international entrepreneurship as suggested by McDougall and Oviatt (2003). They averred that business networks enable entrepreneurs to discover foreign opportunities, create credible relationships with their foreign partners and get exposed to strategic resources such as market knowledge and strategic alliances. Amal and Filho (2009) concludes as follows: "the importance of entrepreneurs and network relationships are important factors for understanding the internationalisation pattern of SMEs. Also, internationalisation depends largely on the ability of companies to relate innovative and proactive international behaviour to learning's processes through the maintenance of national and international networks."

Theory of international new ventures (INV) and 'born globals'

Oviatt and McDougall (1994) cited in Verbeke et al (2014), defined an INV as "a business organisation that seeks to drive significant competitive advantage from the use of resources and sale of outputs in multiple countries right from inception or birth". Put differently, INVs internationalise right from inception or, at least intend to do so within the shortest time frame. Autio (2005) and Zahra (2005) cited in Verbeke et al (2014) have praised the INV concept as a very useful challenge to the validity of earlier internationalisation theories, particularly the Uppsala model. Recent developments in the global community have presented both challenges and opportunities to traditional theories (Su, 2013). Specifically, certain highly entrepreneurial firms are now able to internationalise more rapidly than predicted by traditional models (Lu and Beamish, 2001). In particular some new firms, such as technology-based knowledge-intensive ventures may enter a foreign market right from their inception or shortly afterwards. These firms are termed 'born globals' (Knight and Cavusgil, 1996, 2004). Among international new ventures, software and IT service firms are most prominent (Prashantam, 2005).

The 'born global' concept is not too different from INV theory as introduced by McKinsey et al (1993) and Rennie (1993) as cited in Verbeke et al (2014), Schueffel et al (2011) and Li Sun S (2012). A McKinsey study of manufacturing firms in Australia concluded that "contrary to the mainstream, stage-wise internationalisation theories, the companies studied did not build up their international involvement in any gradual fashion; they were rather 'born global'".

Elaborating on the empirical observations of the above study, Knight and Cavusgil (1996; 2004) defined born global firms as companies that:

1 sell their first products in foreign markets within three years of inception and
2 earn 25% of their revenues outside their home markets.

This position was also supported by Madsen et al (2000). Meanwhile, the concept of INV can also be considered as a special case of what mainstream internationalisation would predict (Verbeke et al 2014).

Verbeke et al (2014) disagreed with this position in very strong terms. They described the born global concept as an 'intellectual non-starter' as the concept's definition merely suggests an early internationalisation at relatively large scale compared to the company size. They further questioned whether 25% of overseas sales truly indicate a firm's clear focus on international markets as the concept suggests.

It is pertinent to note that Lopez et al (2009) and Almodovar (2011) also asserted that "in reality, most so-called born global firms are actually born regional firms with only narrow international diversification". Verbeke et al (2014) concludes as follows: "INV type foreign expansion is a special case of international growth, easily and credibly predicted by internationalisation. No new theory beyond internationalisation is needed to explain this phenomenon."

The gap: business internationalisation and the developing economy

Almost all previous studies have focused mainly on internationalisation of businesses from the developed economies (Sun, 2012; Gulsoy et al 2013; Amal et al, 2013; Chittoor, 2009). Chittoor (2009) for instance concluded that "developing economy firms have some distinctive characteristics that cannot be fully explained by conventional internationalisation theories, hence the need for further theorisation to cover them". Further, "developing country firms will have to rely on different resources and different operational strategies in developed versus developing markets" (Gulsoy et al 2013). The few studies that focused on emerging and/or developing economies were focused on Asia and Latin American countries. Studies on the internationalisation behaviour of companies in Africa are therefore lacking.

Selorm Kofi Dake (Dake, 2010) in his Masters dissertation 'The influence of owner-manager characteristics on the internationalisation of SMEs: a multi case study of the manufacturing industry in Ghana' recommended that further research should be conducted to establish the true internationalisation behaviour of Ghanaian firms. The focus of this research is therefore on the internationalisation strategies of Ghanaian service companies within the ECOWAS market.

There is currently very little research that investigates the internationalisation behaviour of African firms especially those in West African countries. The importance of such research cannot be underrated as it will enable policy makers as well as industries to know the specific internationalisation challenges faced by local companies in order to fashion out deliberate policies to address those challenges. Also most of the past research on internationalisation have been conducted in European countries which are relatively more developed. The need for a research within the developing economy context, especially Ghana, is a very important one. In response to this need, the authors sought to establish whether Ghanaian companies follow the same pattern as those in developed economies or whether Ghanaian firms have their own peculiar internationalisation characteristics in line with Chittoor (2009) and Gulsoy et al (2013).

