KWAME NKRUMAH UNIVERSITYOF SCIENCE AND TECHNOLOGY

COLLEGE OF ART AND SOCIAL SCIENCES

SCHOOL OF BUSINESS

INTERNATIONALIZATION OF SMALL AND MEDIUM SCALE ENTERPRISES (SME's) IN GHANA, STRATEGIES AND THE IMPACT ON THE ECONOMY

A DISSERTATION SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION

ROSEMARY OFORI

MARCH, 2009

DECLARATION

I declare that this is the result of my own research. References from the work of others have been clearly stated. I hereby declare that this work is an original one and has not been submitted for any degree, nor is it being submitted to any other university or institute for any other degree.

.... 24th APRIL 2009

Rosemary Ofori (Date)

Student

.... 27/4/09

Samuel Yaw Akomea (Date)

Supervisor

.... 27/04/09

Samuel Yaw Akomea (Date)

Head of Department

DEDICATION

With much love and appreciation, I dedicate this work to my husband ,Mr Henry Adjei for his advice, prayers and being supportive during the period of the course and also to my children Adwoa Boatemaa Adjei and Kofi Sarkodie Adjei ,for their support physically ,spiritually and morally

.This work is also dedicated to my parents Mr F.K. Ofori Of Blessed memory and Mrs Mary Ofori for their sacrifice into my education.

AKNOWLEDGEMENT

I must above all give the Almighty God the glory. Without his grace and guidance as well as provision of strength to hang on even in the mist of discouragement, I would not have been able to finish the course.

Many people have contributed in various ways to the successful execution of project work and I wish to express my gratitude to them. I would like to thank my reputable supervisor Mr Samuel Yaw Akomea who gave me the guidance and support needed to reach this far.

My mum Mrs Mary Ofori, and my siblings Constance, Angela, Mark and Bernice cannot be left out, I thank the for their assistance and encouragement

I would like to show my appreciation to Mr Solomon Poku Asare and Mr Dominic Otchere Korsah, whose contributions to this work cannot be overemphasized.

TABLE OF CONTENT

List of Tables

List of Figures

ABSTRACT

Internationalization has been embarked upon by companies globally and has brought about an advanced form of technology as well as co-operation and co-ordination among nations in the world as a whole. One fact that remains clear is that, even the developed industrialized countries who have concentrated in serving only the domestic markets have reached the point where internationalization has become the ultimate opportunity as supply, in terms of production capacity exceeds demand.

Whilst some companies never take the first step to go abroad, the question is what factors are most likely to encourage companies to embark upon its international markets and what advantages and challenges seem to fall in their way thereby serving as deterrents to successful ventureship?

The study sought to investigate the kind of problems that Small and Medium Scale Enterprises (SMEs) in Ghana face in their bid to go international, the mode of entry into the foreign market, the assistance and restriction from political policies and benefits obtained by these companies. The study also looked at the reasons why SMEs go international. Recommendations and alternative solutions to some problems encountered by these Ghanaian based companies who may want to go abroad have been dealt with in the study.

As Ghanaian companies try to improve upon their performance in terms of profit making and take the advantage of economies of scale among other things, the entrepreneur may end up producing more in which case demand may exceed supply and warrant the need for internationalization.

CHAPTER ONE

1.1 Background to the study

In the past decade, an increasing number of companies are springing up or trying to emerge as global marketing companies, serving the international markets. This behavior of firms is a major phenomenon underlying the so-called internationalization process that has grown into popularity in recent years. Current interest in international marketing can to large extent be attributed to the shifts in demand and supply characteristics in their local markets, as well as to the ever changing competitive environment throughout the world. Sometimes keen competition in domestic markets forces companies to go international.

In the advanced industrialized countries, companies that have been serving only domestic markets have discovered that these markets are reaching the point where supply, in terms of production capacity, is exceeding demand. This is due to a number of factors including the slowing down of growth in the market, increased competition from local firms as well as from foreign ones, and the lowering of trade barriers. These factors are real in the advanced industrialized countries of Europe, America and Japan. As result of entrepreneurial cross boarder behaviour, most firms are becoming more involved in international activities (Roolhat,2001)

In the developing countries, however, internationalization of firms is still at the early stage of development, as most internationalization activities take the form of exporting, rather than Foreign Direct Investments (Kuada ,2000).

Some companies never take the first step and get involved in international marketing, particularly exporting, because they feel that there are obstacles or barriers that cannot be overcome easily. These obstacles may be real or may be perceived to exist. Other companies may proceed at a slower pace in their international involvement because of the obstacles. In most cases, it is the small scale industries as well as the medium scale industries that have a difficult time handling these barriers (Tsui,2004).

1.2 Statement of the problem

The background of the study indicates that, firms are faced with four major decision problems in their anticipation to enter foreign markets as indicated below;

i) Whether or not to engage in international marketing activities.

ii) If the decision is to be involved, then another decision has to be made as regards what specific foreign markets are to be served.

iii) Market entry decision, that is by what means or how is the firm going to enter the chosen market(s) ?

iv) Marketing mix decisions.

Similarly, there are several components or factors and forces operating in the foreign environment that can affect the performance of the international marketing company. These factors and forces include:

Foreign macro-environment-political/legal, economic, socio-cultural and technological as well as foreign industry specific environment which includes competition, suppliers, buyers and the public (e.g. Consumer associations)

Notwithstanding, managing export operations poses difficulties in the identified areas which includes lack of market information, suitability of the product, difficulties in communicating due to differences in language and culture, difficulties in finding customers and the general perception of exporting complexities.(Kaynak, and Kothari.1984)

1.3 Objectives of the study

This study seeks to achieve the following:

1. To find out why businesses in Ghana (SME's) embark on internationalization
2. To identify the benefits that Ghanaian SME's obtain from entering foreign markets
3. To find out the strategies used by Ghanaian SME's when going international.
4. To identify the problems that Ghanaian entrepreneurs encounter when going international.
5. To assess the role of Ghana government in Internationalization by companies (SME's).

1.4 The significance of the study

The research is relevant in the following ways:

It is anticipated that, the study will help Ghanaian companies to adopt the right strategy for entry into foreign market.

The study will guide entrepreneurs to identify the need to have an insight into foreign markets before going international.

The study will also serve as a guide to companies thereby allowing them to prepare adequately before embarking on international marketing.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter seeks to give insight into what writers in International Business have written and said about the concept of internationalization. The literature on internationalization has identified many definitions and concepts of internationalization.

2.1 The concept of internationalization

Farese , Kimbrell and Woloszyk (2000),define a multinational company as any business which derives a minimum of 20 percent of its net profits from operating abroad. Thus, these companies will seek to maximize revenue on the world rather than national level, locating their operations wherever conditions are most favorable and regardless of the country in which the company's head office is based.

To the ordinary man, international marketing refers to the marketing of goods and services across national boundaries by business organizations. This could involve a company marketing in foreign countries .The goods that are locally , partly manufactured or assembled on the firm's behalf are traded in other countries apart from the country of origin..

Hill (2005) also defines internationalization as the shift toward a more integrated and interdependent world economy. Internationalization has several different factors which include globalization of market and globalization of production. Hill further explains globalization of market as the merging of historically distinct and separate national markets into one huge global market place. This has made selling easier internationally.

Johansson and Wiedershiem Paul (1975) define international marketing as the attribute of the firm towards foreign activities or to the actual pursuance of activities abroad.

Johanson and Vahlne (1977) defined international marketing as a process of firm's gradual acquisitions, integration and use of knowledge about foreign markets and operations and on its successively increasing commitment to foreign markets. International marketing is a process because it is a stage movement, which includes the evolutionary process of development in a firm's international engagement. This process includes the step of adjusting the marketing mix elements so as to withstand the threats of competition (defensively).

The steps also includes viewing the firm's export as a stimulus response by applying innovative techniques, as we live in an ever changing competitive environment worldwide and the fact that supply exceeds demand in terms of production capacity.

International marketing is defined by Cateora and Graham (2005) as the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for profit The difference between the domestic and international business is activities taking place in more than one country and accounts for the complexity and diversity found in international marketing operations.

Coviello and Jones (2004) note that International Entrepreneurship studies have typically failed to integrate research from both the entrepreneurship and the international business fields.

Therefore, a closer investigation of internationalization theories could provide additional insights in bridging this gap. Internationalization process has been used to describe the outward movement of an individual firm or the international operations of groups of firms. The origins of the stage theory of internationalization or the Uppsala model could be traced to works published by Carlson (1975), Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977).

According to the Uppsala internationalization model, the firm gradually increases its international involvement. Lack of knowledge prevents it from entering culturally distant markets. As knowledge increases, more distant markets will then be selected. Firms follow a sequence from low to high commitment modes of operation and enter new markets with successively greater psychic distance. The psychic distance between the home country and the focal market is defined in terms of difference in language, culture, and political systems between the two countries. The Uppsala model was strongly influenced by the work of Penrose (1959)*The Growth of the Firm.* According to Penrose, two types of knowledge can be distinguished: objective and experiential. This distinction had a profound influence on the assumption that knowledge of a foreign market can be acquired only through direct experience. This experiential, or market knowledge as the Uppsala model defines it, reduces market uncertainty and psychic distance. Market knowledge is specific to the particular market, and can be gained mainly through experience.(Penrose, E. 1959)

The network approach emphasizes the role of relationships, which are gradually formed in a particular market. These relationships are developed through interaction, during which the parties build mutual trust and knowledge, and this interaction means strong commitment to business partners (Ford1988)Long -term relationships exist because suppliers and customers need extensive knowledge about each other in order to carry on important business. This knowledge cannot be acquired in advance. As Johanson and Mattsson (1988) note, on many occasions direct experience is the only possible way to learn about a business partner.

According to the network perspective (Johanson and Mattsson, 1988), the internationalization of a firm means that it develops business relationships in foreign networks. This can achieve through the:

- establishment of relationships in country networks through international extension;
- development of relationships in existing networks by penetration; and
- connection of existing networks in different countries.

Network approach stresses that business contexts to a large extent consist of technological and other relationships with customers, suppliers, and other actors. According to Johanson and Vahlne (1990), network internationalization means that market (i.e. network) knowledge is based on experience from current business activities, or current interactions. Internationalization is seen as a process of learning through establishing and developing business relationships. In other words, the firm exploits the existing network in order to decrease foreign market uncertainties.

2.1.1 A model of entrepreneurial internationalization

Both the Uppsala and the network models may be properly regarded as behaviorally-oriented. According to the behavioral theory, the internationalization process of the firm is characterized by conflict resolution, risk avoidance, action-based learning process, and dispersed and complex structure in terms of resources, competencies, and relationships (Bjorkman and Forsgren, 2000). Behavioral models of internationalization aim to explain how small and medium-sized firms, with their lack of knowledge and resources, expand internationally. However, the phenomena of "born global" companies and other "instant international" small entrepreneurial firms call for new paradigms. The behavioral theory of the firm (Cyert and March, 1963), as well as the Uppsala and network models, subscribe to the view of reality as a concrete determining process (Arbnor and Bjerke, 1997). On the other hand, the assumption that reality is a determining process makes it difficult to explain such entrepreneurial competences as creativity, opportunity recognition and innovative thinking. Secondly, both internationalization models deal with relatively stable Western markets. However, the dramatic changes in the world are turbulent processes, and it is not certain whether the Uppsala and network models are most appropriate for analyzing internationalization phenomena in this context. There is a need to reconsider these theories in order to understand the behavior of the firm under the turbulent conditions of transition markets.

Behaviorally-oriented internationalization models subscribe to the view that experience and knowledge creation should be analyzed in the terms of the "information-processing" paradigm. However, according to Fransman (1994) under the conditions of uncertainty, information cannot be derived and processed regarding future states and state-contingent consequences, and interpretive ambiguity will always exist. This model aims to refine internationalization process by shifting focus from "processing" to interpretation issues. It introduces new elements, such as knowledge interpretation, formation of beliefs, and opportunity recognition.

The contemporary literature on the internationalization processes of firms reflects two dominant streams of research. One group of scholars have focused attention on understanding the processes that relate to firms' initial entry into foreign market, including their motives of internationalization, their choice of entry modes, as well as the strategies adopted to chart the path of their onward process of internationalization and to improve their marketing performance (Bilkey and Tesar 1977, Johanson andVahlne 1977, Cavusgil 1980, Cavusgil and Nevin 1981, Leonidou and Katsikeas 1996). The theoretical premises of this body of research have been rooted in seminal works of Uppsala scholars, now generally referred to as the Stages Model of internationalization.