Also, as many countries in Africa struggle to register their names among the top 20 most powerful countries in the world, internationalisation of businesses should be seen as very important as a means of getting there.

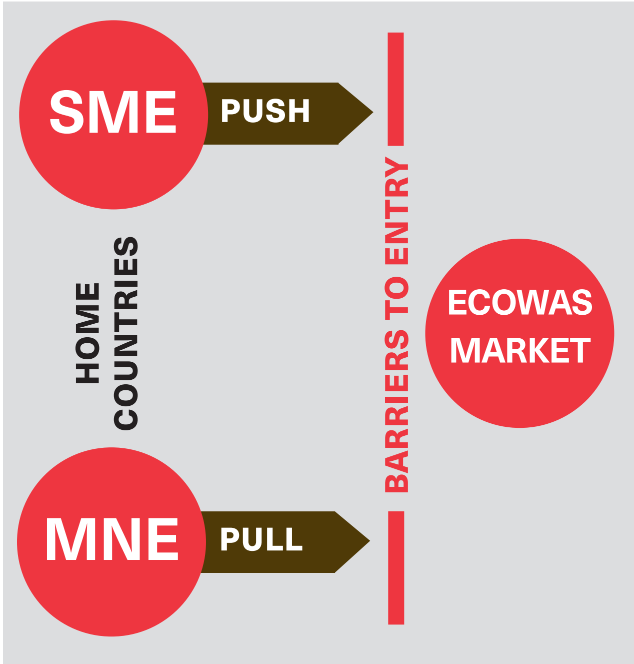
Conceptual framework

For this study, the conceptual framework derives from the literature and theories of internationalisation (Verbeke et al, 2014; OECD, 2002:2009; Westhead et al, 2002, Tayeb, 2000) since they are directly connected to the topic of this study.

The position of companies in a developing economy in relation to their entry into foreign markets is represented diagrammatically above, right. The specific elements examined in this study include the developing economy context, factors that pull and push companies from foreign markets, foreign market entry barriers and the ECOWAS market. The study is linked to how these elements affect the internationalisation strategies of businesses in developing economies.

Figure 2: Framework for investigating the internationalisation strategies of Ghanaian service companies within the ECOWAS market

Conceptual framework



Source: developed by the authors

Methodology

Scope the study

This research was conducted among firms within the service sector in Ghana, a West African nation with pro-free market policies with high foreign direct investment drive. SMEs in Ghana constitute over 90% of registered companies and are considered the 'engines of growth' of the country's economy (GEPC, 2010, AGI, 2007).

Research design

This study adopts a qualitative research design. The main focus of this qualitative research is to explain a phenomenon by explaining the bahaviour, thoughts and feelings as proposed by Burns (2000; 388).

As an exploratory research, this study follows the constructivist approach due to the fact that it makes an attempt to identify key strategies adopted by companies in the Ghanaian service sector in their bid to internationalise into the ECOWAS market.

Research strategy
This study adopted the case study strategy. This is because case study is very useful in explaining situations or phenomena (Yin, 2003). Also, a case study helps to understand different dynamics that may be inherent in a particular environment or setting and to gain in depth understanding of issues as it concentrates on processes and not just the outcomes (ibid). Because this study is concerned with understanding the internationalisation strategies adopted by Ghanaian service companies, the case study approach appears to be the most suitable or applicable strategy to adopt. The case study strategy has been selected for this study in line with Hutchinson et al (2007), Westhead et al (2002), Verbeke et al (2014), Schueffel et al (2011), Sun (2012), Chetty and Campbell-Hunt (2003), Gulsoy et al (2013), Amal et al. (2013) and others who used the same approach for studies similar to this one.

Criteria for case selection
The focus of this research is to study issues (strategies) and not to measure figures or value; as such, the firms have been carefully selected using non-probability, purposive sampling from a group of firms in the service sector of Ghana. The companies have been selected based on the following criteria:

- that the selected firm is registered in accordance with the laws of the Republic of Ghana at the Registrar General's Department
- that the company has operations (subsidiaries) in any ECOWAS member country for at least two years
- that the company is into the provision of services of any kind to its customers both home and abroad.

Other factors considered were the size of the company, and their positions in the industry.