The second stream of research focuses attention on the later stages in the internationalization process of firms where many of them decide to locate parts of their production abroad or to internationally outsource some of their value creation activities. The theoretical foundations of these studies are found partly in Dunning's ecletic paradigm (Dunning 1988), Vernon's International Product Life Cycle studies (Vernon 1996), and studies of international value chains and production networks (Gereffi, 1994, Gereffi et al 2004).

Some strands of research, however, assume that the internationalization process of firms is initiated at the sales and marketing end of the value chain. Decisions to locate production activities abroad and to outsource resources are therefore seen as consequences of deeper involvement in the international market operations. Thus both types of research are labeled.

In contrast, a number of scholars have consistently drawn attention to the emergence a hybrid of cross-border linkages initiated partly by local firms established in order to strengthen their production processes and to leverage resources through joint tasks, input deliveries, as well as upgrading technological and managerial capacities of collaborating firms. Some of the firms involved in these cross-border linkages may sell their products only on the domestic markets but consider the linkages as prerequisites for their competitiveness at home. This approach is denoted upstream or input-side internationalization in the literature (Welch and Luostarinen 1993, Kuada and Sørensen 1999).

Although previous academic research has provided valuable insight into the internationalization processes of firms, the upstream and downstream processes of internationalization are not explicitly integrated into a single conceptual model. As such the policy and strategy implications of both processes are most often analyzed separately the potential synergies are lost in the fragmented analysis. This omission is a serious weakness particularly in studies of internationalization process of firms in developing countries since it denies their governments and managers the benefits of an integrated policy and strategy formulation. The increasing involvement of these firms into the global economy makes the policy guidelines to be derived from such an integrated framework extremely valuable.

The contributions of that can be made to the contemporary literature are three-fold: First, the exploration of theoretical arguments in support of an integrated conceptualization. Second, the proposition of a framework for such an integration noting its implications for studying some of the key questions addressed in internationalization studies, e.g. motives and modes of internationalization (Boyd,H.W. et al 2002)

There are other theories of internationalization which draws attention to their limitations with regards to the analysis of the internationalization process of developing country firms. Based on these discussions, an alternative conceptual framework is presented and its implications for analyzing the degrees of internationalization of firms. . This is followed by the presentation of the generic routes of internationalization of developing country firms. The policy, strategy and research implications of these conceptualizations are then discussed.

2.1.2 Downstream Internationalisation

A large proportion of the most cited publications on the internationalization process of firms tend to view internationalization as a downstream activity. The dominant models of internationalization are predicated on the general assumption that firms proceed with their foreign market entry decisions in a gradual and sequential manner. That is, internationalization increases in a step-wise manner, firms moving to the next stage only after sufficient experience has been acquired from the preceding stage and the uncertainty surrounding the next stage has been substantially reduced ((Bilkey and Tesar 1977, Cavusgil 1984).

The Stages Model of Internationalization

This process of internationalization has been popularized in the studies of Uppsala scholars and is generally referred to as the Stages Model of Internationalization.

As indicated above, the model holds that the internationalization process consists of a number of identifiable and distinct stages with higher-level stages indicating higher degrees of internationalization. Varieties of the Stages Model differ only in terms of the number of stages and the actual parameters triggering the change (Bilkey andTesar 1977, Cavusgil 1980).

The Stages Model sees knowledge acquisition as an essential requirement in the internationalization process of firms. Knowledge is, however, acquired experientially.

Experiential knowledge enables organizational members to engage in direct knowledge acquisition through reflections on their actions. The experience gained at each stage provides management with the information to either adopt or reject the option of international commitment.

'ollowing Eriksson et al. (1997), international firms require three kinds of knowledge:

(1) foreign business knowledge,

2) foreign institutional knowledge, and

(3) internationalization knowledge.

Γhey define the foreign business knowledge component to cover knowledge about suppliers, clients, competitors and the market.

Foreign institutional knowledge covers knowledge about government policies, bureaucratic regulations, and culture (broadly defined to include business practices, as well as societal values norms and accepted rules of behavior). Internationalization knowledge describes the firm's general understanding of how to do business outside the home country and include an insight into the procedures that facilitate international operations. As the degree of internationalization increases, the cosmopolitan, multilingual and internationally trained managers are added to the staff.

Furthermore, it is assumed that as the export experience of a firm increases, its managers gain better understanding of export mechanisms and are likely to perceive less uncertainty in their exporting activities. Thus, Cavusgil (1984) argues that non exporting firms and marginally active exporters tend to be more pessimistic in their evaluation of risks, costs and profits than active exporters.

2.1.3 Upstream Internationalization

Upstream internationalization refers to a hybrid set of collaborative arrangements that link local and foreign firms. It basically involves internationalizing the input side of the value chain. A simple approach to upstream internationalization is the import of inputs. The more embracing approaches require strategic ownership arrangements of a long-term character. This involves not only the purchase of raw materials and equipment but also the acquisition of new skills and financial resources. They can be seen as a market expansion strategy for the foreign firms and a capacity enhancement strategy for the local firms. It is distinctively different from a downstream approach to internationalization in the sense that it involves a fairly long-term inter-firm relationship rather than episodic (and perhaps, opportunistic) transactions.

Relationships so developed are expected to result in win-win outcomes through mutual resource creation and sharing, as well as mutual trust and commitment. In this regard, up stream internationalization must be considered as an on-going process that must be consistently nurtured and renewed.

One of the well known routes of upstream internationalization is licensing agreements with foreign firms whereby the local firm acquires the right to produce a product with a significant domestic market potential using technology, and production as well as management knowledge developed in a foreign firm. Joint venture agreements constitute another popular route for upstream internationalization.

Foreign companies wanting to enter new markets as part of their internationalization strategy may find join-venture arrangements the most feasible option, due to investment regulations of the host country or due to strategic importance of the local knowledge of a prospective partner. Local firms may also enter into other forms of collaborative arrangements that may not involve equity participation of the foreign partner. The hybrid of collaborative arrangements that is covered in the international business literature is now grouped under the concept of strategic alliances (Boryd and Jamison 1989).

It has been noted that a group of researchers as well as those writing on international value chains provide theoretical legitimacy for integration of upstream and downstream routes of internationalization. But explicit conceptual integration has not been attempted or argued for, presumably because such integration has been considered to be self-evident. An explicit integration, however, carries both practical and academic gains. For companies, it emphasizes the strategic importance of discussing both marketing and purchasing activities jointly and encourages the development of organizational structures that would facilitate joint actions in the two key functional areas in business. It would therefore remedy situations (prevalent in high-profiled international companies today) where marketing and purchasing activities are still treated as distinctly separate functions belonging to separate departments. As it were, the existing conceptual separation produces a situation in which tools developed to strengthen relationships with customers (e.g. customer relationship management tools) do not find relevance in purchasing departments. It, however, makes economic sense for international firms to have both customer and supplier relationship management tools.

Some companies have to change their strategies and even diversify when they attempt to internationalize. This would largely be based on conditions in the environment which the firm intends to go.

In Ghana, "Kasapa" which is a communication network company moved from manual to digital to compete favorably Japan in the 70's took advantage of the escalating oil price increase which had forced workers to run on shifts to produce automobile motors which was less consumptive in fuel and were introduced in the European and American markets including Germany which made a remarkable impact, as they were more offensive and embarked on intensive market research and development (Anon).

Again in Ghana, the banking industries are competing for customers by introducing new technologies like internet banking and master card. There are different forms of power generations on realizing that people wanted to sustain and maintain their equipment due to frequent power cuts. Business people in Ghana also realized that Ghanaians found it difficult buying new products bringing forth used dresses, engines and phones.(Kuada, J. and Sorensen, O.J.1999)

2.2 Reasons why companies go international

There are many reasons why organizations go international. First, there may be market-based reasons:

The globalization of markets and competition can be seen as both cause and consequence of the internationalization of individual organizations. There is evidence of homogenization in some markets; for example, the international success of consumer products such as the Sony PlayStation and the worldwide reach of sports-clothing manufacturers such as Nike and Adidas-Solomon. Globalization thereby relates not only to contextual factors such as worldwide homogenization of consumer demand but also to the adoption of global strategies in which activities are tightly integrated and coordinated on a cross-national basis and the whole world is seen as a potential area of operation. Companies such as Boeing not only offer their products on a global basis but are ready and able to exploit the unique advantages associated with particular countries and locations on a worldwide basis.(Williamson,O.1975)

Firms acting as suppliers to industrial companies may follow their customers when these internationalize their operations. When BMW set up a manufacturing site in Spartanburg, South Carolina, USA, for example, it continued purchasing transmission systems from its established German suppliers. Similarly, it may be necessary for organizations to have a presence in the home market of global customers (i.e. organizations with a global reach such as Boeing) to gain access to or credibility with their global divisions or subsidiaries.

By expanding its markets internationally a firm can bypass limitations in its home market. An example of such market seeking international expansion is the French Bank BNP Paribas that accelerated the search for possible acquisitions in the USA after considering the French banking sector close to consolidation. Often it is those organizations with small home markets which lead internationalization.(Cateora,P.R. andGraham,J.L.,2005)

Secondly, there may also be opportunities to exploit differences between countries and geographical regions. For example: The exploitation of differences in culture. The success of US-based fat food chains of the 1990s in particular largely exploited the general popularity of American culture at that time and French firms have cashed in on home-based cultural specifics associated with French cuisine, wines and perfumes.

Also administrative differences allow firms to take advantage, for example, of tax differentials. The News Corporation has placed many of its US acquisitions into holding companies in the Cayman Islands and has therefore reaped tax benefits in its expansion in the USA.

It is not always the case that global reach makes sense. Exploiting geographically specific differences can help at times. Telephone Company Cable and Wireless has focused on exploiting regional differences and regional specificity in smaller in smaller countries around the world.

The exploitation of specific economic factors another reason why companies go international. This could include, for example, labor or the costs of capital. A significant part of the success of Embaraer, the Brazilian producer of regional jets, has been labor costs, which in 2002 were half those of its main rival, the Canadian firm Bombardier.

The underlying message is that organizations can look for and exploit difference just as they can look for and exploit global reach.

The decision to go international is sometimes strategic .By internationalizing companies are able to broaden the size of the market so as to exploit strategic capabilities. For example, the American online, retailer Amazon.com and coffee retailer Starbucks were able rapidly to gain strong competitive positions in countries such as the United Kingdom by leveraging their existing strategic capabilities in this new market.

The internationalization of value-adding activities allows an organization to access and develop resources and capabilities in ways not possible in its home country thereby enhancing its competitive advantage and competitive position. In order to improve its cost efficiency General Electric, for example, employs a workforce of more than 11,000 in India who conducts back-office activities such as analyzing credit risks and analyzing insurance claims, for services provided in other countries around the globe.

The infrastructure of national markets will also be an important factor in assessing the attractiveness of national markets for entry in particular.

- Existing transport and communication infrastructure;
- Availability of necessary local resources such as appropriately skilled labor;
- Tariff and non-tariff barriers to trade: a key factor in deciding between exporting and local production. The higher these barriers are the more attractive local production will be.(Cavusgil and Nevin 1981)

The similarity of cultural norms and social structures with the organizations home country can provide an indicator of any changes to establish products, processes and procedures which may be required.

The extent of political and legal risks that an organization might face when doing business in the country can encourage a firm to go international. In broad terms political risk relates to the effect that political and social events or conditions may have on the profitability of a firm's activities and the security of its investments. Keys types of political risks include:

1. Sovereign risks arise from the policies and decisions of host governments, including changes in tax laws and restrictions on expropriation of an organization's investments.

2. Notably, risks can arise not only from governmental intervention but also from the absence of effective regulation and control. For example, Microsoft has been engaged in an ongoing effort to ensure the protection of its intellectual property in the face of

product piracy in China, while the lack of consistent legislation and effective law enforcement has led to serious contractual and financial problems for Canadian oil exploration companies in Russia. Similarly, corruption remains a serious problem in a number of countries, with often negative effects on direct foreign investment.

International risks are linked to developments in the international political economy and include the effects of economic sanctions. For example, US strategic interests have had an important effect on the construction and routing of oil pipelines in the Caspian region.

Security risks to employees arising from civil unrest, violent crime and the threat of kidnapping are of concern to organizations operating in countries as diverse as South Africa, Russia and the Yemen.

Once a particular national market has been selected for entry, an organization needs to choose which, if any, value-adding activities are to be located in that market. Entry modes differ in the degree of resource commitment to a particular market and the extent to which an organization is operationally involved in a particular location. The key entry mode types: exporting, contractual arrangement through licensing and franchising, joint ventures and alliances and foreign direct investment which may involve the acquisition of established companies and 'Greenfield' investments, the development of facilities 'from scratch'. (Thomson et al 2003)

Internationalization brings organizations into new and often unknown territory, requiring managers to learn new ways of doing business – managerial practices appropriate in the home country may require adaptation and modification elsewhere. Internationalization is therefore typically seen as a sequential process whereby companies gradually increase their commitment to newly entered markets, accumulating knowledge and increasing their capabilities along the way. Consequently, staged international expansion suggests that firms initially use entry modes that allow them to maximize knowledge acquisition whilst minimizing the exposure of the assets. Once the initial decision for market entry has been made they then sequentially increase their exposure and thereby their commitment to a particular market over time. An example is the entry of automobile manufacturer BMW into the American market. After a lengthy period of exporting from Germany to USA, BMW set up a manufacturing plant in Spartanburg, South Carolina in order to strengthen its competitive position in the strategically important American market. Such sequential market entry allows firms to gradually increase their understanding of the local market while limiting their economic exposure.

In contrast to such gradual internationalization followed by many large and established firms, there is evidence that some small firms are internationalizing rapidly at early stages in their development using multiple modes of entry to rapidly at early stages in their development using multiple modes of entry to several countries. For firms such as medical systems producer Heatware International, headquartered in the USA but with product development located in The Netherlands and early sales in the USA, the UK, Italy, Spain and Brazil, emphasis has been less on the gradual accumulation of international competence but rather on their ability to enter foreign markets at a stage where they are still fledging enterprises. In so doing they need to manage simultaneously the process of internationalization and develop their wider strategy and infrastructure whilst often lacking the usually expected experiential knowledge to do so. (Thomson et al 2003)

Some companies go international due to the issues mentioned above and decide in a proactive that they should start exporting or importing in order to be more competitive. At times they do not have a specific corporate direction to go international, it just happens because they are forced to into it and they are reacting to some competitive or economic or technical pressure. So we describe these directions as been proactive or reactive. (http:.kb:se/resolve)

Reactive reasons for going international include competitive environment. For example, when Honda sets up a shop in Ohio, some other Japanese auto parts companies also moved to Ohio to continue supplying Honda. Other reasons include political environment changes, economic environment changes and demand from the various markets.

Proactive, this means acting in advance to anticipate something happening and plan for the situation. Some proactive reasons for going international include strategically seeking out advantages; and then launch an offensive into anew market before a competitor does. (Example is Pepsi into Russia before Coke). Companies who are proactive in international business are in most cases better positioned than companies that simply react. If you simply react you might make a mistake and not do things properly because you are stressed for time, money and manpower.

2.3 Processes involved in internationalization

Previous research into internationalization has viewed it as been an export – led phenomenon. Although this is a phenomenon that extends to other activities such as licensing and manufacturing overseas, it is usually considered from an "outward" perspective. It is argued that internationalization is no longer just an outward-driven activity and that firms also become internationalized by undertaking import – led activities and activities in which inward and outward activities are linked. As happens with strategic alliances corporate manufacturer and counter trade. (Leonidu and Katsikeas 1996)

Majority of firms engage in inward and linked international activities as well as outward approaches. The factors that predict outward internationalization also predict inward and to a lesser extent. The question that arises is; what is the traditional view on internationalization? The processes involved include export, joint ventures and strategic alliance.

When a company has decided to market in a foreign country, it must go through the process of exporting through agents, establishing a branch office and foreign direct investment. The simplest way to enter a foreign a market is through exporting whereby the company may export its products from time to time or it may make an active commitment to expand exports to particular markets. In either case, the company produces all its goods in its home country.

Local companies typically start with indirect exporting through independent home base international marketing intermediaries, Indirect exporting involved and overseas sales or set of contact which also involves less risk. These home-based agents, corporate organizations, government export agencies and export management companies bring know-how and services to the relationship, this is to ensure that the seller normally makes fewer mistakes.(Kaynak,E and Kothari, O. 1984)

Research has shown that sales agents familiarize faster and understand their jobs better when working in different countries other than their countries of origin. An instance is the introduction of Chelsea Tea bag and Heinz baked beans on the Ghanaian markets. In the establishment of a branch office, sellers eventually move into direct exporting, whereby they handle their own exports. The investment and risk are somewhat greater in this strategy, but so are the potential returns. The company can send home-based sales people abroad at certain times in order to find business. The company can do its exporting either through foreign-based distributors that buy and own the goods or through foreign-based agents that sell the goods that sell the goods on behalf of the company in exchange for an agreed fee or commission.(Katsikeas and Morgan 1984)

Finally, direct investment involves the development of foreign-based assembly or manufacturing facilities. Foreign production facilities offer many advantages if a company has gained experience on exporting and if the foreign market is large enough. Over here, a company goes to acquire a service plot in the foreign market, builds its production plant and recruits personnel from the local market as well as using personnel from the home-based company.

2.4 Steps involved in assessing a companies readiness to enter foreign markets.

Companies are confronted with some basic decisions in contemplating international marketing and these are;

a. Whether or not to engage in international marketing activities.

b. What specific foreign markets are to be served?

c. Determination of entry decisions

d. Planning the marketing mix decisions

In the choice of a particular mode of entry the company needs to consider.

I. Its marketing objectives towards the domestic and international markets.

II. Its size as it will have a considerable influence over the choice of particular mode of entry.

III. Availability of a particular mode as some countries favours exporting and prohibits direct investments.

IV. Market feedback information.

V. Quality of mode of entry in terms of staff expertise, competence and professionals.

After these considerations the two strategic planning software systems which provide the frame for assessing a company's readiness to enter international markets need to be employed. These are Export Experts and Company Operational Readiness to Export (CORE) which provide a framework or checklist of questions.(Kuada,J.2000)

2.5 Factors that needs to be considered before going international

Now if the decision is to engage in international marketing as in the case of organizations such as shell, Nestle and Procter and Gamble, they usually consider the following factors.

Socio-cultural factors: This includes the cultural background of the customers in the market which include their language, co lour, associations, work, habit and many others just to mention a few. Cultural norms and social structure within the organization's home country can provide an indicator for changes to establish products, processes and procedures which may be required in the target market (Boyd et al 2002).

Demographic Characteristic: The demographic factors that needs to be considered when going international studies the population in terms of size density , location, age, sex, race, occupation and other statistics. The demographic environment is of major interest to entrepreneurs because people make up the markets and continuously have changes in age and taste, family trend and geographic shift in population from rural to urban centres. (Kotler and Armstrong 1989)

Legal factors: The business needs to face a multitude of factors to develop marketing programmes abroad. Not the least of these factors is the varying legal systems of the world and the effect that these laws would have on the business transactions. Much as other factors such as economic and political factors needs to be considered, so must such legal questions as jurisdictional and legal recourse in disputes ,protection of intellectual property rights ,law enforcement and antitrust legislation by foreign governments must be considered. Include laws on product characteristics such as packaging and labeling, brand names, length of guarantee.

The entrepreneur as well as organizations should watch out for the types of laws that exist within the target countries. The common law whose basis is tradition, past practices and legal precedents set by the courts through interpretations of statutes, legal legislation and past rulings is used in some business environments. Whiles in other environments code law which is based on an all-inclusive system of written rules or codes. Under code law the legal system is generally divided into separate codes, commercial civil and criminal. These forms of laws as they exist in countries aid effective business transactions and protect the rights of businesses as well as their owners. Although every country has elements of both common and code law, the differences in the interpretation between them become clear when they are being applied in contracts, sales agreements and other legal issues which are significant enough to the international marketer. In an Islamic environment for instance, the Shariah law (an Islamic law) whose basis is the Koran is mostly applied. Among the unique aspects of this Islamic law is the prohibition against the payment of interest. This law states that any given transaction should be devoid of "riba" which is defined as unlawful advantage by way of excess of deferment that is interest. Emphasis is placed on ethical, moral, social and religious dimensions in any business encounter. In Ghana for instance, laws on product quality and standards must be adhered to as a minimum product quality standard for companies.(Hill .2005)

Economic factors: The economic system in a country can encourage firms to enter that particular market. These include rate of taxation, inflation, employment which determines purchasing power per capital income, importation tariffs, foreign exchange rate and bank interest rate .In the pure market economy, for instance, all productive activities are privately owned .The goods and services that a country produces and the quantity to be produced are planned or determined by entrepreneurs Production is determined by the interaction of supply and demand and signaled to producers through the price system. If demand exceeds supply prices of commodities would rise and vice versa. In such an economy there are no restrictions markets; competition between private producers as well as efficiency is encouraged. In an attempt to improve upon profits entrepreneurs search for better ways of consumer needs. Any firm that aims at improving upon its products by developing more efficient processes and ensuring better management practices may enter new markets with the ultimate aim of achieving profits. This would have a positive impact on the economic growth and development on the firm.

Countries that exhibit the mixed economy, some sectors of the economy are left in the hands of entrepreneurs while other sectors have significant state ownership and government planning, firms may go into such economies to challenge or compete with existing firms

On the other hand the pure command economies practice the system where goods and services, the price and price and quantity are determined by the government. Such countries are usually found to be communist in which private ownership means there are no incentives for entrepreneurs to look for ways to serve consumer needs. As a result dynamism and innovation are absent that result in low profit for entrepreneurs. (Kotler and Armstrong ,1994).

Political factors: Include the level of political risk, the political government attitudes towards international buying business for example Ghana and Mexico have been attracting business for many years by offering investment incentive such as free zone policy in Ghana.

An ideal climate for a firm to exist is a stable and a friendly government. Radical shift in government philosophy when an opposing political party ascends to power needs to be considered. Pressure from national and self interest groups weakens economic conditions bias against foreign direct investment. Stability and friendliness in a target country is a factor that must be seriously looked at. Political issues that can also affect firms are government policies which may be favorable or unfavorable the activities of the firm, since some policies may be hostile to foreign direct investment.

In the context of international law a sovereign is independent and free from all external control and enjoy full legal equality with other states, govern its territories and selects its own social, political and economic systems. In this respect nations can do abridge specific aspects of their sovereign rights in order to coexist with other nations. The European Union(E U),North American Free Trade Agreement (NAFTA),North Atlantic Treaty Organization(NATO) and World Trade Organization(WTO) are examples of bodies that help nations for mutually beneficial goal.

Foreign investment can also be perceived as a threat and this become a rallying cry by opposing factions .For example Mexico badly needs financed electricity generating plants to meet electrical power demands and to upgrade the country's overloaded transmission work .the Mexican government entered into an agreement with a Belgian company to build a power plant that would bypass the state electricity monopoly and sell electricity directly to large Mexican manufacturers. But the Mexican constitution limits private ownership of utilities, any exception requires a two thirds vote of the legislature. The institutions revolutionary party saw the attempt to open Mexico's protected energy industry as an assault on Mexican sovereignty and blocked the agreement. This highlights the fact that national sovereignty is a critical issue in assessing the environment in which a firm operates. (Cateora and Graham 2005)

. **Technological factors:** Have implications for the quality of packages, promotional campaigns, and marketing research can be done by the company. Countries such as Italy, Germany, Canada, Japan and United States have developed such that it greatly helps companies to easily manage business activities.(Hill 2005)

2.6 Determining entry decisions

In the determination of entry decisions the approaches used include exporting, joint ventures, Licensing franchising, contract manufacturing, foreign direct investment, strategic alliance and acquisition or takeovers.