Data collection techniques and instruments
Primary data was collected through semi-structured interviews that the authors conducted among top management personal of the selected firms. The interview was structured for cross case comparisons during the analysis as proposed by Bryman & Bell (2007).

Secondary data collection
Useful reports and other relevant information were sourced from the websites and periodic news bulletins of the selected firms for this study. This helped the authors to gain more insight into the operations and activities of the companies.

Data analysis: Cross-case synthesis
The data obtained from the semi-structured interviews for this qualitative research was transcribed onto paper. This was followed by cross case analysis using longitudinal tables in order to allow for key points of the research and patterns to emerge clearly to inform theory generation.

Ethical considerations
The following principles served as ethical guide for this qualitative case study research as proposed by Bryman & Bell (2007):

- invasion of privacy
- harm to participants
- lack of informed consent
- deception.

This research took note of all the above as key considerations for ethical standards as opined by Sunders et al (2007). The authors were very mindful of the factors above and made every effort to minimise their occurrence. Interviewees were informed in advance through telephone calls and the objective of this study was also explained to them. The authors also obliged with their request for confidentiality of identity.

Validity and reliability
The authors took the following steps to ensure that the outcome of this study passed the validity test:

- questions were organised and set out clearly prior to commencement of the interview
- both primary and secondary data were sourced from multiple sources
- transcribed data was cross-checked with interviewees.

Findings

The representatives were interviewed for insights into their foreign operations and the various strategies they adopted during the internationalisation process. On their request for confidentiality and or anonymity, it was agreed that the actual identities of the interviewees and their companies will not be directly disclosed. Therefore pseudonyms instead of the real identities of the firms were used. In view of this, the firms interviewed for this research will be known as Alpha, Beta and Gamma respectively.

Information gathered from the interviews has been examined objectively to ensure that the research is in proper order and also for effective cross case analysis. The various modes of foreign market entry as identified in the literature review namely, exports (direct and indirect), equity modes (mergers, acquisitions, joint ventures, greenfields) and non-equity modes (strategic alliances, licensing, franchising, management contracts) and also stated in the research objectives served as guide for the analysis. Other important findings from the research are also highlighted.

Entry strategies (equity modes)

The various entry modes of the companies studied are stated and discussed below.

Foreign direct investment (FDI)

FDI is a strategy in which the firm establishes a physical presence abroad by acquiring productive assets, such as capital, technology, labour, land, plant and equipment. It is normally the last stage of the internationalisation process. FDI is the most advanced, expensive, complex and risky entry strategy, involving the establishment of manufacturing plants, marketing subsidiaries, or other facilities abroad. FDI can be in the form of strategic alliances, joint ventures or greenfields as explained under literature review.

All the three companies that participated in this research internationalised by establishing physical presence in those countries.

Alpha for instance, had to acquire physical assets in order to fully perform its task in Togo and Liberia. Beta had to acquire a building and ICT equipments to use for its training activities in the Gambia. In Nigeria however, Beta had to partner a local firm which already had some existing structures for the same purpose but was not financially sound to deliver on its mandate. Therefore both companies established an equity joint venture. Since Beta had majority share in the joint venture, the company was registered under the name Beta Technology Institute, Nigeria. Gamma had to first rent an abandoned building in Ikeja City (Nigeria) for its initial operations before acquiring a permanent office space for its expansion within Nigeria.

The indication from the above is that all the firms used one or two equity modes as means of entering a foreign market. The main justification for this choice as explained by the interviewees is that the companies in question are all service-oriented firms. Their services are such that they had to be physically present in order to fully deliver those services to their customers. Again their ability to successfully move into the foreign market is due to the fact that the three companies had performed tremendously well in their home country and have thus gained the credibility as well as mobilised the needed capital to internationalise. Their contacts both in and out of the host government accelerated the internationalisation process especially in the cases of Alpha and Beta.

Entry strategies (non-equity modes)

Since low cost and commitment is mostly preferred by firm's that wish to internationalise, especially SMEs, it can be assumed that non-equity modes are also most preferred. This mode of entry involves the signing of contractual agreements to execute one task or the other by both local and foreign partners. As familiarity is gained and more experience is acquired with the challenges and opportunities of the foreign market, the degree of commitment is then scaled up (Tayeb, 2000; Johnson and Turner, 2003) cited in Gulsoy et al (2013). Classic examples of non-equity modes include strategic alliances, management contract, licensing and franchising.