. Positively, exporting helps organizations to gain experience in international marketing, which is gradually and systematically acquired. The companies build up a network of contacts with foreign agents, distributors among other. Economies of scale can be enjoyed due to the firm concentrating its production base in a single country and it results in the spreading of risks inherent in the business set up. Adversely, resources needed to sell abroad might be more profitably employed in building up the home market and also foreign sales may encourage a company to delay introducing new products and to ignore the threat of the domestic competition.

ii. Joint – Venture: Which involves two more firms to join forces manufacturing, financial and marketing purposes with each having a share in both the equity and management of the business has examples such as Daimler Benz and Chrysler Motors forming Daimler Chrysler Ford Motors of US and Mazda of Japan. As an advantage, this is flexible, and can be quickly entered into an abandoned. Firms can gain instant access to local expertise and there is a shared risk of failure. Adversely, the corporate objectives of the partnership may conflict leading to confusion and low performance.

iii. Licensing: It is a legally binding commercial agreement in which the licenser issues a license to a licensee to produce its goods. The licensee is given the patent right technological knowledge and technical advice. Positively it requires no large financial investment in building production plants and it is also accessible to markets that will otherwise be closed by tariffs and non-tariff barriers. Adversely, there are possibilities of conflict and misunderstandings and product quality levels might not be maintained by the licensee.

Some authors identified problems of internationalization as insufficient knowledge, inadequate resources, government controls and restrictions and perceived fear of failure. Ownership of the established plant is non-existing due to the individual's inability to own such foreign plants This have mainly been attributed to financial constraints thereby making it impossible for companies to have a complete ownership. Their inability to own such established foreign plants have effects on managerial capabilities. This leads to incompetent management thereby making the aims of such individuals not to be realized. Dunning (1981) cited the problem of language barrier, has enormous impact on performance of such companies.

2.7 The Ghanaian context for internationalization of companies

As the economy into which Ghanaian companies are to be integrated is already global, Internationalization is not just a problem of exports but also a general issue of how companies become integrated into world economy. Being new to the international arena and facing already internationalized industries, it is not an easy task for Ghanaian firms to internationalize through exports alone.

2.7.1 An economy in transformation

The Ghanaian economy is in the midst of a transformation from a semi-planned to a market oriented economy. This, among other things, involves endeavors to redefine the role of the government, and includes companies struggling to establish a firm basis for their operations and build associations and other conventional market economy institutions to cater for their interests. In addition, the physical infrastructure is relatively poorly developed.

Concerning markets, Europe still dominates. Although the Economic Community of West African States (ECOWAS) has existed since the middle of the seventies, trade with neighboring countries though on the increase, is still more cumbersome than trade with Europe. Joel and Robert (1996) have identified mistakes commonly made by firms, especially small firms such as those in Ghana in their efforts at pursuing international marketing. These are summarized below:

1. Failure to print service, sales and warranty messages in locally understood languages.
2. Unwillingness to modify products to meet regulations or cultural preferences of other countries.
3. Assuming that a given technique and product will automatically be successful in all countries.
4. Failure to treat international distributors on an equal basis with domestic counterparts.
5. Neglecting export business when the local market is experiencing a boom.
6. Chasing orders from around the world instead of establishing a basis for profitable operations and orderly growth.
7. Insufficient care in selecting overseas distributors.
8. Failure to consider the use of an export management company.
9. Failure to consider licensing or joint venture agreements.
10. Failure to provide readily available servicing for the product.
11. Failure to obtain qualified export counseling and to develop a master international marketing plan before starting an export business.

12. Insufficient commitment by top management to overcome the initial difficulties and financial requirements of exporting.

2.8 The export market strategy

Most of the Ghanaian companies internationalize through exportation of products. The company's export growth strategy is affected by internal factors of the firm itself, as well as external factor such as the company's markets and industry, and the export strategy chosen. Two major components of export strategy are: Market selection and Production strategies:

- Market selection strategy - Concerns the appropriate countries to export to, and the nature of level of segmentation within those countries.
- Production Strategy - Involves decisions in respect of product adaptation to local market requirements, which could range from no adaptation to developing an entirely new product for the export market.

Welch and Luostrainen, 1988; Johanson and Vahlne, 1977 in their books stated that, internationalization is defined in terms of an evolutionary process of development in a firm's international engagement.

The learning cycles includes

:Processes by which the firm adjusts defensively to foreign markets and

Processes by which knowledge and experience are used offensively to improve on the firm's foreign market environment.

Albaum, Strandskov, and Duerr (1988) outlined the levels of exporting activities as follows:

- Level 1: Export of surplus. The firm is interested only in overseas sales of surplus products.

- Level 2: Export Marketing – The firm actively solicits overseas sales of existing products and is willing to make limited modifications in its products and marketing procedures.
- Level 3: Overseas Market Development – The firm makes major modifications in products for export.
- Level 4: Technology Development – the Firm develops new product for existing or new overseas markets.

2.9 The role of the Ghana Export Promotion Council

The Ghana Export Promotion Council is the national export trade institution that facilitate the development and promotion of non-traditional exports and products from the small and medium scale enterprises. It was established in 1969 as an agency of the ministry of trade and industry with the mandate to develop and promote Ghanaian export. Their focus has primarily been to diversify Ghana's export base from traditional export product such as gold, cocoa and electricity. Currently, it deals with over three hundred (300) non- traditional export products categorized into; agricultural, processed, semi-processed and handicraft. It has Ghana Export and Promotion Council (GEPC) has clientele of over three thousand (3000) registered private sector exporting companies organized into fifteen (15) products associations. GEPC relates to the client on both individual cooperate basis and as groups. It is positioned in the national export system as the coordinating pivot for the various public and private sector trade agencies involved in export trade development and facilitation. The GEPC has the vision to become a world class Trade Promotion Organization (TPO) by enhancing the export performance of the Ghanaian economy through the provision of premium quality promotional and business support services to the exporting community.

Among the objectives of the GEPC is to ;

1. facilitate the development and expansion of the production base and the promotion of non – traditional exports in Ghana.
2. provide relevant trade information to support competitiveness of Ghanaian exporters and other stakeholders.
3. develop programmes and activities for institutional capacity of the export community to meet the challenges of the global market.
4. develop and coordinate national export agenda through the harmonization of export related activities by private and public agencies and other development partners.

The GEPC has some strategic areas of focus which is in line with international best practices of TPO and takes cognisance of the local situation. Some of the areas of focus are;

a. Market Access and Development: Here the council seeks to find market accessibility and penetration missions, it contacts promotion programmes, trade fairs and exhibitions, buyer–seller meetings and conferences and group marketing schemes.
b. Product Development and Supply Base Expansion for selected priority products: It organizes contract products and supplies contract schemes as well as establishing of export production village schemes. It also offers technical advisory services to facilitate product and market development as well as supply chain management.

c. Trade Information and Communication: The GEPC disseminates trade information through maintenance of Trade Library Publications and an internet-based trade information center.

d. Export and international Capacity Strengthening: This seeks to ensure the strengthening of export trade capacity through operations of an Export School that organizes product, market and specialized trade development courses for Export companies, Trade facilitating agencies and businesses.

e. Coordinating of Export Development Activities through consensus building with Stakeholders: The council holds consultative Export Fora and round table consensus building activities with various stakeholders with the view to coordinating export-related programmes. (Source – The Ghana Export Promotion Council)

2.10 Factors and forces operating in the foreign environment that can affect the performance of international companies

As companies intend to find patronage for their products outside the boarders of the country there are factors and forces that can have an effect on the performance of these companies in their operations in the international markets. These are:

- Foreign macro-environment – Political/legal, economic, socio-cultural and technological factors.
- Foreign industry – specific environment – competition, suppliers, buyers, and the public.

2.11 Approaches to categorizing world economies.

Some authors have categorized world economies into the following;

- Industrialized countries
- Unindustrialized countries and
- Developed countries
- Developing countries
- Less developed countries

World Bank (1996) Categorization, Based on GDP, Per capita income

- low income economies (example Vietnam, Haiti, India and Ghana)
- lower middle-income economies (example Guatemala, Philippines and Turkey)
- upper middle-income economies (example Mexico, Malaysia and Greece)
- upper income economies (example USA, Japan, Germany)

2.12 Cultural differences among consumers

Jacobs and Worcester (1991) categorized British consumers on the bases of culture, into four groups:

- Traditionalists – They are usually older people who hold traditional middle-class values, although not as well educated, homeowners, married and moralists who back the values, rules, norms and stereotypes with which society attempts to solve its problems.
- Egalitarians (challengers) – People who challenge present society and its values because they are more concerned about political equality and liberty than anything else.

- Adventures – Younger, more independent people who are better educated and include classic left intellectuals who produce new ideas about how to deal with society's problems.
- Pragmatists – Those concerned with material satisfaction. They are on the right center of the political system and go along with the system in order to get the most out of it.

2.13 The role of government in internationalization

Government intervenes in a single country's economy by being a participator, planner, controller or stimulator. Such interventions can be categorized into three forms;

- Promotions - Government policies that promote, encourage or facilitate international/export marketing transactions for example, trade liberalization policies.
- Restrictions – Government policies that restrict or impede international / export marketing transactions.
- Competition – Government policies that encourage competition, by motivating domestic private business firms to compete with foreign firms.

These basic types of interventions exist to some extent at three different level of government. These are;

- Supra – National
- National
- Sub – National

(i) At the Supra-National level, the actions taken are primarily those whose effect is to encourage and facilitate international marketing relationships, especially exporting.

Agreements and conventions that are made between countries include.

a. International commodity agreements

b. Bilateral agreements

c. Multi-lateral agreements, for example, General Agreement on Tariff and Trade (GATT)

Activities of various UN agencies include

- UNCTAD – United Nations Conference on Trade and Development
- UNIDO – United Nations Industrial Development Organization
- OCED - Organization for European Economic Co-operation and Development
- The IMF – International Monetary Fund (Source - Ministry of trade and Industry)

(ii) At the National level, according to Farmer and Richman (1984), these include interventions bordering around the following:

a) Political Ideology – The political view points of existing governments and demonstrated by prevailing pattern of rule, philosophy of leading political parties and similar factor.

b) Relevant Legal Rules for Foreign Business – The special rules of the game applied only to foreign-owned firms, including special discriminatory labour and tax legislation.

c) International Organization and Treaty Obligation – formal obligations of the country in terms of military responsibilities, and political obligations, copyright, patent and postal obligations.

d) Profit Remission Restrictions – Formal legal and administrative restrictions on remittance of profits of local operations to foreign countries.

e) Power or Economic bloc Grouping – Membership in formal and informal political, military, and economic blocs such as Communist Marxist or neutralist groups; implicit obligations of such blocs.

f) Import – Export Restrictions – Formal legal rules controlling exports and imports, including tariffs, quotes, export duties, export restrictions and similar matters.

g) International Investment Restrictions – Formal legal and administrative restrictions on investments by foreigners within the country.

h) Exchange Control Restriction – Formal legal and administrative controls on the conversion of the local currency to any or all foreign currencies or gold.

i) Tariff: Is a tax on imports, and is stated either as a percentage of the invoice value, or on a per unit basis (specific duty).

(iii) At the sub-national level, the interventions are mainly with problems associated with the under listed:

a) Non-availability of financial pledge

b) Lack of good roads.

c) Lack of commitment from government agencies including Produce Buying Company (PBC), Cocoa Marketing Board – http://booksgoogle.com.ghbooks?10=0Hg2e

CHAPTER THREE

This chapter is mainly concerned with the procedures, methods and techniques employed in the collection of data for the study. It also expresses the research design used, population, sample, mode of sampling, instrument used to collect data, pre testing procedure for data collection and data analysis process, furthermore it brings to light some of the difficulties encountered for the course of administering questionnaire as well as conducting the interviews.

3.1 Research Design

The design that will employ for this study will highlight on the nature or procedure of a particular phenomenon. It expresses issues the way they are. Gay (1992) states the descriptive design involves collecting data in order to test hypothesis or answer research questions concerning the current subject of study. The descriptive design seeks to recognize the process involved in activities that entrepreneurs go through. The process can just be understood when records are there to supplement verbal information that is given. The views of the respondent from the various industries are sought to get a broad idea of the activities and processes that entrepreneurs undergo in an attempt to go into foreign market or international.

3.2 Pre testing

The questionnaire was pre tested on a cluster of companies at Ahwiaa a suburb of Kumasi where we have some companies that deal in artifacts, traditional kente cloth and beads on both the local and international markets.