It came to light during the interviews that prior to their entry into the Gambia and Liberia respectively, Alpha and Beta entered into partnership agreements with the host governments and some local companies (strategic alliances) to build the capacities of those companies to provide similar services in the Gambia and Liberia respectively. They initially commenced business in those countries through this type of partnership before later expanding beyond the partnership when it became very necessary for them to move there physically through public-private partnership.

Push and pull factors

From the data collected, four key factors pushed and pulled the Ghanaian companies into the ECOWAS market. These include government incentives for foreign companies that sought to invest in waste management and ICT training in both Liberia and the Gambia (for Alpha and Beta), cheap cost of labour, competition in the domestic market (Gamma) and a desire to compete with rivals in their home markets.

Barriers to entry

The entry barriers faced by the three companies were legal, cultural and economic in nature. Though most of the West African companies have many things in common, their laws, cultural norms and economic policies differ in some ways an these posed certain challenges to the firms under study during their initial years of internationalisation.

Is there a Ghanaian specific approach?

The study revealed that there is no Ghanaian specific strategy for internationalisation since all the strategies adopted by the companies were based on earlier studies (Dunning's eclectic paradigm and Uppsala model). However the challenges faced by firms in a developing economy like Ghana differ from challenges faced by their contemporaries in developed economies and these influence their strategies.

Personal networks and management characteristics of the owners

One other factor that facilitated the internationalisation process for the companies is the networks and strategic overseas contacts of the CEOs. While Alpha and Beta had strong governmental connections, Gamma's CEO had very strategic private sector contacts abroad and the contacts played very significant roles in the foreign market entry processes.

Discussions

The findings from this study reveal interesting insights into how the case companies went about their international expansion activities and how all of them adopted almost the same strategies during the internationalisation processes. Both Alpha and Beta adopted both equity and non-equity strategies of foreign market operations. Even though Gamma adopted only equity means in the West Africa market, it emerged from the interview that the company first used the non-equity strategy (strategic alliance) in the South African market before fully taking over as an independent entity. This clearly suggests that service-oriented firms are most likely to adopt both equity and non-equity strategies, depending on the nature of their businesses in their bid to internationalise.

Theoretically, the various strategies adopted by the case firms in their internationalisation processes are all based on the two leading theories of internationalisation namely: the eclectic paradigm and the Uppsala model.

Dunning's (1980, 1988, 1990, and 1995) eclectic theory is a transaction cost-based theory that seeks to explain the transfer, internationalisation, and firm-specific ownership advantages. While multifaceted, eclectic theory suggests the importance of firm- and location-specific factors to explain international operations. Dunning (1980) states that specific organisational skills or technologies allow a firm a competitive advantage in the marketplace. Second, Dunning (1980) indicates that country-specific factors are also essential to successful international operations. He contends that the characteristics of the market entered significantly influence a firm's international efforts.

Clearly, the ownership and location-specific advantages of the three firms studied influenced their international operations to a large extent. Liberia and the Gambia were very strategic locations for both Alpha and Beta because the governments of those two countries had earlier come to learn from the government of Ghana how it was implementing the then National Youth Employment Programme (NYEP now GYEEDA). The GYEEDA programme had both ICT and waste management components which were being managed by Alpha and Beta respectively under a public-private partnership. This gave them a clear advantage, without which they would have found it very difficult to enter these markets. It was in fact the Ghanaian government that recommended them because of their performance in their home country.

The Uppsala model is related to studies conducted by a team of researchers from the Uppsala University (Hornell and Vahlne, 1973; Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1990) as cited in Amal and Filho (2009). Proponents of the Uppsala model posit that internationalisation must be seen as a process starting from the interaction between learning about international operations as well as being committed to international business. The study that gave birth to this model determined that a major obstacle to internationalisation is the lack of knowledge on external markets and operations. From their perspective, knowledge about a foreign market can only be acquired and developed through experiences and operations abroad. The authors suggested that companies often expand their operations internationally on incremental and gradual fashion. This theory also became very relevant in the case of Alpha, Beta and Gamma. From the findings it emerged that they also started their international operations first with licensing (Beta only) management contracts, strategic partnerships, joint ventures before finally establishing physical presence through FDI.

One other significant aspect of the findings is that government support can go a long way to facilitate the internationalisation of local companies. Due to the advent of globalisation and free trade policies, foreign companies are now able to compete favourably with local firms in their domestic markets. This has made it very necessary for local firms to also look beyond their national borders and take advantage of opportunities that exist in foreign markets.

However, most companies in developing economies lack the requisite capital and networks to expand beyond their national borders and this is where government support is highly needed. Through public-private partnership, Alpha and Beta were thus empowered to exploit opportunities outside their home markets. Also, with owner-manager characteristics such as the right human capital, effective managerial skills and personal networks, the process of internationalisation can be a little easier. Gamma for instance did not receive any governmental support; neither was the firm engaged in any partnership with the government, yet it was able to internationalise simply because the owner-manager of the firm belongs to a network of financial service industry professionals across the globe, had strong managerial skills and had the ability to mobilise the needed resources.

This also validates previous studies which hold the view that owner-managers should remain a main unit of focus when addressing internationalisation process of SMEs since they hold the key to going global or not (Matlay & Mitra, 2004; Lloyds-Reason and Mughan, 2002).

Conclusions and implications

First and foremost this research has proved that internationalisation is no longer the preserve of large firms from developed economies but also firms from developing economies which are increasingly playing key roles in international business in West Africa and Africa as a whole. Also the study has shown that there is no specifically preferred international market entry strategy for firms but that depending on the nature of the firm and its core business, the mode will differ. Again, the study revealed that government support can really boost the internationalisation drive of local companies as in the cases of Alpha and Beta. This is very important since most firms in developing economies lack the requisite capital and other important factors needed for successful internationalisation.

Moreover, this study validates previous studies which hold the view that owner-managers should remain a main unit of focus when addressing internationalisation process of SMEs since they hold the key to going global or not (Matlay & Mitra, 2004; Lloyds-Reason and Mughan, 2002). The decision as to whether to internationalise or not, remains with the owner manager of a private entity.

Implications for policy

The study has brought to light a critical need for the government to intervene by supporting internationalisation initiatives in a developing economy such as Ghana. From the findings of this study, the support of government facilitated the internationalisation processes of Alpha and Beta. Due to government's recommendation, the governments in the host countries were very comfortable dealing with the two companies and promoted their businesses in the respective countries. The two companies built their capacities and credibility through their public-private partnerships with the government of Ghana and that was enough reason for Liberia and the Gambia to welcome them into their countries for business. It is therefore suggested that the government of Ghana extends similar opportunities to as many private local companies that are capable of executing government projects under public-private partnerships. This will give them a further boost.

Another key lesson learnt from this study is that owner manager characteristics such as managerial skills, ability to raise capital, personal networks, human capital and industry experience are influential factors to be considered as far as internationalisation is concerned. Government must therefore come up with deliberate policy initiatives aimed at building the capacities of local entrepreneurs in order to make them very competitive on the international market. One way of helping these owner-managers establish international business networks is to make them part of government delegations to conferences where bilateral discussions relating to trade and commerce are held.

Implications for local firms

This research has proved that internationalisation is no longer the preserve of large firms from developed economies but also firms from developing economies which are increasingly playing key roles in international business in West Africa and Africa as a whole. In light of the above, local companies must also make deliberate efforts to raise more capital, ensure proper management establish contacts and build strategic alliances abroad. These will enable them to expand beyond their national borders in order to take advantage of the numerous opportunities in the ECOWAS market. Many West African governments are fashioning out developmental plans to enable their countries play very important roles on the international scene, some of them want to be part of the top 20 economies in the World by the year 2020. These targets come with many opportunities for local firms to take advantage of within the earliest possible time. The Association of Ghana Industries (AGI) and the Alliance of Young Entrepreneurs (AYE) in Ghana should take note of this and act accordingly.

Finally, it is recommended that entrepreneurs and or owner-mangers take a more serious look at their human capital development. It is of critical importance for them to invest more in improving their understanding of business management, especially within the context of internationalisation and sharpening their business management skills.

Implications for further research

The focus of this study was on companies in Ghana's service sector. As such, its recommendations cannot be generalised to cover other industries since it is a case study. There is therefore a need to extend this research or at best, replicate it in other sectors of the Ghanaian economy so as to give a more holistic picture of the internationalisation issues in Ghana and West Africa as a whole. It will also be good to extend this study to include new SMEs in Ghana since they also play vital roles in our economic development. There is also opportunity for researchers and students to conduct further detailed research perhaps using quantitative means to investigate internationalisation strategies and related issues of Ghanaian companies.

Finally, with the emergence of Nigeria as the largest economy and major player in Africa, it is suggested that a similar study is carried out in Nigeria to give a general reflection of the issues.

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