3.3 Population

According to the Ghana Export Promotion Council there are over three thousand registered companies in Ghana who have registered with them out of this number three hundred deal in non traditional export products, but only fifty (50) of these companies were contacted in Kumasi for the purpose of this study. The research work emphasized on the strategies adopted by the companies who have been able to make it outside the borders of the country as well as the firms who intend to sell their products beyond the boundaries of Ghana. A greater emphasis was laid on small and medium scale enterprises in Ghana, as this sector (SME) seems to be the core of Ghana's exporting business. Basically, this research covered the major companies in the city of Kumasi, because accessibility of information and accurate data from most companies situated in the remote areas was difficult.

3.4 Sampling and Sampling procedures.

The study considered different types of entrepreneurs within the community. In selecting the sample for the study, clusters were formed from the different types of companies. Companies were grouped into wood industries, the herbal sector, artifacts, perishables and textiles.

A purposive sampling method was used. By this method companies were randomly selected from the clusters and the researcher had to verify whether or not that entrepreneur was engaged in any form of internationalization. Then the questionnaires were then administered to the selected companies for the first visit. A period of one week was given and on the second visit questionnaires were collected. Verifications were made where clarity was non existent.

3.5 Instruments used in data collection

The two types of instruments which were used to collect data for this study were the questionnaire and interview. The questionnaire was designed for all companies and the study. In some instances interviews were conducted using the questionnaire as a guideline for clarification of issues. The questionnaire had twenty-seven (27) questions in all. The questions captured the reasons why companies go international, the perception of Ghanaians about companies that market their products outside the borders of the country, sources of funding, and the problem that they face in an attempt to go international. Other information that the questionnaire captured are the economic benefits of internationalization. The needs for other entry modes apart from export were also captured.

In the instance where managers could not get time to answer questionnaires, interviews were conducted in order to get first hand information.

CHAPTER FOUR

4.0 Findings and analysis

This chapter analyses the data and discusses the findings.

The total number of companies targeted for the research was seventy-five (75). However, only fifty eight (58) companies responded. In the analysis the researcher concentrated on fifty (50) respondents who had a level of experience in internationalization.

The research further targeted some regulatory bodies who oversee the activities of Ghanaian companies in respect of their general well-being, in particular their performances The Ghana Export Promotion Council was of great benefit in this respect.

4.1 The nature of respondents

Rates of Response

Table 1

Nature of Respondents	Mode of Research Instrument	Total Number Distributed	Total Responses
Purely Locally base Companies	Questionnaire	15	8
International Marketing Companies	Questionnaire	60	50
Regulatory Bodies	Personal Interview	-	1

Source: Research Data.

Two different groups of companies were considered namely; Purely Locally based companies and International Marketing companies. Eight (8) businesses representing were purely locally based, while fifty (50) were international marketing companies. Most of the companies that the researcher visited had knowledge about what it means to get into the international market.

4.2 Mode of ownership

Table 2

Type of ownership	Number of Responses	Percentage
Sole Proprietorship	33	57
Partnership	25	43
TOTAL	58	100

Fig 1

As enumerated in the table 2, thirty-three (33) of the total respondents were Sole Proprietors, this represents 57% of the total population of research, and twenty –five (25) were into partnership organizations, this represents 43% of the respondents population.

4.3 Number of years the companies have been in existence

Table 3

Type of company	2 – 5Years	6 - 10 Years	Over 10 Years
Locally Based Companies	3	3	2
International Marketing Companies	24	20	6
Total	27	23	8

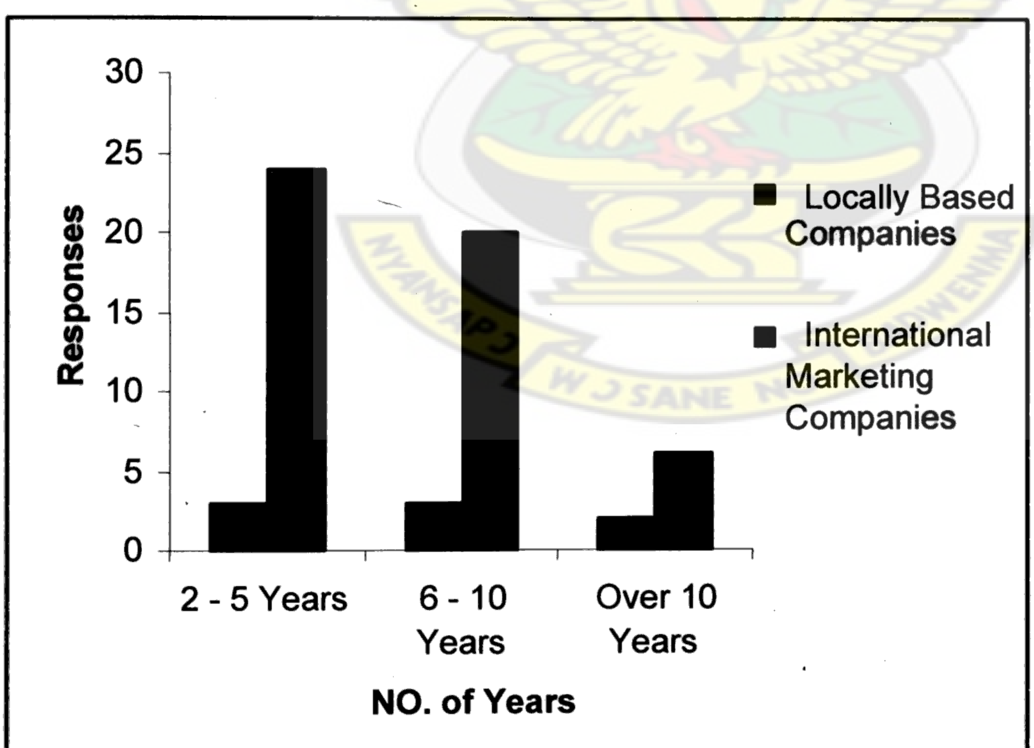


Fig 2

It was evident that fifty (50) companies had some level of experience with regard to the process of internationalization while eight (8) of them have little experience on the internationalization process. The data also show the level at which internationalization is developing in the country. Companies that have been in existence between two to five years are twenty-seven (27), those that have been in existence between six to ten years are twenty-three (23), and those that have been in existence over ten years are eight (8).This shows a steady increase in the rate at which companies which are springing up show interest in the internationalization process.

4.4 Reasons why companies go international

Table 4

Reasons	**Number of response**	**Percentage**
Due to saturated domestic market	13	26
Exploration of foreign markets	22	44
Economics of scale in purchasing Manufacturing and distribution	8	16
Others	7	14
Total	**50**	**100**

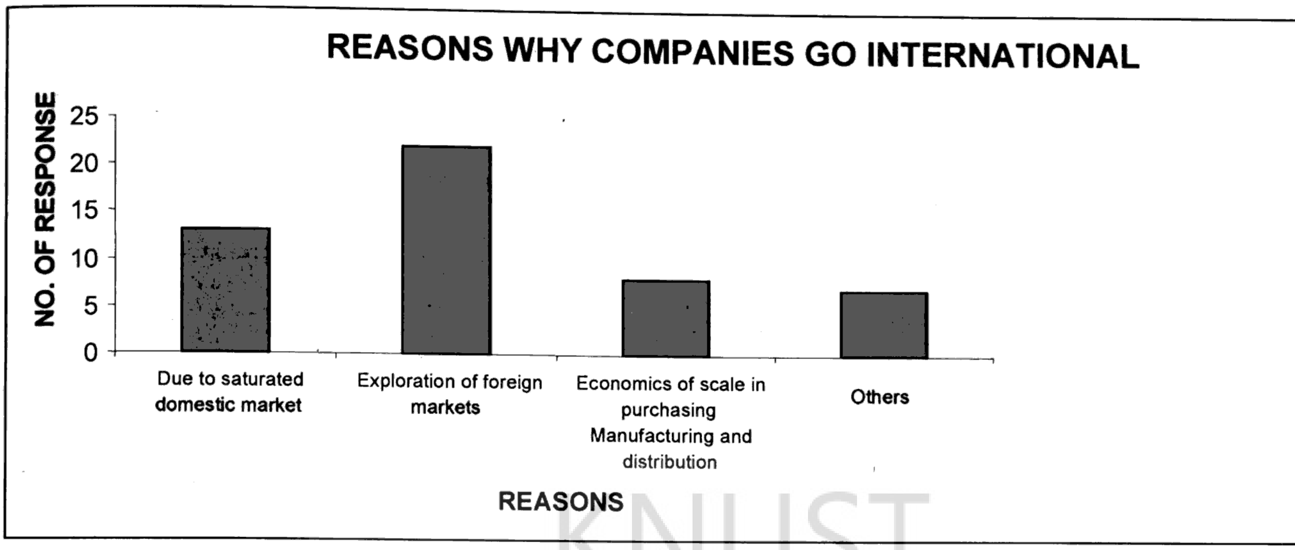


Fig 3

Twenty-two (22) companies representing 44% of the respondents go international in order to explore foreign emerging markets in order to maximize profits and increase shareholders value. Thirteen (13) companies representing 26% said that they go international because of saturated domestic markets. For instance, due to the increasing rate of the emergence of herbal preparation, producers seek for markets outside the boarders of the country. Not withstanding these reasons given, eight (8) companies representing 16% agreed that they go international as a result of the growing importance of economies of scale in purchasing, manufacturing and distribution. There are other companies which send their products to the foreign markets due other reasons such as shared risks or based on the information given them by other competitors in the local industry describe as a good market outside the borders of the country are seven (7) and this represents fourteen percent (14%).

4. 5 Sources of funding

Funding was identified as based on business plough backs, loans and contributions from partners as well as some levels of governmental funding. It was further identified that, each company had other informal sources of funding which were difficult to be documented.

Table 5

Sources of funding	Number of Companies	Percentage
Plough back	13	26
Loans	12	24
Partnership contributions	7	14
Government funding	8	16
Others	10	20
TOTAL	**50**	**100**

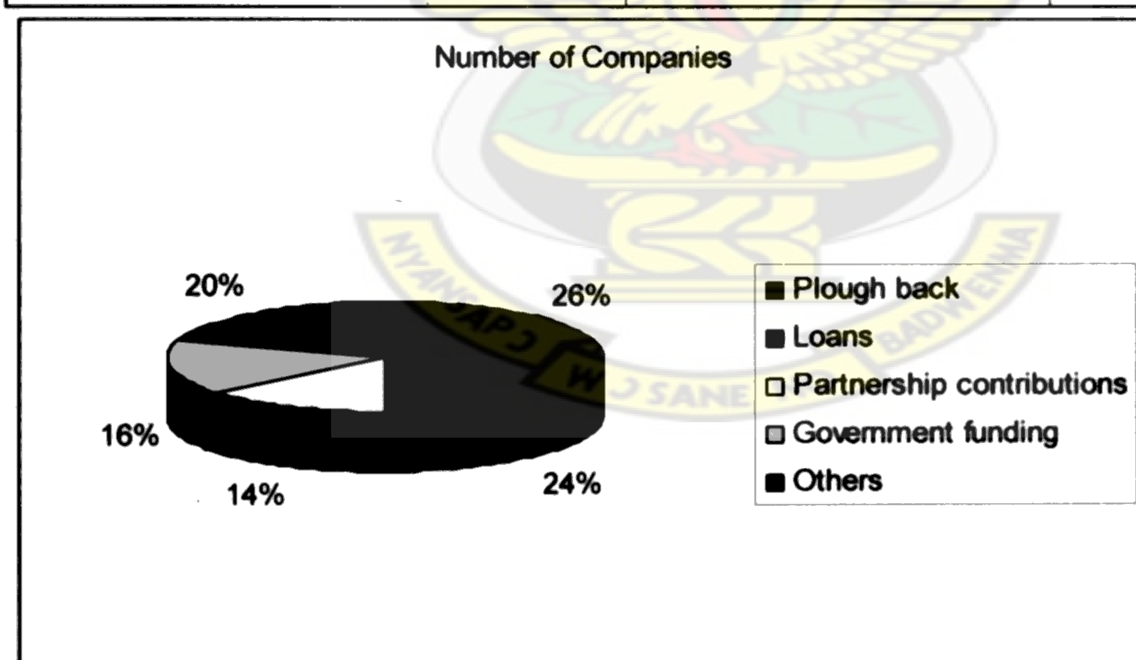


Fig. 4

From table 5 it could be identified that thirteen (13) companies representing 26% of the companies finance their business activities through plough backs .For instance entrepreneurs could sell of properties such as farms or buildings to enable them fund their business Twelve(12) of the companies, representing 24% were funded through loans from the commercial banks. Some companies also get their fund through partnership contributions. These partners could be two or more people who have agreed to run a business together with an arranged condition. Whilst the remaining eight (8), representing 16% receive funds through funding from the government. The companies that sought funds from the government complained further that accessibility of such funds was not easy due to the bureaucratic procedures. An example of the government funding is the Venture Capital Trust Fund which is made available to entrepreneurs who meet the requirements .One needs to prepare a business plan, meet a committee, among other things before funds could be assessed. There are other people who fund their business through a combination of any of the sources mentioned above.

4.6 Problems encountered in exporting

It was admitted by respondents that though their companies have been successful in exporting, they do have some setbacks which affect their activities. The problems given are enumerated in the table below.

TABLE 6

Problems Encountered	Number of Responses	Percentages
Inadequate resources	23	46
Insufficient information	5	10
Government controls and restrictions	7	14
Perceived fear of failure	8	16
Others	7	14
Total	**50**	**100**

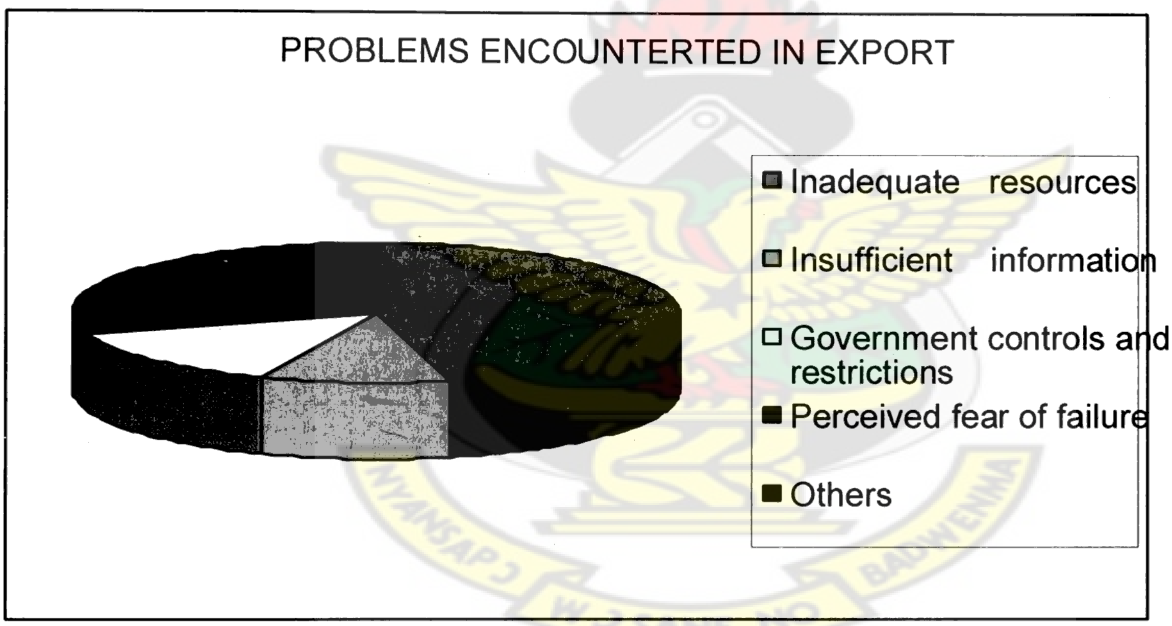


Fig. 5

Table 6 indicates that inadequate resources are a major hindrance to companies that aim at going international. These resources are basically the factors of production, which are land labor capital and time. Risk taking being the hallmark of the entrepreneur is not practiced by most entrepreneurs because of the perception of fear of failure. Eight (8) companies representing 16% have this as a problem deterring them from exporting. However government control and restrictions deterred about 14% of the companies from exporting products of their choice. In Ghana the system is centralized to such an extent entrepreneurs need to go to the capital city for every activity involving the internationalization process. Some of them attributed their problems to insufficient information beyond the boarders of the country while other people attributed their problems to storage facility ,this refers to those who deal in perishables

Apart from the problems discussed above it was realized that legal and legislative problems also served as other deterrents in the export business. This problem is discussed in table 7.

4.7 Legislative and Legal Problems

Table 7

Legislative and legal Problems	**Number of Companies**	**Percentage**
Licensing requirements policies	21	42
Exchange control policies	8	16
Tariffs	7	14
Alliances	8	16
Others	6	12
Total	**50**	**100**

Source: Research Data

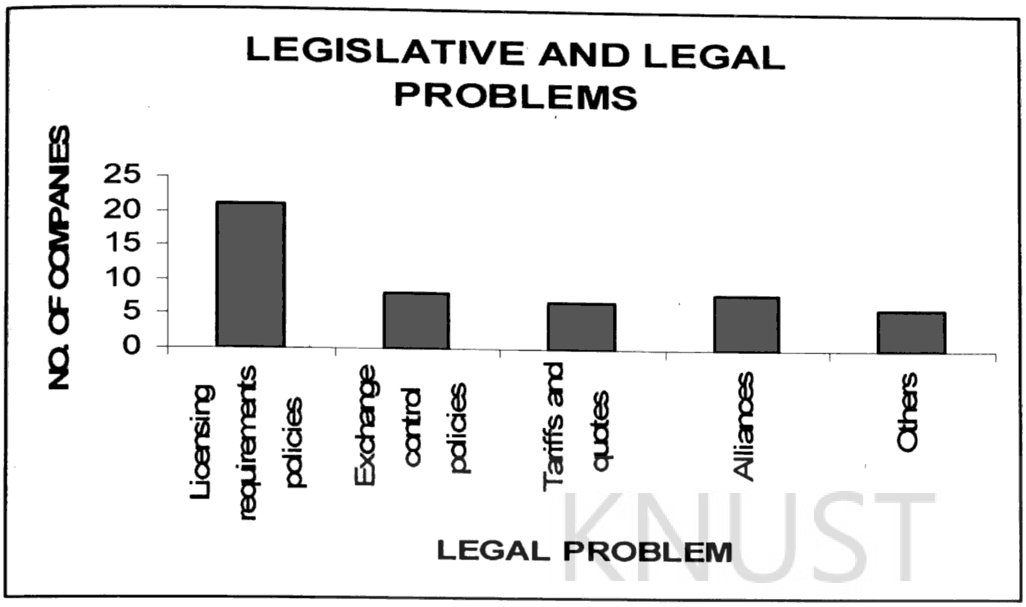


Fig. 6

With respect to legislative and legal problems, twenty-one (21) companies pointed out that Licensing requirements policies are major setbacks. Eight (8) companies believed that exchange control policies by governments served as a major drawback. Seven (7) companies believed that tariffs pose major threat to their survival whilst Eight (8) companies believed that alliances are most difficult to be formed in such situations. In the case of tariffs and quotes, entrepreneurs who deal in the export of yams has being ordered by the government to export by air instead of sea, which has made export very expensive there are some companies that face a combination of some of the problems stated above.

The analysis implies that, tariffs cause the least threat to companies whiles licensing requirement is the major drawback for companies willing to engage in internationalization as it is very difficult to obtain the accredited licenses.

4.8 Market Entry Strategy

Table 8

Modes of Entry	Company Responses	Percentages
Export	38	76
Subsidiary	4	8
Licensing	1	2
Others	7	14
Total	**50**	**100**

Source: Research Data

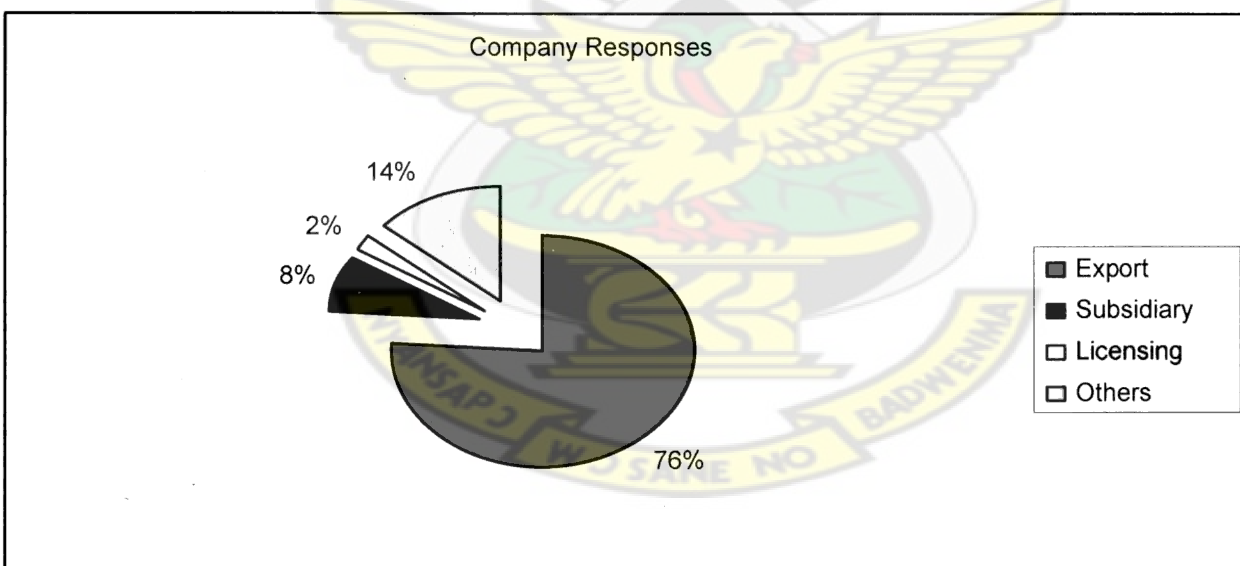


Fig. 7

In this analysis it can be identified that 78% of the companies engage in exports to enter into the foreign market. Two percent (2%) go international through licensing where as 8% engaged in subsidiaries investments. Other companies go into agreement with some companies abroad exchange products. Detab Herbal Center for instance is a business which has a subsidiary in Togo where herbal preparations are sold through the office. Licensing, due to its complex nature does not enjoy patronage from most of the companies the researcher visited. There are other forms of entry modes employed by entrepreneurs who may include Foreign Direct Investment, Franchising and Joint Ventures.

4.9 Export Strategies

Table 9

Type of Export	Number of Responses	Percentages
Export through agents	25	66
Export through sales offices abroad	10	26
Export through foreign subsidiary	3	8
Total	**38**	**100**

The research data provided in table 9 reveals that export through agents had 25 responses out of the 38 representing 66%. The implication is that most companies are able to reach the international market through agents. 10 companies representing 26% export their products through sales offices abroad. Nonetheless 3 companies representing 8%also export through foreign subsidiaries.

through sales offices abroad. Nonetheless 3 companies representing 8%also export through foreign subsidiaries.

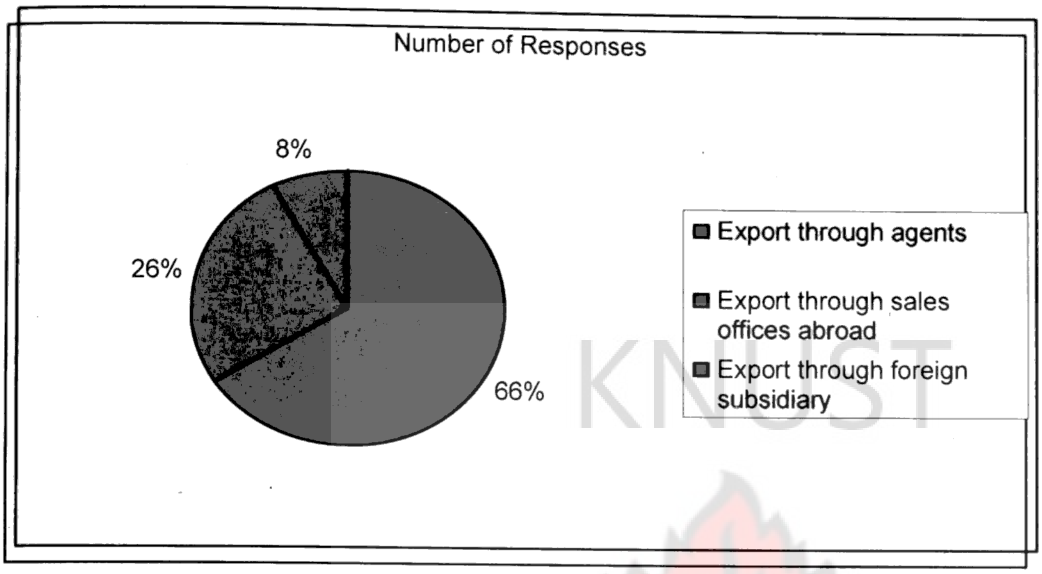


Fig 8

4.10 Effects of socio cultural characteristics on products abroad

Table 10

Effects of Socio Cultural Characteristics	**Number of Companies**	**Percentage**
Materials Culture	15	30
Aesthetics	8	16
Language	12	24
Values and Attributes	8	16
Others	7	14
Total	**50**	**100**

Source: Research Data

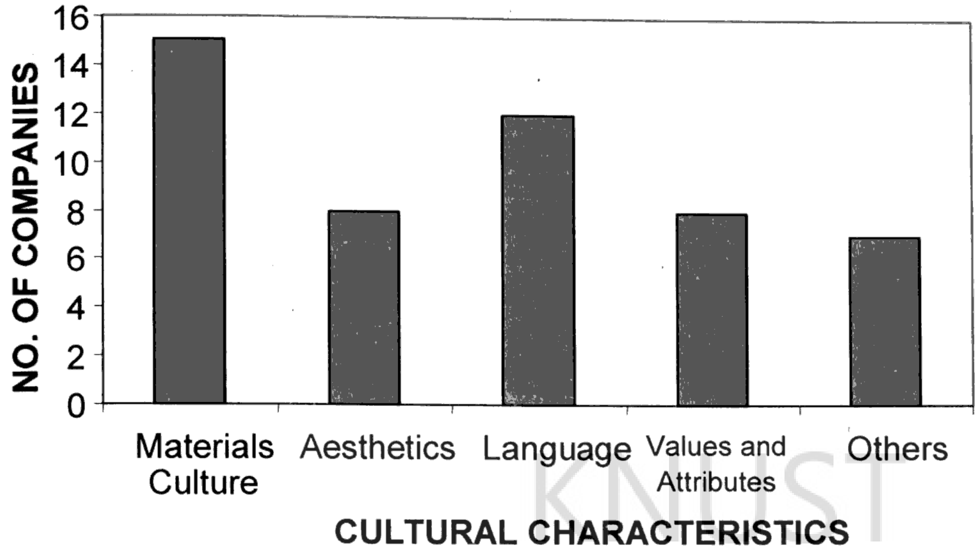


Fig. 9

With respect to the socio-cultural characteristics on products abroad, fifteen (15) companies representing 30% believed that materials culture are greatly observed which is said to have effects on products abroad. Eight (8) companies representing 16% believed that aesthetics are the most observable socio cultural characteristics. Twelve (12) representing 24% of the companies attributed it to language whiles a further eight(8) companies representing 16% believed that values and attributes in the behaviour of buyers in particular have effects on products abroad. This is evident as culture is said to be the way of life of people and has a great influence on almost every activity of the individual..

4.11 Economic benefits of export markets

The major objective of most entrepreneurs was to gain economic benefits. The forms of economic benefits given by respondents are as follows.

Increase profitability resulting from economies of scale. This was possible due to the large number of products that was produced by companies in order to satisfy both the local and international markets.

Also others were of the view that they wanted to make effective use if production capacity.

Low prices resulting from economies of scale was another benefit that companies enjoyed in an attempt to go abroad. Firms were able to charge lower prices for their products .This encouraged them to sell some of their products abroad.

Economic Benefits	**No. of Companies**	**Percentage**
Increase in Profit	18	36
Effective use of Resources	14	28
Economies of Scale	15	30
Others	3	10
Total	**50**	**100**

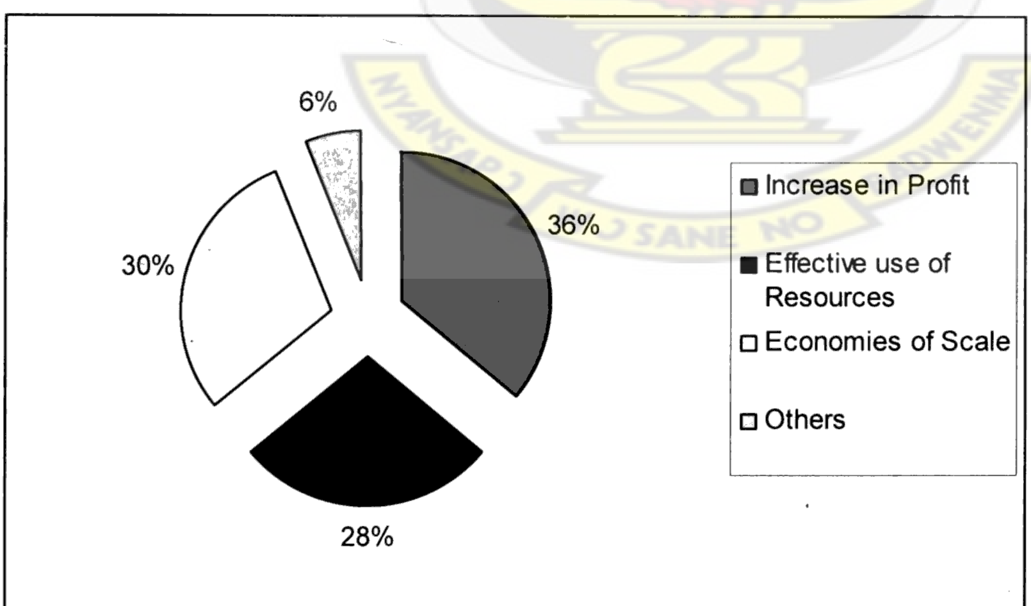


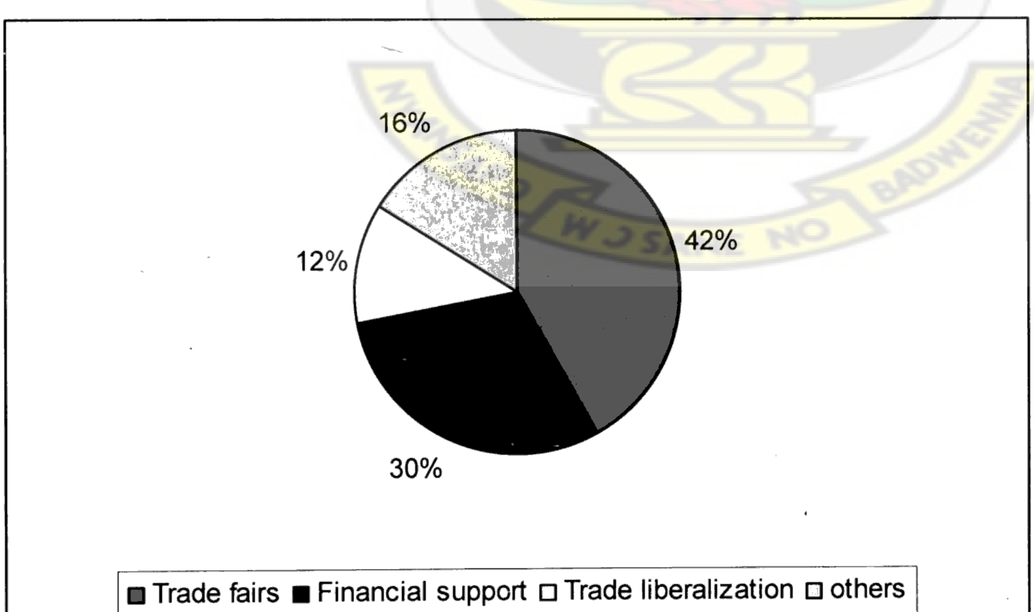
Fig 10

4.12 The role of the government in internationalization

All the respondents confirmed that government played a role in their attempt to go international.

Table 11

Government activities	Number of Responses	Percentage
Trade fairs	21	42
Financial support	15	30
Trade liberalization	6	12
Others	8	16
Total	50	100



Out of the total number of companies, fifty (50) of them responded positively that government plays a role in the internationalization of their companies. Twenty-one (21) of them representing 42% responded that trade fairs have aided their companies to go international. Thirty percent (30%) of the respondents also said that they had financial support from the government to enhance their activities of internationalization. Six, representing 12% of the respondents export their products due to trade liberalization in the country. Other companies had support from agencies such as African Growth Opportunity Act (AGOA) and Export Development Investment Fund (EDIF) which are key players in the export business.

CHAPTER FIVE

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

Internationalization in Ghana has been increasing steadily over the last decade. These reasons were identified as factors influencing Ghanaian companies towards internationalization to survive the growing competitive market.

Lack of technological development has over the years served as one of the biggest blows to companies pursuing internationalization. This has come as a result of the developing national status coupled with a low per capita income .In these situations Ghanaian companies have to struggle their way into the international arena but always have to lag behind the developed companies in Asia , Europe ,and other parts of the world. This notwithstanding technology has seen a form of advancement in fast changing economies in the world and Ghana is no exception.

Entrepreneurs therefore have developed new methods of production by using modern form of technology. This enables them to produce more than what the local markets can consume. Hence they are able to send some of their products to the international markets. Some of the entrepreneurs also take advantage of the favorable market conditions prevailing outside the borders of the country including policies such as the African Growth and Opportunity Act.

The saturated domestic markets and the growing importance of economies of scale has resulted in the situation whereby companies get attracted to the other markets other then the local markets. Entrepreneurs are able to buy and produce at cheaper prices due to the large quantities of raw materials that are purchased. They are efficient and effective as well, and as a result reduce waste. All these aim at an improved quality and quantity of products, hence internationalization. Some of the entrepreneurs especially those who deal in artifacts and textiles also aim at introducing the Ghanaian culture through their products onto the international market.

As entrepreneurs try to find patronage for their products in the foreign markets, they so through direct exporting or indirect exporting. Direct exporting is done when firms deal directly with their customers abroad. Sometimes the customers come down to the country request for a particular product from an entrepreneur then pay for them and return to the country and expect the entrepreneur to export the product to him. For the indirect export ,it involves working through subsidiary agents who sell products on behalf of the entrepreneur in Ghana

The identifiable factors inhibiting the survival of international marketing as embarked on by the Ghanaian companies were identified as lack of resources in the form of funding ,lack of sufficient information ,governmental controls and restrictions ,perceived fear of failure on the part of the entrepreneur. Faced with these difficulties, it is cleared that the challenge will be a difficult one which will need a careful analysis and gathering of information with adequate support to enable the venture to be viable enough. Global competitiveness therefore needs to be carefully approached and it is clear that, Ghanaian companies would be a force to reckon with, if the above mentioned environmental factors as well addressed. Better late than never.

5.2 Recommendations

Companies seeking to go abroad must be guided by the principles of Specific, Measurable, Achievable, Realistic, Time bound (SMART), Strength. Weakness, Opportunities, Treats (SWOT) and Social, Legal, Economic, Political, Technological (SLEPT). A perfect application of these principles will result into;

- Enhanced organizational performance
- Increase in perfection leading to avoidance of waste
- Goal oriented
- Specific target market segment
- Realization of organization aims

These can be achieved when the companies set goals, consider the existing conditions and circumstances before embarking on internationalization. These includes the vision of ensuring that specific objectives are set forehand to be achieved, specifying your objectives will help narrow the scope of task and will make it easier for companies to reach targets as planned. It should be measurable so as to define the financial support as well as logistics that will be needed for effective implantation. It should further be achievable in the direction that, companies need to set targets that can be reached within a stipulated period. This saves companies from frustrations and failures. Realistically, it should further concentrate on tested principles that can really be met. This will help avoid waste of finances on ventures that are not viable. Time – bound principle further help companies to set targets and work towards their achievements within a specific time range. The strengths of companies which involve the activities that companies can do best for survival should be much concentrated so as not to lose that right.

Weaknesses which further centers on activities that seems difficult or challenging to be met, should be analyzed critically and the right solutions developed. This is because they are areas where other can capitalize on, so as to make your company out of competition. Opportunities which are long term avenues available to companies should be exploited to the highest. This will pave the way for companies to achieve their set targets.

Threats need not be overlooked as it may pose a future danger to the survival of the company. In this sense, expert knowledge should be hired and to advise the companies on future trends and opportunities. It should be emphasized that, the social, legal, economic, political and technological factors should be analyzed for a successful ventureship. Companies further need to establish a formidable home market with effective management. This will be the first positive step needed to aid into international markets. In this sense, the same expert knowledge can be advanced into the global market and will advise appropriately when the need arises.

Government of the day although have brought about the Golden Age of Business, the African Growth and Opportunity Acts, the Capitation Grant as well as the Millennium Challenge Account (MCA) which are said to boost businesses to high levels, there is more room for improvement as it is still costly when one wants to transact business in a developing nation like Ghana.

Governments should further address small business problems through creating a conducive environment for linkages and networks to thrive. The system needs to be decentralized so that business transactions as well as payments of tariffs and procedures could be undertaken in all other parts of the country apart from the capital town. There is also the need for the creation of macro-economic stability and also the strengthening of the capacity of small business development through education and training.

Undoubtedly, whilst entry into a foreign country marks just the beginning of internationalization with the main issue being the ability to stay in the competition and succeed in the face of the growing international rivalry and competition, it is highly recommended that a more critical look should be addressed as internationalization seek to have a bright future in Ghana with its growing importance.

REFRENCES

Arbnor, I. and Bierke, O., 1997 Methodology for creating Business Knowledge Sage, Thousand Oaks CA Pp 339-62

Albaum, G. et al.1994: International Marketing and Export Management (Addison-Wesley Publishing Company; London.

Bjorkman and Forsgen 2000 Nordic International Business Research and Review of its Development International Studies of Management and Organisation Vol 30 .

Bikley,W.J. and Tesar,G 1978, Johanson. The Export Behaviour of Ghanaian Enterprise.Thoeritical Perspective and Empirical Evidence.Pp 9-22

Cateora,P.R. and Graham,J.L. 2005 – International marketing 12th ed. Pp 158 -189

Carlson,S. 1975 "How Foreign is Foreign Trade". A problem in International Business Research University.

Cavusgil, S.T.Z, and Naidu G.M, 1993 Product and Promotional Adaptation in Export Ventures." A validation study, Journal of Business Venturing 8: 392 – 408.

Coviello N.E and Jones M. V,2004 "Methodological issues in International Entrepreneurship". Research Journal of Business Venturing Vol 19 Pp 485 – 508

Crick D. and Czinkota.M.R. 1995 Export Assistance; Another Look At Whether We Are Supporting The Best Programmes.International Marketing Review Vol 12 No. 3 Pp 61 72

Czinkota, M. R and Ricks,D.A. 1998 "The use of a multi-measurement approach in the determination of company export priorities" (Journal of the Academy of Marketing Sciences) Vol. 11 No. 3 Pp 283 – 91.

Dunning J. H., 1998 The eclectic paradigm of international production a restatement and some possible extensions Journal of International Business Studies Spring. Pp 1 – 31

Dunning J. H.,1997 "Government, Globalization and International Business." Oxford University Press. Goilford & King Lynn.

Erickson, E et al., 1997,Experiential knowledge and cost in the International process. Journal of International Buzz studies. Second quarter Pp 337 – 360.

Ford, D .,1998 Managing Business Relationships Wiley New York NY

Fransman, M. 1994 "Information, knowledge vision and Theories of the firms Industrial and Corporate change Vol. 3 No. 3 Pp 713 - 757

Gereffi, G. 1994 The organization of buyer driven global commodity chains how U.S retailer shape overseas production network in Gereffi and M. Korzeniewiceds community chains Global Capitalism, Westport, Praeger Pp 95 – 122

Gereffi, G., Humphrey., J and Sturgeon T., 2004 "The governance of Global Value chains forthcoming in Review of International Political Economy.

Hills C. W. L. 2004 Global Business Today 3rd ed Mac Graw Hill

Hill C. W.L 2005 International Business Competing in the Global Market Place 5th ed. Mac. Graw Hill Pp 2 – 16

Joel, D. and Robert,T 1996 Small Business Management

Johnson J. and Wiedersheim, P., 1975 The International of the firmA network Approach in Export Ventures

Johanson, J., and Vahlne J. E. (1997) "The Internationalization Process of the Firm a model of Knowledge Development and Increasing Foreign Market Commitments Journal of International Business studies Pp 20 – 45

Johnson,J. and Wiederheim,P. 1975The internationalization of the firms. The Journal of Management studies Vol. 12 No. 3 Pp 305 -22.

Johanson,J and Mattson,H., 1988 Internationalization into Industrial System. A Network Approach in Hood, N Vahlne pp 287-314

Johanson,J. and Vahlne,J.E. 1977,Internationalization Process of the Firms ,A Model of Knowledge Development and Increasing Foreign Development and commitment. Vol 8 pp23-32

Kaynak, E. and Kothari V.,1984, Export behaviour of small manufacturers ,a comparative study of American firms. Journal Vol.2 pp 41-47.

Katsikeas,C.S., and Morgan,R.E.,1984,Differences in perceptions of exporting problems based on firm size and export market .Vol.28 No5

Kuada, J. and Sorensen,O.J. 1999,Upstream and Downsteam process of Internationalization. Some Ghanaian Evidence(The Journal of Euromarketing) Vol. 7 pp No 4 pp 7-41.

Kotler,P and Armstrong,G.,1984,Principles of Marketing 4th ed, Prentice Hall Englewood Cliffs N.J pp 60-63

Kotler, P. and Armstrong,G.,1994,Principles of Marketing 6th ed,A Paramount Comm.Englewood Cliffs pp76-78

Kuada,J. (2000)Internationalization of Companies from developing countries.(N.Y. The Hawarte Press Inc.

Leonidon,G. and Katsikeas,O.1996The Export Development Process. An Integrative Review of Empirical Models. Journal of International Business Studies . Pp517-551.

Liulto,K. and Jumponen,J. 2001"The internationalization of the Largest Baltic corporations in Liulto K (Eds), studies in Industrial Engineering and Management, Lappeeuranta University Of Tech. Pp 426 – 60.

Penrose,E. 1959, The theory of the growth of the firm, Basil Blackwell Publisher Oxford.

Reiljan,A. 2002, Internationalization Estenian enterprise; the market dimension. Paper presented at the 2nd International conference. International Business in Transition, Economics. Vilnus Pp 202 – 17

Roolaht, T. 2001, The Internationalisation of enterprises from transition countries. The role of networks and inward FDI Pp 501 – 520

Thompson,E. et al 2003 "Strategic Management Concepts Pp 251 – 269

Tsui, A. S. 2004 "Contributing to Global Management Knowledge; a case for high quality indigenous research", Asia Pacific Journal Management, Vol. 21 Pp 491 – 513

Varbu, T. 2002, "Internationalization aspects of Estonian Firms" Paper presented at 2nd International Conference International Business in Tranistion Economies, Vilnus.

Williamson,O.,1975,Markets and Heirachies,New York ,Free Press

http://www.le.ac.uk/u/mc/doc/0007.pdf. (Assessed on 12th May 2008)

http://booksgoogle.com.ghbooks?10=0Hg2e (Assessed 2nd July 2008)

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS.

TOPIC: INTERNATIONALIZATION OF COMPANIES IN GHANA.
PROCESSES AND ITS ECONOMIC IMPACT
A RESEARCH WORK BY ROSEMARY OFORI.

This questionnaire is to collect data and information for a research work on the above topic. It will be treated highly confidential and used solely for academic purposes.

1. Personal Data

- [ ] Marketer
- [ ] Importer/Exporter
- [ ] Lecturer

2. For how long has your company been in existence?

- [ ] 2-5 years
- [ ] 6-10 years
- [ ] Over 10 years

3. What is the mode of ownership?

- [ ] Sole proprietorship
- [ ] Partnership

4. Do large numbers of Ghanaian companies prefer going international?

- [ ] Yes
- [ ] No

5. If yes, why in your view do companies go international?

- [ ] Due to saturated domestic markets
- [ ] Due to exploration of foreign markets.
- [ ] Due to growing importance of economies of scale in purchasing manufacturing and distributions

6. How do you assess the perception of Ghanaian companies of going international?

- [ ] Very High
- [ ] High
- [ ] Low
- [ ] Very Low

Other (please specify)..

7. What in your view constitutes a deterrent to local industries embarking on international marketing?

- [ ] Lack of resources
- [ ] Lack of sufficient information
- [ ] Government controls and restrictions
- [ ] Perceived fear of failure

8. Does government play any supportive role to firms who embark on international marketing?

- [ ] Yes
- [ ] No

9. If yes, what do you believe are some of the roles that benefit your firm directly or indirectly?

- [ ] Organization of promotional trade fairs
- [ ] Financial support of firms
- [ ] Trade liberalization

10. Is there any direct impact of the Golden Age of business declaration on the performance of your company?

- [ ] Yes
- [ ] No

11. I f yes, in which direction has it been realized?

- [ ] Increase in public awareness for the need of going abroad
- [ ] An increase in the number of business organizations, increasing competition
- [ ] Provision of Grants and subsidies to business

Other (Please specify)...

12. Have you identified any legislative or legal problems as far as your international engagement is concerned?

- [ ] Yes
- [ ] No

13. If yes, what are the problems?

- [ ] Licensing requirements policies
- [ ] Exchange control policies
- [ ] Tariffs and quotas
- [ ] Alliances

14. Does your company make use of market entry strategies in its preference on embarking international marketing?

- [ ] Yes
- [ ] No

15. If yes, which of the following market entry strategies does your company use?

- [ ] Exports through agents
- [ ] Export through sales office abroad
- [ ] Investment in foreign subsidiary

Others (Please specify)..

16. Apart from export which of the following entry modes would you opt for?

- [ ] Franchising
- [ ] Licensing
- [ ] Joint venture

17. Does your firm observe any form of socio-cultural characteristics of buyers in her international engagements?

- [ ] Yes
- [ ] No

18. If yes, what socio-cultural characteristics in the behavior of buyers in particular have effect on products abroad?

- [ ] Materials culture
- [ ] Aesthetics
- [ ] Language
- [ ] Values and attributes

Others (Please specify)...

19. In your view, do you think the exporting countries have benefited from export marketing?

☐ Yes

☐ No

20. If yes, what are some of the benefits?

☐ Help finance balance of trade

☐ Help foster efficient use of resources

☐ It represents a potential engine of progress

Others (Please specify)..

21. Does your firm enjoy any form of economic benefit in their international relations?

☐ Yes

☐ No

22. If yes, what in your view are the economic benefits in their international relations?

☐ Increased profitability resulting from economies of scale

☐ Effective utilization of production capacity

☐ Lower prices resulting from economies of scale

Others (please specify)..

23. Are there any benefits in forming joint-ventureship when embarking on foreign market entry?

☐ Yes

☐ No

24. If yes, what are some of the benefits?

☐ They are flexible and can be quickly entered into and abandoned

☐ It is less costly than acquisitions

☐ Firms can gain instant access to local expertise

☐ There is the share risk of failure

Others (please specify)...

25. What mechanisms have been put in place by your company to modify product element to enable it to sell products in foreign markets?

☐ Maximum or minimum quality standards level

☐ Packaging-design, shape and colours used

☐ Choice of brand names

☐ Range of product variety to be offered

26. Did your company conduct any form of research before going international?

☐ Yes

☐ No

27. If yes, what form of research did your company conduct?

☐ Analysis of organizational objectives

☐ Analysis of the product and management readiness to go overseas

☐ Decision on favourable markets to enter

Others (please specify)...

APPENDIX 1

PERFORMANCE OF GHANAIAN PRODUCTS (JANUARY – DECEMBER 2002

(PROVISIONAL)

QUANTITY: METRIC TONNES

Products	No. of products	No. of exporters	Value in dollars	Contributions
Agricultural products	78	1,442	85,730,637	17.00%
Processed and semi processed products	168	1,491	407,210,263	80.76%
Handicraft	11	150	11,310,850	2.24%

Source: Ghana Export Promotion Council

JANUARY – DECEMBER 2003

Products	No. of products	No. of export	Value in dollars	Contributions
Agric products	82	1,546	138,137,262	23.46%
Processed and semi processed products	174	1,491	446,577,083	75.83%
Handicrafts	11	143	4,167,969	0.17%

Source: Ghana Export Promotion Council